Company Overview

We are a global late clinical-stage biopharmaceutical company, headquartered in Switzerland with operations in the U.S. and Iceland. We have substantial expertise in therapeutics used to treat ophthalmic and neuro-ophthalmic diseases and are engaged in the development of innovative drug candidates which embrace the potential to address large unmet medical needs for many eye-related conditions. Our mission is to improve the vision health and quality of life of patients around the world by developing medicines that save sight and improve eye care. To realize this mission, we intend to become a global leader in ophthalmic and neuro-ophthalmic therapeutics.

Our pipeline currently includes three clinical-stage therapeutic candidates: OCS-01, Privosegtor (OCS-05) and Licaminlimab (OCS-02). Our lead product candidate, OCS-01, is currently being evaluated in ongoing Phase 3 clinical trials for DME and is in NDA preparation as a once-daily topical for the treatment of inflammation and pain following ocular surgery. Our second clinical candidate is Privosegtor (OCS-05), a potential disease modifying neuroprotective agent against neurological damage with potential application in multiple indications, including glaucoma, diabetic retinopathy, and neurotrophic keratitis. We completed a Phase 2 PoC trial evaluating Privosegtor (OCS-05) as a potential treatment for acute optic neuritis for which there is currently no approved therapeutic treatment, and announced positive results in January 2025. We also received Investigational New Drug ("*IND*") clearance from the FDA enabling the initiation of clinical development of Privosegtor (OCS-05) in the U.S., as part of a global development program. Our third clinical candidate is Licaminlimab (OCS-02) for the treatment for keratoconjunctivitis sicca, or dry eye disease ("*DED*"), with a potential biomarker precision medicine approach. Following prior positive trials in symptoms of DED, we completed the DED Phase 2b RELIEF trial in signs of DED in June 2024 and announced positive topline results.

Numerous diseases and disorders, many of which represent significant medical needs, are associated with the human eye. The National Eye Institute, a part of the U.S. National Institutes of Health, estimates that in the United States, blindness or significant visual impairment impacts approximately seven million people, including those with vision loss resulting from retinal diseases such as DME, macular degeneration, DR, and retinal vein occlusion ("*RVO*"); disorders caused by swelling and inflammation such as DED, corneal keratitis and uveitis; and glaucoma, among other disease states. For glaucoma more specifically, the American Glaucoma Society highlighted a tremendous unmet need for therapies, independent of intraocular pressure (IOP) lowering agents, that can offer neuroprotection, neurorecovery and/or neuroregeneration. Of note, retinal neuroprotection has been considered the next frontier in ophthalmic disease as the discovery of novel neuroprotection strategies will fill a critical unmet need for multiple neuro-ophthalmic conditions. It is estimated that the global spending for ophthalmology therapeutics will reach approximately $33 billion in 2027, according to an industry source.

To date, we have primarily financed our operations through the proceeds from share issuances and grants. We have no products approved for commercialization and have never generated any revenues from product sales. Pharmaceutical and biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. It may be several years, if ever, before we have a product candidate approved for commercialization, and we begin to generate revenue and royalties from product sales. We have also incurred significant operating losses. We incurred net losses of CHF 85.8 million for the year ended December 31, 2024, and an accumulated losses balance of CHF 285.6 million as of December 31, 2024.

Factors Affecting Our Performance

Business Environment

The biopharmaceutical industry is extremely competitive. We are subject to risks and uncertainties common to any clinical-stage biopharmaceutical company. These risks include, but are not limited to, the introduction of new products, therapies, standards of care or technological innovations, our ability to obtain, maintain, protect and enforce our licensed technology, data and other intellectual property and proprietary rights and compliance with extensive government regulation and oversight. Please see the section entitled "*Risk Factors*" for more information. We are also dependent upon the services of key personnel, including our Chief Executive Officer, executive team and other highly skilled employees. Demand for experienced personnel in the pharmaceutical and biotechnology industries is high and competition for talent is intense.

We face potential competition from many different sources, including pharmaceutical and biotechnology companies, academic institutions and governmental agencies as well as public and private research institutions. Many of our competitors are working to develop or have commercialized products similar to those we are developing and have considerable experience in undertaking clinical trials and in obtaining regulatory approval to market pharmaceutical products. Our competitors may also have significantly greater financial resources, established presence in the markets in which we hope to compete, expertise in research and development, manufacturing, preclinical and clinical testing, obtaining regulatory approvals and reimbursement and marketing approved products. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties also compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and registering patients for clinical trials, entering into agreements with CMOs for the manufacture of our product candidates, as well as in acquiring technologies complementary to, or necessary for, our programs.

Business combination with European Biotech Acquisition Corp ("*EBAC*")

On March 2, 2023, we consummated a business combination with EBAC (the "*Business Combination*") pursuant to the Business Combination Agreement ("*BCA*") between Legacy Oculis and EBAC dated as of October 17, 2022. We received gross proceeds of CHF 97.6 million or $103.7 million comprising CHF 12.0 million or $12.8 million of cash held in EBAC's trust account and CHF 85.6 million or $90.9 million from private placement ("*PIPE*") investments and conversion of notes issued under Convertible Loan Agreements ("*CLA*") into our Ordinary Shares. In connection with the Business Combination, Oculis became listed on the United States Nasdaq Global Market with the ticker symbol "OCS" for its ordinary shares and "OCSAW" for its public warrants.

Earnout consideration

As a result of the BCA, Legacy Oculis preferred, ordinary and option holders (collectively "*equity holders*") received consideration in the form of 3,793,995 earnout shares and 369,737 earnout options with an exercise price of CHF 0.01.

The earnout consideration is subject to forfeiture in the event of a failure to achieve the price targets during the earnout period defined as follows: (i) 1,500,000, (ii) 1,500,000 and (iii) 1,000,000 earned based on the achievement of post acquisition-closing share volume weighted average price ("*VWAP*") targets of $15.00, $20.00 and $25.00, respectively, in each case, for any 20 trading days within any consecutive 30 trading day period commencing after the acquisition closing date and ending on or prior to March 2, 2028 (the "*Earnout period*"). A given share price target described above will also be deemed to be achieved if there is a change of control, as defined in the BCA, during the earnout period.

The first two price targets of $15.00 and $20.00 were met in November 2024 and February 2025, respectively, resulting in an aggregate of 168,571 earnout options becoming exercisable and the immediate vesting of 2,845,446 earnout shares.

May 2023 Public Offering

On May 31, 2023, we entered into an underwriting agreement with BofA Securities Inc. and SVB Securities, LLC, as representatives of several underwriters, and on June 5, 2023 and June 13, 2023, closed the issuance and sale in a public offering of an aggregate of 3,654,234 ordinary shares at a public offering price of CHF 10.45 or $11.50 per share, for total gross proceeds of CHF 38.2 million or $42.0 million before deducting underwriting discounts, commissions and offering expenses.

Registered Direct Offering and Nasdaq Iceland Main Market listing

On April 22, 2024, we closed a registered direct offering with gross proceeds of CHF 53.5 million or $58.8 million through the issuance and sale of 5,000,000 of our ordinary shares, at a purchase price of CHF 10.70 or $11.75 per share to investors (the "*Registered Direct Offering*"), and commenced trading of our ordinary shares on the Nasdaq Iceland Main Market under the ticker symbol "OCS" on April 23, 2024.

At-the-Market Offering Program

On May 8, 2024, we entered into a sales agreement with Leerink Partners, LLC ("*Leerink Partners*") with respect to an at-the-market offering program (the "*ATM Offering Program*") under which we may offer and sell, from time to time at our sole discretion, ordinary shares having an aggregate offering price of up to $100.0 million (CHF 90.5 million) through Leerink Partners as our sales agent. There were no sales under the ATM Offering Program through December 31, 2024.

Loan Facility

On May 29, 2024, we entered into an agreement for a loan facility with Kreos Capital VII (UK) Limited (the "*Lender*"), which are funds and accounts managed by Blackrock, Inc. (the "*Loan Agreement*"). The Loan Agreement is structured to provide the EUR equivalent of up to CHF 50.0 million in borrowing capacity (which may be increased to up to CHF 65.0 million), comprising tranches 1, 2 and 3, in the amounts of the EUR equivalents of CHF 20.0 million ("*Loan 1*"), CHF 20.0 million ("*Loan 2*") and CHF 10.0 million ("*Loan 3*"), respectively, as well as an additional loan of the EUR equivalent of up to CHF 15.0 million, which may be made available to us by the Lender if mutually agreed in writing. Upon each tranche becoming available for draw down as well as upon Oculis drawing down the loan tranches, certain associated transaction costs become payable by Oculis. No amounts were drawn under the Loan Agreement during the year ended December 31, 2024.

In conjunction with the Loan, we entered into a warrant agreement (the "*Blackrock Warrant*") with Kreos Capital VII Aggregator SCSp, an affiliate of the Lender (the "*Holder*"), under which the Holder can purchase up to 361,011 of our ordinary shares at a price per ordinary share equal to $12.17 (CHF 11.01). At signing the Blackrock Warrant was immediately exercisable for 43,321 ordinary shares and, following the drawdown of each of Loans 1, 2 and 3, the Blackrock Warrant will become exercisable for additional amounts of ordinary shares ratably based on the amounts of Loans 1, 2 and 3 that are drawn. Each tranche of the Warrant in connection with Loans 1, 2 and 3, is exercisable for a period of up to seven years from the date of eligibility and will terminate at the earliest of (i) December 31, 2032, (ii) such earlier date on which the Warrant is no longer exercisable for any warrant share in accordance with its terms and (iii) the acceptance by our shareholders of a third-party bona fide offer for all outstanding shares of Oculis (subject to any prior exercise by the Holder, if applicable). The Blackrock Warrant had not been exercised in part or in full as of December 31, 2024.

February 2025 Underwritten Offering

On February 14, 2025, we entered into an underwriting agreement with BofA Securities Inc. and Leerink Partners LLC, as a representative of the several underwriters in connection with an offering of 5,000,000 of our ordinary shares, CHF 0.01 nominal value per share, at a price of $20.00 (CHF 18.01) per share, for total gross proceeds of $100.0 million (CHF 90.1 million), before deducting underwriting discounts, commissions and offering expenses. The offering closed on February 18, 2025.

Components of Results of Operations

Revenue

We have not generated any revenue from the sale of products since our inception and do not expect to generate any revenue from the sale of products in the near future. If our development efforts for our product candidates are successful and result in regulatory approval or if we enter into collaboration or licensing agreements with third parties, we may generate revenue in the future from a combination of product sales or payments from such collaboration or licensing agreements. However, there can be no assurance as to when we will generate such revenue, if at all.

Grant Income

Grant income reflects reimbursement of research and development expenses and income from certain research projects managed by Icelandic governmental institutions. We maintain a subsidiary in Iceland that provides research and development for our product candidates. Certain expenses qualify for incentives from the Icelandic government in the form of tax credits or cash reimbursements. We do not anticipate generating significant grant income in the future.

Operating Expenses

Research and development expenses

Research and development expenses consist primarily of costs incurred in connection with the research and development of our product candidates and programs. We expense research and development costs and the cost of acquired intangible assets used in research and development activities as incurred. Research and development expenditures are capitalized only if they meet the recognition criteria of IAS 38 ("*Intangible Assets*"). Capitalization does not result in amortization until the related product is approved for commercialization, where a finite useful economic life can be more reliably determined. To date, all capitalized R&D intangible assets remain unamortized.

Research and development expenses include:

- employee-related expenses, including salaries, related benefits and equity-based compensation expense, for employees engaged in research and development functions;
- expenses incurred in connection with the preclinical and clinical development of our product candidates and programs, including under agreements with Clinical Research Organizations ("*CROs*"), and clinical trial investigative sites and consultants that conduct our clinical trials;
- costs related to Contract Manufacturing Organizations ("*CMOs*") that are primarily engaged to provide drug substance and product for our clinical trials, research and development programs;
- costs related to non-clinical studies and other scientific development services;
- costs related to compliance with quality and regulatory requirements;
- research and development-related payments made under third-party licensing agreements; and
- costs related to formulation research, IP expenses, facilities, overhead, depreciation and amortization of laboratory equipment and other expenses.

Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect that our research and development expenses will increase substantially in connection with our ongoing and planned clinical development activities in the near term and in the future. At this time, we cannot accurately estimate or know the nature, timing and costs of the efforts that will be necessary to complete the clinical development of any current or future product candidates.

The successful development and commercialization of product candidates is highly uncertain. This is due to the numerous risks and uncertainties associated with product development and commercialization, including the following:

- the timing and progress of non-clinical and clinical development activities;
- the number and scope of non-clinical and clinical programs we decide to pursue;
- our ability to raise necessary additional funds;
- the progress of the development efforts of parties with whom we may enter into collaboration arrangements;
- our ability to maintain our current development programs and to establish new ones;
- our ability to establish new licensing or collaboration arrangements;
- the successful initiation and completion of clinical trials with safety, tolerability and efficacy profiles that are satisfactory to the FDA or any comparable foreign regulatory authority;
- the receipt and related terms of regulatory approvals from applicable regulatory authorities;
- the availability of drug substance and drug product for use in the production of our product candidates;
- establishing and maintaining agreements with third-party manufacturers for clinical supply for our clinical trials and commercial manufacturing, if our product candidates are approved;
- our ability to obtain and maintain patents, trade secret protection and regulatory exclusivity, both in the United States and internationally;
- our ability to protect and enforce our rights in our intellectual property portfolio;
- the commercialization of our product candidates, if approved;
- obtaining and maintaining third-party insurance coverage and adequate reimbursement;
- the acceptance of our product candidates, if approved, by patients, the medical community and third-party payors;
- competition with other products; and
- a continued acceptable safety profile of our therapies following approval.

A change in the outcome of any of these variables with respect to the development of our product candidates could significantly change the costs and timing associated with the development of that product candidate. We may never succeed in obtaining regulatory approval for any of our product candidates or programs.

General and administrative expenses

General and administrative expenses consist primarily of salaries and related costs for personnel in executive management, finance, corporate and business development, and administrative functions. General and administrative expenses also include legal fees relating to patent and corporate matters; professional fees for accounting, auditing, tax, and administrative consulting services; insurance costs; marketing and communications expenses; and other operating costs.

We have incurred increasing accounting, audit, legal and other professional services costs initially in 2022 and 2023 associated with the Business Combination, and in 2023 related to the transition from a private company to a public company. We anticipate that our general and administrative expenses may continue to increase in the future as we

continue to operate as a dual-listed public company, such as personnel expenses, governance related expenses, audit and legal fees, and expenses for compliance with public company reporting requirements under the Exchange Act, United States Nasdaq Global Market rules and Nasdaq Iceland Main Market rules.

Finance income and Finance expense

Finance income consists primarily of interest income earned from our short-term financial assets.

Prior to March 2023, Finance expense consisted primarily of accrued interest costs associated with the preferred dividend payment of 6.0% to the holders of Legacy Oculis preferred Series B and C shares. The preferred Series B and C shares are classified as liabilities under IAS 32 and the associated accrued dividend is recognized as interest expense. All preferred shares were converted into ordinary shares upon consummation of the Business Combination on March 2, 2023.

Fair value adjustment on warrant liabilities

Fair value adjustment on warrant liabilities reflects the changes in fair value of our warrant instruments. The fair value is dependent on the change in the underlying market price of the public and private warrants, the change in Black-Scholes fair value of the Blackrock Warrant, and the number of outstanding warrants at the reporting date. The fair value of the public and private warrants is in general directly correlated with the market price of our warrants. Assuming the number of outstanding warrants remains constant, we would expect a fair value loss due to an increase in the market price of the warrants, and a fair value gain due to a decrease in the market price of the warrants.

Foreign currency exchange gain (loss)

Foreign currency exchange gains and losses consisted of currency exchange differences that arise from transactions denominated in currencies other than Swiss Francs.

Income tax expense

We are subject to corporate Swiss federal, cantonal and communal taxation, respectively, in Switzerland, Canton of Zug, and Commune of Zug, as well as in the Canton of Vaud, and Commune of Lausanne. We are also subject to taxation in other jurisdictions in which we operate, in particular the United States, France, China and Iceland where our wholly owned subsidiaries are incorporated.

We are entitled, under Swiss laws, to carry forward any losses incurred for a period of seven years and can offset our losses carried forward against future taxes owed. As of December 31, 2024, we had tax loss carry-forwards totaling CHF 233.8 million. There is no certainty that we will make sufficient profits to be able to utilize tax loss carry-forwards in full and no deferred tax assets have been recognized in the financial statements.

A. Operating Results

The following table summarizes our results of operations for the periods presented:

	For the years ended December 31,			
In CHF thousands	**2024**	**2023**	**Change**	**% Change**
Grant income	686	883	(197)	(22.3%)
Operating income	**686**	**883**	**(197)**	**(22.3%)**
Research and development expenses	(52,083)	(29,247)	(22,836)	(78.1%)
General and administrative expenses	(21,807)	(17,487)	(4,320)	(24.7%)
Merger and listing expense	-	(34,863)	34,863	(100.0%)
Operating expenses	**(73,890)**	**(81,597)**	**7,707**	**9.4%**
Operating loss	**(73,204)**	**(80,714)**	**7,510**	**9.3%**
Finance income	2,168	1,429	739	51.7%
Finance expense	(639)	(1,315)	676	(51.4%)
Fair value adjustment on warrant liabilities	(15,531)	(3,431)	(12,100)	352.7%
Foreign currency exchange (loss) gain	1,269	(4,664)	5,933	127.2%
Finance result	**(12,733)**	**(7,981)**	**(4,752)**	**(59.5%)**
Loss before tax for the period	**(85,937)**	**(88,695)**	**2,758**	**3.1%**
Income tax expense	160	(107)	267	249.5%
Loss for the period	**(85,777)**	**(88,802)**	**3,025**	**3.4%**

Comparison of the Years Ended December 31, 2024 and 2023

Grant Income

Grant income for the years ended December 31, 2024 and 2023 were CHF 0.7 million and CHF 0.9 million, respectively. The grant income is dependent upon the Icelandic government making such reimbursement available for research and development activities. While some of our research and development expenses have historically qualified for reimbursement and we anticipate incurring a similar level of costs in the future, there is no assurance that the Icelandic government will continue with the tax reimbursement program.

Research and Development Expenses

	For the years ended December 31,			
In CHF thousands	**2024**	**2023**	**Change**	**% Change**
Personnel expenses	**11,114**	**6,509**	**4,605**	**70.7%**
Payroll	6,085	4,796	1,289	26.9%
Share-based compensation	5,029	1,713	3,316	193.6%
Operating expenses	**40,969**	**22,738**	**18,231**	**80.2%**
External service providers	40,127	22,256	17,871	80.3%
Other operating expenses	573	258	315	122.1%
Depreciation of property and equipment	99	106	(7)	(6.6%)
Depreciation of right-of-use assets	170	118	52	44.1%
Total research and development expense	**52,083**	**29,247**	**22,836**	**78.1%**

Research and development expenses were CHF 52.1 million for the year ended December 31, 2024 compared to CHF 29.2 million for the year ended December 31, 2023. The net increase of CHF 22.8 million, or 78.1%, was primarily due to an increase in external CRO expenses as a result of the completion and subsequent startup activities of multiple OCS-01 clinical trials and the execution of the Licaminlimab (OCS-02) RELIEF Phase 2b clinical trial, as well as an increase in research and development personnel costs. Included in share-based compensation for the year ended December 31, 2024 was a non-routine one time charge related to certain options that were modified to accelerate vesting upon the death of an employee for approximately CHF 1.0 million. The increase in development expenses reflects the trials ongoing during 2024, including the two OCS-01 DIAMOND Phase 3 clinical trials, OCS-01 LEOPARD investigator-initiated trial ("*IIT*"), Licaminlimab (OCS-02) RELIEF Phase 2b trial and Privosegtor (OCS-05) ACUITY Phase 2 clinical trial for acute optic neuritis. We anticipate that our research and development expenses will continue to increase as we advance our planned pipeline development programs.

	For the years ended December 31,			
In CHF thousands	**2024**	**2023**	**Change**	**% Change**
OCS-01	32,400	15,135	17,265	114.1%
Privosegtor (OCS-05)	4,266	3,354	912	27.2%
Licaminlimab (OCS-02)	11,931	8,793	3,138	35.7%
Other development projects	3,486	1,965	1,521	77.4%
Total	**52,083**	**29,247**	**22,836**	**78.1%**

For the year ended December 31, 2024, research and development expenses were primarily driven by our OCS-01 DME DIAMOND Phase 3 Stage 2 clinical trials, the Licaminlimab (OCS-02) Phase 2b RELIEF clinical trial and technical development, and Privosegtor (OCS-05) ACUITY PoC clinical trial for acute optic neuritis.

General and Administrative Expenses (excluding Merger and Listing Expense)

	For the years ended December 31,			
In CHF thousands	**2024**	**2023**	**Change**	**% Change**
Personnel expenses	**11,476**	**7,029**	**4,447**	**63.3%**
Payroll	6,723	5,134	1,589	31.0%
Share-based compensation	4,753	1,895	2,858	150.8%
Operating expenses	**10,331**	**10,458**	**(127)**	**(1.2%)**
External service providers	7,445	7,695	(250)	(3.2%)
Other operating expenses	2,749	2,700	49	1.8%
Depreciation of property and equipment	34	19	15	78.9%
Depreciation of right-of-use assets	103	44	59	134.1%
Total	**21,807**	**17,487**	**4,320**	**24.7%**

General and administrative expenses (excluding merger and listing expense) were CHF 21.8 million for the year ended December 31, 2024, compared to CHF 17.5 million for the year ended December 31, 2023. The increase of CHF 4.3 million, or 24.7%, was primarily due to increased personnel costs driven by share-based compensation.

Merger and listing Expense

	For the years ended December 31,			
In CHF thousands	**2024**	**2023**	**Change**	**% Change**
Merger and listing expense	-	34,863	(34,863)	(100.0%)

We incurred a non-recurring merger and listing expense of CHF 34.9 million in the year ended December 31, 2023 in connection with the Business Combination. The Business Combination was accounted for as a share-based payment transaction involving the transfer of shares in Oculis for the net assets of EBAC. This expense represented one-time non-cash compensation for a stock exchange listing service equal to the excess of the fair value of the shares transferred compared to the fair value of the net assets.

Finance Income and Finance Expense

	For the years ended December 31,			
In CHF thousands	**2024**	**2023**	**Change**	**% Change**
Finance income	2,168	1,429	739	51.7%
Finance expense	(639)	(1,315)	676	(51.4%)

Finance income was CHF 2.2 million for the year ended December 31, 2024 compared to CHF 1.4 million for the year ended December 31, 2023. The increase of CHF 0.7 million was due to an increase in interest on short-term

financial assets. Finance expense was CHF 0.6 million for the year ended December 31, 2024, compared to CHF 1.3 million for the year ended December 31, 2023. 2023 activity primarily related to interest expense accrued for the preferred Series B and C through the closing of the Business Combination on March 2, 2023. The finance expense in 2024 was primarily due to amortization of transaction costs related to the Blackrock loan facility entered into in May 2024.

Fair Value Adjustment on Warrant Liabilities

	For the years ended December 31,			
In CHF thousands	**2024**	**2023**	**Change**	**% Change**
Fair value adjustment on warrant liabilities	(15,531)	(3,431)	(12,100)	352.7%

We incurred a fair value loss of CHF 15.5 million for the year ended December 31, 2024, and CHF 3.4 million for the period of March 2, 2023 to December 31, 2023, in each period primarily due to an increase in the market price of the BCA warrants assumed by Oculis from EBAC.

Foreign Currency Exchange (Loss) Gain

	For the years ended December 31,			
In CHF thousands	**2024**	**2023**	**Change**	**% Change**
Foreign currency exchange (loss) gain	1,269	(4,664)	5,933	(127.2%)

Foreign currency exchange gain was CHF 1.3 million for the year ended December 31, 2024, compared to a loss of CHF 4.7 million for the year ended December 31, 2023. For the year ended December 31, 2024, the favorable currency exchange was mainly due to the fluctuation of U.S. dollar against the Swiss Franc producing a foreign exchange gain over the year related to our U.S. dollar denominated cash balances. For the year ended December 31, 2023, the unfavorable currency exchange was mainly due to the fluctuation of U.S. dollar against the Swiss Franc generating a foreign exchange loss over the year related to our U.S. dollar denominated cash balances, as well as a loss on the revaluation of the U.S dollar denominated Series C long-term financial debt (former preferred shares) from January to March 2023. The Series C Preferred Shares, accounted for as long-term financial debt, was fully converted to ordinary shares pursuant to the Business Combination in March 2023.

Comparison of Years Ended December 31, 2023 and 2022

For a discussion of the financial results and condition for the fiscal year ended December 31, 2022, please refer to our Annual Report on Form 20-F for the year ended December 31, 2022 filed on March 28, 2023. For a comparison of years ended December 31, 2023 and 2022 please refer to our Annual Report on Form 20-F for the year ended December 31, 2023 filed on March 19, 2024.

B. Liquidity and Capital Resources

Overview

Since our inception, we have incurred significant operating losses. We have not yet commercialized any products and we do not expect to generate revenue from sales of products for several years, if at all. Through December 31, 2024, we have funded our operations primarily with CHF 103.4 million of proceeds from the sale of our preferred stock, CHF 97.6 million of gross proceeds from the Business Combination, PIPE Financing and conversion of CLA, CHF 38.2 million of gross proceeds from the sale of our ordinary shares in the Public Offering and CHF 53.5 million of gross proceeds from the sale of our ordinary shares in the Registered Direct Offering. In February 2025, we closed an underwritten offering of 5,000,000 ordinary shares at a price of $20.00 (CHF 18.01) per share, for total gross proceeds of $100.0 million (CHF 90.1 million). As of December 31, 2024 and 2023, we had cash, cash equivalents and short-term investments of CHF 98.7 million and CHF 91.7 million, respectively. We had accumulated losses of CHF 285.6 million and CHF 199.8 million as of December 31, 2024 and 2023, respectively.

On May 8, 2024, we entered into a sales agreement with Leerink Partners with respect to an ATM Offering Program under which we may offer and sell, from time to time at our sole discretion, ordinary shares having an aggregate offering price of up to $100.0 million (CHF 84.4 million) through Leerink Partners as our sales agent.

On May 29, 2024, we entered into the Loan Agreement with Kreos Capital VII (UK) Limited. The Loan Agreement is structured to provide the EUR equivalent of up to CHF 50.0 million in borrowing capacity (which may be increased to up to CHF 65.0 million), comprising tranches 1, 2 and 3, in the amounts of the EUR equivalents of CHF 20.0 million, CHF 20.0 million and CHF 10.0 million, respectively, as well as an additional loan of the EUR equivalent of up to CHF 15.0 million, which may be made available to us by the Lender if mutually agreed in writing.

We expect to incur additional operating losses in the near future and our operating expenses will increase as we continue to expand our organization through in-licensing, strategic collaboration and acquisition, and invest in the development of our product candidates through additional research and development activities and clinical trials. See "*Risk Factors—Risks related to development and regulatory approval of our investigational therapies*." We will continue to incur additional costs associated with operating as a public company, including expenses related to legal, accounting, financial reporting and regulatory matters, maintaining compliance with exchange listing and SEC requirements, director and officer insurance premiums and investor relations.

Based on our current operating plan, we believe that our existing cash, cash equivalents and short-term financial assets will be sufficient to fund our operations and capital expenses through at least the next twelve months from the date that this Annual Report is filed with the SEC. We have based our estimate on assumptions that may prove to be wrong, and we may use our available capital resources sooner than we currently expect. We may require additional capital resources due to underestimation of the nature, timing and costs of the efforts that will be necessary to complete the development of our product candidates. We may also need to raise additional funds more quickly if we choose to expand our development activities, our portfolio or if we consider acquisitions or other strategic transactions, including licensing transactions. For more information regarding these risks and factors that could influence our future capital requirements and the timing thereof, please see the section entitled "*Risk Factors*."

Future Funding Requirements

Product development is very expensive and involves a high degree of risk. Only a small number of research and development programs result in the commercialization of a product. We will not generate revenue from product sales unless and until we successfully complete clinical development and are able to obtain regulatory approval for and successfully commercialize the product candidates we are currently developing or that we may develop. We currently do not have any product candidates approved for commercial sale.

Our product candidates, currently under development or that we may develop, will require significant additional research and development efforts, including extensive clinical testing and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel infrastructure and extensive compliance and reporting capabilities. There can be no assurance that our research and development activities will be successfully completed, that adequate protection for our licensed or developed technology will be obtained and maintained, that products developed will obtain necessary regulatory approval or that any approved products will be commercially viable.

If we obtain regulatory approval for one or more of our product candidates, we expect to incur significant expenses related to developing our commercialization capabilities to support product sales, marketing and distribution activities, either alone or in collaboration with others. Additionally, as discussed further below, we expect to continue to incur the necessary costs associated with operating as a public company. As a result, we will need substantial additional funding to support our continuing operations and pursue our growth strategy.

Until such time, if ever, we can generate substantial product revenue, we may finance our operations through a combination of private or public equity offerings, debt financings, collaborations, strategic alliances, marketing, distribution or licensing arrangements or through other sources of financing. Adequate capital may not be available to us when needed or on acceptable terms. To the extent that we raise additional capital through the sale of private or public equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a holder of Ordinary Shares. Debt

financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures.

Debt financing would also result in fixed payment obligations. If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates, or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or other arrangements when needed, we may be required to delay, limit, reduce or terminate our research, product development or future commercialization efforts, grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves, obtain funds through arrangements with collaborators on terms unfavorable to us or pursue merger or acquisition strategies, all of which could adversely affect the holdings or the rights of our shareholders. Please see the section entitled *"Risk Factors—Risks related to our business, financial condition, capital requirements, or financial operations"* for additional risks associated with our substantial capital requirements.

We expect our expenses to increase substantially in connection with our ongoing activities, particularly as we advance the preclinical activities, manufacturing and clinical development of our product candidates. In addition, we will continue to incur additional costs associated with operating as a public company, including significant legal, accounting, investor relations and other expenses. Our expenses will also increase as we:

- advance our clinical-stage product candidates, including as we progress our Phase 3 clinical trials for OCS-01 for DME, and advance our OCS-01 program for inflammation and pain following ocular surgery toward potential NDA submission;
- advance Privosegtor (OCS-05) in acute optic neuritis in next stage development;
- advance our Licaminlimab (OCS-02) program into Phase 3 and related manufacturing development activities;
- advance our preclinical stage product candidates into clinical development;
- seek to identify, acquire and develop additional product candidates, including through business development efforts to invest in or in-license other technologies or product candidates;
- hire additional clinical, quality assurance and control, medical, scientific and other technical personnel to support our development plans;
- expand and/or optimize our operational, financial and management systems and increase personnel to support our operations;
- meet the requirements and demands of being a dual-listed public company, including compliance with regulatory regimes and stock exchange rules in both the U.S. and Iceland;
- maintain, expand, protect and enforce our intellectual property portfolio;
- make milestone, royalty or other payments due under the license agreement with Novartis and the license agreement with Accure, each described in Note 9 of the Audited Consolidated Financial Statements, and any future in-license or collaboration agreements;
- seek regulatory approvals for any product candidates that successfully complete clinical trials; and
- undertake any pre-commercialization activities to establish sales, medical affairs, market access, marketing and distribution capabilities for any product candidates for which we may receive regulatory approval in regions where we choose to commercialize our products on our own or jointly with third parties.

See the section of this Annual Report titled "*Risk Factors*" for additional risks associated with our substantial capital requirements.

Material Cash Requirements for Known Contractual Obligations and Commitments

We have certain payment obligations under various license and collaboration agreements. Under these agreements, we are required to pay non-refundable, upfront license fees, predefined development and commercial milestone payments and royalties on net sales of licensed products.

License Agreement with Accure for Privosegtor (OCS-05)

Pursuant to a license agreement, dated as of January 29, 2022, by and between us and Accure (the "*Accure Agreement*"), we obtained an exclusive, worldwide, sublicensable (subject to certain conditions) and transferable (subject to certain conditions) license under certain patents, know-how and inventory of Accure for any and all uses and purposes, including to perform research, development, manufacturing and commercialization activities in any manner and for any purpose. The licensed patents are co-owned by Accure with third parties who have reserved the right to use the licensed patents for education and research purposes pursuant to an inter-institutional agreement.

As of December 31, 2024, we had paid the full contractual non-refundable upfront fee of CHF 3.0 million and reimbursed costs in the amount of approximately CHF 0.5 million. In December 2024, we achieved two milestones under the agreement for the IND approval and positive topline data readout from the ACUITY trial and recorded a liability of CHF 1.1 million ($1.2 million) in connection with those milestones, which was paid in 2025. As of December 31, 2024, we were further obligated to pay Accure (a) up to CHF 101.4 million ($112.1 million at the December 31, 2024 exchange rate) in the aggregate upon the achievement of additional future development, regulatory and sales milestones; (b) tiered royalties ranging from a mid-single digit to a low mid-teen percentage on net sales of licensed products; and (c) high teens on sublicensing revenues received any time after 36 months from the agreement effective date, and a higher percentage on sublicensing revenues received prior to such date, in all cases subject to reduction for any amounts that were previously paid or are concurrently or later paid by us to Accure pursuant to our milestone payment obligations and such amounts received from a sublicensee will be deduced from amounts owned to Accure. Our royalty payment obligations are subject to certain reductions and expire on a licensed product-by-licensed product and country-by-country basis upon the later of (i) the expiration of the last valid claim of any licensed patent covering such licensed product in such country; (ii) the expiration of such licensed product's Orphan Drug status, if any, in such country; or (iii) ten (10) years following the date of first commercial sale of such licensed product in such country (the "*Payment Period*").

Under the Accure Agreement, we are obligated to use commercially reasonable efforts to develop and seek regulatory approval for a licensed product in major countries of the territory as defined in the Accure Agreement.

The Accure Agreement will expire on a licensed product-by-licensed product and country-by-country basis upon the expiration of the applicable Payment Period with respect to such licensed product in such country. We may terminate the Accure Agreement in whole or in part at any time upon advance written notice (a) for documented reasonable scientific, regulatory, commercial reasons related to the licensed product without incurring any penalty or liability to Accure and (b) for no reason. Each party may terminate the Accure Agreement with immediate effect upon written notice to the other party (i) in the event such other party commits a material breach of its obligations under the Accure Agreement and fails to cure that breach within a specified period of time or (ii) with certain exceptions, upon such other party's bankruptcy. Accure may terminate the Accure Agreement with immediate effect upon written notice to us if we file any action to invalidate any of the licensed patents or fail to maintain the licensed patents in major countries of the territory as defined in the Accure Agreement, or, subject to certain exceptions, if we fail to meet certain development obligations and are unable to agree upon modifications to the development plan with Accure.

License Agreement with Novartis for Licaminlimab (OCS-02)

Pursuant to a license agreement, dated as of December 19, 2018, as amended, by and between us and Novartis (the "*Novartis Agreement*"), we obtained an exclusive, royalty-bearing, sublicensable (subject to certain conditions), assignable (subject to certain conditions), worldwide license under certain patents, know-how and manufacturing platform technology to develop, manufacture and commercialize pharmaceutical, therapeutic or diagnostic products containing a specified single chain antibody fragment formulation as an active ingredient in the licensed field as

defined in the Novartis Agreement. The license granted to us by Novartis includes sublicenses of rights granted to Novartis by certain third parties, and our license to such rights is expressly subject to the applicable terms and conditions of the agreements between Novartis and such third parties.

We originally entered into the Novartis Agreement with Alcon Research, Ltd. ("*Alcon*"), which subsequently assigned its rights and obligations under the Novartis Agreement to Novartis in connection with its spin-off from Novartis.

We are deemed the owner of any inventions that are (a) created solely by or on behalf of us pursuant to the Novartis Agreement and (b) severable from the licensed products, and grant Novartis a first right to negotiate a worldwide, royalty-bearing license under any patents directed at such inventions for purposes outside of the licensed field. We also grant Novartis a worldwide, non-exclusive, perpetual, irrevocable, royalty-free, fully paid-up license back under any patents owned by us that (i) cover inventions arising from the Novartis Agreement, the practice of which would infringe the patents licensed to us by Novartis, or (ii) otherwise incorporate Novartis' proprietary information, in each case, for certain uses outside of the licensed field.

We paid in full the contractual non-refundable upfront payment to Alcon of CHF 4.7 million ($4.7 million at the exchange rate at the time of payment) in cash and issued 401,709 ordinary shares (recast subsequent to the BCA) for the residual between the fair value and the upfront payment. This was accounted for as a share-based payment transaction under IFRS 2. As of December 31, 2024, we were obligated to pay Novartis up to an additional CHF 87.8 million ($97.0 million at the December 31, 2024 exchange rate) in the aggregate upon the achievement of certain development, regulatory, sales and other milestones and tiered royalties ranging from a mid-single digit to a low mid-teen percentage on net sales. In consideration for the exclusive sublicense from Novartis under certain third-party intellectual property rights, we are obligated to pay a low-single digit royalty on our net sales of the licensed product, however, such payments will be deducted from royalties payable to Novartis. Our royalty payment obligations are subject to certain reductions and expire with respect to any licensed product on a country-by-country basis upon the later of (a) the expiration of the last to expire valid claim of any licensed patent covering any such licensed product in such country; (b) the expiration of the period of data exclusivity in any country worldwide; or (c) twelve (12) years after first commercial sale of such licensed product in such country ("*Royalty Term*").

Under the Novartis Agreement, we are obligated to use diligent efforts to develop, manufacture or have manufactured, and commercialize the licensed products in the licensed field worldwide. The Novartis Agreement will expire upon the last-to-expire Royalty Term. We may terminate the Novartis Agreement without cause at any time upon advance written notice to Novartis. Upon written notice to Novartis, we may terminate the Novartis Agreement for cause due to the following events: (a) an insolvency event occurs; (b) Novartis materially breaches its obligations under the Novartis Agreement and fails to cure such breach within a specified period of time; or (c) upon advance written notice for material scientific, technical or medical reasons or in case of a material adverse change that renders further continuation of the Novartis Agreement by us commercially unreasonable or otherwise not viable. Upon written notice to us, Novartis may terminate the Novartis Agreement for cause due to the following events: (i) we fail to pay any undisputed amount due under the Novartis Agreement and we fail to remedy such failure within a specified period of time; (ii) an insolvency event occurs; or (iii) we materially breach our obligations under the Novartis Agreement and fail to cure such breach within a specified period of time; or (iv) following negative clinical trial results, we terminate development of the licensed product and do not pursue any further indications in the licensed field.

Other Commitments

The majority of our near term cash needs relate to our clinical and Chemistry, Manufacturing and Controls ("*CMC*") projects. We have conducted research and development programs through collaborative programs that include, among others, arrangements with universities, CROs and clinical research sites. As of December 31, 2024, commitments for external research and development projects totaled CHF 32.2 million, with CHF 21.9 million due within one year and CHF 10.2 million due between one and five years.

In addition, we enter into agreements in the normal course of business with CROs for clinical trials and with vendors for preclinical studies, manufacturing services, and other services and products for operating purposes, which are generally cancelable upon written notice.

We have entered into three real estate lease agreements for lab and office facilities. At December 31, 2024, these lease agreements have aggregate lease liabilities of CHF 0.3 million due within one year and CHF 0.9 million due in more than one year.

Refer to Notes 10 and 18 to our audited consolidated financial statements included elsewhere in this Annual Report for further details on our obligations and timing of expected future payments.

Cash Flows

The following table summarizes our sources and uses of cash and cash equivalents for each of the periods presented:

	For the years ended December 31,			
In CHF thousands	**2024**	**2023**	**Change**	**% Change**
Net cash outflow from operating activities	(47,499)	(53,845)	6,346	(11.8%)
Net cash outflow from investing activities	(17,557)	(54,211)	36,654	(67.6%)
Net cash inflow from financing activities	54,030	129,672	(75,642)	(58.3%)
(Decrease)/Increase in cash and cash equivalents	**(11,026)**	**21,616**	**(32,642)**	**(151.0%)**

Operating Activities

Net cash outflows from operating activities decreased to CHF 47.5 million in 2024, compared to CHF 53.8 million in 2023, primarily due to higher non-cash adjustments and favorable working capital changes.

In 2024, the company had a positive net financial result of CHF 2.7 million compared to a negative net financial result of CHF 3.4 million in 2023, primarily due to adverse foreign exchange impacts in the prior year. Additionally, in 2023 we incurred CHF 1.3 million of interest expense on Series B and C preferred shares, which were converted into common shares in March 2023. Share-based compensation increased to CHF 9.8 million in 2024 compared to CHF 3.6 million in 2023, and the fair value adjustment on warrant liabilities rose to CHF 15.5 million in 2024 compared to CHF 3.4 million in 2023, both representing increased non-cash adjustments to pretax loss. Further contributing to the change was the absence of the one-time CHF 34.9 million merger and listing expense recorded in 2023 associated with the BCA.

Working capital changes also contributed to a decrease in operating cash outflows, with accrued expenses increasing by CHF 11.1 million in 2024, compared to a decrease of CHF 11.5 million in 2023 driven by the timing of payments related to clinical development contracts, among others. Additionally, other current assets decreased by CHF 5.0 million in 2024 compared to an increase of CHF 5.5 million in 2023 reflecting a reduction in prepaid clinical expense as most of our studies are now in process.

Investing Activities

For the years ended December 31, 2024 and 2023, investing activities used CHF 17.6 million and CHF 54.2 million, respectively. The decrease was driven by cash used for purchases of short term financial assets, which was CHF 17.3 million for the year ended December 31, 2024, compared to CHF 54.2 million for the year ended December 31, 2023.

Financing Activities

For the year ended December 31, 2024, net cash provided by financing activities was CHF 54.0 million, which primarily consisted of proceeds received from the issuance and sale of shares in the Registered Direct Offering.

For the year ended December 31, 2023, net cash provided by financing activities was CHF 129.7 million, which relates primarily to the closing of the Business Combination, the PIPE Financing and the conversion of the CLAs in March 2023 and the Public Offering in the second quarter of 2023.

For a discussion of our cash flows for the year ended December 31, 2022, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources” in our Annual Report on Form 20-F filed with the SEC on March 19, 2024.

C. Research and Development, Patents and Licenses, etc.

Full details of our research and development activities and expenditures are given in the "Item 4.B. Information on the Company—Business Overview" and "Item 5 Operating and Financial Review and Prospects" sections of this Annual Report.

D. Trend Information

Other than as described elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our revenue, income from continuing operations, profitability, liquidity or capital resources, or that would cause our reported financial information not necessarily to be indicative of future operating results or financial condition.

E. Critical Accounting Estimates

We prepared our consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB. Refer to Note 3 and 4 to our audited consolidated financial statements included elsewhere in this Annual Report for further details on the most significant accounting policies applied in the preparation of our consolidated financial statements and our critical accounting estimates and judgments.