APRIL 11, 2024

PROSPECTUS

OCULIS HOLDING AG

1. PROSPECTUS SUMMARY

(A) Introduction and Warning

This summary should be read as an introduction to this Prospectus. This prospectus (the "**Prospectus**") relates to the admission to trading and listing in Iceland by Oculis Holding AG, incorporated under the laws of Switzerland on October 31, 2022, as a stock corporation (Aktiengesellschaft), with its registered address at Bahnhofstrasse 7, 6300 Zug, Switzerland and registered under the legal entity identifier ("**LEI**") 5067005370C2KK324336 (the "**Issuer**", "**Oculis Holding AG**" or the "**Company**"), of ordinary shares of the Company with a nominal value of CHF 0.01 with the International Securities Identification Number ("**ISIN**") CH1242303498 in the amount of 40,443,700 ordinary shares (the "**Shares**") (the "**Admission**") on the regulated market in Iceland operated by Nasdaq Iceland ("**Nasdaq Iceland**").

The Prospectus has been approved by the Icelandic Financial Supervisory Authority of the Central Bank of Iceland (*ísl. Fjármálaeftirlit Seðlabanka Íslands*) ("**FSA**"), as the competent authority under Regulation (EU) 2017/1129 of the European Parliament and the Council of June 14, 2017 on the prospectus to be published when securities are admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**"), on April 11, 2024.

The FSA has its registered office at Kalkofnsvegur 1, 101 Reykjavík, Iceland, with telephone number +354 569 9600.

Investors should base any decision to invest in the Shares on the consideration of this Prospectus as a whole. Investors in the Shares could lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid Investors when considering whether to invest in the Shares.

(B) Key Information on the Issuer

B.1 – Who is the Issuer of the Securities

Domicile and Legal Form. The issuer of the Shares is Oculis Holding AG, a stock corporation, incorporated and existing under the laws of Switzerland and registered with the Commercial Register of the Canton of Zug on October 31, 2022. Its corporate legal headquarters are at Bahnhofstrasse 7, 6300 Zug, Switzerland, and LEI is 5067005370C2KK324336.

Principal Activities: The Issuer is a clinical-stage biopharmaceutical company, based in Switzerland, with substantial expertise in therapeutics used to treat ocular diseases, and engaged in the development of innovative drug candidates which have the potential to address many eye-related conditions. The Issuer's group had 36 employees, 16 of which are in Switzerland; 8 are based in Iceland; 7 are based in the United States and 5 are based in France, UK and China. The Issuer's mission and vision is to improve the health and quality of life of patients around the world by developing medicines that save sight and improve eye care for patients.

The Issuer's products are designated without geographic restrictions in mind, even though from a commercial timing perspective the Issuer's strategy is to pursue U.S. FDA approval first, followed by European and other international approvals.

Major Shareholders: Pursuant to the knowledge of the Issuer there is no shareholder that owns more than 14.5% as of 31 December, 2023. The largest shareholder is LSP 7 Cooperatief U.A.[1] with a 14.5% shareholding whereas Brunnur vaxtarsjóður slhf,.[2] holds 6.4%, BVCF Management (BEYEOTECH)[3] holds 5.6% and Funds managed by Pivotal Partners[4] collectively hold a 5.2% shareholding in the Issuer.

Key managing Officers: Riad Sherif (Chief Executive Officer and Director); Sylvia Cheung (Chief Financial Officer) and Páll Ragnar Jóhannesson (Chief Business Officer).

Independent Auditor: PricewaterhouseCoopers SA, avenue C.-F. Ramuz 45, 1001 Lausanne, Switzerland, is the Issuer's statutory auditor.

B.2 – What is the Key Financial Information Regarding the Issuer

Unless indicated otherwise, all financial information presented in the tables below is shown in thousands of Swiss francs (CHF thousands). Certain financial information has been rounded according to established commercial standards. As a result, rounded figures in the tables below may not add up to the aggregate amounts in such tables (sum totals or subtotals), which are calculated based on unrounded figures. Financial information presented in parentheses denotes the negative of such number presented.

[1] LSP 7 Management B.V. is the sole director of LSP 7 Coöperatief UA. The managing directors of LSP 7 Management B.V. are Martijn Kleijwegt, Rene Kuijten and Joachim Rothe. As such, LSP 7 Management B.V., Martijn Kleijwegt, Rene Kuijten and Joachim Rothe may be deemed to beneficially own the securities held of record by LSP 7 Coöperatief UA under US law. Each of Mr. Kleijwegt, Mr. Kuijten and Mr. Rothe disclaims beneficial ownership of such shares. The business address of each of the entities and individuals identified in this footnote is Johannes Vermeerplein 9 1071 DV Amsterdam, Netherlands.

[2] Voting and dispositive decisions require a majority vote of the directors of Brunnur vaxtarsjóður slhf., reg.no. 581214-1030 composed of three individuals, Guðbjörg Edda Eggertsdóttir, Hjörleifur Pálsson and Guðrún Tinna Ólafsdóttir, and, as such, each disclaim any beneficial ownership of any such shares, as pursuant to Icelandic law Sigurður Arnljótsson and Auðunn Árni Blöndal are registered as beneficial owners through their ownership of Brunnur Ventures GP ehf., reg.no. 581214-0810.

[3] Voting and dispositive decisions require a majority vote of the investment committee composed of six individuals, Zhi Yang, Robert Li, Vanessa Huang, Huacheng Wei, Maggie Chen, and Rachel Zhao, and, as such, each disclaim any beneficial ownership of any such shares, except to the extent of his or her pecuniary interest therein. The business address of BEYEOTECH is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

[4] The general partner of Pivotal is Pivotal bioVenture Partners Fund I G.P., L.P. ("Pivotal GP"). The general partner of Pivotal GP is Pivotal bioVenture Partners Fund I U.G.P., Ltd (the "Ultimate General Partner"). Richard Coles, Peter Bisgaard and Vincent Sai Sing Cheung are directors of the Ultimate General Partner, and may, along with the Ultimate General Partner be deemed to have shared voting and investment control and power over the shares owned by Pivotal. Such persons disclaim beneficial ownership of such securities except to the extent of any pecuniary interest therein. The Ultimate General Partner is wholly owned by Pivotal Partners Ltd ("Pivotal Partners"). Pivotal Partners is wholly owned by Pivotal Life Sciences Holdings Limited ("Pivotal Life Sciences"). Pivotal Life Sciences is wholly owned by Nan Fung Life Sciences Holdings Limited ("Nan Fung Life Sciences"), and Nan Fung Life Sciences is wholly owned by NF Investment Holdings Limited ("NFIHL"). NFLS Beta is wholly owned by NFLS Platform Holdings Limited, which is wholly owned by Nan Fung Life Sciences. Nan Fung Life Sciences is wholly owned by Nan Fung Group Holdings Limited ("NFGHL" and together with Pivotal, Pivotal GP, Ultimate General Partner, Pivotal Partners, Pivotal Life Sciences, Nan Fung Life Sciences and NFIHL, the "Pivotal Parties"). The members of the Executive Committee of NFGHL make voting and investment decisions with respect to the ordinary shares held by NFLS Beta. Kam Chung Leung, Frank Kai Shui Seto, Vincent Sai Sing Cheung, Pui Kuen Cheung, Vanessa Tih Lin Cheung, Meng Gao and Chun Wai Nelson Tang are the members of the Executive Committee of NFGHL. Such persons disclaim beneficial ownership of such securities except to the extent of any pecuniary interest therein. The Pivotal Parties share voting and dispositive power over the shares held by Pivotal. The business address of Pivotal, Pivotal GP, Ultimate General Partner, Pivotal Partners and Pivotal Life Sciences is 501 Second Street, Suite 200, San Francisco, CA 94107. The address of NFGHL is 23rd Floor, Nan Fung Tower, 88 Connaught Road Central and 173 Des Voeux Road Central, Central, Hong Kong. The address of NFIHL is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

Selected Consolidated Financial Information

Statement of Profit or Loss Data

	For the year ended December 31, 2023	For the year ended December, 2022
Operating income	883	912
Operating loss	(80,714)	(32,376)
Loss for the period	(88,802)	(38,698)
Loss per share (basic and diluted) (in CHF)	(2.97)	(11.32)

Statement of Financial Position Data

	As of December 31, 2023	As of December 31, 2022
Total assets	114,353	37,060
Total equity	93,728	(97,991)
Total liabilities	20,625	135,051

Statement of Cash Flows Data

	For the year ended December 31, 2023	For the year ended December 31, 2022
Net cash outflow from operating activities	(53,845)	(25,074)
Net cash outflow from investing activities	(54,211)	(3,483)
Net cash inflow from financing activities	129,672	1,714
Increase/(Decrease) in cash and cash equivalents	21,616	(26,909)

B.3 – What are the Key Risks that are Specific to the Issuer?

The Issuer's business is subject to a number of risks and uncertainties. If any of the following risks are realized, the Issuer's business, financial condition and results of operations could be materially and adversely affected. Investors should carefully review and consider the full discussion of risk factors in the section titled "*Risk Factors*" in Chapter 1 of this Prospectus. Set forth below is a summary list of the principal risk factors as:

- The Issuer has a very limited operating history and no products approved for commercial sale, which may make it difficult to evaluate the current business and predict future success and viability.

- The Issuer has incurred significant net losses in each period since inception and anticipates that it will continue to incur significant and increasing net losses for the foreseeable future.
- Drug development is a highly uncertain undertaking and involves a substantial degree of risk. The Issuer has never generated any revenue from product sales and may never generate revenue or be profitable.
- The Issuer depends significantly on the product candidates, OCS-01, OCS-02, and OCS-05, which it's developing for treatment of multiple diseases. If the Issuer is unable to complete the clinical development of any of these product candidates, if it is unable to obtain marketing approvals for any of these product candidates, or if any of these product candidates are approved and the Issuer fails to successfully commercialize the product candidate or experience significant delays in doing so, the business will be materially harmed.
- The results of previous clinical trials may not be predictive of future results, and the results of the Issuer's current and planned clinical trials may not satisfy the requirements of the FDA or non-U.S. regulatory agencies.
- Even if the Issuer receives marketing approval for OCS-01, OCS-02, OCS-05, or any future product candidate, it may not be able to successfully commercialize product candidates due to unfavorable pricing regulations or third-party coverage and reimbursement policies, which could make it difficult to sell product candidates profitably.
- The commercial successes of OCS-01, OCS-02 or OCS-05, if approved, will depend significantly on attaining broad adoption and use of the products by physicians and patients for approved indications, and any of these product candidates may not be commercially successful even if shown to be effective in clinical trials.
- The Issuer may enter into collaborations with third parties for the development and commercialization of the Issuer's product candidates. If the Issuer's collaborations are not successful, the Issuer may not be able to capitalize on the market potential of these product candidates.
- The Issuer relies completely on third-party contractors to supply, manufacture and distribute clinical drug supplies for product candidates, which may include sole-source suppliers and manufacturers; the Issuer intends to rely on third parties for commercial supply, manufacturing and distribution if any of product candidates receives regulatory approval and for any future product candidates.
- The regulatory approval processes of the FDA and non-U.S. regulatory agencies are highly complex, lengthy, and inherently unpredictable. If the Issuer is unable to obtain regulatory approval for product candidates, or to do so in a timely manner, it will be unable to generate product revenue and the business will be substantially harmed.
- If the FDA does not conclude that OCS-01 satisfies the requirements for the Section 505(b)(2) regulatory approval pathway, or if the requirements under Section 505(b)(2) are not as the Issuer expects, the approval pathway for OCS-01 will likely take significantly longer, cost significantly more and entail significantly greater complications and risks than anticipated, and in either case may not be successful.

- If the Issuer is unable to obtain, maintain, protect and enforce patent or other intellectual property protection for current and future technology and products, or if the scope of the patent or other intellectual property protection obtained is not sufficiently broad, the Issuer may not be able to compete effectively in relevant markets.

(C) Key Information on the Securities

C.1 – What are the Main Features of the Securities?

Type, Class, and ISIN. The Shares of the Company are ordinary shares in the capital of the Company in registered form. ISIN: CH1242303498

Currency, Denomination, Par Value, Number of Securities Issued and Duration. The Shares are denominated in CHF, Swiss franc, have an accounting par value of CHF 0.01 each and do not have a term.

Rights Attached to the Shares, Relative Seniority, and Transferability. The Shares rank pari passu among themselves. The capital of the Company is made up of a single class of shares. In the event of the liquidation or bankruptcy of the Issuer, whether voluntary or involuntary, the holders of the Shares are paid in proportion to their share capital holdings using the remainder of the Issuer's assets after all other creditors have had their approved claims paid. There are no transfer restrictions attached to the Shares.

Dividend Policy. The Issuer does not anticipate paying any cash dividends on its Shares in the foreseeable future. The Issuer intends to retain all available funds and any future earnings to fund the development and expansion of its business and product candidates.

Legislation. The Shares have been created under Swiss law.

C.2 – Where will the Securities be Traded?

The Issuer's Shares are currently listed in the United States on Nasdaq Global Market and shall continue to be traded thereon under the symbol "OSC". Application will be made for admission to trading of the Shares on Nasdaq Iceland under the symbol "OSC". The application is considered complete when the FSA has approved and published the Prospectus and a final version of the Application has been delivered to Nasdaq Iceland (the "**Application**"). Following the Application, Nasdaq Iceland will publish a final decision regarding the Application and, if accepted, the first possible day of trading with the Shares (the ("**Admission**").

C.3 – What are the Key Risks that are Specific to the Securities?

- The dual listing of the Shares may adversely affect the liquidity and value of those Shares. The Issuer's Shares will be listed on both the Nasdaq Global Market and the Nasdaq Main Market. The trading of the Shares in these markets will take place in different currencies (U.S. dollars on Nasdaq Global Market and Icelandic Krona on Nasdaq Main Market), at different times (resulting from different time zones, different trading days and different public holidays in the United States and Iceland) and with different settlement mechanics.

- The Nasdaq Global Market and Nasdaq Main Market, on which the Issuer's Shares will be listed under the symbol OCS and warrants on Nasdaq Global Market under the symbol OCSAW, have from time-to-time experienced significant price and volume fluctuations. The market price of Shares and Warrants may be volatile and could decline significantly.

(D) Key Information on the admission to trading on a regulated market

D.1 – Under which Conditions and Timetable is it possible to invest in this Security?

General terms of the Offering and expected timetable. Not applicable. This Prospectus does not relate to an offering of shares.

Listing and Admission to trading. The Shares are listed on Nasdaq Global Market in the United States. Admission to trading of the Shares is expected to be granted on or about April 23-26, 2024 and trading in the Shares on Nasdaq Iceland is expected to commence on or about April 23-26, 2024.

Plan for distribution. Not applicable. This Prospectus does not relate to an offering of shares.

Offer Price and Price Range. Not applicable. This Prospectus does not relate to an offering of shares.

Estimated Expenses. The expenses related to the Admission consist of the fees due to the FSA and Nasdaq Iceland, as well as legal and administrative expenses, financial advisor fees, publication costs and applicable taxes, if any. The Company estimates that the total expenses related to the Admission will amount to approximately USD 1,100,000.

D.2 – Who is the Offeror?

Not applicable. This Prospectus does not relate to an offering of shares.

D.3 – Why is this Prospectus being produced?

Reasons for Admission for trading. The Issuer believes that the Admission is a logical and significant next step for it in its development and that the timing is appropriate, given its current profile and level of maturity.

Use and Estimated Net Amount of Proceeds. Not applicable. This Prospectus does not relate to an offering of shares.

Conflicts of Interest. There are no material conflicts of interest pertaining to the Admission.

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1. RISK FACTORS

An investment in the Shares is subject to risks. According to Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended, the risk factors featured in a prospectus must be limited to risks which are specific to the issuer and/or to the securities and which are material for taking an informed investment decision. Therefore, the following risks are only those risks that are specific to the Shares and based on our current assessment material for making an informed investment decision. The market price of the Shares could decline if any of these risks were to materialize, in which case investors could lose some or all of their investment.

The following risk factors are divided into categories and subcategories. Within each such subcategory, the order of risk factors is based on our current assessment with respect to the probability of occurrence and expected magnitude of the adverse impact of such risk factors, where the risk factors with the highest probability of occurrence and expected magnitude of the adverse impact of such risk factors are listed first. Irrespective of the order of risk factors, however, any of the risks described below could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects as well as the price of the Shares.

Any quantification of the significance of each individual category for the Issuer could be misguiding, as other categories of risks factors may materialise to a greater or lesser degree. The likelihood of occurrence of any particular event is difficult to assess with any certainty, whether it be regarding its direct effects or knock-on effects which may lead to other events, which may in turn cause damage to the Issuer and/or affect the value of the Shares.

Each of the risk factors listed below could repeatedly or on a stand-alone basis affect the Issuer's operations and finances and thus the value of the Shares. Predicting the extent or time limit of their effects is not possible.

Additional risks and uncertainties not presently known to the Issuer, or that are currently deemed immaterial, may also impair the Issuer’s business operations. The business, financial condition, or result of operations of the Issuer could be materially and adversely affected by any of these risks. The trading price of the Issuer’s Shares could decline due to any of these risks and investors could lose all or part of their investment.

1.1. Risks Related to the Issuer

1.1.1. Risk related to the Business, Financial Condition, Capital Requirements or Financial Operations

The Issuer has a very limited operating history and no products approved for commercial sale, which may make it difficult to evaluate the Issuer’s current business and predict the future success and viability.

The Issuer is a clinical stage biopharmaceutical company specializing in novel therapeutics to treat ophthalmic diseases. The Issuer commenced operations in December 2017, has no products approved for commercial sale and has not generated any revenue from product sales. Drug development is a highly uncertain undertaking and involves a substantial degree of risk. To date, the Issuer has not obtained marketing approval for any product candidates, manufactured a commercial scale product, or conducted sales and marketing activities necessary for successful product commercialization.

The Issuer's limited operating history as a company and early stage of drug development make any assessment of the future success and viability subject to significant uncertainty. The Issuer will encounter risks and difficulties frequently experienced by clinical-stage biopharmaceutical companies in rapidly evolving fields, and the Issuer has not yet demonstrated an ability to successfully overcome such risks and difficulties. If the Issuer does not address these risks and difficulties successfully, the Issuer's business, financial condition, results of operations and growth prospects may be impaired.

The Issuer has incurred significant net losses in each period since its inception and it is anticipated that the Issuer will continue to incur significant and increasing net losses for the foreseeable future.

The Issuer has incurred net losses in each reporting period since inception, including net losses of CHF 88.8 million and CHF 38.7 million for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, the Issuer had accumulated deficit of CHF 199.8 million.

The Issuer has invested significant financial resources in research and development activities, including for the Issuer's product candidates. The Issuer does not expect to generate revenue from product sales in the foreseeable future, if at all. The amount of the Issuer's future net losses will depend, in part, on the level of the Issuer's future expenditures and the Issuer's ability to generate revenue. Moreover, the Issuer's net losses may fluctuate significantly from quarter to quarter and year to year, such that a period-to-period comparison of the Issuer's results of operations may not be a good indication of the Issuer's future performance quarter to quarter or year to year due to factors including the timing of clinical trials, any litigation that the Issuer may file or that may be filed against the Issuer, the execution of collaboration, licensing or other agreements and the timing of any payments the Issuer makes or receives thereunder.

The Issuer expects to continue to incur significant and increasingly higher expenses and operating losses for the foreseeable future. The Issuer anticipate that expenses will increase substantially if and as the Issuer:

- progresses the current and any future product candidates through preclinical and clinical development;
- works with its contract manufacturers to scale up the manufacturing processes for the Issuer's product candidates, if approved, or, in the future, establish and operate a manufacturing facility;
- continues research and discovery activities;
- initiates and conducts additional preclinical, clinical or other studies for product candidates;
- changes or adds contract manufacturers or suppliers;
- seeks regulatory approvals and marketing authorizations for product candidates;
- establishes sales, marketing and distribution infrastructure to commercialize any products for which the Issuer obtains approval;
- acquires or in-licenses product candidates, intellectual property and technologies;
- makes milestone, royalty or other payments due under any current or future collaboration or license agreements;
- obtains, maintains, expands, protects and enforces the Issuer's intellectual property portfolio;

- attracts, hires and retains qualified personnel;
- experiences any delays or encounters other issues related to its operations;
- incurs costs associated with being a public traded and dual-listed company;
- meets the requirements and demands of being a public traded and dual-listed company; and
- defends against any product liability claims or other lawsuits related to the Issuer's products.

The Issuer's prior losses and expected future losses have had and will continue to have an adverse effect on the Issuer's shareholders deficit and working capital. In any particular quarter or quarters, the Issuer's operating results could be below the expectations of securities analysts or investors, which could cause the share price of Shares to decline.

As of December 31, 2023, the Issuer had total cash, cash equivalents and short-term financial assets CHF 91.7 million. Short-term financial assets consisted of fixed term bank deposits with maturities between three and six months. The Issuer believes that these cash, cash equivalents and short-term financial assets will be sufficient to enable the Issuer to fund current operations for at least the next twelvemonth period.

Drug development is a highly uncertain undertaking and involves a substantial degree of risk. The Issuer has never generated any revenue from product sales and may never generate revenue or be profitable.

The Issuer has no products approved for commercial sale and has not generated any revenue from product sales. The Issuer does not anticipate generating any revenue from product sales until after having successfully completed clinical development and received regulatory approval for the commercial sale of a product candidate, if ever.

The Issuer's ability to generate revenue, alone or with strategic collaboration, and achieve profitability depends significantly on many factors, including:

- successfully completing research, preclinical and clinical development of product candidates;
- obtaining regulatory approvals and marketing authorizations for product candidates for which the Issuer successfully complete clinical development and clinical trials;
- developing a sustainable and scalable manufacturing process for product candidates, as well as establishing and maintaining commercially viable supply relationships with third parties that can provide adequate products and services to support clinical activities and any commercial demand for product candidates;
- identifying, assessing, acquiring and/or developing new product candidates;
- negotiating favourable terms in any collaboration, licensing or other arrangements into which the Issuer may enter;
- launching and successfully commercializing product candidates for which the Issuer obtains regulatory and marketing approval, either by collaborating with a partner or, if launched independently, by establishing a sales, marketing and distribution infrastructure;
- obtaining and maintaining an adequate and sustainable price for product candidates, in each country where the products are commercialized;

- obtaining adequate reimbursement for product candidates from third-party payors;
- obtaining market acceptance of product candidates as viable treatment options;
- addressing any competing technological and market developments;
- maintaining, protecting, expanding and enforcing the Issuer's portfolio of intellectual property rights, including patents, trade secrets and know-how; and
- attracting, hiring and retaining qualified personnel.

Because of the numerous risks and uncertainties associated with drug development, the Issuer is unable to predict the timing or amount of expenses, or when the Issuer will be able to generate any meaningful revenue or achieve or maintain profitability, if ever. In addition, expenses could increase beyond the Issuer's current expectations if the Issuer is required by the U.S Food and Drug Administration (the "FDA") or non-U.S. regulatory agencies to perform studies in addition to those that the Issuer currently anticipates, or if there are any delays in any of the Issuer's or the Issuer's future collaborators' clinical trials or the development of any of product candidates. Even if one or more of the Issuer's product candidates is approved for commercial sale, the Issuer anticipates incurring significant costs associated with commercializing any approved product candidate and ongoing compliance efforts.

Even if the Issuer is able to generate revenue from the sale of any approved products, the Issuer may not become profitable, and the Issuer will need to obtain additional funding through one or more debt or equity financings in order to continue operations. Revenue from the sale of any product candidate for which regulatory approval is obtained will be dependent, in part, upon the size of the markets in the territories for which the Issuer gains regulatory approval, the accepted price for the product, the ability to get reimbursement at any price and whether the Issuer owns the commercial rights for that territory. If the number of addressable patients is not as significant as the Issuer anticipates, the indication approved by regulatory agencies is narrower than expected, or the reasonably accepted population for treatment is narrowed by competition, physician choice or treatment guidelines, the Issuer may not generate significant revenue from sales of such products, even if approved. Even if the Issuer does achieve profitability, the Issuer may not be able to sustain or increase profitability on a quarterly or annual basis.

The Issuer's failure to become and remain profitable could decrease the value of the Issuer and could impair the ability to raise capital, expand the business, maintain research and development efforts, diversify the pipeline of product candidates or continue operations and cause a decline in the value of Shares, all or any of which may adversely affect the Issuer's viability.

Operating and financial results are subject to concentration risk.

The Issuer's operational and financial results are subject to concentration risk. The Issuer's success will depend significantly on the development of OCS-01, OCS-02 and OCS-05, their regulatory approval in a limited number of jurisdictions and their commercialization by a limited number of commercial partners. Even if the Issuer is successful in developing and commercializing all of these products, revenue may be dependent on a limited number of products that would account for a significant majority of revenues. This concentration risk would increase to the extent the Issuer is successful in developing and commercializing fewer products as the Issuer would be dependent on a lower number of products for the significant majority of revenues. Unfavourable changes or the non-occurrence of

certain anticipated events with respect to any of these limited number of products, jurisdictions or commercial partners may disproportionally affect the Issuer's global results.

Failure to obtain additional financing may result in development of product candidates not being completed and, if approved, may prevent commercialization of product candidates.

The operations of the Issuer have required substantial amounts of cash since inception. To date, operations have been financed primarily through the sale of equity securities. Developing the product candidates is expensive, and the Issuer expects to substantially increase spending as product candidates are advanced in clinical trials. Even if the Issuer is successful in developing product candidates, obtaining regulatory approvals and launching and commercializing any product candidate the Issuer will require substantial additional funding.

As of December 31, 2023, the Issuer had a total of CHF 91.7 million in cash, cash equivalents and short-term financial assets. Short-term financial assets consisted of fixed term bank deposits with maturities between three and six months. Although the Issuer believes that existing cash, cash equivalents and short-term financial assets will be sufficient to fund projected operations for at least the next twelve-month period, the estimate as to how long existing cash and cash equivalents are expected to be available to fund operations is based on assumptions that may prove inaccurate, and available capital resources could be used sooner than currently expect. In addition, changing circumstances may cause an increase in spending significantly faster than currently anticipated, and the Issuer may need to spend more money than currently expected because of circumstances beyond the Issuer's control. Additional funds may need to be raised sooner than anticipated if the Issuer chooses to expand more rapidly than presently anticipated.

The Issuer will require additional capital for the further development and, if approved, commercialization of product candidates. Additional capital may not be available when needed, on terms acceptable to the Issuer or at all. The Issuer has no committed source of additional capital. If adequate capital is not available on a timely basis, the Issuer may be required to significantly delay, scale back or discontinue research and development programs or the commercialization of any product candidates, if approved, or be unable to continue or expand operations or otherwise capitalize on business opportunities, as desired, which could materially affect the business, financial condition and results of operations and cause the price of Shares to decline.

The Issuer's future success depends on its ability to retain key executives and to attract, retain and motivate qualified personnel.

The Issuer is highly dependent on the research and development, clinical and business development expertise of the chief executive officer as well as other principal members of management, scientific and clinical team. Although employment agreements have been entered into with executive officers, each of them may terminate their employment at any time.

Laws and regulations on executive compensation, including legislation in the jurisdiction of incorporation of the Issuer, Switzerland, may restrict the ability to attract, motivate and retain the required level of qualified personnel. In Switzerland, legislation affecting public companies is in force that, among other things, (i) imposes an annual binding shareholders' "say on pay" vote with respect to the compensation of the executive committee and board of directors, (ii) generally prohibits severance, advances, transaction premiums and similar payments to members of the executive committee and board of directors, and (iii) requires companies to specify certain compensation-

related matters in their articles of association, thus requiring them to be approved by a shareholders' vote.

Recruiting and retaining qualified scientific, clinical, manufacturing and sales and marketing personnel will also be critical to the Issuer's success. The loss of the services of executive officers or other key employees could impede the achievement of research, development and commercialization objectives and seriously harm the ability to successfully implement the Issuer's business strategy. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in the industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and the Issuer may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. The Issuer also experiences competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, the Issuer relies on consultants and advisors, including scientific, medical, regulatory and clinical advisors, to assist in the formulation of research and development and commercialization strategy. The Issuer's consultants and advisors may be employed by other employers and may have commitments under consulting or advisory contracts with other entities that may limit their availability to the Issuer. If the Issuer is unable to continue to attract and retain high quality personnel, the ability to pursue the Issuer's growth strategy will be limited.

The Issuer will need to continue to expand the organization and may experience difficulties in managing growth.

As of December 31, 2023, the Issuer's group had 36 employees, 16 of which are in Switzerland; 8 are based in Iceland; 7 are based in the United States and 5 are based in France, UK and China, these employees are engaged in executive, research and development and administrative functions. While currently not a significant part of the Issuer's work force, the Issuer may engage a number of temporary workers and contractors from time-to-time as needed. As development and commercialization plans and strategies develop, the Issuer expects to need additional managerial, operational, sales, marketing, financial, legal and other resources. Management may need to divert a disproportionate amount of attention away from day-to-day activities and devote a substantial amount of time to managing these growth activities. The Issuer may not be able to effectively manage the expansion of operations, which may result in weaknesses in infrastructure, operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. In addition, the Issuer's success depends on the ability to attract and retain a talented workforce with a specialized set of skills. Expected growth could also require significant capital expenditures and may divert financial resources from other projects, such as the development of current and potential future product candidates. If management is unable to effectively manage growth, expenses may increase more than expected, ability to generate and/or grow revenue could be reduced and the Issuer may not be able to implement its business strategy. The future financial performance and ability to commercialize product candidates and compete effectively will depend, in part, on the ability to effectively manage any future growth.

The success of product candidates, and ability to generate revenue in the future, will depend upon a number of factors, many of which are beyond the Issuer's control.

The success of the Issuer's business, including ability to finance and generate revenue in the future, primarily depends on the successful development, regulatory approval and commercialization of OCS-01, OCS-02, and OCS-05. The clinical and commercial success of product candidates depend on a number of factors, including the following:

- The Issuer is a clinical-stage biopharmaceutical company with no approved products. The Issuer has not yet successfully completed any Phase 3 clinical trials nor commercialized any pharmaceutical products, which may make it difficult to evaluate future prospects.
- The Issuer's innovations to the treatments of retinal diseases, dry eye and glaucoma are unproven, and it does not know whether it will be able to successfully develop these products.
- Drug development is a lengthy, highly uncertain undertaking and involves a substantial degree of risk. The outcome of preclinical testing and earlier clinical trials may not be predictive of the success of later clinical trials. In addition, the regulatory approval processes of the FDA and other regulatory agencies are highly complex, lengthy, and inherently unpredictable, and the results of clinical trials may not satisfy the requirements of the FDA or other regulatory agencies.
- The Issuer's business depends on the successful development and commercialization of OCS-01, OCS-02, OCS-05 and other product candidates. To the extent the pipeline products are not commercially successful, the business, financial condition, and results of operations may be adversely affected.
- The Issuer's products may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success, and the market opportunity for these products may be smaller than estimated.
- The Issuer has no experience manufacturing any of its product candidates at a commercial scale. The Issuer, or its contract manufacturing organizations (*"CMOs"*), may be unable to successfully scale up manufacturing of product candidates in sufficient quality and quantity, which would delay or prevent development of product candidates and commercializing approved products, if any.
- The manufacturing of OCS-02, a biologic, and certain other product candidates are complex and highly regulated, and there are particular risks associated with manufacturing the products to commercial scale, including reliance on third parties and the risk that sufficient quantities of products or product candidates will not be available or such quantities at an acceptable cost, which could delay, prevent or impair the commercialization or development efforts.
- If patent position does not adequately protect product candidates, others could compete against the Issuer more directly, which would harm the business.
- If the Issuer fails to comply with obligations under any license, collaboration or other agreements, including the license agreements with Novartis Technology LLC ("Novartis") and Accure Therapeutics SL ("Accure"), such agreements may be terminated, the Issuer may be required to pay damages and could lose intellectual property rights that are necessary for the development and protection of product candidates.

- The Issuer will need substantial additional funding to support operations and pursue its growth strategy. If the Issuer is unable to raise capital when needed, or on acceptable terms, it may be forced to delay, reduce or eliminate future commercialization efforts or one or more of research and development programs. In addition, raising additional capital may cause dilution to shareholders or restrict the Issuer's operations.

The approach to the treatment of retinal disease with OCS-01 is unproven, and successful development of OCS-01 is uncertain.

OCS-01 is designed to deliver therapeutic drug levels to the retinal tissue by a topical route of administration as an eye drop formulation. There are currently no FDA-approved therapies that treat retinal diseases by a topical route of administration. The future success of the Issuer partially depends on the successful development of OCS-01 which is based on this novel therapeutic approach. The Issuer has not yet demonstrated efficacy and safety for OCS-01 or any other product candidates in a pivotal trial or obtained marketing approval of any product candidate. OCS-01 may not demonstrate in patients any or all of the pharmacological benefits the Issuer believes it may possess. If unsuccessful in development efforts, the Issuer may not be able to advance the development and commercialization of OCS-01.

The potential approach to use OCS-02 for the treatment of dry eye disease in patients identified with a biomarker is unproven, and successful development of OCS-02 is uncertain.

OCS-02 is in development for treating ophthalmic diseases including dry eye disease. One of the potential strategies for OCS-02 is also to develop it for patients identified with a biomarker to predict patients that may respond well to OCS-02 treatment. There are currently no FDA-approved therapies that treat dry eye disease in this "precision medicine" way. If the Issuer chooses to utilize this biomarker strategy, then future success partially depends on the successful development of both OCS-02 and a companion diagnostic for the biomarker and the ability to demonstrate that patients with that biomarker are likely to respond well to OCS-02 treatment. The Issuer has not yet demonstrated efficacy and safety for OCS-02 or any other product candidates in patients with or without a biomarker in a pivotal trial or obtained marketing approval of any of product candidates. OCS-02 may not demonstrate in patients with or without the biomarker any or all of the pharmacological benefits the Issuer believes it may possess. If unsuccessful in development efforts, the Issuer may not be able to advance the development and commercialization of OCS-02.

The approach to the treatment of ophthalmic disease with OCS-05 is unproven, and successful development of OCS-05 is uncertain.

OCS-05 is intended to prevent or reverse nerve damage ("neuroprotection") in ophthalmic diseases in which patients lose vision due to nerve damage. There are currently no FDA-approved therapies that treat ophthalmic diseases in this "neuroprotective" way. The future success of the Issuer partially depends on the successful development of OCS-05 which is based on this novel therapeutic approach. The Issuer has not yet demonstrated efficacy and safety for OCS-05 or any other product candidates in a pivotal trial or obtained marketing approval of any product candidate. OCS-05 may not demonstrate in patients any or all of the pharmacological benefits the Issuer believes it may possess. If unsuccessful in development efforts, the Issuer may not be able to advance the development and commercialization of OCS-05.

The Issuer in-licensed OCS-05 from Accure in 2022. Accure was previously unable to establish a no-observed-adverse-effect-level ("NOAEL") for the product candidate. The Issuer has engaged Toxicodynamix International LLC to manage toxicology studies relating to OCS-05. The first market on which the Issuer intends to market the product is in the U.S. If the studies do not satisfy the FDA's requirements, OCS-05 may not receive clearance from the FDA to proceed with human clinical trials, may never receive clearance from the FDA to proceed with human clinical trials and may never receive regulatory approval from the FDA, and the Issuer may be unable to market and commercialize OCS-05 in the United States.

No Phase 3 clinical trials have yet been successfully completed nor any marketing approvals nor any pharmaceutical products commercialized.

The operations to date have been limited to financing and staffing, developing technology and conducting preclinical research as well as Phase 1, Phase 2 and Phase 3 clinical trials for product candidates. The Issuer has not yet demonstrated an ability to successfully complete Phase 3 clinical trials, obtain marketing approvals, manufacture a commercial-scale product or arrange for a third party to do so on its behalf, or conduct sales and marketing activities necessary for successful product commercialization. Accordingly, the Issuer's prospects should be considered in light of the costs, uncertainties, delays and difficulties frequently encountered by clinical-stage biopharmaceutical companies. Any predictions made about the Issuer's future success or viability may not be as accurate as they could be if the Issuer had a longer operating history or a history of successfully developing and commercializing pharmaceutical products.

The Issuer may encounter unforeseen expenses, difficulties, complications, delays and other known or unknown factors in achieving the Issuer's business objectives. The Issuer will eventually need to transition from a company with a development focus to a company capable of supporting commercial activities, such a transition may not be successful.

The sizes of the market opportunities for product candidates have not been established with precision and may be smaller than estimated. If estimates of the sizes overestimate these markets, sales growth may be adversely affected.

The assessment of the potential market opportunity the product candidates that the Issuer develops is based on industry and market data that is obtained from industry publications and research, surveys and studies conducted by third parties and the Issuer's own internal epidemiology and market research studies. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While the Issuer believes these industry publications and third-party research, surveys and studies are reliable, it has not independently verified such data. Similarly, although the studies conducted by the Issuer are based on information that believed to be complete and reliable, the Issuer cannot guarantee that such information is accurate or complete. The potential market opportunities of product candidates are difficult to precisely estimate. Therefore, estimates of the potential market opportunities for product candidates include several key assumptions based on the Issuer's industry knowledge, industry publications, third-party research and the Issuer's own epidemiology studies and market research, which may be based on a small sample size and fail to accurately reflect market opportunities. While the Issuer believes that its internal assumptions and the bases of the studies and research it has conducted are reasonable, no independent source has verified such assumptions or bases. If any of the assumptions

or estimates, or these publications, research, surveys or studies prove to be inaccurate, then the actual market for product candidates may be smaller than expected, and as a result product revenue may be limited and it may be more difficult to achieve or maintain profitability.

Future growth may depend, in part, on the ability to penetrate foreign markets, where the Issuer would be subject to additional regulatory burdens and other risks and uncertainties.

The Issuer's future profitability may depend, in part, on its ability to commercialize product candidates in foreign markets where it lacks familiarity with local regulations, environment and procedures and for which the Issuer may rely on collaboration with third parties. The Issuer is evaluating the opportunities for the development and commercialization of product candidates in foreign markets. The Issuer is not permitted to market or promote any product candidates before receiving regulatory approval from the applicable regulatory agency in that foreign market, and it may never receive such regulatory approval for any of product candidates. To obtain separate regulatory approvals in other countries the Issuer may be required to comply with numerous and varying regulatory requirements of such countries regarding the safety and efficacy of product candidates and governing, among other things, clinical trials and commercial sales, pricing and distribution of product candidates, and the Issuer cannot predict success in these jurisdictions. If approval is obtained in relation to product candidates and product candidates commercialised in foreign markets, the Issuer would be subject to additional risks and uncertainties, including:

- the customers' ability to obtain reimbursement for product candidates in foreign markets;
- the inability to directly control commercial activities in case of reliance on third parties;
- the burden of complying with complex and changing foreign regulatory, tax, accounting and legal requirements;
- different medical practices and customs in foreign countries affecting acceptance in the marketplace;
- import or export licensing requirements;
- longer accounts receivable collection times;
- longer lead times for shipping;
- language barriers for technical training and the need for language translations;
- reduced protection of intellectual property rights in some foreign countries;
- the existence of additional potentially relevant third-party intellectual property rights;
- foreign currency exchange rate fluctuations;
- the interpretation of contractual provisions governed by foreign laws in the event of a contract dispute;
- imposition of restrictions on currency conversion or the transfer of funds;
- anti-competitive policies or anti-competitive practices which are condoned and the imposition of restrictions on investments and other measures that may be taken to protect the local industry in these foreign markets; and

- actions by relevant regulators, governments, companies, or other entities which prevent the entry into or benefit from licensing agreements or other collaborations with non-U.S. companies, universities, research institutes, or other entities.

The Issuer has no experience manufacturing any of the Issuer's product candidates at a commercial scale. If the Issuer or any of the Issuer's third-party manufacturers encounter difficulties in production, or fail to meet rigorously enforced regulatory standards, the Issuer's ability to provide supply of the Issuer's product candidates for clinical trials or the Issuer's products for patients, if approved, could be delayed or stopped, or the Issuer may be unable to establish a commercially viable cost structure.

In order to conduct clinical trials of the Issuer's product candidates, or supply commercial products, if approved, the Issuer needs to manufacture them in small and large quantities. The manufacturing processes for OCS-02 and OCS-05 have never been tested at commercial scale, and the process validation requirement set by the FDA, European Commission, EMA, NMPA and other non-U.S. regulatory agencies (the requirement to consistently produce the active pharmaceutical ingredient used in these drug candidates in commercial quantities and of specified quality on a repeated basis and document the Issuer's ability to do so) for each of OCS-01, OCS-02 and OCS-05 has not yet been satisfied. The Issuer's manufacturing partners may be unable to successfully increase the manufacturing capacity for any of the Issuer's product candidates in a timely or cost-effective manner, or at all. In addition, quality issues may arise during scale-up activities. If the Issuer's manufacturing partners are unable to successfully scale up the manufacture of the Issuer's product candidates in sufficient quality and quantity, the development, testing and clinical trials of the Issuer's product candidates may be delayed or become infeasible, and regulatory approval or commercial launch of any resulting product may be delayed or not obtained, which could significantly harm the Issuer's business. The same risks would apply to any internal manufacturing facilities, should the Issuer in the future decide to build internal manufacturing capacity.

In addition, the manufacturing process for any products that the Issuer may develop is subject to FDA, competent agencies of EU member states, NMPA and other non-U.S. regulatory agency approval processes and continuous oversight. The Issuer will need to contract with manufacturers who can meet all applicable FDA, European Commission, EMA, NMPA and other non-U.S. regulatory agency requirements, including complying with current good manufacturing practices, or cGMPs, regulations on an ongoing basis. If the Issuer or the Issuer's third-party manufacturers are unable to reliably produce products to specifications acceptable to the FDA, European Commission, EMA, NMPA or other regulatory agencies, the Issuer may not obtain or maintain the approvals the Issuer needs to commercialize such products. Even if the Issuer obtains regulatory approval for any of the Issuer's product candidates, there is no assurance that either the Issuer or the Issuer's CMOs will be able to manufacture the approved product to specifications acceptable to the FDA, EMA, NMPA or other regulatory agencies, to produce it in sufficient quantities to meet the requirements for the potential launch of the product, or to meet potential future demand. Any of these challenges could delay completion of clinical trials, require bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of the Issuer's product candidate, impair commercialization efforts, increase the Issuer's cost of goods, and have an adverse effect on the Issuer's business, financial condition, results of operations and growth prospects.

In the event that the Issuer needs to change CMOs, its clinical trials or the commercialization of its product candidates could be delayed, adversely affected or terminated, or such a change may result in significantly higher costs.

Various steps in the manufacture of the Issuer's product candidates may need to be sole-sourced. In accordance with cGMP, changing manufacturers may require the re-validation of manufacturing processes and procedures, and may require further clinical trials to show comparability between the materials produced by different manufacturers. Changing current or future CMOs may be difficult for the Issuer and could be costly, which could result in its inability to manufacture its product candidates for an extended period of time and therefore a delay in the development of its product candidates. Further, in order to maintain its development time lines in the event of a change in its CMOs, the Issuer may incur significantly higher costs to manufacture its product candidates.

The manufacture of OCS-02, a biologic, is highly complex, costly and requires substantial lead time to produce.

Manufacturing OCS-02, a biologic, involves complex processes, including developing cells or cell systems to produce the biologic, growing large quantities of such cells, and harvesting and purifying the biologic produced by them. These processes require specialized facilities, highly specific raw materials and other production constraints. As a result, the cost to manufacture a biologic is generally far higher than traditional small molecule chemical compounds, and the biologics' manufacturing process is less reliable and is difficult to reproduce. Because of the complex nature of this product candidate, the Issuer needs to oversee manufacture of multiple components that require a diverse knowledge base and specialized personnel.

Moreover, unlike chemical pharmaceuticals, the physical and chemical properties of a biologic such as OCS-02 generally cannot be adequately characterized prior to manufacturing the final product. As a result, an assay of the finished product is not sufficient to ensure that the product will perform in the intended manner. Accordingly, the Issuer expects to employ multiple steps to attempt to control the Issuer's manufacturing process to assure that the process works, and the product or product candidate is made strictly and consistently in compliance with the process.

Manufacturing biologics is highly susceptible to product loss due to contamination, equipment failure, improper installation or operation of equipment, vendor or operator error, improper storage or transfer, inconsistency in yields and variability in product characteristics. Even minor deviations from normal manufacturing, distribution or storage processes could result in reduced production yields, product defects and other supply disruptions. Some of the raw materials required in the Issuer's manufacturing process are derived from biological sources. Such raw materials are difficult to procure and may also be subject to contamination or recall. A material shortage, contamination, recall or restriction on the use of biologically derived substances in the manufacture of the Issuer's product candidates could adversely impact or disrupt commercialization. Production of additional drug substance and drug product for OCS-02 may require substantial lead time. In the event of significant product loss and materials shortages, the Issuer may be unable to produce adequate amounts of the Issuer's product candidates or products for the Issuer's operational needs, which would materially adversely affect the Issuer's business, financial condition and results of operations.

Further, as product candidates are developed through preclinical studies to late-stage clinical trials towards approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods, are altered along the way in an effort to optimize processes

and results. Such changes carry the risk that they will not achieve these intended objectives, and any of these changes could cause the Issuer's product candidates to perform differently and affect the results of planned clinical trials or other future clinical trials. The Issuer and the Issuer's third-party manufacturing partner are engaged in efforts to reduce the expected costs for OCS-02. In the future, if the proposed manufacturing plans to reduce OCS-02 costs does not succeed when producing OCS-02 at commercial scale, the Issuer may not be able to proceed with OCS-02 commercialization, if approved.

Any of the foregoing could potentially materially adversely affect the Issuer's business, financial condition, results of operations and growth prospects.

Failure by subscribers under the Private Placement to pay the subscription price will result in the Issuer having less cash than anticipated.

In the event that any of the subscribers will fail to perform their obligations under their subscription obligations pursuant to the Private Placement, the Issuer will receive less cash (but as a result will issue fewer Shares) than anticipated. In that eventuality the Issuer will have less cash available to operate its business without receiving any revenue than anticipated at the closing of the Private Placement and may be forced to seek additional funding sooner than anticipated. As mentioned herein, the Issuer may not be able to obtain additional financing.

Significant expenses will continue to be incurred and significant resources and management time will be devoted as a result of being a public company, which may negatively impact financial performance and could cause the results of operations and financial condition to suffer.

The Issuer will continue to incur significant legal, accounting, insurance and other expenses as a result of being a public company. The rules implemented by the FSA, SEC, and by Nasdaq Iceland, Nasdaq US and Swiss corporate law require changes in corporate governance practices of public companies. The Issuer expects that compliance with these laws, rules and regulations will substantially increase expenses, including legal, accounting and information technology costs and expenses, and make some activities more time consuming and costly, and these new obligations will require attention from the executive officers and senior management and could divert their attention away from the day-to-day management of the business. These laws, rules and regulations have made and continue to make it more expensive to obtain a director and officer liability insurance, and the Issuer may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. Due to increased risks and exposure, it may be more difficult to attract and retain qualified persons to serve on the board of directors or as officers. As a result of the foregoing, the Issuer expects to continue to experience a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact financial performance and could cause the results of operations and financial condition to suffer. Furthermore, if the Issuer is unable to satisfy obligations as a public company, Shares may be delisted, the Issuer may face fines, sanctions and other regulatory action and potentially civil litigation, which could adversely impact the business, results of operation, financial condition and the price of Shares.

The business, financial condition and results of operations would suffer in the event of computer system failures, security breaches or other disruptions to the Issuer's information technology systems.

In the ordinary course of business, the Issuer collects, stores and transmits sensitive data, including protected health information ("PHI"), intellectual property, proprietary business information and other personal information. The Issuer relies on information technology systems, networks and services, some of which are managed, hosted or provided by third parties, to assist in conducting the business. While there has not been any security breach or computer failure resulting in destruction, theft, or other loss of this information, and the Issuer and service providers have implemented a number of security measures designed to protect against security breaches, these measures could fail or may be insufficient, resulting in the unauthorized disclosure, modification, misuse, unavailability, destruction, or loss of confidential information or personal information collected, stored and transmitted. Despite the implementation of security measures, internal computer systems, and those of the Issuer's contract research organizations ("CROs"), and other third parties, are vulnerable to attack, damage or interruption from computer viruses, unauthorized access, cyberattacks, employee theft or misuse, human error, hacking, fraud, natural disasters, fire, terrorism, war and telecommunication and electrical failures.

Significant disruptions of information technology systems or security breaches could adversely affect the business operations and/or result in the loss, misappropriation, and/or unauthorized access, use or disclosure of, or the prevention of access to, confidential information (including trade secrets or other intellectual property, proprietary business information and personal information), and could result in financial, legal, business and reputational harm. If such disruptions were to occur and cause interruptions in operations, it could result in a material disruption of product development programs.

If the Issuer or its third-party providers were to experience a significant cybersecurity breach of the Issuer's or the third-party providers' information systems or data, the costs associated with the investigation, remediation and potential notification of the breach to counterparties and data subjects could be material. Unauthorized access to the Issuer's systems, networks, or physical facilities could result in litigation with its customers or other relevant stakeholders, which may adversely affect the business. These proceedings could lead to significant expenses in defence or settlement, divert management's time and attention, increase the costs of doing business, or adversely affect the Issuer's reputation.

The Issuer may not have adequate insurance coverage for security incidents or breaches, including fines, judgments, settlements, penalties, costs, attorney fees and other impacts that arise out of incidents or breaches. Depending on the facts and circumstances of such an incident, the damages, penalties and costs could be significant and may not be covered by insurance or could exceed applicable insurance coverage limits.

The Issuer is subject to numerous laws, regulations, standards and other requirements related to personal information, privacy and data protection. Actual or perceived failure to comply with such laws, regulations, standards and other requirements could negatively affect the business, financial condition or results of operations.

The Issuer is subject to international data protection laws and regulations, including the European Union General Data Protection Regulation (the "GDPR") and applicable national supplementing laws, which may apply to health-related and other personal information. The GDPR imposes strict requirements for collection, control, sharing, disclosure, transfer, use and other processing of the personal data of individuals located in the European Economic Area (the "EEA"), including clinical trial data, as well as potential fines for noncompliant companies. The GDPR also imposes strict

requirements relating to obtaining consent, providing information to individuals regarding data processing activities, implementing safeguards to protect the security and confidentiality of personal data, providing notification of data breaches, taking certain measures when engaging third-party processors. Compliance with the GDPR may increase the Issuer's cost of doing business or require the Issuer to change its business practices, and despite those efforts, there is a risk that the Issuer may be subject to fines and penalties, litigation, and reputational harm in connection with the Issuer's activities carried out in the context of its EEA operations.

Additionally, the Issuer contracts with, and is accountable for, third-party service providers it engages to process personal data on its behalf, including CROs. The Issuer cannot assure investors that the Issuer's service providers with access to the Issuer's or its customers', suppliers', trial patients' and employees' personal information, including health data and other sensitive or confidential information, will not breach contractual obligations imposed by the Issuer, or that they will not experience data security breaches or attempts thereof. If they were to breach their contractual obligations or experience a security incident, such event could have an adverse effect on the Issuer's business, including putting it in breach of the Issuer's obligations under privacy laws and regulations, which could in turn adversely affect the Issuer's business, financial conditions and results of operations. The Issuer cannot assure investors that the Issuer's contractual measures and its own privacy and security-related safeguards will protect the Issuer from the risks associated with the third-party processing, storage and transmission of such information.

In addition to data privacy and security laws, the Issuer may be contractually subject to industry standards adopted by industry groups and may become subject to such obligations in the future. The Issuer may also be bound by other contractual obligations related to data privacy and security, and the Issuer's efforts to comply with such obligations may not be successful.

The Issuer may publish privacy policies, marketing materials, and other statements, such as compliance with certain certifications or self-regulatory principles, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of the Issuer's practices, the Issuer may be subject to investigation, enforcement actions by regulators, or other adverse consequences.

Compliance with applicable United States, EU, Icelandic and in other jurisdictions where the Issuer operates (as applicable) data protection, privacy and security laws, regulations and standards could require the Issuer to take on more onerous obligations in its contracts, require the Issuer to engage in costly compliance exercises, restrict the Issuer's ability to collect, use and disclose data, or in some cases, impact Issuer's ability, or that of its partners or suppliers, to operate in certain jurisdictions. Any failure or perceived failure by the Issuer to comply with its legal obligations concerning privacy, data protection or information security could result in claims by data subjects, governmental investigations and enforcement action against the Issuer, including fines, enforcement orders, imprisonment of company officials and public censure (individual and collective), claims for damages by affected individuals and damage to the Issuer's reputation, any of which could have a material adverse effect on its business, financial condition, and operating results. Each of these laws, regulations and standards are constantly evolving laws and may be subject to varying interpretations.

Moreover, patients about whom the Issuer or its partners obtain information, as well as the providers who share this information with the Issuer, may contractually limit the Issuer's ability to use and disclose the information. Claims that the Issuer has violated individuals' privacy rights, failed to comply

with data protection laws, or breached its contractual obligations, even if the Issuer is not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm the Issuer's business.

Economic, financial, geopolitical, epidemiological, or other conditions could result in business disruptions which could seriously harm future revenue and financial condition and increase costs and expenses.

Concerns over inflation, geopolitical issues, the Icelandic and U.S. financial markets, foreign exchange rates, capital and exchange controls, unstable global credit markets and financial conditions, post-COVID-19 economic environment, supply chain disruptions and economic issues, have led to periods of significant economic instability, declines in consumer confidence and discretionary spending, diminished expectations for the global economy and expectations of slower global economic growth going forward, and increased unemployment rates. The Issuer's general business strategy may be adversely affected by any such economic downturns, volatile business environments and continued unstable or unpredictable economic and market conditions. If these conditions continue to deteriorate or do not improve, it may make any necessary debt or equity financing more difficult to complete, more costly and more dilutive. In addition, there is a risk that one or more of the Issuer's current or future service providers, manufacturers, suppliers and other partners could be negatively affected by difficult economic times, which could adversely affect the ability to attain operating goals on schedule and on budget or meet the Issuer's business and financial objectives.

The Issuer's operations, and those of the Issuer's CROs, CMOs, suppliers, and other third-party contractors and consultants upon which the Issuer relies, could be subject to wildfires, earthquakes, tsunamis, power shortages or outages, floods or monsoons, public health crises, such as pandemics and epidemics, political crises, such as terrorism, war (including trade wars), political instability or other conflicts, and other natural or man-made disasters or other events outside of the Issuer's control that could disrupt the Issuer's business. In February 2022, armed conflict escalated between Russia and Ukraine. The sanctions announced by the European Union, European Economic Area, the United States and other countries, following Russia's invasion of Ukraine, against Russia to date include restrictions on selling or importing goods, services or technology in or from affected regions and travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations in Russia. Certain countries (including the United States and/or Iceland) could impose wider sanctions and take other actions should the conflict further escalate. It is not possible to predict the broader consequences of this conflict, which could include further sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, currency exchange rates and financial markets, all of which could impact the Issuer's business, financial condition and results of operations.

In addition, the Issuer's available cash and cash equivalents are held in accounts managed by third party financial institutions and consist of cash in operating accounts and cash invested in money market funds. At any point in time, the funds in the Issuer's U.S. operating accounts may exceed the applicable insurance limits. While the Issuer monitors the cash balances in operating accounts and adjusts the cash balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail. The Issuer's active treasury strategy is to minimize risk through natural hedging of currencies, bank diversification and cash preservation. To date, the Issuer has not experienced loss or lack of access to cash in operating accounts or invested cash or cash equivalents;

however, the Issuer cannot provide assurances that access to operating cash or invested cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

The occurrence of any of these business disruptions could seriously harm operations and financial condition and increase costs and expenses. For example, the Issuer relies on third-party manufacturers to produce product candidates. The ability to obtain supplies of product candidates, or other necessary supplies, could be disrupted if the operations of suppliers are affected by a man-made or natural disaster or other business interruption. Damage or extended periods of interruption to the Issuer's corporate, development or research facilities due to fire, natural disaster, power loss, communications failure, unauthorized entry or other events could cause the Issuer to cease or delay the marketing or development of some or all product candidates. Although the Issuer maintains property damage and business interruption insurance coverage, the business, financial condition, and results of operations may be seriously harmed should the losses suffered as a result of such property damage and/or business interruption substantially exceed the insurance coverage.

The Issuer could be subject to securities class action litigation.

In the past, securities class action litigation in the US has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for the Issuer because biopharmaceutical companies have experienced significant stock price volatility in recent years. If the Issuer faces such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm the business.

1.1.2. Risks related to Development and Regulatory Approval of Product Candidates.

The Issuer depends significantly on the Issuer's product candidates, OCS-01, OCS-02, and OCS-05, which are being developed for the treatment of multiple diseases. If the Issuer is unable to complete the clinical development of any of these product candidates, if the Issuer is unable to obtain marketing approvals for any of these product candidates, or if any of these product candidates are approved and the Issuer fails to successfully commercialize the product candidate or experience significant delays in doing so, the Issuer's business will be materially harmed.

The Issuer depends significantly on the success of the Issuer's lead product candidate, OCS-01, which the Issuer is developing for the treatment of patients with diabetic macular edema, for the treatment of patients with pain or inflammation following ocular surgery, and for the treatment of patients with Cystoid Macular Edema ("CME"). In addition, the Issuer also depends on the success of OCS-02, which the Issuer is developing for the treatment of dry eye disease and non-infectious anterior uveitis and on the success of OCS-05, which the Issuer is initially developing for the treatment of Acute Optic Neuropathy.

The Issuer has invested a significant portion of the Issuer's efforts and financial resources in the development of OCS-01 for the treatment of patients with diabetic macular edema as well as for the treatment of patients with pain or inflammation following ocular surgery. There remains a significant risk that the Issuer will fail to successfully develop OCS-01 in one or both of these indications. The results of the Issuer's Phase 2 clinical trials in each indication may not be predictive of the results of the Issuer's Phase 3 clinical programs due, in part, to the fact that (i) the Issuer has no clinical data on OCS-01 therapy in diabetic macular edema in any clinical trial with treatment longer than 12 weeks, (ii) the Issuer has modified the methodology used to determine a patient's eligibility under certain of the inclusion and exclusion criteria for the Issuer's Phase 3 clinical trial as compared to the Issuer's

Phase 2 clinical trial, (iii) the Issuer has no clinical data from a trial of similar size to that anticipated for the Issuer's Phase 3 clinical trial, and (iv) the Issuer plans to conduct the Issuer's Phase 3 clinical trials at many clinical centers that were not included in the Issuer's Phase 2 clinical trial.

The results of the Issuer's first Phase 3 clinical trial ("DIAMOND trial") for DME may not be predictive of the results of the planned Stage 2 Phase 3 clinical trials ("DIAMOND-1 and DIAMOND-2"). The results of the Issuer's first Phase 3 clinical trial ("OPTIMIZE-1") for the treatment of inflammation and pain following cataract surgery may not be predictive of the results of the second Phase 3 clinical trial ("OPTIMIZE-2"). Furthermore, despite consultation with regulatory agencies, no assurance can be provided that the FDA or non-U.S. regulatory agencies would consider the completed and planned Phase 3 DIAMOND clinical trials to be sufficient to serve as the basis for approval in DME, or that the completed and planned Phase 3 OPTIMIZE trials for inflammation and pain following cataract surgery will be adequate to support a New Drug Application (NDA) submission, with such a final determination only made by the FDA or non-U.S. regulatory agencies following review of the NDA.

The Issuer cannot accurately predict when or if any of the Issuer's product candidates will prove effective or safe in humans or whether these product candidates will receive marketing approval. The Issuer's ability to generate product revenues sufficient to achieve profitability will depend heavily on the Issuer's obtaining marketing approval for and commercializing OCS-01, OCS-02, or OCS-05.

The success of OCS-01, OCS-02, OCS-05 and other product candidates will depend on many factors, including:

- successfully and timely completing preclinical studies and clinical trials that demonstrate to the satisfaction of the FDA, the European Medicines Agency, EMA or comparable non-U.S. regulatory agencies that the Issuer's product candidates are safe and effective for any of their proposed indications;
- the scope of the label that may be approved by applicable regulatory agencies, including the specific indication for which the product may be approved;
- whether the Issuer is required by the FDA or similar non-U.S. regulatory agency to conduct additional studies beyond those planned to support the approval and commercialization of OCS-01, OCS-02 and OCS-05;
- acceptance of the Issuer's products, if and when approved, by patients, the medical community and third-party payors, including relative to alternative and competing treatments;
- effectively competing with other therapies;
- maintaining a continued acceptable safety profile of the Issuer's products both prior to and following any marketing approval of the Issuer's product candidates;
- demonstrating consistent therapeutic efficacy of the Issuer's products following approval;
- obtaining and maintaining coverage and adequate reimbursement from third-party payors;
- applying for and receiving marketing approvals from applicable regulatory agencies for the Issuer's product candidates;

- achieving and maintaining, and, where applicable, ensuring that the Issuer's third-party contractors achieve and maintain compliance with their contractual obligations and with all regulatory requirements applicable to the Issuer's product candidates;
- scaling up the Issuer's manufacturing processes and capabilities to support additional or larger clinical trials of the Issuer's product candidates and commercialization of any of the Issuer's product candidates for which the Issuer obtains marketing approval;
- developing, validating and maintaining a commercially viable manufacturing process that is compliant with current good manufacturing practices;
- developing and expanding the Issuer's sales, marketing and distribution capabilities and launching commercial sales of the Issuer's product candidates, if and when approved, whether alone or in collaboration with others;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity; and
- protecting and enforcing the Issuer's rights in the Issuer's intellectual property portfolio.

If the Issuer does not achieve one or more of these factors in a timely manner or at all, the Issuer could experience significant delays or an inability to successfully commercialize the Issuer's product candidates, which would materially harm the Issuer's business, financial condition, results of operations and growth prospects.

The results of previous clinical trials may not be predictive of future results, and the results of the Issuer's current and planned clinical trials may not satisfy the requirements of the FDA or non-U.S. regulatory agencies.

The results from the prior preclinical studies and clinical trials for OCS-01, OCS-02 and OCS-05 may not necessarily be predictive of the results of future preclinical studies or clinical trials. Even if the Issuer is able to complete the Issuer's planned clinical trials of the Issuer's product candidates according to the Issuer's current development timelines, the results from the Issuer's prior clinical trials of the Issuer's product candidates may not be replicated in these future trials. Many companies in the pharmaceutical and biotechnology industries (including those with greater resources and experience than the Issuer) have suffered significant setbacks in late-stage clinical trials after achieving positive results in early-stage development, and the Issuer cannot be certain that the Issuer will not face similar setbacks. These setbacks have been caused by, among other things, preclinical findings made while clinical trials were underway or safety or efficacy observations made in clinical trials, including previously unreported adverse events. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials nonetheless have failed to obtain FDA or non-U.S.-regulatory agency approval. If the Issuer fails to produce positive results in the Issuer's clinical trials of any of the Issuer's product candidates, the development timelines, regulatory approvals and commercialization prospects for the Issuer's product candidates, as well as the Issuer's business and financial prospects, would be adversely affected. For example, in May 2023, the Issuer announced topline data for Stage 1 of the DIAMOND (DIAbetic Macular edema patients ON a Drop) Phase 3 clinical trial of OCS-01 in Diabetic Acular Edema ("DME") and in August 2023, the Issuer announced topline data from the OPTIMIZE (Once-daily Post ocular surgery Treatment for

InflaMmation and paIn to minimiZE drops) Phase 3 clinical trial of OCS-01 in ocular surgery. Although OCS-01 met the primary and secondary endpoints in Stage 1 of the DIAMOND trial with robust statistical significance, there is no guarantee that these results will be replicated in Stage 2, which is the pivotal part of the trial. Similarly, although OCS-01 met both hierarchical primary endpoints of the OPTIMIZE trial, there is no guarantee that these results will be replicated in the second Phase 3 OPTIMIZE-2 trial that the Issuer is conducting.

Further, the Issuer's product candidates may not be approved even if they achieve their respective primary endpoints in Phase 3 registration trials. The FDA or non-U.S. regulatory agencies may disagree with the Issuer's trial designs or the Issuer's interpretation of data from preclinical studies and clinical trials. In addition, any of these regulatory agencies may change requirements for the approval of a product candidate even after reviewing and providing comments or advice on a protocol for a pivotal clinical trial that has the potential to result in approval by the FDA or another regulatory agency. Furthermore, any of these regulatory agencies may also approve the Issuer's product candidates for fewer or more limited indications than it requests or may grant approval contingent on the performance of costly post-marketing clinical trials.

Some of the Issuer's clinical data results come from previous trials of less than 100 patients each, including a Phase 2a clinical trial of OCS-02 for the treatment of dry eye disease, a Phase 2a clinical trial of OCS-02 for the treatment of non-infectious anterior uveitis, and a Phase 1 dose-ranging study of OCS-05 in healthy volunteers, making it difficult to predict whether the favourable results from such trials will be repeatable in larger, more advanced clinical trials. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their products.

The Issuer cannot assure the Investor that the FDA or non-U.S. regulatory agencies would consider the Issuer's completed and planned clinical trials used for an NDA submission to be sufficient to serve as the basis for approval of the Issuer's product candidates for any indication. Even if the results of future Phase 3 clinical trials are positive, the FDA and non-U.S. regulatory agencies retain broad discretion in evaluating the results of the Issuer's clinical trials and in determining whether the results demonstrate that the Issuer's product candidates are safe and effective. If the Issuer is required to conduct clinical trials of the Issuer's product candidates in addition to those the Issuer has planned prior to approval, the Issuer will need substantial additional funds, and cannot assure the investor that the results of any such outcomes trial or other clinical trials will be sufficient for approval.

If the Issuer experiences any of a number of possible unforeseen events in connection with the Issuer's clinical trials, potential marketing approval or commercialization of the Issuer's product candidates could be delayed or prevented.

The Issuer may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent the Issuer's ability to receive marketing approval or commercialize any product candidate that the Issuer may develop, including:

- clinical trials of the Issuer's product candidates may not produce statistically significant, conclusive, or anticipated results, and the Issuer may decide, or regulators may require the Issuer, to conduct additional clinical trials or amend product development programs, or abandon product development programs entirely;

- the number of patients required for clinical trials of the Issuer's product candidates may be larger than the Issuer anticipates, enrolment in these clinical trials may be slower than the Issuer anticipates or participants may drop out of these clinical trials at a higher rate than the Issuer anticipates;
- the Issuer's contractors may fail to comply with regulatory requirements or meet their obligations to the Issuer in a timely manner, or at all;
- Regulators, institutional review boards, or IRBs, or ethics committees may not authorize the Issuer or the Issuer's investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- the Issuer may experience delays in reaching, or fail to reach, agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites;
- the Issuer may decide, or regulators, IRBs, or ethics committees may require the Issuer, to suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks;
- the cost of clinical trials of the Issuer's product candidates may be greater than the Issuer anticipates; and
- the supply or quality of the Issuer's clinical trial material or other materials necessary to conduct clinical trials of the Issuer's product candidates may be insufficient or inadequate.

If the Issuer is required to conduct additional clinical trials or other testing of the Issuer's product candidates beyond those that the Issuer currently contemplate, if the Issuer is unable to successfully complete clinical trials or other testing of the Issuer's product candidates, if the results of these trials or other tests are not favourable or are only modestly favourable or if there are safety concerns, the Issuer may:

- be delayed in obtaining or unable to obtain marketing approval for the Issuer's product candidates;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- obtain approval with labelling that includes significant use or distribution restrictions or safety warnings;
- be subject to additional post-marketing testing requirements; or
- have the product removed from the market after obtaining marketing approval.

The Issuer's product development costs will also increase if the Issuer experiences delays in testing or marketing approvals. The Issuer does not know whether any of the Issuer's preclinical studies or clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant preclinical or clinical trial delays also could shorten any periods during which the Issuer may have the exclusive right to commercialize the Issuer's product candidates or allow the Issuer's competitors to bring products to market before the Issuer does and impair the Issuer's ability to successfully commercialize the Issuer's product candidates.

The Issuer may be required, or choose, to suspend, repeat or terminate the Issuer's clinical trials if they are not conducted in accordance with regulatory requirements, the results are negative or inconclusive, the trials are not well- designed, or research participants experience adverse safety outcomes.

Regulatory agencies, IRBs, ethics committees or data safety monitoring boards may at any time recommend the temporary or permanent discontinuation of the Issuer's clinical trials or request that the Issuer vary clinical trials or cease using investigators in the clinical trials if they believe that the clinical trials are not being conducted in accordance with applicable regulatory requirements, or that they present an unacceptable safety risk to participants. Clinical trials must be conducted in accordance with Good Clinical Practices ("GCPs") and other applicable non-U.S. regulatory agency guidelines. Clinical trials are subject to oversight by the FDA, non-U.S. regulatory agencies, IRBs and ethics committees at the study sites where the clinical trials are conducted. In addition, clinical trials must be conducted with product candidates produced in accordance with applicable current good manufacturing practices. Clinical trials may be placed on a full or partial clinical hold by the FDA, non-U.S. regulatory agencies, or the Issuer for various reasons, including, but not limited to: deficiencies in the conduct of the clinical trials, including failure to conduct the clinical trial in accordance with regulatory requirements or clinical protocols; deficiencies in the clinical trial operations or trial sites; deficiencies in the trial designs necessary to demonstrate efficacy; fatalities or other adverse effects arising during a clinical trial due to medical problems that may or may not be related to clinical trial treatments; the product candidates may not appear to be more effective than current therapies; or the quality or stability of the product candidates may fall below acceptable standards.

If the Issuer elects or is forced to suspend, vary or terminate a clinical trial of any of the Issuer's current or future product candidates, the commercial prospects for that product may be harmed and the Issuer's ability to generate product revenue from that product may be delayed or eliminated. Furthermore, any of these events could prevent the Issuer or the Issuer's partners from achieving or maintaining market acceptance of the affected product and could substantially increase the costs of commercializing the Issuer's product candidates and impair the Issuer's ability to generate revenue from the commercialization of these products either by the Issuer or by the Issuer's collaboration partners.

Any additional Serious Adverse Events ("SAEs") could result in the FDA, non-U.S. regulatory agencies or an IRB delaying the Issuer's clinical trials or denying or delaying clearance or approval of a product. Even though an adverse effect may not be the result of the failure of the Issuer's drug candidate, the FDA, non-U.S. regulatory agency, IRB or ethics committee could delay or halt a clinical trial for an indefinite period of time while an adverse effect is reviewed, and likely would do so in the event of multiple such events. Any delay or termination of the Issuer's current or future clinical trials as a result of the risks summarized above, including delays in obtaining or maintaining required approvals from IRBs or positive opinions from ethics committees, delays in patient enrolment, the failure of patients to continue to participate in a clinical trial, and delays or termination of clinical trials as a result of protocol modifications or adverse effects during the trials, may cause an increase in costs and delays in the submission of any New Drug Applications, or NDAs, to the FDA, or comparable foreign submissions to non-U.S. regulatory agencies, delay the approval and commercialization of the Issuer's products or result in the failure of the clinical trial, which could adversely affect the Issuer's business, financial condition, results of operations and growth prospects. Lengthy delays in the completion of

clinical trials of the Issuer's products would adversely affect the Issuer's business and prospects and could cause the Issuer to cease operations.

If preliminary data demonstrate that any of the Issuer's product candidates has an unfavourable safety profile and is unlikely to receive regulatory approval or be successfully commercialized, the Issuer may voluntarily suspend or terminate future development of such product candidate. Any one or a combination of these events could prevent the Issuer from obtaining approval and achieving or maintaining market acceptance of the affected product or could substantially increase the costs and expenses of commercializing the product candidate, which in turn could delay or prevent the Issuer from generating significant revenues from the sale of the product.

The Issuer's product candidates may cause undesirable side effects or have other unexpected properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label, or result in post-approval regulatory action. OCS-05 was placed on a clinical hold with the FDA in 2016. If the Issuer is unable to establish a NOAEL, or if the Issuer's studies otherwise do not satisfy the FDA's requirements, OCS-05 may not receive clearance from the FDA to proceed with human clinical trials, may never receive regulatory approval from the FDA, and the Issuer may not be able to market and commercialize OCS-05 in the United States, which could materially adversely affect the Issuer's business, financial condition, results of operations and growth prospects.

Unforeseen side effects varying in severity (from minor reactions to death) and frequency (infrequent or prevalent) from OCS-01, OCS-02 or OCS-05 could arise either during clinical development or, if approved, after marketing. Undesirable side effects could cause the Issuer, any partners with which the Issuer may collaborate, or regulatory agencies to interrupt, extend, modify, delay or halt clinical trials and could result in a more restrictive or narrower label or the delay or denial of regulatory approval by the FDA or comparable foreign agencies.

During the conduct of clinical trials, subjects report changes in their health, including illnesses, injuries, and discomforts, to their study doctor. Often, it is not possible to determine whether or not the product candidate being studied caused these conditions. It is possible that as the Issuer tests the Issuer's product candidates in larger, longer and more extensive clinical trials, or as use of these product candidates becomes more widespread if they receive regulatory approval, illnesses, injuries, discomforts and other adverse events that were not observed in earlier trials, as well as conditions that did not occur or went undetected in previous trials, will be reported by subjects. Many times, side effects are only detectable after investigational products are tested in large-scale, Phase 3 clinical trials or, in some cases, after they are made available to subjects on a commercial scale after approval.

If OCS-01, OCS-02 or OCS-05 or any of the Issuer's other product candidates are associated with serious adverse events, or SAEs, or other undesirable side effects in clinical trials or have characteristics that are unexpected, the Issuer may need to abandon their development or limit development to more narrow uses or subpopulations in which the SAEs, undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective.

In addition, OCS-05 was placed on a clinical hold by the FDA in 2016. The Issuer licensed OCS-05 from Accure in 2022. Accure had conducted a limited set of animal regulatory toxicology studies in 2016 and submitted them to the FDA in an IND requesting the initiation of human testing. Upon review, the FDA found the data insufficient and asked for more animal toxicology data to be generated prior to human studies, thereby placing OCS-05 on the regulatory status of "clinical hold" pending the

availability of the requested data. In response, Accure chose to withdraw the IND in 2017 rather than invest in further toxicology studies to address the FDA's request. Upon the Issuer's license of OCS-05 from Accure in 2022, the Issuer reinstated the IND and is currently working on activities to enable a trial under the IND in the U.S. Other health agencies where clinical studies have been proposed, including the UK and France, have authorized the Issuer to commence clinical studies of selected doses and reinforced safety measures as in the Issuer's European Phase 1 trial in Acute Optic Neuritis ("AON"). The Issuer has engaged Toxicodynamix International LLC to manage toxicology studies relating to OCS-05. If the Issuer's studies do not satisfy the FDA's requirements, OCS-05 may not receive clearance from the FDA to proceed with human clinical trials, may never receive regulatory approval from the FDA, and the Issuer may be unable to market and commercialize OCS-05 in the United States, and the Issuer's business, financial condition, results of operations and growth prospects could be materially adversely affected.

Results of clinical trials could reveal a high and unacceptable severity and prevalence of side effects. In such an event, trials could be suspended or terminated, and the FDA or comparable non-U.S. regulatory agencies could order the Issuer to cease further development of or deny approval of a product candidate for any or all targeted indications. Such adverse event findings also could require the Issuer or the Issuer's collaboration partners to perform additional studies or halt development or sale of these product candidates or expose the Issuer to product liability lawsuits which would harm the Issuer's business, financial condition, results of operations and growth prospects. In such an event, the Issuer could be required by the FDA or other comparable regulatory agencies to conduct additional animal or human studies regarding the safety and efficacy of the Issuer's product candidates which the Issuer has not planned or anticipated or the Issuer's studies could be suspended or terminated, and the FDA or comparable regulatory agencies could order the Issuer to cease further development of or deny, vary, or withdraw approval of the Issuer's product candidates for any and all intended indications. The drug-related side effects could also affect patient recruitment or the ability of enrolled patients to complete the trial. There can be no assurance that the Issuer will resolve any issues related to any product-related adverse events to the satisfaction of the FDA or any comparable regulatory agency in a timely manner, if ever, and any of these occurrences may harm the Issuer's business, financial condition, results of operations and prospects.

Additionally, if the Issuer or others identify undesirable side effects, or other previously unknown problems, caused by a product after obtaining U.S. or non-U.S. regulatory approval, a number of potentially negative consequences could result, including but not limited to, regulatory agencies suspending, withdrawing or varying approvals of such product, regulatory agencies requiring additional warnings on the label or otherwise requiring labelling to be updated or narrowed, the Issuer becoming liable for harm caused to patients and the diminution of the Issuer's reputation, which could prevent the Issuer or the Issuer's potential partners from achieving or maintaining market acceptance of the product candidate, if approved, and could substantially increase the costs of commercializing such product, which would have a material adverse effect on the Issuer's business, results of operation, financial condition and prospects.

If any of the Issuer's product candidates receives approval, regulatory agencies including the FDA and other non-U.S. regulatory agencies will require that the Issuer regularly report certain information, including information about adverse events that may have caused or contributed by those products. The timing of adverse event reporting obligations would be triggered by the date the Issuer becomes aware of the adverse event as well as the nature of the event. The Issuer may fail to report adverse

events the Issuer becomes aware of within the prescribed timeframe especially if it is not reported to the Issuer as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of the Issuer's products. If the Issuer fails to comply with the Issuer's reporting obligations, the FDA or other regulatory agencies could take action that may include criminal prosecution, the imposition of civil monetary penalties, seizure of the Issuer's products, or suspension of market approval, and delay in approval or clearance of future products.

Interim, topline and preliminary data from the Issuer's clinical trials may change as more patient data becomes available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, the Issuer may publicly disclose preliminary, interim or topline data from the Issuer's clinical trials. These interim updates are based on a preliminary analysis of then-available data, and the results and related findings and conclusions may be subject to change following a more comprehensive review of the data. The Issuer also may use assumptions and estimates as part of the Issuer's preliminary analyses of the data, and the Issuer may not have received or had the opportunity to fully and carefully evaluate all data. Topline data also remain subject to audit and verification procedures before they can be finalized. In addition, the information the Issuer chooses to publicly disclose regarding a particular study or clinical trial is typically selected from a more extensive amount of available information. For example, the Issuer may report interim analyses of only certain of the endpoints of the clinical trial, rather than all of the endpoints. Additional disclosure of interim data by the Issuer or by the Issuer's competitors in the future could result in volatility in the price of the Issuer's Shares. Further, investors may not agree with what the Issuer determines is the material or otherwise appropriate information to include in the Issuer's public disclosures, and any information the Issuer determines not to disclose may ultimately be deemed significant by the Issuer or, if subsequently disclosed, by investors, with respect to future decisions, conclusions, views, activities or otherwise regarding a particular product candidate or the Issuer's business. Further, others, including regulatory agencies and investors may not accept the Issuer's conclusions regarding such preliminary or interim analyses, which could impact the value of a particular program or the approvability or commercialization of the particular product candidate, or result in volatility in the price of the Issuer's Shares.

The topline results that the Issuer reports may differ significantly from the final results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. For example, in May 2023, the Issuer announced topline data for Stage 1 of the DIAMOND Phase 3 clinical trial of OCS-01 in DME, and in August 2023, the Issuer announced topline data from the OPTIMIZE Phase 3 clinical trial of OCS-01 in ocular surgery. These topline results may differ from the future final results of the DIAMOND and OPTIMIZE trials. As a result, topline and interim data from clinical trials are subject to the risk that one or more of the reported clinical outcomes may materially change, and should be viewed with caution until the final data are available. If the preliminary or topline data that the Issuer reports differ from the final results, or if others, including regulatory agencies, disagree with the Issuer's conclusions, then the Issuer's ability to obtain approval for, and to successfully commercialize the Issuer's product candidates may be harmed, which could materially affect the Issuer's business, financial condition, results of operations and growth prospects.

The Issuer may encounter substantial delays in the Issuer's clinical trials, or may not be able to conduct or complete the Issuer's clinical trials on the timelines the Issuer expects, if at all.

Clinical testing is expensive, time consuming, and subject to uncertainty. The Issuer cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. The Issuer cannot be sure that submission of an investigational new drug application, or IND, or a clinical trial application, or CTA, will result in the FDA or comparable non-U.S. regulatory agencies, or any other regulatory agency as applicable, allowing clinical trials to begin in a timely manner, if at all. Moreover, even if these trials begin, issues may arise that could suspend or terminate such clinical trials. A failure of one or more clinical trials can occur at any stage of testing, and the Issuer's future clinical trials may not be successful.

Any difficulties the Issuer experiences relating to the initiation or completion of patient visits in clinical trials could delay regulatory approval for the Issuer's product candidates. Identifying and qualifying subjects to participate in clinical trials of the Issuer's product candidates is critical to the Issuer's success. The timing of clinical trials depends on the Issuer's ability to recruit subjects to participate, as well as the completion of required follow-up periods. Patients may be unwilling to participate in clinical trials because of negative publicity from adverse events related to the biotechnology or pharmaceutical fields, competitive clinical trials for similar patient populations, the existence of current treatments or for other reasons. The timeline for recruiting patients, conducting studies and obtaining regulatory approval of the Issuer's product candidates may be delayed, which could result in increased costs, delays in advancing the Issuer's product candidates, delays in testing the effectiveness of the Issuer's product candidates or termination of the clinical trials altogether. Patient enrolment for any of the Issuer's future clinical trials may be affected by other factors, including:

- inability to generate sufficient preclinical, toxicology, or other in vivo or in vitro data to support the initiation or continuation of clinical trials;
- delays in reaching a consensus with regulatory agencies on study design;
- the determination by the reviewing regulatory agency to require more costly or lengthy clinical trials than the Issuer currently anticipates;
- delays in reaching agreement on acceptable terms with prospective contract research organizations and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- delays in identifying, recruiting and training suitable clinical investigators;
- delays in obtaining required IRB approval, or a positive ethics committee opinion at each clinical trial site;
- imposition of a temporary or permanent clinical hold by regulatory agencies for a number of reasons, including after review of an IND or amendment, CTA or amendment, or equivalent application or amendment; as a result of a new safety finding that presents unreasonable risk to clinical trial participants; a negative finding from an inspection of the Issuer's clinical trial operations or study sites; developments on trials conducted by competitors for related technology that raises FDA, or comparable non-U.S. regulatory agencies, or any other regulatory agency concerns about risk to patients of the technology broadly; or if the FDA, national competent agencies of EU member states, National Medical Products

Administration, or NMPA, or any other regulatory agency finds that the investigational protocol or plan is clearly deficient to meet its stated objectives;

- delays in identifying, recruiting and enrolling suitable patients to participate in the Issuer's clinical trials, and delays caused by patients withdrawing from clinical trials or failing to return for post- treatment follow-up;
- difficulty collaborating with patient groups and investigators;
- perceived risks and benefits of the product candidate under study;
- failure by the Issuer's CROs, other third parties, or the Issuer to adhere to clinical trial requirements;
- failure to perform in accordance with the FDA's or any other regulatory agency's current good clinical practices, or cGCPs, requirements, or applicable regulatory guidelines in other countries;
- occurrence of adverse events associated with the product candidate that are viewed to outweigh its potential benefits;
- availability of competing treatments and clinical trials;
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional trials;
- the cost of clinical trials of the Issuer's product candidates being greater than the Issuer anticipates, including as a result of volatility in currency exchange rates;
- clinical trials of the Issuer's product candidates producing negative or inconclusive results, which may result in the Issuer's deciding, or regulators requiring the Issuer, to conduct additional clinical trials or abandon development of such product candidates;
- transfer of manufacturing processes to larger-scale facilities operated by a CMO or by the Issuer, and delays or failure by the Issuer's CMOs or the Issuer to make any necessary changes to such manufacturing process; and
- delays in manufacturing, testing, releasing, validating, or importing/exporting sufficient stable quantities of the Issuer's product candidates for use in clinical trials or the inability to do any of the foregoing.

Any inability to successfully initiate or complete clinical trials could result in additional costs to the Issuer or impair the Issuer's ability to generate revenue. In addition, if the Issuer makes manufacturing or formulation changes to the Issuer's product candidates, the Issuer may be required to or the Issuer may elect to conduct additional studies to bridge the Issuer's modified product candidates to earlier versions. Clinical trial delays could also shorten any periods during which the Issuer's products have patent protection and may allow the Issuer's competitors to bring products to market before the Issuer does, which could impair the Issuer's ability to successfully commercialize the Issuer's product candidates and may harm the Issuer's business and results of operations.

The Issuer could also encounter delays if a clinical trial is suspended or terminated by the Issuer, by the data safety monitoring board for such trial or by the FDA, or comparable non-U.S. regulatory agencies, or any other regulatory agency, or if the IRBs or ethics committees of the institutions in which such trials are being conducted suspend or terminate the participation of their clinical investigators and sites subject to their review. Such agencies may suspend, vary or terminate a clinical trial due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or the Issuer's clinical protocols, inspection of the clinical trial operations or trial site by the FDA, or comparable non-U.S. regulatory agencies, or other regulatory agencies resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a product candidate, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial.

Delays in the commencement or completion of any clinical trial of the Issuer's product candidates will increase the Issuer's costs, slow down the Issuer's product candidate development and approval process and delay or potentially jeopardize the Issuer's ability to commence product sales and generate revenue. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of the Issuer's product candidates.

The Issuer does, and may in the future, conduct clinical trials for the Issuer's product candidates outside the United States, and the FDA and applicable non-U.S. regulatory agencies may not accept data from such trials.

The Issuer and investigator sponsors have conducted clinical trials, are conducting clinical trials, and may in the future choose to conduct one or more clinical trials outside of the United States. Although the FDA or applicable non-U.S. regulatory agency may accept data from clinical trials conducted outside the United States or the applicable jurisdiction, acceptance of such study data by the FDA or applicable non-U.S. regulatory agency may be subject to certain conditions or exclusions. Where data from foreign clinical trials are intended to serve as the basis for marketing approval in the United States, the FDA will not approve the application on the basis of foreign data alone unless such data are applicable to the U.S. population and U.S. medical practice; the studies were performed by clinical investigators of recognized competence; and the data are considered valid without the need for an on-site inspection by the FDA or, if the FDA considers such an inspection to be necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means. Many non-U.S. regulatory bodies have similar requirements. In addition, such non-U.S. studies would be subject to the applicable local laws of the jurisdictions where the studies are conducted. There can be no assurance the FDA or applicable non-U.S. regulatory agency will accept data from trials conducted outside of the United States or the applicable home country. If the FDA or applicable non-U.S. regulatory agency does not accept such data, it would likely result in the need for additional trials, which would be costly and time-consuming and delay aspects of the Issuer's business plan.

The Issuer relies on and expect to continue to rely on third-party CROs and other third parties to conduct and oversee the Issuer's clinical trials. If these third parties do not meet the Issuer's requirements or otherwise conduct the trials as required, the Issuer may not be able to satisfy the Issuer's contractual obligations or obtain regulatory approval for, or commercialize, the Issuer's product candidates.

The Issuer relies on, and expect to continue to rely on, third-party CROs to conduct and oversee the Issuer's clinical trials and other aspects of product development. The Issuer also expects to rely on various medical institutions, clinical investigators and contract laboratories to conduct the Issuer's trials in accordance with the Issuer's clinical protocols and applicable regulatory requirements, including the FDA's regulations and good clinical practice, or GCP requirements, and equivalent non-U.S. and international standards, which are international standards meant to protect the rights and health of patients and to define the roles of clinical trial sponsors, administrators and monitors, and national, supranational, and state regulations governing the handling, storage, security and recordkeeping for drug and biologic products. These CROs and other third parties are expected to play a significant role in the conduct of these trials and the subsequent collection and analysis of data from the clinical trials. The Issuer expects to rely heavily on these parties for the execution of the Issuer's clinical trials and preclinical studies and will control only certain aspects of their activities. The Issuer and the Issuer's CROs and other third-party contractors will be required to comply with GCP and good laboratory practice, or GLP, requirements, which are regulations and guidelines enforced by the FDA and comparable non-U.S. regulatory agencies. Regulatory agencies enforce these GCP and GLP requirements through periodic inspections of trial sponsors, principal investigators and trial sites. If the Issuer or any of these third parties fail to comply with applicable GCP and GLP requirements, or reveal noncompliance from an audit or inspection, the clinical data generated in the Issuer's clinical trials may be deemed unreliable and the FDA or other comparable non-U.S. regulatory agencies may require the Issuer to perform additional clinical trials before approving the Issuer's or the Issuer's partners' marketing applications. The Issuer cannot provide assurance that upon inspection by a given regulatory agency, such regulatory agency will determine whether or not any of the Issuer's clinical or preclinical trials comply with applicable GCP and GLP requirements. In addition, the Issuer's clinical trials generally must be conducted with product produced under current good manufacturing practices, or cGMP, regulations. The Issuer's failure to comply with these regulations and policies may require the Issuer to repeat clinical trials, which would delay the regulatory approval process, and adversely affect the Issuer's operations.

If any of the Issuer's CROs or clinical trial sites terminate their involvement in one of the Issuer's clinical trials for any reason, the Issuer may not be able to enter into arrangements with alternative CROs or clinical trial sites or do so on commercially reasonable terms. In addition, if the Issuer's relationship with clinical trial sites is terminated, the Issuer may experience the loss of follow-up information on patients enrolled in the Issuer's ongoing clinical trials unless the Issuer is able to transfer the care of those patients to another qualified clinical trial site. In addition, principal investigators for the Issuer's clinical trials may serve as scientific advisors or consultants to it from time to time and could receive cash or equity compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, the integrity of the data generated at the applicable clinical trial site may be questioned by the FDA and comparable non-U.S. regulatory agencies, which could delay the regulatory approval process and adversely affect the Issuer's operations.

Even if the Issuer obtains regulatory approval for a product candidate, the Issuer's products will remain subject to continuous subsequent regulatory obligations and scrutiny.

If the Issuer's product candidates are approved, they will be subject to ongoing regulatory requirements for pharmacovigilance, manufacturing, labelling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies (if any) and submission of

other post-market information, including both federal and state requirements in the United States and equivalent requirements of comparable regulatory agencies.

Manufacturers and manufacturers' facilities are required to comply with extensive FDA, and comparable regulatory agency requirements, including ensuring that quality control and manufacturing procedures conform to cGMP regulations. As such, the Issuer and the Issuer's contract manufacturers will be subject to continual review and inspections to assess compliance with cGMP regulations and adherence to commitments made in any marketing authorization application, or MAA. Accordingly, the Issuer and others with whom the Issuer work must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control.

Any regulatory approvals that the Issuer or the Issuer's collaboration partners receive for the Issuer's product candidates may be subject to limitations on the approved conditions of use for which the product may be marketed or to the conditions of approval or may contain requirements for potentially costly additional data generation, including clinical trials. The Issuer will be required to report certain adverse reactions and production problems, if any, to the FDA and comparable regulatory agencies, and to conduct surveillance to monitor the safety and efficacy of the product candidate. Any new legislation addressing drug safety or biologics issues could result in delays in product development or commercialization or increased costs to assure compliance.

The Issuer will have to comply with requirements concerning advertising and promotion for the Issuer's product candidates, if approved. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions that vary throughout the world and must be consistent with the information in the product's approved label. As such, the Issuer may promote the Issuer's products in ways that are not consistent with FDA-approved labelling, e.g., for indications or uses for which they do not have approval.

If a regulatory agency discovers previously unknown problems with one of the Issuer's products such as adverse events of unanticipated severity or frequency, or if there are problems with the facility where the product is manufactured or the regulatory agency disagrees with the advertising, promotion, marketing or labelling of a product, such regulatory agency may impose restrictions on that product or the Issuer. If the Issuer fails to comply with applicable regulatory requirements, a regulatory agency such as FDA may, among other things:

- issue warning or untitled letters;
- refer a case to the U.S. Department of Justice or the competent equivalent foreign agency to impose civil or criminal penalties;
- begin proceedings to suspend, vary or withdraw regulatory approval;
- issue an import alert;
- total or partial suspension of production, distribution or manufacturing for the Issuer's ongoing clinical studies;
- refuse to approve pending applications (including supplements to approved applications) submitted by us;
- ask the Issuer to initiate a product recall;

- suspend licenses;
- impose fines; or
- refer a case to the U.S. Department of Justice or the competent equivalent foreign agency to seize and forfeit products or obtain an injunction imposing restrictions on the Issuer's operations.

Any government investigation of alleged violations of law or regulations could require the Issuer to expend significant time and resources in response and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect the Issuer's ability to commercialize and generate revenue from the Issuer's products. If regulatory sanctions are applied or if regulatory approval is suspended, varied or withdrawn, the value of the Issuer and the Issuer's operating results will be adversely affected.

If the Issuer is not successful in discovering, developing, and commercializing additional product candidates beyond the Issuer's current portfolio, the Issuer's ability to expand the Issuer's business and achieve the Issuer's strategic objectives would be impaired.

A key element of the Issuer's strategy is to discover, develop, and potentially commercialize additional product candidates beyond the Issuer's current portfolio to treat various conditions in a variety of therapeutic areas. The Issuer intends to do so by investing in the Issuer's own drug discovery efforts, exploring potential strategic alliances for the development of new products, and in-licensing technologies. Identifying new product candidates requires substantial technical, financial, and human resources. The Issuer may fail to identify promising product candidates and, even if the Issuer does identify such product candidates, the Issuer may fail to successfully develop and commercialize such product candidates for many reasons, including:

- competitors may develop alternatives that render the Issuer's product candidates obsolete;
- product candidates the Issuer develops may be covered by third parties' patents or other intellectual property and proprietary rights;
- a product candidate may, on further study, be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- the Issuer may be incapable of producing a product candidate in commercial quantities at an acceptable cost, or at all; and
- an approved product may not be accepted as safe and effective by patients, the medical community or third-party payors.

The Issuer has several early-stage programs in preclinical development as the Issuer seeks to expand the Issuer's pipeline. Preclinical development programs in the biotechnology industry carry high risk of failure. If any of these programs fails due to, among others, adverse formulation, pharmacokinetic, pharmacodynamics, or safety, the Issuer may need to terminate the program. If the Issuer is unsuccessful in identifying and developing additional product candidates and progressing those into clinical development, the Issuer's potential for growth may be impaired.

The Issuer may expend the Issuer's limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Because the Issuer has limited financial and managerial resources, the Issuer focuses on research programs and product candidates that the Issuer identifies for specific indications. As a result, the Issuer may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. The Issuer's resource allocation decisions may cause the Issuer to fail to capitalize on viable commercial products or profitable market opportunities. The Issuer's spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products. If the Issuer does not accurately evaluate the commercial potential or target market for a particular product candidate, the Issuer may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for the Issuer to retain sole development and commercialization rights to such product candidate. As a result of the foregoing, the Issuer's business, operations and prospects could be materially adversely affected.

The Issuer may choose to discontinue developing or commercializing any of the Issuer's product candidates, or may choose to not commercialize product candidates in approved indications, at any time during development or after approval, which would reduce or eliminate the Issuer's potential return on investment for those product candidates.

At any time, the Issuer may decide to discontinue the development of any of the Issuer's product candidates for a variety of reasons, including the appearance of new technologies that make the Issuer's product candidates obsolete, competition from a competing product, cost concerns, manufacturing challenges, analysis of preclinical and clinical trial results or changes in or failure to comply with applicable regulatory requirements. If the Issuer terminates a program in which the Issuer has invested significant resources, the Issuer will not receive any return on the Issuer's investment and the Issuer will have missed the opportunity to have allocated those resources to potentially more productive uses. As a result, the Issuer's business, financial condition, results of operations and growth prospects may be adversely affected.

1.1.3. Risks related to the Issuer's Commercialization Activities

Even if the Issuer receives marketing approval for OCS-01, OCS-02, OCS-05, or any future product candidate, the Issuer may not be able to successfully commercialize the Issuer's product candidates due to unfavourable pricing regulations or third-party coverage and reimbursement policies, which could make it difficult for the Issuer to sell the Issuer's product candidates profitably.

Obtaining coverage and reimbursement approval for a product from a government or other third-party payor is a time consuming and costly process that could require the Issuer to provide supporting scientific, clinical and cost effectiveness data to the payor. There may be significant delays in obtaining such coverage and reimbursement for newly approved products, and coverage may be more limited than the purposes for which the product is approved by the FDA or comparable non-U.S. regulatory agencies. Moreover, eligibility for coverage and reimbursement does not imply that a product will be paid for in all cases or at a rate that covers costs, including research, development, intellectual property, manufacture, sale and distribution expenses. Interim reimbursement levels for new products, if applicable, may also not be sufficient to cover costs and may not be made permanent.

Reimbursement rates may vary according to the use of the product and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost products and may be incorporated into existing payments for other services. Net prices for products may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors, by any future laws limiting drug prices and by any future relaxation of laws that presently restrict imports of product from countries where they may be sold at lower prices than in the United States.

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. Third-party payors in the United States often rely upon Medicare coverage policy and payment limitations in setting reimbursement policies, but also have their own methods and approval process apart from Medicare coverage and reimbursement determinations. Pricing and reimbursement outside of the United States vary widely and are constantly evolving, with requirements and limitations becoming increasingly strict.

Coverage and reimbursement by a third-party payor or competent foreign agency may depend upon a number of factors, including the third-party payor's or competent foreign agency's determination that use of a product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

The Issuer cannot be sure that coverage and reimbursement will be available for any product that the Issuer commercializes and, if coverage and reimbursement are available, what the level of reimbursement will be. The Issuer's inability to promptly obtain coverage and adequate reimbursement rates from both government-funded and private payors for any approved products that the Issuer develops could have a material adverse effect on the Issuer's operating results, the Issuer's ability to raise capital needed to commercialize products and the Issuer's overall financial condition.

Reimbursement may impact the demand for, and the price of, any product for which the Issuer obtains marketing approval. Assuming the Issuer obtain coverage for a given product by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. Patients who are prescribed medications for the treatment of their conditions, and their prescribing physicians, generally rely on third-party payors or competent foreign authorities to reimburse all or part of the costs associated with those medications. Patients are unlikely to use the Issuer's products unless coverage is provided and reimbursement is adequate to cover all or a significant portion of the cost of the Issuer's products. Therefore, coverage and adequate reimbursement is critical to new product acceptance. Coverage decisions may depend upon clinical and economic standards that disfavour new products when more established or lower cost therapeutic alternatives are already available or subsequently become available. Coverage policies and third-party reimbursement rates may change at any time. Even if favourable coverage and reimbursement status is attained for one or more products for which the Issuer receives regulatory

approval, less favourable coverage policies and reimbursement rates may be implemented in the future.

The Issuer expects to experience pricing pressures in connection with the sale of any of the Issuer's product candidates due to the trend toward managed healthcare, the increasing influence of health maintenance organizations, and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription medicines, medical devices and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the successful commercialization of new products. Further, the adoption and implementation of any future governmental cost containment or other health reform initiative may result in additional downward pressure on the price that the Issuer may receive for any approved product.

Outside of the United States, many countries require approval of the sale price of a product before it can be marketed and the pricing review period only begins after marketing approval is granted. To obtain reimbursement or pricing approval in some of these countries, the Issuer may be required to conduct a clinical trial that compares the cost-effectiveness of the Issuer's product candidate to other available therapies. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, the Issuer might obtain marketing approval for a product candidate in a particular country, but then be subject to price regulations that delay the Issuer's commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenues, if any, the Issuer is able to generate from the sale of the product in that country. Adverse pricing limitations may hinder the Issuer's ability to recoup the Issuer's investment in one or more product candidates, even if such product candidates obtain marketing approval.

Even if a product candidate obtains regulatory approval, it may fail to achieve the broad degree of physician and patient adoption and use necessary for commercial success.

The commercial successes of OCS-01, OCS-02 or OCS-05, if approved, will depend significantly on attaining broad adoption and use of the products by physicians and patients for approved indications, and any of these product candidates may not be commercially successful even if shown to be effective in clinical trials. The degree and rate of physician and patient adoption of a product, if approved, will depend on a number of factors, including but not limited to:

- patient demand for approved products that treat the indication for which they are approved;
- efficacy and potential advantages compared to alternative treatments, including the existing standard of care;
- the availability of coverage and adequate reimbursement from managed care plans and other healthcare payors;
- the cost of treatment in relation to alternative treatments and willingness to pay on the part of patients;
- insurers' willingness to see the applicable indication as a disease worth treating;
- proper administration by physicians or patients;
- patient satisfaction with the results, administration and overall treatment experience;

- limitations or contraindications, warnings, precautions or approved indications for use different than those sought by the Issuer that are contained in the final FDA-approved, or comparable non-U.S. regulatory agencies-approved labelling for the applicable product;
- any FDA or comparable non-U.S. regulatory agency's requirement to undertake a risk evaluation and mitigation strategy or comparable foreign strategy;
- the effectiveness of the Issuer's sales, marketing, pricing, reimbursement and access, government affairs, and distribution efforts;
- adverse publicity about a product or favourable publicity about competitive products;
- new government regulations and programs, including price controls and/or limits or prohibitions on ways to commercialize drugs, such as increased scrutiny on direct-to-consumer advertising of pharmaceuticals; and
- potential product liability claims or other product-related litigation.

If, in the future, the Issuer is unable to establish sales and marketing capabilities or enter into agreements with third parties to sell and market any product candidates the Issuer may develop, the Issuer may not be successful in commercializing those product candidates if and when they are approved.

The Issuer does not have a sales or marketing infrastructure and have no experience in the sale, marketing or distribution of pharmaceutical products. To achieve commercial success for any approved product for which the Issuer retains sales and marketing responsibilities, the Issuer must either develop a sales and marketing organization or outsource these functions to third parties. In the future, the Issuer may choose to build a focused sales, marketing and commercial support infrastructure to sell, or participate in sales activities with the Issuer's collaborators for, some of the Issuer's product candidates if and when they are approved.

There are risks involved with both establishing the Issuer's own commercial capabilities and entering into arrangements with third parties to perform these services. For example, recruiting and training a sales force or reimbursement specialists is expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which the Issuer recruits a sales force and establish marketing and other commercialization capabilities is delayed or does not occur for any reason, the Issuer would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and the Issuer's investment would be lost if the Issuer cannot retain or reposition the Issuer's commercialization personnel.

Factors that may inhibit the Issuer's efforts to commercialize any approved product on the Issuer's own include:

- the inability to recruit and retain adequate numbers of effective sales, marketing, reimbursement, customer service, medical affairs and other support personnel;
- the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future approved products;
- the inability of reimbursement professionals to negotiate arrangements for formulary access, reimbursement, and other acceptance by payors;

- the inability to price the Issuer's products at a sufficient price point to ensure an adequate and attractive level of profitability;
- restricted or closed distribution channels that make it difficult to distribute the Issuer's products to segments of the patient population;
- the lack of complementary products to be offered by sales personnel, which may put the Issuer at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent commercialization organization.

If the Issuer enters into arrangements with third parties to perform sales, marketing, commercial support and distribution services, the Issuer's product revenue or the profitability of product revenue may be lower than if the Issuer were to market and sell any products the Issuer may develop itself. In addition, the Issuer may not be successful in entering into arrangements with third parties to commercialize the Issuer's product candidates or may be unable to do so on terms that are favourable to the Issuer. The Issuer may have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market the Issuer's products effectively. If the Issuer does not establish commercialization capabilities successfully, either on the Issuer's own or in collaboration with third parties, the Issuer will not be successful in commercializing the Issuer's product candidates if approved, which would materially adversely affect the Issuer's business, results of operations, financial condition and growth prospects.

The Issuer faces substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than the Issuer does.

The development and commercialization of new drug products are highly competitive. The Issuer faces competition with respect to the Issuer's product candidates that the Issuer may seek to develop or commercialize, from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. Potential competitors may also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

The diabetic macular edema market is already served by multiple approved products, such as ranimizumab, aflibercept, brolucizumab, faricimab VEGF inhibitors as well as dexamethasone and fluocinolone acetonide intravitreal implants. These drugs are well established therapies and are widely accepted by physicians, patients and third-party payors, which may make it difficult to convince these parties to switch to OCS-01. Companies that the Issuer is aware are commercializing or are developing therapeutics for diabetic macular edema include large companies with significant financial resources, such as Roche (Genentech), Novartis, Bayer, Regeneron, Abbvie (Allergan), and Alimera Sciences, among others. In addition, OCS-01 will compete with the current status quo practice of treating diabetic macular edema, which is often observing and not treating milder patients before they often progress to invasive treatments.

The post-operative inflammation and pain market is already served by multiple approved steroid products, such as difluprednate ophthalmic emulsion, loteprednol etabonate ophthalmic gel and suspension, prednisolone acetate ophthalmic suspension, among others. These drugs are well

established therapies with multiple generics in the market and are widely accepted by physicians, patients and third-party payors, which may make it difficult to convince these parties to switch to OCS-01. Companies that the Issuer is aware are commercializing or are developing therapeutics for post-operative inflammation and pain include large companies with significant financial resources, such as Bausch + Lomb, Kala Pharmaceuticals, Alcon Laboratories, Abbvie (Allergan) and TEVA Pharmaceuticals, among others.

The dry eye disease market is already served by multiple approved products, such as Cyclosporine ophthalmic emulsion and solution, lifitegrast ophthalmic solution, loteprednol etabonate ophthalmic suspension, varenicline solution. These drugs are well established therapies and are widely accepted by physicians, patients and third- party payors, which may make it difficult to convince these parties to switch to OCS-02. Companies that the Issuer is aware are commercializing or are developing therapeutics for dry eye disease include large companies with significant financial resources, such as Abbvie (Allergan), Bausch + Lomb, Alcon, Sun Pharmaceuticals, and Viatris, among others. In addition, over the counter products are currently available for the treatment of dry eye disease which may impact sales of the Issuer's products.

The non-infectious anterior uveitis market is already served by multiple approved steroid products indicated to treat inflammation of the eyes, such as prednisolone acetate suspension, loteprednol etabonate ophthalmic formulations, dexamethasone sodium phosphate formulations, fluorometholone ophthalmic suspension, among others. These drugs are well established therapies with multiple generics in the market and are widely accepted by physicians, patients and third-party payors, which may make it difficult to convince these parties to switch to OCS-02. Companies that the Issuer is aware are commercializing or are developing therapeutics for non- infectious anterior uveitis include large companies with significant financial resources, such as Abbvie (Allergan) and Bausch + Lomb, among others.

The glaucoma market is already served by multiple approved drug classes to reduce elevated intraocular pressure, such as Alpha Agonists, Beta Blockers Carbonic Anhydrase Inhibitors, Cholinergic (Myotic), Prostaglandin Analogs, Rho Kinase Inhibitors and combination products, however no drug for neuro protection has been approved so far. These drugs are well established therapies with multiple generics in the market and are widely accepted by physicians, patients and third-party payors. OCS-05 is not meant to replace IOP lowering but rather be an add-on to IOP lowering to tackle neuroprotection. Companies that the Issuer is aware are commercializing or are developing therapeutics for glaucoma include large companies with significant financial resources, such as Novartis, Abbvie (Allergan), Bausch + Lomb, Alcon, Akorn, Teva Pharmaceuticals, Pfizer, Merck, and Sun Ophthalmics, among others.

In addition to competition from other companies targeting the diseases which the Issuer targets, any products the Issuer may develop may also face competition from other types of therapies, such as gene-editing therapies or drug delivery devices. The Issuer's commercial opportunity for any of the Issuer's product candidates could also be reduced or eliminated if the Issuer's competitors develop and commercialize new products that are safer, more effective, are more convenient, or are less expensive than the Issuer's products. The competitors also may obtain FDA or other non-U.S. regulatory approval for their products more rapidly than the Issuer may obtain approval for the Issuer's candidates, which could result in competitors establishing a strong market position before the Issuer is able to enter the market for a new product candidate. If the Issuer's product candidates are

not perceived as more effective, safe, cost-effective, or otherwise medically beneficial than current practices or products in their respective target market segments, then the Issuer's commercial opportunities will be negatively impacted. If the Issuer is unable to demonstrate the value of the Issuer's product candidates based on the Issuer's clinical data, patient experience, or real-world evidence, future successful commercialization of such product candidates could be adversely affected.

In addition, the Issuer's ability to compete may be affected in many cases by insurers or other third-party payors, including Medicare and equivalent foreign health insurance programs, seeking to encourage the use of generic products. For example, a generic version of Restasis® to treat dry eye disease received FDA approval in February 2022. Generic products are generally offered at lower prices than branded products, and consequently, after the introduction of a generic competitor, a significant percentage of the sales of any branded product may be lost to the generic product. Accordingly, competition from generic products could have a material adverse impact on the Issuer's ability to successfully commercialize OCS-02 for dry eye disease or any other product candidate or indication, if approved, or negatively impact sales or pricing of the Issuer's products or the Issuer's ability to gain market acceptance or market share.

Many of the Issuer's current and future competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than the Issuer does. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of the Issuer's competitors. Smaller and other early-stage companies may also prove to be significant competitors, including through collaborative arrangements with large and established companies. These third parties compete with the Issuer in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, the Issuer's programs.

Product liability lawsuits against the Issuer could cause the Issuer to incur substantial liabilities and to limit commercialization of any products that the Issuer develops.

The Issuer faces an inherent risk of product liability exposure related to the use of the Issuer's product candidates that the Issuer develops in clinical trials. The Issuer faces an even greater risk for any products the Issuer develop and sell commercially. Off-label use or misuse of the Issuer's products if and when commercialized may harm the Issuer's reputation in the marketplace, result in injuries that lead to costly product liability suits, or subject the Issuer to penalties if the Issuer fails to comply with regulatory requirements or experience unanticipated problems with any product. If the Issuer cannot successfully defend against claims that the Issuer's product candidates or products caused injuries, the Issuer will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any product candidates that the Issuer develops;
- injury to the Issuer's reputation and significant negative media attention;
- withdrawal or delay of recruitment or decreased enrolment rates of clinical trial participants;
- termination or increased government regulation of clinical trial sites or entire trial programs;

- product recall or withdrawal from the market or labelling, marketing or promotional restrictions;
- significant costs to defend the related litigation;
- significant delays in product launch;
- substantial monetary awards to trial participants or patients;
- loss of revenue;
- reduced time and attention of the Issuer's management to pursue the Issuer's business strategy; and
- the inability to commercialize any products that the Issuer develops.

The Issuer may need to purchase insurance coverage as the Issuer expands the Issuer's clinical trials and should the Issuer eventually realize sales of any product candidate for which the Issuer obtains marketing approval. Insurance coverage is increasingly expensive, restrictive and narrow. The Issuer may not be able to maintain insurance coverage at a reasonable cost, upon adequate terms or in a sufficient amount necessary to protect the Issuer against losses due to product liability or other similar legal actions that may arise. A successful product liability claim or series of claims brought against the Issuer which substantially exceeds the Issuer's insurance coverage will require the Issuer to make up the shortfall, which may in turn require the Issuer to drawdown on the Issuer's cash reserve, and harm the Issuer's business, financial condition, results of operations and growth prospects.

1.1.4. Risks related to the Issuer's Reliance on Third Parties

The Issuer may enter into collaborations with third parties for the development and commercialization of the Issuer's product candidates. If the Issuer's collaborations are not successful, the Issuer may not be able to capitalize on the market potential of these product candidates.

The Issuer may enter into a combination of exclusive and non-exclusive collaboration arrangements with third parties to develop or commercialize some or all of the Issuer's product candidates. The Issuer also may enter into arrangements with third parties to perform these services in the United States and other jurisdictions if the Issuer does not establish the Issuer's own sales, marketing and distribution capabilities in the United States and other jurisdictions for the Issuer's product candidates or if the Issuer determines that such arrangements are otherwise beneficial. The Issuer also may seek collaborators for development and commercialization of other product candidates. The Issuer's likely collaborators for any sales, marketing, distribution, development, licensing or broader collaboration arrangements include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies and biotechnology companies. While the Issuer is not currently party to any such arrangement, the Issuer's ability to generate revenues from these arrangements will depend on the Issuer's collaborators' abilities and efforts to successfully perform the functions assigned to them in the future in these arrangements.

Collaborations that the Issuer enters into may pose a number of risks, including the following:

- collaborators may have significant discretion in determining the amount and timing of efforts and resources that they will apply to these collaborations;
- collaborators may not perform their obligations as expected;

- collaborators may not pursue development and commercialization of the Issuer's product candidates that receive marketing approval or may elect not to continue or renew development or commercialization programs based on results of clinical trials or other studies, changes in the collaborators' strategic focus or available funding or external factors, such as an acquisition, that divert resources or create competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with the Issuer's products or product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than the Issuer's;
- product candidates discovered in collaboration with the Issuer may be viewed by the Issuer's collaborators as competitive with their own product candidates or products, which may cause collaborators to cease to devote resources to the commercialization of the Issuer's product candidates;
- a collaborator with marketing and distribution rights to one or more of the Issuer's product candidates that achieve regulatory approval may not commit sufficient resources to the marketing and distribution of such product or products;
- disagreements with collaborators, including disagreements over intellectual property or proprietary rights, contract interpretation or the preferred course of development, might cause delays or termination of the research, development or commercialization of product candidates, might lead to additional responsibilities for the Issuer with respect to product candidates, or might result in litigation or arbitration, any of which would divert management attention and resources and be time-consuming and expensive;
- collaborators may not properly maintain or defend the Issuer's intellectual property or proprietary rights or may use the Issuer's intellectual property or proprietary rights in such a way as to invite litigation that could jeopardize or invalidate the Issuer's intellectual property or proprietary rights or expose the Issuer to potential litigation and liability;
- collaborators may infringe, misappropriate or otherwise violate the intellectual property rights of third parties, which may expose the Issuer to litigation and potential liability; and
- collaborations may be terminated for the convenience of the collaborator and, if terminated, the Issuer could be required to raise additional capital to pursue further development or commercialization of the applicable product candidates.

Collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner, or at all. If any collaborations that the Issuer enters into do not result in the successful development and commercialization of products or if one of the Issuer's collaborators terminates its agreement with the Issuer, the Issuer may not receive any future research funding or milestone or royalty payments, or be able to recover any costs and expenses incurred by the Issuer under the collaboration arrangement. If the Issuer does not receive the funding the Issuer expects, or recover any costs and expenses incurred under these agreements, the Issuer's development of the

Issuer's product candidates could be delayed and the Issuer may need additional resources to develop the Issuer's product candidates. All of the risks relating to product development, regulatory approval and commercialization described herein also apply to the activities of the Issuer's collaborators.

Additionally, subject to its contractual obligations to the Issuer, if a collaborator of the Issuer which is to be involved in a business combination, it might deemphasize or terminate the development or commercialization of any product candidate licensed to it by it. If one of the Issuer's collaborators terminates its agreement with the Issuer, the Issuer may find it more difficult to attract new collaborators and the Issuer's perception in the business and financial communities could be harmed.

The Issuer relies completely on third-party contractors to supply, manufacture and distribute clinical drug supplies for the Issuer's product candidates, which may include sole-source suppliers and manufacturers; the Issuer intends to rely on third parties for commercial supply, manufacturing and distribution if any of the Issuer's product candidates receives regulatory approval and for any future product candidates.

The Issuer does not currently have, nor do the Issuer plans to acquire, the infrastructure or capability to supply, store, manufacture or distribute preclinical, clinical or commercial quantities of drug substances or products. Additionally, the Issuer has not entered into a long-term commercial supply agreement to provide the Issuer with such drug substances or products. As a result, the Issuer's ability to develop the Issuer's product candidates is dependent, and the Issuer's ability to supply the Issuer's products commercially will depend, in part, on the Issuer's ability to obtain the active pharmaceutical ingredients, or APIs, and other substances and materials used in the Issuer's product candidates successfully from third parties and to have finished products manufactured by third parties in accordance with regulatory requirements and in sufficient quantities for preclinical and clinical testing and commercialization. If the Issuer fail to develop and maintain supply and other technical relationships with these third parties, and if the Issuer is unable to seek suitable replacements in a timely manner or at all, the Issuer may face delays or be unable to continue to develop or commercialize the Issuer's products and product candidates.

The Issuer does not have direct control over whether or not the Issuer's contract suppliers and manufacturers will maintain current pricing terms, be willing to continue supplying the Issuer with APIs and finished products or maintain adequate capacity and capabilities to serve the Issuer's needs, including quality control, quality assurance and qualified personnel. The Issuer is dependent on the Issuer's contract suppliers and manufacturers for day-to-day compliance with applicable laws and cGMP regulations for production of both APIs and finished products. If the safety or quality of any product or product candidate or component is compromised due to a failure to adhere to applicable laws or for other reasons, the Issuer may not be able to commercialize or obtain regulatory approval for the affected product or product candidate successfully, and the Issuer may be held liable for injuries sustained as a result.

The Issuer may be unable to establish any further agreements with third-party manufacturers or to do so on acceptable terms. Even if the Issuer is able to establish agreements with third-party manufacturers, reliance on third-party manufacturers entails additional risks, including:

- the possible breach of the manufacturing agreement by the third party or us;
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us;

- the possible early termination of the agreement by the Issuer at a time that requires the Issuer to pay a cancellation fee;
- reliance on the third party for regulatory compliance, quality assurance, safety and pharmacovigilance and related reporting; and
- the inability to produce required volume in a timely manner and to quality standards.

Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside the United States. The Issuer, or its contract manufacturers, any future collaborators and their contract manufacturers could be subject to periodic unannounced inspections by the FDA, competent authorities of EU member states, or other comparable foreign regulatory agencies, to monitor and ensure compliance with cGMP. Despite the Issuer's efforts to audit and verify regulatory compliance, one or more of its third-party manufacturing vendors may be found on regulatory inspection by the FDA, competent agencies of EU member states, or other comparable foreign regulatory agencies to be noncompliant with cGMP regulations. The Issuer's failure, or the failure of the Issuer's third-party manufacturers, to comply with applicable regulations could result in clinical holds on the Issuer's trials, sanctions being imposed on the Issuer, including shutdown of the third-party vendor or invalidation of drug product lots or processes, fines, injunctions, civil penalties, delays, suspension, variation or withdrawal of approvals, license revocations, seizures or recalls of product candidates or medicines, operating restrictions, and criminal prosecutions, any of which could significantly and adversely affect supplies of the Issuer's products and harm the Issuer's business, financial condition, results of operations, and prospects.

Any products that the Issuer may develop may compete with other product candidates and products for access to manufacturing facilities. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing the Issuer's products or product candidates.

Any performance failure on the part of the Issuer's existing or future manufacturers could delay clinical development or marketing approval. The Issuer does not currently have arrangements in place for redundant supply for any of the Issuer's product candidates. If any one of the Issuer's current contract manufacturers cannot perform as agreed, the Issuer may be required to replace that manufacturer and may incur added costs and delays in identifying and qualifying any such replacement. Furthermore, securing and reserving production capacity with contract manufacturers may result in significant costs.

By relying on third-party manufacturers for outsourced, custom manufacturing, the Issuer may encounter difficulties in production, particularly with respect to formulation, process development or scaling up of manufacturing capabilities. If the Issuer, or the Issuer's CMOs, encounter such difficulties, the Issuer's ability to provide supply of the Issuer's product candidates for preclinical studies, clinical trials or the Issuer's products for patients, if approved, could be delayed or halted, or the Issuer may be unable to maintain a commercially viable cost structure, which would materially adversely affect the Issuer's business, results of operations and financial condition.

If third-party suppliers on which the Issuer relies fail to successfully scale up their production of the Issuer's product candidates, the Issuer may face delays and lost opportunities with the Issuer's development or future commercialization efforts.

In order to conduct larger or late-stage clinical trials for a product candidate and supply sufficient commercial quantities of the resulting drug product and its components, if that product candidate is approved for sale, the Issuer's contract manufacturers and suppliers will need to produce the Issuer's drug substances and product candidates in larger quantities more cost-effectively and, in certain cases, at higher yields than they currently achieve. If the Issuer's third- party contractors are unable to scale up the manufacture of any of the Issuer's product candidates successfully in sufficient quality and quantity and at commercially reasonable prices, or are shut down or put on clinical hold by government regulators, and the Issuer is unable to find one or more replacement suppliers or manufacturers capable of production at a substantially equivalent cost in substantially equivalent volumes and quality, and the Issuer is unable to transfer the processes successfully on a timely basis, the development of that product candidate and regulatory approval or commercial launch for any resulting products may be delayed, or there may be a shortage in supply, either of which could significantly harm the Issuer's business, financial condition, operating results and prospects.

The Issuer expect to continue to depend on third-party contract suppliers and manufacturers for the foreseeable future. The Issuer's supply and manufacturing agreements do not guarantee that a contract supplier or manufacturer will provide services adequate for the Issuer's needs. Additionally, any damage to or destruction of the Issuer's third-party manufacturers or suppliers' facilities or equipment, may significantly impair the Issuer's ability to have the Issuer's products and product candidates manufactured on a timely basis. The Issuer's reliance on contract manufacturers and suppliers further exposes the Issuer to the possibility that they, or third parties with access to their facilities, will have access to and may misappropriate the Issuer's trade secrets or other proprietary information. In addition, the manufacturing facilities of certain of the Issuer's suppliers may be located outside of the United States. This may give rise to difficulties in importing the Issuer's products or product candidates or their components into the United States or other countries.

The Issuer relies on third-party suppliers for key raw materials used in the Issuer's manufacturing processes, and the loss of these third-party suppliers or their inability to supply the Issuer with adequate raw materials could harm the Issuer's business.

The Issuer relies on third-party suppliers for the raw materials required for the production of the Issuer's product candidates. The Issuer's reliance on these third-party suppliers and the challenges the Issuer may face in obtaining adequate supplies of raw materials involve several risks, including limited control over pricing, availability, quality and delivery schedules. As a small company, the Issuer's negotiation leverage is limited and the Issuer is likely to get lower priority than the Issuer's competitors who are larger than the Issuer is. The Issuer cannot be certain that the Issuer's suppliers will continue to provide the Issuer with the quantities of these raw materials that the Issuer requires or satisfy the Issuer's anticipated specifications and quality requirements. Any supply interruption in limited or sole sourced raw materials could materially harm the Issuer's ability to manufacture the Issuer's product candidates until a new source of supply, if any, could be identified and qualified. The Issuer may be unable to find a sufficient alternative supply channel in a reasonable time or on commercially reasonable terms. Any performance failure on the part of the Issuer's suppliers could delay the development and potential commercialization of the Issuer's product candidates, including limiting

supplies necessary for clinical trials and regulatory approvals, which would have a material adverse effect on the Issuer's business.

The Issuer's rights to develop and commercialize the Issuer's technology are subject, in part, to the terms and conditions of licenses granted to the Issuer by others. In particular, the Issuer depends on licenses for development and commercialization rights to OCS-02 and OCS-05. If these rights are terminated or the Issuer fails to comply with the Issuer's obligations under these agreements or any other license, collaboration or other agreement, the Issuer may be required to pay damages and the Issuer could lose intellectual property rights that are necessary for the development and protection of the Issuer's product candidates.

The Issuer currently and may in the future license from third parties' certain intellectual property relating to current and future product candidates. For example, the Issuer is party to various license agreements, including with Novartis and Accure, that the Issuer depends on for rights to OCS-02 and OCS-05, respectively. These agreements impose, and other potential agreements the Issuer may enter into with third parties may impose, diligence, development and commercialization timelines and milestone payment, royalty, insurance and other obligations on the Issuer. Under the Novartis Agreement (as defined below) and Accure Agreement (as defined below), for example, the Issuer is obligated to make payments to the counterparty upon the Issuer achieving certain development or commercialization milestones and to make royalty payments to Novartis and Accure on net product sales of OCS-02 and OCS-05, respectively.

The Issuer also have diligence and development obligations under the Novartis Agreement and Accure Agreement. Generally, these diligence obligations require the Issuer to use commercially reasonable efforts to develop, manufacture, seek regulatory approval for and commercialize the licensed products. If the Issuer fail to comply with the Issuer's obligations under current or future license agreements, use the licensed intellectual property in an unauthorized manner or otherwise breach a license agreement, the Issuer's counterparties may have the right to terminate these agreements, in which event the Issuer might not have the rights or the financial resources to develop, manufacture or market any licensed product that is covered by these agreements. Future counterparties also may have the right to convert an exclusive license to non-exclusive in the territory in which the Issuer fails to satisfy the Issuer's diligence obligations, which could materially adversely affect the value of the product candidate being developed under any such agreement. Termination of these agreements or reduction or elimination of the Issuer's rights under these agreements may result in the Issuer's having to negotiate new or reinstated agreements with less favorable terms, seek alternative sources of financing or cause the Issuer to lose the Issuer's rights under these agreements, including the Issuer's rights to OCS-02, OCS-05 or other important intellectual property or technology. Any of the foregoing could prevent the Issuer from commercializing OCS-02 or OCS-05 or cause a competitor to gain access to the licensed technology, which could have a material adverse effect on the Issuer's operating results and overall financial condition.

The Issuer's license agreements are, and future license agreements are likely to be, complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what the Issuer believes to be the scope of the Issuer's rights to the relevant intellectual property or technology, or increase what the Issuer believes to be the Issuer's financial or other obligations under the relevant agreement, either of which could have a material adverse effect on the Issuer's business, financial condition,

results of operations and prospects. Disputes may arise between the Issuer and the Issuer's licensors or future licensors, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the Issuer's financial or other obligations under the license agreement;
- whether and the extent to which the Issuer's technology and processes infringe, misappropriate or otherwise violate intellectual property of the licensor that is not subject to the licensing agreement;
- the Issuer's right to transfer or assign the license, or to sublicense patents and other intellectual property rights to third parties;
- the Issuer's diligence obligations and what activities satisfy those diligence obligations;
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by any of the Issuer's licensors and the Issuer and the Issuer's partners; and
- the priority of invention of patented technology.

If disputes over intellectual property that the Issuer has licensed from third parties prevent or impair the Issuer's ability to maintain the Issuer's current licensing arrangements on acceptable terms, the Issuer may be unable to successfully develop and commercialize the Issuer's product candidates.

The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third-party intellectual property rights that the Issuer may consider attractive or necessary. These established companies may have a competitive advantage over the Issuer due to their size, capital resources and greater clinical development and commercialization capabilities. In addition, companies that perceive the Issuer to be a competitor may be unwilling to assign or license rights to the Issuer. If the Issuer is unable to license such technology, or if the Issuer is forced to license such technology on unfavorable terms, the Issuer's business could be harmed. If the Issuer is unable to obtain a necessary license, the Issuer may be unable to develop or commercialize the affected product candidates, which could harm the Issuer's business, and the third parties owning such intellectual property rights could seek either an injunction prohibiting sales or an obligation on the Issuer's part to pay royalties and/or other forms of compensation. Even if the Issuer is able to obtain a license, it may be non-exclusive, thereby giving the Issuer's competitors access to the same technologies licensed to the Issuer.

Additionally, the Issuer's licensors may have relied on third-party consultants or collaborators or on funds from third parties such that the Issuer's licensors are not the sole and exclusive owners of the patents the Issuer in-licensed. Some of the Issuer's in-licensed patent rights are sublicensed to the Issuer pursuant to parent license agreements the Issuer is not a party to. If any such parent licenses terminate, whether due to the Issuer's licensor's breach of the parent license agreement or for other reasons outside of the Issuer's control, the Issuer could lose the Issuer's rights to such sublicensed patent rights. Furthermore, if other third parties have ownership rights to the Issuer's in-licensed patents, the license granted to the Issuer in jurisdictions where the consent of a co-owner is necessary to grant such a license may not be valid, in any case, and such co-owners may be able to license such patents to the Issuer's competitors, and the Issuer's competitors could market competing products

and technology. In addition, certain of the Issuer's in-licensed patent rights are dependent, in part, on inter-institutional or other operating agreements between the joint owners of such in-licensed patent rights. If one or more of such joint owners breaches such inter-institutional or operating agreements, the Issuer's rights to such in-licensed patent rights may be adversely affected. Any of these events could have a material adverse effect on the Issuer's competitive position, business, financial conditions, results of operations and prospects.

The Issuer's current and future licenses may not provide the Issuer with exclusive rights to use the licensed intellectual property and technology, or may not provide the Issuer with exclusive rights to use such intellectual property and technology in all relevant fields of use and in all territories in which the Issuer may wish to develop or commercialize the Issuer's technology. Patents licensed to the Issuer could be put at risk of being invalidated or interpreted narrowly in litigation filed by or against the Issuer's licensors or another licensee or in administrative proceedings brought by or against the Issuer's licensors or another licensee in response to such litigation or for other reasons. As a result, the Issuer may not be able to prevent competitors or other third parties from developing and commercializing competitive products, including in territories covered by the Issuer's licenses. Some of the Issuer's in-licensed patent rights are subject to pre-existing rights granted by the licensor to third parties and the Issuer's acquired technologies and current or future licensed technology may also be subject to retained rights. The Issuer's predecessors or licensors may retain certain rights under their agreements with the Issuer, including the right to use the underlying technology for non-commercial academic and research use, to publish general scientific findings from research related to the technology, and to make customary scientific and scholarly disclosures of information relating to the technology. It is difficult to monitor whether the Issuer's predecessors or future licensors limit their use of the technology to these uses, and the Issuer could incur substantial expenses to enforce the Issuer's rights to the Issuer's licensed technology in the event of misuse.

In addition, certain of the Issuer's current or future agreements with third parties may limit or delay the Issuer's ability to consummate certain transactions, may impact the value of those transactions, or may limit the Issuer's ability to pursue certain activities. If the Issuer is limited in the Issuer's ability to utilize acquired technologies or current or future licensed technologies, or if the Issuer loses the Issuer's rights to critical acquired or in-licensed technology, the Issuer may be unable to successfully develop, out-license, market and sell the Issuer's products, which could prevent or delay new product introductions. The Issuer's business strategy depends on the successful development of acquired technologies, and current or future licensed technology, into commercial products. Therefore, any limitations on the Issuer's ability to utilize these technologies may impair the Issuer's ability to develop, out-license or market and sell the Issuer's product candidates.

For more information on the Issuer's license agreements with third parties, please see the chapter 5.2 "Material Licenses, Partnerships and Collaborations."

1.1.5. Risks related to Regulatory Requirements

The regulatory approval processes of the FDA and non-U.S. regulatory agencies are highly complex, lengthy, and inherently unpredictable. If the Issuer is unable to obtain regulatory approval for the Issuer's product candidates, or to do so in a timely manner, the Issuer will be unable to generate product revenue and the Issuer's business will be substantially harmed.

The processes that must be followed to obtain approval by the FDA and non-U.S. regulatory agencies to market a pharmaceutical product are highly complex and unpredictable, and typically take many

years following the commencement of clinical trials. A company's ability to obtain such an approval, and the time necessary to obtain it, depends upon numerous factors, including the type, complexity and novelty of the product candidates involved. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions, which may cause delays in the approval or the decision not to approve an application. Regulatory agencies have substantial discretion in the approval process and may refuse to accept any application or may decide that the Issuer's data is insufficient for approval and require additional preclinical, clinical or other data. Even if the Issuer eventually complete clinical testing and receive approval of any regulatory filing for the Issuer's product candidates, the FDA and non-U.S. regulatory agencies may approve the Issuer's product candidates for a more limited indication or a narrower patient population than the Issuer originally requested.

Further, development of a company's product candidates and/or regulatory approval may be impacted or delayed by events beyond the Issuer's control. For example, events such as a U.S. federal government shutdown or budget sequestration, such as ones that occurred during 2013, 2018 and 2019, may result in significant reductions to the FDA's budget, employees and operations, and could lead to slower response times and longer review periods, potentially affecting the Issuer's ability to progress development of the Issuer's product candidates or obtain regulatory approval for the Issuer's product candidates. Moreover, the Issuer's competitors may file citizens' petitions with the FDA in an attempt to persuade the FDA that the Issuer's product candidates, or the clinical trials that support their approval, contain deficiencies. Such actions by the Issuer's competitors could delay or even prevent the FDA from approving any of the Issuer's NDAs or biologics license applications, or BLAs.

Applications for the Issuer's product candidates could fail to receive regulatory approval for many reasons, including the following:

- the FDA or non-U.S. regulatory agencies may disagree with the design, implementation, or results of the Issuer's clinical trials;
- the FDA or non-U.S. regulatory agencies may determine that the Issuer's product candidates are not safe and effective, are insufficiently effective or have undesirable or unintended side effects, toxicities or other characteristics that preclude the Issuer's obtaining marketing approval or prevent or limit commercial use;
- the population studied in the clinical trial may not be sufficiently broad or representative to assure efficacy and safety in the full population for which the Issuer seek approval;
- the FDA or non-U.S. regulatory agencies may disagree with the Issuer's interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of the Issuer's product candidates may not be sufficient to support the submission to obtain regulatory approval;
- the Issuer may be unable to demonstrate to the FDA or non-U.S. regulatory agencies that a product candidate's risk-benefit ratio for the Issuer's proposed indication is acceptable;
- the FDA or non-U.S. regulatory agencies may fail to approve the manufacturing processes, test procedures and specifications or facilities of third-party manufacturers with which the Issuer contract for clinical and commercial supplies; and

- the approval policies or regulations of the FDA or non-U.S. regulatory agencies may significantly change in a manner rendering the Issuer's clinical data insufficient for approval.

This complex and lengthy approval process, as well as the unpredictability of the results of clinical trials, may result in the Issuer failing to obtain regulatory approval to market any of the Issuer's product candidates, or a failure to obtain such approval in a timely manner, which could materially adversely affect the Issuer's business, financial condition, results of operations and growth prospects.

If the FDA does not conclude that OCS-01 satisfies the requirements for the Section 505(b)(2) regulatory approval pathway, or if the requirements under Section 505(b)(2) are not as the Issuer expects, the approval pathway for OCS-01 will likely take significantly longer, cost significantly more and entail significantly greater complications and risks than anticipated, and in either case may not be successful.

The Issuer plans to seek FDA approval through the Section 505(b)(2) regulatory pathway for OCS-01. The Hatch- Waxman Amendments added Section 505(b)(2) ("Section 505(b)(2)") to the Federal Food, Drug and Cosmetic Act (the "FDCA"). Section 505(b)(2) permits the submission of an NDA where at least some of the information required for approval comes from studies that were not conducted by or for the applicant and for which the applicant has not obtained a right of reference. Section 505(b)(2), if applicable to the Issuer under the FDCA, would allow an NDA to rely in part on data in the public domain or the FDA's prior conclusions regarding the safety and effectiveness of approved drug products, which could expedite the development program for OCS-01 by potentially decreasing the amount of preclinical or clinical data that the Issuer would need to generate in order to obtain FDA approval.

If the Issuer cannot pursue the Section 505(b)(2) regulatory pathway for OCS-01, the Issuer may need to conduct additional clinical trials, provide additional data and information, and meet additional standards for regulatory approval. If this were to occur, the time and financial resources required to obtain FDA approval for OCS-01, and complications and risks associated with OCS-01, would likely substantially increase. Moreover, the Issuer's inability to pursue the Section 505(b)(2) regulatory pathway would likely result in new competitive products reaching the market more quickly than OCS-01, which would likely adversely impact the Issuer's competitive position and prospects. Even if the Issuer can pursue the Section 505(b)(2) regulatory pathway, the Issuer cannot assure the Investors that OCS-01 will receive the requisite approvals for commercialization.

In addition, notwithstanding the approval of products by the FDA under Section 505(b)(2), certain pharmaceutical companies and others have objected to the FDA's interpretation of Section 505(b)(2). If the FDA's interpretation of Section 505(b)(2) is successfully challenged, the FDA may change its 505(b)(2) policies and practices, which could delay or even prevent the FDA from approving any NDA that the Issuer submits under Section 505(b)(2). In addition, the pharmaceutical industry is highly competitive, and Section 505(b)(2) NDAs are subject to special requirements designed to protect the patent rights of sponsors of previously approved drugs that are referenced in a Section 505(b)(2) NDA. These requirements may give rise to patent litigation and mandatory delays in approval of the Issuer's NDAs for up to thirty (30) months or longer depending on the outcome of any litigation. It is not uncommon for the owner of the NDA of an approved product to file a citizen petition with the FDA seeking to delay approval of, or impose additional approval requirements for, pending competing products. If successful, such petitions could significantly delay, or even prevent, the approval of a new product. However, even if the FDA ultimately denies such a petition, the FDA may substantially delay

approval while it considers and responds to the petition. In addition, even if the Issuer is able to utilize the Section 505(b)(2) regulatory pathway, there is no guarantee this would ultimately lead to earlier approval.

Moreover, even if OCS-01 is approved under Section 505(b)(2), the approval may be subject to limitations on the indicated uses for which the product may be marketed or to other conditions of approval, or may contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product.

The Issuer may face difficulties in commercializing and achieving reimbursement of the Issuer's products from changes to current regulations and future legislation.

In the United States, the European Union and other jurisdictions there have been a number of legislative and regulatory changes and proposed changes to the healthcare system that could affect the Issuer's future results of operations. The Issuer cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If the Issuer is slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if the Issuer is unable to maintain regulatory compliance, the Issuer may be unable to successfully commercialize the Issuer's products, and may not achieve or sustain profitability.

For example, the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010 (or collectively, the "ACA"), substantially affects the way healthcare is financed by both the government and private insurers, and significantly impacts the U.S. pharmaceutical industry. The ACA contains provisions that can reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs. There have been extensive judicial, Congressional and executive branch challenges to certain aspects of the ACA, as well as efforts and proposals to revise or repeal the law and its application, to control the prices at which pharmaceutical products are sold, and to implement other healthcare reform measures. For example, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the "IRA") into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost and through a newly established manufacturer discount program. Such efforts can be expected to continue in the future, but it is unclear what measures will be enacted or implemented, or how they might affect the Issuer's business.

In addition, other legislative and administrative changes have been adopted in the United States in recent years, and others continue to be proposed. These changes include reductions to payments made under the Medicare program. In addition, during 2021, the Biden administration proposed additional potential legislative and administrative actions to, among other things, reform drug pricing. For example, in July 2021, the Biden administration released an executive order, "Promoting Competition in the American Economy," with multiple provisions aimed at prescription drugs. In response to Biden's executive order, on September 9, 2021, the U.S Department of Health and Human Services ("HHS") released a Comprehensive Plan for Addressing High Drug Prices that outlines

principles for drug pricing reform and sets out a variety of potential legislative policies that Congress could pursue as well as potential administrative actions HHS can take to advance these principles. In addition, the IRA, among other things, (i) directs HHS to negotiate the price of certain drugs and biologics covered under Medicare, and subject drug manufacturers to civil monetary penalties and a potential excise tax by offering a price that is not equal to or less than the negotiated "maximum fair price" under the law, and (ii) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. The IRA permits HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years. HHS has and will continue to issue and update guidance as these programs are implemented. These provisions take effect progressively starting in fiscal year 2023. On August 29, 2023, HHS announced the list of the first ten drugs that will be subject to price negotiations, although the Medicare drug price negotiation program is currently subject to legal challenges. It is currently unclear how the IRA will be effectuated but is likely to have a significant impact on the pharmaceutical industry. In response to the Biden administration's October 2022 executive order, on February 14, 2023, HHS released a report outlining three new models for testing by the CMS Innovation Center which will be evaluated on their ability to lower the cost of drugs, promote accessibility, and improve quality of care. It is unclear whether the models will be utilized in any health reform measures in the future. Further, on December 7, 2023, the Biden administration announced an initiative to control the price of prescription drugs through the use of march-in rights under the Bayh-Dole Act. On December 8, 2023, the National Institute of Standards and Technology published for comment a Draft Interagency Guidance Framework for Considering the Exercise of March-In Rights which for the first time includes the price of a product as one factor an agency can use when deciding to exercise march-in rights. While march-in rights have not previously been exercised, it is uncertain if that will continue under the new framework.

These recent laws, administrative decisions and proposals, and any new ones that follow, may result in additional reductions in Medicare payments and other healthcare funding, which could have a material adverse effect on customers for the Issuer's products and product candidates, if approved, and accordingly, on the Issuer's results of operations.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. For example, on January 5, 2024, the FDA approved Florida's Section 804 Importation Program (SIP) proposal to import certain drugs from Canada for specific state healthcare programs. It is unclear how this program will be implemented, including which drugs will be chosen, and whether it will be subject to legal challenges in the United States or Canada. Other states have also submitted SIP proposals that are pending review by the FDA.

The Issuer expects that the ACA, the IRA, as well as other healthcare reform measures that have been adopted, or may be adopted in the future, could result in more rigorous healthcare insurance coverage criteria and in additional downward pressure on the price that the Issuer receives for any approved product. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent the Issuer from being able to generate revenue, attain profitability or commercialize the Issuer's product candidates, if approved.

In the European Union and other countries, similar political, economic and regulatory developments may affect the Issuer's ability to profitably commercialize the Issuer´s product candidates, if approved. The Issuer cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. As an example, the regulatory landscape related to clinical trials in the EU has evolved. The EU Clinical Trials Regulation, or CTR, which was adopted in April 2014 and repeals the EU Clinical Trials Directive, became applicable on January 31, 2022. The CTR permits trial sponsors to make a single submission to both the competent agency and an ethics committee in each EU member state, leading to a single decision for each EU member state. The assessment procedure for the authorization of clinical trials has been harmonized as well, including a joint assessment of some elements of the application by all EU member states in which the trial is to be conducted, and a separate assessment by each EU member state with respect to specific requirements related to its own territory, including ethics rules. Each EU member state's decision is communicated to the sponsor through a centralized EU portal, the Clinical Trial Information System, or CTIS. The CTR provides a three-year transition period. The extent to which ongoing clinical trials will be governed by the CTR varies. For clinical trials in relation to which an application for approval was made on the basis of the Clinical Trials Directive before January 31, 2023, the CTD will continue to apply on a transitional basis until January 31, 2025. By that date, all ongoing trials will become subject to the provisions of the CTR. The CTR will apply to clinical trials from an earlier date if the related clinical trial application was made on the basis of the CTR or if the clinical trial has already transitioned to the CTR framework before January 31, 2025.

In addition to continuing pressure on prices and cost containment measures, legislative developments at the European Union or at the EU member state level may result in significant additional requirements or obstacles that may increase the Issuer's operating costs. In many EU member states, healthcare budgetary constraints have resulted in restrictions on the pricing and reimbursement of medicines by relevant health service providers. This could prevent or delay marketing approval of the Issuer's product candidates, restrict or regulate post-approval activities and affect the Issuer's ability to commercialize the Issuer's product candidates, if approved. Moreover, in the European Union, some EU member states may require the completion of additional studies that compare the cost-effectiveness of a particular medicinal product to currently available therapies. This Health Technology Assessment, or HTA, which is currently governed by the national laws of the individual EU member states, is the procedure according to which the assessment of the public health impact, therapeutic impact and the economic and societal impact of use of a given medicinal product in the national healthcare systems of the individual country is conducted. The outcome of HTA regarding specific medicinal product will often influence the pricing and reimbursement status granted to these products by the competent agencies of individual EU member states. On December 15, 2021, the Health Technology Regulation, or HTA Regulation, was adopted. The HTA Regulation is intended to boost cooperation among EU member states in assessing health technologies, including new medicinal products, and providing the basis for cooperation at EU level for joint clinical assessments in these areas. When it enters into application in 2025, the HTA Regulation will be intended to harmonize the clinical benefit assessment of HTA across the European Union.

In addition, on April 26, 2023, the European Commission adopted a proposal for a new Directive and Regulation to revise the existing pharmaceutical legislation. If adopted in the form proposed, the recent European Commission proposals to revise the existing EU laws governing authorization of medicinal products may result in a decrease in data and market exclusivity opportunities for the

Issuer's product candidates in the EU. The Issuer cannot be sure whether additional legislative changes will be enacted, or whether FDA, European Union, or other jurisdictions' regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of the Issuer's product candidates, if any, may be. In addition, increased scrutiny by, for example, United States Congress of the FDA approval process may significantly delay or prevent marketing approval, as well as subject the Issuer to more stringent product labelling and post-marketing testing and other requirements.

The U.S. Government and non-U.S. regulatory agencies actively enforce laws and regulations regarding the promotion of pharmaceutical products, and, if the Issuer is found to have violated any such laws or regulations, the Issuer may be subject to significant liability.

The FDA and other U.S. Government agencies and non-U.S. regulatory agencies strictly regulate the manner in which medicinal products may be marketed. In particular, a medicinal product may not be promoted for uses that are not approved by the FDA or such other regulatory agencies as reflected in the product's approved labelling. In addition, sales, marketing and business arrangements in the health care industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Such laws, and the application of those laws, are complex and evolving.

If the Issuer is found to have improperly promoted the sale of any of the Issuer's product candidates, if approved, such as through the promotion of the off-label use of those products, or through kickbacks or fraud, or through any other conduct or activity deemed to be unlawful, then the Issuer may become subject to significant liability. For example, if the Issuer receives marketing approval for a product as a treatment for a disease, physicians may nevertheless choose to prescribe the product for their patients in a manner that is inconsistent with the approved label. If the Issuer is found to have promoted such off-label uses, the Issuer may become subject to significant liability. The U.S. federal government has levied large civil and criminal fines against companies for alleged improper promotion of off-label use and has enjoined several companies from engaging in off-label promotion. The FDA has also requested that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed. If the Issuer cannot successfully manage the promotion of the Issuer's product candidates, if approved, the Issuer could become subject to significant liability, which would materially adversely affect the Issuer's business, growth prospects, operating results and financial condition.

In the EU, the advertising and promotion of medicinal products are subject to both EU and EU member states' laws governing promotion of medicinal products, interactions with physicians and other healthcare professionals, misleading and comparative advertising and unfair commercial practices. Although general requirements for advertising and promotion of medicinal products are established under EU legislation, the details are governed by regulations in individual EU member states and can differ from one country to another. For example, applicable laws require that promotional materials and advertising in relation to medicinal products comply with the product's Summary of Product Characteristics, or SmPC, as approved by the competent agencies in connection with a marketing authorization. The SmPC is the document that provides information to physicians concerning the safe and effective use of the product. Promotional activity that does not comply with the SmPC is

considered off-label and is prohibited in the EU. Direct-to-consumer advertising of prescription medicinal products is also prohibited in all EU member states. The competent agencies of EU member states actively enforce the laws and regulations governing promotion of medicinal products. If the Issuer is found to have undertaken improper promotional activities the Issuer may be subject to significant civil, criminal and administrative penalties, as well as reputational harm, which could materially adversely affect the Issuer's business, financial condition, results of operations and growth prospects.

The Issuer's employees, independent contractors, consultants, principal investigators, CROs, suppliers and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

The Issuer is exposed to the risk that the Issuer's employees, independent contractors, consultants, principal investigators, CROs, suppliers, vendors and other third parties with which the Issuer does business may engage in misconduct or other improper activities. Misconduct by these parties could include failures to comply with federal and state health care fraud and abuse laws and regulations and equivalent foreign laws, FDA regulations and equivalent regulations of foreign agencies, requirements to provide accurate information to the FDA or equivalent foreign agencies, data privacy and security laws and requirements to accurately report financial information or data or to disclose unauthorized activities to the Issuer. Misconduct by these parties could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to the Issuer's reputation. Although the Issuer has adopted a code of business conduct and ethics with respect to the Issuer's employees, agents and contractors, it is not always possible to identify and deter misconduct by these parties, and the precautions the Issuer takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Issuer from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. Additionally, the Issuer is subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against the Issuer, and the Issuer is not successful in defending or asserting the Issuer's rights, those actions could have a significant impact on the Issuer's business, including the imposition of significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, individual imprisonment, exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid and equivalent foreign health insurance programs, integrity oversight and reporting obligations, contractual damages, reputational harm, diminished profits and future earnings and the curtailment or restructuring of the Issuer's operations.

Obtaining and maintaining regulatory approval of the Issuer's product candidates in one jurisdiction does not mean that the Issuer will be successful in obtaining regulatory approval of the Issuer's product candidates in other jurisdictions. The FDA and non-U.S. regulatory agencies may not accept data from trials conducted in locations outside of their jurisdiction.

Obtaining and maintaining regulatory approval of the Issuer's product candidates in one jurisdiction does not guarantee that the Issuer will be able to obtain or maintain regulatory approval in any other jurisdiction. For example, even if the FDA approves a drug candidate for an indication in the U.S., comparable regulatory agencies in foreign jurisdictions must also approve the manufacturing, marketing and promotion and reimbursement of the product in those countries. In addition, a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the

regulatory approval process in others. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from those in the U.S., including additional preclinical studies or clinical trials, since clinical trials conducted in one jurisdiction may not be accepted by regulatory agencies in other jurisdictions. In many jurisdictions outside the U.S., a product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that the Issuer intends to charge for the Issuer's products is also subject to approval.

Obtaining non-U.S. regulatory approvals and establishing and maintaining compliance with non-U.S. regulatory requirements could result in significant difficulties and costs for the Issuer and could delay or prevent the introduction of the Issuer's product candidates, if approved, in certain countries. If the Issuer or any future collaborator fail to comply with the regulatory requirements in international markets or fail to receive applicable marketing approvals, then the Issuer's target market will be reduced and the Issuer's ability to realize the full market potential of the Issuer's product candidates, if approved, will be harmed.

The Issuer's business operations and current and future relationships with healthcare professionals, clinical investigators, consultants, patient organizations, customers, CROs and third-party payors in connection with the Issuer's current and future business activities may be subject to federal, state and foreign healthcare fraud and abuse laws, false claims laws, transparency laws, government price reporting, and health information privacy and security laws, which could expose the Issuer to, among other things, criminal sanctions, civil penalties, contractual damages, exclusion from governmental healthcare programs, reputational harm, administrative burdens and diminished profits and future earnings.

Healthcare providers and third-party payors play a primary role in the recommendation and prescription of any product candidates for which the Issuer obtains marketing approval. The Issuer's current and future arrangements with healthcare professionals, including physicians, clinical investigators, CROs, third-party payors and customers may expose it to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which the Issuer markets, sells and distributes the Issuer's products for which the Issuer obtains marketing approval. Restrictions under applicable healthcare laws and regulations include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons and entities from knowingly and wilfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid. Moreover, the ACA provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti- Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act;
- the federal civil and criminal false claims laws, including the civil False Claims Act, which can be enforced by private citizens through civil whistleblower or qui tam actions, and civil monetary penalties laws prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that

are false or fraudulent, or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;

- the federal Food Drug and Cosmetic Act, which prohibits, among other things, the adulteration or misbranding of drugs, biologics and medical devices;
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers, state laws that require biotechnology companies to comply with the biotechnology industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government and may require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures, state laws that require biotechnology companies to report information on the pricing of certain drug products, state and local laws that require the registration of pharmaceutical sales representatives;
- the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) prohibits, among other things, executing or attempting to execute a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers;
- the federal Physician Payments Sunshine Act requires applicable manufacturers of covered drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to annually report to CMS information regarding payments and other transfers of value to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), other healthcare professionals (such as physicians assistants and nurse practitioners), and teaching hospitals as well as information regarding ownership and investment interests held by physicians and their immediate family members;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and their implementing regulations, also imposes obligations, including mandatory contractual terms, on "covered entities," including certain healthcare providers, health plans, healthcare clearinghouses, and their respective "business associates" that create, receive, maintain or transmit individually identifiable health information for or on behalf of a covered entity as well as their covered subcontractors, with respect to safeguarding the privacy, security and transmission of individually identifiable health information, as well as analogous state and foreign laws that govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not pre-empted by HIPAA, thus complicating compliance efforts; and
- Foreign equivalents to the above-mentioned rules.

State and foreign laws require biotechnology companies to comply with the biotechnology industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the government and may require drug manufacturers to report information related to payments and

other transfers of value to physicians and other healthcare providers or marketing expenditures. Some state and foreign laws require biotechnology companies to report information on the pricing of certain drug products. Certain state and local jurisdictions require the registration of pharmaceutical sales representatives. National, State, and federal laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not pre-empted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that the Issuer's current and future business arrangements with third parties will comply with applicable healthcare laws and regulations will involve ongoing substantial costs. It is possible that governmental agencies will conclude that the Issuer's business practices, including the provision of compensation for consulting services to physicians and other healthcare providers, some of whom may be in a position to recommend, purchase and/or prescribe the Issuer's product candidates, if approved, may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If the Issuer's operations are found to be in violation of any of these laws or any other governmental regulations that may apply to it, the Issuer may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid or similar programs in other countries or jurisdictions, integrity oversight and reporting obligations, contractual damages, reputational harm, diminished profits and future earnings and the curtailment or restructuring of the Issuer's operations. Defending against any such actions can be costly, time-consuming and may require significant financial and personnel resources. Therefore, even if the Issuer is successful in defending against any such actions that may be brought against it, the Issuer's business may be impaired. Further, if any of the physicians or other healthcare providers or entities with whom the Issuer expects to do business is found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs, which could have an adverse effect on the Issuer's business and reputation.

The Issuer's business activities are subject to the FCPA and similar anti-bribery and anti-corruption laws of other countries in which the Issuer operates, as well as U.S. and certain foreign export controls, trade sanctions, and import laws and regulations. Compliance with these legal requirements could limit the Issuer's ability to compete in foreign markets and subject the Issuer to liability if the Issuer violates them.

The Issuer may conduct clinical trials in countries other than the United States. In addition, the Issuer has entered into a license agreement with Accure, a biotechnology company headquartered in Barcelona, Spain. The Issuer's business activities are subject to the U.S. Foreign Corrupt Practices Act, or FCPA, and similar anti-bribery or anti- corruption laws, regulations or rules of Switzerland and other countries in which the Issuer operates. Anti-corruption laws, including the FCPA, generally prohibit offering, promising, giving or authorizing others to give anything of value, either directly or indirectly, to a government official in order to influence official action or otherwise obtain or retain business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. The Issuer's business is heavily regulated and therefore involves significant interaction with public officials, potentially including officials of foreign governments. Additionally, although none of the Issuer's product candidates is yet approved for sale in any country, in many countries other than the U.S., the healthcare providers who prescribe pharmaceuticals like the Issuer's

product candidates are employed by their government, and the purchasers of pharmaceuticals are government entities. Therefore, any future dealings by the Issuer with these prescribers and purchasers may be subject to regulation under the FCPA and other applicable anti-corruption laws.

The SEC and Department of Justice have increased their FCPA enforcement activities with respect to biotechnology and pharmaceutical companies. There is no certainty that all of the Issuer's employees, agents or contractors, or those of the Issuer's affiliates, will comply with all applicable anti-corruption laws and regulations, particularly given the high level of complexity of these laws. Violations of these laws and regulations could result in fines, criminal sanctions against the Issuer, the Issuer's officers or the Issuer's employees, the closing down of the Issuer's facilities, cessation of business activities in certain countries, implementation of compliance programs and prohibitions on the conduct of the Issuer's business. Any such violations could include prohibitions on the Issuer's ability to offer the Issuer's products, if approved, in one or more countries and could materially damage the Issuer's reputation, the Issuer's brand, international activities, the Issuer's ability to attract and retain employees and the Issuer's business, growth prospects, operating results and financial condition.

In addition, the Issuer's products may be subject to U.S. and foreign export controls, trade sanctions and import laws and regulations. Governmental regulation of the import or export of the Issuer's products, or the Issuer's failure to obtain any required import or export authorization for the Issuer's products, when applicable, could harm the Issuer's international sales and adversely affect the Issuer's revenue. Compliance with applicable regulatory requirements regarding the export of the Issuer's products may create delays in the introduction of the Issuer's products in international markets or, in some cases, prevent the export of the Issuer's products to some countries altogether. Furthermore, export control laws and economic sanctions may prohibit the shipment of certain products and services to specified countries, governments, and persons. If the Issuer fails to comply with export and import regulations and such economic sanctions, the Issuer may be fined or other penalties could be imposed, including a denial of certain export privileges. Moreover, any new export or import restrictions, new legislation or shifting approaches in the enforcement or scope of existing regulations, or in the countries, persons, or technologies targeted by such regulations, could result in decreased use of the Issuer's products by, or in the Issuer's decreased ability to export products to existing or potential customers with international operations. Any decreased use of the Issuer's products or limitation on the Issuer's ability to export or sell access to the Issuer's products could adversely affect the Issuer's business.

Disruptions at the FDA, the SEC and other government agencies and comparable non-U.S. regulatory agencies caused by funding shortages or global health concerns could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner, or otherwise prevent those agencies from performing normal business functions on which the operation of the Issuer's business may rely, which could negatively impact the Issuer's business.

The ability of the FDA and comparable non-U.S. regulatory agencies to review and approve new products can be affected by a variety of factors, including government budget and funding levels, the Issuer's ability to hire and retain key personnel and accept the payment of user fees, statutory, regulatory, and policy changes, and other events that may otherwise affect the ability of the FDA and comparable non-U.S. regulatory agencies to perform routine functions. Average review times at the FDA and comparable non-U.S. regulatory agencies have fluctuated in recent years as a result. In

addition, government funding of the SEC and other government agencies on which the Issuer's operations may rely, including those that fund research and development activities, is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at the FDA, other agencies, and comparable non-U.S. regulatory agencies may slow the time necessary for new drugs to be reviewed or approved, which could adversely affect the Issuer's business. For example, in recent years, including in 2013, 2018 and 2019, the U.S. government shut down several times, and in 2020 and 2021 the FDA diverted significant resources to handle the SARS-CoV-2 virus public health emergency and pandemic. Certain regulatory agencies, such as the FDA and the SEC, have had to furlough critical FDA, SEC and other government employees for a time, and to stop critical activities in response to such events, and may be required to do so again in the future.

If such disruptions recur, or if a prolonged government shutdown occurs, it could significantly impact the ability of the FDA and comparable non-U.S. regulatory agencies to timely review and process the Issuer's regulatory submissions, which could have a material adverse effect on the Issuer's business. Further, in the Issuer's operations as a public company, future government disruptions or shutdowns could impact the Issuer's ability to access the public markets and obtain necessary capital in order to properly capitalize and continue the Issuer's operations.

If the Issuer fails to comply with environmental, health and safety laws and regulations, the Issuer could become subject to fines or penalties or incur costs that could have a material adverse effect on the Issuer's business.

The Issuer and any contract manufacturers and suppliers the Issuer engages are subject to numerous national, federal, state, and local environmental, health, and safety laws, regulations, and permitting requirements, including those governing laboratory procedures; the generation, handling, use, storage, treatment, and disposal of hazardous and regulated materials and waste; the emission and discharge of hazardous materials into the ground, air, and water; and employee health and safety. The Issuer's operations may involve the use of hazardous and flammable materials, including chemicals and biological and radioactive materials. The Issuer's operations also may produce hazardous waste. The Issuer generally contracts with third parties for the disposal of these materials and wastes. The Issuer cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from the Issuer's use of hazardous materials, the Issuer could be held liable for any resulting damages, and any liability could exceed the Issuer's resources. Under certain environmental laws, the Issuer could be held responsible for costs relating to any contamination at the Issuer's current or past facilities and at third-party facilities. The Issuer also could incur significant costs associated with civil or criminal fines and penalties.

Compliance with applicable environmental laws and regulations may be expensive, and current or future environmental laws and regulations may impair the Issuer's research, product development and manufacturing efforts. In addition, the Issuer cannot entirely eliminate the risk of accidental injury or contamination from these materials or waste. Although the Issuer maintains workers' compensation insurance to cover the Issuer for costs and expenses the Issuer may incur due to injuries to the Issuer's employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. The Issuer does not currently maintain insurance for environmental liability or toxic tort claims that may be asserted against the Issuer in connection with storage or disposal of hazardous and flammable materials, including chemicals and biological materials. Accordingly, in the event of contamination or injury, the Issuer could be held

liable for damages or be penalized with fines in an amount exceeding the Issuer's resources, and the Issuer's clinical trials or regulatory approvals could be suspended, which could have a material adverse effect on business, financial condition, results of operations and growth prospects.

In addition, the Issuer may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair research, development or commercialization efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions that could have a material adverse effect on the Issuer's business, reputation and growth prospects.

1.1.6. Risks related to the Issuer's Intellectual Property

If the Issuer is unable to obtain, maintain, protect and enforce patent or other intellectual property protection for the Issuer's current and future technology and products, or if the scope of the patent or other intellectual property protection obtained is not sufficiently broad, the Issuer may not be able to compete effectively in the Issuer's markets.

The Issuer relies upon a combination of patents, trademarks, trade secrets and confidentiality agreements to protect the intellectual property related to the Issuer's development programs and product candidates. These legal measures afford only limited protection, and competitors or others may gain access to the Issuer's intellectual property and proprietary information. The Issuer's success depends in part on the Issuer's ability to obtain, maintain, expand, enforce and defend the scope of the Issuer's intellectual property protection in the United States and other countries with respect to the Issuer's product candidates.

The Issuer has sought and will continue to seek to protect the Issuer's proprietary position by filing patent applications in the United States and abroad related to the Issuer's development programs and product candidates. However, the patent prosecution process is expensive and time-consuming, and the Issuer may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patents or patent applications at a reasonable cost, in a timely manner, or in all jurisdictions where protection may be commercially advantageous, or the Issuer may not be able to protect the Issuer's proprietary rights at all. Additionally, in some instances, the Issuer has submitted and expects to submit provisional patent applications. Corresponding non-provisional patent applications must be filed not later than 12 months after the provisional application filing date. While the Issuer intends to timely file non-provisional patent applications relating to the Issuer's provisional patent applications, the Issuer cannot predict whether any such patent applications will result in the issuance of patents that provide the Issuer with competitive advantage. Any failure to obtain or maintain patent and other intellectual property protection with respect to the Issuer's product candidates could harm the Issuer's business, financial condition and results of operations. Additionally, although the Issuer seek to enter into non-disclosure and confidentiality agreements with parties who have access to patentable aspects of the Issuer's research and development output, any of these parties may breach the agreements and disclose such output before a patent application is filed, thereby jeopardizing the Issuer's ability to seek patent protection.

The patents and patent applications that the Issuer owns or in-license may fail to result in issued patents with claims that protect the Issuer's product candidates in the United States or in other foreign countries. There is no assurance that all of the potentially relevant prior art relating to the Issuer's patents and patent applications has been found, which can prevent a patent from issuing from a pending patent application, or be used to invalidate a patent. Even if patents do successfully issue and

even if such patents cover the Issuer's product candidates, third parties may challenge their validity, enforceability or scope, which may result in such patents being narrowed, invalidated or held unenforceable. Any successful opposition to these patents or any other patents owned by or licensed to the Issuer could deprive it of rights necessary for the successful commercialization of any product candidates that the Issuer may develop. Further, if the Issuer encounters delays in regulatory approvals, the period of time during which the Issuer could market a product candidate under patent protection could be reduced.

The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that the Issuer or any of the Issuer's licensors will be successful in protecting the Issuer's product candidates by obtaining, maintaining, enforcing and defending patents. These risks and uncertainties include the following:

- the U.S. Patent and Trademark office, or USPTO, and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent process, the noncompliance with which can result in abandonment or lapse of a patent or patent application, and partial or complete loss of patent rights in the relevant jurisdiction;
- patent applications may not result in any patents being issued;
- patents may be challenged, invalidated, modified, revoked, circumvented, found to be unenforceable or otherwise may not provide any competitive advantage;
- the Issuer's competitors, many of whom have substantially greater resources than the Issuer does and many of whom have made significant investments in competing technologies, may seek or may have already obtained patents that will limit, interfere with or block the Issuer's ability to make, use and sell the Issuer's products and product candidates;
- there may be significant pressure on the U.S. government and international governmental bodies to limit the scope of patent protection both inside and outside the United States for disease treatments that prove successful, as a matter of public policy regarding worldwide health concerns; and
- countries other than the United States may have patent laws less favorable to patentees than those upheld by U.S. courts, allowing foreign competitors a better opportunity to create, develop and market competing products.

The Issuer may also choose not to seek patent protection for certain innovations and may choose not to pursue patent protection in certain jurisdictions, and under the laws of certain jurisdictions, patents or other intellectual property rights may be unavailable or limited in scope. It is also possible that the Issuer will fail to identify patentable aspects of the Issuer's research and development output before it is too late to obtain patent protection. If the Issuer fails to timely file for patent protection in any jurisdiction, the Issuer may be precluded from doing so at a later date.

Moreover, the Issuer is, and could become in the future, a licensee of a third party's patents or patent applications and the Issuer may not have the right to control the preparation, filing or prosecution of such patent applications, or to maintain, enforce or protect the patents in-licensed from those third parties. The Issuer may also require the cooperation of the Issuer's licensors in order to enforce the licensed patent rights, and such cooperation may not be provided. Therefore, any licensed patents or

patent applications may not be prosecuted, maintained, enforced or protected in a manner consistent with the best interests of the Issuer's business. The Issuer also cannot be certain that patent prosecution and maintenance activities by any of the Issuer's licensors will be conducted in compliance with applicable laws and regulations, which may affect the validity and enforceability of such patents or any patents that may issue from such applications. If any of the Issuer's licensors fail to do so, this could cause the Issuer to lose rights in any applicable intellectual property, and as a result the Issuer's ability to develop and commercialize products or product candidates may be adversely affected and the Issuer may be unable to prevent competitors from making, using and selling competing products. In addition, even where the Issuer has the right to control the prosecution of patents and patent applications under a license from third parties, the Issuer may still be adversely affected or prejudiced by actions or inactions of the Issuer's predecessors or licensors and their counsel that took place prior to the Issuer assuming control over patent prosecution. If the Issuer's current or future licensors are not fully cooperative or disagree with the Issuer as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised. If disputes over intellectual property that the Issuer licenses prevents or impairs the Issuer's ability to maintain the Issuer's licensing arrangements on acceptable terms, the Issuer may not be able to successfully develop and commercialize the affected product candidates. Any of these outcomes could impair the Issuer's ability to prevent competition from third parties, which may have an adverse impact on the Issuer's business.

If the patent applications the Issuer own, license, or may own or license in the future with respect to the Issuer's development programs and product candidates fail to issue, if their breadth or strength of protection is threatened, or if they fail to provide meaningful exclusivity for the Issuer's product candidates, it could dissuade other companies from collaborating with the Issuer to develop product candidates, and threaten the Issuer's ability to commercialize the Issuer's product candidates, if approved. Any such outcome could have a materially adverse effect on the Issuer's business.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been and will continue to be the subject of litigation and new legislation. In addition, the laws of foreign countries may not protect the Issuer's rights to the same extent as the laws of the United States. For example, many countries restrict the patentability of methods of treatment of the human body. Publications in scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, there is a risk that the Issuer cannot know with certainty whether the Issuer or the Issuer's licensors the Issuer re the first to make the inventions claimed in the Issuer's owned or in-licensed patents or pending patent applications, or that the Issuer or the Issuer's licensors the Issuer re the first to file for patent protection of such inventions. As a result of these and other factors, the issuance, scope, validity, enforceability, and commercial value of the Issuer's owned and in-licensed patent rights are highly uncertain. The Issuer's owned and in-licensed pending and future patent applications may not result in patents being issued which protect the Issuer's technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of the Issuer's owned and in-licensed patents or narrow the scope of patent protection for the Issuer's product candidates.

Moreover, the Issuer or the Issuer's licensors may be subject to a third-party pre-issuance submission of prior art to the United States Patent and Trademark Office ("USPTO") or become involved in opposition, derivation, re-examination, inter partes review, post-grant review or interference proceedings challenging the Issuer's owned or in-licensed patent rights or the patent rights of others. In particular, the costs of defending patents or enforcing the Issuer's proprietary rights in post-issuance administrative proceedings and litigation can be substantial and the outcome can be uncertain. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, the Issuer's owned or in-licensed patent rights, allow third parties to commercialize the Issuer's technology or products and compete directly with the Issuer, without payment to it, or result in the Issuer's inability to manufacture or commercialize products without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by the Issuer's owned or in-licensed patents and patent applications is threatened, it could dissuade companies from collaborating to license, develop or commercialize current or future product candidates. The Issuer may not be aware of all third-party intellectual property rights potentially relating to the Issuer's products, product candidates or their intended uses, and as a result the impact of such third-party intellectual property rights upon the patentability of the Issuer's owned and in-licensed patents and patent applications, as the Issuer well as the impact of such third-party intellectual property upon the Issuer's freedom to operate, is highly uncertain. The Issuer cannot ensure that the Issuer does not infringe, misappropriate or otherwise violate any patents or other intellectual property or proprietary rights held by others or that the Issuer will not infringe, misappropriate or otherwise violate intellectual property or proprietary rights held by others in the future. If the Issuer's products the Issuer re found to infringe, misappropriate or otherwise violate any proprietary intellectual property or right of another party, the Issuer could be required to pay significant damages or license fees to such party and/or cease production, marketing and distribution of those products. Litigation may also be necessary to defend infringement, misappropriation or other violation claims of third parties or to enforce patent or other intellectual property rights the Issuer holds or protect trade secrets or techniques or other intellectual property the Issuer owns. Further, third parties may seek approval to market their own products similar to or otherwise competitive with the Issuer's products. In these circumstances, the Issuer may need to defend and/or assert the Issuer's patents or other intellectual property, including by filing lawsuits alleging patent infringement. In any of these types of proceedings, a court or agency with jurisdiction may find the Issuer's owned or in-licensed patents invalid, unenforceable, or not infringed; competitors may then be able to market products and use manufacturing and analytical processes that are substantially similar. Even if the Issuer owns or in-license valid and enforceable patents, these patents still may not provide protection against competing products or processes sufficient to achieve the Issuer's business objectives.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and patents in which the Issuer or the Issuer's licensors have an interest may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in loss of exclusivity or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit the Issuer's ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of the Issuer's technology and products. Generally, issued patents are granted a term of 20 years from the earliest claimed non-provisional filing date. In certain instances, patent terms can be adjusted to recapture a portion of delay incurred by the USPTO in examining the patent application (patent term adjustment). The scope of patent

protection may also be limited. In addition, the laws of foreign jurisdictions may not protect the Issuer's rights to the same extent as the laws of the U.S. For example, certain countries outside of the U.S. do not allow patents for methods of treating the human body. This may preclude the Issuer from obtaining method patents outside of the U.S. having similar scope to those the Issuer has obtained or may obtain in the future in the U.S.

It is possible that defects of form in the preparation or filing of the Issuer's owned or in-licensed patents or patent applications may exist, or may arise in the future, for example with respect to proper priority claims, inventorship, claim scope, or requests for patent term adjustments. The acquisition or licensing of third-party intellectual property rights is a competitive area, and the Issuer's competitors may pursue strategies to acquire or license third-party intellectual property rights that the Issuer may consider attractive or necessary, and the Issuer's competitors could market competing products and technology. The Issuer's competitors may have a competitive advantage due to their size, capital resources and greater development and commercialization capabilities. In addition, companies may be unwilling to assign or license rights to the Issuer. The Issuer also may be unable to acquire or license third-party intellectual property rights on terms that would allow the Issuer to make an appropriate return on the Issuer's investment or at all. If the Issuer is unable to the Issuer obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights the Issuer has, the Issuer may have to abandon development of the relevant product, and the Issuer's customers may be forced to stop using the relevant products. If the Issuer or the Issuer's current or future licensors fail to establish, maintain or protect such patents and other intellectual property rights, such rights may be reduced or eliminated. If there are material defects in the form, preparation, prosecution, or enforcement of the Issuer's patents or patent applications, such patents may be invalid and/or unenforceable, and such applications may never result in valid, enforceable patents. Any of these outcomes could impair the Issuer's ability to prevent competition from third parties, which may have an adverse impact on the Issuer's business.

Without patent protection for the Issuer's current or future product candidates, the Issuer may be open to competition from generic versions of such products. Given the amount of time required for the development, testing, and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, the Issuer's patent portfolio may not provide the Issuer with sufficient rights to exclude others from commercializing products similar or identical to the Issuer's own.

Depending upon the timing, duration and specifics of FDA marketing approval of future product candidates, one or more of the Issuer's U.S. patents may be eligible for limited patent term restoration under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years beyond the normal expiration of the patent as compensation for patent term lost during drug development and the FDA regulatory review process, which is limited to the approved indication (or any additional indications approved during the period of extension). A patent term extension cannot extend the remaining term of a patent beyond 14 years from the date of product approval. This extension is based on the first approved use of a product and is limited to only one patent that covers the approved product, the approved use of the product, or a method of manufacturing the product. However, the applicable agencies, including the FDA and the USPTO in the U.S., and any equivalent regulatory agency in other countries, may not agree with the Issuer's assessment of whether such extensions are available, and may refuse to grant extensions to the Issuer's patents, or

may grant more limited extensions than the Issuer requests. The Issuer may not be granted an extension because of, for example, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Moreover, the applicable time-period or the scope of patent protection afforded could be less than the Issuer requests. If the Issuer is unable to extend the expiration date of the Issuer's existing patents or obtain new patents with longer expiry dates, the Issuer's competitors may be able to take advantage of the Issuer's investment in development and clinical trials by referencing the Issuer's clinical and preclinical data to obtain approval of competing products following the Issuer's patent expiration and launch the Issuer's product earlier than might otherwise be the case.

Obtaining and maintaining intellectual property, including patent protection, depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental agencies, and the Issuer's intellectual property, including patent protection, could be reduced or eliminated for noncompliance with these requirements.

The patent prosecution process is expensive, time-consuming and complex. Periodic maintenance, renewal, annuity and various other fees on any issued patent are due to be paid to the USPTO and other foreign governmental agencies in several stages over the lifetime of the intellectual property. The USPTO and various national or international agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the intellectual property, resulting in partial or complete loss of rights in the relevant jurisdiction. Noncompliance events that could result in abandonment or lapse of rights include, but are not limited to, failure to timely file national and regional stage patent applications based on the Issuer's international application, failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. If the Issuer or any of the Issuer's licensors fail to maintain the intellectual property covering the Issuer's product candidates, the Issuer's competitors may be able to enter the market, which would have an adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer may not identify relevant third-party patents or may incorrectly interpret the relevance, scope or expiration of a third-party patent, which might adversely affect the Issuer's ability to develop and market the Issuer's products.

The Issuer cannot guarantee that any of the Issuer's patent searches or analyses, including the identification of relevant patents, the scope of patent claims or the expiration of relevant patents, are complete or thorough, nor can the Issuer be certain that the Issuer have identified each and every third-party patent and pending application in the United States and abroad that is relevant to or necessary for the commercialization of the Issuer's current and future product candidates in any jurisdiction. The scope of a patent claim is determined by an interpretation of the law, the written disclosure in a patent and the patent's prosecution history. The Issuer's interpretation of the relevance or the scope of a patent or a pending application may be incorrect, which may negatively impact the Issuer's ability to market the Issuer's product candidates, if approved. The Issuer may incorrectly determine that the Issuer's products are not covered by a third-party patent or may incorrectly predict whether a third-party's pending application will issue with claims of relevant scope. The Issuer's determination of the expiration date of any patent in the United States or abroad that the Issuer

considers relevant may be incorrect, and the Issuer's failure to identify and correctly interpret relevant patents may negatively impact the Issuer's ability to develop and market the Issuer's products. Also, because the claims of published patent applications can change between publication and patent grant, there may be published patent applications that may ultimately issue with claims that the Issuer infringes. As the number of competitors in the market grows and the number of patents issued in this area increases, the possibility of patent infringement claims escalates. Moreover, in recent years, individuals and groups that are non-practicing entities, commonly referred to as "patent trolls," have purchased patents and other intellectual property assets for the purpose of making claims of infringement in order to extract settlements. From time to time, the Issuer may receive threatening letters, notices or "invitations to license," or may be the subject of claims that the Issuer's products and business operations infringe, misappropriate or otherwise violate the intellectual property rights of others. The defence of these matters can be time consuming, costly to defend in litigation, divert management's attention and resources, damage the Issuer's reputation and brand and cause the Issuer to incur significant expenses or make substantial payments.

The Issuer may become subject to third-party claims or litigation alleging infringement, misappropriation or other violation of such third party's patents or other intellectual property or proprietary rights, or seeking to invalidate the Issuer's patents or other intellectual property or proprietary rights, which could be costly, time consuming, and, if successfully asserted against the Issuer, may delay or prevent the development and commercialization of any of the Issuer's product candidates.

The Issuer's commercial success depends in part on the Issuer and the Issuer's licensors avoiding infringement, misappropriation and other violations of the patents and other intellectual property or proprietary rights of third parties. There is a substantial amount of litigation, both within and outside the U.S., involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, derivation, and administrative law proceedings, inter partes review, and post-grant review before the USPTO, as well as oppositions and similar processes in foreign jurisdictions. Such challenges may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit the Issuer's ability to stop others from using or commercializing similar or identical products and techniques without payment, or limit the duration of the patent protection of the Issuer's technology. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which the Issuer and the Issuer's collaborators are developing product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, and as the Issuer gains greater visibility and market exposure as a public company, the risk increases that the Issuer's product candidates or other business activities may be subject to claims of infringement of the patent and other proprietary rights of third parties. Third parties may assert that the Issuer is infringing, misappropriating or otherwise violating their patents or other intellectual property or proprietary rights or employing their proprietary technology without authorization.

Also, there may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods of treatment related to the use or manufacture of the Issuer's current and future product candidates. Because patent applications can take many years to issue, there may be currently pending patent applications which may later result in issued patents that the Issuer's current or future product candidates may infringe.

In addition, third parties may obtain patent rights in the future and claim that use of the Issuer's technologies infringes upon their rights. If any third-party patents the Issuer re held by a court of competent jurisdiction to cover the manufacturing process of any of the Issuer's product candidates, any molecules formed during the manufacturing process, methods of treating certain diseases or conditions that the Issuer is pursuing with the Issuer's product candidates, the Issuer's formulations including combination therapies, or any final product itself, the holders of any such patents may be able to block the Issuer's ability to commercialize such product candidate unless the Issuer obtained a license under the applicable patents, or until such patents expire. Such a license may not be available on commercially reasonable terms or at all. In addition, the Issuer may be subject to claims that the Issuer is infringing, misappropriating or otherwise violating other intellectual property rights, such as trademarks or copyrights, or misappropriating the trade secrets of others, and to the extent that the Issuer's employees, consultants or contractors use intellectual property or proprietary information owned by others in their work for the Issuer, disputes may arise as to the rights in related or resulting know-how and inventions.

Parties making claims against the Issuer may obtain injunctive or other equitable relief, which could effectively block the Issuer's ability to further develop and commercialize one or more of the Issuer's current and future product candidates. Defence of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from the Issuer's business. In the event of a successful infringement or other intellectual property claim against the Issuer, the Issuer may have to pay substantial damages, including treble damages and attorneys' fees for wilful infringement, obtain one or more licenses from third parties, pay royalties or redesign the Issuer's affected products, which may be impossible or require substantial time and monetary expenditure. The Issuer cannot predict whether any such license would be available at all or whether it would be available on commercially reasonable terms. Furthermore, even in the absence of litigation, the Issuer may need to obtain licenses from third parties to advance the Issuer's research or allow commercialization of the Issuer's product candidates, and the Issuer has done so from time to time. The Issuer may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In that event, the Issuer would be unable to further develop and commercialize one or more of the Issuer's product candidates, which could harm the Issuer's business significantly. The Issuer cannot provide any assurances that third-party patents or other intellectual property or proprietary rights do not exist which might be enforced against the Issuer's product candidates, resulting in either an injunction prohibiting sales, or, with respect to the Issuer's sales, an obligation on the Issuer's part to pay royalties or other forms of compensation to third parties.

During the course of any intellectual property litigation, there could be public announcements of the initiation of the litigation as well as results of hearings, rulings on motions, and other interim proceedings in the litigation. If securities analysts or investors regard these announcements as negative, the perceived value of the Issuer's existing product candidates, programs or intellectual property could be diminished. Accordingly, the market price of Shares may decline. Such announcements could also harm the Issuer's reputation or the market for future products, which could have a material adverse effect on the Issuer's business.

Lawsuits or other proceedings to protect or enforce the Issuer's patents, the patents of any licensors or the Issuer's other intellectual property rights could be expensive, time consuming, and unsuccessful.

Competitors may infringe or otherwise violate the Issuer's patents, the patents of the Issuer's licensors or the Issuer's other intellectual property rights. To counter infringement or unauthorized use or misappropriations, the Issuer may be required to file legal claims, which can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that one or more patents of the Issuer or any of the Issuer's current or future licensors is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that the Issuer's patents do not cover the technology in question. An adverse result in any litigation or defence proceedings could put one or more of the Issuer's patents at risk of being invalidated or interpreted narrowly and could put the Issuer's patent applications at risk of not issuing. The initiation of a claim against a third party may also cause the third party to bring counterclaims against the Issuer, such as claims asserting that the Issuer's patents are invalid or unenforceable. In patent litigation in the U.S., defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, non-enablement or lack of statutory subject matter. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant material information from the USPTO, or made a materially misleading statement, during prosecution. Third parties may also raise similar validity claims before the USPTO in post-grant proceedings such as *ex parte* re-examinations, inter partes review, post-grant review or oppositions or similar proceedings outside the U.S., in parallel with litigation or even outside the context of litigation. The outcome following legal assertions of invalidity and unenforceability is unpredictable. The Issuer cannot be certain that there is no invalidating prior art, of which the Issuer and the patent examiner the Issuer re unaware during prosecution. Additionally, for any patents and patent applications that the Issuer licenses from third parties, the Issuer may have limited or no right to participate in the defence of such licensed patents against challenge by a third-party. If a defendant the Issuer re to prevail on a legal assertion of invalidity or unenforceability, the Issuer would lose at least part, and perhaps all, of the patent protection on the Issuer's current or future product candidates. Such a loss of patent protection could harm the Issuer's business.

Furthermore, even if the Issuer's patents or other intellectual property or proprietary rights are found to be valid and infringed, a court may refuse to grant injunctive relief against the infringer and instead award the Issuer monetary damages or ongoing royalties. Such monetary compensation may be insufficient to adequately offset the damage to the Issuer's business caused by the infringer's competition in the market. Because of the expense and uncertainty of litigation, the Issuer may conclude that even if a third party is infringing the Issuer's current or future owned or in-licensed patents, any patents that may be issued as a result of the Issuer's current or future owned or in-licensed patent applications, or other intellectual property rights, the risk-adjusted cost of bringing and enforcing such a claim or action may be too high or not in the best interest of the Issuer or the Issuer's shareholders. In such cases, the Issuer may decide that the more prudent course of action is to simply monitor the situation or initiate or seek some other non-litigious action or solution. Moreover, even if the Issuer is successful in any litigation, the Issuer may incur significant expense in connection with such proceedings, and the amount of any monetary damages may be inadequate to compensate the Issuer for damage as a result of the infringement and the proceedings.

In addition, third parties may assert infringement claims against the Issuer's customers. These claims may require the Issuer to initiate or defend protracted and costly litigation on behalf of the Issuer's customers or indemnify the Issuer's customers for any costs associated with their own initiation or defence of infringement claims, regardless of the merits of these claims. If any of these claims succeed or settle, the Issuer may be forced to pay damages or settlement payments on behalf of the Issuer's customers or may be required to obtain licenses for the products they use. If the Issuer cannot obtain all necessary licenses on commercially reasonable terms or at all, the Issuer's customers may be forced to stop using the Issuer's products.

The Issuer may not be able to prevent, alone or with the Issuer's licensors, infringement, misappropriation or other violation of the Issuer's intellectual property or other proprietary rights, particularly in countries where the laws may not protect those rights as fully as in the United States. The Issuer's business could be harmed if in litigation the prevailing party does not offer the Issuer a license on commercially reasonable terms or at all. Any litigation or other proceedings to enforce the Issuer's intellectual property or proprietary rights may fail, and even if successful, may result in substantial costs and distract the management and other employees.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of the Issuer's confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have an adverse effect on the price of Shares.

Changes in U.S. or foreign patent laws or their interpretations could diminish the value of patents in general, thereby impairing the Issuer's ability to protect the Issuer's products.

The United States government has enacted and implemented wide-ranging patent reform legislation. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to the Issuer's ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on actions by Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken the Issuer's ability to obtain new patents or to enforce patents that the Issuer has licensed or that the Issuer might obtain in the future. Similarly, changes in patent law and regulations in other countries or jurisdictions or changes in the governmental bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken the Issuer's ability to obtain new patents or to enforce patents that the Issuer has licensed or that the Issuer may obtain in the future.

In 2011, the Leahy-Smith America Invents Act (the "Leahy-Smith Act") was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted and also affect patent litigation. These also include provisions that switched the U.S. from a "first-to-invent" system to a "first-to-file" system, allow third-party submission of prior art to the USPTO during patent prosecution and set forth additional procedures to attack the validity of a patent by the USPTO administered post grant proceedings. Under a first-to-file system, assuming the other requirements for patentability are met, the first inventor to

file a patent application generally will be entitled to the patent on an invention regardless of whether another inventor had made the invention earlier. The USPTO recently developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, only became effective on March 16, 2013. A third-party that files a patent application in the USPTO after March 2013, but before the Issuer could therefore be awarded a patent covering an invention even if the Issuer had made the invention before it was made by such third-party. This will require the Issuer to be cognizant of the time from invention to filing of a patent application. Since patent applications in the U.S. and most other countries are confidential for a period of time after filing or until issuance, the Issuer cannot be certain that it was the first to file any patent application related to its products or invent any of the inventions claimed in its patents or patent applications.

The Leahy-Smith Act also includes a number of significant changes that affect the way patent applications will be prosecuted and also may affect patent litigation. These include allowing third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post-grant proceedings, including post-grant review, inter partes review and derivation proceedings. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in U.S. federal courts necessary to invalidate a patent claim, a third-party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third-party may attempt to use the USPTO procedures to invalidate the Issuer's patent claims that would not have been invalidated if first challenged by the third-party as a defendant in a district court action. Therefore, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of the Issuer's patent applications and the enforcement or defence of the Issuer's issued patents. In addition, future actions by the U.S. Congress, the federal courts and the USPTO could cause the laws and regulations governing patents to change in unpredictable ways. The Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of the Issuer's patent applications and the enforcement or defence of the Issuer's issued patents, all of which could have a material adverse effect on the Issuer's business, financial condition, and results of operations.

The Issuer may not be able to protect the Issuer's intellectual property rights throughout the world, which could impair the Issuer's business.

Filing, prosecuting, and defending patents covering the Issuer's product candidates throughout the world would be prohibitively expensive. Furthermore, the requirements for patentability and obtaining other intellectual property protection may differ in certain countries, particularly developing countries. In addition, the laws of many foreign countries will not protect the Issuer's intellectual property or other proprietary rights to the same extent as the laws of the United States. Competitors may use the Issuer's technologies in jurisdictions where the Issuer has not obtained patent or other intellectual property protection to develop their own products and, further, may export otherwise infringing products to territories where the Issuer may have or obtain patent or other intellectual property protection, but where patent or other intellectual property enforcement is not as strong as that in the United States. These unauthorized products may compete with the Issuer's products in such jurisdictions and take away the Issuer's market share where the Issuer does not have any issued or licensed patents or other intellectual property protection and any future patent claims or other

intellectual property rights may not be effective or sufficient to prevent them from so competing. The Issuer's ability to protect and enforce the Issuer's intellectual property rights may be adversely affected by unforeseen changes in foreign intellectual property laws.

The Issuer's reliance on third parties may require the Issuer to share the Issuer's trade secrets, which increases the possibility that a competitor will discover them or that the Issuer's trade secrets will be misappropriated or disclosed.

Because the Issuer relies on third parties for a wide variety of services, including the manufacture and continuing development of the Issuer's product candidates, the Issuer must, at times, share trade secrets with them. The Issuer seek to protect the Issuer's trade secrets in part by entering into agreements containing confidentiality and use restrictions and obligations prior to disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose the Issuer's confidential information, including the Issuer's trade secrets. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by the Issuer's competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that the Issuer's proprietary position is based, in part, on the Issuer's know-how and trade secrets, a competitor's discovery of the Issuer's trade secrets or other unauthorized use or disclosure could impair the Issuer's competitive position and may have an adverse effect on business and results of operations.

Despite the Issuer's efforts to protect the Issuer's trade secrets, the Issuer's competitors may discover the Issuer's trade secrets, either through breach of agreements with third parties, independent development or publication of information by any of the third-party collaborators. A competitor's discovery of the Issuer's trade secrets could impair the Issuer's competitive position and have an adverse impact on the Issuer's business.

If the Issuer fails to protect the confidentiality of the Issuer's trade secrets and other proprietary information, the value of the Issuer's product candidates and the Issuer's business and competitive position may be harmed.

In addition to patent protection, the Issuer also relies on other proprietary rights, including protection of trade secrets, know-how or other proprietary information that is not patentable or that the Issuer elects not to patent. Trade secrets can be difficult to protect, and some courts are less willing or unwilling to protect trade secrets. To maintain the confidentiality of the Issuer's trade secrets and proprietary information, the Issuer relies heavily on confidentiality provisions that the Issuer has in contracts with the Issuer's employees, consultants, collaborators and others upon the commencement of their relationship with the Issuer. However, the Issuer cannot guarantee that the Issuer has entered into such agreements with each party that may have or has had access to the Issuer's trade secrets or proprietary technology and processes and the Issuer may not enter into such agreements with all employees, consultants and third parties who have been involved in the development of the Issuer's intellectual property rights. In addition, monitoring unauthorized use and disclosure of the Issuer's intellectual property rights by employees, consultants and other third parties who have access to such intellectual property or other proprietary rights is difficult. Therefore, the Issuer may not be able to prevent the unauthorized disclosure or use of the Issuer's technical knowledge or other trade secrets by such employees, consultants, advisors or third parties, despite the existence generally of these confidentiality restrictions. There can be no assurance that such

employees, consultants, advisors or third parties will not breach their agreements with the Issuer, that the Issuer will have adequate remedies for any breach, or that the Issuer's trade secrets will not otherwise become known or independently developed by third parties, including the Issuer's competitors.

The Issuer may be subject to claims that the Issuer's employees, consultants or independent contractors have infringed, misappropriated or otherwise violated the intellectual property of a third party, including trade secrets or know-how of their former employers or other third parties.

The Issuer may be subject to claims that the Issuer's employees or consultants have wrongfully used for the Issuer's benefit or disclosed to the Issuer confidential information of third parties. The Issuer employ individuals who the Issuer re previously employed at other biotechnology or pharmaceutical companies, or at research institutions. Some of these employees, consultants and contractors may have executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although the Issuer try to ensure that the Issuer's employees and consultants do not use the intellectual property rights, proprietary information, know-how or trade secrets of others in their work for the Issuer and seek to protect the Issuer's ownership of intellectual property rights by ensuring that the Issuer's agreements with employees, collaborators, and other third parties with whom the Issuer do business include provisions requiring such parties to assign rights in inventions to the Issuer, the Issuer may be subject to claims that the Issuer or the Issuer's employees, consultants or independent contractors have inadvertently or otherwise used or disclosed confidential information of the Issuer's employees' former employers or other third parties. To the extent that the Issuer's employees, consultants or contractors use intellectual property rights or proprietary information owned by others in their work for the Issuer, disputes may arise as to the rights in any related or resulting know-how and inventions. The Issuer may also be subject to claims that former employers or other third parties have an ownership interest in the Issuer's patents or other intellectual property or proprietary rights. Litigation may be necessary to defend against any of these claims. There is no guarantee of success in defending these claims, and if the Issuer fails in defending any such claims, in addition to paying monetary damages, the Issuer may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. In addition, the Issuer may lose personnel as a result of such claims and any such litigation or the threat thereof may adversely affect the Issuer's ability to hire employees or contract with independent contractors. Even if the Issuer is successful, litigation could result in substantial cost and be a distraction to the Issuer's management and other employees.

If the Issuer fails to validly execute invention assignment agreements with the Issuer's employees and contractors involved in the development of intellectual property, the value of the Issuer's products, business and competitive position may be harmed. The Issuer's patent rights and other intellectual property may also be subject to priority, ownership or inventorship disputes, interferences, and similar proceedings.

To maintain the confidentiality of the Issuer's trade secrets, proprietary information and other intellectual property rights, the Issuer generally have confidentiality and invention assignment provisions in place with the Issuer's employees, consultants, suppliers, contract manufacturers, collaborators, and others upon the commencement of a relationship. However, the Issuer may not enter into such agreements with each party that may have or have had access to the Issuer's trade secrets or proprietary technology and processes or who conceives or develops intellectual property

rights that the Issuer regards as the Issuer's own. Moreover, even when the Issuer obtains agreements assigning intellectual property to the Issuer, the assignment of intellectual property rights may not be self-executing, and the Issuer may be forced to bring claims against third parties or defend claims that they may bring against the Issuer to determine the ownership of what the Issuer regards as the Issuer's intellectual property. There can be no assurance that such agreements will be upheld in the face of a potential challenge or that third parties will not breach their agreements with the Issuer, or that the Issuer will have adequate remedies for any breach.

The Issuer may also be subject to claims that former employees, collaborators, or other third parties have an interest in the Issuer's current or future patents and patent applications or other intellectual property rights, including as an inventor or co-inventor. If the Issuer is unable to obtain an exclusive license to any such third-party co-owners' interest in such patents and patent applications, such co-owners rights may be subject, or in the future subject, to assignment or license to other third parties, including competitors. In addition, the Issuer may need the cooperation of any such co-owners to enforce any such patents and any patents issuing from such patent applications against third parties, and such cooperation may not be provided. Additionally, the Issuer may be subject to claims from third parties challenging the Issuer's ownership interest in or inventorship of intellectual property the Issuer regard as the Issuer's own, for example, based on claims that the Issuer's agreements with employees or consultants obligating them to assign intellectual property rights to the Issuer are ineffective or in conflict with prior or competing contractual obligations to assign inventions to another employer, to a former employer, or to another person or entity, despite the inclusion of valid, present-tense intellectual property assignment obligations. Litigation may be necessary to defend against claims, and it may be necessary or the Issuer may desire to enter into a license to settle any such claim.

If the Issuer or the Issuer's licensors are unsuccessful in any priority, validity (including any patent oppositions), ownership or inventorship disputes to which the Issuer or they are subject, the Issuer may lose valuable intellectual property rights through the loss of one or more of the Issuer's patents, or such patent claims may be narrowed, invalidated, or held unenforceable, or through loss of exclusive ownership of or the exclusive right to use the Issuer's owned or in-licensed patents. In the event of loss of patent rights as a result of any of these disputes, the Issuer may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If the Issuer is unable to obtain and maintain such licenses, the Issuer may need to cease the development, manufacture, and commercialization of one or more of the product candidates the Issuer may develop. An inability to incorporate technologies, features or other intellectual property that are important or essential to the Issuer's products could have a material adverse effect on the Issuer's business and competitive position. The loss of exclusivity or the narrowing of the Issuer's patent claims could limit the Issuer's ability to stop others from using or commercializing similar or identical technology and product candidates. Even if the Issuer is successful in priority, inventorship or ownership disputes, such disputes could result in substantial costs and be a distraction to management and other employees. Any litigation or the threat thereof may adversely affect the Issuer's ability to hire employees or contract with independent sales representatives. Any of the foregoing could result in a material adverse effect on the Issuer's business, financial condition, results of operations or prospects.

Intellectual property rights do not necessarily address all potential threats to the Issuer's competitive advantage.

The degree of future protection afforded by the Issuer's intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect the Issuer's business, or permit the Issuer to maintain the Issuer's competitive advantage. The following examples are illustrative:

- others may be able to make products that are similar to the Issuer's current and future product candidates the Issuer intends to commercialize that are not covered by the patents that the Issuer exclusively licensed and have the right to enforce;
- the Issuer or any of the Issuer's future licensors or collaborators might not have been the first to make the inventions covered by the issued patents or pending patent applications that the Issuer owns or license;
- the Issuer or any of the Issuer's current or future licensors or collaborators might not have been the first to file patent applications covering certain of the Issuer's or their inventions;
- others may independently develop similar or alternative technologies or duplicate any of the Issuer's technologies without infringing, misappropriating or otherwise violating the Issuer's owned or in-licensed intellectual property rights;
- others may have access to the same intellectual property rights licensed to the Issuer on a nonexclusive basis;
- it is possible that the Issuer's future patent applications will not lead to issued patents;
- issued patents that the Issuer owns or in-license may not provide the Issuer with any competitive advantages, or may be held invalid or unenforceable as a result of legal challenges;
- the Issuer's competitors might conduct research and development activities in countries that provide a safe harbor from patent infringement claims for certain research and development activities, as well as in countries where the Issuer does not have patent rights, and then use the information learned from such activities to develop competitive products for sale in the Issuer's major commercial markets;
- the Issuer may choose not to seek patent protection for some of the Issuer's proprietary technology to maintain certain trade secrets or know-how, and a third party may subsequently file a patent covering such trade secrets or know-how; and
- the Issuer may not develop additional proprietary technologies that are patentable.

Should any of these events occur, they could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

If the Issuer's current and future trademarks and trade names are not adequately protected, then the Issuer may not be able to build name recognition in the Issuer's markets and markets of interest and the Issuer's business may be adversely affected.

The Issuer intends to use registered or unregistered trademarks or trade names to brand and market the Issuer's products. The Issuer's trademarks or trade names may be challenged, infringed,

circumvented or declared generic or determined to be infringing on other marks. The Issuer may not be able to protect the Issuer's rights to these trademarks and trade names, which the Issuer needs to build name recognition among potential partners or customers in the markets of interest. During trademark registration proceedings, the Issuer may receive rejections of the Issuer's applications by the USPTO or in other foreign jurisdictions. Although the Issuer would be given an opportunity to respond to those rejections, the Issuer may be unable to overcome such rejections. In the event that the Issuer's trademarks are successfully challenged, the Issuer could be forced to rebrand the Issuer's products, which could result in loss of brand recognition, and could require the Issuer to devote resources to advertising and marketing new brands. In addition, in the USPTO and in comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against the Issuer's trademarks, and the Issuer's trademarks may not survive such proceedings. At times, competitors may adopt trade names or trademarks similar to the Issuer's, thereby impeding the Issuer's ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other trademarks or trademarks that incorporate variations of the Issuer's registered or unregistered trademarks or trade names. Over the long term, if the Issuer is unable to establish name recognition based on the Issuer's trademarks and trade names, then the Issuer may not be able to compete effectively and the Issuer's business may be adversely affected. The Issuer may license the Issuer's trademarks and trade names to third parties, such as distributors. Though these license agreements may provide guidelines for how trademarks and trade names may be used, a breach of these agreements or misuse of such trademarks and tradenames by the Issuer's licensees may jeopardize the Issuer's rights in or diminish the goodwill associated with the Issuer's trademarks and trade names. The Issuer's efforts to enforce or protect the Issuer's proprietary rights related to trademarks, trade names, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect the Issuer's business, growth prospects, operating results and financial condition.

1.1.7. Risks related to Domicile in Switzerland, being Foreign Private Issuer and Potential Tax Risk

The Issuer is a Swiss stock corporation. The rights of its shareholders may be different from the rights of shareholders in companies governed by Icelandic laws and the laws of U.S. jurisdictions.

The Issuer is a Swiss stock corporation. The Issuer's corporate affairs are governed by the Issuer's articles of association and by the laws governing companies, including listed companies, incorporated in Switzerland. The rights of the Issuer's shareholders and the responsibilities of members of the Issuer's board of directors may be different from the rights and obligations of shareholders and directors of companies governed by Icelandic laws and the laws of the United States. In the performance of its duties, the Issuer's board of directors is required by Swiss law to consider the interests of the Issuer, and may also have regard to the interests of the Issuer's shareholders, the Issuer's employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, Investors' interests as shareholders. Swiss corporate law limits the ability of the Issuer's shareholders to challenge resolutions made or other actions taken by the Issuer's board of directors in court.

The Issuer's shareholders generally are not permitted to file a suit to reverse a decision or an action taken by the Issuer's board of directors, but are instead only permitted to seek damages for breaches of fiduciary duty. As a matter of Swiss law, shareholder claims against a member of the Issuer's board of directors for breach of fiduciary duty would have to be brought to the competent courts at the Issuer's registered office, currently in Zug, Switzerland. In addition, under Swiss law, any claims by shareholders against the Issuer must be brought exclusively to the competent courts at the Issuer's registered office, currently in Zug, Switzerland. U.S.-style class actions and derivative actions are not available under Swiss law. There can be no assurance that Swiss law will not change in the future, which could adversely affect the rights of the Issuer's shareholders, or that Swiss law will protect the Issuer's shareholders in a similar fashion as under U.S. corporate law principles.

The Issuer's Shares are not listed in Switzerland, the Issuer's home jurisdiction. As a result, certain Swiss law provisions designed to protect shareholders in the event of a public takeover offer or change of control transaction will not apply.

The Swiss rules that require investors to disclose their interest in a company if they reach, exceed or fall below certain ownership thresholds only applies to issuers that have a listing (including a secondary listing) for their equity securities in Switzerland. Since the Shares are listed on The Nasdaq Global Market, a U.S. market, and on the Nasdaq Main Market, an Icelandic market, the disclosure obligations regarding major shareholdings according to art. 120 of the Swiss Financial Markets Infrastructure Act and its implementing provisions do not apply to the Issuer. Likewise, the Swiss takeover regime does not apply to the Issuer. In particular, the duty to make a mandatory bid offer for all outstanding listed equity securities of a company by any person or group of persons that acquires more than one third of a company's voting rights does not apply to the Issuer. In addition, the Swiss takeover regime imposes certain restrictions and obligations on bidders in a voluntary public takeover offer that are designed to protect shareholders. However, these protections are applicable only to issuers that list their equity securities in Switzerland and, because the Shares are listed on The Nasdaq Global Market, a U.S. market, and on the Nasdaq Main Market, an Icelandic market, are not applicable to the Issuer. Furthermore, since Swiss law restricts the Issuer's ability to implement rights plans or U.S.-style "poison pills," the Issuer's ability to resist an unsolicited takeover attempt or to protect minority shareholders in the event of a change of control transaction may be limited. Therefore, the Issuer's shareholders may not be protected in the same degree in a public takeover offer or a change-of-control transaction as are shareholders in a Swiss company listed in Switzerland.

The Issuer's status as a Swiss stock corporation means that the Issuer's shareholders enjoy certain rights that may limit its flexibility to raise capital, issue dividends and otherwise manage ongoing capital needs.

Swiss law reserves for approval by shareholders certain corporate actions over which a board of directors would have authority in some other jurisdictions. For example, the payment of dividends and the cancellation of treasury shares must be approved by shareholders. Swiss law also requires that the Issuer's shareholders themselves resolve to, or authorize its board of directors to, increase the Issuer's share capital. While its shareholders may introduce a capital band pursuant to which share capital that can be issued by its board of directors without additional shareholder approval, Swiss law limits this capital band to 50% of the share capital registered in the commercial register at the time of the introduction of the capital band. The capital band, furthermore, has a limited duration of up to five years and must be renewed by the shareholders from time to time thereafter in order to be

available for raising capital. Additionally, subject to specified exceptions, including exceptions explicitly described in the Issuer's articles of association, Swiss law grants pre-emptive rights to existing shareholders to subscribe for new issuances of shares, which may be limited or withdrawn under certain conditions. Swiss law also does not provide as much flexibility in the various rights and regulations that can attach to different classes of shares as do the laws of some other jurisdictions. These Swiss law requirements relating to the Issuer's capital management may limit the Issuer's flexibility, and situations may arise where greater flexibility would have provided benefits to its shareholders. Please see further information in chapter 10.

Anti-takeover provisions in the Issuer's Articles of Association could make an acquisition of the Issuer, which may be beneficial to its shareholders, more difficult.

The Issuer's Articles of Association contain provisions that may have the effect of discouraging, delaying or preventing a change in control of the Issuer that shareholders may consider favorable, including transactions in which its shareholders may receive a premium for their shares. The Issuer's Articles of Association include provisions that:

- in certain cases, allow the Issuer's board of directors to place such number of new Shares corresponding to up to 17,841,084 Shares (capital band) and to place rights to acquire such number of new shares corresponding to up to an additional 5,000,000 of new Shares (conditional capital for bonds and similar debt instruments) respectively, of the expected outstanding share capital, with affiliates or third parties, without existing shareholders having statutory pre-emptive rights in relation to this share placement;
- allow the Issuer's board of directors not to record any acquirer of Shares, or several acquirers acting in concert, in the Issuer's share register as a shareholder with voting rights with respect to more than 15% of the Issuer's share capital registered in the commercial register;
- restrict shareholders from exercising voting rights with respect to own or represented shares in excess of 15% of the Issuer's share capital registered in the commercial register;
- limit the size of the Issuer's board of directors to nine members; and
- require two-thirds of the votes represented at a general meeting of shareholders for amending or repealing the above-mentioned registration and voting restrictions, the provision setting a maximum board size, and the provision for indemnification of the members of the Issuer's board of directors and the Issuer's executive committee as set forth in the Issuer's articles of association, and for dismissing the chairman or any member of the Issuer's board of directors or any member of the Issuer's remuneration committee before the end of his or her term of office.

These and other provisions of the Issuer's articles of association, alone or together, could delay or prevent takeovers and changes in control. Please see the chapter 10. Any provision of the Articles of Association that has the effect of delaying or preventing a change in control could limit the opportunity for shareholders to receive a premium for their shares of the Issuer's share capital and could also affect the price that some investors are willing to pay for Shares.

The Issuer may lose the Issuer's foreign private issuer status, which would then require the Issuer to comply with the domestic reporting requirements of the US Exchange Act and cause the Issuer to incur significant legal, accounting and other expenses.

The Issuer is a foreign private issuer and therefore is not required to comply with all of the periodic disclosure and current reporting requirements of the US Exchange Act applicable to U.S. domestic issuers. In order to maintain the Issuer's status as a foreign private issuer, either (i) a majority of its Shares must be either directly or indirectly owned of record by non-residents of the United States; or (ii) (a) a majority of its executive officers or directors may not be United States citizens or residents, (b) more than 50% of its assets cannot be located in the United States and (c) its business must be administered principally outside the United States. If it lost this status, it would be required to comply with the US Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. Among other things, the Issuer would be required under current SEC rules to prepare its financial statements in accordance with generally accepted accounting principles in the United States, rather than International Financial Reporting Standards ("**IFRS**"), which would involve significant time and cost and could result in variations, which could be material, between historical financial results reported under IFRS and as reported under US Generally Accepted Accounting Principles ("**GAAP**"). It may also be required to make changes in its corporate governance practices in accordance with various SEC and Nasdaq Global Market rules. The regulatory and compliance costs in relation to U.S. securities laws, if the Issuer is required to comply with the reporting requirements applicable to a U.S. domestic issuer, may be significantly higher than the cost it would incur as a foreign private issuer. As a result, the Issuer expects that a loss of foreign private issuer status would increase the Issuer's legal and financial compliance costs and would make some activities highly time-consuming and costly. If it loses its foreign private issuer status and is unable to devote adequate funding and the resources needed to maintain compliance with U.S. securities laws, while continuing its operations, the Issuer could be forced to deregister with the SEC. A deregistration would substantially reduce or effectively terminate the trading of its securities in the United States. The Issuer also expects that if the Issuer were required to comply with the rules and regulations applicable to U.S. domestic issuers, it would make it more difficult and expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These rules and regulations could also make it more difficult for the Issuer to attract and retain qualified members of the Issuer's board of directors.

As a result of changes in tax laws, treaties, rulings, regulations or agreements, or their interpretation, of Switzerland or any other country in which the Issuer operates, the loss of a major tax dispute or a successful challenge to the Issuer's operating structure, intercompany pricing policies or the taxable presence of the Issuer's key subsidiaries in certain countries, or other factors, the Issuer's effective income tax rates may increase in the future, which could adversely affect the Issuer's net income and cash flows.

The Issuer operates in multiple jurisdictions and the Issuer's profits are taxed pursuant to the tax laws of these jurisdictions. The tax laws applicable to the Issuer's business activities, however, are subject to changes in interpretation. The Issuer's tax position could be adversely impacted by changes in tax rates, tax laws, tax practice, tax treaties or tax regulations or changes in the interpretation thereof by the tax authorities in jurisdictions in which the Issuer does business. The Issuer's effective income tax rate may be affected by changes in or interpretations of tax laws, treaties, rulings, regulations or

agreements in any given jurisdiction, the resolution of issues arising from any future tax audits with various tax authorities, utilization of net operating loss and tax credit carry forwards, changes in geographical allocation of income and expense, and changes in management's assessment of matters such as the realizability of deferred tax assets. In the past, the Issuer has experienced fluctuations in the Issuer's effective income tax rate. The Issuer's actual tax rate may vary from the Issuer's expectation and that variance may be material. The Issuer's effective income tax rate in a given fiscal year reflects a variety of factors that may not be present in the succeeding fiscal year or years. There is no assurance that the Issuer's effective income tax rate will not change in future periods.

The Issuer files Swiss and non-Swiss tax returns. The Issuer is subject to tax audits, examinations and assessments in various jurisdictions. If any tax authority successfully challenges the Issuer's operational structure, allocation of income by tax jurisdiction, or amounts paid between the Issuer's affiliated companies pursuant to the Issuer's intercompany arrangements or transfer pricing policies, if any tax authority successfully asserts that the Issuer is subject to income, withholding or other taxes in a jurisdiction by reason of the Issuer's activities and operations or the Issuer's other taxable presence in such jurisdiction, if the terms of certain income tax treaties are interpreted in a manner that is adverse to the Issuer's structure, or if the Issuer loses a material tax dispute in any country, the Issuer's effective income tax rate could increase. A tax authority may take the position that material income or other tax liabilities, interest and penalties are payable by the Issuer, in which case, the Issuer expects that the Issuer might contest such assessment. Contesting such an assessment may be lengthy and costly and if the Issuer were unsuccessful in disputing the assessment, the implications could increase the Issuer's anticipated effective tax rate, which could adversely affect the Issuer's profitability. If the Issuer's effective income tax rate increases in future periods, the Issuer's net income and cash flows could be adversely affected, including in future tax years.

Due to the Swiss corporate tax law reform that took effect on January 1, 2020, all Swiss cantons, including the Canton of Zug, the Canton in which the Issuer has its headquarters, have abolished the cantonal tax privileges. Therefore, since its incorporation and registration with the Commercial Register of the Canton of Zug on October 31, 2022, the Issuer is subject to standard cantonal taxation. The standard effective corporate tax rate in Zug, Canton of Zug, can change from time to time. The standard combined (federal, cantonal, communal) effective corporate income tax rate, except for dividend income for which the Issuer could claim a participation exemption, for 2023 in Zug will be approximately 11.82%. The Federal Council of Switzerland has submitted on 23 June 2022 a proposal for a minimum tax of 15 percent for groups of companies with annual sales of at least 750 million euros on the basis of an internationally standardized assessment base. This proposal would implement the so-called GloBE rules (Global Anti-Base Erosion Rules) of the OECD. The minimum tax rate must be achieved in each country. Switzerland plans to implement these rules with a supplementary direct tax to become effective on January 1, 2024, which—if adopted—will result in a minimum tax rate of 15 percent on large corporate groups that achieve a worldwide turnover of at least 750 million euros.

Exchange rate may materially affect the Issuer's results of operations and financial condition.

Due to the international scope of the Issuer's operations, the Issuer's assets, earnings and cash flows are influenced by movements in exchange rates of several currencies, particularly regarding U.S. dollars, euros, ISK and Swiss francs. The Issuer's functional currency is the Swiss franc and the majority of the Issuer's operating expenses are paid in Swiss francs. Further, potential future revenue may be derived from abroad, particularly from the United States and the European Union. As a result, the

Issuer's business and share price may be affected by fluctuations in foreign exchange rates between the Swiss franc, the euro, the U.S. dollar and these other currencies, which may also have a significant impact on the Issuer's reported results of operations and cash flows from period to period. Besides the Issuer's natural hedging, currently, the Issuer does not have any exchange rate hedging arrangements in place.

1.2. Risks Related to Issuer's Securities

The dual listing of the Shares may affect liquidity and value of those shares, and increase regulatory risk of the Issuer.

The dual listing of the Shares may adversely affect the liquidity and value of those Shares. The Issuer's Shares will be listed on both the Nasdaq Global Market and the Nasdaq Main Market. The trading of the Shares in these markets will take place in different currencies (U.S. dollars on Nasdaq Global Market and Icelandic Krona on Nasdaq Main Market), at different times (resulting from different time zones, different trading days and different public holidays in the United States and Iceland) and with different settlement mechanics. The trading prices of Shares on these markets may differ due to these and other factors. Any decrease in the price of Shares on Nasdaq Main Market could cause a decrease in the trading price of the Shares on Nasdaq Global Market and vice versa. Investors could seek to sell or buy Shares to take advantage of any price differences between the markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both the trading prices on one exchange and the Shares available for trading on the other exchange. Further, the dual listing of Shares may reduce the liquidity of these securities in one or both markets and may adversely affect the development of an active trading market for Shares in the United States.

As a dual-listed Swiss company listed on Nasdaq Main Market and Nasdaq Global Market, the Issuer will be subject to reporting requirements and certain other applicable requirements under Swiss law, U.S. law and Icelandic law, including, but not limited to, the Market Abuse Regulation. Adherence to the requirements of these rules and regulations may increase the Issuer's legal, accounting and financial compliance costs, make certain activities more difficult, time consuming and costly, place additional strain on resources and divert management's attention away from other business matters.

In addition, the applicable legal requirements or the interpretation of such requirements by regulators and courts in each of these jurisdictions may differ or conflict which could expose the Issuer to additional costs, sanctions and/or fines. Any of these factors could have a material effect on the Issuer's business, results of operations and financial condition.

The market price and trading volume of the Issuer's Shares and warrants may be volatile and could decline significantly.

The Nasdaq Global Market and Nasdaq Main Market, on which the Issuer's Shares will be listed under the symbol OCS and warrants on Nasdaq Global Market under the symbol OCSAW, have from time to time experienced significant price and volume fluctuations. The market price of Shares and Warrants may be volatile and could decline significantly. In addition, the trading volume in Shares and Warrants may fluctuate and cause significant price variations to occur. Additionally, any substantial amount of trading or sales in Shares could make it difficult for the Issuer to raise capital through the issuance of debt or equity securities in the future. Generally, securities of biopharmaceutical companies tend to be volatile and experience significant price and volume fluctuations. The Issuer cannot assure the

Investor that the market price of the Shares and Warrants will not fluctuate widely or decline significantly in the future in response to a number of factors, including, among others, the following:

- the realization of any of the risk factors presented in this Prospectus;
- actual or anticipated differences in the Issuer's estimates, or in the estimates of analysts, for the Issuer's revenues, results of operations, liquidity or financial condition;
- additions and departures of key personnel;
- failure to comply with the requirements of Nasdaq;
- failure to comply with the Sarbanes-Oxley Act or other laws or regulations;
- future issuances, sales or resales, or anticipated issuances, sales or resales, of Shares;
- publication of research reports about the Issuer;
- the performance and market valuations of other similar companies;
- broad disruptions in the financial markets, including sudden disruptions in the credit markets;
- speculation in the press or investment community;
- actual, potential or perceived control, accounting or reporting problems; and
- changes in accounting principles, policies and guidelines.

In the past, securities class-action litigation has often been instituted against companies following periods of volatility in the market price of their shares. This type of litigation could result in substantial costs and divert the Issuer's management's attention and resources, which could have a material adverse effect on the Issuer.

The Issuer expects to issue additional Shares, including under 2023 Plan. Any such issuances would dilute the interest of the Issuer's shareholders and likely present other risks.

The Issuer expect to issue a substantial number of Shares, including under the 2023 Plan.

Shares reserved for future issuance under the 2023 Plan will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements, lock-up agreements and, in some cases, limitations on volume and manner of sale applicable to affiliates under Rule 144, as applicable. The aggregate number of Shares initially reserved for issuance under the 2023 Plan is 7,835,544 Shares. As of December 31, 2023, the Issuer had outstanding equity awards covering 3,466,210 Shares.

Any such issuances of additional Shares or securities convertible into Shares:

- may significantly dilute the equity interests of the Issuer's investors;
- may subordinate the rights of holders of Shares if securities are issued with rights senior to those afforded Shares; and
- may adversely affect prevailing market prices for Shares.

The Issuer does not currently intend to pay dividends on the Issuer's securities and, consequently, the Investors ability to achieve a return on investment will depend on appreciation in the price of the Shares. In addition, Swiss law may limit the amount of dividends the Issuer is able to distribute.

Warrants issued by the Issuer are exercisable for Shares, the exercise of which would increase the number of shares eligible for future resale in the public market and result in dilution to the Issuer's shareholders.

As a result of the Business Combination being consummated, outstanding warrants to purchase an aggregate of 4,403,294 Shares became exercisable in accordance with the terms of the Warrant Agreement. These warrants became exercisable on April 2, 2023. The exercise price of these warrants is $11.50 per share, or approximately $50.6 million, assuming none of the warrants are exercised through "cashless" exercise. To the extent such warrants are exercised, additional Shares will be issued, which will result in dilution to the holders of Shares and increase the number of shares eligible for resale in the public market. If the trading price for the Issuer's Shares is less than $11.50 per share, holders of Public Warrants and Private Placement Warrants will be unlikely to exercise their warrants.

Future sales of Shares by existing shareholders could depress the market price of the Shares.

If the Issuer's existing shareholders sell, or indicate an intent to sell, substantial amounts of Shares in the public market after any applicable lock-up and other legal restrictions on resale lapse, the trading price of the Issuer's Shares could decline significantly.

If securities or industry analysts do not publish or cease publishing research or reports about the Issuer, its business, or its market, or if they change their recommendations regarding Shares adversely, then the price and trading volume of Shares could decline.

The trading market for Shares is influenced by the research and reports that industry or securities analysts may publish about the Issuer, its business, its market, or its competitors. If any of the analysts who may cover the Issuer change their recommendation regarding Shares adversely, cease to provide coverage or provide more favourable relative recommendations about the Issuer's competitors, the price of Shares would likely decline.

2. CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements in this Prospectus constitute forward-looking statements that do not directly or exclusively relate to historical facts. The Investors should not place undue reliance on such statements because they are subject to numerous uncertainties and factors relating to the Issuer's operations and business environment, all of which are difficult to predict and many of which are beyond the Issuer's control. Forward-looking statements include information concerning the Issuer's possible or assumed future results of operations, including descriptions of its business strategy. These statements are often, but not always, made through the use of words or phrases such as "believe," "anticipate," "could," "may," "would," "should," "intend," "plan," "potential," "predict," "will," "expect," "estimate," "project," "positioned," "strategy," "outlook" and similar expressions. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following:

- the Issuer's financial performance;
- the ability to maintain the listing of its Shares on the Nasdaq Global Market and Nasdaq Iceland;
- timing and expected outcomes of clinical trials, preclinical studies, regulatory submissions and approvals, as well as commercial outcomes;
- expected benefits of the Issuer's business and scientific approach and technology;
- the potential safety and efficacy of the Issuer's product candidates;
- the Issuer's ability to successfully develop, advance and commercialize the Issuer's pipeline of product candidates;
- the effectiveness and profitability of the Issuer's collaborations and partnerships, the Issuer's ability to maintain current collaborations and partnerships and enter into new collaborations and partnerships;
- expectations related to future milestone and royalty payments and other economic terms under the Issuer's collaborations and partnerships;
- estimates regarding future revenue, expenses, capital requirements, financial condition, and need for additional financing;
- estimates of market opportunity for the Issuer's product candidates;
- the effects of increased competition as well as innovations by new and existing competitors in the Issuer's industry;
- the Issuer's strategic advantages and the impact those advantages may have on future financial and operational results;
- the Issuer's expansion plans and opportunities;
- the Issuer's ability to grow its business in a cost-effective manner;
- the Issuer's expectations regarding its ability to obtain and maintain intellectual property protection and not infringe on the rights of others;

- the impact of macroeconomic factors and other global events, such as the Russia-Ukraine conflict, on the Issuer's business;
- changes in applicable laws or regulations; and
- the outcome of any known and unknown litigation and regulatory proceedings.

These forward-looking statements are based on information available as of the date of this Prospectus, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing the Issuer's views as of any subsequent date, and the Issuer does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Investors should not place undue reliance on these forward-looking statements in deciding to invest in the Issuer's securities. As a result of a number of known and unknown risks and uncertainties, the Issuer's actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include:

- the outcome of any legal or regulatory proceedings, including any legal proceedings that may be instituted against the Issuer regarding the Business Combination;
- the ability to maintain the listing of the Shares on the Nasdaq Global Market and Nasdaq Main Market;
- the ability to recognize the anticipated benefits of the Business Combination, which may be affected by, among other things, competition and the Issuer's ability to grow and manage growth profitably following the Business Combination;
- the risk that the Issuer may never achieve or sustain profitability;
- the risk that the Issuer will need to raise additional capital to execute its business plan, which may not be available on acceptable terms or at all;
- the risk that the Issuer experiences difficulties in managing its growth and expanding operations;
- the risk that the Issuer will need to raise additional capital to execute its business plan, which may not be available on acceptable terms or at all;
- the risk that the Issuer experiences difficulties in managing its growth and expanding operations;
- changes in applicable laws or regulations;
- the effects of competition on the Issuer's future business;
- the Issuer's position in the market against current and future competitors;
- the Issuer's expansion into new products, services, technologies or geographic regions;
- the ability to implement business plans, forecasts, and other expectations, and identify and realize additional opportunities and to continue as a going concern;

- the risk of downturns and the possibility of rapid change in the highly competitive industry in which the Issuer operates;
- the risk that the Issuer and its current and future commercial partners are unable to successfully develop, seek marketing approval for, and commercialize the Issuer's products or services, or experience significant delays in doing so;
- the risk that the Issuer is unable to secure or protect its intellectual property;
- the risk that estimated growth of the industry does not occur, or does not occur at the rates or timing the Issuer has assumed based on third-party estimates and its own internal analysis;
- the possibility that the Issuer may be adversely affected by other economic, business, and/or competitive factors;
- the effects of macroeconomic factors and other global events, such as the Russia-Ukraine conflict, on the Issuer's business; and
- other risks and uncertainties described in this Prospectus, including those under the chapter entitled "Risk Factors."

3. GENERAL INFORMATION

3.1. Notice to Investors

The Prospectus has been scrutinised and approved by the Financial Supervisory Authority of the Central Bank of Iceland, Kalkofnsvegur 1, 101 Reykjavík (the "FSA"), as competent authority under Regulation (EU) 2017/1129. The FSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as any type of support or endorsement of the Issuer or a statement to the quality of the securities referred to in the Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. The level of disclosure in this Prospectus complies with Annex 1 (Registration document for equity securities) and Annex 11 (Securities note for equity securities or units issued by collective investment undertakings of the closed end type) as put forth in the Delegated Prospectus Regulation. The Prospectus also complies with the Nasdaq Rulebook. The Prospectus was approved by the FSA on April 11, 2024 and is valid for twelve months after this date and will be available for electronic viewing for a period of ten years after the date of publication on the Issuer's website: https://investors.oculis.com/.

Any dispute that may arise from the Prospectus or related matters shall be governed exclusively by Icelandic law and be subject to the exclusive jurisdiction of Icelandic courts, with venue before the District Court of Reykjavík.

Following the publication of the Prospectus, investors are advised to acquaint themselves with all information publicly disseminated by the Issuer or any other information concerning the Issuer or the Shares. Information in this Prospectus is based on scenarios and facts applicable at the date of its publication and may be subject to changes from the time of publication by the FSA until trading with the Shares commences on Nasdaq Iceland's regulated market. If material new information, mistakes, or inaccuracies regarding the information in this Prospectus or other documentation included in the Prospectus that is likely to affect investors' assumptions of the Issuer or the Shares comes to light during this period, a supplement to the Prospectus will be published in accordance with Article 23 of the Prospectus Regulation. The supplement shall be confirmed by the FSA and published in the same manner as the original Prospectus.

This Prospectus or other documents that constitute a part of the Prospectus shall not be distributed (neither by mail or in any other way) to countries where the distribution would require an additional registration process or other actions other than those stipulated by Icelandic laws and regulations if such distribution is not in accordance with the laws and rules of the countries in question. As such, this Prospectus should *inter alia* not be distributed in any way to countries other than Iceland. The Issuer is not liable for damages caused by the distribution of the Prospectus or documents to third parties in other countries.

Following the Issuer's application for admission to trading of shares on Nasdaq Iceland, which will be considered complete when the FSA has approved and published this Prospectus and a final version of the application has been delivered to Nasdaq Iceland (the "Application"), the Issuer and the Shares will be mandated by the provisions of laws, regulations and rules regarding issuers of shares, and shares that have been admitted to trading on a Nasdaq Iceland's regulated market as applicable at any given time. This includes *inter alia* Act No. 20/2021 on the Disclosure and Notification requirements of Issuers of Financial Instruments, Act No. 60/2021 on Measures against Market Abuse, Act No. 115/2021 on Markets in Financial Instruments as well as other rules and regulations based on

the aforementioned acts, including FSA rules no. 44/2023 on the Role and Status of Compliance Officers and Registration of Communication according to the Act on Measures against Market Abuse as well as regulation No. 320/2022 on Measures against Market Abuse.

3.2. Potential Conflicts of Interest

Under Swiss corporate law, the members of the board of directors must perform their duties with all due diligence and safeguard the interests of the corporation in good faith. The duty of loyalty requires that a director safeguard the interests of the corporation and requires that directors act in the interest of the corporation and, if necessarily, put aside their personal interests. The members of the board of directors and the executive committee are required to immediately and fully inform the board of directors about their conflicts of interests. If there is a risk of a conflict of interest, the board of directors must take appropriate measures to ensure that the interests of the company are duly taken into account.

Notice is given to potential conflicts of interest between any duties of the members of the board of directors or the Executive Committee, their private interest and/or other duties. Both the Issuer's board of directors and Executive Committee have been involved in the writing and/or reviewing process of this Prospectus. Certain members of the board of directors and Executive Committee own shares and/or stock options, as is discussed in chapters 9.9 and 10.8.2. Several of these individuals have contributed to the preparation of this Prospectus.

One of the Issuer's shareholders is LSP 7 Coöperatief UA ("LSP 7"). LSP 7 holds approximately 14.56% of the Issuer's share capital. LSP 7 is an affiliate of EQT Life Science Partners ("EQT"). Martijn Kleijwegt and Geraldine O'Keeffe, members of the Issuer's board of directors, are both partners of EQT. In addition, Martijn Kleijwegt is a managing director of LSP 7 Management B.V., which is the sole director of LSP 7.

Additionally, Lionel Carnot, a member of the Issuer's board of directors, is a partner at Earlybird Venture Capital. Earlybird Venture Capital directly and indirectly manages certain funds, each holding less than 5% of the Issuer's share capital.

Other than as disclosed herein, no conflicts of interest or potential conflicts of interest exist between the members of the board of directors, or the Executive Committee as regards the Issuer on the one side and their private interests, membership in governing bodies of companies, or other obligations on the other side.

3.3. The Issuer's Statement

This Prospectus is made available by Oculis Holding AG, Bahnhofstrasse 7, CH-6300, Zug, Switzerland (the Issuer). The Issuer accepts responsibility for the information contained in this Prospectus. The Issuer declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus does not omit anything likely to affect its import. The opinions, assumptions, intentions, projections and forecasts expressed in this Prospectus with regard to the Issuer are honestly held by the Issuer, have been reached after considering all the relevant circumstances and are based on reasonable assumptions.

April 11, 2024

For and on behalf of Oculis Holding AG

DocuSigned by:
42A30C93F7094F1...
Riad Sherif, M.D.

Chief Executive Officer and Director

DocuSigned by:
Sylvia Cheung
CF7F5503E1E48F...
Sylvia Cheung

Chief Financial Officer

3.4. Advisers

Arctica Finance hf. (with the email address arctica@arctica.is), an authorized investment firm with its registered office at Katrínartún 2, 105 Reykjavík, Iceland and LEI 967600F5SHVSJ9H5F594, has been retained by the Issuer to manage the process of admission of the Shares to trading on the Regulated Market of Nasdaq Iceland as well as the compilation of the Prospectus in co-operation with the board and management of the Issuer. The Prospectus is based on information supplied by the Issuer, including the audited consolidated annual financial statements for the financial year 2023. Arctica Finance has not verified the information contained in the Prospectus and assumes no responsibility or liability as to the accuracy or completeness of the information contained in the Prospectus.

3.5. Documents on Display and Documents Incorporated by Reference

For a period of twelve months from the date of issue of this Prospectus, the following documents will be available for electronic viewing on the Issuer's website: https://investors.oculis.com/, and SEC's website: https://sec.gov, as applicable. In addition, all documents incorporated by reference will be available for electronic viewing for a period of ten years from the date of issue of this Prospectus on the same website.

3.5.1. Documents on Display

- The Summary and this Prospectus, both dated April 11, 2024.
- The Issuer's Articles of Association dated March 7, 2024.
- The Issuer's Organizational Rules, entered into force on March 2, 2023.
- The Issuer's Audit Committee Policy, entered into force on March 2, 2023.
- The Issuer's Remuneration Committee Policy, entered into force on March 2, 2023.
- The Issuer's Nomination and Governance Committee Policy, entered into force on March 2, 2023.
- The Issuer's Code of Business Conduct and Ethics, entered into force on March 2, 2023.
- The Issuer's Whistleblower Policy for Accounting and Auditing Matters, entered into force on March 2, 2023.
- Oculis SA's Audited Consolidated Annual Financial Statements for the financial years 2022, 2021 and 2020 https://www.sec.gov/ix?doc=/Archives/edgar/data/0001953530/000095017023010352/ocs-20221231.htm#notes_to_the_consolidated_financial_stat

- Business Combination Agreement, dated October 17, 2022, by and among European Biotech Acquisition Corp and Oculis SA (the "BCA"), https://investors.oculis.com/node/6681/html#toc389734_39
- The Issuer's Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, on Form 20-F, dated March 19, 2024.
- The Issuer's Financial Statements and Interim Financial Statements.

3.5.2. Incorporation by Reference

The following documents are incorporated by reference and constitute an inseparable part of the Prospectus:

- The Issuer's audited consolidated financial statements for the financial year 2023 prepared in accordance with IFRS, including the notes thereto and the statutory auditor's report thereon, dated March 19, 2024, as included in Exhibit 99.2 to the Issuer's Form 6-K dated March 19, 2024, https://investors.oculis.com/static-files/d6330e84-40f1-4651-8a42-5a1015f3a5e4
- The Issuer's statutory financial statements for the period October 31, 2022 to December 31, 2023 prepared in accordance with the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations), including the notes thereto and the statutory auditor's report thereon, dated March 19, 2024, as included in Exhibit 99.3 to the Issuer's Form 6-K dated March 19, 2024, https://investors.oculis.com/static-files/d6330e84-40f1-4651-8a42-5a1015f3a5e4
- The Issuer's Articles of Association, dated March 7, 2024, https://investors.oculis.com/static-files/cf16d2c8-8871-4396-a77a-6ae780184ea7

Other than as stated in this chapter 3.5.2 "*incorporation by reference*", the contents of the Issuer's website (https://oculis.com/) and other websites mentioned in this Prospectus, including any websites accessible from hyperlinks on the Issuer's website, do not form part of and are not incorporated by reference into this Prospectus. The information on such websites has not been scrutinized or approved by the FSA.

3.6. Information from Third Parties

The Issuer confirms that information from third parties in the Prospectus has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Third party information included in the Prospectus is referenced where applicable.

3.7. Corporate Information

The legal and commercial name of the Issuer is Oculis Holding AG and the LEI is 5067005370C2KK324336. The Issuer is incorporated as a stock corporation (de. Aktiengesellschaft), incorporated and existing under the laws of Switzerland[1] and registered with the Commercial Register of the Canton of Zug on October 31, 2022, under number CHE-396.695.611. The Issuer's registered

[1] The Issuer is a company limited by shares which is subject to the provisions of articles 620 et seq. of the Federal Act on the Amendment of the Swiss Civil Code (Part Five: The Code of Obligations) of 30 March 1911 (SR 220): https://www.fedlex.admin.ch/eli/cc/27/317_321_377/de

office and corporate legal headquarters are at Bahnhofstrasse 7, CH-6300, Zug, Switzerland, and the telephone number of the Issuer's registered office is +41 41 711 9325.

The corporate purpose of the Issuer, as set out in Article 2 of the Issuer's Articles of Association, is as follows:

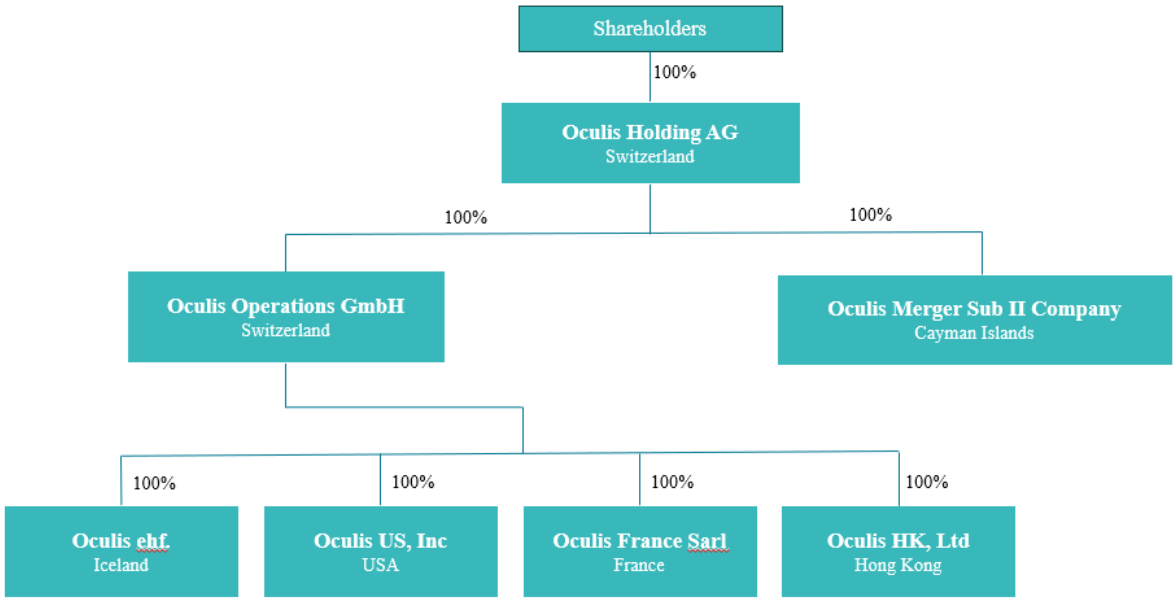
> *"The purpose of the Company is to acquire, hold, manage and sell interests in companies of all kinds in Switzerland and abroad, in particular in the areas of research and development in the field of pharmaceutical products, including biological and biotechnological products, as well as the production and commercialisation of such products.*
>
> *The Company may purchase, hold and sell patents, copyrights, trademarks and other intellectual property rights as well as licenses of any kind.*
>
> *The Company may engage in and carry out any and all commercial, financial or other activity, which is directly or indirectly related to the purpose of the Company. The Company may purchase, hold and sell shares or interests in other companies in Switzerland or abroad. It may establish and maintain branches and subsidiaries in Switzerland and abroad.*
>
> *The Company may purchase, hold and sell real estate and carry out other investments."*

3.8. Subsidiaries of the Issuer

The Issuer controls six wholly-owned subsidiaries that are the following:

- **Oculis Operations GmbH** with its registered office in Lausanne, Switzerland, which was incorporated in Zug, Switzerland on December 27, 2022;
- **Oculis ehf.,** which was incorporated in Reykjavik, Iceland on October 28, 2003;
- **Oculis France Sàrl** which was incorporated in Paris, France on March 27, 2020;
- **Oculis US, Inc.,** which was incorporated in Delaware, USA, on May 26, 2020;
- **Oculis HK, Limited** which was incorporated in Hong Kong, China on June 1, 2021; and
- **Oculis Merger Sub II Company** ("Merger Sub II") which was incorporated in the Cayman Islands on January 3, 2023.

The following diagram illustrates the intercorporate relationship between the Issuer and its subsidiaries:



Merger Sub II was established under the terms of the BCA with European Biotech Acquisition Corporation ("EBAC"). During the third quarter of 2023, the Issuer gave effect in its financial statements to the impending dissolution of Merger Sub 2, which is expected to be completed in the coming months. Prior to the establishment of the Issuer, Oculis SA ("Legacy Oculis"), which was incorporated in Lausanne Switzerland on December 11, 2017, and its wholly owned subsidiaries Oculis Iceland ehf., Oculis France Sárl, Oculis US Inc. and Oculis HK Limited formed the Oculis group. On July 6, 2023, Legacy Oculis merged with and into Oculis Operations GmbH, and the separate corporate existence of Legacy Oculis ceased. Oculis Operations GmbH is the surviving company and remains a wholly-owned subsidiary of the Issuer. The Issuer's operational activities are distributed across its subsidiaries, with the exception of Merger Sub II.

3.9. Financial Year and Duration

The Issuer's financial year is the calendar year. The Issuer has been established for an unlimited duration and neither the Articles of Association of the Issuer nor the operation of law limit the duration of the Issuer.

3.10. Statutory Auditors

The consolidated financial statements of the Issuer and its subsidiaries as of December 31, 2023, and for the year then ended, and the Issuer's statutory financial statements as of December 31, 2023, each incorporated by reference into this Prospectus, have been audited by PricewaterhouseCoopers SA, as stated in its report also incorporated by reference into this Prospectus. PricewaterhouseCoopers SA, avenue C.-F. Ramuz 45, 1001 Lausanne, Switzerland, is the Issuer's statutory auditor. PricewaterhouseCoopers SA is registered with and supervised by the Swiss Federal Audit Oversight Authority (FAOA) and a member of EXPERTsuisse-Swiss Expert Association for Audit, Tax and Fiduciary.

3.11. Information on the Shares

The Shares of the Issuer are ordinary shares in registered form. The Shares are registered under the ISIN number CH1242303498 and the share capital of the Issuer is made up of a single class of shares.

The Shares carry equal rights in all aspects. The Shares are denominated in CHF, with the par value of CHF 0.01 each and are created and issued under Swiss law.[2] As of the date of this Prospectus there are 40,443,700 shares issued as per the Issuer's Articles of Association and registered with the Commercial Register of the Canton of Zug. The Issuer holds no treasury shares.

The Shares are subject to certain registration and voting restrictions under Swiss law but are free from transfer restrictions. The Shares are uncertificated securities within the meaning of article 973c of the Swiss Code of Obligations (de. Wertrechte) and are electronically registered in book-entry form; the entity in charge of keeping the records is Continental Stock Transfer & Trust Company, 1 State Street, 30th Floor, New York, NY 10004-1561, USA ("Continental").

The Issuer's Articles of Association provide for a capital band enabling the board of directors to increase the share capital in accordance with the capital band up until 2 March 2028. Furthermore, the Issuer has also conditional share capital enabling it to issue up to a maximum number of shares in connection with i) employee benefit plans, ii) public and private warrants, iii) earnout options and iv) new bonds and similar debt instruments.

For further information concerning the shares, reference is made to chapter 10.1 "Share Capital".

3.12. Listing and Admission to Trading

The Issuer's Shares are currently listed in the United States on The Nasdaq Stock Market LLC (Nasdaq Global Market) under the symbol "OCS".

Following the Application, Nasdaq Iceland will publish a final decision regarding the Application and, if accepted, the first possible day of trading with the Shares on Nasdaq Iceland, which is expected to commence on or around April 23-26, 2024.

3.13. Estimated Expenses

The expenses related to the admission of the Shares to trading on Nasdaq Iceland consist of fees due to the FSA and Nasdaq Iceland, as well as legal and administrative expenses, financial advisor fees, listing agent fees, publication costs and applicable taxes, if any. The Issuer estimates that the total expenses related to the admission will amount to approximately $1,100,000.

[2] The Shares are created and issued in accordance with the Federal Act on the Amendment of the Swiss Civil Code (Part Five: The Code of Obligations) of 30 March 1911 (SR 220).

4. REGULATORY ENVIRONMENT

4.1. Introduction

The Issuer operates in a highly regulated regulatory environment. Government agencies in the United States, at the federal, state, and local level, and other countries extensively regulate, among other things, the research, development, nonclinical and clinical testing, manufacture, quality control, approval, labelling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing, and export and import of products such as those the Issuer is developing. Generally, before a new drug or biologic can be marketed, considerable data must be generated, which demonstrate the product's quality, safety, and efficacy. Such data must then be organized into a format specific for each regulatory agency, submitted for review and approved by the regulatory agency.

4.2. The United States

In the United States, the FDA regulates drugs and biologics under the federal Food, Drug, and Cosmetic Act ("FDCA"),[3] and its implementing regulations. Biologics are additionally subject to regulations under the Public Health Services Act.[4] The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, the approval process or after approval may subject an applicant to administrative or judicial sanctions. These sanctions could include the FDA's refusal to approve pending applications, withdrawal of an approval, a clinical hold, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement, or civil or criminal penalties.

The process required by the FDA before a biopharmaceutical may be marketed in the United States generally involves the following:

- completion of nonclinical laboratory tests, animal studies, and formulation studies in accordance with FDA's good laboratory requirements and other applicable regulations;
- submission to the FDA of an IND, which must become effective before human clinical trials may begin;
- approval by an independent Institutional Review Board ("IRB") ethics committee, either centralized or with respect to each clinical site, before each clinical trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with current good clinical practices ("cGCP") requirements to establish the safety and efficacy of the proposed drug for its intended use;
- submission to the FDA of a New Drug Application ("NDA") or Biologics License Application ("BLA") after completion of all pivotal trials;
- determination by the FDA within 60 days of its receipt of an NDA or BLA to accept the filing for substantive review;

[3] 21 U.S.C. § 301 et seq: https://uscode.house.gov/view.xhtml?path=/prelim@title21/chapter9&edition=prelim
[4] 42 U.S.C. § 201 et seq: https://uscode.house.gov/view.xhtml?path=/prelim@title42/chapter6A&edition=prelim

- satisfactory completion of an FDA advisory committee review, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the biopharmaceutical is produced to assess compliance with cGMP regulations to ensure that the facilities, methods and controls are adequate to preserve the biopharmaceutical's identity, strength, quality, and purity, and of selected clinical investigation sites to assess compliance with GCPs; and
- FDA review and approval of the NDA or BLA to permit commercial marketing of the product for particular indications for use in the United States.

Prior to beginning the first clinical trial with a product candidate in the United States, the Issuer must submit an IND to the FDA. An IND is a request for authorization from the FDA to administer an IND product to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for clinical studies. The IND also includes results of animal and in vitro studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing, and controls information; and any available human data or literature to support the use of the investigational product. An IND must become effective before human clinical trials may begin.

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, the results of product development nonclinical and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the chemistry of the drug, proposed labelling and other relevant information are submitted to the FDA as part of a NDA or BLA, requesting approval to market the product. The FDA reviews an NDA or BLA to determine, among other things, whether a product is safe and effective for its intended use and whether its manufacturing is cGMP-compliant to assure and preserve the product's identity, strength, quality, and purity. Before approving an NDA or BLA, the FDA will typically inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP regulations and adequate to assure consistent production of the product within required specifications. If regulatory approval of a product is granted, such approval will be granted for particular indications and may entail limitations on the indicated uses for which such product may be marketed.

Any products manufactured or distributed by the Issuer pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to record-keeping, reporting of adverse experiences, periodic reporting, product sampling and distribution, and advertising and promotion of the product.

The Issuer, as a pharmaceutical manufacturer, is and/or will be subject to additional healthcare laws, regulation, and enforcement by the U.S. federal government and by agencies in the state and foreign jurisdictions in which they conduct their business. Such laws include, without limitation:

- the federal Anti-Kickback Statute;[5]

[5] 42 U.S.C. § 1320a-7b: https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title42-section1320a-7b&num=0&edition=prelim

- the federal False Claims Act;[6]
- the civil monetary penalties law;[7]
- the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"),[8] as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH"),[9] and their respective implementing regulations; and
- the federal Physician Payments Sunshine Act.[10]

Failure to comply with such laws could result in significant penalties, including civil, criminal, and administrative penalties, damages, fines, disgorgement, imprisonment, and exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid.

4.3. EU/Rest of the World

In addition to regulations in the United States, there are a variety of regulations in other jurisdictions governing, among other things, clinical trials, commercial sales and distribution of medicinal products. Even if FDA approval of a particular product is obtained, it must still obtain the requisite approvals from regulatory agencies in foreign countries prior to the commencement of clinical trials or marketing of the product in those countries. Certain countries outside of the United States have a similar process that requires the submission of a clinical trial application much like the IND prior to the commencement of human clinical trials. In the EU, the Clinical Trials Regulation (EU) No 536/2014 entered into application on January 31, 2022. The Regulation is intended to harmonize and streamline clinical trial authorizations, simplify adverse-event reporting procedures, improve the supervision of clinical trials and increase their transparency. Specifically, the new Regulation, which is directly applicable in all EU Member States, introduces a streamlined application procedure via a single entry point, the "EU portal", the Clinical Trials Information System ("CTIS"); a single set of documents to be prepared and submitted for the application as well as simplified reporting procedures for clinical trial sponsors.

In the European Economic Area ("EEA"), which consists of the 27 Member States of the European Union, as well as Norway, Iceland and Liechtenstein, medicinal products can only be commercialized after a related marketing authorization has been granted. A company may submit a marketing authorization application ("MAA"), either on the basis of the centralized, or decentralized procedure or mutual recognition procedure. Under the centralized procedure, MAAs are submitted to the EMA for scientific review by the EMA's Committee for Medicinal Products for Human Use ("CHMP"). The CHMP issues an opinion concerning whether the quality, safety and efficacy of the product has been demonstrated. The opinion is considered by the European Commission which is responsible for granting a centralized marketing authorization in the form of a binding European Commission

[6] 31 U.S.C. §§ 3729 – 3733: https://uscode.house.gov/view.xhtml?path=/prelim@title31/subtitle3/chapter37/subchapter3&edition=prelim
[7] 42 U.S. C. § 1320a–7a: https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title42-section1320a-7a&num=0&edition=prelim
[8] Public Law 104–191: https://www.govinfo.gov/content/pkg/PLAW-104publ191/pdf/PLAW-104publ191.pdf
[9] Public Law 111-5: https://www.hhs.gov/sites/default/files/ocr/privacy/hipaa/understanding/coveredentities/hitechact.pdf
[10] 42 U.S. Code § 1320a–7h: https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title42-section1320a-7h&num=0&edition=prelim

decision. If the application is approved, the European Commission grants a single marketing authorization that is valid throughout the EEA.

National marketing authorizations, which are issued by the competent authorities of EEA countries and only cover their respective territory, are available for products not falling within the mandatory scope of the centralized procedure. Where a product has already been authorized for marketing in an EEA country, this national marketing authorization can be recognized in another EEA country through the mutual recognition procedure. The mutual recognition procedure provides for the EEA countries selected by the applicant to mutually recognize a national marketing authorization that has already been granted by the competent authority of another EEA country, referred to as the Reference Member State ("RMS"). The decentralized procedure is used when the product in question has yet to be granted a marketing authorization in any EEA country.

Where a marketing authorization is granted in relation to a medicinal product in the EU, the holder of the marketing authorization is required to comply with a range of regulatory requirements applicable to the manufacturing, marketing, promotion and sale of medicinal products. Similar to the United States, both marketing authorization holders and manufacturers of medicinal products are subject to comprehensive regulatory oversight by the EMA, the European Commission and/or the competent regulatory agencies of the individual EEA countries.

In the EU, the advertising and promotion of medicinal products are subject to both EU and EEA country laws governing promotion of medicinal products, interactions with physicians and other healthcare professionals, misleading and comparative advertising and unfair commercial practices. Although general requirements for advertising and promotion of medicinal products are established under EU directives, the details are governed by regulations in each member state and can differ from one country to another.

4.4. Coverage and Reimbursement

Sales of any pharmaceutical product depend, in part, on the extent to which such product will be covered by third-party payors, such as federal, state, and foreign government healthcare programs, commercial insurance, and managed healthcare organizations, and the level of reimbursement for such product by third-party payors. Significant uncertainty exists as to the coverage and reimbursement status of any newly approved product. Decisions regarding the extent of coverage and amount of reimbursement to be provided are made on a plan-by-plan basis. One third-party payor's decision to cover a particular product does not ensure that other payors will also provide coverage for the product. As a result, the coverage determination process can require manufacturers to provide scientific details, information on cost-effectiveness, and clinical support for the use of a product to each payor separately. This can be a time-consuming process, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. In addition, third-party payors are increasingly reducing reimbursements for pharmaceutical products and related services. The U.S. federal and state legislatures have continued implementing cost-containment programs, including price controls, restrictions on coverage and reimbursement and requirements for substitution of generic products.

Third-party payors are increasingly challenging the prices charged, examining the medical necessity, and reviewing the cost-effectiveness of pharmaceutical products, in addition to questioning their safety and efficacy. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit sales of any

product. Decreases in third- party reimbursement for any product or a decision by a third-party payor not to cover a product could reduce physician usage and patient demand for the product.

In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies. For example, the European Union provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. Pharmaceutical products may face competition from lower-priced products in foreign countries that have placed price controls on pharmaceutical products and may also compete with imported foreign products. Furthermore, there is no assurance that a product will be considered medically reasonable and necessary for a specific indication, that it will be considered cost-effective by third-party payors, that an adequate level of reimbursement will be established even if coverage is available, or that the third-party payors' reimbursement policies will not adversely affect the ability for manufacturers to sell products profitably.

4.5. Healthcare Reform

In the United States and certain foreign jurisdictions, there have been, and the Issuer expects there will continue to be, a number of legislative and regulatory changes to the healthcare system. In March 2010, the ACA was signed into law,[11] which substantially changed the way healthcare is financed by both governmental and private insurers in the United States.

Since its enactment, there have been executive, judicial and Congressional challenges to certain aspects of the ACA, and the Issuer expects there will be additional challenges and amendments to the ACA in the future. For example, on June 17, 2021, the U.S. Supreme Court dismissed a challenge on procedural grounds that argued the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress. Further, prior to the U.S. Supreme Court ruling, on January 28, 2021, President Biden issued an executive order that initiated a special enrolment period for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, re-examining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. In addition, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 ("IRA"),[12] into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025 and eliminates the "donut hole" under the Medicare Part D program beginning in 2025, by significantly lowering the beneficiary maximum out-of-pocket cost through a newly established manufacturer discount program. It is possible that the ACA will be subject to judicial or Congressional challenges in the future. It is unclear how any such challenges or additional health reform measures of the Biden administration will impact the ACA.

[11] Public Law 111-148: https://www.congress.gov/111/plaws/publ148/PLAW-111publ148.pdf
[12] Public Law 117-169: https://www.congress.gov/117/plaws/publ169/PLAW-117publ169.pdf

Other legislative changes have been proposed and adopted since the ACA was enacted. These changes include aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, effective April 1, 2013, which, due to subsequent legislative amendments, will stay in effect until 2032, unless additional congressional action is taken. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into law,[13] which eliminates the statutory Medicaid drug rebate cap, currently set at 100% of a drug's average manufacturer price, for single source and innovator multiple source drugs, beginning January 1, 2024. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012,[14] which, among other things, further reduced Medicare payments to several types of providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

Moreover, there has recently been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted legislation designed, among other things, to bring more transparency to product pricing, to review the relationship between pricing and manufacturer patient programs, and to reform government program reimbursement methodologies for pharmaceutical products. For example, in July 2021, the Biden administration released an executive order, "Promoting Competition in the American Economy," with multiple provisions aimed at prescription drugs. In response to Biden's executive order, on September 9, 2021, the U.S. Department of Health and Human Services ("HHS"), released a Comprehensive Plan for Addressing High Drug Prices that outlines principles for drug pricing reform and sets out a variety of potential legislative policies that Congress could pursue to advance these principles. In addition, the IRA, among other things: (i) allows HHS to negotiate the price of certain single-source drugs and biologics covered under Medicare, and subjects drug manufacturers to civil monetary penalties and a potential excise tax by offering a price that is not equal to or less than the negotiated "maximum fair price" under the law, and (ii) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. The IRA permits HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years. These provisions take effect progressively starting in 2023, although they may be subject to legal challenges. On August 29, 2023, HHS announced the list of the first ten drugs that will be subject to price negotiations, although the Medicare drug price negotiation program is currently subject to legal challenges. It is currently unclear how the IRA will be effectuated but is likely to have a significant impact on the pharmaceutical industry. In response to the Biden administration's October 2022 executive order, on February 14, 2023, HHS released a report outlining three new models for testing by the CMS Innovation Center which will be evaluated on their ability to lower the cost of drugs, promote accessibility, and improve quality of care. It is unclear whether the models will be utilized in any health reform measures in the future. Further, on December 7, 2023, the Biden administration announced an initiative to control the price of prescription drugs through the use of march-in rights under the Bayh-Dole Act. On December 8, 2023, the National Institute of Standards and Technology published for comment a Draft Interagency Guidance Framework for Considering the Exercise of March-In Rights which for the first time includes the price of a product as one factor an agency can use when deciding to exercise march-in rights. While march-in rights have not previously been exercised, it is uncertain if that will continue under the new framework.

[13] Public Law 117-2: https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf
[14] Public Law 112-240: https://www.congress.gov/112/plaws/publ240/PLAW-112publ240.pdf

The Health Technology Assessment ("HTA") process, which is currently governed by the national laws of the individual EU Member States, is the procedure according to which the assessment of the public health impact, therapeutic impact and the economic and societal impact of use of a given medicinal product in the national healthcare systems of the individual country is conducted. A new regulation adopted in December 2021 the HTA Regulation, is intended to boost cooperation among EU Member States in assessing health technologies, including new medicinal products, and to provide the basis for cooperation at EU level for joint clinical assessments in these areas. The Regulation will apply from 2025 followed by a phased roll-out ending in 2028.

5. BUSINESS AND MARKET OVERVIEW

5.1. Business Overview

The Issuer is a late clinical-stage biopharmaceutical company, based in Switzerland, with substantial expertise in therapeutics used to treat ocular diseases, and engaged in the development of innovative drug candidates which have the potential to address large unmet medical needs. The Issuer's focus is on advancing therapeutic candidates intended to treat significant and prevalent ophthalmic diseases which result in vision loss, blindness or reduced quality of life. The Issuer's mission is to improve the health and quality of life of patients around the world by developing medicines that save sight and improve eye care for patients. To realize this mission, the Issuer intends to become a global leader in ocular therapeutics.

The Issuer's pipeline currently includes three clinical-stage therapeutic candidates: OCS-01, OCS-02 (also known as Licaminlimab) and OCS-05. The lead product candidate, OCS-01, is currently being evaluated in two ongoing Phase 3 clinical programs: as a topical option for the treatment of diabetic macular edema, and as a once-daily steroid for the treatment of inflammation and pain following ocular surgery. The second product candidate is OCS-02, currently being evaluated in a Phase 2b clinical trial to assess its potential as a topical anti-TNFα treatment for dry eye disease ("DED") and potentially the use of a particular genotype to predict treatment response, which could be considered as a biomarker in a precision medicine approach. A second clinical trial for OCS-02 designed to evaluate its use as a potential treatment for non-infectious anterior uveitis is expected to follow thereafter. The third product candidate is OCS-05, a potential disease modifying neuroprotective agent against neurological damage with potential application in multiple indications including glaucoma, dry age-related macular degeneration and diabetic retinopathy. The Issuer is currently conducting a Proof-of-Concept ("PoC") trial evaluating OCS-05 as a potential treatment for acute optic neuritis ("AON") for which there are no currently approved therapeutic treatments.

5.1.1. Diseases and Disorders of the Eye

Numerous diseases and disorders, many of which represent significant medical needs, are associated with the human eye. Ocular diseases which may result in visual impairment, blindness or reduced quality of life include retinal diseases such as diabetic macular edema ("DME"), macular degeneration (including Geographic Atrophy), Diabetic Retinopathy, and retinal vein occlusion ("RVO"); disorders caused by swelling and inflammation such as DED, corneal keratitis and uveitis; and glaucoma, among other disease states. The global market for therapeutics used to treat eye disease is estimated to have exceeded $22 billion in 2020. The Issuer employs its substantial expertise in the development of therapeutics, in particular pharmaceuticals used to treat ocular diseases, to potentially address many eye-related conditions with high unmet medical needs. The Issuer's focus is on developing innovative drug candidates to address significant and growing ophthalmic diseases, which result in vision loss, blindness or reduced quality of life, for which there are currently limited treatment options.

Utilizing the Issuer's internal core competency in formulation discovery and drug development capabilities, together with extensive licensing, collaboration and acquisition activities, the Issuer has assembled a pipeline of attractive development candidates that include both late-stage clinical candidates as well as earlier stage preclinical initiatives. This research and development phase has required considerable time and financial investment. The clinical candidate portfolio of the Issuer includes:

5.1.2. Summary of the Issuer's Clinical Product Candidates Portfolio

OCS-01

Key program highlights of OCS-01:

- Use of proprietary Optireach® technology[15] enables enhanced drug penetration and residence time.
- Topically delivered formulation design to allow non-invasive self-administration to treat front and back of the eye conditions.
- May enable earlier disease intervention in DME if approved, potentially expanding both the patient population and prescribing physician base.
- Phase 3 Stage 1 DIAMOND trial in DME met its objective of validating the induction and maintenance dosing regimen designed to optimize OCS-01 efficacy potential with robust statistical significance and met the primary efficacy endpoint of mean change in Best Corrected Visual Acuity ("BCVA") versus baseline at Week 6, as well as key secondary endpoints of ≥15-letter improvement in BCVA and greater improvement in retinal thickness, each with statistical significance.
- Phase 3 OPTIMIZE 1 trial in cataract surgery met both hierarchical primary efficacy endpoints, the absence of inflammation at Day 15 and the absence of pain at Day 4, each with statistical significance.
- Topline data readouts from the OPTIMIZE 2 Phase 3 clinical trial in cataract surgery is expected in the fourth quarter of 2024.
- Estimated 1.3 million total addressable U.S. DME patients. The increasing numbers of ophthalmic surgeries which are expected to reach close to 10 million procedures per year in the U.S. alone by 2037. Such procedures cause the release of inflammatory factors and can be associated with ocular pain.

The Issuer's lead candidate is OCS-01, a 1.5% suspension of the anti-inflammatory corticosteroid dexamethasone for use as a potential treatment for DME and inflammation and pain following ocular surgery. In contrast to currently available formulations of dexamethasone, which require the use of more invasive treatments such as an implant or intravitreal injection to deliver the medication to the retina, differentiating OCS-01 is the Issuer's use of its proprietary OPTIREACH® technology which enables the topical delivery, as an eye drop, of dexamethasone to the back of the eye for the treatment of diseases affecting the retina. The Issuer is evaluating OCS-01 for use as a topical eye drop for the treatment of DME and also a once-daily steroid treatment for inflammation and pain following ocular surgery. The Issuer is also exploring the potential benefit of OCS-01 in treating two different forms of cystoid macular edema ("CME"): Uveitic Macular Edema and Post-Surgical Macular Edema. An investigator initiated trial ("IIT") in patients with CME is ongoing and the related readout is expected in the first quarter of 2025. Given the burden of therapy, FDA-approved therapeutics are not widely used for early disease intervention. It has been reported that 60% of DME patients are not treated 12 months after the diagnostic (IRIS data base June 2023), despite the deterioration in visual

[15] OPTIREACH® is a solubilizing formulation technology to solve the limitations of conventional eye drops.

acuity in 19.0% of untreated patients within two years. In addition, approximately 40% of patients treated with anti-VEGF[16] intravitreal injections have an inadequate response at 12 weeks.

OCS-01 is a topical dexamethasone Optireach® formulation which is designed to deliver therapeutic levels of drug to the retina via an eye drop, a route of administration for DME treatment that may enable earlier intervention and thereby significantly increase the proportion of patients being treated as well as increase the prescribing physician base by providing a treatment option to general ophthalmologists. An eye drop could also provide a new treatment option for patients with inadequate response to the current invasive standard of care. The Issuer is currently not aware of the existence of any other eye drop treatment for DME which is in a similar or more advanced stage of active clinical development; however, the Issuer cannot guarantee that OCS-01 will receive regulatory approval. The first stage of the Phase 3 clinical trial in DME met its objective of validating the induction and maintenance dosing regimen designed to optimize OCS-01 efficacy potential with robust statistical significance.

The first Phase 3 clinical trial in inflammation and pain after cataract surgery met both hierarchical primary efficacy endpoints with statistical significance, the absence of inflammation at Day 15 and the absence of pain at Day 4. The Issuer is advancing the planned OCS-01 development program for DME into DIAMOND Stage 2, which includes two global pivotal Phase 3 clinical trials, DIAMOND-1 and DIAMOND-2, each enrolling approximately 350 - 400 patients. In December 2023 and February 2024, the Issuer announced first patient first visit in the DIAMOND-1 and DIAMOND-2 trials respectively. Following the positive OPTIMZE-1 trial outcome, the Issuer is advancing the development program for inflammation and pain following cataract surgery into the second Phase 2 trial, OPTIMIZE-2. In December 2023, the Issuer announced first patient first visit in OPTIMIZE 2. Data from the two OPTIMIZE trials are intended to support the Issuer's future NDA submission to the FDA.

Also ongoing is the LEOPARD study, which is an IIT to investigate the safety and efficacy of OCS-01 in Uveitic Macular Edema and Post-surgical Macular Edema. LEOPARD is sponsored by Global Ophthalmic Research Center. Data readout from this trial is expected in the first quarter of 2025.

The total U.S. prevalence of DME in 2023 is estimated at 3.0 million, with the diagnosed U.S. prevalence estimated at 1.81 million by the Decision Resources Group DME Landscape November 2020 report. The same report estimates that 0.9 million U.S. DME patients were treated with drugs in 2023, leaving 0.9 million U.S. patients diagnosed but untreated. These 0.9 million patients are a key addressable market segment for OCS-01. Additionally, OCS-01 is also intended to address the market segment of patients with inadequate response to anti-VEGF therapy. A study published in the American Journal of Ophthalmology in 2016 found that nearly 40% of patients treated with anti-VEGF therapy had inadequate responses at 12 weeks. By applying this figure to the number of treated U.S. patients, the Issuer estimates that inadequate response occurs in 0.4 million patients. In total, the Issuer estimates that 1.3 million DME patients in the United States are addressable by OCS-01.

The Informa Meddevicetracker Ophthalmic Surgical Products Market 2017 report projected that ophthalmic surgeries are on the rise, mainly due to the aging population and lifestyle changes, and are expected to reach close to 10 million procedures per year in the U.S. alone by 2037. Cataract surgeries are the most prevalent procedures of all medical specialties with an estimated 5 million procedures in 2021 in the U.S. Ophthalmic surgeries cause the release of inflammatory factors and can be associated

[16] Anti-VEGF medicines stop the abnormal blood vessels leaking, growing and then bleeding under the retina.

with ocular pain. Cataract surgery, even with a very small incision, creates inflammation in the cornea, anterior chamber, and iris. The OPTIMIZE-2 trial follows the positive topline results from the OPTIMIZE-1 trial showing that OCS-01 increased the percentage of patients who were inflammation free at Day 15 and had zero pain at Day 4 vs. vehicle with statistical significance ($p<0.0001$ for both endpoints), and was well tolerated.

OCS-02 (Licaminlimab)

Key program highlights of OCS-02

- Next-generation biologic in development as a potential treatment for moderate-to-severe DED and non-infectious anterior uveitis using single chain antibody fragment technology targeting TNFα.
- The Phase 2b RELIEF trial[17] was initiated in December 2023 evaluating the potential of OCS-02 (Licaminlimab), Oculis' innovative anti-TNFα biologic eye drop, for the treatment of moderate-to-severe DED.
- Potential proprietary genetic biomarker may enable precision medicine guided treatment of patients with DED.
- Total addressable U.S. DED patient population of approximately 10 million patients.

The Issuer is also advancing the clinical development of OCS-02, a next-generation biologic treatment for both DED and as a treatment for non-infectious chronic anterior uveitis. Differentiating OCS-02 is its use of a single chain antibody fragment specifically formulated for topical delivery in ophthalmology, TNF inhibitors are directed against the cytokine human tumor necrosis factor alpha ("*TNF*α"). Furthermore, the small size of the fragment enables the topical delivery of an anti-TNFα construct with increased concentrations and enhanced ocular tissue penetration. The anti-inflammatory and anti-necrotic/anti-apoptotic properties of therapeutics inhibiting TNFα activity are well established with anti-TNF pharmaceuticals already approved as systemic treatments for ocular disease While OCS-2 is intended to be developed for all comers with DED, the Issuer is advancing the development of OCS-02 in conjunction with the development of a potentially novel genetic biomarker intended to identify patients who may have a greater response to OCS-02 therapy and believes this precision medicine approach may allow the candidate to deliver superior outcomes in these patients, if approved. Two Phase 2 clinical trials in patients with symptoms of DED were conducted (the first with the predecessor of OCS-02, and the second with OCS-02), as well as one Phase 2 clinical trial in acute anterior uveitis. Topical ocular administration of OCS-02 demonstrated improvements in the global ocular discomfort score versus vehicle in patients with DED, and with reaching a pre-specified responder rate in patients with non-infectious anterior uveitis, as well as being well tolerated in all three studies. In February 2024, the Issuer completed enrollment in the Phase 2b RELIEF trial evaluating OCS-02 for the treatment of moderate-to-severe DED, with topline results expected in second quarter of 2024. The Issuer plans to commence a Phase 2b trial for OCS-02 as a treatment for chronic anterior uveitis thereafter.

The Issuer estimates the segment of DED patients in the United States addressable by OCS-02 (patients with moderate or severe DED) to be approximately 10 million patients. This comprises an estimated

[17] The Phase 2b RELIEF trial is a multi-center, randomized, double-masked, vehicle-controlled trial evaluating the safety and efficacy of licaminlimab for the treatment of signs and symptoms in moderate- to-severe dry eye disease.

7 million patients with moderate DED and 3 million patients with severe DED (based on the rates of 35% moderate and 14% severe patients as reported by the Dry Eye Products Market Report published in Market Scope 2023 of approximately 20.0 million diagnosed prevalent cases of DED in the U.S. as estimated for 2024 by Decision Resources Group Dry Eye Disease Landscape and Forecast, December 2020).

The Issuer also estimates that OCS-02 could help address a medical need in patients suffering from either chronic or recurring non-infectious anterior uveitis. This addressable patient population is estimated to be approximately 170,000 in the United States based on a prevalence rate of non-infectious uveitis of 121 per 100,000, applied to the U.S. population and the fact that anterior uveitis is the most prevalent form representing 81.0% of all cases, as found in a study published in the Journal of the American Medical Association Ophthalmology in 2016, and based on a prevalence of recurrent and chronic disease being estimated at 51.0%, as found in a study published in the Journal of the American Medical Association Ophthalmology in 2013.

OCS-05

Key program highlights of OCS-05

- Potentially transformative treatment paradigm as disease modifying, neuroprotective drug, if approved.
- Evidence of clinical benefit in AON may support assessment as potential therapeutic for neuro-ophthalmic diseases such as glaucoma, geographic atrophy and diabetic retinopathy, among other indications.
- Advancing candidate in an ongoing Phase 2 clinical proof-of-concept trial in France to evaluate its safety and to explore its use as a treatment for AON.
- Phase 1 study performed in the UK showing OCS-05 was well-tolerated in 48 healthy volunteers.
- The Issuer will continue to work with the FDA with the aim to obtain IND in the U.S.

The third clinical candidate is OCS-05, a novel serum/glucocorticoid-regulated protein kinase 2 activator peptidomimetic small molecule, in development as a potential disease modifying neuroprotective agent against neurological damage to the optic nerve. The Issuer is initially developing OCS-05 as a potential therapeutic to treat AON, a rare disease with high unmet medical need as currently, there is no treatment which is approved by the FDA or European Commission for AON. OCS-05 has been granted Orphan Drug Designation by both the FDA and the European Commission for this indication. OCS-05 has been studied in preclinical studies suggesting efficacious neuroprotective and remyelinating activity, as well as in a UK Phase 1 clinical trial under the Medicines and Healthcare products Regulatory Agency in healthy volunteers in which OCS-05 was observed to be well tolerated. The Issuer is currently conducting a First-in-Patient clinical trial of OCS-05 in AON in France to test the candidate's safety and tolerability and is also currently conducting IND-enabling activities for OCS-05 in the United States. Should the clinical results of the Issuer's AON trial prove sufficiently compelling, it is intended to evaluate the promise of OCS-05 to treat other neuro-ophthalmic disorders such as geographic atrophy, glaucoma, diabetic retinopathy and neurotrophic keratitis.

Additional development initiatives

In addition to the clinical development programs above, the Issuer is also engaged in a number of earlier preclinical development initiatives, including:

- The evaluation of OCS-03 as a possible treatment for corneal neovascularization, a common disorder caused by the aberrant development of new blood vessels into the cornea and pterygium, a pink coloured growth that originates in the conjunctiva.
- The evaluation of OCS-04, an innovative topical ophthalmic formulation project preliminarily intended for corneal graft rejection prevention and possibly other inflammatory related conditions targeting the ocular surface.

5.1.3. Investment in Research and Development Activities

The Issuer has invested significant financial resources in research and development activities for the Issuer's product candidates.

Investment in research and development activities amounted to CHF 29.2 million for the year ended 31 December 2023, compared to CHF 22.2 million for the year ended 31 December 2022. The net increase of CHF 7.0 million, or 31.6%, was primarily due to an increase in external CRO expenses as a result of the completion and subsequent startup activities and of multiple OCS-01 clinical trials and the commencement of the OCS-02 DED Phase 2b clinical trial, as well as an increase in research and development personnel costs. The increase in development expenses reflects the OCS-01 DIAMOND Phase 3 clinical trials, OCS-01 OPTIMIZE Phase 3 clinical trials, OCS-01 LEOPARD investigator-initiated trial, OCS-02 (Licaminlimab) drug development and OCS-05 ACUITY proof-of-concept ("PoC") clinical trial for AON. The Issuer anticipates that its investment in research and development expenses will continue to increase as the Issuer progresses its planned product and clinical development programs.

There have though not been any material investments in research and development activities from year end 2023 until the date of this Prospectus.

Further information and information on break down of investment in research and development activities, which are the main operational activities of the Issuer, can be found in chapter 8.4 "Results of Operations".

With respect to material investments in research and development that are in progress or for which firm commitments have already been made the Issuer's near-term cash needs with respect to such commitments relates to its clinical and CMC projects. The Issuer has conducted research and development programs through collaboration arrangements that include, among others, arrangements with universities, CROs and clinical research sites. As of December 31, 2023, commitments for other external research projects totalled CHF 50.5 million, with CHF 23.6 million due within one year and CHF 26.9 million due between one and five years.

The Issuer believes that its existing cash, cash equivalent and short-term financial assets will be sufficient to finance the said commitments without additional capital, acknowledging though, that additional capital may be required, if investments in research and development are increased.

For further information on material investments in research and development, firm commitments and the method of financing, reference is made to chapter 8.5 "Cash Flows, Liquidity and Capital Resources".

5.1.4. Strategy

The Issuer's intention is to become a leader in developing therapeutics to address ocular diseases characterized by significant medical needs with large market opportunities. To accomplish this objective, the Issuer plans to focus on successful completion of its key strategic initiatives, which include the following bullet points:

- Executing the Phase 3 development of OCS-01 for DME.

Based on results achieved in the Stage 1 Phase 3 DIAMOND trial, the Issuer has progressed to the Stage 2 Phase 3 trials of OCS-01 in DME, DIAMOND-1 and DIAMOND-2, which are currently ongoing. The Issuer believes the use of OCS-01 formulated as a non-invasive, self-administered eye drop, could, if approved, promote a shift in the current treatment paradigm to allow earlier intervention and increase both the treated patient population and the prescribing physician base. In addition, OCS-01, if approved, could benefit patients who are diagnosed with DME and who have an inadequate response to anti-VEGF intravitreal injections.

- Advancing the ongoing Phase 3 clinical trial of OCS-01 as a potential once-daily therapeutic for inflammation and pain following ocular surgery with potential further differentiating benefit for patients with elevated risk of CME;

Following the positive results in the first Phase 3 trial, the Issuer has initiated the second Phase 3 trial, OPTIMIZE-2, of OCS-01 in the treatment of inflammation and pain following cataract surgery, with first patient first visit achieved in December 2023. OCS-01 could be differentiated in the anterior segment by its potential ability to deliver therapeutic drug levels to the back of the eye. Topline results from OPTIMIZE-2 are expected in the fourth quarter of 2024. An investigator initiated proof-of-concept trial is currently ongoing to explore further the potential of OCS-01 in treating two forms of CME, UME and Post-Surgical Macular Edema. The Issuer believes this distinction of potential benefit in CME, if supported by this study and validated by further studies, and if OCS-01 is approved, may enable the Issuer to achieve enhanced market access.

- Pursuing the late-stage clinical development of OCS-02, a next-generation anti-TNFα biologic.

Based on results achieved in three Phase 2 clinical trials, the Issuer has advanced OCS-02 into a Phase 2b RELIEF clinical trial to assess its clinical benefit in treating DED, and intends to conduct a Phase 2b trial for OCS-02 as a treatment for chronic anterior uveitis thereafter. OCS-02 is differentiated by its use of single-chain antibody fragment formulation technology, which enables the topical delivery of an anti-TNFα agent. The Issuer is advancing the development of OCS-02 in conjunction with further analyses of a potential novel genetic biomarker intended to identify patients who may demonstrate an enhanced response to OCS-02 therapy and believes this precision medicine approach may allow the candidate to deliver superior outcomes in this patient group, if approved.

- Evaluating OCS-05 in AON and additional indications to potentially access larger market opportunities.

The differentiated mechanism of action of OCS-05, coupled with its potential disease modifying neuroprotective properties, suggests potential benefits across many of the more pervasive neurological pathologies of the eye including geographic atrophy, diabetic retinopathy, glaucoma and neurotrophic keratitis. The Issuer intends initially to assess the safety of OCS-05 as a treatment for AON and is currently evaluating OCS-05 in a first-in-patient trial in France. There is currently no

approved therapy for treatment of AON. OCS-05 has been granted Orphan Drug Designation by both the FDA and the European Commission. The Issuer believes that demonstration of therapeutic benefits in AON may provide compelling support for the exploration of OCS-05 in larger market opportunities.

- Leveraging the Issuer's internal formulation discovery and strengthening the Issuer's development pipeline through robust licensing and acquisition activities.

The Issuer intends to complement its ongoing development programs by accessing additional innovative product candidates and technologies through in-licensing, strategic collaborations and acquisitions. The Issuer believes that the depth of its formulation discovery and drug development expertise specific to ocular therapeutics, coupled with the industry network of its executive management, board of directors and advisors, provide the Issuer with the differentiated set of capabilities necessary to identify and advance product candidates successfully in this therapeutic category.

- Evaluating and selectively entering into strategic collaborations to maximize the potential of the Issuer's pipeline and the scope of its product portfolio.

The Issuer has retained rights globally to all of its indications, including its lead product candidate OCS-01, for the potential treatment of DME and inflammation and pain following ocular surgery; OCS-02 for the potential treatment of DED and non-infectious anterior uveitis; and OCS-05 as a neuroprotective agent. Given the potential to treat patients worldwide, the Issuer may opportunistically enter into strategic collaborations around certain product candidates, diseases or geographic regions.

5.2. Material licenses, Partnerships and Collaborations

5.2.1. License Agreement with Novartis for OCS-02

Pursuant to a license agreement, dated as of December 19, 2018, as amended, by and between the Issuer and Novartis (the "Novartis Agreement"), the Issuer 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 the Issuer by Novartis includes sublicenses of rights granted to Novartis by certain third parties, and the Issuer's license to such rights is expressly subject to the applicable terms and conditions of the agreements between Novartis and such third parties.

The Issuer 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.

The Issuer is deemed to be the owner of any inventions that are (a) created solely by or on behalf of the Issuer 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. The Issuer also grants Novartis a worldwide, non-exclusive, perpetual, irrevocable, royalty-free, fully paid-up license back under any patents owned

by the Issuer that (i) cover inventions arising from the Novartis Agreement, the practice of which would infringe the patents licensed to the Issuer by Novartis, or (ii) otherwise incorporate Novartis' proprietary information, in each case, for certain uses outside of the licensed field.

The Issuer initially made a 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 using the Exchange Ratio to reflect the impact of the benefit-cost analysis) 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, 2023, the Issuer was obligated to pay Novartis an additional amount up to CHF 81.6 million ($97.0 million at the December 31, 2023, 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 mid-teen percentage on net sales. In consideration for the exclusive sublicense from Novartis under certain third-party intellectual property rights, the Issuer is obligated to pay a low-single digit royalty on the Issuer's net sales of the licensed product, however, such payments will be deducted from royalties payable to Novartis. The 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, the Issuer is 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. The Issuer may terminate the Novartis Agreement without cause at any time upon advance written notice to Novartis. Upon written notice to Novartis, the Issuer 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 the Issuer commercially unreasonable or otherwise not viable. Upon written notice to the Issuer, Novartis may terminate the Novartis Agreement for cause due to the following events: (i) the Issuer fails to pay any undisputed amount due under the Novartis Agreement and the Issuer fails to remedy such failure within a specified period of time; (ii) an insolvency event occurs; (iii) the Issuer materially breaches its obligations under the Novartis Agreement and fails to cure such breach within a specified period of time; or (iv) following negative clinical trial results, the Issuer terminates development of the licensed product and does not pursue any further indications in the licensed field.

5.2.2. License Agreement with Accure for OCS-05

Pursuant to a license agreement, dated as of January 29, 2022, by and between the Issuer and Accure (the "Accure Agreement"), the Issuer 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, 2022, the Issuer had paid the full contractual non-refundable up-front fee of CHF 3.0 million and reimbursed costs in the amount of approximately CHF 0.5 million. As of December 31, 2023, the Issuer is obligated to pay Accure: (a) up to CHF 94.3 million ($112.1 million at the December 31, 2023 exchange rate) in the aggregate upon the achievement of certain 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) a percentage in the 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, in the case of this clause (c), to reduction for any amounts that were previously paid or are concurrently or later paid by the Issuer to Accure pursuant to its milestone payment obligations. The Issuer's 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, the Issuer is 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. The Issuer 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 the Issuer if it files 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 the Issuer fails to meet certain development obligations and is unable to agree upon modifications to the development plan with Accure.

5.2.3. Manufacturing strategy

The Issuer oversees and manages third-party contract manufacturing organizations ("*CMOs*"), to support the development and manufacture of product candidates for its clinical trials, and, if any product candidates receive marketing approval, the Issuer expects to rely on such manufacturers to meet commercial demand. The Issuer expects this strategy will enable it to maintain a more efficient operating and cost infrastructure, avoiding dependence on its own manufacturing facility and equipment, while simultaneously enabling it to focus its expertise on the clinical development and future commercialization of its products, if approved. Currently, the Issuer relies on and has agreements with third-party contract manufacturers for developing and manufacturing API/drug substance/drug product for OCS-01, OCS-02 and OCS-05, and the Issuer expects to enter into commercial supply agreements with such manufacturers prior to any potential approval. The Issuer continues to develop and improve the manufacturing processes for OCS-02 and OCS-05 and to address

the requirements in these highly regulated markets. Improvement of manufacturing processes may involve transferring the development and manufacturing to another CMO, taking into account technical, quality and economic aspects.

Each of OCS-01, OCS-02 and OCS-05 is manufactured via conventional pharmaceutical processing procedures, employing commercially available excipients and packaging materials. The procedures and equipment employed for manufacture and analysis are consistent with standard pharmaceutical production, and are transferable to a range of manufacturing facilities, if needed.

5.3. Competitive Situation

The Issuer faces substantial competition from multiple sources, including large and specialty pharmaceutical and biotechnology companies, academic research institutions and governmental agencies and public and private research institutions. The Issuer's products are designated without geographic restrictions in mind, even though from a commercial timing perspective the Issuer's strategy is to pursue U.S. FDA approval first, followed by European and other international approvals. The Issuer's competitors compete with it on the level of the technologies employed, or on the level of development of product candidates. In addition, many small biotechnology companies have formed collaborations with large, established companies to (i) obtain support for their research, development and commercialization of products or (ii) combine several treatment approaches to develop longer lasting or more efficacious treatments that may potentially directly compete with the Issuer's current or future product candidates. It is anticipated that the Issuer will continue to face increasing competition as new therapies and combinations thereof, technologies, and data emerge within the treatment of ocular conditions.

In addition to the current standard of care treatments for patients with ocular diseases, numerous commercial and academic preclinical studies and clinical trials are being undertaken by a large number of parties to assess novel technologies and product candidates.

Several large pharmaceutical and biopharmaceutical companies that have commercialized, or are developing treatments for ocular diseases, compete with the Issuer. Companies that compete with the Issuer directly on the level of the development of product candidates targeting DME include Abbvie, Alimera Sciences, Bayer, Novartis, Regeneron and Roche among others. Companies that have commercialized or are developing drug candidates to treat inflammation and pain associated with ocular surgery include Abbvie, Alcon, Bausch + Lomb and Teva Pharmaceuticals among others. Companies that compete with the Issuer in the area of DED include Abbvie, Alcon, Bausch + Lomb, Viatris and Sun Pharmaceuticals among others. Companies engaged in the commercialization or development of therapeutics to treat uveitis include Abbvie and Bausch + Lomb among others. The Issuer is also aware of an eye drop product candidate in clinical development by OcuTerra Therapeutics for the treatment of diabetic retinopathy and DME, an indication related to the indication for which the Issuer is developing OCS-01.

Many of the Issuer's competitors, either alone or in combination with their respective strategic partners, have significantly greater financial resources and expertise in research and development, manufacturing, regulatory approval process and marketing than the Issuer does. Mergers and acquisition activity in the pharmaceutical, biopharmaceutical and biotechnology sector is likely to result in greater resource concentration among a smaller number of the Issuer's competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through sizeable collaborative arrangements with established companies. These competitors also compete with the

Issuer in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites, patient registration for clinical trials and acquiring technologies complementary to, or necessary for, the Issuer's programs.

The Issuer's commercial opportunities could be reduced or eliminated if one or more of its competitors develop and commercialize products that are safer, more effective, better tolerated, or of greater convenience or economic benefit than the Issuer's proposed product offerings. The Issuer's competitors also may be in a position to obtain FDA or other regulatory approval for their products more rapidly, resulting in a stronger or dominant market position before the Issuer is able to enter the market. The key competitive factors affecting the success of all of the Issuer's programs are likely to be product safety, efficacy, convenience and treatment cost.

5.4. Intellectual Property

Intellectual property is of vital importance to the business of the Issuer and in biotechnology generally. The Issuer seeks to protect and enhance proprietary technology, inventions, and improvements that are commercially important to the development of its business by obtaining, maintaining, enforcing and defending intellectual property rights, including patent rights, whether owned or licensed from third parties. The Issuer also seeks to rely on regulatory protection afforded through inclusion in expedited development and review, data exclusivity, market exclusivity and patent term extensions where available.

The Issuer has sought patent protection in the United States and internationally related to its novel drug targets, composition of matter, formulations and other inventions and improvements that are central to its R&D efforts. For its product candidates, the Issuer's strategy is to pursue patent protection covering compositions of matter, formulations and methods of use. In addition, the Issuer seeks to identify additional means of obtaining patent protection, including specific therapeutic indications and dosing regimen-related claims, which may enhance commercial success. The Issuer also relies on trade secrets that may be important to the development of its business. Trade secrets are difficult to protect and provide the Issuer with only limited protection.

As of December 31, 2023, the Issuer's owned and exclusively in-licensed patent portfolio included 11 issued U.S. patents, five issued European patents validated in multiple jurisdictions, and 56 issued patents in other foreign jurisdictions, as well as twelve pending non-provisional U.S. patent applications, and 65 foreign pending patent applications, including eight pending European patent applications, and one pending Patent Cooperation Treaty ("PCT") applications related to its different product candidates, namely, OCS-01, OCS-02, OCS-03, OCS-04 and OCS-05.

OCS-01

Regarding the OCS-01 product candidate, as of December 31, 2023, the Issuer owned a patent family that consisted of three issued U.S. patents and one granted European patent validated in 12 jurisdictions (Belgium, France, Germany, Great Britain, Iceland, Ireland, Italy, the Netherlands, Poland, Spain, Switzerland, Turkey) with claims covering the composition including dexamethasone. These patents will expire in 2026, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

As of December 31, 2023, the Issuer owned a second patent family that consisted of two issued U.S. patents, two pending non-provisional U.S. patent applications, one granted European patent validated

in 41 jurisdictions (Albania, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Germany, Great Britain, Greece, Finland, France, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Republic of Moldova, Monaco, Montenegro, Morocco, the Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey), sixteen issued patents in other foreign jurisdictions (Australia, China, Colombia, Eurasia, India, Japan, Mexico, South Africa (two patents), Taiwan (two patents), Ukraine, Hong Kong, Singapore, South Korea, Chile) and 14 pending foreign patent applications including one pending European patent application, with claims covering the composition of matter of OCS-01. Patents (including any patents that issue from such patent applications) in this family will expire in 2037, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

As of December 31, 2023, the Issuer also owned a patent family that consisted of six U.S. non-provisional patent application and 21 additional foreign patent applications in other jurisdictions, including one European patent application, directed to specific formulations of OCS-01 and methods for stabilizing the composition for use as an eye drop. Patents, if issued from patent applications in this family, will expire in 2040, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

OCS-02

Regarding the OCS-02 product candidate, as of December 31, 2023, the Issuer exclusively licensed from Novartis under the Novartis Agreement, in the licensed field as defined in the Novartis Agreement, one patent family that consisted of three issued U.S. patents and two granted European patents (respectively one European patent validated in 36 jurisdictions (Albania, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Monaco, the Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey) and another European patent validated in six jurisdictions (France, Germany, Great Britain, Italy, Spain, Switzerland), 22 issued patents in other foreign jurisdictions (Argentina, Australia, Brazil, Canada, Chile (two patents), China (two patents), India, Hong-Kong (two patents), GCC, Japan (two patents), Republic of Korea , Mexico (two patents), Philippines, Russia, South Africa, Taiwan, Ukraine) and two patent applications pending in other foreign jurisdictions, with claims covering composition of matter of OCS-02 or methods of use. Patents (including any patents that issue from such patent applications) will expire in 2031, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

In addition, as of December 31, 2023, the Issuer exclusively licensed from Novartis under the Novartis Agreement, in the licensed field as defined in the Novartis Agreement, one patent family directed on a biomarker for patient selection, that consists of one pending European and one U.S. patent application and four patent applications pending in Canada, China, Japan (two patent applications). Patents (including any patents that issue from such patent applications) will expire in 2037, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

In addition, as of December 31 2023, the Issuer exclusively licensed from Novartis under the Novartis Agreement, in the licensed field as defined in the Novartis Agreement, six additional patent families covering composition of matter of OCS-02 or methods of use which (including any patents that issue from patent applications in these families) will expire between 2023 and 2031, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees. Under the terms of the Novartis Agreement, Novartis is responsible for the prosecution and maintenance of these six patent families.

OCS-03

As of December 31, 2023, the Issuer also owned a patent family that consists of one pending US non provisional application and one pending European application as well as one pending Taiwanese application, with claims covering composition of matter of OCS-03 and its use. Patents, (including any patents that arise from patent application) will expire in 2041, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

OCS-04

As of December 31, 2023, the Issuer also owned one pending PCT application as well as pending applications in Argentina and Taiwan, with claims covering composition of matter of OCS-04 and manufacturing processes. In order for any future patent applications to claim the benefit of such PCT application, they must be filed not later than 30 or 31 months (depending on the jurisdiction) after the earliest priority date of such PCT application. Patents, if issued from the patent applications claiming the benefit of such priority application, if issued, will expire in 2043, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

OCS-05

Regarding the OCS-05 product candidate, as of December 31, 2023, the Issuer exclusively licensed from Accure under the Accure Agreement a patent family that consisted of three issued U.S. patents and one granted European patent validated in 24 jurisdictions (Austria, Belgium, Croatia, Czech Republic, Denmark, Finland, France, Germany, Great Britain, Greece, Hungary, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden, Switzerland, Turkey), as well as 10 issued patents (Australia, Brazil, Canada, China, India, Israel, Japan, Republic of Korea, Mexico, Russia) in other foreign jurisdictions, with claims covering composition of matter of OCS-05. These patents (including any patents that issue from such patent applications) will expire in 2031, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

As of December 31, 2022, the Issuer also exclusively licensed from Accure under the Accure Agreement a patent family that consisted of one pending non-provisional U.S. patent application and 15 pending foreign patent applications, including one pending European patent application, directed to the method of use of the composition of OCS-05 in combination with active compounds. Patents, if issued from such patent applications, will expire in 2040, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

As of December 31, 2022, the Issuer also exclusively licensed from Accure under the Accure Agreement a patent family consisting of one pending non-provisional U.S. patent application and six pending foreign patent applications, including one pending European patent application, with claims directed to specific dosage regimen for administering the active pharmaceutical ingredient of OCS-05. Patents, if issued from such patent applications, will expire in 2040, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

As of December 31, 2022, the Issuer also owned a priority European patent application with claims covering a manufacturing process of OCS-05 and OCS-05's intermediate synthesis products. In order for any future patent applications to claim the benefit of such priority application, such future patent applications must be filed no later than 12 months after the filing date of such priority application. Patents, if issued from the patent applications claiming the benefit of such priority application, will expire in 2042 or 2043, assuming a filing within the 12-month priority period, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

As of December 31, 2022, the Issuer owned four international trademark registrations (either granted or still under examination in several countries, including three which have been granted in the United States), one registered U.S. trademark, 11 trademarks registered in countries outside of the United States and two pending trademark applications in countries outside the United States.

5.5. Facilities

The Issuer currently leases approximately 8,800 (818 m^2) square feet of facilities for operations, including 4,300 (400 m^2) square feet of laboratory and office space in Iceland, with main activities of research, business and clinical development, 2,740 (255 m^2) square feet of office space in Switzerland, with main activities of business and clinical development and 1,725 (160 m^2) square feet of office space in the United States, with main activities being general and administrative in nature. The Issuer believes these facilities will be adequate for the foreseeable future and that suitable additional or substitute space will be available as and when needed. The Issuer believes that these facilities are adequate to meet its current needs but is constantly evaluating its needs for expanding and or adding to the existing facilities.

5.6. Legal Proceedings

From time to time, the Issuer may be subject to legal proceedings. The Issuer is not currently a party to, or has been for the last 12 months, or is aware of any proceedings that it believes will have, individually or in the aggregate, a material adverse effect on its business, financial condition or results of operations. Regardless of outcome, litigation can have an adverse impact on the Issuer because of defence and settlement costs, diversion of management resources, and other factors.

6. DIVIDEND POLICY

The Issuer has not paid any cash dividends on the Shares to date and does not intend to pay cash dividends for the foreseeable future. Dividends may be paid only if the Issuer has sufficient distributable profit from previous years or sufficient free reserves to allow the distribution of a dividend.

The Issuer intends to retain all available funds and any future earnings to fund the development and expansion of its business and product candidates.

Swiss law requires that the Issuer retains at least 5% of its annual net profit as general reserves for so long as these reserves together with the Issuer's capital reserves amount to less than 20% of the Issuer's nominal share capital.

Further information on dividends and the Issuer's dividend policy can be found in chapter 1 "Risk Factors", chapter 10.1 "Share Capital", and chapter 11 "Taxation", for taxation with respect to dividend payments.

7. CAPITALISATION

7.1. Statement of Capitalisation

The following table shows the capitalisation of the Issuer as of January 31, 2024, deriving from the Issuer's management accounts (neither audited nor reviewed)[18]:

(in CHF thousands)

CAPITALISATION	
Cash and cash equivalent	30,577
Short-term financial assets	53,226
Total	**83,803**

As of January 31, 2024, the Issuer had cash and cash equivalents of CHF 30.6 million and short-term financial assets of CHF 53.2 million. The short-term financial assets consist of fixed term bank deposits with maturities between three and six months.

On 10 April 2024 the Issuer received binding subscriptions for newly issued shares, pursuant to a private placement, which is exempt from the Prospectus Regulation, as the private placement was only addressed to investors that are committed to invest at least EUR 100,000 each (the "Private Placement").

Subscription pursuant to the Private Placement will be settled following the public disclosure of the Prospectus, and subsequent to the said settlement it is expected that the Issuer's cash and cash equivalent, as well as short-term financial assets (excluding transaction costs and expenses related to the admission), will amount to in total approximately CHF 130 million.

7.2. Statement of Indebtedness

The following table shows indebtedness of the Issuer as of January 31, 2024, deriving from the Issuer's management accounts (neither audited nor reviewed)[19]**:**

LIABILITIES	
Non-current liabilities – unguaranteed and unsecured	
Long-term lease liabilities	432
Long-term payables	378
Defined benefit pension liabilities	728
	1,538
Current liabilities – unguaranteed and unsecured	
Trade payables	951
Accrued expenses and other payables	5,884
Short-term lease liabilities	174
Warrant liabilities	8,469

[18] The capitalisation presented in this chapter derives from the Issuer's customary management accounts, is neither audited nor reviewed and does not follow the IFRS procedures filed quarterly and annually by the Issuer.
[19] The indebtedness presented in this chapter derives from the Issuer's customary management accounts, is neither audited nor reviewed and does not follow the IFRS procedures filed quarterly and annually by the Issuer.

	15,479
Total liabilities – unguaranteed and unsecured	**17,017**

All liabilities are unguaranteed and unsecured, and as of the date of this Prospectus, the Issuer has no financial debt related to debt instruments, neither current nor non-current.

7.3. Working Capital Statement

The Issuer's accounts are prepared on a going concern basis and the Issuer is of the opinion, that at the date of this Prospectus the Issuer will have sufficient working capital to fulfil its requirements for the next 12 months following admission to trading on Nasdaq Iceland.

Further information on the Issuer's working capital can be found in chapter 8 "Operational and Financial Review", and in particular in chapter 8.5 "Cash Flows, Liquidation and Capital Resources".

8. OPERATIONAL AND FINANCIAL REVIEW

8.1. Introduction

The following financial information is taken or derived from the audited consolidated financial statements for the year ended December 31, 2023.

The aforementioned financial information, which are incorporated into this Prospectus can be found in chapter 3.5.2 “Incorporation by Reference” and form an integral part of this Prospectus.

No significant changes in the financial performance or financial position of the Issuer have occurred and no material adverse changes in the prospects of the Issuer have occurred since the date of the audited financial statement on December 31, 2023.

With respect to changes to the financial position it should be noted though that the Issuer has received binding subscriptions for newly issued shares, pursuant to the Private Placement, which will be settled following the public disclosure of the Prospectus, cf. further in chapters 7.1 and 8.5.

8.2. Business Combination and Financing Activities in year 2023

Business combination with EBAC

On March 2, 2023, the Issuer consummated the Business Combination pursuant to the BCA between Legacy Oculis and EBAC dated as of October 17, 2022. The Issuer 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 Financing") and conversion of notes issued under convertible loan agreements (the “CLAs”) into the Issuer’s ordinary shares.

Under the terms of the BCA, EBAC formed four new legal entities (i) the Issuer, (ii) Oculis Merger Sub I Company ("Merger Sub 1"), (iii) Oculis Merger Sub II Company (“Merger Sub 2”), and (iv) Oculis Operations GmbH (“Oculis Operations”). After two consecutive mergers between Merger Sub 1 and EBAC, and EBAC and Merger Sub 2, EBAC and Merger Sub 1 ceased to exist, and Merger Sub 2 was the surviving company. During the third quarter of 2023, the Issuer gave effect in its financial statements to the impending dissolution of Merger Sub 2, which is expected to be completed in the coming months. As a result, the cumulative translation adjustments related to Merger Sub 2 previously reported as equity and recognized in other comprehensive income, were reclassified from equity to the Consolidated Statement of Loss for the year ended 31 December 2023. The resulting foreign exchange impact of such reclassification amounted to CHF 5.0 million for the year ended December 31, 2023.

As a result of the BCA and as of the acquisition closing date on March 2, 2023:

- Each issued and outstanding share of EBAC Class A ordinary shares (including those held by the PIPE Investors) and share of EBAC class B ordinary shares were converted into one ordinary share of the Issuer.
- Each issued and outstanding EBAC public warrant and EBAC private placement warrant ceased to be a warrant with respect to EBAC ordinary shares and were assumed by the Issuer as warrants with respect to ordinary shares on substantially the same terms.
- Each issued and outstanding ordinary share and preferred share of Legacy Oculis before the closing of the Business Combination were converted into ordinary shares of the Issuer at the

then effective exchange ratios determined in accordance with the BCA and giving effect to the accumulated preferred dividends.

- The Issuer assumed the CLAs and the investors exercised their conversion rights in exchange for ordinary shares of the Issuer at CHF 9.42 or $10.00 per ordinary share, on the same terms as the PIPE Investors.
- All outstanding and unexercised options to purchase Legacy Oculis ordinary shares were assumed by the Issuer and each option was replaced by an option to purchase ordinary shares of the Issuer (the "Converted Options") and additional earnout options. The Converted Options continue to be subject to substantially the same terms and conditions except that the number of ordinary shares of the Issuer issuable and related exercise prices were adjusted by the effective exchange ratio with all other terms remaining unchanged.
- The redemption of 11,505,684 shares of EBAC Class A ordinary shares resulted in a reduction of CHF 110.7 million or $117.5 million in cash and cash equivalents in the EBAC trust prior to the consummation of the transactions at a redemption price of approximately CHF 9.62 or $10.21 per share. The proceeds from non-redeemed shareholders amounted to CHF 12.0 million or $12.8 million.
- The EBAC sponsor forfeited 727,096 shares of EBAC Class B ordinary shares upon signing the BCA and an additional 795,316 shares of EBAC Class B ordinary shares as a result of the level of redemptions by EBAC public shareholders. The fair value of the total forfeited shares as of the acquisition closing date of March 2, 2023, was CHF 16.0 million.

PIPE and CLA financing

In connection with the BCA, EBAC entered into subscription agreements with the PIPE Investors for an aggregate of 7,118,891 shares of EBAC Class A ordinary shares at CHF 9.42 or $10.00 per share for aggregate gross proceeds of CHF 67.1 million or $71.2 million.

In connection with the BCA, Legacy Oculis and the investor parties thereto entered into CLAs pursuant to which the investor lenders granted Legacy Oculis a right to receive an interest free convertible loan with certain conversion rights with substantially the same terms as the PIPE Investors. Following the mergers, the Issuer assumed the CLAs and the lenders exercised their conversion rights in exchange for 1,967,000 ordinary shares at CHF 9.42 or $10.00 per share for aggregate gross proceeds of CHF 18.5 million or $19.7 million.

Together, the PIPE and CLA financing resulted in aggregate gross cash proceeds of CHF 85.6 million or $90.9 million to the Issuer in exchange for 9,085,891 ordinary shares.

Merger and listing expense

The Business Combination is accounted for as a capital re-organization. As EBAC does not meet the definition of a business in accordance with IFRS 3 *Business Combinations*, the BCA is accounted for within the scope of IFRS 2 *Share-based Payment*.

The Business Combination is treated as the equivalent of the Issuer issuing shares for the net assets of EBAC as of the acquisition closing date, accompanied by a recapitalization. The net assets of EBAC are stated at historical cost, with no goodwill or other intangible assets recorded. Any excess of the fair value of the Issuer's shares issued considering a fair value of CHF 10.54 or $11.19 per share (price

of EBAC ordinary share at the closing date) over the fair value of EBAC's identifiable net assets acquired represents compensation for the service of a stock exchange listing for its shares.

This expense was incurred in the first quarter of 2023 and amounted to CHF 34.9 million, which was expensed to the statement of loss as operating expenses, "Merger and listing expense". The expense is non-recurring in nature and represents a share-based payment made in exchange for a listing service and does not lead to any cash outflows.

	Per share value, in CHF (as of March 2, 2023)	Shares	March 2, 2023 (In CHF thousands)
Fair value of equity consideration issued by the Issuer			
EBAC public shareholders	10.54	12,754,784	134,435
EBAC sponsor class B	10.54	3,188,696	33,609
EBAC sponsor class A	10.54	455,096	4,797
Redemptions of EBAC public shareholders	10.54	(11,431,606)	(120,489)
Sponsors shares forfeiture	10.54	(1,596,490)	(16,827)
Total consideration transferred		**3,370,480**	**35,525**
Less net assets of EBAC			(662)
Merger and listing expense			**34,863**

	March 2, 2023 (In CHF thousands)
Net assets of EBAC	
Cash and cash equivalents	11,547
Public & private warrants	(2,136)
Deferred underwriting fee	(3,108)
Accrued transaction costs	(4,400)
Others	(1,241)
Net assets of EBAC	**662**

Capitalization

The following summarizes the actual ordinary shares issued and outstanding and the ownership interests of the Issuer immediately after the Business Combination:

	Shares	%
Issuance of ordinary shares to Legacy Oculis shareholders in connection with BCA [(1)]	20,277,002	61.9%
Issuance of ordinary shares in connection with closing of the PIPE financing	7,118,891	21.7%
Issuance of ordinary shares under CLA	1,967,000	6.0%
Ordinary shares owned by sponsors	2,047,302	6.3%
Ordinary shares owned by EBAC public shareholders	1,323,178	4.1%
Total [(2)]	**32,733,373**	**100.0%**

(1) As a result of the BCA, the Issuer issued 20,277,002 ordinary shares to Legacy Oculis shareholders in exchange for:

- 3,306,771 Legacy Oculis ordinary shares at the exchange ratio of 1.1432 (the "Exchange Ratio"), after cancellation of 100,000 Legacy Oculis treasury shares.
- 12,712,863 Legacy Oculis preferred shares outstanding immediately prior to the acquisition closing date exchanged at various exchange ratios determined in accordance with the terms of the BCA – see below.

(2) In addition to the shares already issued, the following contingently issuable shares were granted: 3,793,995 earnout shares, 369,737 earnout options, 1,762,949 shares of outstanding conversion options, 4,251,595 public warrants and 151,699 private warrants. The earnout shares are contingently forfeitable if the price targets are not achieved during the earnout period.

	Legacy Oculis shares outstanding prior to the Business Combination	**Exchange ratios**	**Issuer's ordinary shares issued to Legacy Oculis shareholders upon closing of Business Combination**
Ordinary shares	3,406,771		
Treasury shares cancelled	(100,000)		
Ordinary shares after cancellation of treasury shares	**3,306,771**	**1.1432**	**3,780,399**
Preferred shares:			
Series A	1,623,793	1.1432	1,856,370
Series B1	2,486,188	1.4154	3,518,922
Series B2 T1	1,675,474	1.3900	2,328,872
Series B2 T2	426,378	1.3310	567,508
Series B2 T3	603,472	1.3142	793,082
Series C T1	5,337,777	1.2658	6,756,580
Series C T2	362,036	1.2205	441,854
Series C T3	197,745	1.1804	233,415
Total preferred shares	**12,712,863**	**1.2976**	**16,496,603**
Total	**16,019,634**		**20,277,002**

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 price targets of the Issuer 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, transaction of the Issuer during the earnout period.

Public offering of ordinary shares

On May 31, 2023, the Issuer entered into an underwriting agreement with BofA Securities Inc. and SVB Securities, LLC, as representatives of several underwriters, and on June 5, 2023, closed the issuance and sale in a public offering of 3,500,000 ordinary shares at a public offering price of CHF 10.45 or $11.50 per share, for total gross proceeds of CHF 36.6 million or $40.3 million before deducting underwriting discounts, commissions and offering expenses.

In addition, the Issuer granted the underwriters an option to purchase additional ordinary shares which was partially exercised on June 13, 2023, leading to an additional purchase of 154,234 ordinary shares and gross proceeds of CHF 1.6 million or $1.7 million before deducting underwriting discounts, commissions and offering expenses. After giving issuance to these additional shares, the Issuer sold a total of 3,654,234 ordinary shares in the offering for aggregate gross proceeds of CHF 38.2 million or $42.0 million, before deducting underwriting discounts, commissions and offering expenses. All of the underwriters' unexercised options to purchase additional shares expired on June 30, 2023.

The Issuer intends to use the net proceeds from the said offering, together with its existing resources, to advance its development programs in particular Diabetic Macular Edema and for other ophthalmic indications, and for working capital and general corporate purposes.

8.3. Financial Position

The table below shows the Issuer’s Consolidated Statement of Financial Position - Balance Sheets as of December 31, 2023 and December 31, 2022.

Audited Consolidated Statements of Financial Position[20]

(in CHF thousands)

	As of December 31, 2023	As of December 31, 2022
ASSETS		
Non-current assets		
Property and equipment, net	288	365
Intangible assets	12,206	12,206
Right-of-use assets	755	758
Other non-current assets	89	74
Total non-current assets	**13,338**	**13,403**
Current assets		
Other current assets	8,488	2,959
Accrued income	876	912
Short-term financial assets	53,324	-
Cash and cash equivalents	38,327	19,786
Total current assets	**101,015**	**23,657**
TOTAL ASSETS	**114,353**	**37,060**
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	366	39
Share premium	288,162	10,742
Reserve for share-based payment	6,379	2,771
Actuarial loss on post-employment benefit obligations	(1,072)	(264)
Treasury shares	-	(1)
Cumulative translation adjustments	(327)	(300)
Accumulated losses	(199,780)	(110,978)
Total equity	**93,728**	**(97,991)**
Non-current liabilities		
Long-term lease liabilities	431	491
Long-term financial debt	-	122,449
Long-term payables	378	-
Defined benefit pension liabilities	728	91
Total non-current liabilities	**1,537**	**123,031**
Current liabilities		
Trade payables	7,596	3,867
Accrued expenses and other payables	5,948	8,011
Short-term lease liabilities	174	142
Warrant liabilities	5,370	-
Total current liabilities	**19,088**	**12,020**
Total liabilities	**20,625**	**135,051**
TOTAL EQUITY AND LIABILITIES	**114,353**	**37,060**

[20] The notes in the consolidated financial statements of 2023 are an integral part of the consolidated financial statements and should be read in conjunction with the disclosure in this chapter 8 “Operating and Financial Review”.

Intangible assets

Intangible assets as of December 31, 2023 and as of December 31, 2022 were CHF 12.2 million and represent licenses purchased under license agreements with Novartis and Accure. Intangible assets as of December 31, 2021 were CHF 8.7 million and represented licenses purchased under a license agreement with Novartis. The Novartis license agreement was dated as of December 19, 2018 between Legacy Oculis and Novartis and relates to a novel topical anti-TNFα antibody, renamed OCS-02 (Licaminlimab), for ophthalmic indications. The license agreement between Legacy Oculis and Accure, dated as of January 29, 2022, relates to the exclusive global licensing of its OCS-05 (formerly ACT-01) technology. This license agreement contains an upfront payment of CHF 3.0 million and a reimbursement of development related cost of CHF 0.5 million. The Issuer intends to advance the development of OCS-05 with the focus on multiple ophthalmology neuroprotective applications.

Other current assets and accrued income

The table below shows the breakdown of other current assets by category:

in CHF thousands	**As of December 31, 2023**	**As of December 31, 2022**
Prepaid clinical and technical development expenses	6,748	1,586
Prepaid general and administrative expenses	1,412	1,208
VAT receivable	328	165
Total	**8,488**	**2,959**

The table below shows the movement in accrued income for the years ended December 31, 2023 and 2022.

in CHF thousands	**2023**	**2022**
Balance as of January 1,	**912**	**760**
Accrued income recognized during the period	883	912
Payment received during the period	(915)	(726)
Foreign exchange revaluation	(4)	(34)
Balance as of December 31,	**876**	**912**

Accrued income is generated by incentives for research and development offered by the Icelandic government in the form of tax credits for innovation companies. The aid in Iceland is granted as a reimbursement of paid income tax or paid out in cash when the tax credit is higher than the calculated income tax. The tax credit is subject to companies having a research project approved as eligible for tax credit by the Icelandic Centre for Research ("Rannís").

Cash and cash equivalent and short-term financial assets

The table below shows the breakdown of the cash and cash equivalents and short-term financial assets by currencies:

in CHF thousands	**Cash and cash equivalents**		**Short-term financial assets**	
by currency	**As of December 31, 2023**	**As of December 31, 2022**	**As of December 31, 2023**	**As of December 31, 2022**
Swiss Franc	19,144	7,216	33,532	-
US Dollar	16,610	9,741	15,148	-
Euro	2,020	2,350	4,644	-
Iceland Krona	542	383	-	-
Other	11	96	-	-
Total	**38,327**	**19,786**	**53,324**	**-**

Short-term financial assets consist of fixed term bank deposits with maturities between three and six months.

Long-term financial debt

As of December 31, 2023, the Issuer has no long-term financial debt.

As of December 31, 2022, Legacy Oculis had 12,712,863 preferred shares for a nominal amount of CHF 1.4 million. These shares were divided into 1,623,793 registered "A Series" shares of CHF 0.10 each, 5,191,512 registered "B Series" of CHF 0.10 each, 5,699,813 registered "C1a Series" shares (denominated in USD) of CHF 0.10 each and 197,745 registered "C1b Series" shares (denominated in USD) of CHF 0.50 each.

All preferred shares had a liquidation preference corresponding to their respective initial purchase price. Furthermore, the "B Series" and "C Series" shares included a preferred dividend payment of 6.0% (as a compounded interest) and the corresponding deemed interest expense of CHF 1.3 million was accrued for the period from January 1 to March 2, 2023. The cumulated interest expense accrued up to December 31, 2022 amounted to CHF 17.0 million. The nominal amounts (for "A, B and C Series") and the accrued preferred dividend resulted in a long-term debt of CHF 124.8 million as of March 2, 2023.

As of March 2, 2023, at closing of the Business Combination, all preferred shares of Legacy Oculis were converted into ordinary shares of Oculis at the effective exchange ratios determined in accordance with the BCA and giving effect to the accumulated preferred dividends.

The movement of the long-term financial debt is shown below:

in CHF thousands

	Series A shares	Series B shares	Series C shares	Total
Balance as of January 1, 2023	**8,179**	**51,366**	**62,904**	**122,449**
Interest	-	519	747	1,266
FX revaluation	-	-	1,087	1,087
Conversion of Legacy Oculis preferred shares into Oculis ordinary shares	(8,179)	(51,885)	(64,738)	(124,802)
Balance as of December 31, 2023	**-**	**-**	**-**	**-**

Accrued expenses and other payables

The table below shows the breakdown of the accrued expenses and other payables by category:

in CHF thousands	As of December 31, 2023	As of December 31, 2022
Product development related expenses	2,801	4,805
Personnel related expenses	2,301	2,249
General and administration related expenses	765	957
Other payables	81	-
Total	**5,948**	**8,011**

Warrant liabilities

Pursuant to the BCA and the Warrant Assignment and Assumption Agreement executed in connection with the BCA, the Issuer has assumed 4,251,595 EBAC public warrants and 151,699 EBAC private warrants from EBAC, and issued 4,403,294 warrants as of March 2, 2023, with substantially the same terms. Each warrant entitles the registered holder to purchase one ordinary share at a price of CHF 9.68 or $11.50 per share, subject to certain adjustments, exercisable at any time commencing 30 days after the acquisition closing date. The registration statement was filed with the SEC and declared effective on May 1, 2023. The warrants will expire on March 2, 2028.

As of March 2, 2023, the Issuer recognized the warrant liabilities at fair value of CHF 2.1 million. For the year ended December 31, 2023, the Issuer recognized a fair value loss in the Statement of Loss of CHF 3.4 million leading to an increase of the warrant liability up to CHF 5.4 million as of December 31, 2023. The exercise of 149,156 public warrants at a price of CHF 10.26 or $11.50 per share for the year period ended December 31, 2023, resulted in a reduction of CHF 0.2 million to the liability, an additional CHF 1.5 million of cash and an increase of CHF 1.7 million in shareholder's equity.

The movement of the warrant liability is illustrated below:

in CHF thousands (except number of warrants)	Warrant liabilities	Number of outstanding public and private warrants
Balance as of January 1, 2023	**-**	**-**
Issuance of warrants	2,136	4,403,294
Fair value (gain)/loss on warrant liability	3,431	-
Exercise of public and private warrants	(197)	(149,198)
Balance as of December 31, 2023	**5,370**	**4,254,096**

8.4. Results of Operations

The table below shows the Issuer's Audited Consolidated Statements of Loss as of December 31, 2022, and 2023.

Audited Consolidated Statements of Loss[21]

(in CHF thousands, except loss per share data)

	For the years ended December 31,	
	2023	**2022**
Grant income	883	912
Operating income	**883**	**912**
Research and development expenses	(29,247)	(22,224)
General and administrative expenses	(17,487)	(11,064)
Merger and listing expense	(34,863)	-
Operating expenses	**(81,597)**	**(33,288)**
Operating loss	**(80,714)**	**(32,376)**
Finance income	1,429	126
Finance expense	(1,315)	(6,442)
Fair value adjustment on warrant liabilities	(3,431)	-
Foreign currency exchange (loss) gain	(4,664)	49
Finance result	**(7,981)**	**(6,267)**
Loss before tax for the period	**(88,695)**	**(38,643)**
Income tax expense	(107)	(55)
Loss for the period	**(88,802)**	**(38,698)**
Loss per share:		
Basic and diluted loss attributable to equity holders	(2.97)	(11.32)

Operating income

The Issuer has not generated any revenue from the sale of products since its inception and does not expect to generate any revenue from the sale of products in the near future.

Grant income for the years ended December 31, 2023 and 2022 was CHF 0.9 million, respectively. The grant income is generated by incentives for research and development offered by the Icelandic government in the form of tax credits for innovation companies. The Icelandic Centre for Research ("Rannís"), operated by the Icelandic government, manages incentives for R&D innovation companies in the form of tax credits. The aid is granted as a reimbursement of the applicable companies' paid income tax or paid out in cash in case the tax credit is higher than the calculated income tax. The tax credit is 35% of the actual R&D cost with an annual ceiling defined in Act, no. 152/2009, and subject to companies having a research project approved as eligible for tax credit by Rannís.

The grant income is dependent upon the Icelandic government making such reimbursement available for research and development activities. While certain of the Issuer's research and development expenses have historically qualified for reimbursement and the Issuer anticipates incurring a similar level of costs in the future, there is no assurance that the Icelandic government will continue with the

[21]The notes in the consolidated financial statements of 2023 are an integral part of the consolidated financial statements and should be read in conjunction with the disclosure in this chapter 8 "Operating and Financial Review".

tax reimbursement program. Should the Icelandic government discontinue the tax reimbursement program it may lead to the Company not generating income through a grant income.

Operating expenses

The table below show the breakdown of the operating expenses by category:

in CHF thousands	For the years ended December 31,					
	Research and development expenses		General and administrative expenses		Total operating expenses	
	2023	2022	2023	2022	2023	2022
Personnel expense	**6,509**	**4,608**	**7,029**	**4,449**	**13,538**	**9,056**
Payroll	4,796	4,313	5,134	3,939	9,930	8,252
Share-based compensation expense	1,713	295	1,895	510	3,608	804
Operating expenses	**22,738**	**17,616**	**45,321**	**6,615**	**68,059**	**24,231**
External service providers	22,256	17,205	7,695	2,294	29,951	19,499
Other operating expenses	258	184	2,700	4,249	2,958	4,433
Depreciation of property and equipment	106	111	19	20	125	132
Depreciation of right-of-use assets	118	116	44	52	162	167
Merger and listing expense	-	-	34,863	-	34,863	-
Total	**29,247**	**22,224**	**52,350**	**11,064**	**81,597**	**33,288**

Research and development expenses

Research and development expenses were CHF 29.2 million for the year ended December 31, 2023, compared to CHF 22.2 million for the year ended December 31, 2022. The net increase of CHF 7 million, or 31.6%, was primarily due to an increase in external CRO expenses as a result of the completion and subsequent startup activities and of multiple OCS-01 clinical trials and the commencement of the OCS-02 DED Phase 2b clinical trial, as well as an increase in research and development personnel costs. The increase in development expenses reflects the OCS-01 DIAMOND Phase 3 clinical trials, OCS-01 OPTIMIZE Phase 3 clinical trials, OCS-01 LEOPARD investigator-initiated trial ("IIT"), OCS-02 (Licaminlimab) drug development and OCS-05 ACUITY proof-of-concept ("PoC") clinical trial for AON. The Issuer anticipates that its research and development expenses will increase as the Issuer progresses its planned product and clinical development programs into later stages.

	For the year ended December 31, 2023
	2023
OCS-01	15,135
OCS-02	8,793
OCS-05	3,354
Other development projects	1,965
Total	**29,247**

General and Administrative Expenses (excluding Merger and Listing Expense)

General and administrative expenses (excluding merger and listing expenses) were CHF 17.5 million for the year ended December 31, 2023, compared to CHF 11.1 million for the year ended December 31, 2022. The increase of CHF 6.4 million, or 58.1%, was primarily due to the non-capitalized financing transaction costs, public liability insurances, as well as personnel-related expenses. These expenses were largely attributable to the Business Combination, Nasdaq listing and operating as a public company.

Merger and Listing Expense

The Issuer incurred a non-recurring merger and listing expense of CHF 34.9 million in connection with the Business Combination. The Business Combination was accounted for as a share-based payment transaction involving the transfer of shares in the Issuer 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 results

The table below shows the breakdown of finance results by category:

in CHF thousands	**For the years ended December 31,**	
	2023	**2022**
Finance income	1,429	126
Finance expenses	(1,315)	(6,442)
Fair value adjustment on warrant liabilities	(3,431)	-
Foreign currency exchange (loss) gain	(4,664)	49
Finance results	**(7,981)**	**(6,267)**

Finance Results

Finance income was CHF 1.4 million for the year ended December 31, 2023 compared to CHF 0.1 million for the year ended December 31, 2022. The increase of CHF 1.3 million was due to interest on short-term financial assets recorded during the year ended December 31, 2023. Finance expense was CHF 1.3 million for the year ended December 31, 2023, compared to CHF 6.4 million for the year ended December 31, 2022. The decrease of CHF 5.1 million was primarily due to two months of interest expense accrued during 2023 compared to twelve months of interest expense accrued for the comparative period in 2022, related to Legacy Oculis' preferred Series B and C shares, which were converted into ordinary shares on March 2, 2023 under the BCA.

Fair Value Adjustment on Warrant Liabilities

Fair value adjustment on warrant liabilities reflects the changes in fair value of the Issuer's warrant instruments. The fair value is dependent on the change in the underlying market price of the warrants and the number of outstanding warrants at the reporting date. The market price of the warrants is in general directly correlated with the market price of the Issuer's ordinary shares. Assuming the number of outstanding warrants remains constant, the Issuer 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 (Loss) Gain

Foreign currency exchange loss was CHF 4.7 million for the year ended December 31, 2023, compared to a gain of CHF 49 thousand for the year ended December 31, 2022. 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 producing a foreign exchange loss over the year related to the Issuer's 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 long-term financial debt was fully converted to ordinary shares pursuant to the Business Combination in March 2023. For the year ended December 31, 2022, favorable currency exchange was mainly due to revaluation of U.S. dollar producing foreign exchange gains over the year related to the Issuer's cash balances, offset by the full year 2022 revaluation of the Series C long-term debt.

8.5. Cash Flows, Liquidity and Capital Resources

The table below shows the Issuer's Audited Consolidated Statements of Cash Flows for December 31, 2022 and 2023:

Audited Consolidated Statements of Cash Flows[22]
(in CHF thousands)

	For the years ended December 31,	
	2023	**2022**
Operating activities		
Loss before tax for the period	**(88,695)**	**(38,643)**
Non-cash adjustments:		
- Financial result	3,454	(500)
- Depreciation of property and equipment	125	132
- Depreciation of right-of-use assets	162	167
- Share-based compensation expense	3,608	804
- Interest expense on Series B and C preferred shares	1,266	6,343
- Interests on lease liabilities	42	45
- Post-employment (benefits)/loss	(171)	(9)
- Non-realized foreign exchange differences	(30)	583
- Fair value adjustment on warrant liabilities	3,431	-
- Merger and listing expense	34,863	-
Working capital adjustments:		
- De/(Increase) in other current assets	(5,556)	(1,796)
- De/(Increase) in accrued income	36	(152)
- (De)/Increase in trade payables	3,729	3,043
- (De)/Increase in accrued expenses and other payables	(11,549)	4,903
- (De)/Increase in other operating assets/liabilities	(29)	-
- (De)/Increase in long-term payables	378	-
Interest received	1,238	126
Interest paid	(46)	(100)
Taxes paid	(101)	(20)
Net cash outflow from operating activities	**(53,845)**	**(25,074)**
Investing activities		
Payment for purchase of property and equipment, net	(48)	(65)
Payment for short-term financial assets	(54,163)	-
Payment for purchase of intangible assets	-	(3,483)
Net cash outflow from investing activities	**(54,211)**	**(3,548)**
Financing activities		
Proceeds from the shares issued to PIPE investors	67,054	-
Proceeds from the shares issued to CLA investors	18,368	-
Proceeds from EBAC non-redeemed shareholders	12,014	-
Transaction costs related to the business combination	(4,607)	(214)
Proceeds from sale of shares in public offering	38,179	-
Transactions costs related to equity issuance in public offering	(2,983)	-
Proceeds from exercise of warrants	1,531	-
Proceeds from stock options exercised	274	120
Proceeds from issuance of preferred shares, classified as liabilities	-	2,030
Transaction costs for issuance of preferred shares, classified as liabilities	-	(63)
Principal payment of lease obligation	(158)	(159)
Net cash inflow from financing activities	**129,672**	**1,714**
Increase/(Decrease) in cash and cash equivalents	**21,616**	**(26,909)**

[22]The notes in the consolidated financial statements of 2023 are an integral part of the consolidated financial statements and should be read in conjunction with the disclosure in this Chapter 8 “Operating and Financial Review”.

Cash and cash equivalents, beginning of period	19,786	46,277
Effect of foreign exchange rate changes	(3,075)	418
Cash and cash equivalents, end of period	38,327	19,786
Net cash and cash equivalents variation	**21,616**	**(26,909)**
Supplemental Non-Cash Financing Information		
Transaction costs recorded in accrued expenses and other payables/trade payables	378	356

Cash Flows

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

	For the years ended December 31,			
	2023	**2022**	**Change**	**% Change**
Net cash outflow from operating activities	(53,845)	(25,074)	(28,771)	114.7%
Net cash outflow from investing activities	(54,211)	(3,548)	(50,663)	1,427,9%
Net cash inflow from financing activities	129,672	1,714	127,958	7,465.5%
Increase/(Decrease) in cash and cash equivalents	**21,616**	**(26,909)**	**48,525**	**180.3%**

Operating Activities

For the year ended December 31, 2023, operating activities used CHF 53.8 million of cash, primarily consisting of a loss before tax of CHF 88.7 million, and a decrease in net working capital of CHF 13.0 million, partially offset by non-cash adjustments of CHF 46.8 million. Changes in net working capital were driven by a CHF 11.5 million increase in accrued expenses and other payables and a CHF 5.6 million increase in other current assets, partially offset by a CHF 3.7 million increase in trade payables. Non-cash charges primarily consisted of a non-recurring CHF 34.9 million of listing service expenses in connection with the Business Combination, CHF 3.5 million of foreign exchange transactions impacting net financial result, CHF 3.6 million of share-based compensation expense and CHF 3.4 million related to the fair value adjustment on warrant liabilities.

For year ended December 31, 2022, operating activities used CHF 25.1 million of cash, primarily consisting of a loss before tax of CHF 38.6 million, partially offset by a decrease in net working capital of CHF 6.0 million and non-cash adjustments of CHF 7.6 million. Changes in net working capital were driven by a CHF 7.9 million increase in accrued expenses and other payables and trade payables, partly offset by CHF 1.8 million increase in other current assets. Non-cash charges primarily consisted of CHF 6.3 million from interest expense accrued on preferred Series B and C shares, CHF 0.8 million of share-based compensation expense and CHF 0.6 million from non-realized foreign exchange differences.

Investing Activities

For the years ended December 31, 2023 and 2022, investing activities used CHF 54.2 million and CHF 3.5 million, respectively. For the year ended December 31, 2023, CHF 54.2 million was used for the purchase of short-term financial assets. For the year ended December 31, 2022, CHF 3.5 million was related to the license agreement with Accure for the exclusive global licensing of OCS-05 technology that was capitalized as an intangible asset.

Financing Activities

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, the conversion of the CLAs, and the Public Offering. For the year ended December 31, 2022, net cash provided by financing activities was CHF 1.7 million, which primarily consisted of proceeds from the issuance of preferred series C shares, classified as liabilities, net of transaction cost.

Overview of liquidity and capital resources

Since the Issuer's inception, the Issuer has incurred significant operating losses. The Issuer has not yet commercialized any products and does not expect to generate revenue from sales of products in the near future. As of December 31, 2023, the Issuer has funded its operations primarily with CHF 103.4 million of proceeds from the sale of preferred stock, CHF 97.6 million of gross proceeds from the Business Combination, PIPE Financing and conversion of CLA and CHF 38.2 million of gross proceeds from the sale of ordinary shares in the Public Offering. As of December 31, 2023 and 2022, the Issuer had cash, cash equivalents and short-term investments of CHF 91.7 million and CHF 19.8 million, respectively. The Issuer had accumulated losses of CHF 199.8 million and CHF 111.0 million as of December 31, 2023 and 2022, respectively.

It should be noted in that respect, that on 10 April 2024 the Issuer received binding subscriptions for newly issued shares, pursuant to the Private Placement, as referred to in chapter 7.1 "Statement of Capitalisation".

Subscription pursuant to the Private Placement will be settled following the public disclosure of the Prospectus, and following the said settlement it is expected that the Issuer's cash and cash equivalent, as well as short-term financial assets, will amount to in total approximately CHF 130 million.

The Issuer expects to incur additional operating losses in the near future and operating expenses will increase as the Issuer continues to invest in the development of its product candidates through additional research and development activities and clinical trials. In May 2023, the Issuer announced a positive data readout from the OCS-01 DME DIAMOND Phase 3 Stage 1 clinical trial. In August 2023, the Issuer announced a positive data readout from the OPTIMIZE Phase 3 clinical trial for OCS-01 in the treatment of inflammation and pain following cataract surgery. Also in August 2023, the Issuer announced that the first patient had been enrolled in the investigator-initiated LEOPARD trial evaluating the potential of OCS-01 eye drops for the treatment of cystoid macular edema (CME). The Issuer's key expected business milestones for 2024 include four clinical data readouts from the Issuer's OCS-01, OCS-02 and OCS-05 programs, and a potential New Drug Application (NDA) in late 2024 for OCS-01 for the treatment of inflammation and pain following ocular surgery.

The Issuer expects to incur additional operating losses in the near future and operating expenses will increase as the Issuer continues to expand its 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 further information in Chapter 1 “Risk Factors”. The Issuer 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 the Issuer’s current operating plan, the Issuer believes that its existing cash, cash equivalents and short-term financial assets, including proceeds from the Private Placement, will be sufficient to fund the Issuer’s operations and capital expenses for at least the next twelve months without additional capital. The Issuer based its estimate on assumptions that may prove to be wrong, and the Issuer may use its available capital resources sooner than is currently expected. The Issuer 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 its product candidates. The Issuer may also need to raise additional funds more quickly if the Issuer chooses to expand its development activities or portfolio or if the Issuer considers acquisitions or other strategic transactions, including licensing transactions.

Future Funding Requirements

Product development is expensive and involves a high degree of risk. Only a small number of research and development programs result in the commercialization of a product. The Issuer will not generate revenue from product sales unless and until the Issuer successfully completes clinical development and is able to obtain regulatory approval for and successfully commercialize the product candidates the Issuer is currently developing or that the Issuer may develop. The Issuer’s product candidates, currently under development or that the Issuer may develop, will require significant additional research and development efforts, including extensive clinical testing and regulatory approval prior to commercialization.

If the Issuer obtains regulatory approval for one or more of its product candidates, the Issuer expects to incur significant expenses related to developing its commercialization capabilities to support product sales, marketing and distribution activities, either alone or in collaboration with others. As a result, the Issuer will need substantial additional funding to support its continuing operations and pursue its growth strategy.

Until such time, if ever, the Issuer can generate substantial product revenue, the Issuer may finance its 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 the Issuer when needed or on acceptable terms. To the extent that the Issuer raises additional capital through the sale of private or public equity or convertible debt securities, investor’s ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect investor’s rights as a holder of Shares. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting the Issuer’s 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 the Issuer raises additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, the Issuer may have to relinquish valuable rights to its technologies, future revenue streams, research programs or product candidates, or grant licenses on terms that may not be favorable to the Issuer. If the Issuer

is unable to raise additional funds through equity or debt financings or other arrangements when needed, the Issuer may be required to delay, limit, reduce or terminate its research, product development or future commercialization efforts, grant rights to develop and market product candidates that the Issuer would otherwise prefer to develop and market itself, obtain funds through arrangement with collaborators on terms unfavorable to the Issuer or pursue merger or acquisition strategies, all of which could adversely affect the holdings or the rights of shareholders.

The Issuer expects its expenses to increase substantially in connection with its ongoing activities, particularly as the Issuer advances the preclinical activities, manufacturing and clinical development of its product candidates. In addition, the Issuer has incurred additional costs associated with the Business Combination and will continue to incur additional costs associated with operating as a dual-listed public company, including significant legal, accounting, investor relations and other expenses that are incremental to operating a private company. The Issuer's expenses will also increase as the Issuer:

- advances its clinical-stage product candidates, including as the Issuer progresses its Phase 3 clinical trials for the Issuer's most advanced programs, OCS-01 for DME and inflammation and pain following ocular surgery;
- advances its OCS-02 Phase 2b and related manufacturing development activities;
- advances its preclinical stage product candidates into clinical development;
- seeks to identify, acquire and develop additional product candidates, including through business development efforts to invest in or in-license other technologies or product candidates;
- hires additional clinical, quality assurance and control, medical, scientific and other technical personnel to support its clinical operations;
- expands its operational, financial and management systems and increases personnel to support its operations;
- meets the requirements and demands of being a dual-listed public company;
- maintains, expands, protects and enforces its intellectual property portfolio;
- makes milestone, royalty or other payments due under the Novartis Agreement and the Accure Agreement, each described below, and any future in-license or collaboration agreements;
- seeks regulatory approvals for any product candidates that successfully complete clinical trials;
- pursues in-licenses or acquisitions of other programs to further expand its pipeline; and
- undertakes any pre-commercialization activities to establish sales, marketing and distribution capabilities for any product candidates for which the Issuer may receive regulatory approval in regions where the Issuer chooses to commercialize the Issuer's products, solely or jointly with third parties.

Material Cash Requirements for Known Contractual Obligations and Commitments

The Issuer has certain payment obligations under various license and collaboration agreements. Under these agreements, the Issuer is 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 Novartis Technology LLC ("Novartis") for OCS-02

Pursuant to a license agreement, dated December 19, 2018, as amended, by and between Legacy Oculis and Novartis (the "Novartis Agreement"), Legacy Oculis 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 the Issuer by Novartis includes sublicenses of rights granted to Novartis by certain third parties, and the Issuer's license to such rights is expressly subject to the applicable terms and conditions of the agreements between Novartis and such third parties.

Legacy Oculis 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.

The Issuer is deemed the owner of any inventions that are (a) created solely by or on behalf of the Issuer 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. The Issuer also grants Novartis a worldwide, non-exclusive, perpetual, irrevocable, royalty-free, fully paid-up license back under any patents owned by the Issuer that (i) covers inventions arising from the Novartis Agreement, the practice of which would infringe the patents licensed to the Issuer by Novartis or (ii) otherwise incorporate Novartis' proprietary information, in each case, for certain uses outside of the licensed field.

The Issuer paid in full the contractual non-refundable up-front fee to Alcon of CHF 4.7 million ($4.7 million at the exchange rate at the time of payment) in cash. As of December 31, 2023, the Issuer was obligated to pay Novartis an additional amount up to CHF 81.6 million ($97.0 million at the December 31, 2023 exchange rate) in 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, the Issuer is obligated to pay a low-single digit royalty on its net sales of the licensed product, however, such payments will be deducted from royalties payable to Novartis. The Issuer's 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, the Issuer is 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. The Issuer may terminate the

Novartis Agreement without cause at any time upon advance written notice to Novartis. Upon written notice to Novartis, the Issuer 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) the Issuer fails to pay any undisputed amount due under the Novartis Agreement and the Issuer fails to remedy such failure within a specified period of time; (ii) an insolvency event occurs; or (iii) the Issuer materially breaches its obligations under the Novartis Agreement and fails to cure such breach within a specified period of time; or (iv) following negative clinical trial results, the Issuer terminates development of the licensed product and does not pursue any further indications in the licensed field.

License Agreement with Accure for OCS-05

Pursuant to a license agreement, dated as of January 29, 2022, by and between Legacy Oculis and Accure (the "Accure Agreement"), Legacy Oculis 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, 2023, the Issuer has paid the full contractual non-refundable up-front fee of CHF 3.0 million and reimbursed costs in the amount of approximately CHF 0.5 million. As of December 31, 2023, the Issuer is obligated to pay Accure: (a) up to CHF 94.3 million ($112.1 million at the December 31, 2023 exchange rate) in the aggregate upon the achievement of certain 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 amount that were previously paid or are concurrently or later paid by the Issuer to Accure pursuant to the Issuer's milestone payment obligations and such amounts received from a sublicensee will be deducted from amounts owned to Accure. The Issuer's 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, the Issuer is 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. The Issuer 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 the Issuer if it files 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 the Issuer fails to meet certain development obligations and is unable to agree upon modifications to the development plan with Accure.

Other Commitments

The majority of the Issuer's near-term cash needs relates to its clinical and Chemistry, Manufacturing and Controls ("CMC") projects. The Issuer has conducted research and development programs through collaboration arrangements that include, among others, arrangements with universities, CROs and clinical research sites. As of the date of this Prospectus, commitments for other external research projects totalled CHF 50.5 million, with CHF 23.6 million due within one year and CHF 26.9 million due between one and five years. In addition, the Issuer enters 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 cancellable upon written notice.

The Issuer has entered into three real estate lease agreements for lab and office facilities. As of December 31, 2023, these lease agreements have aggregate lease liabilities of CHF 0.2 million due within one year and CHF 0.5 million due in more than one year.

9. GOVERNANCE AND MANAGEMENT

9.1. Management and Board of Directors

The following table sets forth the current executive officers and directors of the Issuer as of the filing date. Unless otherwise noted, the business address of each of the directors and executive officers of the Issuer is Bahnhofstrasse 7, 6300 Zug, Switzerland. With regards to the founders of the Issuer, reference is made to the coverage above in chapter 8.2 in relation to the BCA.

Name	Age	Title
Executive Committee		
Riad Sherif, M.D.	56	Chief Executive Officer and Director
Sylvia Cheung	49	Chief Financial Officer
Páll Ragnar Jóhannesson	43	Chief Business Officer
Non-Employee Directors		
Anthony Rosenberg	71	Chairman of the Board of Directors
Christina Ackermann	59	Director
Lionel Carnot	56	Director
Pravin Dugel, M.D.	60	Director
Martijn Kleijwegt	69	Director
Geraldine O'Keeffe	58	Director

The executive officers and directors of the Issuer have not been involved in bankruptcy, liquidation or similar procedure, fraud or other financial crime related conviction in the past five years nor are they involved with such ongoing procedures. There are no principal activities performed by the executive officers and directors of the Issuer outside of the Issuer, which are significant to the Issuer. Coverage of any potential conflict of interest is to be found in chapter 3.2.

9.2. Executive Committee

Riad Sherif, M.D., 56, has served as the Chief Executive Officer and Director of the Issuer since December 2017. Previously, from June 2016 to September 2017, Dr. Sherif served as Entrepreneur in Residence at the Novartis Venture Fund. Before that, Dr. Sherif served as the President of Europe, Middle East and Africa of Alcon, Inc. from March 2014 to May 2016. Prior to that, from January 2002 to April 2014, Dr. Sherif held roles of increasing responsibility at Novartis AG, including as the Global Sales Head in the Transplant and Infectious Disease unit, as the Head for Latin America in transplant and infectious disease, as the President of the Novartis Vaccines and Diagnostics Division for Latin America and where he co-founded Synergium a leading biotech company, and most recently as the President of Novartis Pharmaceuticals, Canada. Prior to Novartis, Dr. Sherif worked for several

pharmaceutical companies, holding positions of increasing seniority, mainly in marketing and general management with international scope. Dr. Sherif currently serves as a member of the board of directors of Revenio Group corporation. Dr. Sherif previously served as the Vice Chairman for the Innovative Medicine Canada Association, as the Chairman of In-Vivo Montreal, and as the Chairman of the Board Ophthalmic Surgery and Vision Care of Eucomed. Dr. Sherif is a Medical Doctor by training, and holds an MBA from IMD Business School and a Specialized Master's Degree in Medical Management from ESCP.

Sylvia Cheung, 49, has served as the Chief Financial Officer of the Issuer since September 2020. Prior to that, from October 2005 to August 2020, Ms. Cheung held executive positions at Anika Therapeutics, Inc., a publicly traded joint preservation company. Most recently, from April 2013 to August 2020, Ms. Cheung served as the Chief Financial Officer of Anika Therapeutics, Inc. Previously, from 2000 to 2005, Ms. Cheung held a series of financial management positions of increasing responsibility at Transkaryotic Therapies, Inc., which was acquired by Shire Pharmaceuticals in 2005. Before that, from 1995 to 2000, Ms. Cheung served as a Senior Associate at PricewaterhouseCoopers. Ms. Cheung holds a Bachelor of Business Administration degree in Accounting from the University of Massachusetts in Amherst, an MBA from Boston University, and is a Certified Public Accountant in Massachusetts.

Páll Ragnar Jóhannesson, 43, has served as the Chief Business Officer of the Issuer since January 2023. Previously, from September 2020 to January 2023, Mr. Jóhannesson served as the Chief Strategy Officer of the Issuer. Previously, from January 2018 to September 2020, Mr. Jóhannesson served as the Chief Financial Officer of the Issuer. Additionally, Mr. Jóhannesson has served as the Managing Director of Oculis Iceland ehf. since May 2015. Prior to that, from February 2012 to April 2015, Mr. Jóhannesson held a series of corporate finance positions of increasing responsibility at Straumur Investment Bank, and most recently, from September 2013 to April 2015, Mr. Jóhannesson served as the Managing Director, Corporate Finance. Before that, from January 2009 to November 2011, Mr. Jóhannesson served as a Director, Corporate Finance at Íslandsbanki and its predecessor Glitnir Bank. Mr. Jóhannesson holds a B.Sc. in Industrial Engineering from the University of Iceland, an M.Phil in Management Science from the University of Cambridge and was certified as securities broker in Iceland.

9.3. Non-Employee Directors.

Anthony Rosenberg, 71, has served as Chairman of the board of directors of the Issuer since April 2018. Since April 2015, Mr. Rosenberg has served as the Chief Executive Officer of TR Advisory Services GmbH. Additionally, from April 2015 to April 2020, Mr. Rosenberg served as a Managing Director of MPM Capital. Prior to that, from 2005 to 2012, Mr. Rosenberg held a series of business development and licensing positions of increasing seniority at Novartis, and most recently, from 2012 to 2015, Mr. Rosenberg served as the Corporate Head of M&A and Licensing at Novartis International AG. Mr. Rosenberg currently serves on the boards of directors of Argenx BV and Cullinan Oncology. Mr. Rosenberg previously served on the boards of directors of SiO2 Materials Science, TriNetX and Radius Health, Inc. Mr. Rosenberg holds a B.Sc. (Hons) from the University of Leicester and a M.Sc. in Physiology from the University of London.

Christina Ackermann, 59, has served as a member of the board of directors of the Issuer since March 2023. From January 2022 to May 2023, Ms. Ackermann served as Executive Vice President, General Counsel & President of Ophthalmic Pharmaceuticals at Bausch + Lomb. Ms. Ackermann joined Bausch

Health as Executive Vice President, General Counsel, in August 2016. Prior to Bausch Health, Ms. Ackermann was part of the Novartis group of companies for 14 years, most recently serving as Senior Vice President, General Counsel for Alcon, where she was responsible for the legal, intellectual property and compliance functions, in addition to Trade Compliance Function, Enterprise Risk Management and Diversity & Inclusion. Previously, she served as Global Head, Legal and General Counsel at Sandoz, the generics division of Novartis, from 2007 to 2012. She joined Novartis Pharma in 2002 as Head, Legal Technical Operations and Ophthalmics, and assumed the role of Head Legal General Medicine in July 2005. Before Novartis, Ms. Ackermann served in Associate General Counsel roles with Bristol Myers Squibb and DuPont Pharmaceuticals, as well as in private practice, where she focused on securities, and mergers & acquisitions. From August 2021 to March 2023, Ms. Ackermann has served on the board of directors of Graybug Vision. Since September 2023, Ms. Ackermann also serves on the board of directors of Verona Pharma, where she is a member of the Audit Committee. Ms. Ackermann holds a LL.B in law from Queen's University in Ontario, Canada and a post graduate degree in EU competition law from King's College in London, England. The Issuer believe that Ms. Ackermann's experience in business, legal affairs, compliance, global security and enterprise risk management makes her well qualified to serve as a director.

Lionel Carnot, 56, has served as a member of the board of directors of the Issuer since December 2017. Since March 2012, Mr. Carnot has served as the Partner of Earlybird Venture Capital. Additionally, since 2005, Mr. Carnot has served as the Managing Director of Bay City Capital LLC. Prior to that, from 2000 to 2005, Mr. Carnot served as an Associate of The Pritzker Organization, LLC. Before that, from 1999 to 2000, Mr. Carnot served as a Principal of Oracle Partners. Prior to that, from 1997 to 1998, Mr. Carnot served as a Senior Associate of Booz Allen and Hamilton. Before that, from 1995 to 1997, Mr. Carnot served as a Product Manager of Eli Lilly & Co. Prior to that, from 1991 to 1994, Mr. Carnot served as a Senior Consultant of Accenture. Before that, from 1989 to 1991, Mr. Carnot served as a sales and marketing professional at Rhone-Poulenc. Mr. Carnot currently serves on the board of directors of iSTAR Medical, iQone Healthcare Group, and Priothera. Mr. Carnot previously served on the board of directors of Atlantic Therapeutics, Merus, Interleukin Genetics, Madrigal Pharmaceuticals Inc., Nabsys, Bioseek, Pathway Diagnostics, and Reliant Pharmaceuticals. Mr. Carnot holds an MBA with Distinction from INSEAD and a M.Sc. in Molecular Biology from the University of Geneva.

Pravin Dugel, M.D., 60, has served as a member of the board of directors of the Issuer since March 2023. Mr. Dugel served as the President of Iveric Bio from May 2021 to October 2023. He joined as Executive Vice President in April 2020 and was promoted to President of the Issuer in May 2021. Dr. Dugel was previously Managing Partner, Retinal Consultants of Arizona and the Retinal Research Institute; Clinical Professor, USC Eye Institute, Keck School of Medicine, University of Southern California; and Founding Member, Spectra Eye Institute in Sun City, Arizona. Dr. Dugel has authored more than 200 papers, 35 book chapters and has been invited to lecture at several marquis medical meetings and to serve as a visiting professor at universities worldwide, including in Japan, India, China, Malaysia, Egypt, the United Kingdom, France, Germany, Austria, Italy, Poland, Denmark, Norway, Czechoslovakia, Canada and Australia. Dr. Dugel is internationally recognized as a major clinical researcher and has been a principal investigator in over 100 multicenter clinical trials. His research and educational contributions earned him the prestigious Senior Honor Award from the American Academy of Ophthalmology (AAO). He has been elected and previously served as the Retina Subspecialty Day Board Chairman for the American Academy of Ophthalmology Annual Meeting, as a member of the board of directors of the largest retina society in the United States, the American

Society of Retina Specialists (ASRS), and the largest retina society in Europe, EURETINA. Dr. Dugel graduated from Columbia University in New York City. He then attended UCLA School of Medicine where he obtained his M.D. He completed his residency in ophthalmology at the USC Eye Institute, Keck School of Medicine and completed his medical retina fellowship at the Bascom Palmer Eye Institute and his surgical retina fellowship at the USC Eye Institute, where he was elected to serve on the faculty as the Resident Director.

Martijn Kleijwegt, 69, has served as a member of the board of directors of the Issuer since March 2023. Previously, he served as a member and the Chairman of the EBAC Board from EBAC's inception in January 2021 to March 2023. Mr. Kleijwegt founded LSP in 1998 and is currently a partner at EQT Life Sciences (f/k/a Life Science Partners). Mr. Kleijwegt has over 30 years of hands-on finance and investment experience. Mr. Kleijwegt currently serves on the boards of Vico Therapeutics, A-M Pharma and Oxthera. Mr. Kleijwegt has a master's degree in economics from Amsterdam University.

Geraldine O'Keeffe, 58, has served as a member of the board of directors of the Issuer since March 2023. Ms. O'Keeffe joined LSP in 2008. She became a Partner of the firm in 2010. Ms. O'Keeffe's prime focus and responsibility within LSP is to invest in listed securities. Prior to joining LSP, she held the position of Senior Healthcare Analyst at Fortis Investment Banking. In that position, she researched a wide range of innovative life sciences companies, both in Europe and the US. Before joining the financial community, she worked within the life sciences industry for a number of years, gaining first-hand product development experience in a commercial setting. Prior to working in the industry, she lectured in Biomedical Sciences for several years at the Dublin Institute of Technology. Ms. O'Keeffe has a Bachelor's degree in Biochemistry and Microbiology from University College Cork and a Master's degree in Biotechnology from University College Galway. She also conducted post-graduate research, inter alia at the prestigious Max Planck Institute for Biophysical Chemistry in Göttingen, Germany. In addition, Ms. O'Keeffe is also a graduate of The Dublin School of Business.

9.4. Family Relationships

There are no family relationships among any of the Issuer´s executive officers or directors.

9.5. Corporate Governance

The Issuer has structured its corporate governance in a manner that it believes closely aligns its interests with those of its shareholders and is compliant with Swiss law with respect its corporate governance.

Notable features of this corporate governance include:

- The Issuer has six non-employee directors and its audit, remuneration, and nomination and governance committees are composed entirely of independent directors. The Issuer´s independent directors will meet regularly without the presence of its corporate officers or non-independent directors. With regards to potential conflicts of interests of the directors, reference is made to chapter 3.2.
- At least one of the Issuer´s independent directors qualifies as an "audit committee financial expert" as defined by the SEC.
- The Issuer has implemented a range of other corporate governance practices, including a robust director education program.

- The Issuer will commit to ensure its compliance with the Icelandic Guidelines on Corporate Governance published by the Iceland Chamber of Commerce, Nasdaq Iceland and SA Confederation of Icelandic Enterprise, 6th edition from 1 July 2021 that become applicable as a result of the dual listing. In that respect, it is worth noting one discrepancy from said guidelines as its nomination and governance committee is currently composed of three directors but according to article 1.5.3 of said guidelines, directors may serve on the committee but should not form the majority of it.

9.6. Non-Classified Board of Directors

In accordance with Articles of Association of the Issuer, the board of directors is not divided into classes of directors. The directors were appointed until the end of the general meeting of shareholders called to approve the annual accounts for the 2024 financial year.

9.7. Compensation of Executive Officers

Historically, the Issuer´s executive compensation program has reflected its innovative growth and development-oriented corporate culture. To date, the compensation of the Chief Executive Officer and other executive officers has consisted of a combination of base salary, bonuses and long-term incentive compensation in the form of restricted common stock awards and/or stock options. The Issuer´s executive officers who are full-time employees, like all other full-time employees, are participants in applicable retirement plans in the jurisdiction in which they reside.

The Issuer uses base salaries to recognize the experience, skills, knowledge and responsibilities required of all its executive officers. Base salaries are reviewed annually, typically in connection with the Issuer´s annual performance review process and adjusted from time to time to align salaries with market levels after taking into account individual responsibilities, performance and experience.

In addition, the Issuer´s executives are entitled to annual cash bonuses for their performance over the fiscal year, based on goals established by the Issuer´s board of directors. Furthermore, the Issuer has a formal process with respect to the grant of equity incentive awards to its employees, including the executive officers. It is the belief of the Issuer that equity incentive awards provide its employees with a strong link to long-term performance, create an ownership culture and help to align the interests of its employees, including executive officers, and stockholders. Additionally, it is the belief of the Issuer that equity incentive awards with time-based vesting features promote employee retention because this feature incentivizes its employees, including the executive officers, to remain in the employment of the Issuer during the vesting period.

9.8. Compensation of Directors

The Issuer´s board of directors adopted a board of directors' compensation policy that is designed to enable it to attract and retain, on a long-term basis, highly qualified non-employee directors.

As of the filing date, the Issuer pays each director who is not an employee of the Issuer annual cash retainers, as set forth below:

	Annual Cash Retainer	
Board of Directors	$	45,200
Board of Directors Chair	$	84,750
Audit Committee Chair	$	22,600
Audit Committee Member	$	11,300
Remuneration Committee Chair	$	13,560
Remuneration Committee Member	$	6,780
Nomination and Governance Committee Chair	$	10,170
Nomination and Governance Committee Member	$	5,085

In addition, each eligible director elected or appointed to the Issuer´s board of directors is eligible to participate in the Stock Option and Incentive Plan Regulation 2023 of the issuer (the "**2023 Plan**"), subject to its terms and conditions as approved and amended by the Issuer´s board of directors from time to time.

Upon joining the Issuer, the Issuer issues to eligible directors a one-time equity incentive award in the form of stock option or similar awards under the 2023 Plan or other equity incentive plans then in effect, at an estimated equity value of $240,000. The exact number of options to be granted and the vesting schedule shall be determined by the Issuer in the grant notice in its free discretion and only such grant notice shall have legal effect. The Issuer will also issue to eligible directors an annual equity incentive award in the form of stock option or similar awards under the 2023 Plan or other equity incentive plans then in effect, at an estimated equity value of $120,000.

The eligible directors are not eligible for any benefits other than those set out in the directors' compensation policy, unless the Issuer´s board of directors decides otherwise. The Issuer reimburses all reasonable expenses in accordance with the terms and conditions of the Issuer´s travel and expense policy then in effect.

9.9. Last Year´s Compensation of Directors and Executive Officers

For the year ended December 31, 2023, the aggregate compensation paid and accrued to the members of the Issuer´s board of directors and executive officers for services in all capacities was CHF 8.1 million.

For the year ended December 31, 2023, fees, salaries and other short-term employee benefits paid and accrued to the Issuer´s members of board of directors and executive officers was CHF 2.1 million.

The amount contributed by the Issuer to provide post-employment benefits to executive officers amounted to a total of CHF 0.2 million for the year ended December 31, 2023.

During the year ended December 31, 2023, 1,029,765 options to purchase registered Shares were granted to members of the Issuer´s board of directors and executive officers for a total fair value of CHF 4.8 million.

In the period from March 2, 2023, through December 31, 2023, the compensation of the members of the Board of Directors was as follows (converted from other currencies as applicable at the average

prevailing exchange rate over the reporting period):

Amounts in CHF[23]

Name	Role	Gross cash compensation	Employer social contributions[24]	Total cash	Equity FMV (*Fair Market Value*)[25]
Christina Ackermann[26]	Director	55,460	5,097	60,556	249,945
Lionel Carnot[27]	Director	-	-	-	-
Pravin Dugel, M.D.	Director	49,464	4,546	54,010	249,945
Martijn Kleijwegt	Director	-	-	-	-
Geraldine O'Keeffe	Director	-	-	-	-
Anthony Rosenberg	Chairman of the Board of Directors	66,199	5,739	71,938	138,861
Riad Sherif, M.D.[28]	Director and Chief Executive Officer	-	-	-	-

From March 2, 2023, through December 31, 2023, the fixed and variable compensation earned by the members of the Executive Committee was as follows (amounts in CHF converted from other currencies as applicable at the average prevailing exchange rate over the reporting period) (Amounts in CHF):

Name and Position	Salary	Bonus[29]	Pension (employer)[30]	Employer social contributions[31]	Total	Equity FMV (*Fair Market Value*)[32]
Riad Sherif, M.D. Chief Executive Officer and Director	410,474	225,761	116,178	62,179	814,592	2,938,637
Total Executive Committee Compensation	994,971	446,064	176,331	123,956	1,741,322	4,242,064

9.10. Pension, Retirement or Similar Benefits

[23] The Equity FMV amounts in USD were converted to CHF at the USD/CHF rate at grant date.

[24] Includes social security contributions as required by applicable law for the period March 2023 through December 2023.

[25] Amounts represent the aggregate grant date fair value of stock options granted to the Issuer´s non-employee Directors during 2023 at the date of grant, computed in accordance with IFRS 2. Assumptions used in the calculation of these amounts are included in Note 12 to the Issuer´s financial statements for the year ended December 31, 2023. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the non-employee Directors. This equity FMV excludes social contributions that will be reported at the time when equity awards are exercised.

[26] Christina Ackermann and Pravin, M.D. received a one-time equity incentive award upon joining the Board in March 2023.

[27] Lionel Carnot, Martijn Kleijwegt and Geraldine O'Keeffe did not receive any compensation for service on the Board of Directors due to policy requirements of their employers which are investors in the Issuer.

[28] As a member of the Executive Committee, Riad Sherif, M.D. does not receive any compensation for service on the Board of Directors. Compensation for Riad Sherif, M.D. is included below.

[29] Includes the earned or accrued bonus included in the Issuer´s financial statements for the period March 2023 through December 2023 payable in 2024.

[30] Includes the Issuer´s contributions to benefit plans and life insurance premiums for the period March 2023 through December 2023.

[31] Includes social security contributions as required by applicable laws for the period March 2023 through December 2023.

[32] Amounts represent the aggregate grant date fair value of stock options granted to the Executive Committee members during 2023 at the date of grant, computed in accordance with IFRS 2. Assumptions used in the calculation of these amounts are included in Note 12 to the Issuer´s financial statements for the year ended December 31, 2023. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the Executive Committee members. This equity FMV excludes social contributions that will be reported at the time when equity awards are exercised.

Total plan assets related to post-employment benefits amounted to a total of CHF 9.2 million on December 31, 2023.

The post-employment benefits are in conformity with required local law and regulations including 401(k) plan for the United States and the applicable pension regimes for Iceland, Switzerland, France and Hong Kong.

9.11. Risk Oversight

The board of directors is responsible for overseeing the risk management process of the Issuer. The board of directors focuses on the general risk management strategy of the Issuer, the most significant risks, and oversees the implementation of risk mitigation strategies by management. The audit committee is also responsible for discussing the Issuer´s policies with respect to risk assessment and risk management. The board of directors believes its administration of its risk oversight function has not negatively affected the board of directors' leadership structure.

9.12. Code of Business Conduct and Ethics

The Issuer´s board of directors has adopted a Code of Business Conduct and Ethics applicable to the directors, executive officers and employees that complies with the rules and regulations of Nasdaq and the SEC. The Code of Business Conduct and Ethics is available on the Issuer´s website. In addition, the Issuer has posted on the Corporate Governance section of its website all disclosures that are required by law or Nasdaq listing standards concerning any amendments to, or waivers from, any provision of the Code of Business Conduct and Ethics. The reference to the Issuer´s website address in this Prospectus does not include or incorporate by reference the information on the Issuer´s website into this Prospectus.

9.13. Stock Option and Incentive Plan Regulation 2023

The 2023 Plan was approved by the Issuer´s board of directors in March 2023 and provides for the grant of options, restricted stock awards or units or stock appreciation rights to acquire Shares.

The purpose of the 2023 Plan is to attract and retain highly qualified personnel and to provide key employees with additional incentive to increase their efforts on behalf and in the best interest of the Issuer and its subsidiaries by giving them the opportunity to acquire a proprietary interest in the Issuer as an incentive for them to remain in the service to the Issuer. The terms of the 2023 Plan are described in more detail below.

The 2023 Plan is administered by a plan administrator (one or several persons) elected by the Issuer´s board of directors from time to time. The plan administrator acts within the guidelines set and approved by the Issuer´s board of directors or a committee thereof and is authorized to, among others, determine (i) which eligible persons are to receive awards under the 2023 Plan, (ii) the time or times when such options or rights grants are to be made, (iii) the nature of the shares and the number of awards covered by each such grant, (iv) the time or times at which each option or stock appreciation rights is to become exercisable, (v) the vesting conditions applicable to the options or rights, (vi) the maximum term for which the options or rights are to remain outstanding, and (vii) any terms and conditions of any restricted stock award, in each case, subject to the guidelines set and approved by the Issuer´s board of directors or a committee thereof. Persons eligible to participate in the Issuer´s 2023 Plan are employees, members of the board of directors and consultants of the Issuer or a subsidiary. The plan administrator determines within the guidelines set and approved by the Issuer´s

board of directors or a committee which eligible persons are to receive rights to acquire options under the 2023 Plan.

The aggregate number of Shares initially reserved for issuance under the 2023 Plan is 7,835,544 Shares. As of December 31, 2023, the Issuer had awards issued and outstanding covering 3,466,210 Shares. For further information on the utilization, reference is made to chapter 10.1.6. In the event registered shares that otherwise would have been issuable under the 2023 Plan are withheld by the Issuer in payment of the exercise price or withholding obligations, such shares shall remain available for issuance under the 2023 Plan. In the event an outstanding award for any reason expires or is cancelled, forfeited or terminated, the shares allocable to the unexercised or unsettled portion shall remain available for issuance under the 2023 Plan.

A participant may only exercise an option or stock appreciation right to the extent that the option or stock appreciation right has vested and has not lapsed under the 2023 Plan. Unless otherwise determined by the Issuer´s board of directors at the grant date or set forth in the grant notice, an option or an award in the form of a restricted stock unit or stock appreciation right granted under the 2023 Plan typically vests as to 25% of the award at the end of the first year following the vesting start date, with the remaining 75% of the award vesting monthly over the 3 years after the first year following the vesting start date. Any restricted stock may not be transferred or pledged. Such restriction expires with the expiration of any repurchase right for the restricted stock. The 2023 Plan provides provisions that govern the exercise of any awards held by the participant at the time the legal relationship forming the basis of the service is coming to an end. Generally, any award not vested shall immediately lapse at the time a notice of termination has been received (regardless of which party gives notice) or at the end of the term in case of a board member. If indicated in the grant notice or otherwise resolved by the board of directors, upon the occurrence of a “Corporate Transaction” (as defined in the 2023 Plan), all options and awards in the form of a restricted stock unit or stock appreciation rights (i) shall fully vest and (ii) in the case of options and stock appreciation rights must be immediately exercised, except if such options or awards in the form of a restricted stock unit or stock appreciation rights are repurchased by the Issuer or a third party designated by the Issuer for a cash consideration equivalent to the economic value applicable to such option or stock appreciation right under the 2023 Plan.

The Issuer´s board of directors has complete and exclusive power and authority to amend or modify the 2023 Plan in any or all respects. Such amendment or modification shall be communicated in appropriate form as an amendment of the 2023 Plan. Unless such change is required to comply with applicable law, listing requirements, accounting rules or tax requirements, no such amendment or modification shall, without the consent of the concerned participant, adversely affect materially his/her rights and obligations under the 2023 Plan.

9.14. Composition of the Issuer´s Board of Directors

The Issuer´s board of directors is currently composed of seven members. In accordance with the Issuer´s Articles of Association, the board of directors is not divided into classes of directors. Each director was appointed on March 2, 2023, to serve as director until the end of the general meeting of shareholders called to approve the Issuer´s annual accounts for the 2024 financial year.

Six of seven directors are independent as defined in Nasdaq listing standards and applicable SEC rules and the Issuer´s board of directors has an independent audit committee, a nomination and governance committee, and a remuneration committee as further set out here below:

9.15. Committees of the Issuer´s Board of Directors

The Issuer´s board of directors has three standing committees: an audit committee, a remuneration committee, and a nominating and nomination and governance committee.

The board has adopted written charters that are available to shareholders on the Issuer´s website at https://investors.oculis.com/corporate-governance. The reference to the website address in this Prospectus does not include or incorporate by reference the information on the Issuer´s website into this Prospectus.

9.15.1. Audit Committee

The audit committee consists of Lionel Carnot, Geraldine O'Keeffe and Christina Ackermann. The audit committee assists the board of directors in overseeing the accounting and financial reporting processes and the audits of the Issuer´s financial statements. Mr. Carnot serves as chairperson of the audit committee. In addition, the audit committee is responsible for the appointment, compensation, retention and oversight of the work of the Issuer´s independent registered public accounting firm.

The Issuer´s board of directors has determined that Mr. Carnot, Ms. O'Keeffe and Ms. Ackermann satisfy the "independence" requirements set forth in Rule 10A-3 under the US Exchange Act and Mr. Carnot qualifies as an "audit committee financial expert," as such term is defined in the rules of the SEC.

Each of the members of the Issuer´s audit committee will qualify as independent directors according to the rules and regulations of the SEC and Nasdaq with respect to audit committee membership. In addition, all of the audit committee members meet the requirements for financial literacy under applicable SEC and Nasdaq rules and at least one of the audit committee members qualifies as an "audit committee financial expert," as such term is defined in Item 407(d) of Regulation S-K[33]. The audit committee is governed by a charter that complies with applicable Nasdaq rules, which charter was posted on the Issuer´s website prior to the listing of its Shares on Nasdaq.

The Issuer has adopted an audit committee charter, which details the principal functions of the audit committee, including:

- review and discuss with management the annual and quarterly financial statements and reports, including earnings press releases and financial information and earnings guidance given to analysts and rating agencies;
- propose to the board to approve the quarterly and annual reports;
- inform the board on its assessment of the financial statements and decide whether to recommend the statutory and consolidated financial statements to the board for approval and presentation to the meeting of shareholders;

[33] 17 CFR § 229.407 - (Item 407) Corporate governance: https://www.govinfo.gov/content/pkg/CFR-2023-title17-vol3/xml/CFR-2023-title17-vol3-sec229-407.xml

- review in cooperation with the auditor and the management whether the accounting principles applied by the Issuer and any of its subsidiaries are appropriate;
- review and assess the qualifications, independence, performance, and effectiveness of the auditor and recommend to the board the nomination of the auditor;
- review the scope of the prospective audit by the auditor, the estimated fees and any other matters pertaining to such audit as the committee may deem appropriate;
- approve any proposal of audit and non-audit services to be provided by the auditor to the company to ensure auditor independence;
- review and assess the auditor's report, management letters and take notice of all comments of the auditor on accounting procedures and systems of control;
- review with the auditors and management the auditor's reports to the committee/board on critical accounting policies and practices used (and any changes thereto), on alternative treatments of financial information discussed with management and on other material written communication between the auditor and management;
- review with the auditor any audit problems or difficulties and management's response, including any restrictions on the scope of the auditor's activities or on access to requested information, and any significant disagreements with management;
- at least annually monitor, review and discuss with the auditor and with management the adequacy and effectiveness of the Issuer´s policies and procedures regarding internal controls over financial reporting and risk assessment and the company's compliance therewith;
- monitor compliance with respect to the Issuer´s Code of Business Conduct and Ethics, as may be amended from time to time;
- periodically review the Issuer´s policies and procedures for risk management and assess the effectiveness thereof;
- periodically review the Issuer´s policies and procedures designed to ensure compliance with laws, regulations and internal rules and policies;
- establishing procedures for the receipt, retention and treatment of complaints received by the Issuer regarding accounting, internal accounting controls or auditing matters, as well as the confidential, anonymous submission by officers, employees or directors of the Issuer of concerns regarding questionable accounting or auditing matters;
- monitor compliance with respect to the Issuer´s Related Person Transactions Policy, as may be amended from time to time, and review, approve and/or ratify proposed transactions that have been identified as related person transactions thereunder; and
- discuss with management and, if appropriate, the company's external advisors any legal matters (including the status of pending or threatened litigation) that may have a material impact on the company's financial statements and any material reports or inquiries from regulatory or governmental agencies which could materially impact the company's contingent liabilities and risks.

9.15.2. Remuneration Committee

The remuneration committee consists of Christina Ackermann, Pravin Dugel, and Lionel Carnot. The remuneration committee assists the board of directors in determining compensation for the Issuer´s executive officers and its directors. Ms. Ackermann serves as chairperson of the remuneration committee.

Each of the members of the Issuer´s remuneration committee qualifies as independent directors according to the rules and regulations of the SEC and Nasdaq with respect to remuneration committee membership, including the heightened independence standards for members of a remuneration committee.

The Issuer has adopted a remuneration committee charter, posted on the Issuer´s website, which details the principal functions of the remuneration committee, including:

- prepare and recommend to the board for approval (i) a compensation policy for the board and (ii), if so requested by the board, a compensation policy for the executive committee; and thereafter, annually review such policy or policies and recommend changes, if any, for approval by the board;
- may periodically review the Issuer´s compensation policies for its employees who are not members of the executive committee;
- review and recommend to the board for approval any compensation and other payments to present and former non-employee directors of the Issuer to the extent not already provided for in the compensation policy for the board;
- propose to the board the resolution to be submitted to the general meeting for the maximum total compensation of the board and executive committee;
- evaluate annually the performance of the Issuer´s CEO and submit such evaluation for review and discussion by the board, in each case in executive session without the presence of the CEO;
- review and recommend for approval by the board the annual base salary, incentive compensation and equity compensation of the CEO and, in consultation with the CEO, of the other members of the executive committee, and the overall compensation of the CEO and executive committee;
- review and approve any employment contracts, severance contracts, or other agreements that the Issuer proposes to enter into with any present, future or former members of the executive committee;
- establish an incentive compensation plan providing for variable compensation of the members of the executive committee based on the achievement of the Issuer´s corporate goals and the individuals' performance, and approve any changes to such plan as may be proposed by the CEO from time to time;
- approve any incentive compensation plans providing for variable compensation of employees of the company (excluding any member of the executive committee) and any changes thereto, as may be proposed by the CEO from time to time;

- develop and periodically review equity compensation plans, and submit such plans and any changes to such plans to the board for approval;
- review and approve any perquisite benefits plans proposed by the CEO for the members of the executive committee;
- review the annual corporate goals proposed by the CEO, and recommend such goals as approved by the committee for approval by the board;
- determine the level of achievement of the corporate goals as approved by the board upon completion of each calendar year, and apply such achievement level to the determination of the variable compensation of the members of the executive committee in accordance with the applicable incentive compensation plan;
- evaluate its own performance on a periodic basis as part of the board performance assessment process;
- supervise the preparation of the annual compensation report and submit it to the board for approval; and
- review the remuneration committee charter annually and submit any recommended changes to the board for approval.

9.15.3. Nomination and Governance Committee

The nomination and governance committee consists of Dr. Pravin Dugel, Geraldine O'Keeffe, and Martijn Kleijwegt. The nomination and governance committee assists the Issuer´s board of directors in identifying individuals qualified to become the directors for the Issuer consistent with criteria established by the Issuer and in developing the Issuer´s code of business conduct and ethics. Dr. Dugel serves as chairperson of the nomination and governance committee.

The Issuer has adopted a nomination and governance committee charter, posted on the Issuer´s website, which details the principal functions of the nomination and governance committee, including:

- establish and periodically review the qualification criteria for board candidates;
- conduct the search for board candidates based on the qualification criteria established by the committee and any other criteria that the committee may consider appropriate, and recommend suitable candidates to the board to be nominated for election by the shareholders;
- periodically review the policies and principles for corporate governance of the Issuer, including the organizational rules, and recommend changes, if any, to the board for approval;
- make recommendations to the board, on board and committee compositions, including the board and committee chairperson and the size of the board and the committees, taking into account the independence standards established by applicable laws, the Issuer´s Articles of Association, the organizational rules, the committee policies and corporate governance principles;
- conducting the search for candidates for the position of CEO of the Issuer, and shall recommend suitable candidates for evaluation and appointment by the board;

- identify candidates for the election to the board on its own as well as by considering recommendations from shareholders, other members of the board, officers and employees of the company, and other sources that the committee deems appropriate;
- establish a process for and conduct an annual review of the performance of the board, its committees, and individual board members in their role as members of the board or a committee of the board; and consider the results of the annual performance review when determining whether or not to recommend the nomination of a director for an additional term on the board or a committee, and for developing proposals for improving corporate governance policies and effectiveness of the board and its committees;
- prepare and review, at least annually, a succession plan for the directors of the board, the CEO, and the members of the executive committee; and
- review the corporate governance report of the Issuer for inclusion in the annual report for the approval of the board and approve any other written public disclosures on corporate governance matters including, but not limited to, environmental, social and governance-related matters.

9.16. Related Parties Transactions

Below is a summary of the Issuer's policies and procedures for related party transactions as well as actual related party transactions for the periods covered by the historical financial information included herein, and also related party transactions for the period up to the filing date.

9.16.1. Policies and Procedures for Related Person Transactions

The Issuer´s board of directors has adopted a written related person transaction policy that sets forth certain policies and procedures for the review and approval or ratification of transactions involving the Issuer in which a related person has or will have a direct or indirect material interest, as determined by the Audit Committee. A "related person" for purposes of the policy means: (i) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the Issuer; (ii) associates (defined as, unconsolidated enterprises in which the Issuer has a Significant Influence or which has Significant Influence over the Issuer); (iii) individuals owning, directly or indirectly, an interest in the voting power of the Issuer that gives them Significant Influence over the Issuer, and close members of any such individual's family; (iv) key management personnel (i.e., having authority and responsibility for planning, directing and controlling the Issuer´s activities), including directors and close members of such individuals' families; and (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iii) or (iv) above or over which such a person is able to exercise Significant Influence, including enterprises owned by the Issuer´s directors or major shareholders and enterprises that have a member of key management in common with the Issuer. "Significant Influence" for purposes of the policy means the power to participate in the financial and operating policy decisions of an enterprise but is less than control over those policies, provided that shareholders beneficially owning a 10% or more interest in the voting power of the enterprise concerned are presumed to have a significant influence on such enterprise.

Pursuant to the policy, each executive director, nominee for the position of executive director, and executive officer shall promptly notify the designated contact of any transaction involving the Issuer and a related person. The designated contact will present any new related person transactions, and

proposed transactions involving related persons, to the audit committee of the board of directors at its next occurring regular meeting. If the audit committee determines that the related person involved has a direct or indirect material interest in the transaction, and therefore that the transaction is a related party transaction, the Audit Committee shall consider all relevant facts and circumstances, including the commercial reasonableness of the terms, the benefit and perceived benefit, or lack thereof, to the Issuer, opportunity costs of alternate transactions, the materiality and character of the Related Person's direct or indirect interest, and the actual or apparent conflict of interest of the Related Person. The audit committee will not approve or ratify a Related Person transaction unless it shall have determined that, upon consideration of all relevant information, the transaction is in, or not inconsistent with, the Issuer´s best interests. Further, the procedure is in accordance with regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the Application of International Accounting Standards.

On an annual basis, the audit committee shall review previously approved related person transactions, under the standard described above, to determine whether such transactions should continue. If after the review described above, the Audit Committee determines not to approve or ratify a related person transaction (whether such transaction is being reviewed for the first time or has previously been approved and is being reviewed), the transaction will not be entered into or continued.

9.16.2. Agreements with the Issuer´s Executive Officers and Directors

Aside from standard employment agreements, there are no transactions between the Issuer´s directors and executive officers on the one hand and the Issuer on the other. The remuneration of the directors and executive officers (excluding non-executive directors), who are the key management personnel, is described in the chapter above.

9.16.3. Indemnification Agreements

The Articles of Association of the Issuer provide that the Issuer will indemnify its directors and officers to the fullest extent permitted by Swiss law, subject to certain exceptions contained in its Articles of Association.

The Issuer has also entered into indemnification agreements with each of its directors and executive officers. The indemnification agreements provide the indemnitees with contractual rights to indemnification, and expense advancement and reimbursement, to the fullest extent permitted under Swiss law, subject to certain exceptions contained in those agreements.

9.16.4. The Subscription Agreements

With reference to chapter 8.2 in connection with the BCA, EBAC entered into subscription agreements with the PIPE Investors for an aggregate of 7,118,891 shares of EBAC Class A ordinary shares at CHF 9.42 or $10.00 per share for aggregate gross proceeds of CHF 67.1 million or $71.2 million. Pursuant to the transactions contemplated in the BCA, EBAC Class A Common Stock converted into ordinary shares in the Issuer.

9.16.5. The Convertible Loan Agreements

With reference to chapter 8.2 in connection with the BCA, Legacy Oculis and the investor parties thereto entered into the Convertible Loan Agreements pursuant to which the investor lenders granted Legacy Oculis a right to receive an interest free convertible loan with certain conversion rights with substantially the same terms as the PIPE Investors. Following the mergers, the Issuer assumed the

Convertible Loan Agreements, and the lenders exercised their conversion rights in exchange for 1,967,000 ordinary shares at CHF 9.42 or $10.00 per share for aggregate gross proceeds of CHF 18.5 million or $19.7 million.

9.16.6. The Support Agreements

The Issuer, EBAC, and certain Legacy Oculis shareholders entered into the Legacy Oculis Shareholders Support Agreements, pursuant to which such Legacy Oculis shareholders agreed to, among other things, (i) adopt the BCA and approve and consent to the mergers and the consummation of the transactions contemplated therein, (ii) execute and deliver the exchange notice agreeing to transfer share capital and (iii) provide a release of claims against the Issuer and its subsidiaries.

Further to the above, LSP Sponsor EBAC B.V., EBAC and Legacy Oculis entered into the Sponsor Support Agreement, pursuant to which the Sponsor agreed to, among other things, (i) vote to adopt and approve the BCA and the other documents contemplated thereby and the transactions contemplated thereby, (ii) not transfer its shares of common stock and warrants, in each case, until the consummation of the closing (subject to certain customary exceptions), (iii) waive certain anti-dilution adjustments, and (iv) waive certain redemption rights.

9.16.7. The Registration Rights and Lock-Up Agreement

In connection with the BCA, the Issuer entered into a registration rights and lock-up agreement with LSP Sponsor EBAC B.V., and certain Legacy Oculis shareholders. Pursuant to said agreement, the parties were not allowed to transfer ordinary shares (subject to certain exceptions) until after certain time periods had lapsed, which they have now. No lock-up agreements are therefore currently in place.

10.SHARES AND SHAREHOLDERS

10.1. Share Capital

10.1.1. Capital Structure of the Issuer

Issued share capital

Immediately prior to the Business Combination, the Issuer's share capital was CHF 356,821.68 divided into 35,682,168 fully paid-in registered shares with a nominal value of CHF 0.01 each.

In the context of the Business Combination, the Issuer increased its share capital in the Commercial Register of the Canton of Zug on 2 March 2023 to CHF 365,273.68 (divided into 36,527,368 ordinary shares, fully paid-up).

Following the Business Combination in May 2023 a public offering for the issuance and sale by the Issuer of ordinary shares based on an underwriting agreement entered into by the Issuer and several underwriters, the Issuer increased its share capital in the Commercial Register of the Canton of Zug on 5 June 2023 to CHF 400,273.68 (divided into 40,027,368 ordinary shares, fully paid-up).

As a result of the partial exercise by the underwriters to purchase additional ordinary shares as part of the abovementioned offering, the Issuer increased its share capital in the Commercial Register of the Canton of Zug on 13 June 2023 to CHF 401,816.02 (divided into 40,181,602 ordinary shares, fully paid-up). For further information on the re-organization and the re-capitalisation in relation to the Business Combination and the BCA reference is made to chapter 8.2.

Following the issuance of an aggregate of 262,098 new shares in 2023 as a result of (i) the exercise of 112,942 options and the issuance of associated ordinary shares using conditional share capital for employee benefit plans and (ii) the exercise of 149,156 warrants and the issuance of associated Shares using the conditional share capital for EBAC public and private warrants, the Issuer increased its share capital in the Commercial Register of the Canton of Zug on March 14, 2024, to CHF 404,437.00, divided into 40,443,700 Ordinary Shares, fully paid-up. Thus, as of the date of this Prospectus there are 40,443,700 Shares issued as per the Issuer's Articles of Association and registered with the Commercial Register of the Canton of Zug. [34] However, the share capital of the Issuer will be increased further after the public disclosure of this Prospectus, to settle subscriptions of investors who subscribed to a total of 5,000,000 Shares during a Private Placement conducted on 10 April 2024. The Issuer foresees to issue shares from the Capital Band to settle the subscriptions as further described in chapter 10.1.5.

[34] The Issuer can use its existing conditional capital by allocating options or warrants to the relevant beneficiaries, and increase its issued share capital while decreasing the relevant conditional capital commensurately each time such options or warrants are validly exercised. Provided that the applicable legal conditions are fulfilled, the new Shares will be validly issued by law at the time of exercise, regardless of when the corresponding change to the Articles of Association and update of the Issuer's company excerpt with the Commercial Register occur.
According to article 653f para. 1 CO (Swiss Code of Obligations), a licensed audit expert verifies at the end of each financial year whether the new shares were issued in conformity with the law, the articles of association and, if applicable, the prospectus. The external auditor shall confirm this in writing.
On the basis of this confirmation, the Issuer modifies within three months following the end of the financial year the Articles of Association in the form of a public deed and files the required materials for registration with the Commercial Register.
As a result of this process, as long as the Articles of Association have not been adapted, there will be a difference between (i) the Issuer's issued share capital as recorded in the Articles of Association and as appearing on its company excerpt and (ii) the effective issued share capital that accounts for the options or warrants validly exercised.

10.1.2. Share Classes

The Articles of Association of the Issuer provide for one class of ordinary shares with a nominal value of CHF 0.01 per share. Each Share carries one vote in general meetings, and the Shares are listed on the Nasdaq Global Market.

In the event of the liquidation or bankruptcy of the Issuer, whether voluntary or involuntary, the holders of the Shares are paid in proportion to their share capital holdings using the remainder of the Issuer's assets after all other creditors have had their approved claims paid.

10.1.3. History of share capital

At the Issuer's incorporation on October 31, 2022, the Issuer's share capital was CHF 100,000.00 (divided into 10,000,000 ordinary shares, fully paid-up).

The Issuer increased its share capital in the Commercial Register of the Canton of Zug on February 21, 2023, to CHF 356,821.68 (divided into 35,682,168 ordinary shares, fully paid-up). Thereafter, the Issuer increased its share capital in the Commercial Register of the Canton of Zug on 2 March 2023 to CHF 365,273.68 (divided into 36,527,368 ordinary shares, fully paid-up) in relation to the Business Combination.

Following the Business Combination, the Issuer increased its share capital in the Commercial Register of the Canton of Zug on 5 June 2023 to CHF 400,273.68 (divided into 40,027,368 Shares, fully paid-up). Furthermore, the Issuer increased its share capital in the Commercial Register of the Canton of Zug on 13 June 2023 to CHF 401,816.02 (divided into 40,181,602 Shares, fully paid-up) as part of the public offering described above. The Issuer subsequently increased its share capital in the Commercial Register of the Canton of Zug on 14 March 2024 to CHF 404,437.00 (divided into 40,443,700 Ordinary Shares, fully paid-up) to account for the issuance of an aggregate of 262,098 new shares in 2023 as a result of the option and warrant exercises described above.

10.1.4. Share Capital Increases (General)

Under Swiss law, the Issuer may increase its share capital and issue new shares through an ordinary capital increase, an increase by capital band (de. Kapitalband) or a conditional capital increase (de. Bedingte Kapitalerhöhung). In each case, the issue price for each share may not be less than the nominal value of the newly issued share. An ordinary capital increase is approved at a general meeting of shareholders. The required vote is generally the approval of simple majority of the votes cast at the general meeting of shareholders. At least two-thirds of the represented share votes and the absolute majority of the represented nominal value of the shares present in person or represented by proxy is required for capital increases against the Issuer's equity, against contributions in kind, for the purposes of acquiring assets or the granting of special benefits, or for capital increases where the pre-emptive/ subscription rights of shareholders are limited or excluded. The amount by which the capital can be increased in an ordinary capital increase is unlimited, provided that sufficient contributions are made to cover the capital increase. An ordinary capital increase that has been approved by the shareholders must be executed within six months of shareholder approval. In an ordinary capital increase, holders of Shares have pre-emptive rights to obtain newly issued shares in an amount proportional to the nominal value of the shares they already hold, unless such rights are excluded in accordance with Swiss law. For further details on these circumstances, please see the chapter 10.1.8 entitled "—Pre-Emptive Rights and Advance Subscription Rights."

The Issuer's shareholders can further authorize the board of directors by way of an amendment of the Articles of Association to increase or decrease the share capital within a capital band in an amount not to exceed 50% of the share capital registered in the commercial register for a period of five years without further shareholder approval.

To create a capital band, a resolution of the general meeting of shareholders passed by a supermajority of at least two-thirds of the represented share votes and the absolute majority of the represented nominal value of the shares present in person or represented by proxy is required. Additional information regarding capital band is set forth below in the chapter 10.1.5 "Capital Band."

Under Swiss law, conditional share capital is used to issue new shares in the context of employee benefit and incentive plans, debt instruments with conversion rights or warrants granted to creditors or options and warrants issued to third parties. To create conditional capital, a resolution of the general meeting of shareholders passed by a supermajority of at least two-thirds of the represented share votes and the absolute majority of the represented nominal value of the shares present in person or represented by proxy is required. The requirements for a conditional capital increase are set forth below in the chapter 10.1.6 "Conditional Share Capital."

10.1.5. Capital Band

Under the Articles of Association, the board of directors of the Issuer is authorized to increase the share capital, at any time until March 2, 2028, at the latest, by a maximum amount of CHF 178,410.84 by issuing a maximum of 17,841,084 fully paid-up shares with a nominal value of CHF 0.01 each.

In the year 2023, 3,654,234 shares were issued from the capital band. Thus, the Issuer is, as of the date of this Prospectus entitled to issue, within the lower limit of CHF 365,273.68 and the upper limit of CHF 543,684.52, up to 14,186,850 fully paid-up Shares, with a nominal value of CHF 0.01 each on the basis of the existing capital band. Such increase of the share capital (i) by means of an offering underwritten by a financial institution, a syndicate of financial institutions or another third party or third parties, followed by an offer to the then-existing shareholders of the Issuer, and (ii) in partial amounts, are permissible. As specified in chapter 10.1 the subscriptions pursuant to a Private Placement, in April 2024, will be settled by the board of directors increasing the share capital of the Issuer issuing 5,000,000 Shares from the Capital Band, following the public disclosure of the Prospectus. Thereafter, the Issuer will be entitled to issue, within the lower and upper limits referred to above, up to 9,186,850 fully paid-up Shares on the basis of the existing capital band.

The board of directors may determine the time of the issuance, the issue price, the manner in which the new shares have to be paid up, the date from which the shares carry the right to dividends, the conditions for the exercise of the pre-emptive rights and the allotment of pre-emptive rights that have not been exercised. The board of directors may allow the pre-emptive rights that have not been exercised to expire, or it may place such shares or the pre-emptive rights of which have not been exercised, at market conditions or use them otherwise in the interest of the Issuer.

The board of directors is authorized to withdraw or limit the pre-emptive rights of the shareholders with respect to the Shares to be issued under the capital band and to allot them to individual shareholders or third parties, subject to the following:

- if the issue price of the new registered Shares is determined by reference to the market price;

- for the acquisition of an enterprise, part of an enterprise or participations, or for the financing or refinancing of any of such acquisition, or in the event of share placement for the financing or refinancing of such placement;
- for purposes of broadening the shareholders of the Issuer's constituency in certain financial or investor markets, for purposes of the participation of strategic partners, or in connection with the listing or registration of new registered Shares on domestic or foreign stock exchanges;
- for purposes of granting an over-allotment option (Greenshoe) or an option to subscribe additional Shares to the respective initial purchaser(s) or underwriter(s) in a placement or sale of registered shares;
- for raising of capital (including private placements) in a fast and flexible way, which probably could not be achieved without the exclusion of the statutory pre-emptive right of the existing shareholders;
- for other valid grounds in the sense of article 652b para. 2 CO, which provides by way of illustration that the acquisition of companies or parts thereof or equity interests therein, as well as employee share ownership are deemed to be valid grounds; or
- following a shareholder or a group of shareholders acting in concert having accumulated shareholdings in excess of 15% of the share capital registered in the commercial register without having submitted to the other shareholders a takeover offer recommended by the board of directors, or for the defence of an actual, threatened or potential takeover bid, in relation to which the board of directors, upon consultation with an independent financial adviser retained by it, has not recommended to the shareholders acceptance on the basis that the board of directors has not found the takeover bid to be financially fair to the shareholders.

The authorization to withdraw or limit the pre-emptive rights is limited to the above listed items and exclusively linked to the particular available capital band (de. Kapitalband) set out in the Articles of Association. If the period to increase the share capital within the capital band lapses without having been used by the board of directors, the authorization to withdraw or to limit the pre-emptive rights lapses simultaneously with such capital.

10.1.6. Conditional Share Capital

Conditional Share Capital in Connection with Employee Benefit Plans

Under the Articles of Association, the Issuer's share capital may be increased by an amount not exceeding CHF 78,355.44 through the issue of a maximum of 7,835,544 fully paid up registered Shares, each with a nominal value of CHF 0.01, in connection with the exercise of option rights or other equity-linked instruments granted to any employee of the Issuer or its subsidiary, and any consultant, members of the board of directors, or other person providing services to the Issuer or its subsidiary.

Shareholders' subscription rights are excluded with regard to these Shares. These new registered Shares may be issued at a price below the current market price. The board of directors shall determine the other conditions of issue including the issue price of the Shares.

As of December 31, 2023, the Issuer had awards issued and outstanding covering 3,466,210 Shares on the basis of the 2023 Plan and 112,942 options have been exercised and associated Shares have been

issued using the conditional share capital for employee benefit plans. These shares were not registered in the Issuer's share capital in the commercial register as of December 31, 2023. However, this registration occurred on March 14, 2024.

Conditional Share Capital for new Bonds and Similar Debt Instruments

Under the Articles of Association, the Issuer's share capital may be increased by an amount not exceeding CHF 50,000 through the issuance of a maximum of 5,000,000 fully paid up registered Shares, each with a par value of CHF 0.01, through the exercise of conversion and/or option rights or warrants granted in connection with bonds or similar instruments, assumed, issued or to be issued by the Issuer or by its subsidiaries, including convertible debt instruments.

Shareholders' advance subscription rights and subscription rights are excluded with regard to the new registered Shares. These new registered Shares may be issued at a price below the current market price. The board of directors shall determine the other conditions of issue including the issue price of the Shares.

Conditional Share Capital for Public Warrants

Under the Articles of Association, the Issuer's share capital may be increased by an amount not exceeding CHF 44,032.94 through the issuance, of a maximum of 4,403,294 fully paid up registered Shares, each with a par value of CHF 0.01, in connection with the exercise of warrants granted through the exercise of conversion and/or option rights, which were assumed from, and allocated by, European Biotech Acquisition Corp., a Cayman Islands exempted company ("EBAC"), on the basis of the Warrant Assignment and Assumption Agreement.

Shareholders' advance subscription rights and subscription rights are excluded with regard to the new registered Shares. These new registered Shares may be issued at a price below the current market price. The board of directors shall determine the other conditions of issue including the issue price of the Shares.

As of December 31, 2023, 149,156 warrants have been exercised and associated Shares have been issued using the conditional share capital of public and private warrants. These shares were not registered in the Issuer's share capital in the commercial register as of December 31, 2023. However, this registration occurred on March 14, 2024.

Conditional Share Capital for Earnout Options

The Issuer's share capital may be increased by an amount not exceeding CHF 3,701.03 through the issuance of a maximum of 370,103 fully paid-up registered Shares, each with a par value of CHF 0.01, in connection with the exercise of option rights or other equity-linked instruments granted in connection with the Business Combination to any employee, consultant, member of the board of directors or service provider of the Issuer or a subsidiary Participation Certificates and Profit-sharing Certificates.

As of the date of this Prospectus, the Issuer neither has outstanding participation certificates nor profit-sharing certificates.

10.1.7. Treasury Shares

Under Swiss law, a stock company may only hold 10% of its own shares in treasury and up to 20% under special circumstances. As of the date of this Prospectus the Issuer does not hold any treasury shares.

10.1.8. Pre-Emptive Rights and Advance Subscription Rights

Swiss law provides that any share issue, whether for cash or non-cash consideration, is subject to the prior approval at a general meeting of shareholders. Shareholders are granted certain pre-emptive rights to subscribe for new issues of shares and advance subscription rights to subscribe for warrants, convertible bonds or similar debt instruments with option rights in proportion to the nominal amount of shares held. Pursuant to the Articles of Association, a resolution adopted at a general meeting by a majority of two-thirds of the votes represented at the meeting is required to repeal, limit or suspend pre-emptive rights.

10.1.9. Warrants

Pursuant to the BCA and Warrant Assignment and Assumption Agreement, the Issuer has assumed and issued 4,403,294 Warrants.

Each Warrant entitles the registered holder to purchase one ordinary share at a price of $11.50 per share, subject to adjustment as discussed below, exercisable at any time commencing April 1, 2023, provided that the Issuer has an effective registration statement under the US Securities Act covering the issuance the Shares issuable upon exercise of the Warrants. Pursuant to the Warrant Assignment and Assumption Agreement, a warrant holder may exercise its Warrants only for a whole number of Shares. This means only a whole public warrant may be exercised at a given time by a Warrant holder. No fractional Warrants will be issued upon separation of the units and only whole Warrants will trade. The Warrants will expire on March 2, 2028 (i.e., five years after the completion of the Business Combination), at 5:00 p.m. Eastern Time, or earlier upon redemption or liquidation.

The Issuer will not be obligated to deliver any Shares pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the US Securities Act covering the issuance of the Shares issuable upon exercise of the Warrants is then effective and a current prospectus relating thereto is current, subject to the Issuer satisfying its obligations described below with respect to registration, or a valid exemption from registration is available, including in connection with a cashless exercise permitted as a result of a notice of redemption described below under the chapter entitled “Redemption of warrants when the price per Ordinary Share equals or exceeds $10.00.” No Warrant will be exercisable for cash or on a cashless basis, and the Issuer will not be obligated to issue any Shares to holders seeking to exercise their warrants, unless the issuance of the Shares upon such exercise is registered or qualified under the securities laws of the state of the exercising holder, or an exemption is available. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a Warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless.

The Issuer filed a registration statement (File No. 333-271063), with the U.S. Securities and Exchange Commission (“SEC”) which was declared effective on May 1, 2023, covering an issuance, under the US Securities Act, of the Shares issuable upon exercise of the Warrants. The Issuer will use its commercially reasonable efforts to maintain the effectiveness of such registration statement, and a

current prospectus relating thereto, until the expiration of the Warrants in accordance with the provisions of the Warrant Assignment and Assumption Agreement. Notwithstanding the above, if the Shares are, at the time of any exercise of a warrant, not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the US Securities Act, the Issuer may, at its option, require holders of Warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the US Securities Act and, in the event that the Issuer so elects, it will not be required to file or maintain in effect a registration statement, but will use commercially reasonable efforts to register or qualify the Shares under applicable state-level blue sky laws to the extent an exemption is not available. In such event, each holder would pay the exercise price by surrendering the Warrants for that number of Shares equal to the lesser of (i) the quotient obtained by dividing (A) the product of the number of Shares underlying the Warrants, multiplied by the excess of the "fair market value" (defined below) less the exercise price of the warrants by (B) the fair market value and (ii) 0.361. The "fair market value" as used in this Prospectus shall mean the volume weighted average price of the Shares for the 10 trading days ending on the trading day prior to the date on which the notice of exercise is received by the warrant agent.

The Issuer will not redeem the Warrants as described above unless a registration statement under the US Securities Act covering the issuance of the Shares issuable upon exercise of the warrants is then effective and a current prospectus relating to those Shares is available throughout the 30-days redemption period. If and when the Warrants become redeemable by the Issuer, it may exercise its redemption rights even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws in the United States.

The Issuer will not redeem the Warrants as described above unless a registration statement under the US Securities Act covering the issuance of the Shares issuable upon exercise of the warrants is then effective and a current prospectus relating to those Shares is available throughout the 30-days redemption period. If and when the Warrants become redeemable by the Issuer, it may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws in the United States.

The Issuer has established the last of the redemption criterion discussed above to prevent a redemption call unless there is, at the time of the call, a significant premium to the Warrant exercise price. If the foregoing conditions are satisfied and the Issuer issues a notice of redemption of the Warrants, each warrant holder will be entitled to exercise his, her or its warrants prior to the scheduled redemption date. However, the price of the Shares may fall below the $18.00 redemption trigger price (as adjusted for adjustments to the number of Shares issuable upon exercise or the exercise price of a Warrant as described under the heading "—Redeemable Warrants— Warrants—Anti-dilution Adjustments" below, as well as the $11.50 (for whole Shares) warrant exercise price after the redemption notice is issued.

Redemption of Warrants when the price per Share equals or exceeds $10.00:

Once the warrants become exercisable, the Issuer may redeem the outstanding Warrants: in whole and not in part;

- at $0.10 per warrant upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of Shares based on the redemption date and the "fair market value" of the Shares, except as otherwise described below;

- if, and only if, the Reference Value equals or exceeds $10.00 per Share (as adjusted for adjustments to the number of Shares issuable upon exercise or the exercise price of a warrant as described under the heading "—Redeemable Warrants—Warrants—Anti-dilution Adjustments") for any 20 trading days within the 30-trading day period ending three trading days before the Issuer ends the notice of redemption to the warrant holders; and
- if the Reference Value is less than $18.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant, as described under the heading "—Redeemable Warrants—Warrants—Anti-dilution Adjustments") the Private Warrants must also be concurrently called for redemption on the same terms as the outstanding Warrants, as described above.

During the period beginning on the date the notice of redemption is given, holders may elect to exercise their Warrants on a cashless basis. The numbers in the table below represent the number of Shares that a warrant holder will receive upon such cashless exercise in connection with a redemption by the Issuer pursuant to this redemption feature based on the "fair market value" of the Shares on the corresponding redemption date (assuming holders elect to exercise their warrants and such warrants are not redeemed for $0.10 per warrant), determined for these purposes based on volume weighted average price of the Shares during the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of warrants, and the number of months that the corresponding redemption is sent to the holders of warrants, each as set forth in the table below. The Issuer will provide its warrant holders with the final fair market value no later than one business day after the 10-trading day period described above ends.

Redemption of Warrants when the price per Share equals or exceeds $18.00:

Once the Warrants become exercisable, the Issuer may redeem the warrants (except as described herein with respect to the Private Warrants): in whole and not in part;

- at a price of $0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the last reported sale price of the Shares for any 20 trading days within a 30-trading days period ending on the third trading day prior to the date on which the Issuer will send the notice of redemption to the warrant holders (such price, the "Reference Value") equals or exceeds $18.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant as described under the heading "—Redeemable Warrants—Public Shareholders' Warrants—Anti-dilution Adjustments").

This redemption feature is structured to allow for all of the outstanding Warrants to be redeemed when the Shares are trading at or above $10.00 per share, which may be at a time when the trading price of the Shares is below the exercise price of the warrants. The Issuer has established this redemption feature to provide itself with the flexibility to redeem the Warrants without the Warrants having to reach the $18.00 per share threshold set forth above under the heading "—Redemption of Warrants when the price per ordinary share equals or exceeds $18.00." Holders choosing to exercise their warrants in connection with a redemption pursuant to this feature will, in effect, receive a number of shares for their warrants based on an option pricing model with a fixed volatility input. This redemption right provides the Issuer with an additional mechanism by which to redeem all of the outstanding Warrants, and therefore have certainty as to its capital structure as the warrants would

no longer be outstanding and would have been exercised or redeemed. The Issuer will be required to pay the applicable redemption price to warrant holders if it chooses to exercise this redemption right and it will allow the Issuer to quickly proceed with a redemption of the Warrants if it determined it is in its best interest to do so. As such, the Issuer would redeem the Warrants in this manner when the Issuer believes it is in its best interest to update its capital structure to remove the Warrants and pay the redemption price to the warrant holders.

Redemption Date	Fair Market Value of Ordinary Shares								
(period to expiration of warrants)	≤$10.00	$11.00	$12.00	$13.00	$14.00	$15.00	$16.00	$17.00	≥$18.00
60 months	0.261	0.281	0.297	0.311	0.324	0.337	0.348	0.358	0.361
57 months	0.257	0.277	0.294	0.310	0.324	0.337	0.348	0.358	0.361
54 months	0.252	0.272	0.291	0.307	0.322	0.335	0.347	0.357	0.361
51 months	0.246	0.268	0.287	0.304	0.320	0.333	0.346	0.357	0.361
48 months	0.241	0.263	0.283	0.301	0.317	0.332	0.344	0.356	0.361
45 months	0.235	0.258	0.279	0.298	0.315	0.330	0.343	0.356	0.361
42 months	0.228	0.252	0.274	0.294	0.312	0.328	0.342	0.355	0.361
39 months	0.221	0.246	0.269	0.290	0.309	0.325	0.340	0.354	0.361
36 months	0.213	0.239	0.263	0.285	0.305	0.323	0.339	0.353	0.361
33 months	0.205	0.232	0.257	0.280	0.301	0.320	0.337	0.352	0.361
30 months	0.196	0.224	0.250	0.274	0.297	0.316	0.335	0.351	0.361
27 months	0.185	0.214	0.242	0.268	0.291	0.313	0.332	0.350	0.361
24 months	0.173	0.204	0.233	0.260	0.285	0.308	0.329	0.348	0.361
21 months	0.161	0.193	0.223	0.252	0.279	0.304	0.326	0.347	0.361
18 months	0.146	0.179	0.211	0.242	0.271	0.298	0.322	0.345	0.361
15 months	0.130	0.164	0.197	0.230	0.262	0.291	0.317	0.342	0.361
12 months	0.111	0.146	0.181	0.216	0.250	0.282	0.312	0.339	0.361
9 months	0.090	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.361
6 months	0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.361
3 months	0.034	0.065	0.104	0.150	0.197	0.243	0.286	0.326	0.361
0 months	—	—	0.042	0.115	0.179	0.233	0.281	0.323	0.361

As stated above, the Issuer can redeem the Warrants when the Shares are trading at a price starting at $10.00, which is below the exercise price of $11.50, because it will provide certainty with respect to its capital structure and cash position while providing warrant holders with the opportunity to exercise their warrants on a cashless basis for the applicable number of Shares. If the Issuer chooses to redeem the Warrants when the Shares are trading at a price below the exercise price of the warrants, this could result in the warrant holders receiving fewer Shares than they would have received if they had chosen to exercise their warrants for Shares if and when such Shares were trading at a price higher than the exercise price of $11.50.

No fractional Shares will be issued upon exercise. If, upon exercise, a holder would be entitled to receive a fractional interest in a Share, the Issuer will round down to the nearest whole number of the number of Shares to be issued to the holder. If, at the time of redemption, the Warrants are exercisable for a security other than the Shares pursuant to the Warrant Assignment and Assumption Agreement (for instance, if the Issuer is not the surviving company after completion of a business combination), the warrants may be exercised for such security. At such time as the Warrants become exercisable for a security other than the Shares, the Issuer (or the surviving company, as applicable) will use its commercially reasonable efforts to register under the US Securities Act the security issuable upon the exercise of the warrants.

Redemption Procedures:

A holder of a Warrant may notify the Issuer in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 9.8% (or such other amount as a holder may specify) of the Shares issued and outstanding immediately after giving effect to such exercise.

Anti-dilution Adjustments*:*

If the number of issued and outstanding Shares is increased by a capitalization or share dividend payable in Shares, or by a split-up of Shares or other similar event, then, on the effective date of such capitalization or share dividend, split-up or similar event, the number of Shares issuable on exercise of each Warrant will be increased in proportion to such increase in the issued and outstanding Shares. A rights offering made to all or substantially all holders of Shares entitling holders to purchase Shares at a price less than the "historical fair market value" (as defined below) will be deemed a share dividend of a number of Shares equal to the product of (i) the number of Shares actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for Shares) and (ii) one minus the quotient of (a) the price per ordinary share paid in such rights offering and (b) the historical fair market value. For these purposes, (i) if the rights offering is for securities convertible into or exercisable for Shares, in determining the price payable for Shares, there will be taken into account any consideration received for such rights, payable upon exercise or conversion and (ii) "historical fair market value" means the volume weighted average price of Shares during the 10 trading day period ending on the trading day prior to the first date on which the Shares trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

If the number of issued and outstanding Shares is decreased by a consolidation, combination, reverse share sub-division or reclassification of Shares or other similar event, then, on the effective date of such consolidation, combination, reverse share sub-division, reclassification or similar event, the number of Shares issuable on exercise of each warrant will be decreased in proportion to such decrease in issued and outstanding Shares. Whenever the number of Shares purchasable upon the exercise of the Warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (i) the numerator of which will be the number of Shares purchasable upon the exercise of the warrants immediately prior to such adjustment and (ii) the denominator of which will be the number of Shares so purchasable immediately thereafter.

In case of any reclassification or reorganization of the issued and outstanding Shares (other than those described above or that solely affects the par value of such Shares), or in the case of any merger or consolidation of the Issuer with or into another corporation (other than a merger or consolidation in which the Issuer is a continuing corporation and that does not result in any reclassification or reorganization of the Issuer's issued and outstanding Shares), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of the Issuer as an entirety or substantially as an entirety in connection with which the Issuer is dissolved, the holders of the Warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the warrants and in lieu of the Shares immediately thereto purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares,

stock or other equity securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the Warrants would have received if such holder had exercised their warrants immediately prior to such event. However, if such holders are entitled to exercise a right of election as to the kind or amount of securities, cash or other assets receivable upon such merger or consolidation, then the kind and amount of securities, cash or other assets for which each warrant will become exercisable will be deemed to be the weighted average of the kind and amount received per share by such holders in such merger or consolidation that affirmatively make such election, and if a tender, exchange or redemption offer has been made to and accepted by such holders under circumstances in which, upon completion of such tender or exchange offer, the maker thereof, together with members of any group (within the meaning of Rule 13d-5(b)(1) under the US Exchange Act) of which such maker is a part, and together with any affiliate or associate of such maker (within the meaning of Rule 12b-2 under the US Exchange Act) and any members of any such group of which any such affiliate or associate is a part, own beneficially (within the meaning of Rule 13d-3 under the US Exchange Act) more than 50% of the issued and outstanding Shares, the holder of a warrant will be entitled to receive the highest amount of cash, securities or other property to which such holder would actually have been entitled as a shareholder if such warrant holder had exercised the warrant prior to the expiration of such tender or exchange offer, accepted such offer and all of the Shares held by such holder had been purchased pursuant to such tender or exchange offer, subject to adjustment (from and after the consummation of such tender or exchange offer) as nearly equivalent as possible to the adjustments provided for in the Warrant Assignment and Assumption Agreement. Additionally, if less than 70% of the consideration receivable by the holders of Shares in such a transaction is payable in the form of Shares in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the Warrant properly exercises the warrant within 30 days following public disclosure of such transaction, the warrant exercise price will be reduced as specified in the Warrant Assignment and Assumption Agreement based on the per share consideration minus the Black-Scholes Warrant Value (as defined in the Warrant Assignment and Assumption Agreement) of the Warrant.

The Warrants have been issued in registered form under the Warrant Assignment and Assumption Agreement. The Warrant Assignment and Assumption Agreement provides that the terms of the Warrants may be amended without the consent of any holder for the purpose of (i) curing any ambiguity or correcting any mistake, including to conform the provisions of the Warrant Assignment and Assumption Agreement to the description of the terms of the warrants and the Warrant Assignment and Assumption Agreement set forth in this Prospectus or defective provision or (ii) adding or changing any provisions with respect to matters or questions arising under the Warrant Assignment and Assumption Agreement as the parties to the Warrant Assignment and Assumption Agreement may deem necessary or desirable and that the parties deem to not adversely affect the rights of the registered holders of the warrants.

The warrant holders do not have the rights or privileges of holders of Shares and any voting rights until they exercise their Warrants and receive Shares. After the issuance of Shares upon exercise of the Warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by shareholders.

The Issuer has agreed that, subject to applicable law, any action, proceeding or claim against it arising out of or relating in any way to the existing Warrant Assignment and Assumption Agreement will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and the Issuer irrevocably submits to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. This provision applies to claims under the US Securities Act but does not apply to claims under the US Exchange Act or any claim for which the federal district courts of the United States of America are the sole and exclusive forum.

10.1.10. Dividends

General

Dividends may be paid only if the Issuer has sufficient distributable profit from previous years or sufficient free reserves to allow the distribution of a dividend. Swiss law requires that the Issuer retain at least 5% of its annual net profit as general reserves for so long as these reserves together with the Issuer's capital reserves amount to less than 20% of its nominal share capital.

Annual Profit Distribution

Under Swiss law, dividends are proposed by the board of directors and require the approval at a meeting of shareholders. The Issuer's auditors must also confirm that the dividend proposal conforms to law and the Articles of Association. Dividends that have not been collected by shareholders within five years after the due date accrue to the Issuer. The Shares, which are made up of a single class, carry a right to dividends and there are no restrictions nor special procedures that apply to shareholders residing outside of Switzerland. If dividends were approved at the conditions set out above, these dividends would be allocated among the shareholders commensurately to their holdings of Shares.

Payment

The board of directors determines the date on which the dividend entitlement starts. Dividends are usually due and payable shortly after the shareholders have passed the resolution approving the payment, but shareholders may also resolve at an annual general meeting to pay dividends in quarterly or other instalments.

The Issuer has historically not paid any dividends on its Shares and does not intend to do so for the foreseeable future. The intention of the Issuer is to invest all present and future earnings to fund its growth. Dividends are therefore not to be paid for the foreseeable future.

Capital Reduction

Distributions out of issued share capital (i.e., the aggregate nominal value of the Issuer's issued Shares) are not allowed and may be made only by way of a share capital reduction. Such a capital reduction requires a resolution passed by an absolute majority of the Shares represented at a general meeting of shareholders or the introduction of a capital band (de. Kapitalband) pursuant to which the Board is empowered to make such resolution. The resolution of the shareholders must be recorded in a public deed and a special audit report must confirm that claims of the Issuer's creditors remain fully covered despite the reduction in the Issuer's share capital recorded in the Commercial Register in Switzerland.

The Issuer's share capital may be reduced below CHF 100,000 only if and to the extent that at the same time the statutory minimum share capital of CHF 100,000 is re-established by sufficient new,

fully paid-up capital. Upon approval or before the general meeting of the capital reduction, the Board must give public notice of the capital reduction resolution in the Swiss Official Gazette of Commerce ("SOGC") and notify creditors that they may request, within thirty (30) days of the third publication, satisfaction of or security for their claims. The reduction of the Issuer's share capital may be implemented only after expiration of this time limit.

Repurchases of Shares

Swiss law limits the Issuer's right to purchase and hold its own shares. The Issuer may purchase its own Shares only if and to the extent that: (i) It has freely distributable reserves in the amount of the purchase price; and (ii) the aggregate nominal value of all Shares held by the Issuer does not exceed 10% of its share capital (or up to 20% under certain specific circumstances). Furthermore, according to Swiss accounting rules, the Issuer needs to reflect the amount of the purchase price of the acquired Shares as a negative position through the creation of a special reserve on its balance sheet. The Issuer may face negative tax consequences, if it holds more than 10% of its shares for more than six years.

Shares held by the Issuer, or its subsidiaries do not carry any voting rights at general meetings of shareholders, but are entitled to the economic benefits, including dividends, pre-emptive rights in the case of share capital increases and advance subscription rights and in the case of issuance of debt instruments with option rights applicable to the Shares generally.

10.1.11. Registration and Voting Right Restrictions

The Articles of Association contain the following registration restrictions:

1. *Regulatory Registration and Voting Right Restrictions*. According to article 4 of the Articles of Association, the board of directors may refuse the registration of an acquirer of Shares in the Share Register as a shareholder with voting rights or cancel an already occurred registration of Shares with voting rights from the Share Register, if (a) the number of Shares held or acquired directly or indirectly or acting in concert with third parties or as an organized group by such acquirer exceeds 15% of the total number of voting rights of the Issuer pursuant to the entry in the commercial register, and (b) such acquirer has not submitted prior to the acquisition of such Shares an orderly tender offer to all shareholders with a minimum price of the higher of (i) the volume weighted average price of the last 60 trading days prior to the publication of the tender offer, or (ii) the highest price paid by such acquirer in the 12 months preceding to the publication of the tender offer.

   Those associated through capital, voting power, joint management, beneficial ownership or in any other way, or joining for the acquisition of shares shall be regarded as one acquirer for the purposes of article 4 of the Articles of Association. Acquirers who do not meet the legal or regulatory requirements according to article 4 of the Articles of Association shall be entered in the Share Register as shareholder without voting rights for Shares exceeding the limit of 15%. In case of an already occurred registration, Shares exceeding the limit of 3% may be cancelled from the Share Register as Shares with voting rights and instead be registered as Shares without voting rights. The board of directors may enact regulations governing the details of such registration restriction. Nominees do not constitute as acquirers within the meaning of article 4 of the Articles of Association. After hearing the person concerned, the Issuer may cancel the registrations in the Share Register if those registrations were based on false information of the acquirer. In addition, according to article 4 of the Articles of Association, the Board may refuse the exercise of voting

rights of a shareholder in excess of 15% of the total number of voting rights of the Issuer pursuant to the entry in the commercial register, if such shareholder does not meet the legal or regulatory requirements according to article 4 of the Articles of Association.

2. *Registration and Voting Right Restrictions for Shares held through Nominees.* The registration and voting right restrictions in connection with the regulatory registration and voting right restrictions described above are also applicable to Shares held through nominees. Accordingly, article 4 of the Articles of Association provides that, if, any beneficial owner should as a result of such registration of a nominee being made or upheld, directly or indirectly, formally, constructively or beneficially own, or otherwise control or alone or together with third parties, hold a number of shares exceeding 3% of the total number of voting rights of the Issuer pursuant to the entry in the commercial register and the nominee does not, expressly declare in the registration application that it is holding the shares on its own account, and the nominee does not confirm in writing that it is willing to disclose the names, addresses and shareholdings of the persons on whose account they hold 0.5% or more of the share capital, the Board may refuse to register (or cancel an already occurred registration of) the nominee holding Shares for the account of such beneficial owner with respect to any Shares in excess of such restriction. The Board may make the registration with voting rights of the Shares held by a nominee subject to conditions, limitations and reporting requirements and may impose or adjust such conditions, limitations and requirements once registered and may enter into agreements with nominees in this regard.

Further, the voting right restrictions pursuant to article 4 of the Articles of Association as set out above also apply to Shares, which are held by a nominee for the account of a person exceeding the threshold of 15% (regulatory voting right restrictions).

Apart from the registration and voting rights restrictions as described above, there are no restrictions on the transferability of the Shares in the Articles of Association.

10.2. General Meetings of Shareholders

10.2.1. Convocation of Meetings

Under Swiss law and article 10 of the Articles of Association, an annual general meeting of shareholders must be held each year within six months after the end of the business year. Extraordinary meetings of shareholders may be convened when required.

General meetings of shareholders must be convened by the board of directors at least 20 days before the date of the meeting. The general meeting of shareholders is convened by way of a notice appearing in the Issuer's official publication medium, currently the SOGC. Registered shareholders may also be informed by ordinary mail or e-mail. The notice of a general meeting of shareholders must state the items on the agenda, the proposals to be acted upon and, in case of elections, the names of the nominated candidates. Except in the limited circumstances listed below, a resolution may not be passed at a general meeting without proper notice. This limitation does not apply to proposals to convene an extraordinary general meeting of shareholders or to initiate a special investigation. No previous notification is required for proposals concerning items included in the agenda or for debates that do not result in a vote.

In addition, one or several shareholders that represent at least 5% of the share capital may also request to convene a general meeting. Shareholders representing at least 0.5% of the share capital may request items to be put on the agenda, provided the request is submitted to the Board at least

70 calendar days in advance of the relevant general meeting. Convocation requests and requests for inclusion of agenda items need to be submitted to the Board in written form, indicating the agenda items and proposals. Swiss law and the Articles of Association do not prescribe that a particular quorum of shareholders is required for general meetings of shareholders to be validly held.

No resolutions may be passed on motions concerning agenda items which have not been duly announced, except for motions to convene an extraordinary general meeting, to initiate a special audit or to elect auditors upon a shareholders' request. No prior notice is required to submit motions relating to items already on the agenda and to discuss matters on which no resolution is to be taken.

The general meeting will be chaired by the chairman of the Board, or, in his or her absence, by another member of the Board as appointed by the Board. If no member of the Board is present, the general meeting shall appoint the chairperson of the meeting.

10.2.2. Representation of Shareholders

Each shareholder may have its shares represented in the general meeting by itself or by a third person who does not need to be a shareholder by means of written proxy or by the independent proxy. The general meeting annually elects an independent proxy. The independent proxy's term of office begins at the day of election and ends at the end of the following annual general meeting. Re-election is possible. If the Issuer does not have an independent proxy, the board of directors shall appoint the independent proxy for the next general meeting of shareholders.

10.2.3. Quorum and Majority Requirements at General Meetings of Shareholders

Except where the law or the Articles of Association provide otherwise, the general meeting passes its resolutions and performs elections with the absolute majority of the votes cast, excluding any abstentions, blank or invalid votes. The chairperson of the general meeting determines the voting procedure.

According to article 19 of the Articles of Association, a resolution of the general meeting passed with at least two-thirds of the votes represented at the meeting and the absolute majority of the nominal values of the Shares represented at the meeting is required for certain decisions, such as amendment of the purpose of the Issuer, changes of the transferability of registered shares, creating of shares with voting rights, delisting of Shares, merger or demerger of the Issuer, etc.

Provisions of the Articles of Association which require higher majorities for the passing of certain resolutions than provided by law can only be adopted and removed with that same proposed majority.

10.2.4. Voting Rights

In principle, each ordinary share entitles a holder to one vote in the Issuer's general meeting, irrespective of nominal value of such share. However, there are certain exceptions under Swiss law.

The Shares are not divisible. The right to vote and the other rights of share ownership may only be exercised by shareholders (including any nominees) who are entered in the Share Register prior to the applicable cut-off date to be determined by the board of directors. Those entitled to vote in the general meeting may be represented by the independent proxy holder (annually elected by the general meeting of shareholders), by its legal representative or by another person with written authorization to act as proxy. The chairman of the general meeting has the power to decide whether to recognize a power of attorney. Only shareholders registered in the Share Register with voting rights are entitled to vote in an Ordinary Shareholders' meeting.

10.2.5. Financial Information

The annual report and the auditors' report shall be made available for inspection by the shareholders at the registered office of the Issuer at the latest 20 days prior to the annual general meeting. Provided that the annual report and the auditors' report have not been made available electronically before the annual general meeting, each shareholder may demand a timely delivery of these documents. The notice to the shareholders must refer to this right. Furthermore, each shareholder may within one year after the annual general meeting demand the delivery of the auditors' report and the annual report in the form approved by the annual general meeting, provided that they have not been made available electronically.

Under Swiss law, a shareholder may also, upon request submitted to the Issuer, inspect the minutes of general meetings.

At general meetings, shareholders may further request information from the board of directors regarding the business and operations of the Issuer and may request information from its auditors regarding the performance and results of their examination of its financial statements. The Issuer may refuse to provide certain requested information to a shareholder if, in its opinion, the disclosure of the requested information would reveal confidential business secrets or infringe other protected interests.

Shareholders representing at least 5% of the share capital or votes have the right to inspect the company's books. The board of directors must grant the inspection insofar as it is necessary for the exercise of shareholders' rights and the disclosure would not reveal confidential business secrets or infringe other protected interests. Upon inspection of the books, the shareholders may make notes.

10.2.6. Special Investigations

If the shareholders' inspection and information rights as outlined above prove to be insufficient, any shareholder may propose to the general meeting that specific facts be examined by a special commissioner in a special investigation. If the general meeting approves the proposal, the Issuer or any shareholder may, within 30 calendar days after the general meeting, request the court at the Issuer's registered office to appoint a special commissioner. If the general meeting rejects the request, one or more shareholders representing at least 5% of the share capital or voting rights may request, within three months after the general meeting, a court to appoint a special commissioner as described in the Articles of Association. Such court will issue such order if the petitioners can demonstrate that the Board, any member thereof or an officer of the Issuer infringed the law or the Articles of Association and thereby damaged the Issuer or the shareholders. If admitted, the costs of the investigation by such court would generally be allocated to the Issuer and only in exceptional cases to the petitioners.

10.3. Disclosure Obligations of Shareholders

10.3.1. Transparency Directive

Following the admission to trading of the Issuer's Shares on Nasdaq Iceland, Iceland will be the home Member State of the Issuer for the purposes of Directive 2004/109/EC of the European Parliament and of the Council of December 15, 2004, on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market,

as amended (the "Transparency Directive"). As a result, the Issuer will be subject to financial and other reporting obligations under the relevant Icelandic Law.

Holders of shares that have been admitted to trading on Nasdaq Iceland, as well as other financial instruments relating to such shares may be subject to notification obligations pursuant to Act, No 20/2021, on the disclosure obligations of issuers of securities and disclosure of major holdings implementing the Transparency Directive (the "Disclosure Act").

The following description summarizes these obligations. Holders are advised to consult with their own legal advisors to determine whether the notification obligations apply to them.

The Disclosure Act provides that, once the Shares are admitted to listing and trading on Nasdaq Iceland, if a person acquires or disposes of a shareholding in the Issuer, and if following the acquisition or disposal the proportion of voting rights held by the person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50%, 66 2/3% and 90% (each a "Relevant Threshold") of the total voting rights existing when the situation giving rise to a declaration occurs, such person must simultaneously notify the Issuer and the FSA of the proportion of voting rights held by it further to such event.

A person must also notify the Issuer and the FSA of the proportion of his or her voting rights if that proportion reaches, exceeds or falls below a Relevant Threshold as a result of events changing the breakdown of voting rights and on the basis of the information disclosed by the Issuer.

The same notification requirements apply to a natural person or legal entity to the extent it is entitled to acquire, to dispose of, or to exercise voting rights in any of the following cases or a combination of them:

- voting rights held by a third party with whom that person or entity has concluded an agreement, which obliges them to adopt, by the concerted exercise of the voting rights they hold, a lasting common policy towards the management of the Issuer;
- voting rights held by a third party under an agreement concluded with that person or entity providing for the temporary transfer for consideration of the voting rights in question;
- voting rights attaching to shares which are lodged as collateral with that person or entity, provided the person or entity controls the voting rights and declares his/her/its intention of exercising them;
- voting rights attaching to shares in which that person or entity has the life interest;
- voting rights which are held, or may be exercised within the meaning of the aforementioned points, by an undertaking controlled by that person or entity;
- voting rights attaching to shares deposited with that person or entity which the person or entity can exercise at his/her/its discretion in the absence of specific instructions from the shareholders;
- voting rights held by a third party in its own name on behalf of that person or entity; and/or
- voting rights which that person or entity may exercise as a proxy where the person or entity can exercise the voting rights at his/her/its discretion in the absence of specific instructions from the shareholders.

The notification requirements set out above also apply to a natural person or legal entity that holds, directly or indirectly:

- financial instruments that, on maturity, give the holder, under a formal agreement, either the unconditional right to acquire or the discretion as to his or her right to acquire the Shares, to which voting rights are attached, already issued by the Issuer; or
- financial instruments which are not included in point (i) but which are referenced to the Shares referred to in that point and with an economic effect similar to that of the financial instruments referred to in that point, whether or not they confer a right to a physical settlement.

The notification required shall include the breakdown by type of financial instruments held in accordance with point (i) above and financial instruments held in accordance with point (ii) above, distinguishing between the financial instruments which confer a right to a physical settlement and the financial instruments which confer a right to a cash settlement.

The number of voting rights shall be calculated by reference to the full notional amount of shares underlying the financial instrument except where the financial instrument provides exclusively for a cash settlement, in which case the number of voting rights shall be calculated on a 'delta-adjusted' basis, by multiplying the notional amount of underlying shares by the delta of the instrument. For this purpose, the holder shall aggregate and notify all financial instruments relating to the same underlying company. Only long positions shall be taken into account for the calculation of voting rights. Long positions shall not be netted with short positions relating to the same underlying company.

For the purposes of the above, the following shall be considered to be financial instruments, provided they satisfy any of the conditions set out in points (i) or (ii) above: transferable securities, options, futures, swaps, forward rate agreements, contracts for differences and any other contracts or agreements with similar economic effects which may be settled physically or in cash.

The notification requirements described above shall also apply to a natural person or a legal entity when the number of voting rights held directly or indirectly by such person or entity aggregated with the number of voting rights relating to financial instruments held directly or indirectly reaches, exceeds or falls below a Relevant Threshold. Any such notification shall include a breakdown of the number of voting rights attached to securities and voting rights relating to financial instruments.

Voting rights relating to financial instruments that have already been notified to that effect shall be notified again when the natural person or the legal entity has acquired the underlying shares and such acquisition results in the total number of voting rights attached to shares issued by the same company reaching or exceeding a Relevant Threshold.

The notification to the Issuer and the FSA must be effected promptly, but no later than four trading days after the obligation to notify arises. In cases where the Relevant Threshold is crossed as a result of events changing the breakdown of voting rights, the notification should be made within four trading days after the Issuer discloses such changes to the public. Upon receipt of the notification, but no later than three trading days thereafter, the Issuer must disclose to the public all the information contained in the notification in accordance with the Disclosure Act.

10.3.2. U.S. Beneficial Ownership Reports

U.S. securities rules require shareholders (including shareholders outside of the United States) to file reports with the SEC to disclose beneficial ownership of securities of companies that have a class of equity securities registered under the Securities Exchange Act of 1934, as amended. Under these rules, shareholders who acquire more than 5% of the outstanding Shares of that class must file beneficial owner reports on Schedule 13D or Schedule 13G until their holdings drop below 5%. These filings contain background information about the shareholders who file them as well as their investment intentions, providing investors and the company with information about accumulations of securities that may potentially change or influence company management and policies.

10.4. Market Abuse Regime

10.4.1. General

Following the Issuer's application for admission to trading of shares on Nasdaq Iceland (the "Application"), the rules on preventing market abuse set out in Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse, as amended ("MAR"), implemented into Icelandic Law through Act No 60/2021, on measures against market abuse (the "Market Abuse Act"), will be applicable to the Issuer, persons discharging managerial responsibilities within the Issuer (including the members of the board of directors) (the "PDMRs"), persons closely associated with PDMRs, other insiders and persons performing or conducting transactions in the Issuer's financial instruments. Certain important market abuse rules set out in the MAR and the Markert Abuse Act that are relevant for investors are described hereunder.

The Issuer will be required to make inside information public. Pursuant to the MAR, inside information is information of a precise nature, which has not been made public, relating, directly or indirectly, to the Issuer or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. Unless an exception applies, the Issuer must without delay publish the inside information by means of a press release and post and maintain it on its website for at least five years. The Issuer may not combine the disclosure of inside information to the public with the marketing of its activities. The Issuer must also provide Nasdaq Iceland and the FSA with its press release that contains inside information at the time of publication.

It is prohibited for any person to make use of inside information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates, as well as an attempt thereto (insider dealing). The use of inside information by cancelling or amending an order concerning a financial instrument to which the information relates where the order was placed before the person concerned possessed the inside information also constitutes insider dealing. In addition, it is prohibited for any person to disclose inside information to anyone else (except where the disclosure is made in the normal exercise of an employment, profession, or duties) or, whilst in possession of inside information, to recommend or induce anyone to acquire or dispose of financial instruments to which the information relates. Furthermore, it is prohibited for any person to engage in or attempt to engage in market manipulation, for instance by conducting transactions which give, or are likely to give, false or misleading signals as to the supply of, the demand for or the price of a financial instrument.

Non-compliance with the notification obligations under the Market Abuse Act, set out in the paragraphs above could lead to administrative sanction and other measures. The FSA is tasked with the supervision of the Issuer of financial instruments admitted to trading in Iceland, as well as imposing any administrative sanctions or measures in relation to an infringement of MAR.

10.4.2. Management

Following the Application, and pursuant to Article 19 of the MAR, PDMRs become subject to notification requirements under MAR and the Icelandic Market Abuse Act as described above in chapter 10.4.1. This means that PDMRs must notify the FSA and the Issuer of any transactions conducted for his or her own account relating to shares or any debt instruments of the Issuer or to derivatives or other financial instruments linked thereto.

A PDMR shall not conduct any transactions on its own account or for the account of a third party, directly or indirectly, relating to the Shares of the Issuer or to derivatives or other financial instruments linked to them during a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which must be made publicly available. The MAR and the regulations promulgated thereunder cover, inter alia, the following categories of persons: a person who is (i) a member of the administrative, management or supervisory body of that entity, (ii) a senior executive who is not a member of the bodies referred to in point, or (iii) who has regular access to inside information relating directly or indirectly to that entity and power to take managerial decisions affecting the future developments and business prospects of that entity.

In addition, pursuant to the MAR and the regulations promulgated thereunder as well as the Market Abuse Act, certain persons who are closely associated with PDMRs, are also required to notify the FSA and the Issuer of any transactions conducted for their own account relating to Shares or any debt instruments of the Issuer or to derivatives or other financial instruments linked thereto. The MAR and the regulations promulgated thereunder cover, inter alia, the following categories of persons closely associated with PDMRs: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children, in accordance with national law; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a PDMR or by a person referred to under (i), (ii) or (iii), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

The notifications pursuant to the MAR described above must be made to the FSA and the Issuer promptly and no later than three business days following the relevant transaction date. The Issuer must ensure that any information on relevant transactions notified to it is made public promptly and no later than three business days after the transaction in a manner that enables fast access to this information on a non-discriminatory basis. These notifications may be postponed until the moment that the value of the transactions performed for that person's own account reaches or exceeds an amount of €5,000 in the calendar year in question, calculated by adding without netting all relevant transactions relating to the Shares.

10.5. Shareholder Obligations in Relation to Mandatory Takeover Bids

Directive 2004/25/EC has been implemented into Icelandic law through Act, No 108/2007, on Public Takeovers (the "Takeover Act"). The Takeover Act's scope is defined in article 99, whereas article 99(7)

stipulates that takeover bids targeting issuers having their registered office outside the EEA and having had a class of securities admitted to trading on a regulated market in Iceland and other markets are subject only to the provisions of the Takeover Act relating to consideration in the case of mandatory takeover bids and the provisions relating to the conduct of the bid.

Despite the Issuer having its registered office in Switzerland it is not subject to any takeover bid obligation in Switzerland, and as the listing of the Issuer's shares on the Nasdaq Global Market does not entail any mandatory bid rules, the provisions of the Takeover Act will only apply to the procedure of a voluntary bid. Such provisions cover for example the time periods for the submission of the bid, the possibilities to revoke the bid, points that are to be incorporated in the offer document and other procedural elements.

There have been no public takeover bids by third parties in respect of the Issuer's equity during the last financial year and the current financial year.

10.6. Compulsory Acquisitions - Appraisal Rights

Business combinations and other transactions that are governed by the Switzerland's Federal Act on Mergers, Demergers, Transformations and the Transfer of Assets of October 3, 2003, as amended (the "Swiss Merger Act") (i.e., mergers, demergers, transformations and certain asset transfers) are binding on all shareholders. A statutory merger or demerger requires approval of two-thirds of the shares represented at a General Meeting of shareholders and the absolute majority of the nominal value of the shares represented.

If a transaction under the Swiss Merger Act receives all of the necessary consents, all shareholders are compelled to participate in such a transaction.

Swiss stock corporations may be acquired by an acquirer through the direct acquisition of shares of Swiss stock corporation. The Swiss Merger Act provides for the possibility of a so-called "cash-out" or "squeeze-out" merger with the approval of holders of 90% of the issued shares. In these limited circumstances, minority shareholders of the corporation being acquired may be compensated in a form other than through shares of the acquiring corporation (for instance, through cash or securities of a parent corporation of the acquiring corporation or of another corporation). For business combinations effected in the form of a statutory merger or demerger and subject to Swiss law, the Swiss Merger Act provides that if equity rights have not been adequately preserved or compensation payments in the transaction are unreasonable, a shareholder may request a competent court to determine a reasonable amount of compensation.

In addition, under Swiss law, the sale of "all or substantially all" of the Issuer's assets may require the approval of two-thirds of the voting rights represented at a general meeting of shareholders and the absolute majority of the nominal value of the shares represented. Whether a shareholder resolution is required depends on the particular transaction, including whether the following test is satisfied:

- a core part of the Issuer's business is sold without which it is economically impracticable or unreasonable to continue to operate the remaining business;
- The Issuer's assets, after the divestment, are not invested in accordance with its corporate purpose as set forth in the Articles of Association; and
- the proceeds of the divestment are not earmarked for reinvestment in accordance with the Issuer's corporate purpose (as set forth in the Articles of Association), but instead are intended

for distribution to its shareholders or for financial investments unrelated to its corporate purpose.

- The Issuer's assets, after the divestment, are not invested in accordance with its corporate purpose as set forth in the Articles of Association; and
- the proceeds of the divestment are not earmarked for reinvestment in accordance with the Issuer's corporate purpose (as set forth in the Articles of Association), but instead are intended for distribution to its shareholders or for financial investments unrelated to its corporate purpose.

10.7. Duration and Liquidation

Under Swiss law, unless the duration of a company is limited by its articles of association, a company may be dissolved at any time by way of liquidation, or, in the case of a merger with the Swiss Merger Act, based on a resolution of a general meeting of shareholders, which must be passed by a majority as provided by Swiss law or the relevant company's articles of association, as the case may be. The Articles of Association do not limit the duration of the Issuer and provide that the majority required for the general meeting to resolve on the liquidation of the Issuer is set at two-thirds of the votes represented at the general meeting and the absolute majority of the nominal values of the shares represented at the meeting.

Dissolution and liquidation by court order is also possible if, among other things, (i) the Issuer becomes bankrupt or (ii) shareholders holding at least 10% of the Issuer's share capital so request for important reasons. Under Swiss law, any surplus arising out of a liquidation (after settlement of all the claims of the Issuer's creditors) is distributed in proportion to the paid-up nominal value of shares held. This surplus is subject to Swiss federal withholding tax, except if paid out of reserves from qualifying capital contributions (de. Reserven aus Kapitaleinlagen).

10.8. Major Shareholders and Management

As of February 2, 2024, the total number of the Issuer's shareholders is approximately 396. Pursuant to the Issuer's knowledge based on public information, as of the date of this Prospectus, the shareholders who are in possession of a 5% or more shareholding in the Issuer are summarized in the table below. The percentage ownership of the major shareholders and the management specified herein are based on 36,649,705 Shares outstanding as of December 31, 2023 and does not include earn-out shares that are issued and contingently forfeitable and are not deemed to be outstanding:

Shareholder	Number of shares	Shareholding %	Voting rights %
LSP 7 Cooperatief U.A.[35]	5,327,362	14.5%	14.5%
Brunnur vaxtarsjóður slhf.[36]	2,335,841	6.4%	6.4 %

[35] LSP 7 Management B.V. is the sole director of LSP 7 Coöperatief UA. The managing directors of LSP 7 Management B.V. are Martijn Kleijwegt, Rene Kuijten and Joachim Rothe. As such, LSP 7 Management B.V., Martijn Kleijwegt, Rene Kuijten and Joachim Rothe may be deemed to beneficially own the securities held of record by LSP 7 Coöperatief UA under US law. Each of Mr. Kleijwegt, Mr. Kuijten and Mr. Rothe disclaims beneficial ownership of such shares. The business address of each of the entities and individuals identified in this footnote is Johannes Vermeerplein 9 1071 DV Amsterdam, Netherlands.

[36] Voting and dispositive decisions require a majority vote of the directors of Brunnur vaxtarsjóður slhf., reg.no. 581214-1030 composed of three individuals, Guðbjörg Edda Eggertsdóttir, Hjörleifur Pálsson and Guðrún Tinna Ólafsdóttir, and, as such, each disclaim any beneficial ownership of any such shares, as pursuant to Icelandic law Sigurður Arnljótsson and Auðunn Árni Blöndal are registered as beneficial owners through their ownership of Brunnur Ventures GP ehf., reg.no. 581214-0810.

BVCF Management (BEYEOTECH)[37]	2,070,020	5.6 %	5.6 %
Funds managed by Pivotal Partners[38]	1,898,502	5.2%	5.2%

10.8.1. Significant Changes in Percentage Ownership of Major Shareholders

Prior to the Business Combination and as a result thereof, the Issuer experienced significant changes in the percentage ownership held by major shareholders as further described below.

As previously described in chapter 10.1.3 and in the context of the Business Combination, the Issuer increased its share capital in the Commercial Register of the Canton of Zug on 2 March 2023 to CHF 365,273.68 (divided into 36,527,368 ordinary shares, fully paid-up).

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 price 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.

Thereafter, the Issuer completed a follow-on offering thereby increasing its share capital as described under chapter 10.1. For further information and context concerning the Business Combination reference is made to chapter 8.2.

10.8.2. Shareholding of Management and Directors

The following table sets forth information regarding the management's and directors' ownership of issued shares and shares issuable upon conversion of options in the Issuer as of the date of this Prospectus:

Shareholder	Position	Number of Shares	Shareholding %
Riad Sherif[39]	Chief Executive Officer and Director	881,895	2.4%
Sylvia Cheung[40]	Chief Financial Officer	201,067	0.6%
Páll Ragnar Johannesson[41]	Chief Business Officer	528,413	1.4%
Christina Ackermann	Director	11,718	0.03%
Pravin Dugel[42]	Director	23,819	0.06%

[39] Consists of (i) 878,486 Ordinary Shares and (ii) 3,409 Ordinary Shares issuable upon conversion of share options vested and fully exercisable within 60 days of December 31, 2023.
[40] Consists of (i) 66,808 Ordinary Shares and (ii) 134,259 Ordinary Shares issuable upon conversion of share options, vested and fully exercisable within 60 days of December 31, 2023.
[41] Consists of (i) 249,224 Ordinary Shares and (ii) 279,189 Ordinary Shares issuable upon conversion of share options, vested and fully exercisable within 60 days of December 31, 2023.

Martijn Kleijwegt[43]	Director	1,997,302	5.4%
Anthony Rosenberg[44]	Chairman of the Board of Directors	116,257	0.3%

As of December 31, 2023, the Issuer had awards issued and outstanding covering 3,466,210 Shares and 112,942 options have been exercised and associated Shares have been issued. The management and directors are part of the 2023 Plan. For further information concerning the 2023 Plan reference is made to chapters 9.8 and 9.13.

10.8.3. Direct/indirect Ownership/Control of the Issuer

The Issuer is not aware of any ownership beyond that which has previously been disclosed in this chapter and Prospectus, or that any of the major shareholders are controlled by other parties than disclosed. Furthermore, the Issuer is not aware of any agreements that may lead to a change in control of the Issuer.

10.8.4. Arrangements that Result in Change of Control

The Issuer is not aware of any arrangements in place involving the major shareholders that may at a subsequent date of the submission of this Prospectus result in a change of control.

10.8.5. Voting Rights

The voting rights of the major shareholders correlate to their shareholding and do not differ from the voting rights of other shareholders.

[40] Consists of (i) 66,808 Ordinary Shares and (ii) 134,259 Ordinary Shares issuable upon conversion of share options, vested and fully exercisable within 60 days of December 31, 2023.
[41] Consists of (i) 249,224 Ordinary Shares and (ii) 279,189 Ordinary Shares issuable upon conversion of share options, vested and fully exercisable within 60 days of December 31, 2023.
[42] Consists of 23,819 Ordinary Shares issuable upon conversion of share options, vested and fully exercisable within 60 days of December 31, 2023.
[43] The shares reported above are held in the name of LSP Sponsor EBAC B.V ("Sponsor"). The shares reported above are net of the shares forfeited as a result of the level of EBAC redemptions and net of the shares transferred to EBAC's public shareholders who did not redeem their shares. MRMJ Holding B.V., a Dutch limited liability company, is the majority owner of Sponsor and as such, MRMJ Holding B.V. has voting and investment discretion with respect to the shares held of record by Sponsor and may be deemed to have shared beneficial ownership of the shares held by Sponsor. René Kuijten, Joachim Rothe, Martijn Kleijwegt and Mark Wegter who are directors of MRMJ Holding B.V. have voting and investment discretion with respect to the shares owned by MRMJ Holding B.V. and may be deemed to have indirect shared beneficial ownership of the shares held by Sponsor pursuant to U.S. Law. Mr. Kuijten, Mr. Rothe, Mr. Kleijwegt and Mr. Wegter each disclaim beneficial ownership over the founder shares except to the extent of their pecuniary interest therein.
[44] Consists of (i) 96,670 Ordinary Shares and (ii) 19,587 Ordinary Shares issuable upon conversion of share options, vested and fully exercisable within 60 days of December 31, 2023.

11.TAXATION

11.1. Introduction

The income received from the Shares may be impacted by applicable tax legislation, in particular by the tax legislation of the country of residence of the investor, as well as the tax legislation of the Issuer's country of incorporation. The discussions below summarize the relevant tax consequences, at the date of this Prospectus, under Swiss law (as the Issuer is resident in Switzerland for tax purposes) and Icelandic law (as the Issuer is listed on Nasdaq in Iceland).

Prospective holders of Shares should consult their own tax advisors on the possible tax consequences of the acquisition, ownership and transfer of Shares.

11.2. Material Iceland Tax Considerations

Owners of the Shares who are resident in Iceland for tax purposes are subject to income tax in Iceland on any income from the Shares in accordance with Icelandic tax laws. The applicable tax rate depends on the tax status of such owners. Subject to certain exemptions, the owners are subject to taxation on income from shares. Exemptions from such taxation tax apply for public and private limited companies tax resident in Iceland in addition to domestic pension funds.

Individuals who are resident in Iceland for tax purposes are subject to a final 22.0% tax on dividend payments in Iceland. Limited companies (e.g., ehf. and hf.), which are tax resident in Iceland, enjoy an effective participation exemption, allowing them to deduct the full amount of the dividend payments received resulting in zero taxation.

Capital gains from the sale of the Shares are also subject to 22.0% tax in the case of individuals, tax resident in Iceland, subject to certain rights to deduct capital losses resulting from the sale of shares or similar assets in the same year as the gain is generated. Limited companies (e.g., ehf. and hf.), which are tax resident in Iceland, enjoy an effective participation exemption, allowing them to deduct the full amount of the capital gains, as applies in the case of dividends.

With respect to shareholders who are not resident in Iceland, Article 3(7) of the Income Tax Act provides that any income received from the Shares by any person or entity residing outside Iceland constitutes taxable income in Iceland. According to Article 70(7) of the Income Tax Act, the current tax rate on taxable income under Article 3(7) of the Income Tax Act amounts to (i) 22.0% for individuals and (ii) 21.0% for limited legal entities. The tax rate applicable to income from any disposal of the Shares is also (i) 22.0% for individuals and (ii) 21% for limited legal entities.[45]

The tax liability under Icelandic tax laws may be reduced under certain applicable tax treaties. If a qualifying holder of the Shares would like to take advantage of such applicable tax treaties by relief at source, such holder is required to obtain a confirmation from the Icelandic tax authorities regarding the applicable treaty protection. The confirmation is obtained via a filing of Icelandic tax form RSK 5.42. The U.S.-Iceland Treaty reduces the Icelandic tax rate on capital gains from any disposal of the Shares to 0.0% and Icelandic tax rate on dividend payments to 15.0% for individuals and legal entities and to 5.0% for legal entities only if the shareholding of such legal entities amounts to at least 10.0% of the issued Shares. The same reduction applies in case of the Nordic Tax Treaty with the exception that the dividend tax rate applicable to qualifying legal entities holding at least 10% of the issued share capital is reduced to 0.0%. Relief via a refund in line with an applicable tax treaty is carried out via a

[45] Pursuant to Provisional Act no. 100/2023 the applicable capital income tax for the tax year 2024 is 21%.

filing of Icelandic tax form RSK 5.43. Irrespective of the availability of any tax treaty protection, limited companies resident in the EEA, a state party to EFTA or in the Faroe Islands enjoy the effective statutory participation exemption which comparable Icelandic entities also enjoy, allowing them to deduct the full amount of the dividend payments and capital gains received. This exemption does not apply at source but requires the filing of a tax return in Iceland to obtain a refund of taxes withheld.

There are no estate or inheritance taxes, succession duties or gift taxes imposed by the Icelandic government or any governmental authority in Iceland in respect of the Shares if, at the time of death of the holder of the Shares or transfer of the Shares, such holder or transferor was not a resident of Iceland.

No Icelandic issue tax or stamp duty will be payable in connection with the Shares.

11.3. Material Swiss Tax Considerations

11.3.1. Holding of Shares

Swiss Withholding Tax

Under present Swiss tax law, dividends and similar cash or in-kind distributions made by the Issuer to a holder of Shares (including liquidation proceeds and bonus shares) are subject to Swiss federal withholding tax (the "*Withholding Tax*"), currently at a rate of 35% (applicable to the gross amount of taxable distribution), unless these payments are repayments of the par value of Shares or, within the limitations accepted by the legislation in force and the respective administrative practice of the reserve from capital contribution (de. Reserve aus Kapitaleinlage). The Issuer is obliged to deduct the Withholding Tax from the gross amount of any taxable distribution and to pay the tax to the Swiss Federal Tax Administration within 30 days of the due date of such distribution; unless a notification procedure applies (the notification procedure does not apply to portfolio holdings).

Swiss resident individuals who hold their Shares as private assets ("*Resident Private Shareholders*") are in principle eligible for a full refund or credit against income tax of the Withholding Tax if they duly report the underlying income in their income tax return. In addition Domestic Commercial Shareholders who, among other things, are also the beneficial owners of the Shares and the dividends or the other distributions made or paid by the Issuer on the Shares are in principle eligible for a full refund or credit against income tax of the Withholding Tax if they, inter alia, duly report the underlying income in their income statements or income tax return, as the case may be.

Shareholders who are not resident in Switzerland for tax purposes, and who, during the respective taxation year, have not engaged in a trade or business carried on through a permanent establishment with fixed place of business situated in Switzerland for tax purposes, and who are not subject to corporate or individual income taxation in Switzerland for any other reason (collectively, "*Non-Resident Shareholders*") may be entitled to a total or partial refund of the Withholding Tax if the country in which such recipient resides for tax purposes maintains a bilateral treaty for the avoidance of double taxation with Switzerland and further conditions of such treaty are met. Non-Resident Shareholders should be aware that the procedures for claiming treaty benefits (and the time required for obtaining a refund) may differ from country to country. Non-Resident Shareholders should consult their own legal, financial or tax advisors regarding receipt, ownership, purchases, sale or other dispositions of ordinary shares and the procedures for claiming a refund of the Withholding Tax.

Swiss Federal Stamp Taxes

To the extent the Issuer issues new shares, it will bear the Swiss federal issue stamp tax (de. Emissionsabgabe) on the issuance of such Shares of 1% of the offering price, net of certain deductions. The delivery of newly issued shares against payment of the offering price is generally not subject to Swiss federal securities turnover tax (de. Umsatzabgabe).

To the extent the Issuer offers existing shares currently held by itself or certain existing shareholders of the Issuer, the sale and delivery of any such existing shares will, subject to statutory exemptions, be subject to Swiss federal securities turnover tax (de. Umsatzabgabe) at an aggregate tax rate of up to 0.15% of the consideration paid on such sale and will be borne (or compensated) by the current holders of such existing Shares.

Swiss Federal, Cantonal and Communal Individual Income Tax and Corporate Income

Non-Resident Shareholders

Non-Resident Shareholders are not subject to any Swiss federal, cantonal or communal income tax on dividend payments and similar distributions because of the mere holding of Shares.

Resident Private Shareholders and Domestic Commercial Shareholders

Resident Private Shareholders who receive dividends and similar cash or in-kind distributions (including liquidation proceeds as well as bonus shares or taxable repurchases of Shares as described above), which are not repayments of the par value of Shares or, within the limitations accepted by the legislation in force and the respective administrative practice, reserve from capital contribution ("*Kapitaleinlagereserven*"), are required to report such distributions in their individual income tax returns. Furthermore, the Swiss federal income tax on dividends is currently reduced to 70% of regular taxation (Teilbesteuerung), if the investment amounts to at least 10% of the total share capital of the issuer. On cantonal and communal level, the same provisions regarding partial taxation apply, with income reduced to between 50% and 80% depending on the canton of residency.

Domestic Commercial Shareholders who receive dividends and similar cash or in-kind distributions (including liquidation proceeds as well as bonus shares) are required to recognize such payments in their income statements for the relevant tax period and are subject to Swiss federal, cantonal and communal individual or corporate income tax, as the case may be, on any net taxable earnings accumulated (including the dividends) for such period. Domestic Commercial Shareholders who are corporate taxpayers may qualify for participation relief on dividend distributions (de. Beteiligungsabzug), if, inter alia, Shares held have a market value of at least CHF 1 million. For cantonal and communal income tax purposes, the regulations on participation relief are broadly similar, depending on the canton of residency. For Domestic Commercial Shareholders who are individual taxpayers, the Swiss federal individual income tax on Dividends is reduced to 70% of regular taxation (de. Teilbesteuerung), if the investment is held in connection with the conduct of a trade or business or qualifies as an opted business asset (de. gewillkürtes Geschäftsvermögen) according to Swiss tax law and amounts to at least 10% of the total share capital of the Issuer. On cantonal and communal level the same provisions regarding partial taxation apply, with income reduced to between 50% and 80% depending on the canton of residency.

Swiss Wealth and Capital Tax

Non-Resident Shareholders

Non-Resident Shareholders holding Shares are generally not subject to cantonal and communal wealth or annual capital tax because of the mere holding of Shares.

Resident Private Shareholders

Resident Private Shareholders are required to report the market value of their Shares at the end of each tax period as part of their private wealth, which is subject to cantonal and communal wealth tax.

Domestic Commercial Shareholders

Domestic Commercial Shareholders are required to report their Shares as part of their business wealth or taxable capital, as defined in the applicable cantonal and communal tax laws, which is subject to cantonal and communal wealth or annual capital tax.

11.3.2. Sale or Other Disposition of Shares

Swiss Federal Stamp Taxes

Any subsequent transactions in Shares in the secondary markets are subject to Swiss securities turnover tax at an aggregate rate of 0.15% of the consideration paid for such Shares, however, only if a bank or other securities dealer in Switzerland or Liechtenstein, as defined in the Swiss Federal Stamp Tax Act (de. Stempelabgabengesetz), is a party or an intermediary to the transaction and no exemption applies.

Swiss Federal, Cantonal and Communal Individual Income Tax and Corporate Income Tax

Non-Resident Shareholders

Non-Resident Shareholders are not subject to any Swiss federal, cantonal or communal income tax for capital gains on the sale of Shares.

Resident Private Shareholders and Domestic Commercial Shareholders

A gain or a loss by Resident Private Shareholders realized upon the sale or other disposition of Shares to a third party will generally be a tax-free private capital gain or a not tax-deductible capital loss, as the case may be.

Domestic Commercial Shareholders are required to recognize a gain or loss realized upon the disposal of Shares in their income statement for the respective taxation period and are subject to Swiss federal, cantonal and communal individual or corporate income tax, as the case may be, on any net taxable earnings (including the gain or loss realized on the sale or other disposition of Shares) for such taxation period.

Gift and Inheritance Taxes

The transfer of Shares may be subject to cantonal and/or communal gift, estate or inheritance taxes if the donor is, or the deceased was, resident for tax purposes in a Swiss canton levying such taxes.

11.3.3. General Notes on Swiss Taxation

Automatic Exchange of Information in Tax Matters

On November 19, 2014, Switzerland signed the Multilateral Competent Authority Agreement. The Multilateral Competent Authority Agreement is intended to ensure the uniform implementation of Automatic Exchange of Information (the "AEOI"). The Swiss Federal Act on the International Automatic Exchange of Information in Tax Matters (the "AEOI Act") entered into force on January 1, 2017. The AEOI Act is the legal basis for the implementation of the AEOI standard in Switzerland.

The AEOI is introduced in Switzerland through bilateral agreements or multilateral agreements. The agreements have been, and will be, concluded on the basis of guaranteed reciprocity, compliance with the principle of specialty (i.e., the information exchanged may only be used to assess and levy taxes (and for criminal tax proceedings)) and adequate data protection.

Based on such multilateral and bilateral agreements and the implementing laws of Switzerland, Switzerland collects data in respect of financial assets, which may include Shares, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in an EU member state or in a treaty state since 2017, and exchanges it since 2018. Switzerland has signed and is expected to sign AEOI agreements with other countries. A list of such agreements of Switzerland in effect or signed and becoming effective can be found on the website of the State Secretariat for International Finance.

Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act

Switzerland has concluded an intergovernmental agreement with the United States to facilitate the implementation of U.S. Foreign Account Tax Compliance Act. The agreement ensures that the accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, but instead will be exchanged only within the scope of administrative assistance on the basis of the double taxation agreement between the United States and Switzerland. On September 20, 2019, the protocol of amendment to the double taxation treaty between Switzerland and the U.S. entered into force allowing the U.S. competent authority in accordance with the information reported in aggregated form to request all the information on U.S. accounts without a declaration of consent and on non-consenting non-participating financial institutions.

On October 8, 2014, the Swiss Federal Council approved a mandate for negotiations with the United States on changing the current direct-notification-based regime to a regime where the relevant information is sent to the Swiss Federal Tax Administration, which in turn provides the information to the U.S. tax authorities.

12.GENERAL LIST OF DEFINED TERMS

The following list of defined terms is not intended to be an exhaustive list of definitions but provides a list of the defined terms used throughout this Prospectus.

Any reference to the "Issuer" shall be interpreted as a reference to Oculis Holding AG, a stock corporation (de. Aktiengesellschaft) incorporated and existing under the laws of Switzerland having its registered office at Bahnhofstrasse 7, CH-6300, Zug, Switzerland, individually or together with its consolidated subsidiaries. Oculis Holding AG is the Issuer's legal and operating name.

Any reference to the "FSA" shall be interpreted as a reference to Fjármálaeftirlit Seðlabanka Íslands, reg. no. 560269-4129, having its registered office at Kalkofnsvegur 1, 101 Reykjavík.

Any reference to "Nasdaq Iceland" shall be interpreted as a reference to Nasdaq Iceland hf., reg. no. 681298-2829, having its registered office at Laugavegur 182, 105 Reykjavík.

Any reference to "Nasdaq CSD Iceland" shall be interpreted as a reference to Nasdaq CSD SE, útibú á Íslandi, reg. no. 510119-0370, having its registered office at Laugavegur 182, 105 Reykjavík.

Any reference to the "Shares" shall be interpreted as a reference to all issued share capital of the Issuer.

Any reference to the "Nasdaq Main Market" shall be interpreted as a reference to the regulated market operated by Nasdaq Iceland and "Nasdaq Global Market" shall be interpreted as a reference to the stock market operated by Nasdaq US.

Any reference to "ISK", "króna" or "kr." shall be interpreted as a reference to the currency of Iceland, króna. The abbreviation "m.kr." shall be interpreted as a reference to millions ISK.

Any reference to "CHF" shall be interpreted as a reference to the currency of Switzerland, the Swiss franc.

Any reference to legislation or regulation in this Prospectus applies to Icelandic legislation or regulation unless otherwise explicitly stated.

"2023 Plan" means the Issuer's Stock Option and Incentive Plan Regulation 2023.

"Application" means the Issuer's application for admission to trading of shares on Nasdaq Iceland. The Application is considered complete when the FSA has approved and published the Prospectus and a final version of the Application has been delivered to Nasdaq Iceland.

"AON" means acute optic neritis.

"Articles of Association" means the Issuer's amended and restated articles of association filed along with this Prospectus hereto.

"Business Combination" means the transactions contemplated by the BCA.

"BCA" means the Business Combination Agreement, dated as of October 17, 2022, as may be amended from time to time, by and among EBAC and Legacy Oculis.

"BCVA" means best corrected visual acuity.

"cGCP" means current good clinical practices.

"CMC" means chemistry, manufacturing and controls.

"CME" means cystoid macular edema.

"Continental" means Continental Stock Transfer & Trust Company, the Issuer's transfer agent and warrant agent.

"Convertible Loan Agreements" means the convertible loan agreements, dated as of October 17, 2022 and January 26, 2023, by and among Legacy Oculis and certain lenders party thereto.

"Delegated Prospectus Regulation" mean the Commission Delegated Regulation (EU) 2019/980, supplementing the Prospectus Regulation.

"DED" means dry eye disease.

"DME" means diabetic macular edema.

"EBAC" means European Biotech Acquisition Corp., a Cayman Islands exempted company.

"EBAC Class A Common Stock" means Class A ordinary shares, par value $0.0001 per share, of EBAC.

"EBAC Class B Common Stock" or "Founder Shares" means Class B ordinary shares, par value $0.0001 per share, of EBAC.

"EMA" means the European Medicines Agency.

"FDA" means the U.S. Food and Drug Administration.

"GDPR" means the European Union General Data Protection Regulation (Regulation (EU) 2016/679).

"IFRS" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"Initial PIPE Financing" means the private placement pursuant to which the Initial PIPE Investors subscribed for EBAC Class A Common Stock, for a subscription price of $10.00 per share.

"Initial PIPE Investors" means the institutional investors that committed to subscribe for EBAC Class A Common Stock in the Initial PIPE Financing.

"IIT" means investigator-initiated trial.

"Legacy Oculis" means Oculis SA, a stock corporation (de. Aktiengesellschaft) incorporated and existing under the laws of Switzerland having its registered office at EPFL Innovation Park, Bat D 3e Route J-D. Colladon, CH-1015 Lausanne, Switzerland, individually or together with its consolidated subsidiaries.

"Legacy Oculis Shareholders Support Agreement" means that certain agreement entered into concurrently with the execution of the BCA, dated as of October 17, 2022, by and among Legacy Oculis, EBAC and the Legacy Oculis shareholders party thereto.

"Oculis Operations GmbH" means Oculis Operations GmbH, a limited liability company (de. Gesellschaft mit beschränkter Haftung) incorporated and existing under the laws of Switzerland that is a direct wholly owned subsidiary of Oculis.

"Nasdaq Rulebook" means the Nordic Main Market Rulebook for Issuers of Shares as published by Nasdaq Iceland on 1 January 2024.

"Nasdaq US" means The Nasdaq Stock Market LLC.

“Prospectus Regulation” means Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

“Oculis” means as the context requires the Issuer, individually or together with its consolidated subsidiaries.

“PCT” means the patent cooperation treaty.

“PIPE Financing” means the Initial PIPE Financing and the Subsequent PIPE Financing, pursuant to which the PIPE Investors subscribed for EBAC Class A Common Stock, for a subscription price of $10.00 per share.

“PIPE Investors” means the Initial PIPE Investors and the Subsequent PIPE Investors.

"PoC” means proof-of-concept.

“Private Placement” means a private placement, initiated in April 2024, which is exempt from the Prospectus Regulation, as the private placement was addressed to investors that are committed to invest at least EUR 100,000 each, and whereas the Issuer received binding subscriptions for newly issued shares, amounting to USD 58,750,000 (5,000,000 newly issued shares at the price of USD 11.75 per share), which is equivalent to CHF 53,068,875 (at the CHF/USD exchange ratio of 0.9033), whereas it is estimated that the Issuer will receive net proceeds of approximately USD 55,750,000, after deducting estimated expenses related to the admission of Shares to trading and the private placement.

“Prospectus” means this prospectus.

"Rannís” means the Icelandic Centre for Research.

“RVO” means retinal vein occlusion.

“SEC” means the U.S. Securities and Exchange Commission.

“Shares” means ordinary shares, nominal value CHF 0.01 per share of the Issuer.

“Sponsor” means LSP Sponsor EBAC B.V. a Dutch limited liability company.

“Sponsor Support Agreement” means the Sponsor Support Agreement, dated October 17, 2022, by and among EBAC, Legacy Oculis and Sponsor.

“Subsequent PIPE Financing” means the private placement pursuant to which the Subsequent PIPE Investors subscribed for EBAC Class A Common Stock, for a subscription price of $10.00 per share.

“Subsequent PIPE Investors” means the institutional investors that committed to subscribe for EBAC Class A Common Stock in the Subsequent PIPE Financing.

“Swiss Code of Obligations” means the Swiss Federal Act on the Amendment of the Swiss Civil Code of March 30, 1911.

“US Exchange Act” means the Securities Exchange Act of 1934, as amended.

“US Securities Act” means the Securities Act of 1933, as amended.

“Warrants” means a right to acquire Shares of the Issuer.

“Warrant Assignment and Assumption Agreement” means the Warrant Assignment and Assumption Agreement entered into among EBAC, Oculis and the Continental.