Addex
Therapeutics Ltd

(incorporated in Switzerland as a stock corporation/société anonyme)

Listing of 16,000,000 Registered Shares

This Prospectus has been approved on January 31, 2022 by SIX Exchange Regulation as review body pursuant to article 52 FinSA (the "Review Body") as a prospectus within the meaning of article 35 FinSA.

This prospectus (the "Prospectus"), which has been prepared in accordance with the requirements of the Swiss Federal Act on Financial Services ("FinSA"), the Swiss Financial Services Ordinance ("FINSO") listing rules (the "Listing Rules") of the SIX Swiss Exchange Ltd (the "SIX Swiss Exchange") and their implementing provisions relates to the listing of 16,000,000 registered shares of Addex Therapeutics Ltd (the "Company" and, together with its subsidiaries, "Addex" or the "Group" and referred to as "we" or "our"), with a nominal value of CHF 1.00 per share (the "New Shares") on the SIX Swiss Exchange according to its International Reporting Standard (the "International Reporting Standard"). The New Shares will be newly issued out of the Company's existing authorized share capital against cash contributions.

The New Shares will be listed on the SIX Swiss Exchange in addition to all existing registered shares of the Company (the "Listing") with a nominal value of CHF 1.00 per share (the "Existing Shares"). The New Shares, together with the Existing Shares, are referred to herein as the "Shares", and each a "Share". The New Shares will rank pari passu in all respects with each other and all other Shares if and when issued. Any dividends, if any, paid by the Company will be subject to Swiss withholding tax (see Section 18 "Certain Tax Considerations" beginning on page 102).

The New Shares will be issued in connection with a definitive agreement entered into by the Company with Armistice Capital LLC on December 16, 2021 pursuant to which the Company agreed to sell to Armistice Capital LLC 3,752,202 shares in the form of 625,367 American Depositary Shares ("ADSs") at a gross purchase price of $6.50 per ADS, which is equivalent to CHF 1.00 per share. Each ADS represents six shares. Additionally, the Company has agreed to issue to Armistice Capital LLC warrants to purchase up to 9,230,772 shares in the form of 1,538,462 ADSs (the "Ordinary Warrants"), as well as pre-funded warrants to purchase up to 5,478,570 shares in the form of 913,095 ADSs (the "Pre-Funded Warrants" and together with the Ordinary Warrants, the "December 2021 Warrants") in a concurrent private placement (collectively, the "Equity Financing"). The Ordinary Warrants have an exercise price of $6.50 per ADS, will become exercisable from February 19, 2022 and will expire the later of exercise or six yearsfrom their date of issuance on December 21, 2021. The Pre-Funded Warrants have been funded to the amount of $6.49 with $0.01 payable on exercise, became immediately exercisable on December 21, 2021 and will expire when exercised in full.

At the time of publication of this Prospectus, the Company had 49,272,952 Shares issued and registered in the commercial register. The Company has an authorized share capital of CHF 24,636,476 pursuant to which the board of directors of the Company may issue up to 24,636,476 registered shares. After the Listing of the New Shares, the Company will have 65,272,952 Shares issued and listed.

The Existing Shares are listed according to the International Reporting Standard on the SIX Swiss Exchange under the ticker symbol "ADXN" (ISIN CH0029850754, Swiss Security Number 2985075). The Company has applied and approval has been given by the SIX Swiss Exchange, subject to certain conditions, for the New Shares to be listed and traded on the SIX Swiss Exchange on February 3, 2022 (the "First Day of Trading"). The New Shares are to be accepted for clearance through SIX SIS Ltd. ("SIS"). The New Shares will be traded together with the Existing Shares on the SIX Swiss Exchange in Swiss francs and settle and clear through SIS.

The New Shares will be issued as uncertificated securities (*Wertrechte*) within the meaning of article 973c CO and established as intermediated securities (*Bucheffekten*) within the meaning of the Federal Act on Securities held with an Intermediary (*Bucheffektengesetz*) of October 3, 2008, as amended (the "FISA"). In accordance with article 973*c* CO, the Company maintains a register of uncertificated securities (*Wertrechtebuch*).

The 16,000,000 New Shares will represent 24.51% of the share capital of the Company as recorded in the commercial register upon completion of the Listing.

Information on the Company's website, any website directly or indirectly linked to the Company or any other website mentioned in this Prospectus is not incorporated by reference into this Prospectus and investors should not rely on any such website in making their decision to invest in the Shares.

It is intended that part of the New Shares will be registered under the US Securities Act (the "Securities Act"), which permits their offer and sale by the Company in the United States without restriction. Any New Shares offered or sold in the United States will be in the form of American Depositary Shares, or ADSs, representing the New Shares. The exchange of New Shares for ADSs pursuant to the terms of the deposit agreement governing the ADSs, and the resale of the New Shares in the form of ADSs, in the United States is permitted without restriction, other than those made by affiliates of the Company, who will be required to comply with the resale requirements of Rule 144 promulgated under the Securities Act in respect thereof.

Copies of this Prospectus and any supplement hereto are/will available free of charge in Switzerland at the offices of Addex Therapeutics Ltd, c/o Addex Pharma SA, Chemin des Aulx 12, CH-1228 Plan-les-Ouates, Switzerland or at (phone +41 22 884 1555, email: investor.relations@addextherapeutics.com. Copies of the Company's articles of association can be downloaded from the website of the commercial register at https://ge.ch/hrcintapp/externalCompanyReport.action?companyOfsUid=CHE-113.514.094 and copies of the financial statements from its website at https://www.addextherapeutics.com/en/investors/financial-reports/

The date of this Prospectus is February 2, 2022.

Investing in the Shares involves risks. For a discussion of certain factors that should be considered in deciding whether to invest in the Shares, see Section 9 "Risk Factors" beginning on page 13.

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2. IMPORTANT INFORMATION ABOUT THE LISTING

The Company assumes responsibility for the completeness and accuracy of this listing prospectus pursuant to annex 1 of the FINSO. The Company confirms that, to the best of its knowledge, the information contained in this Prospectus is correct and that no material facts or circumstances have been omitted.

This Prospectus has been prepared in accordance with the FinSA, the FINSO and the Listing Rules for the purposes of the listing the New Shares on the SIX Swiss Exchange according to the International Reporting Standard.

The information contained in this Prospectus has been provided by the Company and by the other sources identified in this Prospectus.

Each prospective investor in the Shares outside Switzerland, by accepting delivery of this Prospectus, will be deemed to have acknowledged, represented to and agreed with the Company that:

(i) this Prospectus is personal to such prospective investor and does not constitute an offer to any other person, or to the public generally, to purchase or otherwise acquire the New Shares outside Switzerland. Distribution of this Prospectus or disclosure of any of its contents to any person other than such prospective investor and those persons, if any, retained to advise such prospective investor with respect thereto is unauthorized, and any disclosure of any of its contents, without the prior written consent of the Sole Book-Running Manager is prohibited;

(ii) the prospective investor shall not make any photocopies or electronic copies of this Prospectus or any documents referred to herein (other than for its own use); and

(iii) the prospective investor shall not forward or deliver this Prospectus (in any form) to third parties.

The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus. Neither the delivery of this Prospectus nor any sale made shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date hereof or that the information contained herein is correct as of any time after the date hereof. Any notices containing or announcing amendments or changes to the terms of the Prospectus will be announced through electronic media. Notices legally required by SIX Exchange Regulation to be published will be published on the website of the SIX Exchange Regulation (currently: https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/). Any such notice will constitute an integral part of this Prospectus.

3. CERTAIN SALES RESTRICTIONS

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized.

This Prospectus does not constitute (i) an offer to sell, or a solicitation of an offer to buy any securities other than the securities to which it relates; or (ii) an offer to sell, or the solicitation of an offer to buy, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time after the date hereof.

Information on the Company's website, any website directly or indirectly linked thereto or any other website mentioned in this Prospectus is not incorporated by reference into this Prospectus, unless specifically stated herein, and prospective investors should not rely on any such website in making their decision to invest in the New Shares.

United States

It is intended that part of the New Shares will be registered under the US Securities Act, which permits their offer and sale by the Company in the United States without restriction. Any New Shares offered or sold in the United States will be in the form of American Depositary Shares, or ADSs, representing the New Shares. The exchange of New Shares for ADSs pursuant to the terms of the deposit agreement governing the ADSs, and the resale of the New Shares in the form of ADSs, in the United States is permitted without restriction, other than those made by affiliates of the Company, who will be required to comply with the resale requirements of Rule 144 promulgated under the US Securities Act in respect thereof.

United Kingdom

This Prospectus is only directed at, and will only be provided to, persons to whom interests may lawfully be promoted pursuant to section 21 of the Financial Services and Markets Act 2000 (the "FSMA"). In particular, this Prospectus is only directed at, and will only be provided to, investment professionals within the meaning of article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO") ("Relevant Persons"). Any investment or investment activity to which this Prospectus relates is available only to Relevant Persons and dealings hereunder will be made only with Relevant Persons. Persons who are not investment professionals within the meaning of article 19 of the FPO should not rely on this Prospectus.

This Prospectus has not been delivered for approval to the Financial Services Authority ("FSA") in the United Kingdom or to an authorized person within the meaning of FSMA. No approved prospectus within the meaning of section 85 of FSMA or of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended or superseded (the "Prospectus Regulation") has been published or is intended to be published in relation to the Listing. This Prospectus does not constitute a prospectus for the purposes of FSMA or the Prospectus Regulation.

Canada

This Prospectus is not a prospectus for purposes of Canadian securities laws. Furthermore, this Prospectus is not, and under no circumstances is to be construed as, an advertisement or offering of the Shares in Canada or any provinces thereof in any way and nothing in this Prospectus should be interpreted as extending the offer to a resident in Canada. Canadian residents are not permitted to purchase the Shares directly or indirectly whether pursuant to an exemption from prospectus and registration requirements or otherwise.

Japan

The Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "FIEL") and the Shares may not be not, directly or indirectly, offered or sold in Japan or to, or for the account or benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption available from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and governmental guidelines in Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Australia

Any offer, invitation, transfer or issue of the Shares to any person located in, or a resident of, Australia may not occur unless the

person is professional investor or sophisticated investor for the purposes of Chapter 6D of the *Corporations Act* 2001 (Cth) (the "Corporations Act"). This document has not been, and will not be, lodged with the Australian Securities and Investments Commission (ASIC), Australian Securities Exchange (ASX) or any other regulatory body or agency in Australia as a disclosure document for the purposes of the Australian Corporations Act and is not required to, and does not, contain all the information which would be required in a disclosure document under Australian law. If you are in Australia, you represent and warrant that you are a "professional investor" or "sophisticated investor" (within the meaning of section 708(8) and section 708(11), respectively, of the Corporations Act).

European Economic Area

Please note that in addition to this section, additional restrictions apply in the United Kingdom, which are set forth above.

An offer to the public of any Shares may not be made in any state of the European Economic Area (each, an "EEA Member State"), except:

(i) to any person or legal entity which is a "qualified investor" as defined in article 2(e) of the Prospectus Regulation; or

(ii) in any other circumstances falling within article 1(4) of the Prospectus Regulation;

provided, *in each case*, that no such offer of Shares shall result in a requirement for the publication by the Company or the Sole Book-Running Manager of a prospectus pursuant to article 3 of the Prospectus Regulation or of a prospectus supplement pursuant to article 23 of the Prospectus Regulation and each person who initially acquires Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Sole Book-Running Manager and the Company that it is a "qualified investor" as defined in article 2(e) of the Prospectus Regulation.

For the purposes of the foregoing, the expression "offer of Shares to the public" in relation to any New Shares in any EEA Member State shall be interpreted as set out in article 2(d) and article 2(b) of the Prospectus Regulation. The expression "Prospectus Regulation" means 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, as amended or superseded.

In the case of any Shares being offered to a financial intermediary as that term is used in the Prospectus Regulation, such financial intermediary will be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in an EEA Member State to qualified investors as so defined or in circumstances in which the prior consent of the Sole Book-Running Manager has been obtained to each such proposed offer or resale.

The Company and the Sole Book-Running Manager and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Sole Book-Running Manager of such fact in writing may, with the consent of the Sole Book-Running Manager, be permitted to subscribe for or purchase Shares in the offering.

General Sales Restrictions

No action has been or will be taken in any jurisdiction other than Switzerland and the United States by the Company that would, or is intended to, permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where further action for that purpose is required.

4. SUMMARY

This summary is to be read and understood as an introduction to the Prospectus. Any decision by an investor to invest in the New Shares should not be based on this summary but on a consideration of this Prospectus as a whole.

Potential investors should be aware that any liability for this summary under article 69 FinSA is limited to cases where the information contained in this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

Words and expressions not defined in this overview shall have the meanings given to them elsewhere in this Prospectus.

Information about the Company:

Company	Addex Therapeutics Ltd
Registered Office	The Company's registered office (*Sitz*) is at Plan-les-Ouates. Its head office is at the Campus Biotech, Chemin des Mines 9, 1202 Geneva, Switzerland
Legal form.....	The Company is a stock corporation organized under the laws of Switzerland in accordance with articles 620 et seq. CO.
Shares	The Shares are fully paid-in registered shares (*Namenaktien*) of the Company with a nominal value of CHF 1 each. (see Section 17"Additional Information about the Company and Our Shares" beginning on page 93).
Trading venue.....	The Existing Shares are listed on the SIX Swiss Exchange according to the International Reporting Standard.
SIX Ticker Symbol of the Shares.....	ADXN
Swiss Security Number (*Valorennummer*) of the Shares	2985075
International Security Identification Number (ISIN) of the Shares	CH0029850754

Key Information on the Admission to Trading

Admission to trading of the New Shares	Application has been made to, and approval has been given subject to certain conditions by, the SIX Exchange Regulation to list the New Shares on the SIX Swiss Exchange according to the International Reporting Standard. The Company expects that the New Shares will be listed, and trading in the New Shares will commence, on the SIX Swiss Exchange on February 3, 2022.

Approval of the Prospectus

Review Body	SIX Exchange Regulation AG, Hardturmstrasse 201, 8005 Zurich, Switzerland (the "Review Body").
Prospectus Date and Approval.....	This Prospectus, dated February 2, 2022, has been approved on January 31, 2022 by SIX Exchange Regulation as Review Body pursuant to article 52 FinSA as a prospectus within the meaning of article 35 FinSA.

5. SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. In some cases, you can identify forward-looking statements by the words "may," "might," "will," "could," "would," "should," "expect," "intend," "plan," "objective," "anticipate," "believe," "estimate," "predict," "potential," "continue" and "ongoing," or the negative of these terms, or other comparable terminology intended to identify statements about the future. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. The forward-looking statements and opinions contained in this prospectus are based upon information available to us as of the date of this prospectus and, while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. Forward- looking statements include statements about:

- the development of our product candidates, including statements regarding the timing of initiation, completion and the outcome of pre-clinical studies or clinical trials and related preparatory work, the period during which the results of the studies or trials will become available and our research and development programs with respect to our product candidates;
- the impact of COVID-19 on our business and operations;
- our ability to obtain and maintain regulatory approval of our product candidates in the indications for which we plan to develop them, and any related restrictions, limitations or warnings in the label of an approved drug or therapy;
- our plans to collaborate, or statements regarding the ongoing collaborations, with partner companies;
- our plans to research, develop, manufacture and commercialize our product candidates;
- the timing of our regulatory filings for our product candidates;
- the size and growth potential of the markets for our product candidates;
- our ability to raise additional capital;
- our commercialization, marketing and manufacturing capabilities and strategy;
- our expectations regarding our ability to obtain and maintain intellectual property;
- our ability to attract and retain qualified employees and key personnel;
- our ability to contract with third party suppliers and manufacturers and their ability to perform adequately;
- how long we will qualify as an emerging growth company or a foreign private issuer;
- our estimates regarding future revenue, expenses and needs for additional financing; and
- regulatory developments in the United States, European Union and other jurisdictions.

You should refer to the section titled "Risk Factors" for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Prospectus will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward- looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. You should read this Prospectus completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

6. PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

This Prospectus contains certain historical financial information derived from (i) the audited consolidated financial statements of the Company as of and for the years ended December 31, 2020, 2019 and 2018 (ii) the unaudited interim consolidated financial statements of the Company as of and for the nine-month periods ended September 30, 2021 and 2020, all presented in Swiss francs and prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and (iii) the audited statutory financial statements of the Company as of and for the years ended December 31, 2020, 2019 and 2018 all prepared in accordance with the CO.

These financial statements and financial information are contained elsewhere in this Prospectus and should be read in conjunction with the relevant reports of our independent auditor.

The financial statements as of and for the year ended December 31, 2020 of Addex Therapeutics Ltd included in this Prospectus, have been audited by BDO SA, independent accountants, as stated in their report appearing therein, in accordance with Swiss Auditing Standards and International Standards on Auditing ("ISA"). The financial statements as of and for the years ended December 31, 2019 and 2018 of Addex Therapeutics Ltd included in this Prospectus, have been audited by PricewaterhouseCoopers SA, independent accountants, as stated in their report appearing therein, in accordance with Swiss Auditing Standards and International Standards on Auditing ("ISA").

Certain numbers set out in this Prospectus have been subject to rounding adjustments. Accordingly, amounts shown as totals in tables or elsewhere may not be an arithmetic aggregation of the numbers which precede them. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculation were based upon the rounded numbers.

In this Prospectus: (i) "€", "EUR" or "euro" refers to the single currency of the participating member states in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time; (ii) "$", "US dollars", "dollars" or "USD" refers to the lawful currency of the United States; and (iii) "CHF" or "Swiss francs" refers to the lawful currency of Switzerland.

Unless otherwise specified herein, the financial information included herein is prepared and presented in accordance with IFRS. Investors should be aware that the accounting requirements of IFRS and the CO differ in certain respects from each other and from generally accepted accounting principles in certain other countries, including generally accepted accounting principles in the United States ("U.S. GAAP"). Therefore, the financial information contained herein that is prepared in accordance with either IFRS or the CO is not comparable with each other or such other generally accepted accounting principles, including U.S. GAAP. In addition, investors should be aware that the future financial performance of the Company may vary substantially from its historic financial performance. Investors should consult their own professional advisors for an understanding of the differences between IFRS and US GAAP, and how those differences might affect the financial information herein.

Other Financial Measures

This Prospectus contains non-GAAP measures, including net working capital, capital expenditures, net tangible book value per Share that are not required by, or presented in accordance with, IFRS. We present non-GAAP measures because we believe that they are similar measures and widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-GAAP measures may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Non-GAAP measures, including, without limitation, net working capital, capital expenditures, net tangible book value per Share are not measurements of our performance or liquidity under IFRS, US GAAP or any other generally accepted accounting principles.

Reference to Sources of Market Information and Additional Statistical Information

Information contained in this Prospectus relating to market shares, growth potential and potential revenues (not necessarily our revenues), prevalence of diseases, the anticipated sales of our or third-party drug candidates and other statistical information was either derived directly from the public domain, in particular third-party studies, or from estimates made by us based on publicly available data and are unaudited.

We have not independently verified any facts underlying such third-party studies or publications. Furthermore, we do not assume any responsibility for the correctness of the information included in this Prospectus that is derived from third parties, in particular, the information relating to market size and the pricing of future drugs.

7. SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The following tables present certain selected consolidated financial information of Addex Therapeutics Ltd as at and for the years ended December 31, 2020, 2019, and 2018 and as at and for the nine-month periods ended September 30, 2021 and 2020. The consolidated statement of income data for the years ended December 31, 2010, 2019, and 2018 and the consolidated balance sheet data as of December 31, 2020, 2019, and 2018 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The consolidated statement of income data for the nine-month periods ended September 2021 and 2020 and the consolidated balance sheet data as of September 30, 2021 are derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. All consolidated financial statements are prepared in accordance with IFRS and included elsewhere in this Prospectus. The selected financial data in this section is not intended to replace our consolidated financial statements and the accompanying notes. Our historical results are not necessarily indicative of our future results.

	For the nine-month periods ended September 30,		For the years ended December 31,		
	2021	2020	2020	2019	2018
Consolidated statement of operations data:	(CHF, unaudited)			(CHF, audited)	
Revenue from contract with customer	**2,518,820**	**1,792,117**	**3,612,819**	**2,762,800**	**6,043,855**
Other income	**233, 261**	**195,345**	**266,324**	**70,835**	**658,818**
Operating costs					
Research and development	(9,342,158)	(7,850,543)	(10,373,200)	(12,453,876)	(4,918,793)
General and administration	(4,640,419)	(4,496,535)	(5,749,217)	(4,983,946)	(3,208,505)
Total operating costs	**(13,982,577)**	**(12,347,078)**	**(16,122,417)**	**(17,437,822)**	**(8,127,298)**
Operating loss	(11,230,496)	(10,359,616)	(12,243,274)	(14,604,157)	(1,424,625)
Finance income	356,209	34,049	35,304	36,874	-
Finance costs	(53,668)	(408,126)	(650,629)	(213,321)	(220,173)
Net loss before tax	**(10,927,955)**	**(10,733,693)**	**(12,858,599)**	**(14,780,604)**	**(1,644,798)**
Income tax expense	-	-	-	-	-
Net loss for the period	**(10,927,955)**	**(10,733,693)**	**(12,858,599)**	**(14,780,604)**	**(1,644,798)**
Weighted average shares outstanding[1]	33,900,655	26,653,630	26,681,774	26,428,269	23,293,237
Number of shares outstanding at the end of period[2]	49,272,952	32,848,635	32,848,635	32,848,635	28,564,031
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the company	(0.32)	(0.40)	(0.48)	(0.56)	(0.07)

	As of September 30,		For the years ended December 31,		
	2021	2020	2020	2019	2018
Consolidated balance sheet data:	(CHF, unaudited)			(CHF, audited)	
Cash and cash equivalents	15,486,114	17,813,450	18,695,040	31,536,803	41,670,158
Other current assets	1,949,951	1,434,996	794,524	852,059	480,409
Total current assets	**17,436,065**	**19,248,446**	**19,489,564**	**32,388,862**	**42,150,567**
Non-current assets	624,006	397,916	692,248	639,877	63,272
Total assets	**18,060,071**	**19,646,362**	**20,181,812**	**33,028,739**	**42,213,839**
Current liabilities	3,271,264	2,216,826	3,620,687	5,680,562	2,333,828
Non-current liabilities	1,447,839	1,685,570	1,951,322	1,824,348	639,351
Shareholders' equity, net	13,340,968	15,743,966	14,609,803	25,523,829	39,240,660
Total shareholders' equity, net	**18,060,071**	**19,646,362**	**20,181,812**	**33,028,739**	**42,213,839**

	For the nine-month periods ended September 30,		For the years ended December 31,		
	2021	2020	2020	2019	2018
Consolidated Cash Flow Data:	(CHF, unaudited)			(CHF, audited)	
Cash and cash equivalents at the beginning of the period	**18,695,040**	**31,536,803**	**31,536,803**	**41,670,158**	**2,579,248**
Net cash flows from / (used in) operating activities	(11,760,298)	(12,884,915)	(12,180,067)	(9,482,104)	1,751,729
Net cash flows used in investing activities	(5,914)	(11,329)	(59,414)	(43,254)	(56,371)
Net cash flows from / (used in) financing activities	8,245,989	(443,282)	46,399	(463,695)	37,385,085
Increase/(decrease) in cash and cash equivalents	**(3,520,223)**	**(13,339,526)**	**(12,193,082)**	**(9,989,053)**	**39,080,443**
Effect of the exchange rates	311,297	(383,827)	(648,681)	(144,302)	10,467
Cash and cash equivalents at end of period	**15,486,114**	**17,813,450**	**18,695,040**	**31,536,803**	**41,670,158**

[1] Excludes treasury shares directly held through our wholly-owned subsidiary Addex Pharma SA.

[2] Includes treasury shares directly held through our wholly-owned subsidiary Addex Pharma SA.

8. KEY TERMS OF THE LISTING

New Shares	16,000,000 fully paid-in registered shares (*Namenaktien*) of Addex Therapeutics Ltd with a nominal value of CHF 1 each to be newly issued by the Company out of the existing authorized share capital against cash contributions, under exclusion of the pre-emptive and subscription rights of the holders of Existing Shares. The New Shares, if and when issued, will be fully fungible and will rank *pari passu* in all respects with each other and with all Existing Shares.
Form of New Shares	New Shares will be issued in uncertificated form (*Wertrechte*) within the meaning of article 973c of the CO as intermediary-held securities (*Bucheffekten*) within the meaning of the FISA, no share certificates will be issued and share certificates will not be available for individual physical delivery. The New Shares will be registered in the main register (*Hauptregister*) maintained by SIS and credited to the securities account of each purchaser, and thus will become intermediated securities (*Bucheffekten*) within the meaning of the FISA.
Listing Size	The Company is listing 16,000,000 newly issued registered shares of the Company, with a nominal value of CHF 1 each (*i.e.*, the New Shares). The New Shares represent approximatively 32.47% of the total issued share capital of the Company divided into 49,272,952 Shares prior to their issuance and 24.51% of 65,272,952 Shares following their issuance, respectively.
Shares held in Treasury	On December 31, 2021, the Company held a total of 11,372,476 Shares, directly or indirectly (the "Treasury Shares"). On December 31, 2020, the Company held a total of 5,729,861 Shares, directly or indirectly.
Listing and Trading.....	Application has been made and approval has been given to have the New Shares listed under the International Reporting Standard of the SIX Swiss Exchange and admitted to trading on the SIX Swiss Exchange. It is expected that the New Shares will be listed, and trading in the New Shares will commence, on or around February 3, 2022 (*i.e.*, the First Day of Trading). It is expected that the New Shares will clear through SIS.
Dividends.....	The New Shares shall be entitled to dividends or other distributions made (if any) to shareholders of Addex Therapeutics Ltd as from the date of the registration of the respective capital increase in the commercial register. Any dividends, if any, will be subject to Swiss withholding tax, see Section 18 "Certain Tax Considerations" beginning on page 102.
Voting Rights.....	Each Share carries one vote at a shareholders' meeting of the Company. Voting rights can only be exercised following registration of a shareholder in the Company's share register as a shareholder with voting rights, which is subject to certain qualifications, see Section 17 "Additional Information regarding the Company and our Shares" beginning on page 93.
Publication | Amendments or Changes to the Listing	The Listing notice in English is expected to be electronically published on the website of the SIX Swiss Exchange on the day of the Listing. Amendments to or changes in the terms of the Listing, if any, will be published on the same platform. Changes so notified will be deemed an amendment of this Prospectus.
Risk Factors.....	For a discussion of certain considerations that should be taken into account in deciding whether to invest in the Shares, see Section 9 "Risk Factors" beginning on page 13.
Selling and Transfer Restrictions	The Shares are subject to certain selling and transfer restrictions as described in Section 3 "Certain Sales Restrictions" beginning on page 5.
Swiss Taxation.....	Any dividends paid on the Shares, if any, will be subject to Swiss withholding

tax, see Section 18 “Certain Tax Considerations” beginning on page 102.

Issuer Representative pursuant to art. 43 of the Listing Rules.....	Homburger AG
Law /Jurisdiction	Swiss law | Zurich, Switzerland
SIX Swiss Exchange | Nasdaq Ticker Symbol.....	ADXN
Swiss Security Number (*numéro de valeur/Valorennummer*).....	2985075
ISIN Number.....	CH0029850754
LEI Number…….....	89450068Y9KVP2MQGH86
Common Code.....	030039254
Currency.....	The Shares are traded in Swiss francs.

9. RISK FACTORS

An investment in our securities involves a high degree of risk. In addition to the other information contained in this Prospectus, you should carefully consider the specific risk factors set forth below before making a decision to invest in our securities. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our ordinary shares could decline due to any of these risks, and investors may lose part or all of their investment. The risks described below are not the only ones applicable to us. Additional risks affecting businesses generally, risks not presently known to us and risks that we currently believe to be immaterial may also impair our business operations. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, the risks we face as described below and elsewhere in this Prospectus. For additional information on forward-looking statements, see Section 5"Cautionary Note Regarding Forward-Looking Statements" beginning on page 8.

Investment decisions should not be made solely on the basis of the risk warnings set out in this Prospectus since such information cannot serve as a substitute for individual advice and information that is tailored to the requirements, objectives, experience, knowledge and circumstances of each prospective investor individually. Therefore, before entering into any transaction, each prospective investor should consult with its own legal, regulatory, tax, financial and accounting advisors to the extent it considers necessary in order to determine whether an investment in the Shares is a fit, proper and suitable investment for it with a view to its financial situation, its constitutional documents, its internal policies and guidelines, the laws and regulations applicable to it and the impact an investment in the Shares will have on its overall investment portfolio.

Risks Related to Our Business

We will need significant amounts of additional new capital to fund our continued development activities.

As of September 30, 2021, we had CHF 15.5 million of cash and cash equivalents. On December 21, 2021 we sold 3,752,202 Shares and Pre-Funded Warrants entitling to the purchase of 5,478,570 Shares. The gross proceeds from this Equity Financing, before deducting placement agent fees and other offering expenses, amounted to USD 10 million. Our monthly spending levels vary based on new and ongoing development and corporate activities. Currently, on a going concern basis, we expect to be able to finance our operations through the first half of 2023, unless we are able to raise new funds. Accordingly, we intend to primarily focus our resources on continuing to investigate dipraglurant, an mGlu5 negative allosteric modulator, for the treatment of Parkinson's disease and dystonia and corporate development activities aimed at securing resources from investors, partners and grant providers to advance our other clinical and preclinical programs, as well as our allosteric modulator discovery platform.

Our budgeted external costs for the development plans described above and further detailed in Section 12 "Business" are based on discussions with contract research organizations and other external suppliers, and for some of these external costs we have not entered into any agreements or other arrangements that would establish or guarantee the costs of these programs. There is a risk that these development plans could be more costly than we anticipate, including as a result of unanticipated delays.

Although we believe that we will have sufficient resources to fund our intended operations through the first half of 2023, we cannot assure you of this and our ability to finance our operations and pursue our intended development plans beyond that date which will depend on our ability to generate additional funding through further partnerships or grants and amounts we may raise through further financings such as additional equity offerings. If our development plans are not successful, we may not be able to generate additional funding through partnerships or grants, or raise further financing through equity offerings or otherwise, or we may only be able to do so on terms that are not favorable to our shareholders.

To the extent that we raise additional capital through the issuance of shares or other securities convertible into shares, our existing shareholders will be diluted. Future issuances of such securities, or the perception that such sales may occur, could adversely affect the trading price of our shares and impair our ability to raise capital through future offerings of shares or other equity securities. No prediction can be made as to the effect, if any, that future sales of shares or the availability of shares for future sales will have on the trading price of our shares.

We cannot guarantee that we will have sufficient funds available in the future to develop and commercialize our current or future drug candidates.

We have limited sources of revenue and will need substantial additional capital to develop and commercialize our product candidates. We may be unable to raise additional capital when needed, or at all, which would force us to reduce or discontinue operations. We do not expect to realize meaningful revenue from product sales, milestone payments or royalties in the foreseeable future, if at all. Our revenue sources are, and, we believe, will remain, extremely limited until and unless our product candidates are clinically tested, approved for commercialization and successfully marketed. To date, we have primarily financed our operations through the sale of securities, milestone payments from partners and grants from foundations and governmental agencies. Our ability to raise additional funds will depend on financial, economic and other factors, many of which are beyond our control. Under Swiss

law, shareholders have certain preemptive rights to subscribe for newly issued securities in proportion to the nominal value of shares held. These preemptive rights, unless waived, may cause delays and uncertainties in any future equity offering, including in pricing, number of shares offered and dilutive effects, which discourage investment in our securities. We can provide no assurance that we can obtain access to sufficient funds when needed. If we fail to obtain additional funds at acceptable terms when needed, we may have to delay, reduce or terminate our research and development programs, limit strategic opportunities or be forced to cease operations, which may adversely affect our business, financial condition, results of operations and prospects.

We have a history of net losses and negative cash flows, and we expect that such losses will continue for the foreseeable future and that we may never achieve or maintain profitability.

Since we began operations in 2002, we have not had product revenue and our expenses have substantially exceeded our revenue, resulting in continuing operating losses and an accumulated deficit of CHF 324.6 million at September 30, 2021. For the nine month period ended September 30, 2021, we incurred a net loss of CHF 10.6 million. These losses have resulted principally from costs incurred in research and development of our drug candidates and general and administrative expense.

We expect to continue to incur significant operating losses in the foreseeable future, primarily due to the cost of our research and development programs, preclinical studies and clinical trials and the regulatory approval process for drug candidates. The amount of future losses is uncertain and our ability to achieve profitability, if ever, will depend on, among other things, us or partners successfully developing drug candidates, obtaining regulatory approval to market and commercialize drug candidates, manufacturing any approved products on commercially reasonable terms, establishing a sales and marketing organization or suitable third party alternatives for any approved product and raising sufficient funds to finance our activities. If we and/or our partners are unable to develop and commercialize one or more of our drug candidates or if sales revenue from any drug candidate that receives approval is insufficient, we will not achieve profitability, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are a development-stage company working with novel approaches to therapeutics, which may not be successful.

We have devoted our resources to the discovery and development of allosteric modulators for neurological diseases. Since inception, we have focused on building a drug discovery platform, including a knowledge-based library and proprietary biological screening tools as well as a portfolio of drug candidates. Discovery and development of allosteric modulators involves novel approaches to therapeutics. We are subject to the risks of failure inherent in the development of product candidates based on new technologies. There is little precedent for the successful commercialization of products based on our technologies, and there are a number of technological challenges that we must overcome to complete most of our development efforts. If we are not successful in development, it will have a material adverse effect on our business, financial condition, results of operations and prospects.

We have no products on the market and we may never generate revenue from the sale or licensing of product candidates.

Our ability to achieve and sustain profitability depends on obtaining regulatory approvals for and successfully commercializing our product candidates, either alone or with third parties, such as our partner for ADX71149, Janssen, and our partner for $GABA_B$ PAM, Indivior. Currently, none of our product candidates has been approved for marketing and commercialization or is in Phase 3 trials. We cannot guarantee that any of our product candidates will be successfully tested, approved by the U.S. Food and Drug Administration, or FDA, the European Medicines Agency, or EMA, Swissmedic, Swiss Agency for Therapeutic Products, or any other regulatory agency or marketed and commercialized at any time in the foreseeable future or at all. If approval is obtained for a product candidate, we cannot assure you that we will be able to generate or sustain revenue from any sales due to factors such as whether the product is manufactured at a competitive cost or accepted in the market, as well as general and industry-specific local and international economic pressures. With our strategy to focus on allosteric modulator development, these risks continue to be significant and may increase to the extent the space becomes more competitive or less favored in the commercial marketplace. Our focus on rare disease indications with the potential for orphan drug designation limits the size of the patient population for even an approved product, unless approval is expanded for use beyond a particular rare disease. Because of the inherently small patient population for treatment of a rare disease, an approved product with orphan drug designation for which pricing is not approved or accepted in the market at an appropriate level may not generate enough revenue to offset costs of development, manufacturing, marketing and commercialization despite any benefits received from the designation, such as market exclusivity, assistance in clinical trial design, a reduction in user fees or tax credits related to development expense, and our business may be adversely affected.

The global pandemic caused by COVID-19 could materially and adversely impact our business and clinical trials, including potentially delaying our Phase 2b/3 pivotal clinical trial of dipraglurant in PD-LID patients.

In early 2020, a coronavirus disease (COVID-19) pandemic developed globally resulting in a significant number of infections and negative effects on economic activity. Since then, the pandemic has, among other things, caused various emergency measures to be applied by various countries around the world (including the United States as well as our country of incorporation, Switzerland) and has brought along substantial volatility in financial markets both globally and in Switzerland. While COVID-19 is still spreading and the final implications of the pandemic are difficult to estimate at this stage, it is clear that it will affect the lives of a large portion

of the global population and cause significant effects. At this time, the pandemic has caused states of emergency to be declared in various countries, travel restrictions imposed globally, quarantines established in certain jurisdictions and various institutions and companies being closed. We are actively monitoring the situation and are taking any necessary measures to respond to the situation in cooperation with the various stakeholders.

Depending on the duration of the COVID-19 crisis and continued negative impact on global economic activity, we may have to take additional measures that will have a negative impact on our business continuity and may experience certain liquidity restraints as well as incur impairments on its assets. The exact impact on our activities in 2022 and thereafter cannot be reasonably predicted. However, based on the risk mitigation measures undertaken, we concluded that there is no material uncertainty that may cast a significant doubt upon our ability to continue as a going concern.

We have been granted U.S. Orphan Drug Designation for dipraglurant for PD-LID and may seek Orphan Drug Designation for other product candidates, and we may be unable to maintain the benefits associated with Orphan Drug Designation, including the potential for market exclusivity.

Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs and therapeutic biologics for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a drug as an orphan drug if it is intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals annually in the United States, or a patient population greater than 200,000 in the United States where there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States. In the United States, Orphan Drug Designation entitles a party to financial incentives such as opportunities for grant funding toward clinical trial costs, tax advantages and user-fee waivers. In addition, if a product that has Orphan Drug Designation subsequently receives the first FDA approval for the disease for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications, including a full NDA, to market the same product for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity or where the manufacturer is unable to assure sufficient product quantity.

We have obtained Orphan Drug Designation for dipraglurant and if we may be able to obtain Orphan Drug Designation for any of our future product candidates in specific indications, we may not be the first to obtain marketing approval for dipraglurant or any other such product candidates for the orphan-designated indication due to the uncertainties associated with developing pharmaceutical products. In addition, exclusive marketing rights in the United States may be limited if we seek approval for an indication broader than the orphan-designated indication or may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition.

Further, even if we obtain orphan drug exclusivity in the U.S. for a product, that exclusivity may not effectively protect the product from competition because different drugs or therapeutic biologics with different active moieties can be approved for the same condition. Even after an orphan product is approved, the FDA can subsequently approve the same drug or therapeutic biologic with the same active moiety for the same condition if the FDA concludes that the later drug or therapeutic biologic is safer, more effective or makes a major contribution to patient care. In Europe, we could be prevented from marketing our products if a similar medicinal product is granted orphan drug designation for the same indications that we are pursuing and obtains a marketing authorization for the same indication before we do. Once authorized, with a limited number of exceptions, neither the competent authorities of the EU member states, the EMA, or the European Commission are permitted to accept applications or grant marketing authorization for other similar medicinal products with the same therapeutic indication. Marketing authorization could also be granted to a similar medicinal product with the same orphan indication if the latter product is safer, more effective or otherwise clinically superior to the original orphan medicinal product. Orphan Drug Designation neither shortens the development time or regulatory review time of a drug or therapeutic biologic nor gives the drug or therapeutic biologic any advantage in the regulatory review or approval process. In addition, while we may seek Orphan Drug Designation for our future product candidates, we may never receive such designations.

The future of our business and operations depends on the success of our allosteric modulator development programs, including our most advanced proprietary product candidate, dipraglurant.

We are substantially dependent on the success of our current lead drug candidate, dipraglurant, which we are developing ourselves. In March 2012, we announced the completion of a Phase 2a clinical trial in the United States and Europe with dipraglurant for the treatment of PD-LID. Though the development so far has produced positive results, further development and commercialization for the treatment of PD-LID or other disease indications may not be successful or may experience additional significant delays and setbacks. For example, we are undertaking significant risk in executing a pivotal development program for dipraglurant for the treatment of PD-LID, without having conducted any additional exploratory clinical trials beyond the Phase 2a proof of concept clinical trial. We believe that a failure to develop our most advanced drug candidates, or to do so in a timely manner, would not only harm those programs but also industry and investor confidence in our other programs and could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our dependence on Janssen to develop and commercialize ADX71149 and Indivior to develop and commercialize $GABA_B$ PAM exposes us to significant risks.

Our collaboration with Janssen, Indivior and any future partner, may not be scientifically, clinically or commercially successful. We are dependent upon Janssen and Indivior, and may be dependent upon any other partners with which we may collaborate in the future, to perform and fund development activities, including clinical testing, regulatory filings and the manufacture and marketing of products. Under our collaboration and license agreements with our partners, our partners have sole responsibility for the financing and development of selected compounds through preclinical and clinical trials, as well as registration procedures and commercialization, if any, in the United States, Japan, the United Kingdom, Germany, France, Spain and Italy. Our partners have authority over all aspects of the development of selected compounds and may develop or commercialize third-party compounds with a different mechanism of action for identical use. Our role on the joint development committee formed under the collaboration and license agreement is advisory and we do not have authority to determine or veto actions. Our partners may take independent action concerning product development, marketing strategies, manufacturing and supply issues and rights relating to intellectual property. Thus, the success of ADX71149 and $GABA_B$ PAM for the treatment of CNS and related diseases currently depends entirely upon the efforts of Janssen and Indivior, respectively. Janssen and Indivior each have significant discretion in determining the efforts and resources it applies to the development and, if approval is obtained, commercialization and marketing of ADX71149 and $GABA_B$ PAM, respectively. Janssen and Indivior may not be effective in obtaining approvals in their respective fields of use, marketing any approved products or arranging for any necessary sublicense, supply, manufacturing or distribution relationships, or our partners may change their strategic focus or pursue alternative technologies in a manner that results in reduced or delayed revenue to us. Our partners have a variety of marketed products and their own corporate objectives may not be consistent with our best interests. Changes of this nature might also occur if our partners are acquired or experience changes in management. In any future disagreement with us, our partners will have significantly greater financial and managerial resources on which to draw. Any disagreement could lead to lengthy and expensive litigation or other dispute resolution proceedings as well as extensive financial and operational consequences to us and have a material adverse effect on our business, financial conditions, results of operations and prospects.

Our failure to collaborate successfully with partners may delay, impair or prevent the development or commercialization of our drug candidates.

Our business strategy requires us to enter into various forms of collaboration arrangements with other companies, licensors or licensees to research, develop and commercialize our drug candidates. We are unlikely to be able to enter into new collaborative arrangements with respect to the drug candidates we are currently developing internally until we complete at least the next stage of their respective development activities. We cannot assure you that we will be able to maintain our existing collaborations with Janssen and Indivior, negotiate collaboration arrangements in the future on acceptable terms with first choice partners, if at all, or that any such collaboration arrangements will be successful. To the extent that we are not able to maintain or establish such arrangements, we would be forced to seek alternatives, including undertaking drug development and commercialization activities on our own, which would increase our capital requirements and could require us to limit the scope of some or all of our other research and development activities. Under a collaboration agreement, we are likely to have limited influence over the future development or commercialization of the relevant drug candidates. Such development or commercialization may depend significantly on the efforts and activities of the collaborator. Under the terms of an agreement, a collaborator may have significant discretion in determining the efforts and resources it dedicates to the collaboration, which may change over time depending on the collaborator's overall strategic priorities. The suspension or termination of our collaboration arrangements, the failure of our collaboration arrangements to be successful or the delay in the development or commercialization of drug candidates pursuant to collaborations could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our future success depends on our ability to retain key employees, consultants and advisors and to attract, retain and motivate qualified personnel.

We are highly dependent on members of our executive team. The loss of the services of any of them may adversely impact the achievement of our objectives.

Recruiting and retaining qualified employees, consultants and advisors for our business, including scientific and technical personnel, is also critical to our success. Competition for skilled personnel is intense and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies and academic institutions for skilled individuals. In addition, failure to succeed in preclinical studies, clinical trials or applications for marketing approval may make it more challenging to recruit and retain qualified personnel. The inability to recruit, or loss of services of certain executives, key employees, consultants or advisors, may impede the progress of our research, development and commercialization objectives and have a material adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, a number of our key staff reside in California, which in the past has experienced both severe earthquakes and

wildfires. Disruptions to the services provided by our staff based in California due to earthquakes, wildfires or other natural disasters could delay or disrupt our business and operations.

If third parties on which we depend to conduct our clinical trials do not perform as contractually required, fail to satisfy regulatory or legal requirements or miss expected deadlines, our clinical development programs could be delayed and otherwise adversely affected.

We rely on third party clinical investigators, contract research organizations, or CROs, clinical data management organizations, medical institutions and consultants to design, conduct, supervise and monitor preclinical studies and clinical trials in relation to our product candidates. Because we rely on third parties and do not have the ability to conduct clinical trials independently, we have less control over the timing, quality and other aspects of clinical trials than we would if we conducted them on our own. These investigators, CROs and consultants are not our employees and we have limited control over the amount of time and resources that they dedicate to our programs. These third parties may have contractual relationships with other entities, some of which may be our competitors, which may draw time and resources from our programs. If we cannot contract with acceptable third parties on commercially reasonable terms, or at all, or if these third parties do not carry out their contractual duties, satisfy legal and regulatory requirements for the conduct of clinical trials or meet expected deadlines, our clinical development program could be delayed or otherwise adversely affected. In all events, we are responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. The FDA requires us to comply with good clinical practices for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Our reliance on third parties that we do not control does not relieve us of these responsibilities and requirements. The third parties with which we contract might not be diligent, careful or timely in conducting our clinical trials, as a result of which the clinical trials could be delayed or unsuccessful. Any such event could have a material adverse effect on our business, financial condition, results of operations and prospects.

Because we rely on third party manufacturing and supply partners, our clinical development supplies and other materials may become limited or interrupted or may not be of satisfactory quantity.

We rely on third party manufacturing and supply partners for our research and development, preclinical studies and clinical trials. We currently do not have in-house facilities to manufacture our research and development, preclinical and clinical drug supplies. In the event that any of our suppliers, for research and development, or preclinical studies or clinical trials, fail to perform their respective obligations in terms of quality, timing or otherwise, or if our supply of such components or other materials become limited or interrupted for other reasons, we may not be able to develop or market our drug candidates on a timely and cost-competitive basis, if at all, which may have a material adverse effect on our business, financial condition, results of operations and prospects. There can be no assurance that our supply of research and development, preclinical and clinical development drugs and other materials will not be limited, interrupted, restricted in certain geographic regions or of satisfactory quality. If the suppliers that currently manufacture our clinical drug supplies cannot continue to do so, we can provide no assurance that we will be able to obtain alternative components and materials from other manufacturers of acceptable quality, or on terms or in quantities acceptable to us, or that we will not require additional components and other materials to manufacture or use our drug candidates. In addition, suppliers need to meet applicable manufacturing requirements and undergo rigorous facility and process validation tests required by regulatory authorities in order to comply with applicable regulatory standards, such as current Good Manufacturing Practices, or cGMP. We cannot provide assurance that our suppliers will comply with such requirements.

Our product candidates may not successfully obtain regulatory approval.

Even if we are able to initiate Phase 3 clinical trials and they are completed, there can be no assurance that we will receive approval from the FDA, the EMA, Swissmedic, Swiss Agency for Therapeutic Products, or any other relevant government agencies. Any approval, if any, may be delayed or may be obtained on restrictive terms. This may occur if a drug candidate does not show acceptable safety and efficacy in preclinical studies and clinical trials or otherwise does not meet applicable regulatory standards for approval or the drug candidate does not prove as effective as, or does not offer therapeutic or other improvements over, existing or future drugs used to treat the same or similar illness or conditions. Failure by us or a partner to obtain approval for products candidates could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our drug candidates must prove their efficacy and safety in rigorous clinical testing that is expensive, time-consuming and may be delayed, suspended or terminated at any time.

Drug approval requires extensive, time consuming and expensive clinical testing to demonstrate safety, tolerability and efficacy of a drug and meet other regulatory standards for authorization to market and commercialize. The development of innovative drugs is inherently risky and the utility and success of a drug will depend on its efficacy and side effect profile for the target patient population. Preclinical studies and clinical trials are long, expensive and uncertain processes. Successful results obtained in preclinical studies and early clinical trials may not be predictive of results in later clinical trials and do not ensure that later preclinical studies or clinical trials will be successful. Clinical trials may be delayed, suspended or terminated as a result of many factors, many of which are or may be beyond our control, such as:

- suspension or termination of clinical trials by regulators, institutional review boards or data safety monitoring boards;
- termination due to safety issues or lack of efficacy of the drug tested;
- a collaboration partner's termination of an arrangement with us or inadequate dedication of financial or other resources towards development under an arrangement with us;
- inability to enter into adequate collaboration arrangements to complete the development or commercialization and manufacturing of our drug candidates;
- insufficient availability of a drug product in accordance with cGMP quality;
- disruptions caused by the COVID-19 pandemic may increase the likelihood that we encounter such difficulties or delays in initiating, enrolling, conducting or completing our planned and ongoing clinical trials; or
- slower than expected enrollment of patients or lack of compliance by patients.

We or a partner may be required to conduct clinical trials or other testing of drug candidates beyond those currently contemplated, in particular, if the currently contemplated trials fail to complete successfully or if the results of those trials or tests are negative or inconclusive. It may take us several years to complete this testing, if at all, and failure can occur at any stage of the process, which could delay, increase costs associated with or prevent approval or commercialization of a drug candidate. Even after approval, if any, a drug may be shown to be unsafe or not have its purported effect. As a result, we or a partner may be required to conduct additional trials or studies, be subject to fines, suspension or withdrawal of approval, drug recalls, product seizures, operating restrictions or criminal prosecution. In all such cases, our anticipated development or commercialization timelines may not be met, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We face competition from entities that have developed or may develop similar or different product candidates aimed at the indications on which we are focusing.

The development and commercialization of drugs is highly competitive. We compete with a variety of multinational pharmaceutical companies and specialized pharmaceutical companies, including products approved for marketing and/or product candidates under development, for each of the product candidates and each of the indications for which we are developing our product candidates. Competitor firms include Adamas Pharmaceuticals, Avanir Pharmaceuticals, Inc., Eli Lilly and Company, F. Hoffmann-La Roche Ltd, Heptares Therapeutics Ltd, Indivior (as certain to product candidates outside the scope of our collaboration with Indivior), Integrative Research Laboratories Therapeutics AB, Lundbeck Pharmaceuticals Ltd, Medytox Korea Co., Ltd., Merck & Co. Inc., Neuraltus Pharmaceuticals, Inc., Newron Pharmaceuticals, Inc. and Novartis Pharma AG, as well as technology being developed at universities and other research institutions. Many of our competitors have significantly greater financial, technical, manufacturing, marketing, sales and supply resources or experience than we have. Our competitors have developed, are developing or will develop drug candidates and processes that will compete with our drug candidates. Competitors may enjoy a significant competitive advantage if they are able to achieve patent protection, obtain marketing authorizations and commence commercial sales of their drugs before us. Competing drugs could present superior treatment alternatives for our targeted indications, including by being more effective, safer or convenient, and even make our drug candidates or know-how obsolete before we reach the market. In addition, competitors may sell drugs below the price level at which appropriate return for our investment in drug development is possible. As a result of these factors, we may be unable to successfully develop commercially feasible drugs and our commercial opportunities may be reduced or eliminated, and we may not be able to successfully compete. This would have a material adverse effect on our business, financial condition, results of operations and prospects.

We may fail to obtain, maintain or enforce licenses, patents and proprietary technology.

Our success depends in part on our ability to obtain patent protection for our drug candidates and processes, preserve our trade secrets and other proprietary rights and to defend and enforce our rights against infringement in Europe, the United States and other countries. If we are unable to do so, our drugs, technologies and know-how may not provide us with a competitive advantage. The validity and breadth of claims in patent applications involve complex legal and factual questions and, therefore, involve uncertainty. We owned 14 U.S. and at least 234 foreign patents and a number of pending patent applications that cover various aspects of our technologies as of December 31, 2021. No assurance can be given that patents based on pending patent applications or any future patent applications will be issued. We may need to refine or narrow our claims. Due to their broad scope, some of our generic compound claims may not be patentable. Other of our patent applications may not be granted if third parties have earlier filed applications for inventions covered by our pending patent applications. The scope of any patent protection we are able to obtain may not provide us with sufficient protection against competing drugs or provide competitive advantages to us. Any of the patents that have been or may be issued to us may be held invalid or unenforceable if subsequently challenged by competitors or other third parties. Furthermore, there can be no assurance that others have not developed or will not develop similar drugs, duplicate any of our drugs or design around any patents that have been or may be issued to us. Any of our granted, valid and enforceable patents will provide protection for only a limited period of time. We cannot assure that we will obtain any extensions of patent protection that

are sometimes offered if certain clinical development extension application deadlines are met or that we will be successful in seeking any method of use patent. If a method of use patent is granted but product patents are not granted or expire, third parties would be able to develop products using the method in indications not covered by the method of use patent.

We may be restricted in our development and any commercialization activities by third-party patents and patent applications.

Our commercial success depends on our ability to operate without infringing third-party patents and other intellectual property or market exclusivity rights. If we are not able to do so, we may be subject to infringement actions. We may not be aware of all patents and patent applications that may impact our ability to make, use or sell our product candidates. Other parties may have filed, or may file in the future, patent applications covering compounds or drug candidates that are similar to ours. Any such event could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, because patent applications can take many years to issue and are not published for a period of time ranging on the jurisdictions in which we applied for registration, there may be applications currently pending, unknown to us, which may later result in patents that our drug candidates or technology may infringe. Any conflicts arising from the patent rights of others could significantly reduce the scope of our patents and limit our ability to obtain meaningful patent protection. We may be required to obtain licenses to those patents or to develop or obtain alternative technology. We may not be able to obtain any such licenses on acceptable terms, or at all. Any failure to obtain such licenses could delay or prevent us from pursuing the development or commercialization, if any, of our product candidates.

We may fail to protect our intellectual property rights, including trade secrets and know-how.

Our success depends on our ability to obtain and enforce intellectual property rights, including trade secrets and non-patentable know-how related to our allosteric modulator platform. We seek to protect or secure this intellectual property, in part, by entering confidentiality agreements with and receiving assignments from our employees, consultants, suppliers, licensees, funding partners and other contractual partners and advisers. We may not always be able to obtain these agreements or assignments. Even if we obtain these agreements or assignments, there can be no assurance that they will effectively protect our intellectual property rights or prevent improper use or disclosure of confidential information or that they will not be breached. We may not have adequate remedies for any breach of these agreements or assignments, or our trade secrets or non-patentable know-how may otherwise become known or be independently developed by competitors. In addition, these agreements or assignments may conflict with, or be subject to, the rights of third parties with which our employees, consultants, suppliers, licensees, funding partners or other contractual partners or advisers had previous employment, consulting or other relationships. Any such event could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may have to defend against or initiate lawsuits to protect our intellectual property rights.

In the future, third parties with patent claims that overlap with our intended activities may decide to sue us for monetary damages or to prevent us from manufacturing, selling or developing our drug candidates. We could also become subject to claims that we or our employees have inadvertently or otherwise used or disclosed intellectual property, trade secrets or other proprietary information of an employee's former employer, particularly if such employer is a university or pharmaceutical company. Additionally, to protect our patent rights, we may decide to initiate lawsuits against third parties. Defending against or initiating such claims, which typically go on for years before a legal judgment or settlement is obtained, would involve significant effort and expense and could divert management's attention from the operation of our business. Any such proceedings could involve prior art and put our patents at risk of being invalidated or interpreted narrowly and our pending patent applications at risk of not being issued. In addition, there is a risk that some of our confidential information could be compromised by disclosure in such proceedings and provide competitors with access to our proprietary information. Further, the outcome of any such proceedings may be unfavorable to us. If the manufacture, use or sale of any of our drug candidates infringes the patents, or violates other proprietary rights, of third parties, a court or settlement agreement may require us to pay actual damages and, potentially, penalties, including the other party's attorney's fees, which may be substantial. We could also be required to cease the development, manufacture, use and sale of drugs that infringe the patent rights of others, to expend significant resources to redesign our technology so that it does not infringe the patent rights of others, to develop or acquire non-infringing technology, which may not be possible, or to obtain licenses to the infringed intellectual property, which may not be available to us on acceptable terms or at all. We cannot guarantee that we will have sufficient financial or other resources to protect intellectual property significant to the development of our product candidates.

Even if a product candidate receives regulatory approval, lack of market acceptance may prevent us from generating revenue from commercialization of the product.

Even if a product candidate is approved, if we or a partner are not successful in commercializing the product, we will not generate revenue from sales. Revenue generated from an approved product depends on its successful commercialization. Many factors may impede successful commercialization, many of which are or may be beyond our or a partner's control. These factors include the proprietary rights of third parties, including our competitors, the failure of a product to prove effective as, or offer therapeutic or other improvements over, existing or future drugs used to treat the same or similar conditions or the inability of a product to gain acceptance by patients, the medical community or third-party payers, such as insurance companies or government reimbursement programs, or the inability of produce a product in commercial quantities at an acceptable cost, or at all. Even if our drug development

is successful and marketing authorization has been obtained, our ability, or our partners' ability, to generate significant revenue will depend on the acceptance of our drugs by physicians, patients, third-party payers and the medical community. We cannot assure you that we or our partners will achieve market acceptance of our drug candidates or generate revenue once we or our partners obtain marketing authorization. The market acceptance of any of our drug candidates depends on a number of factors, including the continued demonstration of efficacy and safety in commercial use, cost-effectiveness, convenience and ease of administration, competition, marketing and distribution support, the scope of the approved uses and labeling requirements, prevalence and severity of any side effects, and adequate government or other third-party coverage or reimbursement for the cost of the drug. To the extent competitors are able to commercialize competing drugs before our drugs have achieved market approval and acceptance, we may have difficulty gaining market acceptance if physicians, patients, third-party payers and the medical community have grown accustomed to use of the competing drugs, whether or not such competing drugs are more effective or have other advantages over our drug.

Any commercialization efforts by us will require us to develop sales, marketing and distribution capabilities internally or through arrangements with third parties.

Sales, marketing and distribution capabilities are key elements of a successful commercialization strategy, none of which we currently have internally. If any of our product candidates are approved, we intend to market the product either directly or through other strategic alliances and distribution arrangements with third parties. To commercialize our drugs, we will need to enter into new collaborations with third parties or develop our own marketing and sales force with technical expertise and supporting distribution capability. If we decide to market our products directly, we will need to commit significant financial and managerial resources to develop a marketing and sales force with technical expertise and with supporting distribution, administration and compliance capabilities. If we rely on third parties with such capabilities to market our products, we will need to establish and maintain partnership arrangements, and there can be no assurance that we will be able to enter into third-party marketing or distribution arrangements on acceptable terms or at all. To the extent that we do enter into such arrangements, we will be dependent on our marketing and distribution partners. In entering into third-party marketing or distribution arrangements, we expect to incur significant additional expense and there can be no assurance that such third parties will establish adequate sales and distribution capabilities or be successful in gaining market acceptance for our products and services. Any factors preventing or limiting the market acceptance of our drug candidates could have a material adverse effect on our business, financial condition, results of operations and prospects. There can be no assurance that we will be able to build up our own marketing and sales organization, to attract and maintain established collaboration partners for the third-party commercialization of our drug candidates, to enter into agreements on acceptable terms for sales and marketing, if at all, or that any such collaboration arrangements will be successful. As a consequence, we would be forced to seek alternatives, redirect our resources or have to limit the scope of our research and development activities in other fields and thereby delay the launch and sales of any or all of our drug candidates, or raise new funds. Accordingly, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may become exposed to costly and damaging liability claims and may not be able to maintain sufficient liability insurance to cover these claims.

Our business with pharmaceutical drugs entails a potential risk of substantial liability for damages, including drug liability and environmental liability, which are inherent in the development, testing and manufacturing of our drug candidates. It is always possible that a drug, even after marketing authorization, may exhibit unforeseen failures or adverse side effects. We can provide no assurance that sufficient insurance coverage will be available to us at acceptable terms, or at all, for any damages or costs in connection with any liability claims. Liability lawsuits are costly and time consuming and may divert management's attention from their normal responsibilities. If any of our drugs were to fail or produce adverse side effects, substantial uninsured losses could result, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Even where drug failures or side effects are not so serious as to warrant withdrawing the drug from the market or liability in damages, they may reduce the drug's competitiveness or adversely affect our reputation, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We and our partners are subject to significant government regulation, including marketing authorization requirements, which could increase the cost of developing our drug candidates or delay, prevent or limit the commercialization of our drug candidates.

We and our partners are subject to extensive and rigorous governmental regulation and the applicable regulatory requirements are subject to change. Our and our partners' research and development, preclinical studies and clinical trials, manufacturing, safety, efficacy, record-keeping, labeling, marketing, sales and distribution of our drug candidates are regulated by the EMA, the FDA, Swissmedic, Swiss Agency for Therapeutic Products, and other government agencies in countries where we are testing or intend to test and market our drug candidates. Before a clinical trial can begin, we and our partners must obtain approval from the competent national authority in the country where the trial is planned to be conducted. A favorable opinion from a competent ethics committee or an independent institutional review board on the clinical trial application is also needed. We cannot assure we or our partners will obtain authorization for further testing of drug candidates already in clinical trials or for human clinical trials of any or all of our other candidates currently in research or pre-clinical development. We, and our partners or regulatory authorities may suspend or terminate clinical trials at any time if it is thought that the participants are being exposed to unacceptable health risks. It may take us or our collaborators several years to complete this testing, and failure can occur at any stage of the process.

The governmental regulation of development of drug candidates extends beyond clinical trials to approvals required for their sale and monitoring after sale, including safety reporting requirements, regulatory oversight of drug promotion and marketing and cGMP. A failure by us or our partners to obtain marketing authorization or a delay in obtaining and maintaining approval could damage our reputation and adversely affect the marketing of our drugs and our ability to generate revenue, which could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, marketing authorizations, if granted, may not include all uses for which we may seek to market a drug, thereby limiting the potential market for the drug. Moreover, even after marketing authorization is obtained, a marketed drug, its manufacturer and its manufacturing facilities are subject to continual review and periodic inspections by the relevant authorities. Consequently, any discovery of previously unknown problems with an approved drug, manufacturer or manufacturing facilities may result in restrictions on the drug or manufacturer, including a requirement to withdraw the drug from the market. In addition, regulatory requirements are evolving in a manner that cannot be predicted. Changes in existing regulations of EMA, FDA, Swissmedic, Swiss Agency for Therapeutic Products or other regulations or the adoption of new regulations could prevent us from obtaining or maintaining, or affect the timing of, future marketing authorizations. Changes in regulatory policy during the period of development of a drug or regulatory review may result in delays or rejections of approvals of the drug candidates. Any change in the regulations governing us could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our relationships with customers, physicians and third-party payors are subject, directly or indirectly, to United States federal and state healthcare fraud and abuse laws, privacy and security laws (including health information privacy and security laws), and other healthcare laws and regulations. If we or our employees, independent contractors, consultants, commercial partners and vendors violate these laws, we could face substantial penalties.

Our current and future arrangements with healthcare professionals, principal investigators, consultants, customers (including governmental bodies) and third party payors subject us to various federal and state fraud and abuse laws and other healthcare laws. These laws may impact, among other things, our current and future business operations, including our clinical research activities, and proposed sales, marketing and education programs and constrain the business or financial arrangements and relationships with healthcare providers and other parties through which we market, sell and distribute our products for which we obtain marketing approval. These laws include, without limitation, anti-kickback and false claims laws and regulations, data privacy and security laws, and transparency laws and regulations. Because of the breadth of these laws and the narrowness of the statutory exceptions and regulatory safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to substantial civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from participating in government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non compliance with these laws, contractual damages, reputational harm and the curtailment or restructuring of our operations. To the extent that any of our products are sold in a foreign country, we may be subject to similar foreign laws and regulations, which may include, for instance, applicable post marketing requirements, including safety surveillance, anti fraud and abuse laws and implementation of corporate compliance programs and reporting of payments or transfers of value to healthcare professionals.

Current healthcare laws and regulations and future legislative or regulatory changes to the healthcare system may affect our ability to sell any drugs we may develop.

Healthcare laws are subject to change, which may affect our ability to sell any product candidates for which we receive marketing and commercialization approval. In the U.S., an important potential market for our drug candidates, there have been a number of legislative and regulatory changes to the healthcare system that could affect our future results of operations. In particular, there have been and continue to be a number of initiatives at the U.S. federal and state levels that seek to reduce healthcare costs.

Individual states in the United States have become increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access, and marketing cost disclosure and transparency measures, and designed to encourage importation from other countries and bulk purchasing. Legally-mandated price controls on payment amounts by third-party payers or other restrictions could harm our business, results of operations, financial condition and prospects. In addition, regional healthcare authorities and individual hospitals in the United States are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. This could reduce ultimate demand for our products or put pressure on our product pricing, which could negatively affect our business, results of operations, financial condition and prospects.

In addition, given recent federal and state government initiatives directed at lowering the total cost of healthcare, Congress and state legislatures will likely continue to focus on healthcare reform, the cost of prescription drugs and biologics and the reform of the Medicare and Medicaid programs. While we cannot predict the full outcome of any such legislation, it may result in decreased reimbursement for drugs and biologics, which may further exacerbate industry-wide pressure to reduce prescription drug prices.

This could harm our ability to generate revenue. At the federal level, the Trump administration used several means to propose or implement drug pricing reform, including through federal budget proposals, executive orders and policy initiatives. For example, on July 24, 2020 and September 13, 2020, the Trump administration announced several executive orders related to prescription drug pricing that attempt to implement several of the administration's proposals. The FDA also released a final rule, effective November 30, 2020, implementing a portion of the importation executive order providing guidance for states to build and submit importation plans for drugs from Canada. Further, on November 20, 2020, the Centers for Medicare & Medicaid Services, or CMS, issued an interim final rule implementing the former President Trump's most favored nation executive order, which ties Medicare Part B payments for certain physician-administered drugs to the lowest price paid in other economically advanced countries, effective January 1, 2021. On December 28, 2020, the United States District Court in Northern California issued a nationwide preliminary injunction against implementation of the interim final rule. However, it is unclear whether the Biden administration will work to reverse these measures or pursue similar policy initiatives. We expect that additional state and federal healthcare reform measures may be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare therapies. Additionally, such legislation, or similar regulatory changes, could put competitive pressure on our ability to profitably price our products, which, in turn, could adversely affect our business, results of operations, financial condition and prospects. It is also possible that other legislative proposals having similar effects will be adopted.

Further, we cannot predict the likelihood, nature, or extent of healthcare reform initiatives that may arise from future legislation or administrative action, particularly as a result of the new U.S. presidential administration. If we or any third parties we may engage are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we or such third parties are not able to maintain regulatory compliance, our product candidates may lose any regulatory approval that may have been obtained and we may not achieve or sustain profitability.

Certain European countries utilize reference pricing to control the prices of drugs. Use of reference pricing may increase, which could restrict the sales potential for many new drugs unless the drug can be significantly differentiated from existing drugs.

Additional governmental and regulatory proposals and health care reforms are possible. However, we are unable to forecast what additional legislation or regulation relating to the health care industry or third-party reimbursement may be enacted in the future, or what effect such legislation or regulation would have on our business. Our business could be harmed by other health care reforms that may be erected or adopted in the future, and in particular this could have a material adverse effect on the amounts that private payers will pay for drugs. As a consequence, we may not be able to realize an appropriate return on our investment in research and development and generate revenue sufficient to attain profitability, even if our drugs are approved for marketing. This could have a material adverse effect on our business, financial condition, results of operations and prospects.

The availability and level of third-party coverage and reimbursement for our potential drugs will be uncertain, and it may be difficult to obtain or maintain expected price levels.

Our or a partner’s ability successfully to commercialize our drug candidates and to attract strategic partners for our drug candidates or future drugs will depend in part on price levels and on the extent to which reimbursement for the costs of treatment with these drug candidates will be available from government health administration authorities, private health insurers and other third-party payers, as well as government health care programs. There is significant uncertainty related to third-party payor coverage and reimbursement of newly approved products. In the United States, for example, principal decisions about reimbursement for new products are typically made by CMS and private third-party payors often follow CMS's decisions regarding coverage and reimbursement to a substantial degree. However, one third-party payor's determination to provide coverage for a product candidate does not assure that other payors will also provide coverage for the product candidate. Further, no uniform policy for coverage and reimbursement exists in the United States, and coverage and reimbursement can differ significantly from payor to payor. Further, coverage policies and third-party payor reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained, less favorable coverage policies and reimbursement rates may be implemented in the future. Governments and other third-party payers are increasingly attempting to contain health care costs, in part by challenging the price of medical drugs and services or by restricting the eligibility for reimbursement. Health care cost pressure could lead to pricing pressure which could adversely affect pricing of dipraglurant, ADX71149, $GABA_B$ PAM and our other potential drugs. Seeking third-party reimbursement is a time-consuming and costly process, which will require us and our partners to provide scientific and clinical support for the use of each of our drug candidates to each third-party payer separately. Significant uncertainty exists as to the payment status of newly approved medical drugs. The unavailability or inadequacy of third-party reimbursement, or legislation controlling treatments or prices, could have an adverse effect on the price level and consequently the market acceptance of our drug candidates and may have a material adverse effect on our results or operations, financial condition and prospects.

Any non-compliance by us with the environmental, health and safety laws and regulations that we are subject to could result in fines, suspension of drugs research and development or cessation of our operations or civil liability.

We are subject to a variety of health, safety and environmental laws and regulations in the jurisdictions in which we operate, particularly in our research and development activities, as well as in our pre-clinical studies. These laws and regulations govern, among other things, the use, storage, handling and discharge or disposal of hazardous materials, chemicals and compounds,

including wastewater discharge, air emissions and waste management, where we operate. Our research and development programs involve the controlled use of hazardous materials, chemical and biological materials and controlled pre-clinical animal studies. Although we believe that we hold all permits currently required to operate our business and otherwise comply with current laws and regulations, any failure by us to comply with present or future laws and regulations could result in fines, suspension of research and development or cessation of our operations. We, like many of our competitors, have incurred, and will continue to incur, capital and operating expenditures and other costs in the ordinary course of our business in complying with such laws and regulations in most of the jurisdictions in which we operate. We do not currently anticipate any material additional capital expenditures in respect of such regulations outside of the ordinary course of our business. However, the risk of environmental liability is inherent in our business and there can be no assurance that additional material costs of complying with environmental regulations will not arise in the future. Our research and manufacturing activities involve the use of hazardous materials. Although we believe that our safety procedures for handling and disposing of hazardous materials (including medical and biological waste) comply with relevant laws and regulations, we cannot eliminate the risk of accidental or manmade contamination, injury or damage from these materials. In the event of an accident or environmental discharge, we may be held liable for any resulting damages. We cannot assure you that the amount of our insurance coverage will be sufficient to satisfy any such damages. As a result, any such accident could have a material adverse effect on our business, financial condition, results of operation and prospects. In addition, changes to existing or future laws and regulations may result in the imposition on us of significant additional environmental, health and safety compliance costs.

We are exposed to currency fluctuation risks and other financial risks.

For the nine month period ended September 30, 2021, approximately 45% and 91% of our costs and revenue, respectively, were denominated in currencies other than the Swiss franc. As a result, our business is affected by fluctuations in foreign exchange rates between the Swiss franc and other currencies, particularly U.S. dollars, the Euro and the British pound. A significant amount of our costs are denominated in currencies other than Swiss francs as we source supplies, research and development, consulting and other services in several countries other than Switzerland. On the revenue side, a significant amount relates to currencies other than Swiss francs. The research grants from The Michael J. Fox Foundation for Parkinson's Research are paid in U.S dollars, whereas under our agreement with Janssen, all milestone payments and royalties payable by Janssen to us are denominated in Euros. Furthermore, under our agreement with Indivior, all research funding, milestones payments and royalties payable by Indivior to us are denominated in U.S dollars. Since our reporting currency is the Swiss franc, we convert financial line items into Swiss francs at the applicable foreign exchange rates. As our business grows, we expect that a significant part of our revenue, including milestone payments and royalties, and of our costs, including costs for clinical trials, will be denominated in U.S. dollars, the Euro or the British pound. Unfavorable fluctuations in the value of the Swiss franc compared to these other currencies could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our current operations are concentrated in one location and any events affecting this location may have material adverse consequences.

Our current operations are located in our facilities situated in Geneva, Switzerland. Any unplanned event, such as flood, fire, explosion, earthquake or other accidents that result in us being unable to fully utilize the facilities, may have a material adverse effect on our ability to operate our business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. Loss of access to these facilities may result in increased costs, delays in the development of our product candidates or interruption of our business operations. As part of our risk management policy, we maintain insurance coverage at levels we believe are appropriate for our business. However, in the event of an accident at these facilities, we cannot assure you that the amounts of insurance will be sufficient to satisfy any damages and losses. If our facilities are unable to operate because of an accident or for any other reason, even for a short period of time, any or all of our research and development programs may be harmed. Any business interruption may have a material adverse effect on our business, financial position, results of operations and prospects.

We are subject to risks related to data privacy concerns, cyber security breaches and failure to comply with privacy regulations and security requirements relating to data.

In the ordinary course of our business we come to possess sensitive personal data, including information from clinical trials, and health data obtained in connection with reporting of adverse events. We are subject to data protection laws, privacy requirements and other regulatory restrictions in the various jurisdictions in which we operate.

Our failure to keep apprised of, and comply with, privacy, data use and security laws, standards and regulations, including, for instance, unauthorized disclosure of, or access to, data, could result in the suspension or revocation of our approvals or registrations, the limitation, suspension or termination of services or the imposition of administrative, civil or criminal penalties, including fines which may be as high as €20 million or 4% of our annual worldwide revenue (whichever is greater) for serious infringements of the EU General Data Protection Regulation that became effective in May 2018. In addition, we may obtain health information from third parties in the United States (including research institutions from which we may obtain clinical trial data) that are subject to privacy and security requirements under the Health Insurance Portability and Accountability Act of 1996, as amended, or HIPAA. Depending on the facts and circumstances, we could be subject criminal penalties, including if we knowingly obtain, use, or disclose

individually identifiable health information maintained by a HIPAA covered entity in a manner that is not authorized or permitted by, HIPAA. In addition, such failure or non-compliance may cause existing or potential partners, including hospitals, physicians and patients to cease interacting with us, and could damage our reputation and brand. In addition, to the extent more restrictive laws, rules or security requirements relating to business and personal data are adopted in the future in the various jurisdictions in which we operate, such changes could have an adverse impact on our business by increasing our costs or imposing restrictions on our business processes. Accordingly, our failure to keep apprised of, and comply with, privacy, data use and security laws, standards and regulations could have a material adverse effect on our reputation, business, financial condition, results and prospects. Our financial exposure to any actual or alleged breach of such regulations or standards may either not be insured against or not fully covered through our current insurance.

Cyber security attacks on our servers, information systems and databases, or the third party servers, information systems and databases on which our information is stored, could compromise the security of our data or could cause interruptions in the operations of our businesses. Notwithstanding safeguards, cyber security breaches, internal security breaches, physical security breaches or other unauthorized or accidental access to our servers, other information systems or databases could result in tampering with, or the theft or publication of, sensitive information or the deletion or modification of data, or could otherwise cause interruptions in our operations.

The tampering with, disruption to, or the theft or publication of, sensitive information or the deletion or modification of records held either in our systems or the systems of others to which we have access, could subject us to increased costs and exposure to litigation. The loss of confidential information could result in the payment of damages and reputational harm and have a material adverse effect on our business, financial condition, results and prospects.

Our financial exposure from the items referenced above could either not be insured against or not fully covered through any insurance that we maintain and could have a material adverse effect on our business, financial condition, results and prospects.

Risks Related to our ADSs and Shares

An investment in our securities is speculative, and there can be no assurance of any return on any such investment.

An investment in our securities is highly speculative, and there is no assurance that investors will obtain any return on their investment. Investors will be subject to substantial risks involved in their investment, including the risk of losing their entire investment.

The market price for our shares and ADSs may be highly volatile and could decline significantly.

Our securities have a relatively small public float and may be less liquid and more volatile than securities of companies with broader public ownership. Factors affecting the market price of the securities, many of which are beyond our control, include:

- trading in our shares and ADSs, and securities derivate thereof,
- low daily trading volume of our securities on the SIX Swiss Exchange and on Nasdaq Stock Market;
- announcements by us and developments that impact our financial results, business and partners;
- fluctuations in our financial position or operating results;
- changes in our business strategy and operations;
- changes in our senior management team or board;
- commentary by investors on the prospects of our business, the shares, the ADSs on the internet and/or social media and resulting in trading of our shares or ADSs;
- changes in the recommendations of securities analysts regarding us or our industry;
- unusual trading in our shares or ADSs or securities derivative thereof, including pursuant to naked, or uncovered, short positions;
- investor need for liquidity;
- investor assessment of the valuation of us and our competitors;
- fluctuations in interest rates;

- price and volume of the markets where our securities trade; and
- future offerings of our securities.

In addition, securities markets in general have from time to time, and in particular in recent years, experienced significant price and volume fluctuations. Such fluctuations, as well as the economic environment as a whole, can have a substantial negative effect on the market price of our securities, regardless of our operating results or our financial position. Any such broad market fluctuations may adversely affect the trading price of our securities.

We expect to continue to incur increased costs as a result of operating as a company with securities listed in the United States in addition to Switzerland, and our senior management is required to devote substantial time to new compliance initiatives and corporate governance practices.

As a company with securities listed in the United States in addition to Switzerland, and particularly after we no longer qualify as an emerging growth company, we incur significant legal, accounting, and other expenses. The Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq and other applicable securities rules and regulations impose various requirements on non-U.S. reporting public companies, including the establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our senior management and other personnel is required to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased our legal and financial compliance costs and have made some activities more time-consuming and costly.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, we are required to furnish a report by our senior management on our internal control over financial reporting with our annual report to be filed with the SEC. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To ensure compliance with Section 404, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented, and implement a continuous reporting and improvement process for internal control over financial reporting. We anticipate that the process to document and evaluate our internal control over financial reporting will be both costly and challenging.

An active market may not be sustained in which investors can resell such ADSs.

Although our shares have traded on SIX since 2007 and ADS representing our shares have traded on Nasdaq since January 29, 2020, we cannot predict the extent to which an active market for ADSs representing our shares will be sustained on Nasdaq, or how the development of such a market might affect the market price for our shares on SIX and on Nasdaq. The price at which ADSs representing our shares trade on Nasdaq may or may not be correlated with the price at which our shares trade on SIX.

Fluctuations in the exchange rate between the U.S. dollar and the Swiss franc may increase the risk of holding the ADSs.

Our share price is quoted on SIX in Swiss francs, while the ADSs trade on Nasdaq in U.S. dollars. Fluctuations in the exchange rate between the U.S. dollar and the Swiss franc may result in temporary differences between the value of the ADSs and the value of our shares, which may result in heavy trading by investors seeking to exploit such differences. In addition, as a result of fluctuations in the exchange rate between the U.S. dollar and the Swiss franc, the U.S. dollar equivalent of the proceeds that a holder of the ADSs would receive upon the sale in Switzerland of any shares withdrawn from the depositary receipts facility, and the U.S. dollar equivalent of any cash dividends paid in Swiss francs on our shares represented by the ADSs, could also decline.

Future sales, or the possibility of future sales, of a substantial number of ADSs representing our shares or our shares could adversely affect the price of such securities.

Future sales of a substantial number of ADSs representing our shares or our shares, or the perception that such sales will occur, could cause a decline in the market price of ADSs representing our shares and our shares. As of December 31, 2021, we had 49,272,952 shares, including 11,372,476 treasury shares indirectly held through our wholly-owned subsidiary Addex Pharma SA, and 1,515,042 ADSs representing our shares issued and outstanding. All of our outstanding shares and ADSs representing our shares are freely tradeable on SIX and Nasdaq respectively. In addition, other than shares held by our affiliates, all such shares are able to be deposited with the depositary in exchange for ADSs representing such shares at the ratio referred to on the cover page of this Prospectus, which ADSs will be freely tradeable. If holders sell substantial amounts of ADSs or shares in the respective public markets therefor, or if the market perceives that such sales may occur, the market price of ADSs representing our shares and our shares and our ability to raise capital through an issue of equity securities in the future could be adversely affected.

We have never paid dividends on our share capital, and we do not anticipate paying cash dividends in the foreseeable future.

We have never declared or paid cash dividends on our share capital. We do not anticipate paying cash dividends on our registered shares in the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. Any future determination to declare cash dividends will be made at the discretion of our board, subject to compliance with applicable laws and covenants under current or future credit facilities, which may restrict or limit our ability to pay dividends and will depend on our financial condition, operating results, capital requirements, distributable profits and/or distributable reserves from capital contributions, general business conditions and other factors that our board may deem relevant. As a result, capital appreciation, if any, of our securities will be your sole source of gain for the foreseeable future.

The exercise of equity incentive instruments granted under our equity incentive plan could dilute our share capital.

Pursuant to our existing equity incentive plan, equity sharing certificates (ESCs) with subscription rights to purchase shares, employee stock option plan, or ESOP, and warrants may be exercisable at prices below the market price of our shares at the time of exercise. To the extent that these instruments are exercised in the future, holders of our registered shares will be diluted. As of December 31, 2021, there were 14,881,553 shares reserved for issuance pursuant to subscription rights outstanding under our existing equity incentive plan, including 198,750 shares reserved for ESCs, 8,615,885 shares reserved for the ESOP, 5,866,898 shares reserved for warrants.

Claims of U.S. civil liabilities may not be enforceable against us.

We are incorporated under the law of Switzerland. Certain of our directors reside outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce judgments obtained in U.S. courts against them or us, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws. The United States and Switzerland do not currently have a treaty providing for recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment given by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognized or enforceable in Switzerland. In addition, uncertainty exists as to whether Swiss courts would entertain original actions brought in Switzerland against us or our directors predicated upon the securities laws of the United States or any state in the United States. Any final and conclusive monetary judgment for a definite sum obtained against us in U.S. courts would be treated by the courts of Switzerland. Whether these requirements are met in respect of a judgment based upon the civil liability provisions of the U.S. securities laws, including whether the award of monetary damages under such laws would constitute a penalty, is an issue for the court making such decision. If a Swiss court gives judgment for the sum payable under a U.S. judgment, the Swiss judgment will be enforceable by methods generally available for this purpose. These methods generally permit the Swiss court discretion to prescribe the manner of enforcement. As a result, U.S. investors may not be able to enforce against us or certain of our directors, or certain experts named herein who are residents of Switzerland or countries other than the United States, any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

We are organized under the laws of Switzerland and our jurisdiction of incorporation is Plan-les-Ouates, Geneva, Switzerland. Moreover, a number of our directors and executive officers and a number of directors of each of our subsidiaries are not residents of the United States, and all or a substantial portion of the assets of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or upon such persons or to enforce against them judgments obtained in U.S. courts, including judgments in actions predicated upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our Swiss counsel that there is doubt as to the enforceability in Switzerland of original actions, or in actions for enforcement of judgments of U.S. courts, of civil liabilities to the extent predicated upon the federal and state securities laws of the United States. Original actions against persons in Switzerland based solely upon the U.S. federal or state securities laws are governed, among other things, by the principles set forth in the Swiss Federal Act on International Private Law of 1987, as amended, or PILA. This statute provides that the application of provisions of non-Swiss law by the courts in Switzerland shall be precluded if the result was incompatible with Swiss public policy. Also, mandatory provisions of Swiss law may be applicable regardless of any other law that would otherwise apply.

Switzerland and the United States do not have a treaty providing for reciprocal recognition of and enforcement of judgments in civil and commercial matters. The recognition and enforcement of a judgment of the courts of the United States in Switzerland is governed by the principles set forth in the PILA. This statute provides in principle that a judgment rendered by a non-Swiss court may be enforced in Switzerland only if:

- the non-Swiss court had jurisdiction pursuant to the PILA;
- the judgment of such non-Swiss court has become final and non-appealable;
- the judgment does not contravene Swiss public policy;

- the court procedures and the service of documents leading to the judgment were in accordance with the due process of law; and

- no proceeding involving the same position and the same subject matter was first brought in Switzerland, or adjudicated in Switzerland, or was earlier adjudicated in a third state and this decision is recognizable in Switzerland.

We currently qualify as a foreign private issuer and, as a result, we are not subject to U.S. proxy rules and are subject to reporting obligations under the Exchange Act, that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.

We report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act; (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information or current reports on Form 8-K, upon the occurrence of specified significant events. In addition, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year. Foreign private issuers also are exempt from Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers.

As a foreign private issuer and as permitted by the listing requirements of Nasdaq, we follow certain Swiss corporate governance rules instead of certain corporate governance requirements of Nasdaq.

As a foreign private issuer, we follow certain of our home country corporate governance rules instead of certain corporate governance requirements of Nasdaq. For example, we are exempt from Nasdaq regulations that require a listed U.S. company to:

- have a majority of the board of directors consist of independent directors as such term is defined by Nasdaq;

- have nominating and compensations committees that are fully independent, as defined by Nasdaq;

- solicit proxies and provide proxy statements for all shareholder meetings; and

- seek shareholder approval for the implementation of certain equity compensation plans and issuances of shares.

For an overview of our corporate governance principles, including those which comply with certain of the requirements above, see the section entitled “Description of Share Capital and Articles of Association.”

In accordance with our Nasdaq listing, our Audit Committee is required to comply with the provisions of Section 301 of the Sarbanes-Oxley Act of 2002 and Rule 10A-3 of the Exchange Act, both of which also are applicable to Nasdaq-listed U.S. companies.

To the extent we determine to follow Swiss corporate governance practices instead of Nasdaq governance requirements applicable to domestic issuers, you may not have the same protections afforded to shareholders of companies that are subject to these Nasdaq requirements.

We may lose our foreign private issuer status, which would then require us to comply with the Exchange Act’s domestic reporting regime and Nasdaq’s corporate governance requirements applicable to a domestic issuer, and cause us to incur significant incremental legal, accounting and other expenses.

Although we currently qualify as a foreign private issuer, in order to maintain this status, as of each June either (a) a majority of our shares, including shares represented by ADSs, must be either directly or indirectly owned of record by non-residents of the United States or (b)(i) a majority of our executive officers or directors must not be U.S. citizens or residents, (ii) more than 50 percent of our assets must be located outside of the United States and (iii) our business must be administered principally outside of the United States. If we lose our status as a foreign private issuer, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, on January 1 of the succeeding year which are more detailed and extensive than the requirements for foreign private issuers. We would also be required to make changes in our corporate governance practices in accordance with various SEC and Nasdaq rules. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer will be significantly higher than the costs that we would incur as a foreign private issuer. As a result, we expect that the loss of foreign private issuer status would increase our legal and financial compliance costs and would make some activities highly time consuming and costly.

We are an "emerging growth company," and we cannot be certain if the reduced reporting requirements applicable to "emerging growth companies" will make ADSs representing our shares or our shares less attractive to investors.

We are an "emerging growth company" as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404, and, to the extent that we no longer qualify as a foreign private issuer, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation including golden parachute compensation. We may take advantage of these exemptions until we are no longer an emerging growth company. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the aggregate market value of ADSs representing our shares and our shares held by non-affiliates exceeds $700 million as of any June 30 (the end of our second fiscal quarter) before that time, in which case we would no longer be an emerging growth company as of the following December 31 (our fiscal year-end). We cannot predict if investors will find ADSs representing our shares or our shares less attractive because we may rely on these exemptions. If some investors find such securities less attractive as a result, there may be a less active trading market for ADSs representing our shares or our shares and the price of such securities may be more volatile.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, shareholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of ADSs representing our shares or our shares.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inadequate internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of ADSs representing our shares or our shares.

Management will be required to assess the effectiveness of our internal controls annually beginning with our second annual report expected to be filed in 2022. However, for as long as we are an "emerging growth company" under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal controls over financial reporting pursuant to Section 404. An independent assessment of the effectiveness of our internal controls could detect problems that our management's assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements requiring us to incur the expense of remediation and could also result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business, the price of ADSs representing our shares or our shares and the trading volume thereof could decline.

The trading market for ADSs representing our shares and our shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. Since we did not undertake a primary offering of ADSs representing our shares in connection with the listing of ADSs on Nasdaq, we do not anticipate that many or any industry analysts in the United States will publish such research and reports in the United States about our shares or ADSs. If no or too few securities or industry analysts commence or continue coverage on us, the trading price for ADSs representing our shares and our shares could be affected. If one or more of the analysts who may eventually cover us downgrade such ADSs or shares or publish inaccurate or unfavorable research about our business, the trading price of ADSs representing our shares or our shares would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for ADSs representing our shares or our shares could decrease, which might cause the price of such securities and the trading volume thereof to decline.

If a United States person is treated as owning at least 10% of our shares, such holder may be subject to adverse U.S. federal income tax consequences.

If a U.S. Holder is treated as owning, directly, indirectly or constructively, at least 10% of the value or voting power of our shares (directly or in the form of ADSs representing our shares), such U.S. Holder may be treated as a "United States shareholder" with respect to each "controlled foreign corporation" in our corporate group, if any. A controlled foreign corporation is any foreign corporation in which more than 50% of the total combined voting power of classes of voting stock or the total value of the corporation is owned (or treated as owned) by United States shareholders. If such group includes one or more U.S. subsidiaries, our non-U.S. subsidiaries will be treated as controlled foreign corporations, regardless of whether we are treated as a controlled foreign corporation. A United States shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income its pro rata share of "Subpart F income," "global intangible low-taxed income" and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. An individual that is a United States

shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. Failure to comply with these reporting obligations may subject a United States shareholder to significant monetary penalties and may prevent the statute of limitations with respect to such shareholder's U.S. federal income tax return for the year for which reporting was due from starting. We cannot provide any assurances that we will assist our investors in determining whether any of our non-U.S. subsidiaries are treated as a controlled foreign corporation or whether such investor is treated as a United States shareholder with respect to any of such controlled foreign corporations. Further, we cannot provide any assurances that we will furnish to any United States shareholder information that may be necessary to comply with the reporting and tax paying obligations described in this risk factor. U.S. Holders should consult their tax advisors regarding the potential application of these rules to their investment in our shares or ADSs representing our shares.

Tax authorities may disagree with our positions and conclusions regarding certain tax positions, resulting in unanticipated costs, taxes or non-realization of expected benefits.

A tax authority may disagree with tax positions that we have taken, which could result in increased tax liabilities. A tax authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a "permanent establishment" under international tax treaties, and such an assertion, if successful, could increase our expected tax liability in one or more jurisdictions. A tax authority may take the position that material income tax liabilities, interest and penalties are payable by us, in which case, we expect that we might contest such assessment. Contesting such an assessment may be lengthy and costly and if we were unsuccessful in disputing the assessment, the result could increase our anticipated effective tax rate.

10. DIVIDENDS AND OTHER DISTRIBUTIONS

We have never paid a dividend, and we do not anticipate paying dividends in the foreseeable future. We intend to retain all available funds and any future earnings to fund the development and expansion of our business. As a result, investors in our Shares will benefit in the foreseeable future only if our shares appreciate in value.

Under Swiss law, any dividend must be proposed by our board and approved by a shareholders' meeting. In addition, our auditors must confirm that the dividend proposal of our board conforms to Swiss statutory law and our articles of association. A Swiss corporation may pay dividends only if it has sufficient distributable profits brought forward from the previous business years ("*Gewinnvortrag*") or if it has distributable reserves ("*frei verfügbare Reserven*"), each as evidenced by its audited standalone statutory balance sheet prepared pursuant to Swiss law and after allocations to reserves required by Swiss law and its articles of association have been deducted. Distributable reserves are generally booked either as "free reserves" ("*freie Reserven*") or as "reserve from capital contributions" ("*Reserven aus Kapitaleinlagen*"). Distributions out of issued share capital, which is the aggregate nominal value of a corporation's issued shares, may be made only by way of a share capital reduction.

In order for the Company to declare and pay distributions, the distribution must be approved by shareholders holding a relative majority of the Shares represented at the general meeting of shareholders (whereby abstentions, blank or invalid ballots shall be disregarded for purposes of establishing the majority). The board may propose distributions in the form of an ordinary dividend or in the form of a distribution of cash or property that is based upon a reduction of the Company's share capital recorded in the commercial register.

Under the CO, if the Company's general reserves amount to less than 20% of its share capital recorded in the commercial register (i.e. 20% of the aggregate par value of the Company's registered capital), then at least 5% of the Company's annual profit must be retained as general reserves. The CO permits the Company to accrue additional general reserves. In addition, the Company is required to create a minus item in the equity on its annual standalone statutory balance sheet in the amount of the acquisition cost of Shares repurchased by the Company itself or build an additional general reserve if repurchased by another member of the group, which amount may not be used for dividends or subsequent repurchases.

Ordinary dividends may be paid only if the Company has sufficient distributable profits from previous years or freely distributable reserves to allow the distribution of a dividend, in each case, as presented on the Company's annual statutory standalone balance sheet prepared in accordance with Swiss law and the Company's articles of association. The Company's auditor must confirm that a proposal made by the board of directors to shareholders regarding the appropriation of the Company's available earnings conforms to the requirements of the CO and the Company's articles of association (*Statuten*). Dividends paid on Shares are subject to Swiss withholding tax, except, subject to the Fifty-Fifty Distribution Rule, if paid out of statutory reserves from capital contributions (*Reserven aus Kapitaleinlagen*). See Section 18 ''Certain Tax Considerations'' beginning on page 102 for a summary of certain tax consequences regarding dividends paid to holders of the Shares.

Payments out of the Company's registered share capital (in other words, the aggregate par value of the Company's registered share capital) in the form of dividends are not allowed; however, payments out of registered share capital may be made by way of a capital reduction.

A distribution of cash or property that is based upon a reduction of the Company's share capital requires a special audit report confirming that the claims of the Company's creditors remain fully covered by the Company's assets despite the reduction in the share capital recorded in the commercial register. Upon approval by the general meeting of the shareholders of the capital reduction, the Company's board must give public notice of the capital reduction in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) three times and notify the Company's creditors that they may request, within two months of the third publication, satisfaction of or security for their claims. Distributions of cash or property that are based upon a capital reduction are not subject to Swiss withholding tax. See Section 18 ''Certain Tax Considerations'' beginning on page 102 102for a summary of certain tax consequences regarding distributions paid on the Shares that are based upon a capital reduction.

Swiss companies generally must maintain a separate company, standalone "statutory" balance sheet for the purpose of, among other things, determining the amounts available for the return of capital to shareholders, including by way of a distribution of dividends. The Company's statutory auditors must confirm that a proposal made by the board to shareholders regarding the appropriation of the Company's available earnings conforms to the requirements of the CO and the Company's articles of association. Dividends are usually due and payable shortly after the shareholders have passed a resolution approving the payment. According to Swiss law, dividends that have not been claimed within five years after the due date become the property of the Company.

All Shares are equally entitled to dividends and other distributions paid by the Company with respect to the Shares, if any. Holders of New Shares are entitled to dividends (if any) as from the date of the registration of the respective capital increase in the commercial register. However, the Company intends to retain future earnings, if any, for investment in R&D and financing of its business.

11. CAPITALIZATION

The following table sets forth our statutory capitalization as at November 30, 2021 (i) on an actual basis and (ii) as adjusted to reflect the receipt of the gross proceeds of the Equity Financing. This table should be read in conjunction with our consolidated and statutory financial statements and the related notes included elsewhere in this Prospectus. Except for the proceeds from the Equity Financing, since November 30, 2021, no material changes have occurred in the Company's assets and liabilities, financial position and profits and losses and the structure of the Company has not undergone a material change.

In Swiss francs	**Actual As at November 30, 2021**	**Actual As at December 31, 2020**	**As at November 30, 2021, as adjusted for the gross proceeds from the Equity Financing**
	(unaudited)	**(audited)**	**(unaudited)**
Cash and cash equivalents	12,909,000	18,695,040	20,614,888
Non-Current Liabilities[1]	1,427,839	1,951,322	1,427,839
Shareholders' equity			
Share capital	49,272,952	32,848,635	49,272,952
Share premium	288,278,928	286,888,354	287,419,018
Treasury shares reserves	(15,475,255)	(6,078,935)	(11,723,053)
Other reserves	15,898,186	14,657,637	22,020,277
Accumulated deficit	(327,567,176)	(313,705,888)	(327,567,176)
Total shareholders' equity, net	10,407,635	14,609,803	19,422,017
Total capitalization	**10,407,635**	**14,609,803**	**19,422,017**

1 The non-current liabilities relate to consolidation entries for IFRS 16 (Leases) and IAS 19 (Employee Benefit). Therefore, these non-current liabilities are non-guaranteed debt, do not contain any secured liabilities and do not bear interest. All non-current liabilities are in CHF.

The Company does not have any outstanding bonds, contingent liabilities or outstanding loans. With respect to the outstanding options, please refer to Sections entitled ‘‘Securities and Option Rights held by Directors, Executive Management and Employees’’ on page 86, ‘‘Major Shareholders’’ starting on page 87, ‘‘Conditional share capital” on page 94, “Equity Sharing Certificate” on page 94, ‘‘Share option plan’’ on page 94 and Description of Ordinary Warrants and Pre-Funded Warrants on page 97.

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations of the Company should be read in conjunction with our consolidated financial statements and the related notes thereto and other financial information appearing elsewhere in this Prospectus. This discussion contains forward-looking statements, which are based on assumptions about our future business that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements, please see Section 5"Cautionary Note regarding forward -looking statements" beginning on page 8 for a discussion of the risks, uncertainties and assumptions associated with these statements. Factors that may cause such a difference in results include, but are not limited to, those outlined in the Section 9 "Risk Factors" beginning on page 13.

Overview

We are a clinical-stage pharmaceutical company focused on the development and commercialization of an emerging class of novel orally available small molecule drugs known as allosteric modulators. Allosteric modulators target a specific receptor or protein and alter the effect of the body's own signaling molecules on their target through a novel mechanism of action. These innovative small molecule drug candidates offer several potential advantages over conventional non-allosteric molecules and may offer an improved therapeutic approach to existing drug treatments. To date, our research and development efforts have been primarily focused on building a portfolio of proprietary candidates based on our allosteric modulator development capability. The allosteric modulator principle has broad applicability across a wide range of biological targets and therapeutic areas, but our primary focus is on G-protein coupled receptors, or GPCR, targets implicated in neurological diseases, where we believe there is a clear medical need for new therapeutic approaches.

Using our allosteric modulator discovery capabilities, we have developed a pipeline of proprietary clinical and preclinical stage drug candidates. We or our partners are developing these clinical and preclinical stage proprietary drug candidates for diseases for which there are no approved therapies or where improved therapies are needed. These include levodopa induced dyskinesia associated with Parkinson's disease, non-parkinsonian dystonia (including blepharospasm), epilepsy, addiction (including alcohol use disorder), Charcot-Marie-Tooth type 1A neuropathy, or CMT1A, and other neurodegenerative diseases. Some of these indications are classified as rare diseases that may allow for orphan drug designation by regulatory agencies in major commercial markets, such as the United States, Europe and Japan. Orphan drug designation may entitle the recipient to benefits in the jurisdiction granting the designation, such as market exclusivity following approval and assistance in clinical trial design, a reduction in user fees or tax credits related to development expense.

We are developing our lead drug candidate, dipraglurant, as a metabotropic glutamate receptor subtype 5 negative allosteric modulator, or mGlu5 NAM, for the treatment of PD-LID. We are conducting a placebo-controlled Phase 2b/3 pivotal clinical trial of dipraglurant in PD-LID patients since June 2021. The clinical trial is expected to be conducted at approximately 50 sites in the United States and target enrollment of approximately 140 patients. We have received orphan drug designation from the United States Food and Drug Administration, or FDA, for dipraglurant in PD-LID and expect to report topline results at the end of the fourth quarter of 2022. In parallel, we are developing an extended release formulation of dipraglurant as a novel orally available mGlu5 NAM for the treatment of blepharospasm. We are conducting an exploratory placebo-controlled Phase 2 clinical trial in blepharospasm patients using the current immediate release formulation of dipraglurant and expect to report topline results at the end of the first quarter of 2022.

Our partnered drug candidate, ADX71149 is a novel orally active metabotropic glutamate receptor subtype 2 positive allosteric modulator, or mGlu2 PAM for the treatment of epilepsy. Our partner, Janssen Pharmaceuticals, Inc., or Janssen, a subsidiary of Johnson & Johnson is conducting a placebo-controlled Phase 2a proof of concept clinical trial of ADX71149 in epilepsy patients since June 2021. We expect to report topline results in the third quarter of 2022. Under our agreement with Janssen, Janssen is responsible for financing the development and commercialization, if any, of ADX71149.

We are also conducting a research program under our strategic partnership with Indivior PLC UK Limited, or Indivior, to discover novel orally available gamma-aminobutyric acid subtype B receptor positive allosteric modulators, or GABAB PAMs. We are currently in clinical candidate selection phase and expect IND enabling studies to be initiated in 2022. Under the terms of the agreement with Indivior, we have the right to select drug candidates for development in certain exclusive indications outside of substance use disorder. We plan to develop our selected drug candidate in CMT1A, an indication that has been clinically validated with baclofen, an orthosteric agonist of GABAB, and where we believe there is a significant unmet medical need and commercial opportunity.

In addition, we are conducting a number of early stage research programs including mGlu7 NAM, mGlu2 NAM, mGlu4 PAM and mGlu3 PAM.

We were founded in May 2002 and completed our initial public offering of shares on the SIX Swiss Exchange in May 2007. On January 29, 2020, we listed American Depositary Shares (ADSs) representing our shares on the Nasdaq Stock Market following the United States Securities and Exchange Commission (SEC) having declared our registration statements on Forms F-1 and F-6

effective.

Our operations to date have included organizing and staffing our company, raising capital, out-licensing rights to our research stage programs including our mGlu2 PAM and $GABA_B$ PAM programs and conducting preclinical studies and clinical trials. Through December 31, 2021, we have generated CHF 63 million of revenue from the sale of license rights and conducting funded research activities for certain of our research programs. We have historically financed our operations mainly through the sale of equity. Through December 31, 2021, we have raised an aggregate of CHF 345 million of gross proceeds from the sale of equity. On January 8, 2021, we issued 6,900,000 new shares of which 6,750,000 were in the form of ADSs. The gross proceeds amounted to CHF 10.1 million (USD 11.5 million). On December 16, 2021, we sold 3,752,202 treasury shares and 5,478,570 Pre-Funded Warrants for a gross proceeds of CHF 9.2 million (USD 10 million).

We have never been profitable and have incurred significant net losses in each period since our inception. Our net losses were CHF 10.9 million for the nine-month period ended September 30, 2021 and CHF 12.9 million, CHF 14.8 million and CHF 1.6 million for years ended December 31, 2020, 2019, 2018 respectively. As of September 30, 2021, we had accumulated losses of CHF 325 million. We expect to continue to incur significant expenses and operating losses for the foreseeable future. We anticipate that our expenses will increase significantly in connection with our ongoing activities as we:

- continue to invest in the research and development of our allosteric modulator discovery platform and pipeline, and specifically in connection with our Phase 2b/3 clinical trial of dipraglurant for the treatment of PD-LID and any additional clinical trials that we may conduct for product candidates;
- hire additional research and development, and general and administrative personnel;
- maintain, expand and protect our intellectual property portfolio;
- identify and in-license or acquire additional product candidates; and
- incur additional costs associated with operating as a public company in the United States.

We will need substantial additional funding to support our operating activities as we advance our research and product candidates through clinical development, seek regulatory approval and prepare for commercialization, if any of our product candidates are approved. Adequate funding may not be available to us on acceptable terms, or at all.

We have no manufacturing facilities, and all of our manufacturing activities are contracted out to third parties. Additionally, we currently utilize third-party clinical research organizations, or CROs, to carry out our clinical development and trials. We do not yet have a sales organization.

License Agreement with Indivior

In January 2018, we entered into an agreement with Indivior for the discovery, development and commercialization of novel $GABA_B$ PAM compounds for the treatment of addiction and other CNS diseases. This agreement included the selected clinical candidate, ADX71441. In addition, Indivior agreed to fund a research program at Addex to discover novel $GABA_B$ PAM compounds.

Indivior has sole responsibility, including funding liability, for development of selected compounds under the agreement through preclinical and clinical trials, as well as registration procedures and commercialization, if any, worldwide. Indivior has the right to design development programs for selected compounds under the agreement. Through our participation in a joint development committee, we review, in an advisory capacity, any development programs designed by Indivior. However, Indivior has authority over all aspects of the development of such selected compounds.

Under terms of the agreement, we have granted Indivior an exclusive license to use relevant patents and know-how in relation to the development and commercialization of product candidates selected by Indivior. Subject to agreed conditions, Addex and Indivior jointly own all intellectual property rights that are jointly developed, and Addex or Indivior individually own all intellectual property rights that Addex or Indivior develop individually. Addex has retained the right to select compounds from the research program for further development in areas outside the interest of Indivior including Charcot-Marie-Tooth type 1A neuropathy, or CMT1A. Under certain conditions, but subject to certain consequences, Indivior may terminate the agreement.

In January 2018, under terms of the agreement, we received a non-refundable upfront fee of $5.0 million for the right to use the clinical candidate, ADX71441, including all materials and know-how related to this clinical candidate. In addition, we are eligible for payments on successful achievement of pre-specified clinical, regulatory and commercial milestones totaling $330 million, and royalties on net sales of mid-single digits to low double-digits. On February 14, 2019, Indivior terminated the development of their selected compound, ADX71441.

Separately, Indivior funds research at Addex, based on a research plan to be mutually agreed between the parties, to discover novel $GABA_B$ PAM compounds. These future novel $GABA_B$ PAM compounds, if selected by Indivior, become licensed compounds. We agreed with Indivior to an initial research term of two years, that can be extended by twelve-month increments and a minimum annual funding of $2 million for the Addex R&D costs incurred. Following Indivior's selection of one newly identified compound, Addex has the right to also select one additional newly identified compound. Addex is responsible for the funding of all development and commercialization costs of its selected compounds and Indivior has no rights to the Addex selected compounds. The initial two-year research term was expected to run from May 2018 to April 2020. In 2019, Indivior agreed an additional research funding of $1.6 million, for the research period. On October 30, 2020, the research term was extended until June 30, 2021 and Indivior agreed an additional research funding of $2.8 million. Effective May 1, 2021, the research term was extended until July 31, 2022 and Indivior agreed an additional research funding of CHF 3.7 million, of which CHF 1.4 million has been paid to the Group on August 20, 2021, a remaining amount of CHF 1.3 million is expected to be received directly by the Group and CHF 1 million paid directly by Indivior to third party suppliers that are supporting the funded research program.

The contract contains two distinct material promises and performance obligations: (1) the selected compound ADX71441 which falls within the definition of a licensed compound, whose rights of use and benefits thereon was transferred in January 2018 and, (2) the research services to be conducted by Addex and funded by Indivior to discover novel $GABA_B$ PAM compounds for clinical development that may be discovered over the research term of the agreement and selected by Indivior.

License Agreement with Janssen

Under our agreement with Janssen Pharmaceuticals, Inc. (formerly known as Ortho-McNeil-Janssen Pharmaceuticals Inc), or Janssen, we granted Janssen an exclusive license to use relevant patents and know-how in relation to the development and commercialization of product candidates selected by Janssen under the agreement and a non-exclusive worldwide license to conduct research on the collaboration compounds using relevant patents and know-how. Subject to certain conditions, we and they agreed to own, jointly, all intellectual property rights that we develop jointly and, individually, all intellectual property rights that either party develops individually. Under certain conditions, but subject to certain consequences, Janssen may terminate the agreement for any reason, subject to a 90-day notice period.

Janssen has sole responsibility, including funding liability, for development of selected compounds under the agreement through preclinical and clinical trials, as well as registration procedures and commercialization, if any, in the United States, Japan, the United Kingdom, Germany, France, Spain and Italy. Janssen has the right to design development programs for selected compounds under the agreement. Through our participation in a joint development committee, we review, in an advisory capacity, any development programs designed by Janssen. However, Janssen has authority over all aspects of the development of selected compounds and may develop or commercialize third-party compounds.

Janssen initiated a Phase 2a proof of concept clinical trial of ADX71149 in epilepsy patients in June 2021. We are eligible for a further €109 million in success-based development and regulatory milestones and low double-digit royalties on net sales.

Components of Results of Operations

Revenue

From the beginning of January 2017 through September 2021, we recognized CHF 14.9 million as revenue primarily under our license agreement with Indivior. We do not have approval to market or commercialize any of our product candidates, we have never generated revenue from the sale of products and we do not expect to generate any revenue from product sales for the foreseeable future. Prior to approval of a product candidate, we will seek to generate revenue from a combination of license fees, milestone payments in connection with collaborative or strategic relationships, royalties resulting from the licensing of our drug candidates and payments from sponsored research and development activities as well as grants from governmental and non-governmental organizations.

Revenue from collaborative arrangements comprises the fair value for the sale of products and services, net of value-added tax, rebates and discounts. Revenue from the rendering of services is recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total service to be provided. Revenue from collaborative arrangements may include the receipt of non-refundable license fees, milestone payments, and research and development payments. When we have continuing performance obligations under the terms of the arrangements, non-refundable fees and payments are recognized as revenue by reference to the completion of the performance obligation and the economic substance of the agreement.

Our revenue has varied, and we expect revenue to continue to vary, substantially from year to year, depending on the structure and timing of milestone events, as well as our development and commercialization strategies and those of our collaboration partners for our product candidates. We, therefore, believe that historical period to period comparisons are not meaningful and should not be relied upon as an indicator of our future revenue and performance potential.

Other Income

From the beginning of January 2017 through September 2021, we recognized CHF 1.7 million as other income including CHF 1.2 million relating to grants from The Michael J. Fox Foundation for Parkinson's Research, or MJFF, relating to certain clinical activities related to dipraglurant development in Parkinson's disease levodopa-induced dyskinesia, or PD-LID, and TrKB PAM discovery activities.

In 2019, we were funded by Eurostars/Innosuisse for CHF 0.5 million to support our mGlu7 NAM program of which CHF 0.4 million were received in October 2019 and being recognized as income from the inception of the contract. As of September 30, 2021, the Group recognized CHF 0.1 million as other receivables in accordance with the grant conditions.

Grants are recognized at their fair value where there is reasonable assurance that the grant will be received and that we will comply with all associated conditions. Grants relating to costs are recognized as other income in the statement of comprehensive loss over the period necessary to match them with the costs that they are intended to compensate.

Operating Expenses

Research and Development Costs

From the beginning of January 2017 through September 2021, we incurred CHF 39.7 million in research and development costs. They consist mainly of direct research costs, which include: costs associated with the use of contract research organizations, or CROs, and consultants hired to assist on our research and development activities, personnel costs, share-based compensation for our employees and consultants, costs related to regulatory affairs and intellectual property, as well as depreciation for assets used in research and development activities.

We typically use our employee, consultant and infrastructure resources across our research and development programs. We track by program the directly attributable costs from CROs and consultants.

The following table provides a breakdown of our outsourced research and development costs that are directly attributable to the specified programs for the years ended December 31, 2020, 2019 and 2018, and the nine-month periods ended September 30, 2021 and 2020:

	For the nine-month period ended September 30,		For the years ended December 31,		
	2021	2020	2020	2019	2018
	(CHF in thousands, unaudited)		(CHF in thousands, audited)		
Dipraglurant—PD-LID	3,791	3,748	4,871	7,177	1,405
Dipraglurant blepharospasm	608	-	-	-	-
$GABA_B$ PAM	1,276	1,003	1,372	1,516	477
Other discovery programs	872	560	739	658	486
Total outsourced research and development costs	**6,547**	**5,311**	**6,982**	**9,351**	**2,368**

We expect our research and development costs will increase for the foreseeable future as we seek to advance the development of our programs. At this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the development of our product candidates. We are also unable to predict when, if ever, material net cash inflows will commence from sales of our product candidates. This is due to the numerous risks and uncertainties associated with developing such product candidates, including:

- uncertainty related to discovering clinical candidate;
- uncertainty related to efficiently manufacturing and distributing drug products;
- competitor intellectual property restraining our freedom to operate;
- the number of patients and sites required for clinical trials;
- the length of time required to enroll patients, run clinical trials and analyze results; and
- the results of our clinical trials.

In addition, the probability of success for any of our product candidates will depend on numerous factors, including competition, manufacturing capabilities and commercial viability. A change in the outcome of any of these variables with respect to the

development of any of our product candidates would significantly change the costs, timing and viability associated with the development of that product candidate.

General and Administrative Costs

General and administrative costs consist primarily of personnel costs, including salaries, benefits and share-based compensation cost for our employees as well as corporate facility costs not otherwise included in research and development expenses, legal fees related to corporate matters and fees for accounting and financial or tax consulting services.

We anticipate that our general and administrative costs will increase in the future to support continued research and development activities.

Finance Result, Net

Finance result, net, consists mainly of currency exchange differences, interest expenses relating to lease liabilities and to the negative interest rate on Swiss franc cash deposits, partially offset by positive interest income on USD bank deposits and short-term deposits since September 2019.

Taxation

We are subject to corporate taxation in Switzerland, the United States and France. We are also entitled under Swiss laws to carry forward any losses incurred for a period of seven years and can offset our losses carried forward against future taxes. As of December 31, 2020, we had tax loss carry forwards totaling CHF 183.4 million of which CHF 1.2 million will expire by the end of 2021. Deferred income taxes are not recognized, as we do not believe it is probable that we will generate sufficient taxable profits to utilize these tax loss carry forwards.

Analysis of Results of Operations

The following table presents our consolidated results of operations for the fiscal years 2020, 2019 and 2018, and the nine-month periods ended September 30, 2021 and 2020.

	For the nine-month period ended September 30,		For the years ended December 31,		
	2021	2020	2020	2019	2018
	(CHF in thousands, unaudited)		(CHF in thousands, audited)		
Revenue	2,519	1,792	3,613	2,763	6,044
Other Income	233	195	266	71	659
Research and development costs	(9,342)	(7,851)	(10,373)	(12,454)	(4,919)
General and administrative costs	(4,641)	(4,496)	(5,749)	(4,984)	(3,209)
Operating loss	**(11,231)**	**(10,360)**	**(12,243)**	**(14,604)**	**(1,425)**
Finance income	356	34	35	37	-
Finance expense	(53)	(408)	(651)	(213)	(220)
Net loss	**(10,928)**	**(10,734)**	**(12,859)**	**(14,780)**	**(1,645)**

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020

Revenue

The following table sets forth our revenue in the nine-month periods ended September 30, 2021 and 2020:

	For the nine months ended September 30,	
	2021	2020
	(CHF in thousands, unaudited)	
Collaborative research funding…….....	2,519	1,792
Total……...	**2,519**	**1,792**

Revenue increased by CHF 0.7 million in the nine-month period ended September 30, 2021 compared to the nine-month period ended September 30, 2020 primarily due to amounts received under our research agreement with Indivior which are being recognized as related costs are incurred.

Other Income

The following table sets forth our other income in the nine-month periods ended September 30, 2021 and 2020:

	For the nine months ended September 30,	
	2021	**2020**
	(CHF in thousands, unaudited)	
Research grants…….....	218	180
Other service income……..	15	15
Total……...	**233**	**195**

Other income remained stable in the nine-month period ended September 30, 2021 compared to the nine-month period ended September 30, 2020 and primarily related to amounts from our Eurostars/Innosuisse research grant award which are being recognized as related costs are incurred.

Research and Development Expenses

The following table sets forth our research and development expenses in the nine-month periods ended September 30, 2021 and 2020:

	For the nine months ended September 30,	
	2021	**2020**
	(CHF in thousands, unaudited)	
Dipraglurant PD-LID……..	3,791	3,748
Dipraglurant blepharospasm …….	608	-
$GABA_B$ PAM…….	1,276	1,003
Other discovery programs…….....	872	560
Subtotal outsourced R&D per program……	**6,547**	**5,311**
Staff costs……...	1,860	1,610
Depreciation and amortization……...	208	235
Laboratory consumables…….	222	230
Patent maintenance and registration costs……..	198	236
Short-term leases……	10	17
Other operating costs…….....	297	212
Subtotal unallocated R&D expenses……...	**2,795**	**2,540**
Total……...	**9,342**	**7,851**

Research and development expenses increased by CHF 1.5 million in the nine-month period ended September 30, 2021, compared to the nine-month period ended September 30, 2020. The increase primarily relates to outsourced R&D costs for CHF 1.2 million relating to our dipraglurant blepharospasm program for CHF 0.6 million, our $GABA_B$ PAM program CHF 0.3 million and our other discovery programs for CHF 0.3 million. During the same period staff costs increased by CHF 0.3 million, primarily due to increased R&D headcount.

General and Administrative Costs

The following table sets forth our general and administrative costs in the nine-month periods ended September 30, 2021 and 2020:

	For the nine months ended September 30,	
	2021	**2020**
	(CHF in thousands, unaudited)	
Staff costs……...	1,610	1,668
Depreciation and amortization……...	56	57
Professional fees…….	1,271	1,204
Short-term leases……	13	10
D&O insurance …….....	1,193	1,116

Other operating costs……..	498	441
Total……...	**4,641**	**4,496**

General and administrative costs increased by CHF 0.1 million in the nine-month period ended September 30, 2021, compared to the nine-month period ended September 30, 2020, primarily due to increased legal fees relating to setting-up our US shelf registration and "at-the-market" (ATM) ADS equity sale program with Cantor Fitzgerald.

Finance Result, Net

	For the nine months ended September 30,	
	2021	**2020**
	(CHF in thousands, unaudited)	
Interest income…….....	4	34
Interest cost……..……..	(35)	(44)
Interest expense on leases…….....	(18)	(15)
Foreign exchange (losses)/gains, net……..	352	(349)
Total……...	**303**	**(374)**

Finance result net increased by CHF 0.7 million in the nine-month period ended September 30, 2021, compared to the nine-month period ended September 30, 2020, mainly due to currency exchange differences on U.S.D cash deposits.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

The following table sets forth our revenue in 2020 and 2019.

	For the years ended December 31,	
	2020	**2019**
	(CHF in thousands, audited)	
Collaborative research funding……	3,613	2,763
Total……...	**3,613**	**2,763**

Revenue increased by CHF 0.9 million in 2020 compared to 2019 primarily due to amounts received under our license and research agreements with Indivior which are recognized as related costs are incurred.

Other Income

The following table sets forth the other income in 2020 and 2019.

	For the years ended December 31,	
	2020	**2019**
	(CHF in thousands, audited)	
Research grants……...	244	49
Other service income……..	22	22
Total……...	**266**	**71**

Other income increased by CHF 0.2 million in 2020 compared to 2019 primarily due to amounts from our Eurostars/Innosuisse research grant award, which is being recognized in income as related costs are incurred. Other service income relates to consulting services performed by our finance and administration department.

Research and Development Expenses

The following table sets forth our research and development expenses in 2020 and 2019.

	For the years ended December 31,	
	2020	**2019**
	(CHF in thousands, unaudited)	
Dipraglurant—PD-LID……....	4,871	7,177
$GABA_B$ PAM…….	1,372	1,516
Other discovery programs……..	739	658
Subtotal outsourced R&D per program……	**6,982**	**9,351**
Staff costs……...	2,168	1,956
Depreciation and amortization……...	303	264
Laboratory consumables…….	295	230
Patent maintenance and registration costs……..	328	268
Short-term leases……	24	27
Other operating expenses……...	273	358
Subtotal unallocated R&D expenses……...	**3,391**	**3,103**
Total……...	**10,373**	**12,454**

Research and development costs decreased by CHF 2.1 million compared to 2019 primarily due to delays in starting certain clinical development activities due to the global coronavirus pandemic.

General and Administrative Costs

The following table sets forth our general and administrative costs in 2020 and 2019.

	For the years ended December 31,	
	2020	**2019**
	(CHF in thousands, unaudited)	
Staff costs……...	2,229	2,333
Depreciation and amortization……...	76	69
Professional fees…….	1,399	1,932
Short-term leases……	12	-
D&O Insurance……...	1,506	44
Other operating costs……..	527	606
Total……...	**5,749**	**4,984**

General and administrative costs increased by CHF 0.8 million compared to 2019. The increase of CHF 1.5 million in the directors and officer's liability insurance premiums following the Company's listing on the Nasdaq Stock Market from January 29, 2020 was partially offset by a decrease of CHF 0.5 million in professional fees including lower audit fees.

Finance Result, Net

The following table sets forth our finance result net in 2020 and 2019.

	For the years ended December 31,	
	2020	**2019**
	(CHF in thousands, audited)	
Interest income ……..	35	37
Interest cost ……	(51)	(106)
Interest expense on leases ……..	(19)	(22)
Foreign exchange losses net ……..	(581)	(85)
Total……...	**(616)**	**(176)**

Finance result net decreased by CHF 0.4 million in 2020 compared to 2019 mainly due to currency exchange differences on U.S dollar cash deposits due to the strenghtening of the Swiss franc.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

The following table sets forth our revenue in 2019 and 2018.

	For the years ended December 31,	
	2019	**2018**
	(CHF in thousands, audited)	
Fees from sale of license rights……..	-	4,876
Collaborative research funding……...	2,763	1,168
Total……...	**2,763**	**6,044**

Revenue decreased by CHF 3.3 million in 2019 compared to 2018 primarily due to the absence of the USD 5.0 million (CHF 4.8 million) upfront payment received from Indivior in January 2018 partially offset by the increase in collaborative research funding from Indivior.

Other Income

The following table sets forth the other income in 2019 and 2018.

	For the years ended December 31,	
	2019	**2018**
	(CHF in thousands, audited)	
Research grants……...	49	609
Other service income……..	22	50
Total……...	**71**	**659**

Other income decreased by CHF 0.6 million in 2019 compared to 2018 primarily due to the absence of MJFF research grants recognized in 2018. In 2019, research grants relate to amounts recognized under our Eurostars/Innosuisse grant award. Other service income relates to consulting services performed by our finance and administration department.

Research and Development Expenses

The following table sets forth our research and development expenses in 2019 and 2018.

	For the years ended December 31,	
	2019	**2018**
	(CHF in thousands, unaudited)	
Dipraglurant—PD-LID……...	7,177	1,405
$GABA_B$ PAM…….	1,516	477
Other discovery programs……..	658	486
Subtotal outsourced R&D per program……	**9,351**	**2,368**
Staff costs……...	1,956	1,307
Depreciation and amortization……...	264	2
Professional fees…….	-	505
Laboratory consumables…….	230	144
Patent maintenance and registration costs……..	268	262
Operating leases……..	-	134
Short-term leases…….	27	-
Other operating expenses……...	358	197
Subtotal unallocated R&D expenses……...	**3,103**	**2,551**
Total……...	**12,454**	**4,919**

Our research and development costs increased by CHF 7.5 million in 2019 compared to 2018 primarily due to CHF 5.8 million of increased outsourced R&D expenses related to our dipraglurant PD-LID program and CHF 1.0 million related to our $GABA_B$ PAM program.

In addition to increased directly attributable CROs and consulting costs we significantly increased our headcount in 2019 resulting in a CHF 0.6 million increase in staff costs.

The increase in depreciation and amortization relates to the recognition of the right-of-use assets of long-term operating leases in accordance with IFRS 16 effective from January 1, 2019.

General and Administrative Costs

The following table sets forth our general and administrative costs in 2019 and 2018.

	For the years ended December 31,	
	2019	**2018**
	(CHF in thousands, unaudited)	
Staff costs……....	2,333	918
Depreciation and amortization……....	69	1
Professional fees…….	1,932	1,809
Operating leases……..	-	45
D&O Insurance……...	44	19
Other operating costs……..	606	417
Total……...	**4,984**	**3,209**

General and administrative costs increased by CHF 1.8 million in 2019 compared to 2018 primarily due to the increase of headcount and costs related to preparing the listing of ADSs on the Nasdaq Stock Market.

The increase in depreciation and amortization relates to the recognition of the right-of-use assets of long-term operating leases in accordance with IFRS 16 effective from January 1, 2019.

Other operating costs increased in 2019 due to the travels, insurance premiums and associated listing costs.

Finance Result, Net

Finance result net, remained stable in 2019 compared to 2018 and primarily relates to currency exchange differences, interest expenses relating to the negative interest rates on Swiss franc cash deposits since January 2018 partially offset by positive interest income on USD bank deposits and short term deposits since the year ended December 31, 2019.

Liquidity and Capital Resources

Since our inception through September 30, 2021, we have generated CHF 63 million of revenue and have incurred net losses and negative cash flows from our operations. We have funded our operations primarily through the sale of equity. From inception through December 31, 2021, we raised an aggregate of CHF 345 million of gross proceeds from the sale of equity. As of December 31, 2021, we had CHF 21.3 million in cash and cash equivalents. On January 8, 2021, we issued 6,900,000 new shares of which 6,750,000 were in the form of ADSs. The gross proceeds amounted to CHF 10.1 million (USD 11.5 million). On December 16, 2021, we sold 3,752,202 treasury shares and 5,478,570 Pre-Funded Warrants for a gross proceeds of CHF 9.2 million (USD 10 million).

Our primary uses of cash are to fund operating expenses, primarily research and development expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the changes in our outstanding accounts payable and accrued expenses. We currently have no ongoing material financing commitments, such as lines of credit or guarantees.

We expect our expenses to increase in connection with our ongoing activities, particularly as we continue to advance our portfolio of product candidates, initiate further clinical trials and seek marketing approval for our product candidates. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to program sales, marketing, manufacturing and distribution to the extent that such sales, marketing and distribution are not the responsibility of potential collaborators. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts.

We expect our existing cash and cash equivalents will enable us to fund our operating expenses and capital expenditure requirements through the first half of 2023. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. Our future capital requirements will depend on many factors, including:

- the scope, progress, results and costs of our ongoing and planned preclinical studies and clinical trials for dipraglurant PD-LID and dipraglurant blepharospasm programs;
- the timing and amount of milestone and royalty payments we may receive under our license agreements;
- the extent to which we in-license or acquire other product candidates and technologies;
- the number and development requirements of other product candidates that we may pursue;
- the costs, timing and outcome of regulatory review of our product candidates;
- the duration and severity of the COVID-19 pandemic;
- the costs associated with building out our Swiss and U.S. operations; and
- the costs and timing of future commercialization activities, including drug manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval.

Identifying potential product candidates and conducting preclinical studies and clinical trials is a time-consuming, expensive and uncertain process that takes many years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success. Our revenue, if any, will be derived from sales of products that we do not expect to be commercially available for many years, if at all.

Until such time, if ever, as we can generate substantial product revenue, we may finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of any additional securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

If we raise funds through additional collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

The following table shows a summary of our cash flows for the periods indicated:

	For the nine-month period ended September 30,		For the years ended December 31,		
	2021	2020	2020	2019	2018
	(CHF in thousands, unaudited)		(CHF in thousands, audited)		
Cash and cash equivalents at the beginning of the period	**18,695**	**31,537**	**31,537**	**41,670**	**2,579**
Net cash flows from / (used in) operating activities	(11,760)	(12,885)	(12,180)	(9,482)	1,752
Net cash flows used in investing activities	(6)	(11)	(59)	(43)	(57)
Net cash flows from / (used in) financing activities	8,246	(444)	46	(464)	37,385
Increase/(decrease) in cash and cash equivalents	**(3,520)**	**(13,340)**	**(12,193)**	**(9,989)**	**39,080**
Effect of the exchange rates	311	(384)	(649)	(144)	11
Cash and cash equivalents at end of period	**15,486**	**17,813**	**18,695**	**31,537**	**41,670**

Operating Activities

Net cash flows from or used in operating activities consist of the net loss adjusted for changes in working capital and for non-cash items such as depreciation, the value of share-based services and changes in post-employment benefits.

During the nine-month period ended September 30, 2021, operating activities used CHF 11.8 million of cash primarily due to our net loss of CHF 10.9 million adjusted for CHF 0.3 million of finance net income that mainly relates to currency exchange gains on cash and cash equivalents and the net effect of increased net working capital of CHF 1.5 million partially offset by non-cash

items of CHF 1.0 million that primarily relate to the value of the share-based services. The increased net working capital is mainly due to the variations of contract asset and liability from the research agreement funded by Indivior for CHF 1.1 million, increased prepayments for CHF 0.8 million mainly relating to D&O insurance premiums, partially offset by increased payables and accruals for CHF 0.4 million mainly relating to dipraglurant PD LID program.

During the nine-month period ended September 30, 2020, operating activities used CHF 12.9 million of cash primarily due to our net loss of CHF 10.7 million and the net effect of increased working capital of CHF 3.8 million, partially offset by non-cash items of CHF 1.6 million that mainly relate to the value of the share-based services. The increased net working capital is primarily due to a CHF 2.3 million reduction in accruals and payables related to our postponed dipraglurant PD-LID Phase 2b/3 pivotal clinical trial, a CHF 0.9 million decrease in contract liabilities related to our research agreement with Indivior and an increase of CHF 0.6 million in prepayment related to D&O insurance premiums, paid at the beginning of each year.

During the year ended December 31, 2020, operating activities used CHF 12.2 million of cash primarily due to our net loss of CHF 12.9 million adjusted for CHF 0.7 million of finance costs and the net effect of reduced working capital of CHF 1.5 million off-set by CHF 1.5 million of non cash items mainly related to the value of the share-based service and depreciation of the right-of-use assets of leases. Changes in working capital mainly relate to a decrease payables and accruals that is primarily due to delays in starting certain clinical development activities due to the global coronavirus pandemic.

During the year ended December 31, 2019, operating activities used CHF 9.5 million of cash primarily due to our net loss of CHF 14.8 million adjusted for changes in net working capital of CHF 2.9 million and non-cash items of CHF 2.1 million. Non-cash items relate mainly to the value of share-based services and the depreciation of the right-of-use assets of leases. Changes in working capital mainly relate to an increases of CHF 1.1 million and CHF 0.9 million in payables and accruals, respectively that are primarily related to our dipraglurant PD-LID program and professional service fees related to our recent listing of ADSs on the Nasdaq stock market, as well as CHF 0.7 million of increased contract liabilities related to our funded research contract with Indivior.

During the year ended December 31, 2018, operating activities generated positive cash flows of CHF 1.8 million primarily due to the revenue of CHF 6.0 million from the licensing and research agreement with Indivior that limited the consolidated net loss to CHF 1.6 million and non-cash items of CHF 2.3 million primarily consisting of the value of share-based services. Changes in net working capital of CHF 1.0 million primarily include a CHF 1.1 million increase in payables and accruals related to dipraglurant manufacturing and PD-LID clinical trial preparation costs off-set by a decrease of CHF 0.4 million in deferred income, primarily related to the recognition of research grants from MJFF.

Investing Activities

Net cash used in investing activities consist primarily of investments in computer and laboratory equipment, security rental deposits related to laboratory and office space and purchase of our own shares. The prinicipal current investments are domestic. The Company has not yet firmly approved any future investment.

During the nine-month periods ended September 30, 2021 and 2020, net cash used in investing activities was close to nil, primarily related to investments in computers and laboratory equipment.

During the year ended December 31, 2020, net cash used in investing activities was close to nil, primarily related to investments in laboratory equipment and to a lesser extent computer and softwares.

During the year ended December 31, 2019, net cash used in investing activities was close to nil, primarily related to investments in security rental deposits for our US office and to a lesser extent computer and laboratory equipment.

During the year ended December 31, 2018, net cash used in investing activities was close to nil, primarily related to investments in security rental deposits related to laboratory and office space, and to a lesser extent computer and laboratory equipment.

Financing Activities

Net cash flows from financing activities consists of proceeds from the sale of equity securities, whilst net cash flows used in financing activities primarily relate to the principal element of lease payments and associated interest expenses under IFRS 16, interest expenses on Swiss francs cash deposits and capital increase costs.

During the nine-month period ended September 30, 2021, net cash flows from financing activities amounted to CHF 8.2 million and consisted primarily of the net proceeds from the capital increase executed on January 8, 2021, for CHF 8.6 million which were partially offset by the principal element of lease payments and associated interest expense for CHF 0.3 million.

During the nine-month period ended September 30, 2020, net cash flows used in financing activities primarily related to the principal element of lease payments and associated interest expense, as well as the costs paid on issue of shares subscribed by the Group.

During the year ended December 31, 2020, net cash flows from financing activities was close to nil. The sale of treasury shares of CHF 0.7 million has been off-set by the principal of lease payments for CHF 0.4 million and capital increase costs of CHF 0.4 million that mainly relate to costs of preparing for the capital increase that was executed on January 8, 2021.

During the year ended December 31, 2019, net cash flows used in financing activities primarily related to the principal element of lease payments and associated interest expense resulting from the adoption of IFRS 16, effective from January 1, 2019.

During the year ended December 31, 2018, net cash from financing activities primarily related to proceeds from the sale of equity securities.

Lease Liabilities and Commitments

The maturities for lease payments in relation to operating lease under IFRS 16 as of September 30, 2021 are as follows:

	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years	Total cash out flows	Carrying amount liabilities
			(CHF in thousands)			
Lease liabilities	314	188	-	-	502	521
Total	**314**	**188**	**-**	**-**	**502**	**521**

Lease liabilities relate to the rent of laboratories, equipment, offices and related spaces used by the Group. There are no cancellable operating lease commitments over 5 years.

We enter into contracts in the normal course of business with CROs for clinical trials, preclinical studies, manufacturing and other services and products for operating purposes. These contracts generally provide for termination upon notice, and therefore we believe that our non-cancelable obligations under these agreements are not material.

Off-Balance Sheet Arrangements

As of the date of this discussion and analysis and during the period presented, we did not have, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the U.S. Securities and Exchange Commission.

Outstanding Debt

We do not engage in trading activities involving non-exchange traded contracts nor do we currently have any debt outstanding. We therefore believe that we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these relationships.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which we have prepared in accordance with International Financial Reporting Standards, or IFRS. The preparation of our consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, costs and expenses. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates.

While our significant accounting policies are described in more detail in Note 4 to our audited consolidated financial statements appearing elsewhere in this Prospectus. We believe the following accounting policies to be most critical to understanding our historical financial performance as they relate to the more significant areas involving management's judgments and estimates.

Revenue recognition

Under IFRS 15, we recognize as revenue our non-refundable license fees, milestone, research activities and royalties when our customer obtains control of promised services, in an amount that reflects the consideration which we expect to receive in exchange for those rendered services. To assess revenue recognition for arrangements that we determine are within the scope of IFRS 15, we perform the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) we satisfy a performance obligation. We only apply the five-step model to contracts when it is probable that we will collect the consideration we are entitled to in exchange for services we transfer to the customer. At contract inception, once the contract is determined to be within the scope of IFRS 15, we assess the services promised within each contract and determine those that are performance obligations and assess whether each promised service is distinct. We use the most likely method to estimate any variable consideration and include such consideration in the amount of the transaction price based on an estimated stand-alone selling price. Revenue is recognized for the respective performance obligation when (or as) the performance obligation is satisfied.

Other income

We recognized grants at their fair value when we have the reasonable assurance that they will be received and all conditions will be complied with. Grants are recognized in the accounting period as the costs they intend to compensate are incurred.

Recognition of Research and Development Costs

We recognize expenses incurred in carrying out our research and development activities in line with our best estimation of the stage of completion of each separately contracted study or activity. This includes the calculation of research and development accruals at the end of each period to account for expenditure that has been incurred. This requires us to estimate the full costs to complete each study or activity and to estimate the current stage of completion. There have been no material adjustments to estimates based on the actual costs incurred for the periods presented. In all cases, we expense the full cost of each study or activity by the time the final study report or, where applicable, product, has been received.

We will recognize an internally-generated intangible asset arising from our development activities only when an asset is created that can be identified, it is probable that the asset created will generate future economic benefits and the development cost of the asset can be measured reliably. We have determined that regulatory and marketing approvals are the earliest points at which the probable threshold for the creation of an internally generated intangible asset can be achieved. We therefore expense all research and development expenditure incurred prior to achieving such approvals as it is incurred. None of our product candidates have yet received regulatory and marketing approvals.

Share-Based Compensation

We measure and recognize compensation expense for all equity incentive units based on the estimated fair value of the award on the grant date. We only grant equity incentive units to our employees, key consultants and board members. The fair value is recognized as expense, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award.

The fair value at the grant date of the equity incentive units is determined using either an option pricing method that uses a Black-Scholes model or a binomial valuation model. In establishing these models, a number of assumptions are made by management. The fair value per share for our shares is the closing price of our shares as reported by the SIX Swiss Exchange on the applicable grant date. A number of assumptions on the volatility of the underlying shares and on the risk free rate are made in these models.

Employee Benefits

We maintain a pension plan for all employees in Switzerland that is maintained through payments to a legally independent collective foundation. This pension plan qualifies under IFRS as a defined benefit pension plan. There are no pension plans for the subsidiaries in the United States.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in the consolidated statement of comprehensive loss.

Recent Accounting Pronouncements

See Notes 2.2 to our 2020 and 2019 annual consolidated financial statements included elsewhere in this prospectus for a description of recent accounting pronouncements applicable to our consolidated financial statements.

Qualitative and Quantitative Disclosures about Financial Risks

We operate primarily in Switzerland, Europe and in the United States and are therefore exposed to market risk, which represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates.

As of December 31, 2021, we had CHF 21.3 million of cash and cash equivalents and we had no debt.

Interest Rate Risk

Our cash is held in readily available checking and money market accounts. As of September 30, 2021, Swiss francs balance represents 65.78 % of the cash and cash equivalents of the company. Since January 1, 2018, the banks partially reinvoice to their clients a part of the negative interests on Swiss francs deposit that they pay to the Swiss National Bank. For the nine-month period ended September 30, 2021 the effective negative interest rate on Swiss francs cash deposits paid by Addex was limited to –0.35 %. As a result, a change in market interest rates would not have any significant impact on our financial position or results of operations. As of September 30, 2021, we had no debt and, therefore, no material interest rate risk exposure.

Foreign Currency Exchange Risk

We operate primarily in Switzerland, the United States and Europe more broadly and our functional currency is the Swiss franc, and as a result, we are exposed to (1) transactional foreign exchange risk when we or a subsidiary enter into a transaction in a currency other than our or its functional currency and (2) translational foreign exchange risk when we translate financial statements of our foreign subsidiaries from their functional currency into Swiss francs.

Transactional Risk

Our expenses are generally denominated in the currencies of the countries where the relevant transaction takes place, which is primarily in Switzerland, the United States, and to a lesser extent in the Euro-zone countries and United Kingdom. Transactions in foreign currencies of our Swiss company are recorded in Swiss francs at the applicable exchange rate on the date of the relevant transaction. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign currency exchange rates.

Translational Risk

Because our reporting currency is the Swiss franc, or CHF, we may be exposed to translation risk when the income statements of our subsidiaries located in countries outside Switzerland are converted into Swiss francs using the average exchange rate for the period, and whilst revenues and costs are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances of revenue, costs and the result in Swiss francs.

To date, our risk management policy is to economically hedge 100% of anticipated transactions in each major currency for the subsequent 12 months. As our operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in foreign currency rates.

Capital Risk

We are not regulated and not subject to specific capital requirements, however, we aim to be compliant with the specific needs of the Swiss law. To ensure that statutory capital requirements are met, we monitor capital periodically on an interim basis as well as annually. From time to time, we may take appropriate measures or propose capital increases at the shareholders' meeting to ensure the necessary capital remains intact.

JOBS Act Transition Period

We qualify as an "emerging growth company" as defined in JOBS Act. Section 107(b) of the JOBS Act provides that an "emerging growth company," or EGC, can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an EGC can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Given that we currently report and expect to continue to report under IFRS as issued by the IASB, we have irrevocably elected not to avail ourselves of this extended transition period, and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies in the United States reporting under IFRS as issued by the IASB.

We intend to rely on other exemptions and reduced reporting requirements under the JOBS Act. Subject to certain conditions, as an EGC, we may rely on certain of these exemptions, including exemptions from providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act.

We will remain an EGC until the earliest of (a) the last day of our fiscal year during which we have total annual gross revenues of at least $1.07 billion; (b) December 31, 2025; (c) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934 , as amended, which would occur if the market value of our equity securities that are held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an EGC, we will not be entitled to the exemptions provided in the JOBS Act.

13. BUSINESS

History and Development of the Company

Addex Therapeutics Ltd, the holding company for the Group, is a Swiss corporation (*société anonyme/Aktiengesellschaft*) of unlimited duration, incorporated under the laws of Switzerland and registered in the commercial register of the Canton of Geneva, Switzerland, on March 19, 2007, under the register number CHE-113.514.094. Addex Therapeutics Ltd was listed on the SIX Swiss Exchange in May 2007. Addex Pharma SA, the Group's operating company, was founded in 2002. As at the time of publication of this Prospectus, the Articles are dated June 16, 2021.

Addex Therapeutics Ltd was formerly known as Addex Pharmaceuticals Ltd and changed its name to Addex Therapeutics Ltd in March 2012. We have our seat in Plan-les-Ouates and our registered office at c/o Addex Pharma SA, Chemin des Aulx 12, 1228 Plan-les-Ouates, Switzerland and our head office at the Campus Biotech, Chemin des Mines 9, 1202 Geneva, Switzerland. Our telephone number at this location is +41 22 884 1555. Our website address is http://www.addextherapeutics.com. The information contained on our website is not incorporated by reference in this Prospectus and you should not consider it a part of this Prospectus.

Business Purpose and Business Year

According to article 2 of our articles of association, our purpose is to acquire, to hold, to administer continuously, to sell and to finance participations in companies of all kinds in Switzerland and abroad, to the exclusion of real estate participation unless permitted under Swiss law. Our articles of association further provide that we may (i) open branch offices and subsidiaries and agencies in Switzerland and abroad and grant guarantees or other security in relation to liabilities of affiliated companies, (ii) engage in any other commercial, financial and other activities which may promote or relate to the purpose of the Company and (iii) acquire, manage, exploit and sell in Switzerland and abroad intellectual property rights and, where permitted under Swiss law, real estate.

Our fiscal year commences on January 1 and ends on December 31 of each calendar year.

Group Structure

As of the date of this Prospectus, we have three wholly owned subsidiaries. Addex Pharma SA, based in Plan-les-Ouates, Geneva, Switzerland, conducts our operations, including research, development, and registration activities, and holds the Group's intellectual property. Addex Pharmaceuticals Inc., registered in Delaware with its principal business location in San Francisco, California, United States. Addex Pharmaceuticals SAS, based in Archamps, France, is organized under the laws of France.

Overview

We are a clinical-stage pharmaceutical company focused on the development and commercialization of an emerging class of novel orally available small molecule drugs known as allosteric modulators. Allosteric modulators target a specific receptor or protein and alter the effect of the body's own signaling molecules on their target through a novel mechanism of action. These innovative small molecule drug candidates offer several potential advantages over conventional non-allosteric molecules and may offer an improved therapeutic approach to existing drug treatments. To date, our research and development efforts have been primarily focused on building a portfolio of proprietary drug candidates based on our allosteric modulator development capability. The allosteric modulator principle has broad applicability across a wide range of biological targets and therapeutic areas, but our primary focus is on G-protein coupled receptors, or GPCR, targets implicated in neurological diseases, where we believe there is a clear medical need for new therapeutic approaches.Using our allosteric modulator discovery capabilities, we have developed a pipeline of proprietary clinical and preclinical stage drug candidates. We or our partners are developing these clinical and preclinical stage proprietary drug candidates for diseases for which there are no approved therapies or where improved therapies are needed. These include levodopa induced dyskinesia associated with Parkinson's disease, or PD-LID, non-parkinsonian dystonia (including blepharospasm), or dystonia, epilepsy, substance use disorder (including alcohol use disorder), Charcot-Marie-Tooth type 1A neuropathy, or CMT1A, post-traumatic stress disorder, or PTSD, and other neurodegenerative diseases. Some of these indications are classified as rare diseases, that may allow for orphan drug designation by regulatory agencies in major commercial markets, such as the United States, Europe and Japan. Orphan drug designation may entitle the recipient to benefits, in the jurisdiction granting the designation, such as market exclusivity following approval and assistance in clinical trial design, a reduction in user fees or tax credits related to development expenses.

We are developing our lead drug candidate, dipraglurant, as a metabotropic glutamate receptor subtype 5 negative allosteric modulator, or mGlu5 NAM, for the treatment of PD-LID. We are conducting a placebo-controlled Phase 2b/3 pivotal clinical trial of dipraglurant in PD-LID patients since June 2021. The clinical trial is expected to be conducted at approximately 50 sites in the United States and target enrollment of approximately 140 patients. We have received orphan drug designation from the United States Food and Drug Administration, or FDA, for dipraglurant in PD-LID and expect to report topline results at the end of the fourth quarter of 2022. In parallel, we are developing an extended release formulation of dipraglurant as a novel orally available

mGlu5 NAM for the treatment of blepharospasm. We are conducting an exploratory placebo-controlled Phase 2 clinical trial in blepharospasm patients using the current immediate release formulation of dipraglurant and expect to report topline results at the end of the first quarter of 2022.

Our partnered drug candidate, ADX71149 is a novel orally active metabotropic glutamate receptor subtype 2 positive allosteric modulator, or mGlu2 PAM for the treatment of epilepsy. Our partner, Janssen Pharmaceuticals, Inc., or Janssen, a subsidiary of Johnson & Johnson is conducting a placebo- controlled Phase 2a proof of concept clinical trial of ADX71149 in epilepsy patients since June 2021. We expect to report topline results in the third quarter of 2022. Under our agreement with Janssen, Janssen is responsible for financing the development and commercialization, if any, of ADX71149.

We are also conducting a research program under our strategic partnership with Indivior PLC, or Indivior, to discover novel orally available gamma-aminobutyric acid subtype B receptor positive allosteric modulators, or GABAB PAMs. We are currently in clinical candidate selection phase and expect IND enabling studies to be initiated in 2022. Under the terms of the agreement with Indivior, we have the right to select drug candidates for development in certain exclusive indications outside of substance use disorder. We plan to develop our selected drug candidate in CMT1A, an indication that has been clinically validated with baclofen, an orthosteric agonist of GABAB, and where we believe there is a significant unmet medical need and commercial opportunity.

Allosteric modulators have broad applicability for many clinically validated GPCR targets which are implicated in multiple therapeutic indications. We intend to continue to leverage our scientific expertise in allosteric modulation and our proprietary technology platform to discover novel drug candidates for the treatment of neurological diseases.

Based on our expertise in allosteric modulation, our goal is to build a leading neuroscience company focused on conditions where current treatment options are limited and where unmet medical needs exist. Our business strategy includes the possibility of entering into collaborative arrangements with third parties to complete the development and commercialization of our proprietary drug candidates, such as our partnership with Janssen for ADX71149 and our strategic partnership with Indivior for GABAB PAM. We cannot forecast with any degree of certainty which proprietary products or indications, if any, will be subject to future collaborative arrangements, in whole or in part, and how such arrangements would affect our development plan or capital requirements. To date, we have secured grants and other funding from: The Michael J. Fox Foundation for Parkinson's Research, or MJFF, for the development of dipraglurant for the treatment of PD-LID; the National Institute of Drug Abuse, or NIDA, to generate important data on the role of GABAB in substance use disorder; the Swiss Innovation Agency, or Innosuisse, to advance our understanding of the role of our drug candidates in neurodegenerative and psychiatric diseases; the Eurostars Joint Programme, or Eurostars to identify novel drug candidates on mGlu7 NAM for PTSD; and the Charcot-Marie-Tooth Association, or CMTA to evaluate the role of GABAB PAM compounds in preclinical models of CMT1A. As we advance our clinical and preclinical programs, we will continue to apply for subsidies, grants and government or agency sponsored studies that could offset or reduce our development costs.

The development and commercialization of drugs is highly competitive. We compete with a variety of multinational pharmaceutical companies and specialized pharmaceutical companies, including products approved for marketing and/or product candidates under development, for each of the product candidates and each of the indications for which we are developing. Furthermore, government authorities in the United States, at the federal, state and local levels, and in other countries, extensively regulate, among other things, the research, development, testing, manufacture, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, import and export of pharmaceutical products, such as those we are developing. The processes for obtaining regulatory approvals in the United States and in foreign countries, along with subsequent compliance with applicable statutes and regulations, require the expenditure of substantial time and financial resources.

Research and Development Portfolio

Using our allosteric modulator platform and drug discovery and development expertise, we have established a portfolio of clinical and preclinical programs, both internally and with partners.

		Development Phase				
Molecule	Indication	Pre-clinical	Phase 1	Phase 2	Phase 3	Milestone
Dipraglurant-IR (mGlu5 NAM)	PD-LID					Expect topline data end of Q4 2022
Dipraglurant-ER (mGlu5 NAM)	Blepharospasm					Expect topline data end of Q1 2022

IR = Instant Release
ER= Extended Release

Dipraglurant for the treatment of levodopa-induced dyskinesia associated with Parkinson's disease. We are developing dipraglurant as a novel orally available mGlu5 NAM for the treatment of PD-LID. PD-LID is a disease with significant commercial opportunity as improved therapies are needed. We believe that, subject to regulatory approval, dipraglurant may offer an innovative and differentiated treatment approach from existing therapies. In a 28 day Phase 2a placebo-controlled clinical trial, conducted in the United States and Europe, in patients with PD-LID, dipraglurant met its primary end point, was generally well tolerated and no clinically significant abnormalities of safety monitoring parameters occurred. In addition, at Day 1 and Day 14, dipraglurant showed statistically significant effects on PD-LID clinical symptoms, as measured using mAIMs. However, an increasing placebo response resulted in the effect of dipraglurant on PD-LID clinical symptoms not showing statistical significance at Day 28. We are conducting a Phase 2b/3 placebo-controlled pivotal clinical trial of dipraglurant in PD-LID patients since June 2021. The clinical trial is expected to be conducted at approximately 50 sites in the United States and target enrollment of approximately 140 patients. We have also received orphan drug designation from the FDA for dipraglurant in PD-LID and expect to report topline results at the end of the fourth quarter of 2022.

Dipraglurant, for the treatment of non-Parkinsonian dystonia, including blepharospasm. We are developing an extended-release formulation of dipraglurant as a novel orally available mGlu5 NAM for the treatment of blepharospasm. There are many types of dystonia affecting up to 300,000 people in the United States. Blepharospasm is characterized by involuntary muscle contractions and spasms of the eyelid muscles resulting in sustained eyelid closure causing substantial visual disturbance or functional blindness.

Blepharospasm affects approximately 50,000 people in the United States with 2,000 new patients being diagnosed annually. We are conducting an exploratory placebo-controlled Phase 2 clinical trial in blepharospasm patients, using the current immediate release formulation of dipraglurant. Subject to regulatory approval, we believe that dipraglurant may offer an innovative and differentiated treatment approach for multiple types of dystonia and present a significant commercial opportunity. We expect to report topline results at the end of the first quarter of 2022.

Externally Developed Out-licensed Product Candidate

			Development Phase				
Molecule	Indication	Partner	Pre-clinical	Phase 1	Phase 2	Phase 3	Milestone
ADX71149 (mGlu2 PAM)	Epilepsy	janssen					Expect topline data in Q3 2022

ADX71149 (mGlu2 PAM) for the treatment of epilepsy. Our partnered drug candidate, ADX71149 is a novel orally active mGlu2 PAM. Our partner, Janssen, has completed Phase 1 and two Phase 2a clinical trials in schizophrenia and anxious depression, respectively. Janssen has conducted several preclinical studies in epilepsy and is conducting a placebo-controlled Phase 2a proof of concept clinical trial of ADX71149 in epilepsy patients since June 2021. Under our agreement with Janssen, Janssen is responsible for financing the development and commercialization, if any, of ADX71149. We expect to report topline results in the third quarter of 2022.

Material Internal Research Programs

			Preclinical Phase			
Molecule	Indication	Partner	Hit to Lead	Lead Optimization	Clinical Candidate Selection	Phase 0 (Pre IND)
$GABA_B$ PAM	Substance use disorder	INDIVIOR				
$GABA_B$ PAM	CMT1A					
mGlu7 NAM	PTSD					
mGlu2 NAM	mNCD					

GABAB PAM for the treatment of substance use disorder. Our partner, Indivior, has licensed worldwide rights to our GABAB PAM program and is responsible for all development, manufacture and commercialization of any selected GABAB PAM drug candidates. Under the agreement, we are responsible for executing a research program funded by Indivior to discover novel drug candidates. Indivior has the right to select GABAB PAM drug candidates from our research program. We are in clinical candidate selection phase and expect IND enabling studies to be initiated in 2022. Indivior's primary focus is substance use disorder, including alcohol use disorder. We believe that substance use disorder is an indication with a significant commercial opportunity. Existing therapies often do not provide effective control of symptoms or have side effects that discourage adherence. Subject to regulatory approval, we believe that GABAB PAM may offer an innovative and differentiated treatment approach from existing therapies and may provide benefit to patients.

GABAB PAM for the treatment of CMT1A. Our license agreement with Indivior provides for a funded research program, under which we have the right to select drug candidates for exclusive development in certain indications outside of substance use disorder, including CMT1A, a rare disease indication. We plan to pursue orphan drug designation for a selected drug candidate for CMT1A. The program is in clinical candidate selection phase and we expect to initiate IND enabling studies in 2022. As part of clinical candidate selection, we are evaluating selected drug candidates in preclinical models of CMT1A in collaboration with the CMTA. We believe an oral small molecule GABAB PAM with a once-a-day dosing and without the adherence-limiting side effects of baclofen, which is currently used off label, could bring benefit to patients and consequently present a strong commercial opportunity for us.

mGlu7 NAM for the treatment of PTSD. We are developing mGlu7 NAM as a novel orally available treatment to reduce fear memory in PTSD, a disorder that can lead to intense fear and anxiety. Current medication is unspecific and ineffective, with a number of side effects. By selectively targeting mGlu7 with NAMs, the brain circuitries involved in fear and anxiety can be more precisely modulated, potentially resulting in a more focused response and fewer side effects than current therapeutic approaches. Subject to regulatory approval, we believe our mGlu7 NAM may offer an innovative and differentiated treatment approach from existing therapies. The program is in clinical candidate selection phase and we expect to initiate IND enabling studies in 2022. A consortium led by us has been awarded a €4.85 million grant from the Eurostars to advance the program to drug candidate stage.

mGlu2 NAM for the treatment of mild neurocognitive disorders, or mNCD. We are developing mGlu2 NAM as a novel orally available treatment for mNCD associated with Alzheimer's disease, Parkinson's disease and depressive disorders. The program is in late lead optimization phase and we expect to enter clinical candidate selection phase early in 2022.

Early Stage Internal Research Programs

		Preclinical Phase			
Molecule	Indication	Hit to Lead	Lead Optimization	Clinical Candidate Selection	Phase 0 (Pre IND)
mGlu4 PAM	Parkinson's disease				
mGlu3 PAM	Neurodegenerative disorders				

mGlu4 PAM for the treatment of Parkinson's disease. We are developing mGlu4 PAM as a novel orally available treatment for Parkinson's disease. We are currently optimizing multiple chemical series of highly selective mGlu4 PAMs with compounds in early lead optimization.

mGlu3 PAM for the treatment of neurodegenerative disorders. We are developing mGlu3 PAM as a novel orally available treatment for neurodegenerative disorders. We are currently optimizing multiple chemical series of highly selective mGlu3 PAMs, with compounds in early lead optimization.

Introduction to Allosteric Modulation

Disease and the Role of Proteins

Proteins are complex biological molecules that have many structural and functional roles in the body. They are critical components in the lines of communication between the cells of the body known as signaling pathways. It is now recognized that signaling pathways are altered in many disease states through changes in the function of essential proteins underlying the series of cellular events required for normal biological activity. Most drug treatments are focused on modifying these biological signaling pathways by altering the activity profile of selected proteins suspected to play a key role in the manifestation of a particular disease.

The major proteins targeted in drug discovery include membrane-bound receptors, such as G-protein coupled receptors, or GPCRs, or ionotropic (ion channels) receptors and enzymes.

GPCRs as Drug Targets

GPCRs are the largest family of integral membrane receptors, accounting for approximately 3- 4% of the human genome. GPCRs have evolved to recognize a range of endogenous stimuli and act to transmit messages encoded in stimuli from the exterior to the interior of the cell. The ubiquitous cell surface distribution of GPCRs and their involvement in virtually all biological processes have made GPCRs extremely attractive targets for drug development. In fact, most currently marketed drugs act on GPCRs, emphasizing their importance for drug development.

Conventional Approaches to GPCR Drug Discovery

The drug discovery process involves the design of molecules that interact with a target with high specificity and efficacy. Traditional approaches to drug discovery focus on mimicking or inhibiting the actions of the endogenous activator for a target receptor. Conventionally, this has been done by the design and chemical synthesis of small molecule agonists (activators) or antagonists (inhibitors) that act in a competitive manner through interaction with the same binding site as the endogenous activator.

Competitive agonists and antagonists must have a sufficiently high affinity for the target receptor to displace the endogenous activator and must be maintained at a sufficiently high concentration in the region of the receptor in order to exert an effect. Under these conditions, agonists will induce an activated state and antagonists will induce an inactivated state, and in both states, receptors will not be responsive to natural fluctuations in the levels of endogenous activator, thereby interfering with normal physiological signaling.

Although this approach has historically yielded a number of blockbuster drugs, such as Clopidogrel, or Plavix, Salmeterol, or Serevent, and Aripiprazole, or Abilify, significant challenges remain with respect to the continued development of therapeutically useful GPCR competitive agonists or antagonists due to either lack of receptor selectivity or undesirable side effects.

Allosteric Modulators as GPCR Drugs

In contrast to competitive orthosteric compounds, allosteric modulators of GPCRs interact with binding sites that are topographically distinct from the binding site of the endogenous activator, and therefore do not compete with the endogenous activator. This means that allosteric modulators do not activate or inhibit receptors on their own, but only in the presence of an endogenous activator do they enhance (positively modulate) or inhibit (negatively modulate) the natural physiological activity of the receptor. Consequently, allosteric modulators offer the possibility to preserve normal physiological receptor function while controlling pathologic activity caused by over- or under-activation of an endogenous receptor.

We believe that by applying this non-competitive allosteric modulator approach, we may be able to produce efficacious drug candidates with potentially beneficial properties:

- *Novel drug class:* Allosteric modulators are a novel class of orally available small molecule drug candidates with chemical structures unrelated to that of competitive agonist or antagonist drugs and, as such, represent drug candidates with a high potential for composition of matter patent protection.

- *Superior receptor sub-type selectivity:* The binding site for an endogenous activator is in general, highly conserved within a GPCR family and achieving receptor subtype selectivity within a family has not always been possible for competitive agonists. The best examples of this are the muscarinic acetylcholine and the metabotropic glutamate receptor families, for which developing competitive, sub-type selective agonists have not been successful thus far. In contrast, allosteric modulator binding sites, being independent of endogenous stimuli, have evolved with a much higher structural diversity than endogenous activator binding sites and consequently offer the potential for the synthesis of drug candidates with much greater sub-type selectivity.

- *Ability to discover small molecule drugs for a greater number of GPCR targets:* Several GPCR targets are currently thought to be beyond the reach of conventional competitive drug discovery approaches due to the complexity of the interaction of the endogenous activator with the receptor; including, for example certain peptides, high molecular weight hormones and lipids. For these targets, the allosteric modulator approach represents a novel pathway to develop orally active activator or inhibitor small molecules.

- *Ability to re-address well characterized and clinically validated GPCR targets where the pharmaceutical industry has exhausted competitive compound drug discovery approaches:* Allosteric modulator drug candidates offer a promising way to revisit these targets, providing novel small molecules while capitalizing on the existing knowledge on well-validated GPCR targets.

- *Improved safety:* Allosteric modulators control pathologic activity while preserving natural physiological signaling activity due to their lack of effect in the absence of the endogenous activator. In addition, they show no or less tolerance to their effect when chronically administered, thereby not requiring increased dosing as is often the case with competitive compounds. Together with their superior selectivity, these allosteric modulator compounds have the potential for improved safety compared to their competitive analogs.

- *Clinical use in combination:* Given that allosteric modulators target different binding sites to conventional agonists or antagonists, allosteric modulator drugs may find clinical utility in combination therapies for certain clinical indications.

Orally available brain penetrant small molecule drug candidates that are highly selective for their therapeutic targets and interact with their target in a modulatory manner preserving natural physiological signaling are particularly suitable for neurological diseases.

Our Platform and Competitive Positioning in Allosteric Modulation

We believe that we have a recognized expertise in allosteric modulator R&D. Since our inception in 2002, we have focused exclusively on allosteric modulation drug discovery and development. We have engaged leading experts in the field of allosteric modulation who have years of experience in both industry and academia, including Robert Lutjens, our Head of Discovery Biology and Jean-Philippe Rocher, our Head of Discovery Chemistry.

We have established a unique chemical library of more than 70,000 allosteric modulator compounds, in addition to highly specialized biological systems that are required for the identification and screening of high affinity, orally active small molecule allosteric modulators. Combined with our allosteric modulator library, these high-throughput detection systems have enabled us to build what we believe to be the largest clinical and pre-clinical portfolio of proprietary allosteric modulator compounds.

Dipraglurant, an mGlu5 NAM, is our lead development compound. It is in late-stage development and we are conducting a placebo-controlled Phase 2b/3 pivotal clinical trial of dipraglurant in PD-LID patients since June 2021. We have received orphan drug designation from the United States Food and Drug Administration, or FDA, for dipraglurant in PD-LID and expect to report topline results at the end of the fourth quarter of 2022. In parallel, we are developing an extended release formulation of dipraglurant for the treatment of blepharospasm and we are conducting an exploratory placebo-controlled Phase 2 clinical trial in blepharospasm patients using the current immediate release formulation of dipraglurant and expect to report topline results at the end of the first quarter of 2022.

Janssen, a subsidiary of Johnson & Johnson, is conducting a placebo- controlled Phase 2a proof of concept clinical trial of ADX71149, an mGlu2 PAM licensed to it, in epilepsy patients since June 2021. We expect to report topline results in the third quarter of 2022.

Furthermore, we believe the depth of our in-house discovered portfolio further demonstrates our expertise in the allosteric modulation field.

Our Strategy

Based on our expertise in allosteric modulation, our goal is to build a leading neuroscience company focused on conditions where current treatment options are limited and where unmet medical needs exist. Since our inception, we have raised an aggregate of CHF 344 million in equity financing and generated an aggregate of CHF 63 million of revenues, which we have used to build our proprietary allosteric modulator technology platform and our pipeline of drug products and candidates. We have secured financing from leading U.S. healthcare investors, including Armistice Capital, New Enterprise Associates, New Leaf Venture Partners and CAM Capital. The key elements of our strategy include the following:

- *Continue to advance dipraglurant for the treatment of PD-LID.* We are conducting a placebo-controlled Phase 2b/3 pivotal clinical trial of dipraglurant in PD-LID patients since June 2021. The clinical trial is expected to be conducted at approximately 50 sites in the United States and target enrollment of approximately 140 patients. We expect to report topline results at the end of the fourth quarter of 2022.,

- *Pursue additional indications for dipraglurant.* We believe dipraglurant has applications outside of PD-LID including blepharospasms one of the three most common forms of dystonia. We are conducting an exploratory placebo-controlled Phase 2 clinical trial in blepharospasm patients using the current immediate release formulation of dipraglurant and expect to report topline results at the end of the first quarter of 2022.

- *Continue to advance our $GABA_B$ PAM research programs.* We are currently executing a research program funded by Indivior to discover novel $GABA_B$ PAM drug candidates. We are currently in clinical candidate selection phase and expect IND enabling studies to be initiated in 2022 for Indivior, to develop for addiction and for our internal program focused on CMT1.

- *Continue to advance our preclinical programs.* We are currently in late pre-clinical development for a number of highly innovative programs and aim to select drug candidates for IND enabling studies for at least one program in 2022.

- *Develop a targeted commercialization strategy for dipraglurant.* We invented dipraglurant and therefore own all commercial rights relating thereto. As we advance dipraglurant through its registration program for PD-LID toward regulatory approval, we intend to evaluate options for commercialization. These options may include building our own internal sales force, entering into a joint marketing arrangement with another pharmaceutical company, or out-licensing certain rights to another pharmaceutical company.

- *Leverage our expertise and experience in allosteric modulation.* We are focused on developing allosteric modulators discovered from our proprietary discovery technology platform. We will continue to invest in our platform and pursue novel drug targets where we believe our platform can provide novel drug candidates where an unmet medical need exists.

- *Pursue collaborative arrangements with other pharmaceutical companies.* We may seek collaborative arrangements with third parties to advance the development and commercialization of our drug candidates.

Our Strengths

Our current strategic focus is the development of certain proprietary drug candidates in our existing portfolio. We believe that we have a number of competitive advantages that distinguish us from our competitors:

- *Robust in-house discovered pipeline with lead product candidate advancing into pivotal registration clinical trials.* We have established an in-house discovered pipeline of eight clinical and preclinical proprietary programs. Internally, these programs include dipraglurant for the treatment of PD-LID and dystonia, $GABA_B$ PAM for the treatment of CMT1A. Partnered programs include ADX71149 for the treatment of epilepsy which is licensed to Janssen and $GABA_B$ PAM for the treatment of substance use disorder, including alcohol use disorder, which is licensed to Indivior. We are conducting a placebo-controlled Phase 2b/3 pivotal clinical trial of dipraglurant in PD-LID patients since June 2021. We have received orphan drug designation from the United States Food and Drug Administration, or FDA, for dipraglurant in PD-LID and expect to report topline results at the end of the fourth quarter of 2022.

- *High value partnerships.* In January 2018, we entered into a strategic partnership and license agreement with Indivior for the discovery, development and commercialization of novel $GABA_B$ PAM compounds for the treatment of addiction and other neurological diseases. Under the agreement, Indivior has sole responsibility for, including the financing of, development of selected compounds under the agreement through preclinical and clinical trials, as well as registration procedures and commercialization, if any. We are responsible for executing a research program funded by Indivior to discover novel $GABA_B$ PAM drug candidates. Under the terms of the agreement, we are eligible for a minimum of $4 million in research funding and payment of $330 million on successful achievement of pre-specified clinical, regulatory and commercial milestones and tiered royalties on the level of net sales from high single digits up to low double-digit. In December 2004, we entered into a collaboration and license agreement with Janssen for the discovery, development and commercialization of novel mGlu2 PAM compounds for the treatment of neurological diseases. ADX71149 is one of the drug candidates discovered and selected for development by Janssen and under the agreement Janssen has sole responsibility for, including the financing of, development of selected compounds under the agreement through preclinical and clinical trials, as well as registration procedures and commercialization, if any. Under the terms of the agreement, we are eligible for payments of $109 million upon successful achievement of pre-specified clinical and regulatory milestones and a flat low double-digit royalty on net sales.

- *Global leadership in an emerging drug class.* Allosteric modulators are an emerging class of oral small molecule therapeutics that have the potential to become drug candidates for a number of disease indications. We believe that our expertise, unique knowledge-based library and proprietary biological screening tools make us a leader in allosteric modulation-based drug discovery and development and that we have the potential to develop patentable, novel, highly differentiated oral small molecules for clinically validated targets considered "undruggable" or beyond the reach of conventional drug discovery approaches.

- *Focus on rare diseases with high unmet medical needs.* We plan to focus on therapeutic indications with substantial unmet or undermet medical needs and commercial potential, including indications considered rare diseases for the purpose of orphan drug designation by the FDA. If we acquire orphan designation for a drug candidate, the designation would provide benefits such as market exclusivity after approval, and potential reductions in user fees or tax credits related to development expenses. In addition, as we advance drug products through clinical development, we will continue to pursue appropriate regulatory pathways available to us (such as Breakthrough Therapy Designation, Fast Track or Accelerated Approval and Priority Review) to expedite our programs and accelerate the timeline to an approval.

- *Experienced team.* Our team has extensive global experience and its members are recognized experts in their respective fields. We seek to leverage the complementary skill sets of our team members in our approach to drug discovery and development and draw on their prior experience gained at leading international companies, and pharmaceutical and biotech companies. Dr. Roger Mills, an experienced Chief Medical Officer and Head of Development, joined us in 2016 to lead our clinical development organization and in particular the development of dipraglurant in PD-LID. Dr. Mills and his wider team have significant experience and a successful track record of developing drugs for Parkinson's disease patients.

Our Internally Developed Product Candidates

Dipraglurant

Dipraglurant is a selective, orally active small molecule drug product which acts as an mGlu5 NAM. We discovered dipraglurant and hold composition of matter and polymorph patents granted in the United States, Europe and Japan. Dipraglurant is selective for mGlu5 and does not have significant activity or binding affinity to other mGlu or other CNS receptors, such as serotonin, GABA or dopamine receptors. There are currently no drugs of this class on the market.

Dipraglurant for the treatment of Parkinson's disease levodopa induced dyskinesia (PD-LID)

We conducted a Phase 2a proof of concept clinical trial of dipraglurant in PD-LID, in which dipraglurant met its primary end point and was generally well tolerated. We are currently conducting a placebo-controlled Phase 2b/3 pivotal clinical trial of dipraglurant in PD-LID patients since June 2021. This registration clinical trial is powered at 90%, the industry norm with the objective of demonstrating benefits on clinical symptoms in PD-LID patients over a 12-week treatment duration. The term "power" of a study is a measure of the probability that a clinical trial is a meaningful test of the hypotheses (or primary endpoints) that the clinical trial is designed to test. The study is expected to be conducted at approximately 50 sites in the United States and target enrollment of approximately 140 patients.

Parkinson's disease is a progressive neurodegenerative disease that results in the loss of dopaminergic neurons in the substantia nigra, or SN. One consequence of the depletion of dopamine in this disease is a series of movement disorders, including bradykinesia, akinesia, tremor, gait disorders and problems with balance. Early in the course of the disease, these motor symptoms of Parkinson's disease are effectively treated by dopamine replacement with the use of levodopa or dopamine D2 receptor agonists or monoamine oxidase B inhibitors. However, as the disease progresses, these agents become less effective in controlling motor symptoms and PD-LID often emerges.

PD-LID is involuntary movement that may affect any body area, including the face, trunk or limbs. Oral levodopa is currently the most effective treatment available for motor symptoms associated with Parkinson's disease. However, long term levodopa use is often associated with the development of dyskinesia, which may be as disabling as the symptoms of Parkinson's disease.

Dyskinesias are comprised principally of two types of movement: chorea, which is a rapid uncontrolled movement, and dystonia, which is a slow, often painful, writhing movement.

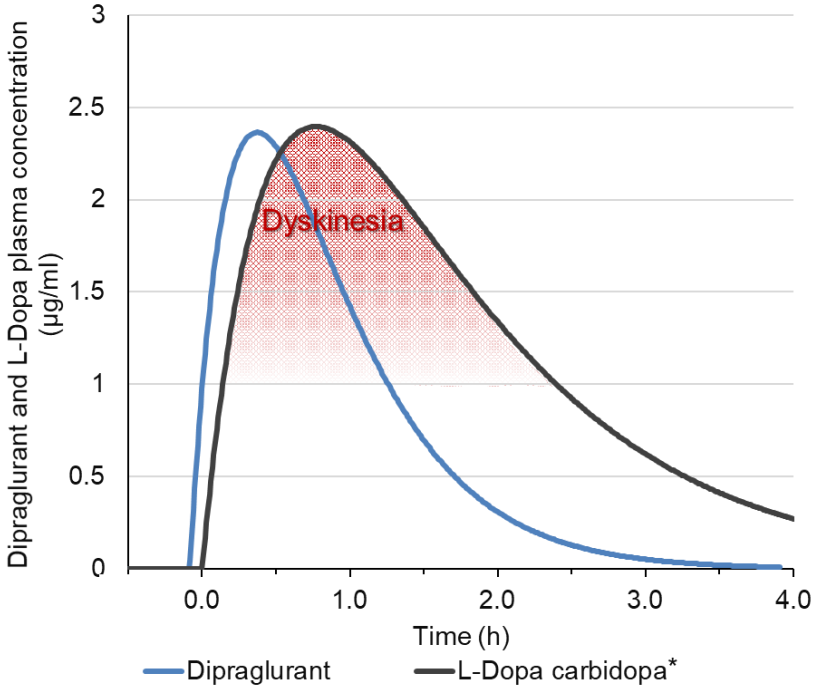
Even though levodopa provides more effective motor symptom control than other currently available therapies, physicians tend to delay use of levodopa use for as long as possible, using dopamine agonists or monoamine oxidase B inhibitors in the early stages of the disease, due to the inexorable onset of dyskinesia onset with levodopa use. Dopamine agonists and monoamine oxidase B inhibitors become less effective as Parkinson's disease progresses and are associated with dose limiting side effects, including Impulse Control Disorders, or ICDs, such as pathological addictions to gambling, shopping, eating or sex.

The occurrence of PD-LID is linked to the neurodegenerative process of PD and is not solely related to the duration of dopamine replacement therapy. For instance, in severe advanced stage Parkinson's disease patients, dyskinesia can be provoked after a first high dose of levodopa. Chronic or high dose dopamine replacement treatments alone do not lead to dyskinesia, but may lower the threshold for dyskinesia occurrence following dosing, as neurodegeneration progresses. Efforts to reduce the use of high doses of levodopa or dopamine agonists, by using more frequent lower doses or extended release formulations, can improve dyskinesias but may be at the expense of optimal motor function. In the later stages of Parkinson's disease, the patient and physician have to balance good motor symptom control against the occurrence of levodopa-induced dyskinesia.

If dyskinesia could be effectively treated, or even delayed or eliminated, it is likely that doctors would use levodopa earlier in the treatment of Parkinson's disease. Currently available therapies, such as amantadine and Deep Brain Stimulation, or DBS surgery, often have limited effectiveness or tolerance in patients. The response of patients varies widely to amantadine, which in its generic form is commonly used off label to treat dyskinesia. Typically, amantadine only works for some, if any, dyskinesias suffered by a patient. Amantadine often has side effects which may limit its use, and some patients do not tolerate it at all. Some of the more common side effects of amantadine include blurred vision, digestive issues, postural hypotension, dizziness, falls, ankle oedema, drowsiness, trouble sleeping, depression and psychotic symptoms. DBS surgery, a non-pharmacological treatment strategy, is used primarily for patients whose symptoms cannot be satisfactorily controlled with medications. Patients experience varied results with

DBS surgery, and even patients who experience better motor symptom control with DBS surgery may have continued symptoms of dyskinesia. Furthermore, many patients are unwilling to undergo DBS surgery, since it is a costly, invasive surgical procedure that could result in complications.

Figure 1: Pharmacokinetic profile of Dipraglurant and L-Dopa in Humans



The rapid absorption and relatively short half-life of dipraglurant in the current immediate-release, or IR, formulation is thought to be well suited for use in PD-LID. The pharmacokinetic, or PK, profile of dipraglurant (IR) mirrors that of levodopa with peak plasma concentration occurring around the same time as that of levodopa and the duration of plasma exposure covering that of the "On" period (the time when levodopa is having its effect, Figure 1). Dyskinesia occurs predominantly during the period immediately following levodopa dosing; troublesome peak-dose dyskinesia (dyskinesia which severely interferes with the patient's daily activity) usually appears as levodopa reaches C_{max} and parallels the period of maximal clinical benefit. Based on its similar PK profile, dipraglurant is expected to optimally inhibit the abnormal glutamate stimulation during peak levodopa dose, while releasing the receptor during normal activity. Furthermore, dipraglurant will wash out between doses, releasing the mGlu5 receptor when not required, *i.e:* when levodopa has worn off.

Dipraglurant completed Phase 2a PD-LID clinical trial

We evaluated the efficacy, safety and tolerability of dipraglurant at 50 and 100 mg in a Phase 2a proof-of-concept four weeks, randomized, double-blind, placebo-controlled, parallel-group out-patient clinical trial in 76 patients with Parkinson's disease (dipraglurant n = 52, placebo n = 24) with moderate or severe LID. The study was conducted in 25 centers in the United States, France, Germany and Austria. The severity of LID was evaluated by both clinicians and the patients using the modified Abnormal Involuntary Movement Scale, or mAIMS, patient diaries and the patient global impression of change, or PGIC, and the clinician global impression of change, or CGIC, for both dyskinesia and motor symptoms of Parkinson's disease. Motor symptoms of Parkinson's disease were assessed using the Unified Parkinson Disease Rating Scale, or UPDRS.

The Phase 2a proof of concept clinical trial of dipraglurant in PD-LID met its primary end point, was generally well tolerated and no clinically significant abnormalities of safety monitoring parameters occurred. In addition, dipraglurant showed statistically significant effects on PD-LID as measured using mAIMS at Day 1 and Day 14. However, an increasing placebo response resulted in the effect of dipraglurant on PD-LID symptoms not showing statistical significance at Day 28.

Figure 2: Dipraglurant Phase 2a PD-LID clinical trial design

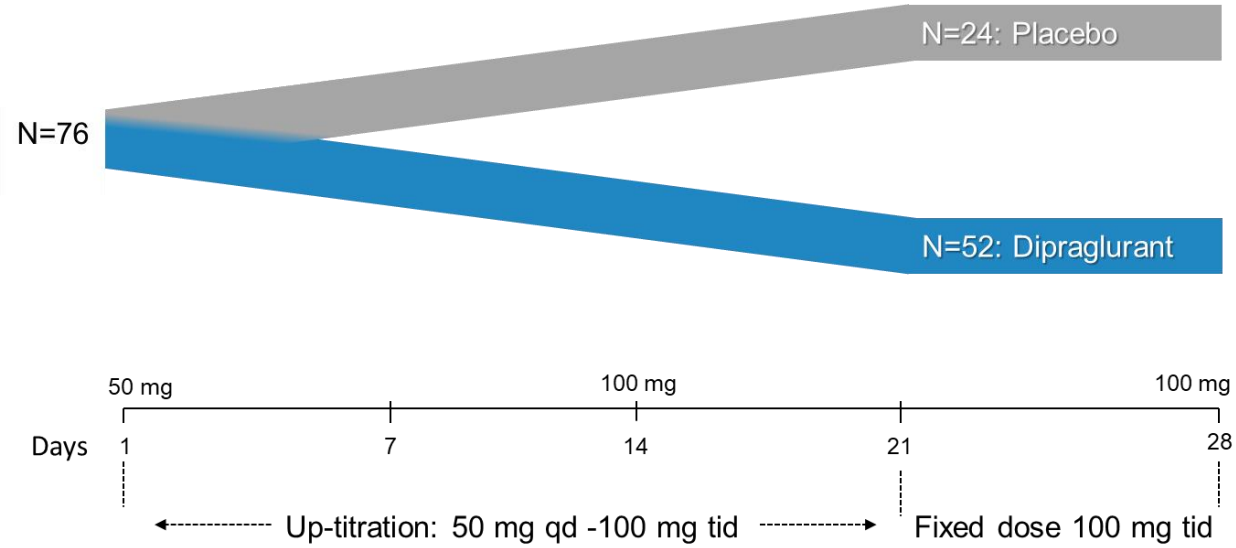


Figure 3: Dipraglurant Phase 2a PD-LID clinical trial dosing schedule

	Days	1-3	4-7	8-13	14-16	17-21	22-28
Dose/mg	AM			50	50	50	100
	Noon	50	50	50	100	100	100
	PM		50	50	50	100	100
	Daily	50	100	150	200	250	300

Patients were randomized to receive either active or placebo treatment at a 2:1 ratio. A blinded dose-titration regimen was employed over the first 3 weeks of treatment. Following the initial intake of a single capsule containing 50 mg or matching placebo, dose and dosing frequency were progressively escalated up to the target regimen of 100 mg tid (total daily dose of 300 mg) beginning on Day 22; the up-titration scheme was customizable based on tolerability. Dyskinesia was measured using the mAIMS at the mid-day does of dipraglurant and levodopa on Day 1, 14 and 28. Due to the short half-life of dipraglurant the acute effect of 50mg dose was measured on Day 1 and the acute effect of 100mg dose was measure on Day 14 and Day 28.

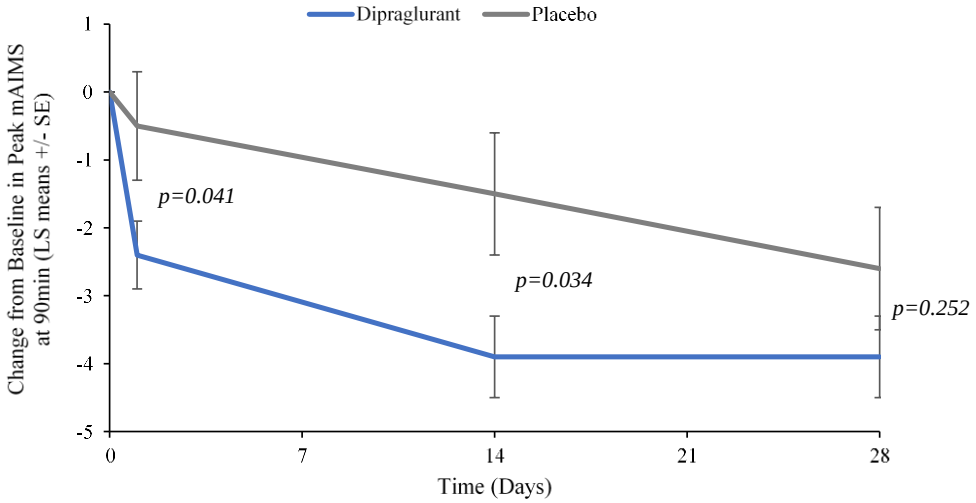
Outcome Measures

The primary objective of the study was safety and tolerability. This was assessed based on vital signs, physical and neurological examination, electrocardiogram, or ECG, laboratory tests, and AE monitoring.

Secondary efficacy outcome measures included the mAIMS, UPDRS Part III and patient diaries.

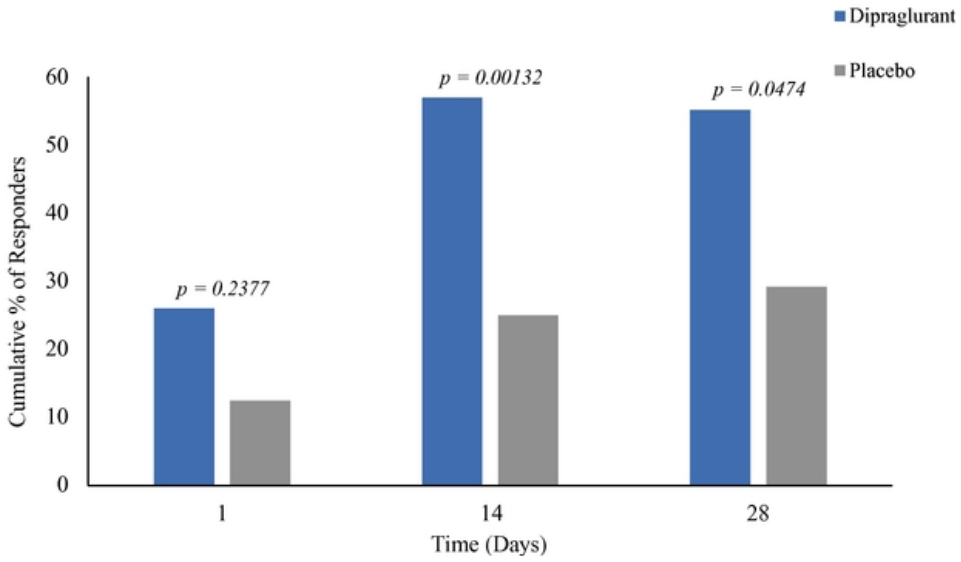
The main efficacy endpoint was severity of dyskinesia determined with mAIMS for dyskinesia in face, neck, trunk, and each of the upper and lower limbs. At screening, patients had to specify a dose of levodopa between 10.30 am and 3.30 pm that was regularly associated with moderate to severe dyskinesia. As severity of dyskinesia generally correlates with the plasma concentration of levodopa (peak dose dyskinesia) and as T_{max} of dipraglurant is comparable, study medication was to be taken within 15 minutes prior to levodopa. Dyskinesia following this midday dose was assessed by the mAIMS on Days 0, 1, 14 and 28.

Figure 4: MMRM analysis of the effect of dipraglurant on the peak mAIMS score reported as reduction from baseline



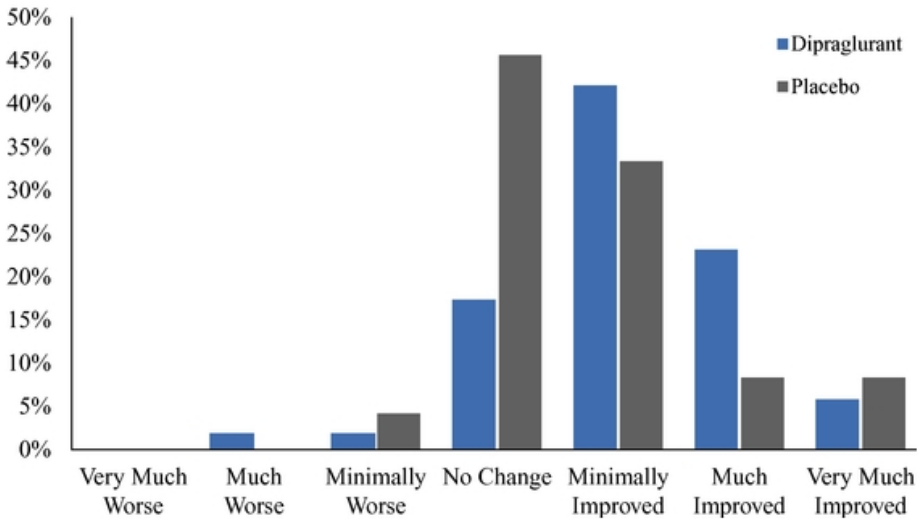
The above figure shows the effect of dipraglurant on dyskinesia as measured using the mAIMS at Day 1, 14 and 28. Dipraglurant reduced dyskinesia compared to placebo at all visits over the 28 days and showed statistically significant effects at Day 1 and 14 as well as improvements of ≥30% at Day 14 which were sustained through Day 28. The level of improvement with dipraglurant at each time point and Day 28 was about twice that of placebo. However, an increasing placebo response resulted in the effect of dipraglurant on PD-LID symptoms not showing statistical significance at Day 28. We believe the dose titration technique employed along with the 2:1 randomization of active to placebo, as well as the fact that placebo-mitigating techniques were not deployed in the study, contributed to the placebo response.

Figure 5: Dipraglurant cumulative % of PD-LID patients showing > 30% change of peak mAIMS from baseline



Responders were defined as those patients reaching at least 30% improvement in peak mAIMS scores compared to baseline. At all visits, the percentage of responders was higher in the dipraglurant-treated group than in the placebo group and, on Days 14 and 28, exceeded 50% and showed a statistically significant difference over placebo.

Figure 6: Clinician rated global impression of change in LID patients after administration of dipraglurant and placebo



There was a significant improvement in the CGI-C as determined by the investigators. Figure 6 summarizes the results across each score level and for each treatment group at Day 28. The CGIC for improvement of dyskinesia was assessed by the investigating physician at Day 28 compared to baseline. The dipraglurant group improved by 71.2% versus 49.9% for the placebo group at Day 28 ($p < 0.05$).

Other Secondary Measures of Efficacy

Dipraglurant did not worsen motor control

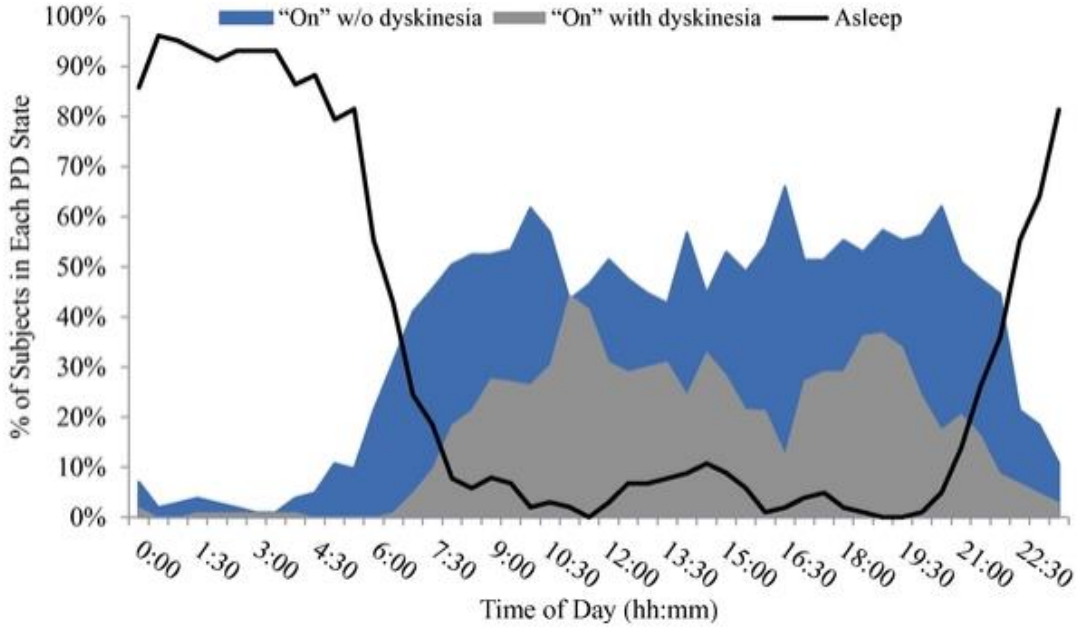
UPDRS Part III scores in the post-levodopa dosing period did not differ between treatment groups. There was no evidence that dipraglurant led to increased parkinsonism or "Off" periods. This was an expected result given the mechanism of action, but was important to establish, as it confirms that the anti-dyskinetic benefits observed with treatment did not come at the cost of worsened motor control.

Patient reported effects on PD motor symptoms and dyskinesia—diary data

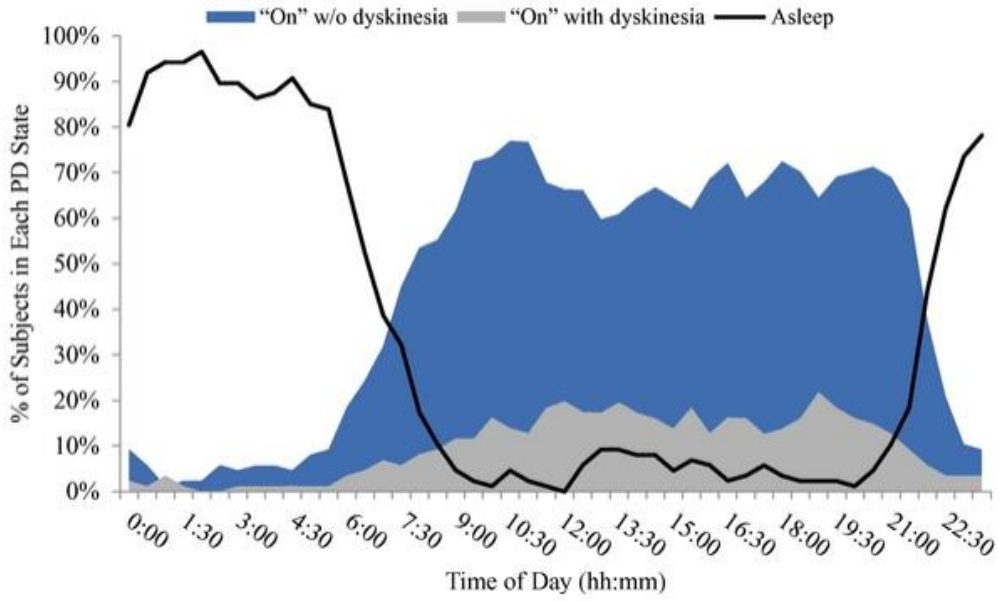
Mean daily "Off" time tended to decrease in each treatment group in weeks 1, 2 and 3, but at week 4, "Off" time decreased by about 50 minutes per day in the dipraglurant group versus an increase of about 9 minutes in the placebo group. Although, the week 4 difference was not statistically significant, or NSS (the study was not powered to detect such changes), it remains interesting and suggests the potential for additional benefits of treatment in this patient population.

Figure 7. Pattern of motor complications of dipraglurant group patients over the course of a day, as reported in patients' diaries—baseline versus week 4

Baseline



Week 4



The mean daily percentage of time in "On" with no dyskinesia increased in both treatment groups. At week 4, the dipraglurant group showed a 2.28 hours increase compared to 1.78 hours for the placebo group (NSS).

Overall, there were more patients in the dipraglurant group who reported "On" time without (w/o) dyskinesia and fewer patients reporting "On" time with dyskinesia (Figure 7). In this analysis, dipraglurant treatment improved the percentage of patients in "On" time without LID from morning to late afternoon.

Safety and Tolerability Data

This first study in PD patients met its primary objective and generally demonstrated tolerability for dipraglurant taken at doses of up to 100 mg tid for 4 weeks. The types of adverse events, or AEs, observed in PD patients up to 75 years of age were generally similar to those seen in healthy normal subjects. Fifty-two patients were exposed to the study drug vs. 24 patients on placebo.

The overall incidence of treatment emergent adverse events, or TEAEs, for the 4-week treatment period was 88.5% for the dipraglurant group compared to 75% for placebo. As doses increased over the titration period, an increase in AE incidence was observed. In Weeks 1 and 2, AE incidence was 53.8% for patients receiving dipraglurant 50 mg vs. 58.3% for placebo and, in Weeks 3 and 4, it was 73.1% for dipraglurant 100 mg vs. 62.5% for placebo. In both treatment groups, AEs occurred most commonly in the central nervous system (51.9% dipraglurant vs. 45.8% placebo).

The only significantly increased event compared to placebo was nausea. Although dyskinesia or worsening of dyskinesia was reported more frequently for dipraglurant than for placebo (n=11 vs. 3; 21.2% vs. 12.5%), there was no pattern to these reports and most were transient. In addition, 3 of the 11 patients who reported worsening dyskinesia in the treated group did so only in the follow-up period (*i.e.* when not taking the drug), thus the dyskinesia recurred only after therapy had stopped. Therefore, the adjusted AE% was similar, 15.3% for dipraglurant vs. 12.5% for placebo.

Two patients withdrew due to TEAEs. Both were in the dipraglurant group at the 100 mg dose level.

- One case concerned a 68-year-old man who experienced severe nausea, dizziness, and anxiety after he had been treated with dipraglurant for 3 weeks. At the time of AE, the patient was receiving 100 mg tid. After 3 days, the medication was discontinued and the AEs resolved without sequelae.

- The other case concerned a 69-year-old man who experienced several AEs. On treatment Day 6, when he was taking 50 mg bid, he experienced moderate dyskinesia and fell. On Day 8, he experienced mild nausea and continued to experience moderate dyskinesia and sweating. The patient continued with the protocol defined dose escalation and started the 100 mg midday dose on Day 14. On Day 17, study medication was discontinued. By Day 21, nausea had resolved, whereas dyskinesia and sweating had not.

Only one severe AE occurred in the dipraglurant group, and, as it occurred 2 days after the end of treatment, it was considered unrelated to study medication.

Clinical laboratory tests in the study (biochemistry, hematology and urinalysis) did not show any relevant differences, neither over time nor between groups. There were no clinically significant ECG changes that occurred in the study in patients receiving dipraglurant.

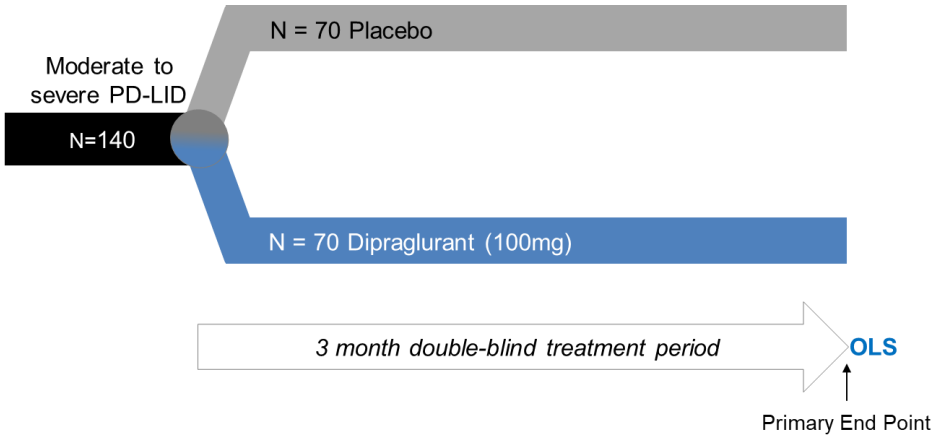
Dipraglurant clinical development plan—registration program in PD-LID

The pivotal program for PD-LID currently comprises two placebo-controlled studies that are intended to support registration. The 100 mg tid dose of dipraglurant will be evaluated versus placebo in both studies, as it showed a significant reduction in LID symptoms at Day 1 and Day 14, in the earlier POC clinical trial, the drug was also generally well tolerated and no clinically significant abnormalities of safety monitoring parameters occurred. Following successful completion of the first Phase 2b/3 pivotal clinical trial, an End of Phase 2, or EOP2, meeting with the FDA will be planned to obtain agreement on the final design of a confirmatory Phase 3 clinical trial and any remaining elements of the registration program.

Dipraglurant Phase 2b/3 pivotal clinical trial in PD-LID patients—Study 301

We are conducting a Phase 2b/3 placebo-controlled pivotal clinical trial of dipraglurant in PD-LID patients since June 2021. The clinical trial is expected to be conducted at approximately 50 sites in the United States and target enrollment of approximately 140 patients. Furthermore, the primary endpoint will be efficacy in reducing PD-LID measured as the change over time in Unified Dyskinesia Rating Scale, or UDysRS at week 12 compared to baseline. We expect to report topline results at the end of the fourth quarter of 2022.

Figure 8: Design of dipraglurant PD-LID Phase 2b/3 study 301 clinical trial



The study is enrolling patients 30-85 years of age with PD and clinically relevant LID. At screening, LID severity is assessed to determine eligibility using the UDysRS and the Movement Disorder Society Unified Parkinson's Rating Scales (MDS-UPDRS) in order to ensure that only patients with moderate to severe LID are included in the study. During the screening period, patients receive Brief Psychosocial Therapy adapted for dyskinesia, or BPST-Dys. This is a structured non-pharmacological intervention, directed by trained site-staff. BPST has been demonstrated to reduce anxiety associated with neurodegenerative disease including PD. The aim is to ensure that any anxiety overlay is reduced before patients enter the randomized period of the study such that the baseline symptom severity is more reflective of the condition itself. At the baseline visit, the severity of LID symptoms are reassessed using the UDysRS, the MDS-UPDRS and PD diary entries to confirm that the patient continues to meet the study entry criteria. Subjects who have improved during the screening period and do not meet the inclusion criteria at their baseline visit are excluded prior to randomization. Although this may result in a higher screen-failure rate, it is intended to reduce placebo response and ensure that patients randomized to the study require pharmacologic treatment for their condition.

All PD medications are required to be stable prior to screening and remain so during the course of the study.

Following completion of the 12-week randomized study, patients who choose to do so are allowed to enroll in a separate open label safety study, or OLS, if the investigator considers it to be of benefit.

Objectives and endpoints. The key objectives of the study are to evaluate the efficacy and safety of dipraglurant in reducing dyskinesia symptoms in PD patients with LID without worsening of the Parkinson's disease. The primary and secondary endpoints include the following:

Primary Endpoint. Change in the Unified Dyskinesia Rating Scale (UDysRS) total score from baseline to Week 12.

Key Secondary Endpoints —Efficacy

- Standardized Patient Diary based assessments of "On" time without troublesome dyskinesia, as well as "Off" time.
- Other Secondary Endpoints include the Clinician's Global Impression of Severity (CGI-S)

Safety Assessments

Safety measures are assessed during the course of the study and during a one week follow-up period for those patients not electing to enter the open-label study.

UDysRS, the Primary Endpoint

In this study, the primary endpoint is the UDysRS. The UDysRS was the endpoint that was used in the Gocovri pivotal studies leading to the drug's FDA approval for PD Dyskinesia. Of all the scales used for assessing dyskinesia, only the UDysRS contains anchored, clinician-evaluated measures of dyskinesia. In this scale, patients perform 4 tasks, and raters evaluate dyskinesia severity and disability for each. Although this rating measure incorporates the concepts of the mAIMS, the UDysRS has the advantage of consolidating both patient-based perceptions of disability and objective rater-based assessments of impairment and disability (Goetz *et al.*, Mov Disord 2008).

Placebo-minimization procedures

A number of factors may have contributed to the high placebo response in the Phase 2a POC study and therefore a number of procedures have been implemented in the pivotal study to curb excessive placebo response, reduce variability and therefore enable a more precise estimate of treatment effect of dipraglurant in the treatment of LID:

- The UDysRS measure is being used as the primary efficacy endpoint instead of the mAIMS. The mAIMS is not as sensitive to changes in LID as the UDysRS, as described in the 8-scale comparison study (Goetz *et al.*, Mov Disord 2013) and it is more prone to placebo response than the UDysRS. The mAIMS lacks the functional/objective items of the UDysRS and thus is largely subjective.

- Raters are qualified by the Movement Disorder Society to assess the UDysRS scores. In addition, an expert rater training service will review UDysRS ratings during the study to further ensure quality as well as inter- and intra-rater reliability of these assessments.

- Randomized patients are required to have dyskinesia scores at screening and baseline that reflect moderate to severe symptoms.

- A non-pharmacologic intervention BPST-Dys has been incorporated into the screening period to help exclude placebo-responders from the randomized, controlled portion of the trial.

- The longer 12-week randomized treatment period should also help to mitigate placebo response, compared to the 4-week treatment duration tested in the proof-of-concept study.

Dipraglurant confirmatory Phase 3 pivotal clinical trial in PD-LID patients—Study 303

The confirmatory Phase 3 study is planned to be a two-arm double-blind, placebo-controlled, parallel group design comparing 100 mg dipraglurant versus placebo in PD patients with LID. Treatment will be over a 6-month period to assess maintenance of effect beyond 12 weeks. Study 303 will follow a similar study design to the Phase 2b/3 pivotal clinical trial (Study 301). Although the treatment duration will be 24 weeks in total, the primary endpoint will remain the change in UDysRS total score from baseline to week 12. The 24-week UDysRS score will evaluate maintenance of effect as a secondary endpoint. At the completion of the study, eligible patients will have the option of rolling into the ongoing OLS study, if the investigator considers it to be of benefit.

Dipraglurant in PD motor symptoms

There is an increasing body of literature that suggests that inhibiting mGlu5 in the striatopallidal pathway may also improve the motor symptoms of PD and may also prevent excitotoxic damage to the substantia nigra. Dipraglurant was investigated in the haloperidol induced catalepsy (HIC) model, an animal model of Parkinson's disease. Haloperidol is an antagonist of the dopamine D2 receptor and overcoming the catalepsy (immobility) induced by haloperidol administration is suggestive of antiparkinsonian activity and may also have relevance for other movement disorders, such as tardive dyskinesia and dystonia, where reduced activity of dopamine D2 receptors is implicated. In the rat HIC model, dipraglurant reduced the amount of time rats were immobile, in a dose dependent manner. The effective plasma concentration was similar to that for the treatment of dyskinesia in the MPTP macaque and that which was seen to be effective in PD-LID patients. The suggestion of antiparkinsonian activity was also supported by observations in the Phase 2a clinical trial. In week 4 of treatment, patients reported an average "Off" time reduction of 50 minutes per day. Also, both patients and clinicians reported improvements in PD symptoms compared to placebo. Although none of these results were statistically significant, the observations were interesting and were noted by the PD experts who took part in the trials. PD motor symptom effects will continue to be evaluated in the larger pivotal clinical trials.

Dipraglurant in PD non-motor symptoms

As well as suffering from difficulty with poor and uncontrolled motor symptoms, PD patients also suffer from a wide variety of non-motor symptoms. Among these are affective disorders (e.g., anxiety, depression and anhedonia) and compulsive behavioral disorders (e.g., sex, alcohol, gambling, and shopping addiction). These compulsive behaviors are particularly linked to treatment with dopamine agonists and more specifically to those which act on the dopamine D3 receptor as well as D2 (e.g. pramipexole). Inhibition of mGlu5 is pre-clinically and clinically validated for the treatment of anxiety and depression, although no mGlu5 inhibitors are yet marketed for these indications. Also, inhibition of mGlu5 has been shown to have anti-addictive properties in a number of animal models, including cocaine self-administration in rats. These data suggest that mGlu5 inhibition may potentially have utility in treating certain non-motor symptoms of PD.

Dipraglurant for the treatment of non-Parkinsonian dystonia, including blepharospasm

Dystonia is a movement disorder that causes the muscles to contract and spasm involuntarily. There are many types of dystonia affecting up to 300,000 people in the United States. The involuntary muscle contractions force the body into repetitive and often twisting movements as well as awkward, irregular, sometimes painful postures. Dystonia etiologies and symptoms are

heterogeneous. There are approximately 23 forms of dystonia, and dozens of diseases and conditions include dystonia as a major symptom. Dystonia may affect a single body area (focal), multiple areas (segmental) or be generalized throughout multiple muscle groups. Furthermore, dystonias are distinguished as either primary, with idiopathic or genetic causes, or secondary, induced by drugs or toxins. A number of types of dystonia are classified as rare, including cervical dystonia, DYT1 familial generalized dystonia or X-linked dystonia parkinsonism. It is estimated that over 30% of PD patients experience dystonia as a symptom or a complication of treatment. Blepharospasm (BSP), the indication we initially intend to pursue, is characterized by involuntary muscle contractions and spasms of the eyelid muscles resulting in sustained eyelid closure causing substantial visual disturbance or functional blindness. In over half of the people with BSP, symptoms of dystonia spread to other facial muscles as well as muscles in other areas of the body. This leads to a progressive decline in quality of life and increased functional impairment. It is estimated that there are at least 50,000 patients with blepharospasm in the United States, with up to 2000 new patients diagnosed annually.

Dystonia affects people of all ages and backgrounds. Dystonia causes varying degrees of disability and pain, from mild to severe. Presently, there is no cure for dystonia. Doctors often prescribe drugs for the treatment of dystonia off-label, i.e., drugs that have not been approved for the indication being treated. Since these drugs have not been approved for the treatment of dystonia, they have not undergone rigorous clinical trials for the indication.

Current therapies for dystonia including blepharospasm include oral drugs such as anticholinergic agents, dopamine receptor agonists/antagonists and baclofen. The efficacy of these drugs is marginal and side effects further limit compliance and usage. The only available indicated treatment is botulinum toxin injections, which are only suitable for focal or segmental dystonia treatment. In addition, Deep Brain Stimulation, or DBS, surgery is sometimes used for both focal and generalized refractory dystonia. However, for both of these approaches, patients are left with inadequate response, and therefore a need exists for an oral, safe and effective treatment for dystonia.

Initial data from the testing of dipraglurant in the MPTP macaque model of LID and a small subset of patients in the Phase 2a clinical trial of dipraglurant in patients with PD LID suggest that dipraglurant may have potential for treating dystonia. In the MPTP macaque model of LID, dipraglurant reduced dystonia following levodopa administration to the same extent as chorea. In addition, dipraglurant showed beneficial effects in the tottering, DYT1 and DYT25 rodent genetic models of dystonia, suggesting potential to address mechanisms common to several forms of dystonia.

We are developing an extended release formulation of dipraglurant as a novel orally available mGlu5 NAM for the treatment of dystonia and have initiated a clinical program with the initial target indication of blepharospasm. We are conducting an exploratory placebo-controlled Phase 2 clinical trial in blepharospasm patients using the current immediate release formulation of dipraglurant and expect to report topline results at the end of the first quarter of 2022. We believe that subject to regulatory approval, dipraglurant may offer an innovative and differentiated treatment approach for multiple types of dystonia and present a significant commercial opportunity.

Externally Developed Out-licensed Product Candidate

ADX71149 for the treatment of Epilepsy

Epilepsy is one of the most common serious neurological disorders affecting about 65 million people globally (Thurman et al. 2011). It affects 1% of the population by age 20 and 3% of the population by age 75 (Holmes et al. 2008). Epilepsy describes a condition in which a person has recurrent seizures due to a chronic, underlying process. Epilepsy refers to a clinical phenomenon rather than a single disease entity, since there are many forms and causes. Epilepsy is defined by any of the following conditions: (1) at least two unprovoked (or reflex) seizures occurring >24 hours apart; (2) one unprovoked (or reflex) seizure and a probability of further seizures similar to the general recurrence risk (at least 60%) after two unprovoked seizures, occurring over the next 10 years; (3) diagnosis of an epilepsy syndrome (Fisher et al. 2014). The synaptic vesicle protein 2A, or SV2A has been identified as a broad spectrum anti-convulsant target in models of partial and generalized epilepsy, and studies in animal models and human tissue suggest that changes in the expression of SV2A are implicated in epilepsy (Mendoza-Torreblanca et al. 2013; Kaminski et al. 2012). SV2A ligands include levetiracetam (Lynch et al. 2004), which is an anti-epileptic drug commercialized under trademark Keppra®, is approved in Europe and the USA as a monotherapy or add-on therapy in patients diagnosed with epilepsy.

Our partnered drug candidate ADX71149 is a novel orally active mGlu2 PAM. Our partner, Janssen, has completed Phase 1 and two Phase 2a clinical trials in schizophrenia and anxious depression, respectively. Janssen has announced that ADX71149 has been extensively profiled in preclinical models of epilepsy showing both standalone activity and in combination with SV2A ligands including Keppra. Janssen has patented the combination of mGlu2 PAM with SV2A ligands for the treatment of epilepsy and is conducting a placebo-controlled Phase 2a proof of concept clinical trial of ADX71149 in epilepsy patients since June 2021. We expect to report topline results in the third quarter of 2022.

Epilepsy is an indication with a large commercial opportunity. Existing therapies frequently provide ineffective control of symptoms or have side effects that discourage adherence. We believe that, subject to regulatory approval, ADX71149 may provide a substantial benefit to patients. Under our agreement with Janssen, Janssen is responsible for, including the financing of, development and commercialization, if any, of ADX71149.

Material Internal Research Programs

$GABA_B$ PAM

Activation of the $GABA_B$, receptor, a Family C class of GPCR, is clinically and commercially validated. Generic $GABA_B$ receptor agonist, baclofen, also known as chlorophenibut, is marketed for spasticity and some spinal cord injuries, and used for overactive bladder, or OAB, but is not commonly used due to a variety of side effects of the drug and its rapid clearance. Researchers have shown that baclofen is effective in reducing drug self-administration, cravings, and anxiety, and thus promotes abstinence.

Our $GABA_B$ PAM drug candidates are novel, orally available, small molecules that have demonstrated positive effects and tolerability in several preclinical rodent models of pain, anxiety, addiction and OAB and have also shown activity in a genetic model of CMT1A. $GABA_B$ PAMs differ from the generic drug baclofen in that they are PAMs rather than orthosteric agonists at the $GABA_B$ receptor. The $GABA_B$ PAM only acts when the natural ligand (GABA) activates the receptor, and therefore respects the physiological cycle of activation. It has been proposed that PAMs produce fewer adverse effects and lead to less tolerance to effect than direct agonists (May and Christopoulos 2003; Langmead and Christopoulos 2006; Perdona et al. 2011; Urwyler 2011; Gjoni et al., 2008; Ahnaou et al).

$GABA_B$ PAM for the treatment of substance use disorders, including alcohol use disorder

Our partner, Indivior, has licensed worldwide rights to our GABAB PAM program and is responsible for all development, manufacture and commercialization of any selected GABAB PAM drug candidates. Under the agreement, we are responsible for executing a research program funded by Indivior to discover novel drug candidates. Indivior has the right to select GABAB PAM drug candidates from our research program. We are in clinical candidate selection phase and expect IND enabling studies to be initiated in 2022. Indivior's primary focus is substance use disorder, including alcohol use disorder. We believe that substance use disorder is an indication with a significant commercial opportunity. Existing therapies often do not provide effective control of symptoms or have side effects that discourage adherence. Subject to regulatory approval, we believe that GABAB PAM may offer an innovative and differentiated treatment approach from existing therapies and may provide benefit to patients.

Scientific advances have revolutionized our understanding of addiction as a chronic, relapsing disease and not a moral failure. Drug addiction is a complex illness which is characterized by intense and, at times, uncontrollable drug craving, along with compulsive drug seeking and use that persist even in the face of devastating consequences. Addiction affects multiple brain circuits, including those involved in reward and motivation, learning and memory, and inhibitory control over behavior. While a person initially chooses to take drugs, over time the effects of prolonged exposure on brain functioning compromise the ability to choose, and seeking and consuming the drug become compulsive, often eluding a person's self-control or willpower. Because drug abuse and addiction have so many dimensions and disrupt so many aspects of an individual's life, treatment is not simple. Addiction treatment must help the individual stop using drugs, maintain a drug-free lifestyle, and achieve productive functioning in the family, at work and in society. Patients typically require long-term or repeated episodes of care to achieve the ultimate goal of sustained abstinence and recovery of their lives.

Alcohol Use Disorder, or AUD is a broad term for problems with alcohol, and is generally indicative of compulsive and uncontrolled consumption of alcoholic beverages. It is medically considered a disease, specifically an addictive illness. The World Health Organization estimates that about 140 million people throughout the world suffer from alcohol dependence. Patients with AUD suffer major changes to the brain structure and chemistry. Excessive alcohol consumption damages almost every organ in the body and the cumulative toxic effects can cause both medical (cirrhosis of the liver, pancreatitis, heart disease, peptic ulcers, sexual dysfunction) and psychiatric (epilepsy, dementia, psychosis, anxiety & depression) problems. Treatment of alcoholism is complex with current standard of care typically being prescribed to patients with heavy drinking but largely being unable to prevent them from relapsing. Approximately 5.8 percent or 14.4 million adults in the United States ages 18 and older had AUD in 2018. This includes 9.2 million men and 5.3 million women. In addition, an estimated 401,000 adolescents ages 12-17, in the United States, had AUD in 2018.

$GABA_B$ PAM for the treatment of CMT1A

Our license agreement with Indivior provides for a funded research program, under which we have the right to select drug candidates for exclusive development in certain indications outside of substance use disorders, including CMT1A, a rare disease indication. We plan to pursue orphan drug designation for a selected drug candidate in CMT1A. Subject to regulatory approval, we believe an oral small molecule GABAB PAM with a once-a-day dosing and without the adherence-limiting side effects of baclofen, which is currently used off label, could bring benefit to patients and consequently present a strong commercial opportunity for us. Our $GABA_B$ PAM compounds have demonstrated the potential role of this mechanism in CMT1A.

Charcot-Marie-Tooth disease, previously classified as a subtype of muscular dystrophy, is a rare hereditary motor and sensory neuropathy, or HMSN, which causes demyelination of the peripheral nerves. The disease leads to damage or destruction to the myelin sheath covering nerve fibers. The nerve fibers most severely affected are those that stimulate movement, with the nerves in

the legs being affected first and most severely. Similar symptoms may appear in the arms and hands, which may include a claw- like hand.

The disease is very impactful for patients due to the neurological pain and muscular disability. A combination of lower motor neuron-type motor deficits and sensory symptoms are observed, and paresis and muscle atrophy develop with areflexia. The chronic nature of the motor neuropathy commonly results in foot deformity, hammertoes, very high-arched feet, loss of lower leg musculature, resulting in skinny calves, numbness of the foot or leg, "slapping" gait (feet hit the floor hard when walking), foot drop (inability to hold foot horizontal) and weakness of the hips, legs or feet. Involvement of the hands may follow as the disease progresses. Signs of sensory system dysfunction are common and include loss of vibration and joint position sense followed by decreased pain and temperature sensation. Onset of CMT1A occurs between age 5 and 25 years, with a prevalence of 1 in 5,000. There are no known cures for this debilitating condition. Current therapies are primarily symptomatic, such as physiotherapy.

The program is in clinical candidate selection phase and we expect to initiate IND enabling studies in 2022. As part of clinical candidate selection, we are evaluating selected drug candidates in preclinical models of CMT1A in collaboration with the Charcot-Marie Tooth Associated, or CMTA.

mGlu7 NAM

The mGlu7 receptor is a class C GPCR and is the most highly conserved of all mGlu subtypes, exhibiting the widest distribution in the brain. It is localized pre-synaptically at a broad range of glutamatergic and GABAergic synapses and is thought to be one of the most important mGlu subtypes in regulating CNS function.

mGlu7 NAM for the treatment of PTSD

Preclinical data suggest that mGlu7 antagonism could alleviate stress-related anxiety and depressive symptoms and deficits in amygdala-dependent behaviors (fear response and conditioned taste aversion). These data are consistent with the abundant localization of mGlu7 in brain regions involved in the control of fear and emotion supporting the potential use of mGlu7 NAM for the treatment of PTSD.

PTSD is a serious anxiety disorder that can occur in people who have experienced or witnessed a traumatic event such as a natural disaster, a serious accident, a terrorist act, war/combat, rape or other violent personal assault. PTSD can occur in all people, in people of any ethnicity, nationality or culture, and any age. PTSD affects approximately 3.5 percent of U.S. adults, and an estimated one in 11 people will be diagnosed with PTSD in their lifetime. Women are twice as likely as men to have PTSD. People with PTSD have intense, disturbing thoughts and feelings related to their experience that last long after the traumatic event has ended. They may relive the event through flashbacks or nightmares; they may feel sadness, fear or anger; and they may feel detached or estranged from other people. People with PTSD may avoid situations or people that remind them of the traumatic event, and they may have strong negative reactions to something as ordinary as a loud noise or an accidental touch.

Current treatments are primarily based on psychotherapy, as medication is nonspecific and usually ineffective, often with a number of side effects.

We are developing mGlu7 NAM as a novel orally available treatment to reduce fear memory in PTSD. By selectively targeting mGlu7 with NAMs, the brain circuitries involved in fear and anxiety can be more precisely modulated, potentially resulting in higher efficacy and fewer side effects. Subject to regulatory approval, we believe the mGlu7 NAM may offer an innovative and differentiated treatment approach from existing therapies. The program is in clinical candidate selection phase and we expect to initiate IND enabling studies in 2022. A consortium led by us has been awarded a €4.85 million grant from the Eurostars to advance the program to drug candidate stage.

mGlu2 NAM

The mGlu2 receptor, is a class C GPCR and is broadly distributed throughout the cortex as well as highly expressed in the hippocampus and perforant path. Activation of mGlu2 leads to inhibition of glutamate release in the synapse and therefore mGlu2 NAM has the potential to treat medical conditions linked to lowered glutamate levels in the brain via restoration of a normalized glutamatergic tone such as cognitive impairment in Alzheimer's disease and depression.

mGlu2 NAM for the treatment of mild neurocognitive disorders

mGlu2 NAM is one of the most promising experimental therapeutic strategies for the treatment of mNCD. Our mGlu2 NAM has been tested in the beta amyloid-induced memory impairment model in rodents which mimics aspects of pathophysiology and progressive memory impairment observed in Alzheimer's disease or, AD. In this study, our mGlu2 NAM dose-dependently reversed working memory impairment in the novel object recognition test, without affecting locomotor activity. Donepezil, a marketed drug currently used to treat symptoms of AD, was used as the positive control and the magnitude of the effect induced by the mGlu2 NAM was similar to that of donepezil. Preclinical research from other groups suggest not only that mGlu2 NAM might slow the

progression of AD, an effect not seen with any marketed drug, but also that it may have a synergistic effect on cognition when combined with donepezil.

We are currently optimizing multiple chemical series of highly selective, orally active mGlu2 NAMs, The program is in late lead optimization phase and we expect to enter clinical candidate selection phase early in 2022.

Internal Early-Stage Research Programs

mGlu4 PAM

The mGlu4 receptor, is a class C GPCR and is expressed primarily on presynaptic terminals, functioning as an autoreceptor or heteroreceptor with its activation leading to decreases in neurotransmitter release from presynaptic terminals. The mGlu4 is uniquely distributed in key brain regions involved in multiple CNS disorders. In particular, mGlu4 is abundant in striato-pallidal synapses and on the subthalamo-nigral projections within the basal ganglia circuitry, a key area implicated in movement disorders, like Parkinson's disease.

mGlu4 PAM for the treatment of Parkinson's disease

Parkinson's disease (PD) is a progressive neurodegenerative disorder that is caused by loss of dopaminergic neurons in the basal ganglia, the brain center for movement initiation and coordination. mGlu4 receptors are strategically localized to counteract neurotransmitter imbalance and restore motor behavior in patients.

Parkinson's disease is characterized by motor symptoms such as slowness in initiating and executing movements (akinesia and bradykinesia, respectively), muscular rigidity, resting tremor, postural instability, gait dysfunction and freezing. These symptoms are caused by the degeneration of dopaminergic neurons in the substantia nigra and depletion of dopamine in the striatum. Actually, in a healthy brain, there is a balance between the direct and indirect pathways of the basal ganglia. The direct pathway stimulates the initiation of movements through an activation of the thalamocortical neurons. By contrast, the indirect pathway leads to the inhibition of the thalamocortical neurons, and subsequently inhibition of movements. These two pathways are modulated by the dopaminergic neurons from the substantia nigra, that activate the direct pathway and inhibit the indirect pathway. In PD, these dopaminergic neurons degenerate, and dopamine loss in the striatum leads to an over-stimulation of glutamate transmission at the subthalamo-nigral synapses, and then an over-inhibition of the thalamocortical neurons. The ability to carry out voluntary movements is impaired, and this leads to the motor symptoms of PD.

Current treatments are aimed at replacing dopamine or mimicking its effects by chronically administering patients with the dopamine precursor levodopa, inhibitors of dopamine catabolic enzymes or direct dopamine receptor agonists. Although these treatments provide good symptomatic relief in the early to middle stages of PD, they lose their efficacy as the disease progresses and their chronic administration is associated with disabling side effects (dyskinesia, motor fluctuations, behavior disturbances). Finally, no PD therapies have demonstrated neuroprotection and delaying disease progression. Therefore, new treatments are required for PD that target the neurochemical systems downstream dopamine itself in the basal ganglia.

By decreasing GABAergic and glutamatergic transmission in the indirect pathway, mGlu4 activation is expected to restore the equilibrium between the direct and indirect pathways, and then to restore motor behaviors in PD. This has been demonstrated in animal models, including the MPTP monkey model. Several studies in animal models have demonstrated that this strategy is promising for the treatment of motor and non-motor symptoms of PD, as well as for disease modification. In the immune system mGlu4 has been found on dendritic cells. Emerging data implicate mGlu4 in several indications such as multiple sclerosis, Parkinson's disease, anxiety, neuropathic and inflammatory pain, schizophrenia, autism and diabetes.

We are currently optimizing multiple chemical series of highly selective, orally active mGlu4 PAMs, with compounds at the early lead optimization stage.

mGlu3 PAM

The mGlu3 receptor, is a class C GPCR involved in modulation of glutamatergic neurotransmission. Expression of mGlu3 receptors is high in pyramidal cells in the prefrontal cortex and neocortical regions, as well as in astrocytes and oligodendrocytes. So far, industry has only found orthosteric compounds that act as mGlu3 receptor agonists or antagonists. All of these compounds suffer from poor selectivity and have activity on other mGlu receptors, and in particular the mGlu2 receptor. Targeting the allosteric site of the mGlu3 receptor provides a unique approach to find subtype selective compounds and will allow a focused strategy to modulate specifically those pathways involving the mGlu3 receptor.

mGlu3 PAM for the treatment of neurodegeneration

Scientific evidence suggests astroglial mGlu3 receptor activation leads to neuroprotection, through modulation of glutamate excitotoxicity and glutamate transport, neurotrophin production and reduction of oxidative damage. This points to the potential utility of mGlu3 PAMs for neurodegenerative disease such as Alzheimer's or Parkinson's diseases.

We are currently optimizing multiple chemical series of highly selective, orally active mGlu3 PAMs, with compounds at the early lead optimization stage.

Material agreements

Collaboration Agreement with Indivior for Development of novel $GABA_B$ PAM Compounds, including for the Treatment of Addiction and Other CNS Diseases

In January 2018, we entered into an agreement with Indivior for the discovery, development and commercialization of novel $GABA_B$ PAM compounds for the treatment of addiction and other CNS diseases. This agreement included the selected clinical candidate, ADX71441. In addition, Indivior agreed to fund a research program at Addex to discover novel $GABA_B$ PAM compounds.

Indivior has sole responsibility, including funding liability, for development of selected compounds under the agreement through preclinical and clinical trials, as well as registration procedures and commercialization, if any, worldwide. Indivior has the right to design development programs for selected compounds under the agreement. Through our participation in a joint development committee, we review, in an advisory capacity, any development programs designed by Indivior. However, Indivior has authority over all aspects of the development of such selected compounds.

Under terms of the agreement, we have granted Indivior an exclusive license to use relevant patents and know-how in relation to the development and commercialization of product candidates selected by Indivior. Subject to agreed conditions, Addex and Indivior jointly own all intellectual property rights that are jointly developed, and Addex or Indivior individually own all intellectual property rights that Addex or Indivior develop individually. Addex has retained the right to select compounds from the research program for further development in areas outside the interest of Indivior including Charcot-Marie-Tooth type 1A neuropathy, or CMT1A. Under certain conditions, but subject to certain consequences, Indivior may terminate the agreement.

In January 2018, under terms of the agreement, we received a non-refundable upfront fee of $5.0 million for the right to use the clinical candidate, ADX71441, including all materials and know-how related to this clinical candidate. In addition, we are eligible for payments on successful achievement of pre-specified clinical, regulatory and commercial milestones totaling $330 million. In addition, we are eligible for tiered royalties from high single digits to low double digits on net sales of applicable products on a country-by country-basis. The term of the royalty for each licensed product in any particular country commences on such product's launch and ends on the latest of ten-year anniversary of launch, expiration of certain applicable patent rights, and expiration of certain applicable marketing or data exclusivity periods. On February 14, 2019, Indivior terminated the development of their selected compound, ADX71441.

Separately, Indivior funds research at Addex, based on a research plan to be mutually agreed between the parties, to discover novel $GABA_B$ PAM compounds. These future novel $GABA_B$ PAM compounds, if selected by Indivior, become licensed compounds. We agreed with Indivior to an initial research term and duration of two years, that can be extended by twelve-month increments and a minimum annual funding of $2 million for the Addex R&D costs incurred. Following Indivior's selection of one newly identified compound, Addex has the right to also select one additional newly identified compound. Addex is responsible for the funding of all development and commercialization costs of its selected compounds and Indivior has no rights to the Addex selected compounds. The initial two-year research term was expected to run from May 2018 to April 2020. In 2019, Indivior agreed an additional research funding of $1.6 million, for the research period. In October 2020, the research term was extended until June 30, 2021 and Indivior agreed an additional research funding of $2.8 million. Effective May 1, 2021, the research term was extended until July 31, 2022 and Indivior agreed an additional research funding of CHF 3.7 million, of which CHF 2.7 million is expected to be received directly by the Group and CHF 1 million paid directly by Indivior to third party suppliers that are supporting the funded research program.

Indivior may terminate the Agreement in its entirety or with respect to one or more countries or products upon 90 days' prior written notice prior to receipt of marketing approval for product candidates or twelve months' prior written notice after the receipt of marketing approval.

Addex may terminate the agreement if Indivior commits a material breach of the agreement and fails to cure such breach within 90 days of Addex's written notification to Indivior or fails to cure breaches to any payment obligations breach within 30 days, subject to certain conditions.

Collaboration Agreement with Janssen for Development of Novel mGlu2 PAM Compounds, including ADX71149, for the Treatment of CNS and Related Diseases

On December 31, 2004, we entered into a collaboration and license agreement with Janssen Pharmaceuticals, Inc., or Janssen, for the discovery, development and commercialization of novel mGlu2 PAM compounds for the treatment of CNS and related diseases. We agreed with Janssen to an initial research term and duration of two years that could have been extended if parties mutually agreed thereto in writing. The agreement was not extended beyond 2007. ADX71149 is one of the drug candidates

discovered and selected for development by Janssen under the agreement. In 2012, Janssen announced completion of a Phase 2a clinical trial in Europe with ADX71149 for the treatment of schizophrenia demonstrating proof of principal in patients with negative symptoms of schizophrenia, such as apathy, social withdrawal, loss of emotional expression or sleep disorders. Janssen also conducted a Phase 2a clinical trial with ADX71149 for the treatment of patients with anxious depression, which failed to show statistically significant effects. In 2015 and 2018, Janssen scientists published studies demonstrating synergies with Keppra (a globally commercialized antiepileptic drug) in preclinical models of epilepsy. Janssen is conducting a placebo-controlled Phase 2a proof of concept clinical trial of ADX71149 in epilepsy patients since June 2021 and we expect to report topline results in the third quarter of 2022.

Under our agreement with Janssen, we have granted Janssen an exclusive license to use relevant patents and know-how in relation to the development and commercialization of product candidates selected by Janssen under the agreement and a non-exclusive worldwide license to conduct research on the collaboration compounds using relevant patents and know-how. Subject to certain conditions, we and Janssen own, jointly, all intellectual property rights that we and Janssen develop jointly, and we or Janssen own all intellectual property rights that we or Janssen develop individually. Under certain conditions, but subject to certain consequences, Janssen may terminate the agreement for any reason, subject to a 90-day notice period.

Janssen has sole responsibility, including funding liability, for development of selected compounds under the agreement through preclinical and clinical trials, as well as registration procedures and commercialization, if any, in the United States, Japan, the United Kingdom, Germany, France, Spain and Italy. Janssen has the right to design development programs for selected compounds under the agreement. Through our participation in a joint development committee, we review, in an advisory capacity, any development programs designed by Janssen. However, Janssen has authority over all aspects of the development of selected compounds and may develop or commercialize third-party compounds with a different mechanism of action for identical use.

Under the terms of the Janssen agreement, we received an upfront fee of CHF 4.6 million and research funding of CHF 6.4 million during the research period, which ran from 2005 to 2007. In addition, we are eligible for payments on successful achievement of pre-specified clinical and regulatory milestones. We are also eligible for low double digit royalties on net sales of applicable products on a country-by country-basis and on a product by product basis, for a period commencing on the date of first sale and ending upon the latest of the expiration of twelve years from the date of first sale of a product in a given country or the last to expire of our patents containing a claim covering composition of compound comprised in a product sold by Janssen, its affiliates or sublicensees in such country. We received a CHF 1.5 million milestone payment in relation to the entry of ADX71149 into Phase 1 in July 2009 and a CHF 2.6 million milestone payment in relation to the entry of ADX71149 into Phase 2 in June 2011. We are eligible for a further €109 million in success-based development and regulatory milestones and low double-digit royalties on net sales.

In the event that no compounds are discovered or identified during the research period, the agreement shall terminate.

Intellectual Property

Patents and Proprietary Rights

As at December 31, 2020, we owned 14 U.S. and 234 foreign patents and a number of pending patent applications that cover various aspects of our allosteric modulator technologies and discovery platform, including several classes of compounds which are potentially useful as modulators of mGlu5, mGlu2, mGlu4 and GABAB. More specifically, our patents and patent applications cover compounds, pharmaceutical compositions, polymorphs and uses of compounds for medical treatment.

Our patent strategy is to file patent applications on innovations and improvements to cover a majority of the major pharmaceutical markets in the world. We typically file priority applications at the United Kingdom Patent Office to establish a priority date for the generic subject matter and examples which are available at the filing date of each invention. Subsequently, we file international applications under the Patent Cooperation Treaty or PCT, with extra examples to support the scope of the claims (International Phase). After the International Phase, we file patent applications in selected countries representing potential major markets for our drug candidates (National/Regional Phase). Generally, patents have a term of twenty years from the filing date, assuming all maintenance fees are paid. In some instances, patent terms can be increased or decreased, depending on the laws and regulations of the country or jurisdiction that issued the patent. Wherever appropriate and legally possible, we aim at obtaining patent protection for novel molecules, composition of matter and uses for drugs and inventions originating from our research and development efforts, as well as new manufacturing and other processes and formulations. In each case, we carefully balance the value of patent protection against the advantage of keeping the know-how regarding the invention confidential. We aim to position the claims of our applications to exploit gaps in prior art.

We have two patent families covering dipraglurant as a composition of matter and its polymorphs which are useful as mGlu5 NAMs: 114 patents have been granted to us, including 4 in the United States and 109 in other international jurisdictions (Albania, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Macedonia, Malta, Monaco, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland/Liechtenstein, Turkey, Armenia, Australia, Azerbaijan, Belarus, Brazil, Canada, China, Hong Kong, Indonesia, Israel, Japan, Kazakhstan, South Korea, Kyrgyzstan, Moldova, Mexico, New Zealand, Philippines, Russia, Singapore, South Africa, Ukraine, Tajikistan and Turkmenistan). We also have 11 patent applications pending.

We have one patent family covering compounds which are useful as GABAB PAMs, of which 23 patents have been granted, including 2 in the United States and 21 in other international jurisdictions (Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland/Liechtenstein, Australia, Canada, China, India, Israel, Japan, and New Zealand).

Jointly with Janssen, we have 92 patents in three patent families covering compounds which are useful as mGlu2 PAMs, including ADX71149, which is explicitly exemplified and claimed as a compound and as a pharmaceutical composition, we have 6 patents in the United States and 88 in other international jurisdictions (Albania, Austria, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, North Macedonia, Malta, Monaco, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland/Liechtenstein, Turkey, Ukraine, United Kingdom, Algeria, Argentina, Australia, Brazil, Canada, China, Chile, Gulf Cooperation Council, Hong Kong, Israel, India, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Philippines, Russia, Singapore, South Africa, Thailand, Vietnam, and Taiwan).

Furthermore, we have 17 patents in two patent families covering compounds that have potential utility as mGlu4 PAMs, which include 2 patents granted in the United States and 15 in Europe (Belgium, France, Germany, Great Britain, Hungary, Italy, Spain and Switzerland/Liechtenstein). One family is owned by us and a second family is jointly owned by us and Merck & Co Inc. pursuant to our collaboration agreement for the development of mGlu4 PAM, which we entered into in 2007..

Our portfolio of granted patents have expiry dates ranging from 2025 - 2034 without extension. Patent term extension of up to 5 years is available in some jurisdictions. For example, in the US following the enactment of Title II of the Drug Price Competition and Patent Term Restoration Act (Public Law 98-417) it is generally possible to extend patent life by a maximum of 5 years.

The patent positions of pharmaceutical and biotechnology companies are uncertain and involve complex legal and factual issues. There can be no assurance that patents that have been issued will be held valid and enforceable in a court of law. Even for patents that are held valid and enforceable, the legal process associated with obtaining such a judgment is time consuming and costly. Additionally, issued patents can be subject to opposition or other proceedings that can result in the revocation of the patent or maintenance of the patent in amended form, and potentially in a form that renders the patent without commercially relevant or broad coverage. Further, our competitors may be able to circumvent and otherwise design around our patents. Even if a patent is issued and enforceable, because development and commercialization of pharmaceutical products can be subject to substantial delays, patents may expire early and provide only a short period of protection, if any, following the commercialization of a product covered

by any of our patents. We may have to participate in interference proceedings declared by the U.S. Patent and Trademark Office, which could result in a loss of the patent or substantial cost to us.

U.S. and foreign patent rights and other proprietary rights exist that are owned by third parties and relate to pharmaceutical compositions and reagents, medical devices and equipment and methods for preparation, packaging and delivery of pharmaceutical compositions. We cannot predict with any certainty which, if any, of these rights will be considered relevant to our technology by authorities in the various jurisdictions where such rights exist, nor can we predict with certainty which, if any, of these rights will or may be asserted against us by third parties. We could incur substantial costs in defending ourselves and our partners against any such claims. Furthermore, parties making such claims may be able to obtain injunctive or other equitable relief, which could effectively block our ability to develop or commercialize some or all of our products in the U.S. and abroad and could result in the award of substantial damages. In the event of a claim of infringement, we or our partners may be required to obtain one or more licenses from third parties. There can be no assurance that we can obtain a license to any technology that we determine we need on reasonable terms, if at all, or that we could develop or otherwise obtain alternative technology. The failure to obtain licenses if needed may have a material adverse effect on our business, results of operations and financial condition.

We also rely on trade secret protection for our confidential and proprietary information. No assurance can be given that we can meaningfully protect our trade secrets. Others may independently develop substantially equivalent confidential and proprietary information or otherwise gain access to, or disclose, our trade secrets. Our success will depend in part on our ability to obtain and maintain patent protection for our drugs, preserve trade secrets, prevent third parties from infringing upon our proprietary rights and operate without infringing upon the proprietary rights of others, both in Switzerland and in other territories worldwide.

It is our policy to require our employees and consultants, outside scientific collaborators, sponsored researchers and other advisors who receive confidential information from us to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. The agreements provide that all inventions conceived by an employee shall be our property. There can be no assurance, however, that these agreements will provide meaningful protection or adequate remedies for our trade secrets in the event of unauthorized use or disclosure of such information.

Trademarks

We own trademarks for Addex Pharmaceuticals in Switzerland.

Competition

The development and commercialization of drugs is highly competitive. We compete with a variety of multinational pharmaceutical companies and specialized pharmaceutical companies, including products approved for marketing and/or product candidates under development, for each of the product candidates and each of the indications for which we are developing our product candidates, as follows:

Dipraglurant for the treatment of PD-LID

Amantadine, GOCOVRI® (extended release amantadine) and Deep Brain Stimulation (DBS) surgery are currently available therapies for the treatment of PD-LID. In addition, several drug candidates currently in clinical development could compete with dipraglurant for the treatment of PD-LID. Avanir Pharmaceuticals, Inc. is developing AVP-923 (NMDA antagonist), Neuraltus Pharmaceuticals, Inc. is developing NP002 (nicotine receptor agonist), Newron Pharmaceuticals, Inc. is developing safinamide (MAO-B inhibitor), Novartis Pharma AG is developing AQW051 (alpha 7 nAChR inhibitor). Integrative Research Laboratories Therapeutics AB is developing Mesdopetam (Dopamine 3 receptor antagonist), VistaGen Therapeutics Inc. is developing AV101 (NMDA antagonist), and Prilenia Therapeutics Inc. is developing pridopidine (D2 receptor agonist).

Dipraglurant for the treatment of dystonia, including blepharospasm

Currently available therapies include tetrabenazine (a dopamine antagonist), with a broad label for movement disorders, levodopa for levodopa responsive dystonia, botulinum toxin for focal and limb dystonia and DBS surgery. Other compounds, such as baclofen, anticholinergic drugs and benzodiazepines, are used off label or within the broad label context of treating muscle spasms. In addition, drug candidates currently in development could compete with dipraglurant for the treatment of dystonias, including MT10109 clostridium botulinum toxin, currently in development by Medytox Korea Co., Ltd. for cervical dystonia and transcranial magnetic stimulation.

$GABA_B$ PAM for the treatment of addiction, including alcohol use disorder

Currently available treatments of addiction include Buprenorphine (Suboxone®, Subutex®, Probuphine®, Sublocade™), naltrexone (Vivitrol®) to treat opioid addiction; bupropion (Zyban®) and varenicline (Chantix®) to treat nicotine addiction; and naltrexone (Vivitrol®), Acamprosate (Campral®), Disulfiram (Antabuse®) to treat alcohol addiction. Baclofen (a $GABA_B$ agonist) has been largely used off-label to treat alcohol abuse, and its approval is under review in France. In addition,

several novel derivatives of baclofen are in clinical development and Astellas is in Phase I with ASP8062 as a novel $GABA_B$ PAM for substance-related disorders.

$GABA_B$ PAM for the treatment of CMT1A

Currently, there is no disease-modifying treatment available for CMT1A. Currently approved therapies for relief from certain symptoms of CMT1A, including musculoskeletal and neuropathic pain, include anti-inflammatory drugs, tricyclic antidepressants and anticonvulsants. In addition, Pharnext is seeking approval in the US and Europe of PXT3003, a novel oral fixed-dose combination of baclofen, naltrexone and sorbitol.

ADX71149 for the treatment of epilepsy

Currently available therapies treatment of epilepsy includes racetams such as Brivaracetam (Briviact®) or Levetiracetam (Keppra®); benzodiazepines such as diazepam (Valium®), clonazepam (Klonopin®), lorazepam (Ativan®); carboxamides such as Carbamazepine (Carbatrol® or Tegretol®) and Eslicarbazepine (Aptiom®); GABA analogs such as Gabapentin (Neurotin®) or Pregabalin (Lyrica®); Perampanel (Fycompa®). Late stage drug candidates in development which could compete with ADX71449 include Ganaxolone, Cannabidiol (Epidiolex), Everolimus (Afinitor / Votubia), ZX008.

Government Regulation and Product Approval

Government authorities in the United States, at the federal, state and local levels, and in other countries, extensively regulate, among other things, the research, development, testing, manufacture, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, import and export of pharmaceutical products, such as those we are developing. The processes for obtaining regulatory approvals in the United States and in foreign countries, along with subsequent compliance with applicable statutes and regulations, require the expenditure of substantial time and financial resources.

Marketing

United States Government Regulation

In the United States, the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act, or FDCA, and its implementing regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable United States requirements at any time during the drug development process, approval process or after approval, may subject an applicant to a variety of administrative or judicial sanctions, such as the FDA's refusal to approve pending new drug applications, or NDAs, withdrawal of an approval, imposition of a clinical hold, issuance of warning or untitled 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 drug may be marketed in the United States generally involves:

- completion of pre-clinical laboratory tests, animal studies and formulation studies in compliance with the FDA's good laboratory practice, or GLP, regulations, including laboratory evaluation of product chemistry, toxicity and formulation, as well as animal studies to assess potential safety and efficacy;
- submission to the FDA of an Investigational New Drug, or IND, which must become effective before human clinical trials may begin;
- approval by an independent institutional review board, or IRB, at each clinical site before each clinical trial may be initiated;
- performance of adequate and well-controlled clinical trials in accordance with good clinical practice, or GCP, requirements to establish the safety and efficacy of the proposed drug for each indication;
- payment of user fees;
- submission to the FDA of an NDA;
- 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 product is produced to assess compliance with cGMP requirements, and to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity;
- satisfactory completion of an FDA inspection of selected clinical sites to assure compliance with GCPs and the integrity of the clinical data; and

- FDA review and approval of the NDA.

Clinical Trials

Prior to the initiation of clinical testing, a sponsor must submit to the FDA an IND application, including the results of pre-clinical studies, manufacturing information, analytical data and any available clinical data or literature. Some pre-clinical testing may continue even after the IND is submitted. An IND automatically becomes effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to one or more proposed clinical trials and places the clinical trial on a clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. As a result, submission of an IND may not result in the FDA allowing clinical trials to commence.

Clinical trials involve the administration of the investigational new drug to human subjects under the supervision of qualified investigators in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent in writing for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the trial, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. In addition, an IRB at each institution participating in the clinical trial must review and approve the plan for any clinical trial before it commences at that institution, and the IRB must continue to oversee the clinical trial while it is being conducted. Information about certain clinical trials must be submitted within specific timeframes to the National Institutes of Health, or NIH, for public dissemination on their ClinicalTrials.gov website.

Human clinical trials are typically conducted in three sequential phases, which may overlap or be combined. In Phase 1, the drug is initially introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion and, if possible, to gain an initial indication of its effectiveness. In Phase 2, the drug typically is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance and optimal dosage. In Phase 3, the drug is administered to an expanded patient population, generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the safety and efficacy of the product for approval, to establish the overall risk-benefit profile of the product and to provide adequate information for the labeling of the product.

Progress reports detailing the results of the clinical trials must be submitted, at least annually, to the FDA, and more frequently if certain serious adverse events occur. Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, or at all. Furthermore, the FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements, or if the drug has been associated with unexpected serious harm to patients.

Marketing Approval

Assuming successful completion of the required clinical testing, the results of the pre-clinical and clinical studies, together with detailed information relating to the product's chemistry, manufacture, controls and proposed labeling, among other things, are submitted to the FDA as part of an NDA requesting approval to market the product for one or more indications. In most cases, the submission of an NDA is subject to a substantial application user fee. Under the Prescription Drug User Fee Act, or PDUFA, guidelines that are currently in effect, the FDA has a goal of ten months from the date of "filing" of a standard NDA for a new molecular entity to review and act on the submission. This review typically takes twelve months from the date the NDA is submitted to the FDA because the FDA has sixty days from submission to make a "filing" decision.

In addition, under the Pediatric Research Equity Act, certain NDAs or supplements to an NDA must contain data that are adequate to assess the safety and effectiveness of the drug for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of some or all pediatric data until after approval of the product for use in adults, or full or partial waivers from the pediatric data requirements. Unless otherwise required by regulation, the pediatric data requirements do not apply to products with orphan designation.

The FDA also may require submission of a risk evaluation and mitigation strategy, or REMS, plan to ensure that the benefits of the drug outweigh its risks. The REMS plan could include medication guides, physician communication plans, assessment plans, and / or elements to assure safe use, such as restricted distribution methods, patient registries or other risk minimization tools.

The FDA conducts a preliminary review of all NDAs within the first 60 days after submission, before accepting them for filing, to determine whether they are sufficiently complete to permit substantive review. The FDA may request additional information rather than accept an NDA for filing. In this event, the application must be resubmitted with the additional information. The resubmitted application is also subject to review before the FDA accepts it for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review. The FDA reviews an NDA to determine, among other things, whether the drug is safe

and effective and whether the facility in which it is manufactured, processed, packaged or held meets standards designed to assure the product's continued safety, quality and purity.

The FDA may refer an application for a novel drug to an advisory committee. An advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving an NDA, the FDA typically will 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 requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA will typically inspect one or more clinical trial sites to assure compliance with GCP requirements.

The testing and approval process for an NDA requires substantial time, effort and financial resources, and takes several years to complete. Data obtained from pre-clinical and clinical testing are not always conclusive and may be susceptible to varying interpretations, which could delay, limit or prevent regulatory approval. The FDA may not grant approval of an NDA on a timely basis, or at all.

After evaluating the NDA and all related information, including the advisory committee recommendation, if any, and inspection reports regarding the manufacturing facilities and clinical trial sites, the FDA may issue an approval letter, or, in some cases, a complete response letter. A complete response letter generally contains a statement of specific conditions that must be met in order to secure final approval of the NDA and may require additional clinical or pre-clinical testing in order for FDA to reconsider the application. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval. If and when those conditions have been met to the FDA's satisfaction, the FDA will typically issue an approval letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications.

Even if the FDA approves a product, it may limit the approved indications for use of the product, require that contraindications, warnings or precautions be included in the product labeling, require that post-approval studies, including Phase 4 clinical trials, be conducted to further assess a drug's safety after approval, require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution and use restrictions or other risk management mechanisms under a REMS, which can materially affect the potential market and profitability of the product. The FDA may prevent or limit further marketing of a product based on the results of post-marketing studies or surveillance programs. After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes, and additional labeling claims, are subject to further testing requirements and FDA review and approval.

Orange Book Listing

In seeking approval for a drug through an NDA, applicants are required to list with the FDA certain patents whose claims cover the applicant's product. Upon approval of an NDA, each of the patents listed in the application for the drug is then published in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, known as the Orange Book. Any applicant who files an Abbreviated New Drug Application, or ANDA, seeking approval of a generic equivalent version of a drug listed in the Orange Book referencing a drug listed in the Orange Book must certify, for each patent listed in the Orange Book for the referenced drug, to the FDA that (1) no patent information on the drug product that is the subject of the application has been submitted to the FDA, (2) such patent has expired, (3) the date on which such patent expires or (4) such patent is invalid or will not be infringed upon by the manufacture, use or sale of the drug product for which the application is submitted. The fourth certification described above is known as a paragraph IV certification. A notice of the paragraph IV certification must be provided to each owner of the patent that is the subject of the certification and to the holder of the approved NDA to which the ANDA. The applicant may also elect to submit a "section viii" statement certifying that its proposed label does not contain (or carves out) any language regarding the patented method-of-use rather than certify to a listed method-of-use patent. This section viii statement does not require notice to the patent holder or NDA owner. There might also be no relevant patent certification.

If the reference NDA holder and patent owners assert a patent challenge directed to one of the Orange Book listed patents within 45 days of the receipt of the paragraph IV certification notice, the FDA is prohibited from approving the application until the earlier of 30 months from the receipt of the paragraph IV certification expiration of the patent, settlement of the lawsuit, or a decision in the infringement case that is favorable to the applicant. Even if the 45 days expire, a patent infringement lawsuit can be brought and could delay market entry, but it would not extend the FDA-related 30-month stay of approval.

Post-Approval Requirements

Drugs manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion and reporting of adverse experiences with the product. After approval, most changes to the approved

product, such as adding new indications, manufacturing changes or other labeling claims, are subject to further testing requirements and prior FDA review and approval. There also are continuing annual user fee requirements for any marketed products and the establishments at which such products are manufactured, as well as application fees for supplemental applications with clinical data.

Even if the FDA approves a product, it may limit the approved indications for use of the product, require that contraindications, warnings or precautions be included in the product labeling, including a boxed warning, require that post-approval studies, including Phase 4 clinical trials, be conducted to further assess a drug's safety after approval, require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution restrictions or other risk management mechanisms under a REMS, which can materially affect the potential market and profitability of the product. The FDA may prevent or limit further marketing of a product based on the results of post-marketing studies or surveillance programs.

In addition, drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the FDA and state agencies, and are subject to periodic unannounced inspections by the FDA and these state agencies for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated and often require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting and documentation requirements upon the sponsor and any third party manufacturers that the sponsor may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance.

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in mandatory revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending NDAs or supplements to approved NDAs, or suspension or revocation of product approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label, although physicians, in the practice of medicine, may prescribe approved drugs for unapproved indications. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to liability.

In addition, the distribution of prescription pharmaceutical products is subject to the Prescription Drug Marketing Act, or PDMA, which regulates the distribution of drugs and drug samples at the federal level, and sets minimum standards for the registration and regulation of drug distributors by the states. Both the PDMA and state laws limit the distribution of prescription pharmaceutical product samples and impose requirements to ensure accountability in distribution.

Federal and State Fraud and Abuse, Data Privacy and Security, and Transparency Laws and Regulations

In addition to FDA restrictions on marketing of pharmaceutical products, federal and state healthcare laws and regulations restrict business practices in the biopharmaceutical industry. These laws may impact, among other things, our current and future business operations, including our clinical research activities, and proposed sales, marketing and education programs and constrain the business or financial arrangements and relationships with healthcare providers and other parties through which we market, sell and distribute our products for which we obtain marketing approval. These laws include anti-kickback and false claims laws and regulations, data privacy and security, and transparency laws and regulations, including, without limitation, those laws described below.

The federal Anti-Kickback Statute prohibits, among other things, individuals or entities from knowingly and willfully offering, paying, soliciting or receiving remuneration, directly or indirectly, overtly or covertly, in cash or in kind to induce or in return for purchasing, leasing, ordering or arranging for or recommending the purchase, lease or order of any item or service reimbursable under Medicare, Medicaid or other federal healthcare programs. The term "remuneration" has been broadly interpreted to include

anything of value. The federal Anti-Kickback Statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on one hand and prescribers, purchasers and formulary managers on the other hand. Although there are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution, the exceptions and safe harbors are drawn narrowly. Practices that involve remuneration that may be alleged to be intended to induce prescribing, purchases or recommendations may be subject to scrutiny if they do not qualify for an exception or safe harbor.

The reach of the federal Anti-Kickback Statute was also broadened by 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, which, among other things, amended the intent requirement of the federal Anti-Kickback Statute such that a person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it in order to have committed a violation. In addition, 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 False Claims Act and the civil monetary penalties statute.

The federal civil and criminal false claims laws, including the False Claims Act, which prohibit, among other things, any individual or entity from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, using or causing to be made or used a false record or statement material to a false or fraudulent claim to the federal government. A claim includes "any request or demand" for money or property presented to the U.S. government. Several pharmaceutical and other healthcare companies have been prosecuted under these laws for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. Other companies have been prosecuted for causing false claims to be submitted because of the companies' marketing of products for unapproved, and thus non-reimbursable, uses.

The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, created additional federal criminal statutes that prohibit, among other things, knowingly and willfully executing a scheme to defraud any healthcare benefit program, including private third party payors and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their respective implementing regulations, impose certain requirements relating to the privacy, security and transmission of individually identifiable health information without appropriate authorization on certain health plans, healthcare clearinghouses and certain healthcare providers, known as covered entities, and their respective business associates, independent contractors that perform certain services involving the use or disclosure of individually identifiable health information. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce HIPAA and seek attorneys' fees and costs associated with pursuing federal civil actions.

The federal Physician Payments Sunshine Act requires certain manufacturers of 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 report annually to the Centers for Medicare & Medicaid Services, or CMS, information related to payments or other transfers of value made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, and applicable manufacturers and applicable group purchasing organizations to report annually to CMS ownership and investment interests held by physicians and their immediate family members. Effective January 1, 2022, these reporting obligations will extend to include information related to payments and other transfers of value provided in the previous year to other providers, such as physician assistants and nurse practitioners.

We may also be subject to state and foreign law equivalents of each of the above federal laws; state laws that require 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 pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, or that otherwise restrict payments that may be made to healthcare providers; state and local laws that require the registration of pharmaceutical sales representatives; as well as state and foreign laws that govern the privacy and security of health information in some circumstances, many of which differ from each other in substantial ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. Because of the breadth of these laws and the narrowness of the statutory exceptions and regulatory safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to substantial civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from participating

in government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, contractual damages, reputational harm and the curtailment or restructuring of our operations. To the extent that any of our products are sold in a foreign country, we may be subject to similar foreign laws and regulations, which may include, for instance, applicable post-marketing requirements, including safety surveillance, anti-fraud and abuse laws and implementation of corporate compliance programs and reporting of payments or transfers of value to healthcare professionals.

Coverage and Reimbursement

Market acceptance and sales of any drug products depend in part on the extent to which reimbursement for drug products will be available from third party payors, including government health administration authorities, managed care organizations and other private health insurers. In the United States, third party payors decide which drug products they will pay for and establish reimbursement levels. Third party payors often rely upon Medicare coverage policy and payment limitations in setting their own coverage and reimbursement policies. However, decisions regarding the extent of coverage and amount of reimbursement to be provided for drug products are made on a payor-by-payor basis. One payor's determination to provide coverage for a drug product does not assure that other payors will also provide coverage, and adequate reimbursement, for the drug product. Additionally, a third party payor's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Each payor determines whether or not it will provide coverage for a drug product, what amount it will pay the manufacturer for the therapy, and on what tier of its formulary it will be placed. The position on a payor's list of covered drugs, or formulary, generally determines the co-payment that a patient will need to make to obtain the drug product and can strongly influence the adoption of such drug product by patients and physicians. Patients who are prescribed drug products for their conditions and providers prescribing such drug products generally rely on third party payors to reimburse all or part of the associated costs. Patients are unlikely to use a drug product unless coverage is provided and reimbursement is adequate to cover a substantial portion of the cost of the drug product.

Reimbursement by a third party payor may depend upon a number of factors, including the third party payor's determination that a drug product is neither experimental nor investigational, safe, effective, and medically necessary, appropriate for the specific patient, cost-effective, supported by peer-reviewed medical journals and included in clinical practice guidelines. New metrics frequently are used as the basis for reimbursement rates, such as average sales price, average manufacturer price, and actual acquisition cost.

Third party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular drug products. Even if reimbursement is available, the level of reimbursement is unpredictable. Inadequate coverage and reimbursement can impact the demand for, or the price of, drug products. If coverage and adequate reimbursement are not available, or are available only to limited levels, drug products may not be successfully commercialized. Further, adequate third party payor reimbursement may not be available to enable price levels sufficient to realize appropriate returns on investment in drug product development.

In addition, the federal government and state legislatures have continued to implement cost containment programs, including price controls and restrictions on coverage and reimbursement. To contain costs, governmental healthcare programs and third party payors are increasingly challenging the price, scrutinizing the medical necessity and reviewing the cost-effectiveness of drug products.

Outside of the United States, the commercialization of therapeutics is generally subject to extensive governmental price controls and other market regulations, and we believe the increasing emphasis on cost containment initiatives in Europe, Canada and other countries has and will continue to put pressure on the pricing and usage of therapeutics such as our product candidates. In many countries, particularly the countries of the European Union (EU), medical product prices are subject to varying price control mechanisms as part of national health systems. In these countries, pricing negotiations with governmental authorities can take considerable time after a product receives marketing approval. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. In general, product prices under such systems are substantially lower than in the United States. Other countries allow companies to fix their own prices for products but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that we are able to charge for our product candidates. Accordingly, in markets outside the United States, the reimbursement for our products may be reduced compared with the United States
and may be insufficient to generate commercially reasonable revenue and profits.

Impact of Healthcare Reform on our Business

In the United States and some foreign jurisdictions, there have been, and continue to be, several legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of drug product candidates, restrict or regulate post-approval activities, and affect the profitable sale of drug product candidates.

Among policy makers and payors in the United States and elsewhere, there is substantial interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and / or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been affected by major legislative initiatives.

In March 2010, the ACA was passed, which substantially changed the way healthcare is financed by both the government and private insurers, and greatly impacts the U.S. pharmaceutical industry. The ACA, among other things: (i) increased the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extended the rebate program to individuals enrolled in Medicaid managed care organizations; (ii) established an annual, nondeductible fee on any entity that manufactures or imports certain specified branded prescription drugs and biologic agents apportioned among these entities according to their market share in some government healthcare programs; (iii) expanded the availability of lower pricing under the 340B drug pricing program by adding new entities to the program; (iv) increased the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program, to 23.1% and 13% of the average manufacturer price for most branded and generic drugs, respectively and capped the total rebate amount for innovator drugs at 100% of the Average Manufacturer Price, or AMP; (v) expanded the eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals and by adding new mandatory eligibility categories for individuals with income at or below 133% of the federal poverty level, thereby potentially increasing manufacturers' Medicaid rebate liability; (vi) established a new Medicare Part D coverage gap discount program, in which manufacturers must now agree to offer 70%, point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D; (vii) created a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research; and (viii) established a Center for Medicare Innovation at CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription drug spending.

Some of the provisions of the ACA have yet to be implemented, and there remain judicial and Congressional challenges to certain aspects of the ACA, as well as efforts by the Trump administration to repeal or replace certain aspects of the ACA. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the ACA have been signed into law. On December 22, 2017, new legislation was signed into law (H.R. 1, ''An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018,'' or the Tax Cuts and Jobs Act) that significantly revised the U.S. Internal Revenue Code of 1986, as amended, or the Code. The Tax Cuts and Jobs Act includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the ''individual mandate''. Additionally, the 2020 federal spending package permanently eliminated, effective January 1, 2020, the ACA-mandated ''Cadillac'' tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax. Further, the Bipartisan Budget Act of 2018, or the BBA, among other things, amends the ACA, effective January 1, 2019, to close the coverage gap in most Medicare drug plans, commonly referred to as the ''donut hole''. On December 14, 2018, a Texas United States District Court Judge ruled that the ACA is unconstitutional in its entirety because the ''individual mandate'' was repealed by Congress as part of the Tax Cuts and Jobs Act. Additionally, on December 18, 2019, the United States Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. On March 2, 2020, the United States Supreme Court granted the petitions for writ of certiorari and the case is currently under review by the Supreme Court.

Other legislative changes have been proposed and adopted since the ACA was enacted. These changes include aggregate reductions to Medicare payments to providers of 2% per fiscal year pursuant to the Budget Control Act of 2011 and due to subsequent legislative amendments to the statute, including the BBA, will remain in effect through 2030 unless additional Congressional action is taken. The Coronavirus Aid, Relief and Economic Security Act, or CARES Act and other COVID-19 pandemic relief legislation, suspended the 2% Medicare sequester from May 1, 2020 through December 31, 2020. In addition, the American Taxpayer Relief Act of 2012, among other things, further reduced Medicare payments to several providers, including hospitals and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding, which could have an adverse effect on customers for our drug candidates, if approved, and, accordingly, our financial operations.

Additionally, there has been heightened governmental scrutiny in the United States of pharmaceutical pricing practices in light of the rising cost of prescription drugs and biologics. Such scrutiny has resulted in several recent congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products. At the federal level, the Trump administration, among other things, issued its budget proposal for fiscal year 2021, that includes a $135 billion allowance to support legislative proposals seeking to reduce drug prices, increase competition, lower out-of-pocket drug costs for patients, and increase patient access to lower-cost generic and biosimilar drugs. he FDA also recently released a final rule, effective November 30, 2020, implementing a portion of President Trump's Executive Order announced on July 24, 2020, which directed HHS to finalize the Canadian drug importation proposed rule previously issued by HHS and make other changes allowing for personal importation of drugs from Canada. The FDA final rule provides guidance for states to build and submit importation plans for drugs from Canada. While other proposed measures may require additional authorization to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and / or administrative measures to control drug costs. At the state level, legislatures are increasingly passing legislation

and implementing regulations designed to control pharmaceutical and biological 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.

Additional governmental action may be taken in response to the COVID-19 pandemic. For example, on August 6, 2020 President Trump issued an Executive Order that instructs the federal government to develop a list of ‘‘essential’’ medicines and then buy them and other medical supplies from United States manufacturers instead of from companies around the world, including China. The order is meant to reduce regulatory barriers to domestic pharmaceutical manufacturing and catalyze manufacturing technologies needed to keep drug prices low and the production of drug products in the United States.

Further, additional healthcare reform initiatives may arise from future legislation or administrative action, particularly as a result of the recent United States presidential election.

Manufacturing and Supply

We rely on third party manufacturing and supply partners for our supply for, preclinical studies and clinical trials. We currently do not have in-house facilities to manufacture our research and development, preclinical and clinical drug supplies.

Employees

We had 27 full-time employees and consultants as of December 31, 2020 and 27 full-time employees and consultants as of September 30, 2021. None of our employees are represented by any collective bargaining unit. We believe that we maintain good relations with our employees.

Property and Facilities

Our registered office is located in Chemin des Aulx 12, Plan-les-Ouates, Geneva, Switzerland. Our headquarters are located in Campus Biotech, Chemin des Mines 9, Geneva, Switzerland, and consist of approximately 500 square meters of office and lab space, which houses our in-house R&D function, under short term leases that have been renewed in August 2021 for periods from 1 to 3 years. We also have one office in San Francisco, California, United States for our subsidiary Addex Pharmaceuticals Inc. We may terminate the leases before their term. We do not have any establishments which contribute to more than 10 percent of the turnover or production. We may require additional space and facilities as our business expands. The Company does not own any real estate.

Legal Proceedings

From time to time, we may become involved in litigation or other legal proceedings relating to claims arising from the ordinary course of business. There are currently no pending or impending court, arbitration or administrative proceedings that, in the opinion of our management, are of material importance to the issuer's assets and liabilities or profits and losses.

14. BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND EMPLOYEES

A. Board of Directors and Executive Management

Board of Directors

The following table sets forth certain information with respect to our current directors. The business address for each member of the board is c/o Addex Pharma SA, Chemin des Aulx 12, CH-1228 Plan-les-Ouates, Switzerland.

Name	Year of birth	First elected	Elected until	Board
Vincent Lawton (1) (2)	1949	2009	2021	Chairman
Raymond Hill (1)	1945	2015	2021	Member
Tim Dyer	1968	2015	2021	Member
Roger Mills	1957	2017	2021	Member
Jake Nunn (2)	1970	2018	2021	Member
Isaac Manke (2)	1977	2018	2021	Member

(1) Member of the Compensation Committee
(2) Member of the Audit Committee

Vincent Lawton. Dr. Lawton was Vice President Merck Europe and Managing Director of MSD UK until he stepped down in 2006, after 26 years' service internationally for Merck & Co Inc. He was appointed CBE (Commander of the British Empire) by the Queen of England for services to the Pharmaceutical Industry. During his tenure, MSD UK achieved sustained commercial success, launching many new medicines to the market in a wide range of therapeutic areas, becoming the fastest growing company in the market over a number of years. He worked in commercial, research and senior management roles in France, the US and Canada, Spain and throughout Europe. As President of the UK Industry Association, the ABPI, he negotiated industry pricing, worked with Government bodies to help establish the UK globally as a leading center of clinical research. He served on the board of the UK regulatory authority (MHRA) from 2008 to 2015. He is a Senior Strategy Advisor for Imperial College Department of Medicine, University of London and serves as a consultant to a number of leading healthcare organizations. He studied Psychology at the University of London and holds an undergraduate degree and PhD.

Raymond Hill. Dr. Hill was previously a member of the Board of Directors from the Annual General Meetings of 2008 until 2012. Currently Visiting Professor of Pharmacology at Imperial College in London, and Non-Executive Director of Avilex (Denmark), Asceneuron (Switzerland) and was NED of Orexo AB (Sweden) from 2008 to 2019. Prior to his retirement, he was Executive Director, Licensing and External Research at Merck/MSD in Europe (2002 - 2008); Executive Director, Pharmacology (1990-2002) at the Merck Neuroscience Research Centre and had oversight responsibility for Neuroscience research at the Banyu Research Labs in Tsukuba, Japan (1997-2002). At Merck, he chaired a number of discovery project teams including those responsible for the marketed products Maxalt® and Emend®. Dr. Hill received his academic training (BPharm PhD) at the University of London. He was awarded an Honorary DSc by the University of Bradford in 2004 and was elected to Fellowship of the Academy of Medical Sciences in 2005. He was a lecturer in Pharmacology at the University of Bristol School of Medicine from 1974 to 1983 and supervisor in Pharmacology at Downing College, University of Cambridge from 1983 to 1988. He joined the pharmaceutical industry in 1983 as Head of Biology and founder member of the Park Davis Research Unit at Cambridge. In 1988, he joined SK&F (United Kingdom) as Group Director of Pharmacology and in 1990 moved to Merck. He is a past Council Member of the UK Academy of Medical Sciences and President Emeritus of the British Pharmacological Society. He is a Visiting Professor at the University of Bristol and was a member of the UK Government Advisory Council on the Misuse of Drugs from 2010 to 2019. He continues to serve on the ACMD Working Group on the Medicinal Uses of Cannabis and is a member of the drug misuse WG of Royal Pharmaceutical Society Science Committee.

Tim Dyer. Mr. Dyer is the Chief Executive Officer and Chief Financial Officer and is responsible for the management of the Addex Group. Since co-founding Addex in 2002, Mr. Dyer has played a pivotal role in building the Addex Group, raising significant capital, including Addex IPO and negotiating licensing agreements with pharmaceutical industry partners. Prior to founding Addex, he spent 10 years with Price Waterhouse, or PW & PricewaterhouseCoopers, or PwC in the UK and Switzerland as part of the audit and business advisory group. At PwC in Switzerland, Mr. Dyer's responsibilities included managing the service delivery to a diverse portfolio of clients including high growth start-up companies, international financial institutions and venture capital and investment companies. Mr. Dyer has extensive experience in finance, corporate development, business operations and the building of start-up companies. He is a UK Chartered Accountant and holds a BSc (Hons) in Biochemistry and Pharmacology from the University of Southampton, UK.

Roger Mills. Dr. Mills is the Chief Medical Officer and responsible for all clinical development activities. Dr. Mills brings more than 30 years of biopharmaceutical industry experience at both large global pharmaceutical companies and smaller biotechnology companies, including Acadia Pharmaceuticals, Pfizer, Gilead Sciences, Abbott Laboratories and The Wellcome Foundation, across a spectrum of disease areas. His extensive track record includes managing drug development programs, including IND's and NDAs as well as post-marketing and OTC products. Most recently, Dr. Mills was with Acadia Pharmaceuticals for nine years, serving as Executive Vice President, Development and Chief Medical Officer. In this role, he oversaw the largest ever international Phase 3 program in Parkinson's Disease Psychosis and led its NDA submission to the FDA

for NUPLAZID, which was subsequently approved and remains the first and only medication approved in this indication. Dr. Mills currently serves as a Visiting Professor at the Centre for Age Related Diseases, Institute of Psychiatry, Psychology and Neuroscience, King's College London and is Professor of Medical Research in Practice in the College of Medicine and Health, at the University of Exeter, U.K. He serves as a Board Director for Enterin Inc., a US based Biopharmaceutical company. He received his medical degree from Imperial College, Charing Cross Hospital Medical School, London, United Kingdom.

Isaac Manke. Dr. Manke has more than 15 years of experience in the life science industry as an investor, research analyst, consultant and scientist. Isaac is currently a General Partner at Acorn Bioventures, where he focuses on investing in small-cap public and private biotechnology companies. Prior to Acorn, Isaac spent 11 years at New Leaf Venture Partners (NLV). In addition to private venture investments, during his time at NLV, he also led the firm's public investment activities initially with the public portfolio within NLV-II, and from 2014 through 2019, had day-to-day management and oversight responsibility for the NLV Biopharma Opportunities Funds. Isaac has been a board member or observer for several companies, including the boards of True North Therapeutics (acquired by Bioverativ) and Karos Pharmaceuticals (acquired by an undisclosed company). Previously, Isaac was an Associate in the Global Biotechnology Equity Research group at Sanford C. Bernstein. Isaac was also an Associate in the Biotechnology Equity Research group at Deutsche Bank and was a Senior Analyst at Health Advances, a biopharmaceutical and medical device strategy consulting firm. Isaac received a B.A. in Biology and a B.A. in Chemistry at Minnesota State University (Moorhead), and a Ph.D. in Biophysical Chemistry and Molecular Structure at the Massachusetts Institute of Technology, or MIT. Isaac's discoveries led to several publications in top journals, including Science and Cell, and were selected by Science as one of the "2003: Signaling Breakthroughs of the Year". These discoveries also resulted in four issued patents.

Jake Nunn. Mr. Nunn has more than 25 years of experience in the life science industry as an investor, independent director, research analyst and investment banker. Jake is currently a venture advisor at New Enterprise Associates, or NEA, where he was a partner from 2006 to 2018, focusing on later-stage specialty pharmaceuticals, biotechnology and medical device investments and managing a number of NEA's public investments in healthcare. Jake is a Director of Oventus Medical Ltd. (ASX: OVN), Regulus Therapeutics (Nasdaq: RGLS) and Trevena, Inc. (Nasdaq: TRVN). He previously was a Director of Dermira Inc. (acquired by Eli Lilly), Hyperion Therapeutics (acquired by Horizon Pharma PLC), TriVascular (acquired by Endologix), Aciex Therapeutics (acquired by Nicox SA), Transcept Pharmaceuticals (merged with Paratek) and a board observer at Vertiflex, Inc. (acquired by Boston Scientific). Prior to NEA, Jake worked at MPM Capital as a Partner with the MPM BioEquities Fund, where he specialized in public, PIPE and mezzanine-stage life sciences investing. Previously, he was a healthcare research analyst and portfolio manager at Franklin Templeton Investments. Jake was also an investment banker with Alex. Brown & Sons. He received an MBA from the Stanford Graduate School of Business and an AB in Economics from Dartmouth College. Jake holds the Chartered Financial Analyst designation, is a member of the CFA Society of San Francisco, and recently completed the Stanford GSB Directors' Consortium executive education program.

Executive Management

Members of our senior management are elected by and serve at the discretion of our board. In accordance with our articles of association and our organizational rules (the "Organizational Rules"),"), the board has delegated operational management of the Company to the chief executive officer ("CEO").

The following table sets forth certain information with respect to our current members of senior management and employees, including scientists, upon whose work we depend. The business address for each member of the Executive Management is c/o Addex Pharma SA, Chemin des Aulx 12, CH-1228 Plan-les-Ouates, Switzerland.

Name	Year of Birth	Position	Nationality
Tim Dyer	1968	Chief Executive Officer	Swiss / British
Roger Mills	1957	Chief Medical Officer	USA / British
Robert Lütjens	1968	Co-Head of Discovery - Biology	Swiss
Jean-Philippe Rocher	1959	Co-Head of Discovery - Chemistry	French
Mikhail Kalinichev	1967	Head of Translational Science	British / French

Tim Dyer – Refer to page 80

Roger Mills – Refer to page 80

Robert Lütjens. Dr. Lütjens is the Co-Head of Discovery – Biology and is responsible for all biology activities and has extensive experience in drug discovery. He established the biology capabilities and built the Company's small molecule allosteric modulator biology platform. He played a pivotal role in the success of both internal and partnered programs, including the discovery of dipraglurant and ADX71149, both of which progressed into Phase II clinical development. Prior to joining Addex at inception in 2002, Dr. Lütjens completed a postdoctoral fellowship in the Department of Neuropharmacology at the Scripps Research Institute, in La Jolla, CA, where he focused on understanding molecular changes involved in addiction disorders. Dr. Lütjens obtained his degrees in Biology from the University of Geneva, his master's at the Swiss Institute for Experimental Cancer Research and his Ph.D. thesis at the Glaxo Institute for Molecular Biology in Geneva and the Institute for Cellular Biology and Morphology in Lausanne. Dr. Lütjens is co-author of over 30 peer-reviewed publications and patents.

Jean-Philippe Rocher. Dr. Rocher is the Co-Head of Discovery - Chemistry and is responsible for intellectual property management and all chemistry activities including CMC, scale-up and formulation, medicinal chemistry, computational chemistry, compound library management and activities linked to developability. He has extensive experience in drug discovery and returns to Addex from Pierre Fabre where he was Director of CNS Programs from March 2014 to May 2018. Joining Addex at its inception in 2002, Dr. Rocher established the Company's chemistry capabilities and built its small molecule allosteric modulator chemistry platform. He played a pivotal role in the success of both internal and partnered programs, including the discovery of dipraglurant and ADX71149, both of which progressed into Phase 2 clinical development. Prior to joining Addex, Dr. Rocher was Director of Chemistry at Devgen NV (Gent, Belgium), Senior Research Scientist for GlaxoSmithKline KK (Tsukuba, Japan), Scientific Project Leader in CNS at Mitsubishi Tanabe (Yokohama, Japan) and Head of Drug Discovery Unit for Battelle (Geneva, Switzerland). He started his career as a Research Scientist in the Dermatology Research Center of Galderma (Sophia-Antipolis, France) following a PhD in Medicinal Chemistry and Pharm D at the Faculty of Pharmacy of Lyon (France). He is a co-author of more than 40 research publications and patents.

Mikhail Kalinichev. Dr. Kalinichev is Head of Translational Science and responsible for development of therapeutic strategies and achievement of preclinical proof of concept for our portfolio. This is the second time Dr. Kalinichev is a part of Addex team, as previously, he spent 4 years in the company in several positions, including Associate Director and Group Leader, Behavioral Neuroscience. Immediately before his second appointment at Addex, Dr. Kalinichev spent 6 years as Director of in vivo neurology at Ipsen, France. In this role, he helped define the neuroscience therapeutic strategy, led operational activities and initiated several industrial and academic collaborations in the area of neuromuscular disorders and pain. Before Ipsen, he was a section head at Lundbeck, Denmark where he helped drive translational studies in schizophrenia, cognitive impairment and pain. His first role in pharmaceutical industry was as a principal scientist at Psychiatry Center of Excellence of GlaxoSmithKline, UK.Dr. Kalinichev's post-doctoral training was at the Department of Pharmacology, Emory University School of Medicine (USA). Dr. Kalinichev has been awarded several prestigious awards, including the Vernalis Prize of the British Association for Psychopharmacology and the GlaxoSmithKline Exceptional Science Award. He is inventor on several patents and co-authored more than 50 papers. Dr. Kalinichev earned his PhD in behavioural neuroscience at Rutgers University (USA).

B. Compensation of the Members of the Board of Directors and the Executive Management

General Information

The Company is incorporated in Switzerland and is subject to the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange (the **Corporate Governance Directive**) and the Swiss Ordinance Against Excessive Compensation in Listed Stock Companies of November 20, 2013 (the **Compensation Ordinance**). The Compensation Ordinance requires, among other things, shareholder approval of board of directors and executive compensation of Swiss public companies, as well as a ban on compensation paid in advance, severance payments and transaction bonuses.

The Compensation Ordinance also contains compensation disclosure rules. Pursuant to these rules, the Company is required to prepare an annual compensation report. The compensation report includes, among other things, the compensation of the members of the board on an aggregate and on an individual basis and of the members of the Executive Management on an aggregate basis as well as the amount for the highest paid member of the Executive Management. Pursuant to the Corporate Governance Directive, the Company is required to disclose basic principles and elements of compensation and shareholding programs for both acting and former members of the board of directors and the Executive Management as well as the authority and procedures for determining such compensation.

The Compensation Ordinance contains a "say on pay'' approval mechanism for the compensation of the members of the board and the Executive Management pursuant to which the stakeholders must vote on the compensation of the board and the Executive Management on an annual basis.

Compensation of the Members of the Board of Directors

The compensation of the member of the board consists of fixed and variable elements. The fixed element comprises a fixed annual monetary compensation per board term from one general meeting of shareholders to the next. The variable element comprises a monetary compensation based on board meeting attendance and equity incentive units (share options and equity sharing certificates). Social security contributions of the Company are accrued on the fixed and variable elements. Board member social security contributions are accrued on the fair value of equity incentive units. Equity incentive units are granted based on the discretion of the board. In addition, the Company reimburses members of the board for out-of-pocket expenses incurred in relation to their services on an on-going basis upon presentation of the corresponding receipts. The most recent review of compensation for members of the board took place in May 17, 2021.

Subject to the approval by the annual general meeting ("AGM"), the members of the board may receive remuneration in cash at customary conditions for advisory services rendered outside their capacity as members of the board for the benefit of the Company or companies under its control. The AGM may approve an additional bonus for the members of the board in exceptional cases.

The compensation may also be paid for activities in companies that are directly or indirectly controlled by the Company and may be paid by the Company or by a company controlled by it.

Agreements on compensation with members of the board may not exceed a term of one year.

Compensation for the board for 2021 is detailed as follows:

2021	Fixed	Variable compensation			
CHF	cash compensation	cash attendance	number of equity incentive units(1)	value of equity incentive units(1)	Total 2021
Vincent Lawton, chairman..……	26,590	26,590	70,000	54,129	**107,309**
Raymond Hill, member……...	15,954	15,954	40,000	30,931	**62,839**
Tim Dyer, member……...…...	-	-	-	-	-
Roger Mills, member…….….	-	-	-	-	-
Jake Nunn, member……	13,295	13,295	30,000	23,198	**49,788**
Isaac Manke, member…….	13,295	13,295	30,000	23,198	**49,788**
Total……...	**69,134**	**69,134**	**170,000**	**131,456**	**269,724**

(1) Equity incentive units include share options granted under the Company's share option plan.

Compensation of the board for 2020 is detailed as follows:

2020	Fixed	Variable compensation			
CHF	cash compensation	cash attendance	number of equity incentive units(1)	value of equity incentive units(1)	Total 2020
Vincent Lawton……..……	26,590	26,590	70,000	32,814	85,994
Raymond Hill……..	15,954	15,954	40,000	18,751	50,659
Tim Dyer…….	-	-	-	-	-
Roger Mills ……	-	-	-	-	-
Jake Nunn……	13,295	13,295	30,000	14,063	40,653
Isaac Manke…….	13,295	13,295	30,000	14,063	40,653
Total……	**69,134**	**69,134**	**170,000**	**79,691**	**217,959**

(1) Equity incentive units include share options granted under the Company's share option plan.

Compensation of the Members of the Executive Management

The compensation of members of the Executive Management consists of fixed and variable elements. The fixed element may include a base salary or a cash retainer paid under a consulting contract. The variable element may include performance-related cash or share based bonuses, consulting fees based on chargeable hours and equity incentive units (equity sharing certificates and stock options). Company contributions to pension plans, death and invalidity insurances and social security contributions are accrued on all fixed and variable compensation elements that relates to an employment relationship. Both company and employee social security contributions are accrued for all shares or equity incentive unit compensation. The amount of the fixed element depends on the position, responsibilities, experience and skills, and takes into account individual performance. The fixed element is reviewed at the end of each year by the board. Any changes in the fixed elements are made effective in January of the following year. The variable elements are based on individual and company performance. The potential variable cash bonus is determined in the employment contract and in general is a percentage of the base salary. Where the Executive Manager has been engaged under a consulting contract, the variable element is based on the time spent at the contractually defined rate of remuneration. At the beginning of each year the board decides, on the total amount of variable elements including the amount of cash and equity incentive units to be granted for the previous year based on the achievement of Company goals. Equity incentive units are granted based on the discretion of the board. Variable cash compensation paid to members of the Executive Management in 2020 included bonus and consulting fees.

The compensation may also be paid for activities in companies that are directly or indirectly controlled by the Company and may be paid by the Company or by a company controlled by it.

Compensation of the Executive Management for 2021 is detailed as follows:

2021	Fixed	Variable compensation			
CHF	cash compensation	Cash(3)	number of equity incentive units(2)	value of shares(2)	Total 2021
Total Executive Management (1)…	1,082,184	395,316	1,438,065	1,186,493	2,663,993

(1) The highest paid member of Executive Management in 2021 was the CEO, Tim Dyer, who received CHF 457,717 of fixed cash compensation, CHF 130,725 of variable cash compensation and 700,000 equity incentive units. The value of equity incentive units including accrued social charges amounted to CHF 569,990.
(2) Equity incentive units include shares awarded for consulting services under the share purchase plan and share options granted under the Company's share option plan.
(3) Variable compensation in cash relates to bonuses and compensation paid to Executive Managers engaged under consulting contracts which include hourly and daily rates with a monthly cap.

Compensation of the Executive Management for 2020 is detailed as follows:

2020	Fixed cash	Variable compensation			
CHF	compensation	Cash(3)	number of shares(2)	value of shares(2)	Total 2020
Total Executive Management(1)…	966,148	368,020	1,007,862	664,928	1,999,096

(1) The highest paid member of Executive Management in 2020 was the CEO, Tim Dyer, who received CHF 454,442 of fixed cash compensation, 121,611 of variable cash compensation and 698,011 equity incentive units. The value of equity incentive units including accrued social charges amounted to CHF 341,087.
(2) Equity incentive units include shares awarded for consulting services under the share purchase plan and share options granted under the Company's share option plan.
(3) Variable compensation in cash relates to bonuses and compensation paid to Executive Managers engaged under consulting contracts which include hourly and daily rates with a monthly cap.

Equity incentive plans

The purpose of the Company's share purchase, share option and equity sharing certificate programs is to provide members of the board, Executive Management, employees and certain consultants with an opportunity to benefit from the potential appreciation in the value of the Company's shares, thus providing an increased incentive for participants to contribute to the future success and prosperity of the Company, enhancing the value of the shares for the benefit of the shareholders of the Company and increasing the ability of the Company to attract and retain individuals of exceptional skill. In addition, these plans provide the company with a mechanism to engage services for non-cash consideration. The grant of any share option or equity sharing certificate is at the discretion of the board. Key factors considered by the board in making grants of share options or equity sharing certificates are the amount of shareholder approved conditional capital, the benchmarking with other companies as well as individual performance. The strike price is determined by the board and is primarily based on the closing price of the Company's shares on the SIX Swiss Exchange on the grant date. The transfer of treasury shares under the share purchase plan to settle consulting services are based on predefined terms of the consulting contract.

Indirect benefits

The Company may contribute to the pension plan and maintains certain insurance for death and invalidity for the members of the Executive Management. New entrants may be eligible for reimbursement of relocation costs, compensation for lost benefits or stock granted by a previous employer, international school for children or language courses for a limited time period. No Indirect benefits have been paid to Executive Management in 2020 and 2021.

The Company has not granted any loans, credits or guarantees to members of the board or of the Executive Management in 2020.

C. Board Practices

Our articles of association provide that the board shall consist between one or eleven members, with the exact number to be fixed by our board. Currently, our board consists of six members. In accordance with the Compensation Ordinance, members of the board including the Chairman are appointed and removed exclusively by shareholders' resolution for a term of one year until completion of the next AGM.

Until September 30, 2021, the board held 3 meetings in 2021. In 2020, the board held 4 meetings with average duration of one day. The majority of the meetings were held by videoconference with full attendance at all meetings. In addition to regular Board meetings, the board holds additional ad hoc meetings or telephone conferences to discuss specific matters. The CEO is entitled to attend every Board meeting and to participate in its debates and deliberations with the exception of non-executive sessions.

During Board meetings, each member of the board may request information from the other members of the board, as well as from the members of the Executive Management present on all affairs of the Company. The CEO reports at each meeting of the board on the course of business of the Company in a manner agreed upon from time to time between the board and the CEO.

In addition to reporting at Board meetings, the CEO reports immediately any extraordinary event and any significant change within the Company to the Chairman. Outside of Board meetings, each member of the board may request from the CEO information concerning the course of business of the Company.

D. Board Committees

The tasks, responsibilities and constitution of standing committees of the board are defined in the Organizational Rules.

Audit Committee

The Audit Committee consists of Vincent Lawton, Isaac Manke and Jake Nunn. Vincent Lawton serves as Chairman of the Audit Committee. The Audit Committee assists the board in fulfilling its duties of supervision of management. It has the following powers and duties: (i) to review and assess the effectiveness of the statutory auditors and the group auditors, in particular their independence from the Company; (ii) to review and assess the scope and plan of the audit, the examination process and the results of the audit and to examine whether the recommendations issued by the auditors have been implemented by management; (iii) to review the auditors' reports, to discuss their contents with the auditors and with the management; (iv) to approve the terms and conditions of the engagement of the auditors; (v) to review the effectiveness of the internal audit function, its professional qualifications, resources and independence and its cooperation with external audit; (vi) to approve the annual internal audit concept and the annual internal audit report, including the responses of the management thereto; (vii) to assess the risk assessment established by the management and the proposed measures to reduce risks; (viii) to assess the state of compliance with norms within the Company; (ix) to review in cooperation with the auditors, the CEO and Head of Finance whether the accounting principles and the financial control mechanism of the Company and its subsidiaries are appropriate in view of the size and complexity of the Group; (x) to review the annual and interim statutory and consolidated financial statements intended for publication; and (xi) to make a proposal to the board with respect to these annual and interim statutory and consolidated financial statements; the responsibility for approving the annual financial statements remains with the board.

Until October 2021, the Audit Committee held 4 meetings to review the nine-month period ended September 30, 2021, the half year ended June 30, 2021, the three-month period ended March 31, 2021 and the full year 2020 financial statements and to generally review legal and regulatory compliance matters in 2021. The CEO and Head of Finance were present at a portion of the meetings.

Compensation Committee

The compensation committee consists of the following members: Vincent Lawton and Raymond Hill. The compensation committee operates under provisions set forth in our Organizational Rules.

The compensation committee assists our board in compensation related matters. It reviews and assesses, on a regular basis, the remuneration system of the Group (including the management incentive plans) and makes proposals to the board, provides our board with recommendations on the compensation of the members of our board and on the terms of employment (including remuneration package) for the CEO and employees reporting directly to the CEO, reviews the policies for the compensation, benefits and human resources practices of our executive officers and the Group's other employees and makes recommendations to the board on the grant of options or other securities under any management incentive plans.

The compensation committee meets as often as business requires. The compensation committee held 2 meetings in 2021 to review the 2020 achievements versus the planned corporate objectives, determine the performance related bonus pool, to conduct the annual salary review process and recommendation of the CEO and review the annual salary review process and 2021 corporate objectives as well as to review the remuneration of the members of the board.

Corporate Governance

There are two sets of corporate governance rules in Switzerland: the Swiss Code of Best Practice for Corporate Governance ("Swiss Code") issued by economiesuisse, the largest umbrella organization representing Swiss business establishments, and the Directive Corporate Governance dated June 18, 2021 ("DCG") issued by the SIX Swiss Exchange. The Swiss Code is non-binding and recommends good corporate standards in line with international business practice. The DCG is binding for Swiss companies with shares listed on the SIX Swiss Exchange, as well as for foreign companies not being listed in their home country and having their primary listing on the SIX Swiss Exchange, and requires them to disclose important information on the management and control mechanism at the highest corporate level or, alternatively, to give specific reasons why this information is not disclosed.

E. Employees

As of September 30, 2021, December 31, 2020, 2019 and 2018, we had 24, 23, 19 and 17 full-time equivalent employees, respectively. As of September 30, 2021, we had 24 employees, of whom 17 were engaged in research and development and 7 were engaged in business development, human resources, finance and administration. None of our employees are represented by any collective bargaining unit. We believe that we maintain good relations with our employees.

We have not experienced any work stoppage and consider our employee relations to be good.

F. Securities and Option Rights held by Directors, Executive Management and Employees

The following table lists the shares, subscription rights, options and warrants of the Company held by the members of the board and the Executive Management as at September 30, 2021. Since that date, no material changes with respect to the information listed below occured.

Name	Position	Number of shares held	% of voting rights[1]	Number of options/ subscription rights/ warrants held[2]	% of voting rights[1]	Total
Vincent Lawton	Chairman	500	0.0010%	636,017	1.43%	636,517
Tim Dyer…….....	Chief Executive & Board Member	435,192	0.88%	4,537,285	9.21%	4,972,477
Raymond Hill…….	Board Member	-	-	385,694	0.78%	385,694
Roger Mills…….	Chief Medical Officer & Board Member	393,139	0.80%	292,837	0.59%	685,976
Robert Lütjens….....	Co-Head of Discovery Biology	-	-	786,039	1.60%	786,039
Jean-Philippe Rocher...	Co-Head of Discovery Chemistry	-	-	370,000	0.75%	370,000
Mikhail Kalinichev…..	Head of Translational Science	-	-	100,000	0.20%	100,000

[1] Calculated on the basis of the number of registered shares recorded in the commercial register as of September 30, 2021

[2] Each option/subscription right/warrant held entitles its holder to purchase registered shares of Addex Therapeutics Ltd. at a subscription ratio of 1:1, the exercise price per option/subscription right or warrant is between CHF 1.00 to CHF 3.43. The option/subscription rights/warrants must be exercised during an exercise period running between June 2024 and May 2031.

Except for the general sales restrictions applicable to the Shares (see Section 17 “Additional Information regarding the Company and our Shares” beginning on page 93 and Section 3 “Certain Sales Restrictions” starting on page 5, there a no specific sales restrictions applicable to Shares held by the members of the board and the Executive Management. The options/subscription rights are in principle personal and non-transferrable.

As at September 30, 2021 total options, warrants and subscription rights owned by Members of the Board, Executive Management and Employees amounted to 8,849,590. All options, warrants and subscription rights expire between June 2024 and June 2031. Each option/subscription right/warrant held entitles its holder to purchase registered shares of Addex Therapeutics Ltd. at a subscription ratio of 1:1, with an exercise price per option/subscription right or warrant between CHF 1.00 to CHF 3.43.

G. Legal Proceedings and Convictions

None of our members of the board or our senior management have been convicted for major or minor economic or white-collar crimes in the last five years nor are there any legal proceedings brought by statutory or regulatory authorities, including designated professional associations, against our members of the board or our senior management that are ongoing or have been concluded with a sanction.

15. MAJOR SHAREHOLDERS

The following tables describe the individual shareholdings of those shareholders that hold 3% or more of the Company's voting rights, to the extent known to the Company, as of the date of this Prospectus, as well as the shareholdings that such shareholders are expected to hold upon registration of the 16,000,000 New Shares in the commercial register. The number of shares held by the relevant shareholder may have changed without the Company's knowledge.

As of December 31, 2021

The percentages set forth in the table below are calculated on the basis of the 49,272,952 Shares recorded in the commercial register as at the date of this Prospectus.

Shareholder	Place of residence | Registered office	Number of Shares held (registered shares)	% of Voting Rights	Delegated Voting Rights	% of voting rights	Other purchase positions	% of voting Rights	ISIN or basic terms	Aggregate % of voting rights	Sale Positions	% of voting rights	ISIN or basic terms
Addex Pharma SA[1,2]	Chemin des Aulx 12, PO Box 68, CH-1228 Plan-les-Ouates, Switzerland	11,372,476	23.08%	-	-	61,453	0.12%	[3]	23.20%	29,617,454	60.11%	-
Growth Equity Opportunities Fund IV, LLC[4]	c/o New Enterprise Associates 15 L.P, MD 21093, Timonium / USA	5,648,690	11.46%	-	-	2,055,910	4.17%	[5]	15.63%	-	-	-
Armistice Capital Master Fund Ltd	New York, NY, USA	3,752,202	7.62%	-	-	14,709,342	29.85%	[6,7]	37.47%	-	-	-
Armistice Capital LLC	New York, NY, USA	-	-	3,752,202	7.62%	-	-	-	7.62%	-	-	-
Goldman Sachs International[8] | Folio Investments Inc[8].	Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom | 8180 Greensboro Drive, 8th Floor, McLean, Virginia (VA), 22102, USA	3,007,306	6.10%	-	-	-	-	-	6.10%	-	-	-
New Leaf Biopharma Opportunities I, L.P.[9]	1209 Orange Street, c/o Corporation Trust Company/Center, DE 19801 Wilmington, USA	1,897,444	3.85%	-	-	718,849	1.46%	[10]	5.31%	-	-	-
CDK Associates, LLC[11]	c/o CDK Associates LLC, Princeton, 08540 New Jersey, USA	1,597,444	3.24%	-	-	718,849	1.46%	[12]	4.70%	-	-	-
CS (CH) Small Cap Switzerland Equity Fund[13]	c/o Credit Suisse Fund AG, Kalandergasse 4, 8045 Zurich, Switzerland	1,209,861	2.46%	-	-	675,000	1.37%	[14]	3.83%		-	-
Tim Dyer[15]	Chemin CH1196 Gland, Switzerland	435,192	0.88%	-	-	4,537,285	9.21%	[16]	10.09%		-	-

Total Shares registered in the commercial register: 49,272,952

(1) The beneficial owner is the Company, chemin des Aulx 12, PO Box 68, CH-1228 Plan-les-Ouates, Switzerland.

(2) Following Securities Purchase Agreement signed on December 16, 2021, the company has agreed not to sale its treasury shares until March, 2021 2022.

(3) Call options | warrants: Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: CHF 3.43. Exercise period: March 28, 2025 at the latest. Exercise type: American.

(4) The beneficial owner is New Enterprise Associates 15 L.P., Timonium MD 21093, USA.

(5) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: CHF 3.43. Exercise period: March 28, 2025 at the latest. Exercise type: American.

(6) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: USD: 1.0834. Exercise period: December 21, 2027 at the latest. Exercise type: American. The warrants give the right to purchase Addex

Therapeutics shares listed on Six Swiss Exchange and represented by ADS listed on Nasdaq Stock Market. 1 ADS represents 6 shares. The exercise price is USD 6.50 per ADS. Exercise type: American.

(7) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: USD: 0.0017. Exercise period: will expire when exercised in full. Exercise type: American. The warrants give the right to purchase Addex Therapeutics shares listed on Six Swiss Exchange and represented by ADS listed on Nasdaq Stock Market. 1 ADS represents 6 shares. The total exercise price is USD 6.50 per ADS of which USD 6.49 has been paid and USD 0.01 remains payable at exercise. Exercise type: American.

(8) The beneficial owner is The Goldman Sachs Group, Inc, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA.

(9) The beneficial owner is New Leaf Venture Management III LLC, 1209 Orange Street, c/o Corporation Trust Company/Center, DE 19801 Wilmington.

(10) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: CHF 3.43. Exercise period: March 29, 2025 at the latest. Exercise type: American.

(11) The beneficial owner is Bruce Kovner, c/o CDK Associates LLC, Princeton, 08540 New Jersey, USA.

(12) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: CHF 3.43. Exercise period: March 29, 2025 at the latest. Exercise type: American.

(13) The beneficial owner is Credit Suisse Fund AG with voting power whilst Credit Suisse Asset Management (Schweiz) AG has investing power, c/o Credit Suisse Fund AG, Kalandergasse 4, 8045 Zurich, Switzerland.

(14) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: CHF 3.43. Exercise period: March 29, 2025 at the latest. Exercise type: American.

(15) Tim Dyer includes TMD Advisory SARL for which the beneficial owner is Tim Dyer, CH1196 Gland.

(16) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: between CHF1.00 and CHF3.43. Exercise period between June 30, 2024 and May 16, 2031.

After Completion of the Capital Increase

The figures set forth in the table below are calculated based on the assumption that 16,000,000 New Shares will be recorded in the commercial register upon completion of the capital increase. Further, the table below is based on the assumption that none of the warrants and options have been exercised.

Shareholder	Place of residence | Registered office	Number of Shares held (registered shares)	% of Voting Rights	Delegated Voting Rights	% of voting rights	Other purchase positions	% of voting Rights	ISIN or basic terms	Aggregate % of voting rights	Sale Positions	% of voting rights	ISIN or basic terms
Addex Pharma SA[1,2]	Chemin des Aulx 12, PO Box 68, CH-1228 Plan-les-Ouates, Switzerland	27,372,476	41.94%	-	-	61,453	0.09%	[3]	42.03%	29,617,454	45.37%	-
Growth Equity Opportunities Fund IV, LLC[4]	c/o New Enterprise Associates 15 L.P, MD 21093, Timonium / USA	5,648,690	8.65%	-	-	2,055,910	3.15%	[5]	11.80%	-	-	-
Armistice Capital Master Fund Ltd	New York, NY, USA	3,752,202	5.75%	-	-	14,709,342	22.54%	[6,7]	28.29%	-	-	-
Armistice Capital LLC	New York, NY, USA	-	-	3,752,202	5.75%	-	-	-	5.75%	-	-	-
Goldman Sachs International[8] | Folio Investments Inc[8].	Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom | 8180 Greensboro Drive, 8th Floor, McLean, Virginia (VA), 22102, USA	3,007,306	4.61%	-	-	-	-	-	4.61%	-	-	-
New Leaf Biopharma Opportunities I, L.P.[9]	1209 Orange Street, c/o Corporation Trust Company/Center, DE 19801 Wilmington, USA	1,897,444	2.91%	-	-	718,849	1.10%	[10]	4.01%	-	-	-
CDK Associates, LLC[11]	c/o CDK Associates LLC, Princeton, 08540 New Jersey, USA	1,597,444	2.44%	-	-	718,849	1.10%	[12]	3.54%	-	-	-
CS (CH) Small Cap Switzerland Equity Fund[13]	c/o Credit Suisse Fund AG, Kalandergasse 4, 8045 Zurich, Switzerland	1,209,861	1.85%	-	-	675,000	1.03%	[14]	2.88%		-	-
Tim Dyer[15]	Chemin CH1196 Gland, Switzerland	435,192	0.67%	-	-	4,537,285	6.95%	[16]	7.62%		-	-

Total Shares registered in the commercial register: 65,272,952

(1) The beneficial owner is the Company, chemin des Aulx 12, PO Box 68, CH-1228 Plan-les-Ouates, Switzerland.

(2) Following Securities Purchase Agreement signed on December 16, 2021, the company has agreed not to sale its treasury shares until March, 2021 2022.

(3) Call options | warrants: Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: CHF 3.43. Exercise period: March 28, 2025 at the latest. Exercise type: American.

(4) The beneficial owner is New Enterprise Associates 15 L.P., Timonium MD 21093, USA.

(5) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: CHF 3.43. Exercise period: March 28, 2025 at the latest. Exercise type: American.

(6) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: USD: 1.0834. Exercise period: December 21, 2027 at the latest. Exercise type: American. The warrants give the right to purchase Addex Therapeutics shares listed on Six Swiss Exchange and represented by ADS listed on Nasdaq Stock Market. 1 ADS represents 6 shares. The exercise price is USD 6.50 per ADS. Exercise type: American.

(7) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: USD: 0.0017. Exercise period: will expire when exercised in full. Exercise type: American. The warrants give the right to purchase Addex Therapeutics shares listed on Six Swiss Exchange and represented by ADS listed on Nasdaq Stock Market. 1 ADS represents 6 shares. The total exercise price is USD 6.50 per ADS of which USD 6.49 has been paid and USD 0.01 remains payable at exercise. Exercise type: American.

(8) The beneficial owner is The Goldman Sachs Group, Inc, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA.

(9) The beneficial owner is New Leaf Venture Management III LLC, 1209 Orange Street, c/o Corporation Trust Company/Center, DE 19801 Wilmington.

(10) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: CHF 3.43. Exercise period: March 29, 2025 at the latest. Exercise type: American.

(11) The beneficial owner is Bruce Kovner, c/o CDK Associates LLC, Princeton, 08540 New Jersey, USA.

(12) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: CHF 3.43. Exercise period: March 29, 2025 at the latest. Exercise type: American.

(13) The beneficial owner is Credit Suisse Fund AG with voting power whilst Credit Suisse Asset Management (Schweiz) AG has investing power, c/o Credit Suisse Fund AG, Kalandergasse 4, 8045 Zurich, Switzerland.

(14) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: CHF 3.43. Exercise period: March 29, 2025 at the latest. Exercise type: American.

(15) Tim Dyer includes TMD Advisory SARL for which the beneficial owner is Tim Dyer, CH1196 Gland.

(16) Call options | warrants. Issuer: Addex Therapeutics Ltd. Underlying: registered shares of Addex Therapeutics Ltd. Subscription ratio: 1:1. Exercise price: between CHF1.00 and CHF3.43. Exercise period between June 30, 2024 and May 16, 2031.

16. RELATED PARTY TRANSACTIONS

The following is a description of related party transactions we have entered into since January 1, 2018 with any members of our board or executive officers and each holder of more than 5% of our shares.

2018 Private Placement

On March 28, 2018, we issued an aggregate of 13,037,577 of our shares, 136,561 of which were recorded as treasury shares, and warrants to purchase up to 5,866,898 of our shares. The price per share plus warrant to purchase 0.45 of a share was CHF 3.13. Each warrant has an exercise price per share of CHF 3.43 and a term of seven years. We utilized the net proceeds of the private placement of units primarily to advance our drug development programs and for general corporate purposes. The table below summarizes the issuance of such shares and warrants that were issued to members of our board, our executive officers or holders of more than 5% of our shares.

	Shares purchased	Shares issuable upon exercise of warrants purchased
Growth Equity Opportunities Fund IV, LLC(1)	4,568,690	2,055,910
New Leaf Biopharma Opportunities I, L.P.(2)	1,597,444	718,849
CDK Associates, LLC(3)	1,597,444	718,849
Credit Suisse Funds AG(4)	1,500,000	675,000
Tim Dyer(5)	31,984	14,376

(1)Growth Equity Opportunities Fund IV, wholly owned by New Enterprise Associate LP, is a holder of more than 5% of our shares and has appointed Jake Nunn as Board Member

(2)New Leaf Biopharma Opportunities I, L.P, owned by New Leaf Venture Management III LLC, is a holder of more than 5% of our shares and has appointed Isaac Manke as Board Member

(3)CDK Associates LLC, owned by Bruce Kovner, is a holder of more than 5% of our shares.

(4)Credit Suisse Funds AG indirectly holds more than 5% of our shares, through collective investment schemes whose CS (CH) Small Cap Switzerland directly holds more than 5%.

(5)Mr. Tim Dyer is a holder of more than 5% of our shares and is a Board Member.

In connection with the foregoing private placement of securities, we entered into a registration rights agreement with the purchasers of the securities, pursuant to which we granted such purchasers the right to have their shares and shares issuable upon the exercise of warrants purchased in the private placement registered with the SEC for resale in the United States. We filed a registration statement with the SEC in satisfaction of such purchasers' rights thereunder on Form F-1, which was declared effective by the SEC on January 27, 2020.

Agreements with Our Executive Officers and Directors

We have entered into employment agreements with certain of our executive officers and service agreements with our non-executive directors.

We have entered into indemnification agreements with each of our directors and executive officers. These agreements require us to indemnify our directors and executive officers to the fullest extent permitted by law.

Related-Party Transactions Policy

We have adopted a related-party transaction policy that sets forth our procedures for the identification, review, consideration and approval or ratification of related-party transactions. For purposes of our policy only, a related-party transaction is a transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we and any related parties are, were or will be participants, which are not (1) in the ordinary course of business, (2) at arms' length and (3) in which the amount involved exceeds CHF 120,000. Transactions involving compensation for services provided to us as an employee or director are not covered by this policy. For purposes of this policy, a related party is any executive officer, director (or nominee for director) or beneficial owner of more than 5% of any class of our voting securities, including any of their immediate family members and any entity owned or controlled by such persons.

Under the policy, if a transaction has been identified as a related-party transaction, including any transaction that was not a related-party transaction when originally consummated or any transaction that was not initially identified as a related-party transaction prior to consummation, our management must present information regarding the related-party transaction to our board for review, consideration and approval. The presentation must include a description of, among other things, the material facts, the interests, direct and indirect, of the related parties, the benefits to us of the transaction and whether the transaction is on terms that are comparable to the terms available to or from, as the case may be, an unrelated third party or to or from employees generally. Under the policy, the Company will collect information that we deem reasonably necessary from each director, executive officer and, to the extent feasible, significant shareholder to enable us to identify any existing or potential related-party transactions and to

effectuate the terms of the policy. In addition, the board has adopted a Code of Business Conduct and Ethics, under which the Company's employees and directors will have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest. In considering related-party transactions, our audit committee, or other independent body of our board, will take into account the relevant available facts and circumstances including:

- the risks, costs and benefits to us;
- the impact on a director's independence in the event that the related party is a director, immediate family member of a director or an entity with which a director is affiliated;
- the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties or to or from employees generally.
- The policy requires that, in determining whether to approve, ratify or reject a related-party transaction, our audit committee, or other independent body of our board, must consider, in light of known circumstances, whether the transaction is in, or is not inconsistent with, our best interests and those of our shareholders, as our audit committee, or other independent body of our board, determines in the good faith exercise of its discretion.

17. ADDITIONAL INFORMATION REGARDING THE COMPANY AND OUR SHARES

A. Share capital

Corporate History and Capital Structure

As of the date of this Prospectus and as of December 31, 2021, the outstanding share capital (including treasury shares) amounts to CHF 49,272,952 consisting of 49,272,952 registered shares with a nominal value of CHF 1.00 per share. As of December 31, 2020, the outstanding share capital (including treasury shares) amounted to CHF 32,848,635 consisting of 32,848,635 registered shares with a nominal value of CHF 1.00 per share. The outstanding share capital is fully paid up. The board of directors intends to resolve to execute a share capital increase by up to CHF 16,000,000 through the issuance of up to 16,000,000 registered shares with a nominal value of CHF 1.00. It is intended that the New Shares will be issued out of the authorized capital under exclusion of the pre emptive and subscription rights of the holders of Existing Shares. The board of directors intends to issue the capital increase report, make the certifications regarding the capital increase in a public deed and to effect the amendment of the articles of incorporation related thereto on or around the date of this prospectus. After issuance of the New Shares and the Listing, the Company will have 65,272,952 shares issued and listed.

Each of our Shares carries one vote at our general meetings of shareholders. Voting rights may be exercised only after a shareholder has been registered upon application in our share register (*registre des actionnaires/Aktienregister*) as a shareholder or usufructuary (*usufruitier/Nutzniesser*) with voting rights. Registration with voting rights is subject to certain restrictions. See "Transfer of Shares, Restrictions" and "—"General Meeting of Shareholders' Meetings" in this Section.

Our Shares are traded on the SIX Swiss Exchange and are accepted for clearance and settlement through SIS. Since the Shares traded on the SIX Swiss Exchange are issued in uncertificated form (*Wertrechte/droit-valeur*) as intermediary-held securities (*Bucheffekten/titres intermédiés*), no share certificates are issued and share certificates are not available for individual physical delivery. However, any shareholder registered with our share registrar may, at any time, request confirmation of its shareholdings in written form. Such confirmation is not a negotiable instrument.

The Shares rank *pari passu* in all respects with each other, including with respect of entitlements to dividends, to a share of the liquidation proceeds in the case of a liquidation of the Company and to preemptive rights, subject to restrictions under the laws of the domicile or residence of the shareholder.

History of Share Capital

On December 16, 2021, the Group sold 3,752,202 treasury shares in the form of 625,367 ADSs (each representing six treasury shares) under a Securities Purchase Agreement entered with Armistice Capital LLC for a gross purchase price of $6.50 per ADS, which is equivalent to CHF 1.00 per treasury share.

During the nine-month period ended September 30, 2021, the Group sold 39,940 treasury shares for a gross amount of CHF 80,944 under a Sale Agency Agreement entered with Kepler Cheuvreux and used 112,026 treasury shares to purchase services from consultants including 60,638 treasury shares for Roger Mills, the Group's Chief Medical Officer.

On April 23, 2021, Addex Therapeutics Ltd increased its capital from CHF 39,748,635 to CHF 49,272,952 through the issue of 9,524,317 new registered shares at a nominal value of CHF 1 each, fully subscribed by our 100% owned subsidiary, Addex Pharma SA.

On January 8, 2021, Addex Therapeutics Ltd issued 6,900,000 registered shares, with a nominal value of CHF 1 each, at an issue price of CHF 1.46. Out of the total new shares, 6,750,000 are in the form of American Depositary Shares, listed on the Nasdaq Stock Market.

In 2020, the Group used 207,190 treasury shares to purchase services from consultants including 114,851 treasury shares for Roger Mills, the Group's Chief Medical Officer. The total value of consulting services settled in shares was CHF 285,745. Under a liquidity agreement, the Group recorded net purchases of treasury shares of CHF 29,037.

On December 28, 2020, the Group sold 333,000 treasury shares for a gross amount of CHF 749,050 under an equity sales agreement entered into with Kepler.

In 2019, the Group used 196,610 treasury shares to purchase services from consultants including 113,099 shares for Roger Mills, the Group's Chief Medical Officer. The total value of consulting services settled in shares was CHF 289,214. Under a liquidity agreement, the Group recorded net sales of treasury shares of CHF 5,986.

On May 17, 2019, Addex Therapeutics Ltd increased its capital from CHF 28,564,031 to CHF 32,848,635 through the issue of 4,284,604 new registered shares at nominal value of CHF 1 each, fully subscribed by our 100% owned subsidiary, Addex Pharma SA.

Authorized Share Capital

As of the date of this Prospectus and December 31, 2021, we have an authorized share capital (*capital autorisé/genehmigtes Kapital*) of CHF 24,636,476, which allows our board to issue up to an additional 24,636,476 Shares with a nominal value of CHF 1.00 each. As of December 31, 2020, we have an authorized share capital (*capital autorisé/genehmigtes Kapital*) of CHF 16,424,317, which allowed our board to issue up to an additional 16,424,317 Shares with a nominal value of CHF 1.00 each.

Article 3b of our articles of association authorizes our board, at any time until June 16, 2023, to increase the outstanding share capital in an amount of CHF 24,636,476 through the issuance of 24,636,476, fully paid registered Shares with a nominal value of CHF 1.00 each. An increase in partial amounts is permitted. Our board shall determine the issue price, type of payment, date of issue of new shares, conditions for the exercise of preemptive rights and beginning date for dividend entitlement. In this regard, our board may issue new shares by means of a firm underwriting through a banking institution, a syndicate or another third party, provided that, to satisfy the preemptive rights of shareholders, the issuance is followed by a subsequent offer of shares to shareholders or the preemptive rights of shareholders in relation to the issuance are excluded. Our board may permit preemptive rights that have not been exercised to expire or place preemptive rights or shares to which preemptive rights have been granted but not exercised at market conditions or use them for other purposes in the interest of the Company. For further discussion of shareholder preemptive rights, see "Additional Information — Share Capital — Preemptive Rights" in this Section.

Conditional Share Capital

As of the date of this Prospectus and December 31, 2021, the Company's total conditional share capital amounts to CHF 24,636,476. As of December 31, 2020, the Company's total conditional share capital amounted to CHF As of the date of this Prospectus and December 31, 2019, the Company's total conditional share capital amounts to CHF 16,424,317. With the conditional share capital (*capital conditionnel/bedingtes Kapital*) our share capital may be increased (i) by a maximum amount of CHF 18,769,578 by issuing a maximum of up to CHF 18,769,578 Shares, under an exception to the advance preemptive rights of shareholders, if directors, executive officers or employees of the Group exercise subscription rights attached to ESCs granted under our ESC Plan or any future equity incentive plan and (ii) by a maximum amount of CHF 5,866,898 by issuing a maximum of up to 5,866,898 Shares, under an exception to the advance preemptive rights of shareholders, upon the exercise of any options or other conversion rights granted in connection with an issuance of bonds, similar obligations or other financial instruments by the Company or another Group company.

The Company issued to certain investors on March 28, 2018 5,866,898 warrants. Each warrant entitles its holder to the subscription of one registered share of the Company. The warrants are exercisable at the discretion of the investors for a period of seven years starting on the issuance date.

We currently expect to use the conditional share capital for the purposes of fulfilling our obligations under the ESC Plan and in connection with the warrant issued and for raising additional funds.

Equity Sharing Certificates (ESCs)

Under the ESC Plan, equity sharing certificates ("ESCs", bons de jouissance / Genussscheine) may be granted by the Group to directors, executive officers or employees. Pursuant to article 3a of our articles of association, 1,700 registered bons de jouissance (ESCs) may be granted to directors, consultants or employees of the Company or any Group company according to regulations approved by our board. The bons de jouissance are uncertificated and only with the prior consent of our board transmissible. The bons de jouissance do not form part of the share capital and do not have a nominal value. They do not confer any right to vote or to attend shareholder meetings. Each bon de jouissance grants (i) a right to subscribe for 1,000 Shares and (ii) certain rights to liquidation proceeds of the Company.

We maintain a register of holders of bons de jouissance listing the surname and first name (in the case of legal entities, the company name), address and nationality (in the case of legal entities, the registered office) of the holders of bons de jouissance. Our board may, at any time, hold, acquire or alienate bons de jouissance for the account of the Company, and we may, at any time, cancel bons de jouissance.

At December 31, 2021, there were 198,750 outstanding subscription rights attached to ESCs.

Share option plan

Under our 2007 Share option plan, options may be granted by the group to directors, executive officers or employees and consultants of the Group. At December 31, 2021, there were 8,615,885 outstanding options to be exercised.

Ordinary Capital Increase, Authorized and Conditional Share Capital

Under the CO, our share capital may be increased by a resolution passed at a general meeting of our shareholders (i) by a simple majority of the votes cast in consideration of contributions in cash and, (ii) by a majority of two-thirds of the Shares represented and the majority of the nominal value of the Shares represented at the passing of the resolution (x) in consideration of contributions in kind *(apports en nature*/*Sacheinlage*), (y) if the pre-emptive rights (*droits de scouscription préférentiels*/*Bezugsrechte*) of the existing shareholders are excluded or (z) in the event of a transformation of reserves into share capital. In addition, under the CO, the general meeting of shareholders may empower the board to effect the increase of the share capital based on:

(a) authorized share capital to be utilized at the discretion of our board within a period not exceeding two years from approval by the general meeting of shareholders; and

(b) conditional share capital to be issued upon the exercise of (1) ESCs granted at the discretion of our board to employees and directors of the Company or another Group company or (2) option or conversion rights granted at the discretion of our board pursuant to the issue of bonds, similar obligations or other financial instruments by the Company or another Group company.

The authorized share capital and the conditional share capital may each not exceed 50 percent of the outstanding share capital.

B. Preemptive Rights

Under the CO, holders of our Shares generally have preemptive rights and preferential rights to subscribe for newly issued securities of the Company in proportion to the nominal value of Shares held. The shareholders may, by a resolution passed by at least two thirds of the votes represented at a general meeting and the majority of the nominal value of the shares represented, withdraw or limit the preemptive rights for "important reasons", with the definition of "important reasons" interpreted by the courts in Switzerland.

If a general meeting of shareholders has approved, by amendment of the articles of association, the creation of authorized capital, it may at the same time delegate to the board the decision whether to withdraw or limit the preemptive rights for important reasons, provided that the basic principles are set forth in its delegation. Our articles of association provide for this delegation with respect to our authorized share capital and conditional share capital in the circumstances described below.

Authorized Share Capital

Our board is authorized to withdraw or limit the preemptive rights of the shareholders and to allot them to third parties for important reasons, including if:

- for the acquisition of enterprises, parts of an enterprise or participations, or new investments, by the Company in third parties or assets or, in case of a share placement, for the financing or refinancing of such transactions;

- for the purpose of the participation of strategic partners (including in the event of a public tender offer) or for the purpose of an expansion of the shareholder constituency in certain investor markets;

- for the granting of an over-allotment option of up to 20 percent to the banks involved in connection with a placement of shares; or

- for raising capital in a fast and flexible manner, which would not be achieved without the exclusion of the statutory preemptive rights of the existing shareholders.

Courts in Switzerland have not addressed whether certain of the reasons above qualify as important reasons under Swiss law, in particular, for purposes of the participation of strategic partners.

In order to be an important reason justifying the withdrawal of the preemptive right such withdrawal must in any case:

- be in the interest of the Company and necessary for the pursuit of its lawful goals; and

- observe the principles of the equal treatment of shareholders and of the considerate exercise of rights.

Conditional Share Capital

Our share capital may be increased through (i) the exercise of option rights or subscription rights attached to bons de jouissance which are granted to employees, directors and/or consultants and (ii) through the exercise options and/or conversion rights, which are granted to shareholders of the Company and/or in connection with the issue of bonds, similar obligations or others financial instruments by the Company or another group company. Shareholders will not have preferential subscription rights in connection

with the granting of such bons the jouissance nor will they have advance preemptive rights with respect to any registered shares issued from our conditional share capital upon the exercise of such equity incentive rights.

In addition, under article 3c of our articles of association, our board is authorized to restrict or exclude the advance preemptive rights of shareholders in relation to the issuance of shares out of conditional share capital (i) if the debt or other financial instruments and/or conversion rights or warrants are issued for the purpose of the financing or refinancing of acquisition of enterprises or parts of an enterprise, or participations or new investments made by us, (ii) if such debt or other financial instruments and/or conversion rights or warrants are issued on the national or international capital markets and for the purpose of a firm underwriting by a banking institution or a consortium of banks with a subsequent offering to the public or (iii) if the debt or other financial instruments and/or conversion rights or warrants are issued to raise capital in a fast and flexible manner, which would not be achieved without the exclusion of the advanced subscription rights of the existing shareholders.

If the advance subscription rights are excluded by our board, the issuance of convertible bonds or warrants or other financial market instruments shall be made at the prevailing market conditions (including dilution protection provisions in accordance with market practice) and the new shares shall be issued pursuant to the relevant conversion or exercise rights in connection with bond or warrant issue conditions. Conversion rights may be exercised during a maximum ten-year period, and warrants may be exercised during a maximum seven-year period, in each case from the date of the respective issuance.

C. Transfer of Shares, Restrictions

A transfer of uncertified shares on the SIX Swiss Exchange is effected by a corresponding entry in the books of a bank or depository institution following an assignment in writing by the selling shareholder and notification of such assignment to us by the bank or the depository institution. If following a transfer of shares a shareholder wishes to vote at or participate in a shareholders' meeting, such shareholder must file a share registration form in order to be registered in our share register with voting rights. Failing such registration, a shareholder may not vote at or participate in a shareholders meeting.

A purchaser of Shares will be recorded in our share register as a shareholder with voting rights if the purchaser discloses its name, citizenship or registered office and address and declares that it has acquired the Shares in its own name and for its own account.

Our articles of association provide that a person or entity not explicitly stating in its registration request that it will hold the Shares for its own account (nominee) may be entered as a shareholder in the share register with voting rights for ordinary shares up to a maximum of five percent of the outstanding nominal share capital. Shares held by a nominee that exceed this limit are only registered in the share register with voting rights if such nominee discloses name, address and shareholding of any person or legal entity for whose account it is holding one percent or more of the outstanding nominal share capital. The limit of one percent shall apply correspondingly to nominees who are related to one another through capital ownership or voting rights or have a common management or are otherwise interrelated. A Share being indivisible, we will only recognize one representative of each Share. Furthermore, ordinary Shares may only be pledged to the bank that administers the bank entries of such Shares for the account of the pledging shareholders.

If the registration of shareholdings with voting rights was effected based on false information, our board may cancel such registration with retroactive effect.

D. Own Shares, Repurchase of Shares and Cross-shareholdings

Swiss law limits the number of ordinary shares that we may hold or repurchase. We may only repurchase ordinary Shares if we have sufficient free distributable reserves in our balance sheet to pay the purchase price and if the aggregate nominal value of such ordinary Shares does not exceed ten percent of our nominal share capital. Ordinary shares repurchased by us do not carry any rights to vote at general meetings of shareholders, but are generally entitled to the economic benefits applicable to the ordinary Shares, such as dividend rights and preemptive rights (*droits de souscription préférentiels/Bezugsrechte*) in case of share capital increases. Furthermore, we must create a special reserve on our balance sheet in the amount of the purchase price of the acquired ordinary shares. In addition, selective share repurchases are only permitted under certain circumstances. In particular, repurchases of ordinary shares listed on the SIX Swiss Exchange are subject to certain restrictions promulgated by the Swiss Takeover Board (the regulatory body for takeover bids in Switzerland) and the Swiss Financial Markets Supervisory Authority FINMA ("FINMA") under the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading ("FMIA") and the implementing ordinances enacted thereunder. Within these limitations, as is customary for Swiss companies, we may purchase and sell its own ordinary shares from time to time in order to meet imbalances of supply and demand, to provide liquidity and to even-out swings in the ordinary share market place.

As of the date of this Prospectus, our 100% owned subsidiary, Addex Pharma SA holds 11,372,476 of our ordinary Shares, each with a nominal value of CHF 1.00.

E. Description of Ordinary Warrants and Pre-Funded Warrants

On December 21, 2021 the Company issued Ordinary Warrants and Pre-Funded Warrants to Armistice Capital LLC. The Ordinaray Warrants entitle Armistice Capital LLC to purchase up to 9,230,772 Shares, represented by 1,538,462 ADSs, exercisable 60 days after the date of issuance on December 21, 2021 at an exercise price of $6.50 per ADS. The Pre-Funded Warrants entitle Armistice Capital LLC to purchase up to to purchase up to 5,478,570 Shares, respresented by 913,095 ADSs, exercisable immediately after the date of issuance on December 21, 2021 at an exercise price of $0.01 per ADS. The Ordinary Warrants will expire six years from their date of issuance and the Pre-Funded Warrants will expire when exercised in full.

F. Description of American Depositary Shares

ADSs represent ownership interests in securities that are on deposit with the depositary. Citibank, N.A., or Citibank, acts as the depositary for the ADSs representing our Shares. Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013. ADSs may be represented by certificates that are commonly known as American Depositary Receipts, or ADRs. The depositary typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank Zurich, located at 25 Seestrasee, 8021 Zurich, Switzerland.

Each ADS represents the right to receive, and to exercise the beneficial ownership interests in, six Shares that are on deposit with the depositary and/or custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the depositary or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. We and the depositary may agree to change the ADS-to-share ratio by amending the deposit agreement. This amendment may give rise to, or change, the depositary fees payable by ADS owners. The custodian, the depositary and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depositary, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the ADSs. The depositary, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depositary, and the depositary (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

An owner of ADSs will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents ADSs. The deposit agreement and the ADR specify our rights and obligations as well as the rights and obligations of the owners of ADSs and those of the depositary. An ADS holder appoints the depositary to act on its behalf in certain circumstances. The deposit agreement, the ADRs and ADSs are governed by New York law. However, our obligations to the holders of shares will continue to be governed by the laws of Switzerland, which may be different from the laws in the United States.

We will not treat owners of ADSs as one of our shareholders and ADS owners will not have direct shareholder rights. The depositary will hold the shareholder rights attached to the shares underlying the ADSs on behalf of the owners of ADDs. An owner of ADSs will be able to exercise the shareholders rights for the Shares represented by ADSs through the depositary only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement an ADS owner needs to arrange for the cancellation of its ADSs to become a direct shareholder.

G. Disclosure of Principal Shareholders

Under the FMIA and its implementing ordinances, persons who directly, indirectly or in concert with other parties acquire or dispose of Shares or are granted the power to exercise the voting rights attached to Shares at their own discretion ("delegated voting rights") or acquire or dispose of purchase or sale rights relating to Shares, and thereby reach, exceed or fall below a threshold of 3%, 5%, 10%, 15%, 20%, 25%, 331/3%, 50% or 662/3% of the Company's voting rights (whether exercisable or not), must report such acquisition or disposal to the Company and the SIX Swiss Exchange in writing within four trading days. Within two trading days after the receipt of such notification, the Company must publish such information through SIX Swiss Exchange's electronic reporting and publishing platform. For purposes of calculating whether a threshold has been reached or crossed, shares, delegated voting rights and acquisition rights or obligations ("Purchase Positions") on the one hand and sale rights or obligations ("Sale Positions") on the other hand may not be netted. Rather, the Purchase Positions and the Sale Positions must be accounted for separately and may each trigger disclosure obligations if the respective positions reach one of the thresholds. In addition, actual share ownership and delegated voting rights must be reported separately from other Purchase Positions if it reaches one of the thresholds.

Furthermore, under the CO, the Company must disclose the identity of shareholders and shareholder groups acting in concert who hold more than 5% of the Company's voting rights in the notes to the financial statements as published in the Company's annual report.

H. Obligation to Make an Offer and Opting-out

Pursuant to the FMIA, any person that acquires shares of a company whose shares are listed on a Swiss stock exchange, whether directly or indirectly or acting in concert with third parties, and, as a result, exceeds the threshold of 33 1/3% of the voting rights (whether exercisable or not) of such company, must submit a public tender offer to acquire 100% of the listed equity securities of such company. A company's articles of association may waive this requirement or raise the relevant threshold to up to 49% ("opting-out" and "opting-up", respectively).

The shareholders have resolved to include in our articles of association an opting out provision exempting Growth Equity Opportunities Fund IV, LLC, c/o New Enterprise Associates, 1954 Greenspring Drive, Suite 600, Timonium, MD 21093, and New Leaf Biopharma Opportunities I, L.P., 7 Times Square, Suite 3502, New York, NY 10036, United Stated, in each case including their direct or indirect partners or shareholders as well as any other entity or person (whether incorporated or not) that alone or together with others controls or otherwise holds any interest in them, from the duty to make a mandatory tender offer pursuant to Art. 135 of the Swiss Financial Markets Infrastructure Act (FMIA) based on Art. 125 para. 3 FMIA. The opting out clause is limited in time and will expire on March 21, 2023, with effect for any crossing of the threshold pursuant to Art. 135 FMIA which occurs thereafter. As a result, until expiration of the opting out clause, when exceeding the threshold of 33 1/3% of the voting rights (whether exercisable or not) of us, the investors mentioned in the opting out clause are, when acting alone or in concert pursuant to Art. 135 FMIA, exempted from the duty pursuant to Art. 135 FMIA to make a mandatory tender offer to the other shareholders. Different from other companies listed in Switzerland which have no opting out clause, upon reaching the threshold of 33 1/3% of our voting rights (whether exercisable or not) by the investors mentioned in the opting out clause, the shareholders will neither benefit from the option to sell their shares in a mandatory tender offer nor from minority shareholder protection rules related to such mandatory tender offers. On March 20, 2018, the Swiss Takeover Board validated the opting-out resolved by the shareholders.

The Swiss Takeover Board or the Swiss Financial Market Supervisory Authority FINMA may grant exemptions from the mandatory offer rule in certain circumstances. Also, there is no obligation to make a public tender offer under the FMIA and its implementing ordinances if the voting rights in question are acquired as a result of a gift, succession or partition of an estate, a transfer based upon matrimonial property law or execution proceedings. However, such acquisitions have to be notified to the Swiss Takeover Board.

I. Cancellation of Remaining Equity Securities

Under the FMIA, any offeror who has made a tender offer for equity securities of a listed Swiss company and who, as a result of such offer, holds more than 98% of the voting rights of such company, may petition the court to cancel such company's remaining equity securities. The petition must be filed against the target company within three months after the lapse of the offer period. The remaining shareholders of the target company may join the proceedings. If the court orders cancellation of the remaining equity securities, the target company must reissue and deliver such equity securities to the offer or against payment of the offer consideration for the benefit of the holders of the canceled equity securities.

J. Squeeze-Out Merger

The Swiss Federal Act on Merger, Demerger, Transformation and Transfer of Assets ("Swiss Merger Act") allows a squeeze-out of minority shareholders by way of a squeeze-out merger. With the approval of at least 90% of all shareholders of the target company, the target company may be merged into another company and the minority shareholders of the target company may be compensated in cash or other consideration (e.g. securities from another company) instead of receiving shares in the surviving company. It is unclear and controversial whether the 90% approval relates to the total number of votes represented by all shares of the target company outstanding or to the total number of shareholders of the target company entitled to vote.

K. Notices

Notices to shareholders are validly made by publication in the Swiss Official Gazette of Commerce (*Feuille Officielle Suisse du Commerce/Schweizerisches Handelsamtsblatt*). Our board may designate further means of communication for publishing notices to shareholders. Notices required under the Listing Rules will be announced via the electronic media and, if required, published in electronic form on the website of the SIX Swiss Exchange (www.six-exchange-regulation.com).

L. General Meetings of Shareholders

Under Swiss law, a meeting of ordinary shareholders must be held annually within six months after the end of the fiscal year. General meetings of shareholders may be convened by our board or, if necessary, by our statutory auditors. Our board is further required to convene an extraordinary shareholders' meeting if so resolved by shareholders at a shareholders' meeting or if so requested by holders of Shares holding in aggregate at least ten percent of the nominal share capital of the Company. Shareholders holding Shares with the lower of a nominal value of at least CHF 1,000,000 and ten percent of the nominal share capital have the right to request that a specific proposal be discussed and voted upon at the next shareholders' meeting, setting forth the item and

proposal. Under our articles of association, a request to put an item on the agenda has to be made at least 60 days prior to the relevant meeting. Extraordinary general meetings of shareholders may be called as often as necessary, including in all cases required by law.

A general meeting of shareholders is convened by publishing a notice in the Swiss Official Gazette of Commerce (*Feuille Officielle Suisse du Commerce/Schweizerisches Handelsamtsblatt*) at least 20 days prior to such meeting. In addition, holders of Shares may be informed by a letter sent to the address indicated in the share register.

Our articles of association do not prescribe a quorum for general meetings of shareholders. Resolutions of general meetings of shareholders generally require the approval of the simple majority (*majorité simple/einfache Mehrheit*) of the votes represented at the general meeting. Such resolutions include most amendments to our articles of association, elections of the members of our board and statutory auditors, approval of the annual financial statements, setting the annual dividend, decisions to discharge the members of our board and management for liability for matters disclosed to the general meeting of shareholders and the ordering of an independent investigation into specific matters proposed to the general meeting of shareholders (*contrôle special/Sonderprüfung*).

A resolution passed at a general meeting of shareholders with a qualified majority (*majorité qualifiée/qualifiziertes Mehr*) of at least two thirds of the votes represented and the absolute majority of the nominal share capital represented at such meeting is required by law for (i) changes to our business purpose; (ii) the creation of shares with privileged voting rights; (iii) restrictions on the transferability of registered shares; (iv) an increase of the authorized or conditional share capital; (v) an increase in our share capital by way of capitalization of reserves (*augmentation de capital au moyen des fonds propres*/*Kapitalerhöhung aus Reserven*), against contribution in kind *(apport en nature*/*Sacheinlage*), for the acquisition of assets (*reprise de biens/Sachübernahme*) or involving the grant of special privileges; (vi) the restriction or elimination of preemptive rights of shareholders; (vii) a relocation of the registered office; and (viii) the dissolution of the Company. Special quorum rules apply by law to a merger (*fusion/Fusion*), demerger (*scission/Spaltung*) or conversion (*transformation/Umwandlung*) of the Company. The introduction or removal of any provision in our articles of association introducing a majority greater than that required by law must be resolved in accordance with such greater majority.

Each shareholder may authorize in writing another person, a company representative (*représentant de la société*/*Organvertreter*), a specially designated independent shareholder representative (*représentant independant/unabhängiger Stimmrechtsvertreter*) or a depositary representative (*représentant dépositaire/Depotvertreter*) to represent such shareholder at a general meeting of shareholders.

Shareholder's Inspection Rights

A shareholder may, upon application to us, inspect the minutes of a general meeting of shareholders. In accordance with Swiss law, we make our annual report and the auditor's report available for inspection by shareholders at our registered address at least 20 days prior to each general meeting of shareholders. Any shareholder may request a copy of these reports in advance of or after the general meeting of shareholders. In addition, at a general meeting of shareholders, a shareholder may request information from our board concerning our business and operations and may request information from the auditors concerning the performance and results of their examination of the financial statements. We may refuse to provide that information to a shareholder if, in our opinion, the disclosure of the requested information would reveal confidential secrets or infringe other of our protected interests.

M. Shareholder's Rights to Bring Derivative Actions

Under the CO, any shareholder may bring an action in the shareholder's own name, for our benefit, against our directors, officers, liquidators or auditors, which seek to allow us to recover any damages incurred due to intentional or negligent breach by such directors, officers, liquidators or auditors of their duties.

N. Net Profits and Dividends

Swiss law requires that we retain at least five percent of our annual net profits as general reserves until the reserves reach 20 percent of our nominal share capital. The allocation of the remaining net profits is decided by the general meeting of shareholders upon the proposal of our board.

Under Swiss law, dividends may only be paid if we have sufficient distributable profits from previous business years or if our reserves are sufficient to allow a distribution of dividends. If our board proposes a dividend, the approval of the general meeting of shareholders is required. Dividends are usually due and payable immediately after the shareholders' meeting approving the distribution of dividends. Payment of dividends is barred by statute of limitations after five years. Dividends for which no payment has been requested within five years after the due date accrue to the issuing company and are allocated to the general reserves.

Our statutory auditors are required to declare that the distribution of dividends proposed by our board complies with Swiss law.

O. Borrowing Power

Neither Swiss law nor our articles of association restrict in any way our power to borrow and raise funds. The decision to borrow funds is passed by our board or the management under the direction of our board. No shareholders' resolution is required.

P. Board Practices

Please see the discussion under "Directors, Senior Management and Employees — Board Practices" in Section 13.

Q. Conflicts of Interest

Our organizational rules set forth rules for handling actual or potential conflicts of interest of directors, members of the Executive Management team (which comprises the CEO and officers of the Group designated by and directly reporting to the CEO) and their related persons. A conflict of interest means the special interest a director or member of the Executive Management team has, which could be opposite to the interest of the Company or the Group, with respect to a transaction or matter due to the fact such director, member or a related person has a financial or non-financial interest in, or is otherwise closely linked to, the transaction or matter. The board shall decide, without the participation of the director or member of the Executive Management team in question, whether any conflict of interest exists. Our directors and members of the Executive Management team are required to disclose all board memberships each holds and any other interests or activities which could potentially lead to a point of contact with the Company or the Group on a continuing basis to the secretary of our board, who shall report to the chairman of the board. Our directors and members of the Executive Management team are required to abstain from dealing or exercising their voting rights (if applicable) in any transaction or matter involving their personal interests or the interests of individuals or entities related to them. They may not receive any confidential information with respect to such transaction or matter and shall not participate in meetings to the extent such transaction or matter is discussed or resolved. In addition, any transaction between the Company or a Group company, on the one hand, and a director or a member of the Executive Management team, on the other hand, is required to be carried out "at arm's length" and approved without participation of the person concerned.

Swiss law does not have a general provision on conflicts of interest. However, under Swiss law, payments made to a shareholder or director, or any person associated with a shareholder or director, other than at arm's length must be repaid to the Company if such shareholder or director was acting in bad faith. Further, any contract entered between the Company and a third party that represented the Company in connection with such contract must be in writing. This requirement does not apply to contracts relating to daily business matters where the value of the performance by the Company does not exceed CHF 1,000.

In addition, the CO contains a provision which requires directors and senior management to safeguard the interests of the Company and, in this connection, imposes a duty of loyalty and duty of care on its directors and officers. Among other effects, this provision is generally understood to disqualify directors and senior management from participation in decisions that directly affect them. Directors and senior management are personally liable to the Company for violation of these provisions. Under Swiss law, the members of our board and all persons engaged in management are liable to the Company, to each shareholder and to the Company's creditors for damages caused by an intentional or negligent violation of their duties.

Under the CO, companies listed on the SIX Swiss Exchange are obliged to disclose, in the notes on the accounts, (i) the total amount of all compensation and loans granted by the Company to current and former members of our board and management; and (ii) compensation and loans granted by the Company to persons affiliated with the current or former members of our board or management. For any compensation or loan to a member of our board, a separate disclosure including the identity of the director must be disclosed. With respect to members of management, only the highest compensation awarded in that fiscal year must be disclosed, including the recipient's identity. With respect to persons affiliated with members of our board or management, a separate disclosure for any compensation or loan to such persons must be made.

R. Duration and Liquidation

Our articles of association do not limit our duration.

The Company may be dissolved at any time by a shareholders' resolution which must be passed with a qualified majority (*majorité qualifiée/qualifiziertes Mehr*) of at least two-thirds of the votes represented and the absolute majority of the nominal share capital represented at the meeting (i) in the event of the Company being dissolved by way of liquidation, and (ii) in case of a merger (in accordance with the Swiss Merger Act). Dissolution and liquidation by court order is possible: (i) if we become bankrupt; or (ii) for valid reasons if shareholders holding at least 10 percent of our share capital so request.

Under Swiss law, any surplus arising out of a liquidation (after the settlement of all claims of all creditors) is distributed in proportion to the paid-in nominal share capital, subject to Swiss withholding tax of 35 percent. See Section 18, "Certain Tax Considerations" beginning on page 102.

S. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business or as described in Section 12, "Business", in Section 14, "Major Shareholders and Related Party Transactions" or elsewhere in this Prospectus.

T. Exchange Controls

Persons who are neither nationals of, nor resident in, Switzerland may freely hold, vote and transfer their shares in the same manner as Swiss residents or nationals under Swiss law and under our articles of association.

Other than in connection with government sanctions imposed on certain persons from the Republic of Iraq, the Islamic Republic of Iran, Lebanon, Yemen, Libya, Sudan, the Republic of South Sudan, Burundi, the Democratic Republic of Congo, Somalia, Mali, Guinea-Bissau, Syria, Myanmar (Burma), Zimbabwe, Belarus, Guinea, the Democratic People's Republic of Korea (North Korea), the Central African Republic, Venezuela, Nicaragua, persons and organizations with connections to Usama bin Laden, the "Al-Qaïda" group or the Taliban, certain persons in connection with the assassination of Rafik Hariri, and certain measures in connection with the prevention of circumvention of international sanctions in connection with the situation in Ukraine, there are currently no government laws, decrees or regulations in Switzerland that restrict the export or import of capital, including, but not limited to, Swiss foreign exchange controls on the payment of dividends, interest or liquidation proceeds, if any, to non-resident holders of the Shares.

U. Historical Price Performance of the Shares for the Years Ended 2019, 2020 and 2021

The following table contains a summary of the historical price performance our Shares for the years ended 2019, 2020 and 2021:

Year Ended | Time Period	**High**	**Low**	**Year End | End of Time Period**
2019	2.48	1.43	1.64
2020	2.95	0.95	1.99
2021	2.05	1.01	1.04

18. CERTAIN TAX CONSIDERATIONS

The following summary does not purport to address all tax consequences of the acquisition, ownership and sale or other disposition of the Shares, and does not take into account the specific circumstances of any particular investor. The summary relates only to the position of persons who are the beneficial owners of the Shares and may not apply to certain other classes of persons. The summary is based on the tax laws, regulations and regulatory practices of Switzerland as in effect on the date hereof, which are subject to change (or subject to changes in interpretation), possibly with retroactive effect.

Current and prospective shareholders are advised to consult their own tax advisers in light of their particular circumstances as to the Swiss tax laws, regulations and regulatory practices that could be relevant for them in connection with the acquiring, owning and selling or other disposing of Shares and receiving dividends and similar cash or in-kind distributions on Shares (including dividends on liquidation proceeds and stock dividends) (Dividends) or other payments on Shares and the consequences thereof under the tax laws, regulations and regulatory practices of Switzerland.

Swiss Federal, Cantonal and Communal Individual Income Tax and Corporate Income Tax

Non Resident Shareholders

Holders of Shares who are not resident in Switzerland for tax purposes, and who, during the relevant taxation year, have not engaged in a trade or business carried on through a permanent establishment or fixed place of business situated in Switzerland for tax purposes (all such shareholders are hereinafter referred to as the "Non Resident Shareholders"), will not be subject to any Swiss federal, cantonal and communal income tax on dividends and similar cash or in kind distributions on Shares (including dividends on liquidation proceeds and stock dividends) (hereinafter referred to as the "Dividends"), distributions based upon a capital reduction (*Nennwertrückzahlungen*) or paid out of reserves from capital contributions (*Reserven aus Kapitaleinlagen*) on Shares, or capital gains realized on the sale or other disposition of Shares (see, however, paragraph 1.3 "Swiss Federal Withholding Tax" for a summary of Swiss federal withholding tax on Dividends).

Resident Private Shareholders

Swiss resident individuals who hold their Shares as private assets (all such shareholders are hereinafter referred to as the "Resident Private Shareholders") are required to include Dividends, but not distributions based upon a capital reduction (*Nennwertrückzahlungen*) or paid out of reserves from capital contributions (*Reserven aus Kapitaleinlagen*) of the Shares, in their personal income tax return and are subject to Swiss federal, cantonal and communal income tax on any net taxable income for the relevant taxation period, including the Dividends, but not the distributions based upon a capital reduction (*Nennwertrückzahlungen*) or paid out of reserves from capital contributions (*Reserven aus Kapitaleinlagen*). Capital gains resulting from the sale or other dispositions of Shares are not subject to Swiss federal, cantonal and communal income tax, and conversely, capital losses are not tax deductible for Resident Private Shareholders. See paragraph 1.1(C) "Domestic Commercial Shareholders" for a summary of the taxation treatment applicable to Swiss resident individuals, who, for income tax purposes, are classified as "professional securities dealers".

(C) Domestic Commercial Shareholders

Corporate and individual shareholders who are resident in Switzerland for tax purposes and corporate and individual shareholder who are not resident in Switzerland, and who, in each case, hold their Shares as part of a trade or business carried on in Switzerland, in the case of corporate and individual shareholders not resident in Switzerland, through a permanent establishment or fixed place of business situated, for tax purposes, in Switzerland, are required to recognize Dividends, distributions based upon a capital reduction (*Nennwertrückzahlungen*) or paid out of reserves from capital contributions (*Reserven aus Kapitaleinlagen*) received on Shares and capital gains or losses realized on the sale or other disposition of Shares in their income statement for the relevant 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 for such taxation period. The same taxation treatment also applies to Swiss resident private individuals who, for income tax purposes, are classified as "professional securities dealers" for reasons of, inter alia, frequent dealing, or leveraged investments in Shares and other securities (the shareholders referred to in this paragraph (C), hereinafter for the purposes of this section, as the "Domestic Commercial Shareholders"). Domestic Commercial Shareholders who are corporate taxpayers may be eligible for dividend relief (*Beteiligungsabzug*) in respect of Dividends and distributions based upon a capital reduction (*Nennwertrückzahlungen*) or paid out of reserves from capital contributions (*Reserven aus Kapitaleinlagen*) if the Shares held by them as part of a Swiss business have an aggregate market value of at least CHF 1 million.

Swiss Cantonal and Communal Private Wealth Tax and Capital Tax

Non Resident Shareholders

Non Resident Shareholders are not subject to Swiss cantonal and communal private wealth tax or capital tax.

Resident Private Shareholders and Domestic Commercial Shareholders

Resident Private Shareholders and Domestic Commercial Shareholders who are individuals are required to report their Shares as part of private wealth or their Swiss business assets, as the case may be, and will be subject to Swiss cantonal and communal private wealth tax on any net taxable wealth (including the Shares), in the case of Domestic Commercial Shareholders to the extent the aggregate taxable wealth is allocated in Switzerland. Domestic Commercial Shareholders who are corporate taxpayers are subject to Swiss cantonal and communal capital tax on taxable capital to the extent the aggregate taxable capital is allocated to Switzerland.

Swiss Federal Withholding Tax

Dividends that the Company pays on the Shares are subject to Swiss Federal withholding tax (*Verrechnungssteuer*) at a rate of 35% on the gross amount of the Dividend. The Company is required to withhold the Swiss federal withholding tax from the Dividend and remit it to the Swiss Federal Tax Administration. Distributions based upon a capital reduction (*Nennwertrückzahlungen*) or paid out of reserves from capital contributions (*Reserven aus Kapitaleinlagen*) are not subject to Swiss federal withholding tax.

The Swiss federal withholding tax on a Dividend will be refundable in full to a Resident Private Shareholder and to a Domestic Commercial Shareholder, who, in each case, inter alia, as a condition to refund, duly reports the Dividend in his or her individual income tax return as income or recognizes the Dividends in its income statement as earnings, as applicable.

A Non Resident Shareholder may be entitled to a partial refund of the Swiss federal withholding tax on Dividend if the country of his or her residence for tax purposes has entered into a bilateral treaty for the avoidance of double taxation with Switzerland and the conditions of such treaty are met. Such shareholders should be aware that the procedures for claiming tax treaty benefits (and the time required for obtaining a refund) might be different from country to country. For example, a shareholder who is resident of the U.S. for the purposes of the bilateral treaty between the U.S. and Switzerland is eligible for a refund of the amount of the withholding tax in excess of the 15% treaty rate, provided such shareholder: (i) qualifies for benefits under this treaty and qualifies as beneficial owner of the Dividends; (ii) hold, directly or indirectly, less than 10% of the voting stock of the Company; (iii) does not qualify as a pension scheme or retirement arrangement for the purpose of the bilateral treaty; and (iv) does not conduct business through a permanent establishment or fixed base in Switzerland to which the Shares are attributable. Such an eligible U.S. shareholder may apply for a refund of the amount of the withholding tax in excess of the 15% treaty rate. The applicable refund request form may be filed with the Swiss Federal Tax Administration following receipt of the dividend and the relevant deduction certificate, however no later than December 31 of the third year following the calendar year in which the dividend was payable.

Swiss Federal Stamp Taxes

Any dealings in the Shares, where a bank or another securities dealer in Switzerland, as defined in the Swiss Federal Stamp Tax Act, acts as intermediary or is a party to the transaction, are, subject to certain exemptions provided for in the Swiss Federal Stamp Tax Act, subject to Swiss securities turnover tax at an aggregate tax rate of up to 0.15% of the consideration paid for such Shares.

International Automatic Exchange of Information in Tax Matters

On November 19, 2014, Switzerland signed the Multilateral Competent Authority Agreement, which is based on article 6 of the OECD/Council of Europe administrative assistance convention and is intended to ensure the uniform implementation of automatic exchange of information (the "AEOI"). The 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 being introduced in Switzerland through bilateral agreements or multilateral agreements. The agreements have, 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 agreements and bilateral agreements and the implementing laws of Switzerland, Switzerland exchanges data in respect of financial assets, including the 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 a EU member state or in a treaty state.

Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act

Switzerland has concluded an intergovernmental agreement with the U.S. to facilitate the implementation of FATCA. 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, and instead will be exchanged only within the scope of administrative assistance on the basis of the double taxation agreement between the U.S. and Switzerland. On October 8, 2014, the Swiss Federal Council approved a mandate for negotiations with the U.S. on changing the current 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.

19. SIX SWISS EXCHANGE

General Information

As the Shares are listed according to the International Reporting Standard of the SIX Swiss Exchange, the Company is subject to the Listing Rules and further regulations enacted by the SIX Swiss Exchange.

The SIX Swiss Exchange (formerly known as the SWX Swiss Exchange AG) was founded in 1993 as the successor of the local stock exchanges in Zurich, Basel and Geneva. Full electronic trading in foreign equities and derivatives began in 1995. In 1996, the SIX Swiss Exchange introduced full electronic trading in Swiss equities, derivatives and bonds. In 2008, the SWX Swiss Exchange AG changed its name to SIX Swiss Exchange AG.

In 2021, the aggregate trading volume of the SIX for Swiss and foreign equity (on, off and dark order book) was CHF 1,282.4 billion. As of January 21, 2022, 133 issuers (of shares) were listed in accordance with the International Reporting Standard of the SIX (source: https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/shares/companies.html).

General rules on securities trading

Trading on SIX Swiss Exchange occurs through a fully integrated trading system covering the entire process from trade order to settlement. Trading of equities begins each business day at 9:00 (CET or CEST, as applicable) and continues until 17.20 (CET or CEST, as applicable), at which time the closing auction starts, and continues until 17:30 CET or CEST, as applicable with a random close of trading within two minutes. After the close of exchange trading, new orders can be entered or deleted until 22:00 (CET or CEST, as applicable). From 6:00 (CET or CEST, as applicable) new entries and enquiries can be made until 9:00 (CET or CEST, as applicable). The system is not available between 22:00 (CET or CEST, as applicable) and 6:00 (CET or CEST, as applicable). For the opening phase (starting at 9:00 (CET or CEST, as applicable)), the system closes the order book and starts opening procedures, it establishes the opening prices and determines orders to be executed according to the matching rules. Closing auctions are held to determine the daily closing price for all equity securities traded on SIX Swiss Exchange. At the start of the closing auction, the status of all equity order books changes from permanent trading to auction. The auction itself consists of a pre-opening period and the actual auction according to rules that are similar to the opening procedure.

Transactions take place through the automatic matching of orders. Each valid order of at least a round lot is entered and listed according to the price limit in the order book. A round lot of the shares consists of one share. In general, market orders (orders placed at a best price) are executed first, followed by limit orders (orders placed at a price limit), provided that if several orders are listed at the same price, they are executed according to the time of entry. Transactions in shares effected by or through members of SIX are subject to a stock exchange levy. This levy includes the reporting fee and is payable per trade and participant. The fee is defined individually for each trading segment.

Banks and broker-dealers doing business in Switzerland are required to report all transactions in listed securities traded on SIX Swiss Exchange to SIX Exchange Regulation AG. Reporting occurs automatically for on order book transactions. Off-order book transactions during trading hours must be reported to SIX Swiss Exchange within one minute. Transactions outside trading hours must be reported no later than the next opening. Transaction data and a comprehensive range of other information is collected, processed and immediately distributed by SIX Swiss Exchange through various publications, including, in particular, the Swiss Market Feed which then supplies SIX Swiss Exchange data in real time to all subscribers, as well as to other information providers, such as SIX Financial Information Ltd and Refinitiv.

As the organizer of the market, SIX Swiss Exchange is generally responsible for market surveillance and monitoring. The aim of such self-regulation is to ensure transparency and fair trading for investors and to guarantee market efficiency. SIX Swiss Exchange may suspend the trading of securities under certain circumstances, including, in particular, if large price fluctuations are observed and if price sensitive information is about to be disclosed, or in other situations that might endanger fair and orderly trading. Under clearly defined circumstances, such as seriously questionable solvency of the issuer or continuous lack of required liquidity for efficient exchange trading, SIX Swiss Exchange may delist the relevant securities.

Clearing, Payment and Settlement

Clearing and settlement of securities listed on the SIX Swiss Exchange is made through SIS. Exchange transactions are usually settled on a T+2 basis, meaning that delivery against payment of exchange transactions occurs two trading days after the trade date.

Corporate Governance Directive and the Swiss Code of Best Practice for Corporate Governance

In Switzerland, two sets of rules are relevant with respect to corporate governance, specifically the SIX Directive on Information Relating to Corporate Governance of June 18, 2021, as amended (the "DCG"), and the Swiss Code of Best Practice for Corporate Governance, as amended (the "Swiss Code"). In addition, the Compensation Ordinance sets out certain requirements on corporate governance (see Section 14 "Board of Directors, Executive Management and employees" — Compensation of the Members of the Board of Directors and the Executive Management "Compensation of the Members of the board and the Executive Management" beginning on page 82).

The DCG is binding on all Swiss companies whose equity securities have their primary or main listing on the SIX Swiss Exchange. The DCG requires issuers to disclose important information on the management and control mechanisms at the highest corporate level or to give specific reasons why this information is not disclosed.

The Swiss Code is issued by economiesuisse, the largest umbrella organization representing Swiss businesses. The Swiss Code is non-binding, but provides recommendations for good corporate standards in line with international business practices on a comply-or-explain bas.

Directive on the Disclosure of Management Transactions

The Directive on the Disclosure of Management Transactions of March 20, 2018 issued by the SIX Swiss Exchange (the "DMT") requires issuers whose equity securities have their primary listing on the SIX Swiss Exchange to ensure that members of their board of directors and senior management disclose transactions they have made in the securities of their own company. Under the DMT, the relevant individuals must disclose any such transaction to the issuer, and the issuer must forward such information to the SIX Swiss Exchange. Such transactions are subsequently published on a "no names basis" on the SIX Swiss Exchange's website.

20. GENERAL INFORMATION

Clearing Codes

The Swiss Security number (*numéro de valeur/Valorennummer*) of the Shares is 2985075. The ISIN is CH0029850754. The SIX Swiss Exchange ticker symbol will be ADXN. The Common Code is 030039254.

Documents Available for Inspection

This Prospectus and Addex's Articles are available for inspection during regular business hours c/o Addex Pharma SA, Chemin des Aulx 12, CH-1228 Plan-les-Ouates, Switzerland.

Recognized Representative

In accordance with article 43 of the Listing Rules, Homburger AG being recognized as an expert by the Admission Board of the SIX Swiss Exchange, has filed on our behalf an application for the listing of the New Shares on the SIX Swiss Exchange.

Notices

According to our Articles, notices to shareholders are validly made by publication in the Swiss Official Gazette of Commerce (*Feuille Officielle Suisse du Commerce/Schweizerisches Handelsamtsblatt*). The board may designate other publication organs as well. Notices required under the Listing Rules will be announced via the electronic media, and, if required, published in electronic form on the website of the SIX Swiss Exchange (www.six-exchange-regulation.com).

Any notices containing or announcing amendments or changes to the terms of the Prospectus will be announced through electronic media. Notices legally required by SIX Exchange Regulation to be published will be published on the website of the SIX Exchange Regulation (currently: https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/).

Weblinks

The Company's website: https://www.addextherapeutics.com/en/
E-mail distribution list (push system): https://www.addextherapeutics.com/en/investors/register-email-news/
Press releases (pull system): https://www.addextherapeutics.com/en/news-and-events/press-releases/

Independent Auditors

Duration of the mandate and term of office of the independent auditors

Since June 9, 2020, the Company's statutory auditor is BDO SA, Route de Meyrin 123, 1215 Geneve, an audit firm under state oversight (*staatlich beaufsichtigtes Revisionsunternehmen*) by the Swiss Federal Audit Oversight Authority pursuant to the Swiss Federal Act on the Admission and Oversight of Auditors and in accordance with article 727b CO. Until June 9, 2020, PricewaterhouseCoopers SA, Avenue Giuseppe Motta 50, 1202 Genève ("PwC") also an an audit firm under state oversight (*staatlich beaufsichtigtes Revisionsunternehmen*) by the Swiss Federal Audit Oversight Authority pursuant to the Swiss Federal Act on the Admission and Oversight of Auditors and in accordance with article 727b CO, held the mandate of the statutory auditor of the Company since 2002. On May 5, 2020 PwC PwC declined to stand for re-election at the 2020 Annual General Meeting held on June 9, 2020. The reports of PwC on the audits related to the consolidated financial statements of Addex Therapeutics Ltd for the fiscal years ended December 31, 2019 and December 31, 2018 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. During each of the years ended December 31, 2019 and 2018 and the subsequent interim period through May 5, 2020, there were no disagreements with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure that, if not resolved to the satisfaction of PwC, would have caused it to make reference to the subject matter of the disagreements in connection with its report. Travis Rudolph has succeeded to Yves Cerruti as lead auditor since the audit of 2017. The consolidated financial statements and the statutory financial statements of the Company as per December 31, 2019 and 2018, included in this Prospectus, have been audited by PwC, as stated in their reports appearing herein.

Auditing honorarium

BDO received a fee of CHF 259,912 for auditing the financial statements of the Company and the Group for the financial year 2020. PwC received a fee of CHF 781,456 for auditing the financial statements of the Company and the Group for the financial year 2019.

Additional honorariums

BDO received CHF 27,000 additional fee audit procedures performed in conjunction with a capital increase report for the financial year 2021. PwC received CHF 2,900 additional fee audit procedures performed in conjunction with a capital increase report for the financial year 2019.

Paying Agent

As long as the Shares are listed on the SIX Swiss Exchange, the Company will maintain a principal paying agent (*Hauptzahlstelle*) in Switzerland. The principal paying agent for the Shares in Switzerland is Banque Cramer & Cie SA.

21. GLOSSARY

1-dopa carbidopa	A specific combination of the two medications carbidopa and levodopa.
Acute	Having a sudden onset, rapid rise, and short course (e.g., an *acute* disease). Acute is a term used in contrast to chronic or lasting.
AE monitoring	AE monitoring is spelled out as the practice of continuously monitoring the undesirable effects caused using any drug
Aetiology	The branch of medical science that studies the causes of diseases and the factors underlying their spread.
Agonist	An endogenous or exogenous agent that mimics the action of hormones and/or neurotransmitters on their receptors to induce a response. For example, dopamine agonists stimulate specific brain dopamine receptors to induce a motor response.
Akinesia	One of the classifications of movement disorders, and refers to decreased bodily movement
Allosteric modulation	The regulation of an enzyme or protein by binding an effector molecule at an allosteric site on the protein, that is, a site other than the binding site of the protein's endogenous activator.
Amantadine	A medication used to treat dyskinesia associated with parkinsonism.
Amygdala	One of two almond-shaped clusters of nuclei located deep and medially within the temporal lobes of the brain in complex vertebrates, including humans.
Amyloids	Amyloid refers to the abnormal fibrous, extracellular, proteinaceous deposits found in organs and tissues. Amyloid is insoluble and is structurally dominated by β-sheet structure.
Anhedonia	Inability to feel pleasure in normally pleasurable activities
Antagonist	A chemical entity that counteracts or neutralizes the action of the body's endogenous chemical messenger or another foreign chemical entity, see Receptor.
Anticholinergics	A group of substances that blocks the action of the neurotransmitter called acetylcholine (ACh) at synapses in the central and peripheral nervous system.
Anxiety	An exaggerated response to a natural fear, or an excessive fear of a normal situation. A variety of disorders are grouped under anxiety; these include panic disorder, social phobia, obsessive-compulsive disorder, post-traumatic stress disorder and generalized anxiety disorder ("GAD"). Also anxiety commonly accompanies other psychiatric conditions such as depression, schizophrenia and addiction.
Apraclonidine	A sympathomimetic used in glaucoma therapy. It is an α2 adrenergic receptor agonist and a weak α1 adrenergic receptor agonist.
Areflexia	Absent reflexes
Astrocytes	Are characteristic star-shaped glial cells in the brain and spinal cord. They perform many functions, including biochemical support of endothelial cells that form the blood–brain barrier, provision of nutrients to the nervous tissue, maintenance of extracellular ion balance and a role in the repair and scarring process of the brain and spinal cord following traumatic injuries.
Autoreceptor	Receptor located in the membranes of presynaptic nerve cells. It serves as part of a negative feedback loop in signal transduction. It is only sensitive to the neurotransmitters or hormones released by the neuron on which the autoreceptor sits.
Baclofen	A medication used to treat muscle spasticity such as from a spinal cord injury or multiple sclerosis.
Benzodiazepines	A class of drugs with hypnotic, anxiolytic, anticonvulsant, amnestic and muscle relaxant properties, which are used for short-term relief of severe, disabling anxiety, insomnia, and for muscle relaxation for surgical procedures.
Blepharospasm	Any abnormal contraction or twitch of the eyelid. The condition should be distinguished from the more common, and milder, involuntary quivering of an eyelid, known as myokymia. In most cases, blepharospasm symptoms last for a few days and then disappear without

treatment, but in some cases the twitching is chronic and persistent, causing life-long challenges.

Botulinum toxin	Is a neurotoxic protein produced by the bacterium Clostridium botulinum and related species used commercially for medical and cosmetic purposes.
Bradykinesia	Slowness of movement
cGMP	current Good Manufacturing Practices.
Chorea	Abnormal involuntary movement disorder
Clinical trial	Clinical trials are conducted to evaluate new drug candidates in patients in a strictly scientifically controlled setting. Such trials are designed to assess safety and efficacy of a potential new therapy.
CMT1A	Charcot-Marie-Toth neuropathy
CNS	Central Nervous System; the nerves and cells of the brain and the spinal cord.
Contract Research Organization ("CRO")	A company involved in performing clinical or non-clinical research on a contractual basis for a pharmaceutical company, research organization, or other health organization.
Deep brain stimulation (DBS)	Is a neurosurgical procedure involving the placement of a medical device called a neurostimulator (sometimes referred to as a "brain pacemaker"), which sends electrical impulses, through implanted electrodes, to specific targets in the brain (brain nuclei) for the treatment of movement disorders, including Parkinson's disease, essential tremor, and dystonia.
Demyelination	Any disease of the nervous system in which the myelin sheath of neurons is damaged. This damage impairs the conduction of signals in the affected nerves. In turn, the reduction in conduction ability causes deficiency in sensation, movement, cognition, or other functions depending on which nerves are involved.
Dendritic cells	Are antigen-presenting cells (also known as accessory cells) of the mammalian immune system. Their main function is to process antigen material and present it on the cell surface to the T cells of the immune system. They act as messengers between the innate and the adaptive immune systems.
Depressive disorder	is a mental disorder characterized by at least two weeks of pervasive low mood. Low self-esteem, loss of interest in normally enjoyable activities, low energy, and pain without a clear cause are common symptoms. Those affected may also occasionally have delusions or hallucinations.
Dopamine	A monoamine with the chemical formula of C8H11NO2 that functions as a neurotransmitter in the brain.
Dopamine receptors	A class of metabotropic G protein-coupled receptors with the neurotransmitter dopamine as their endogenous ligand.
Double-blinded study	A clinical trial design in which neither the participating individuals (healthy volunteers or patients) nor the study staff know which participants are receiving the experimental drug and which are receiving placebo or another active treatment. Double-blind trials are thought to produce objective results, since the expectations of the doctor and the participant about the experimental drug do not affect the outcome.
Drug candidate	A molecule that is selected at the end of pre-clinical studies to become the subject of the clinical phase of development.
Dystonia	Neurological movement disorder, characterized by small involuntary movements and muscle cramps
Dyskinesia	Neurological movement disorder, characterized by involuntary skacking movements that are the consequence of medications
EMA	European Medicines Agency.
Endogenous	Produced or synthesized within the organism.
Enzyme	Proteins that catalyze (i.e. accelerate) chemical reactions.
Epilepsy	Neurological disorder in which brain activity becomes abnormal, causing unusual sensations and sometimes loss of awareness
Excitotoxicity	Is the pathological process by which neurons are damaged and killed by the overactivations of receptors for the excitatory neurotransmitter glutamate, such as the NMDA receptor and AMPA receptor.

Exogenous	Produced or synthesized outside the organism.
FDA	The US Food and Drug Administration.
FDCA	Federal Food, Drug and Cosmetic act
GABA	Gamma-Amino Butyric Acid, an amino acid which acts as an inhibitory neurotransmitter in the central and peripheral nervous systems.
GAD	Generalized Anxiety Disorder, an anxiety disorder characterized by chronic excessive anxiety that is difficult to control, impairs daily functioning, and is accompanied by three or more associated symptoms (e.g., restlessness, irritability, impaired concentration, or sleep disturbances).
GERD	Gastroesophageal Reflux Disease, a chronic condition characterized by abnormal episodes of reflux of stomach contents into the esophagus usually accompanied by heartburn and that may result in mucosal damage in the esophagus.
Glutamate	An amino acid which acts as an excitatory neurotransmitter in the central and peripheral nervous systems.
GCP	Good Clinical Practices
GLP	Good Laboratory Practices
GMP	Good Manufacturing Practices.
GPCRs	G Protein-Coupled Receptors, a protein family of transmembrane receptors that transduce an extracellular signal (ligand binding) into an intracellular signal (G protein activation).
Hematology	Is the branch of medicine concerned with the study of the cause, prognosis, treatment, and prevention of diseases related to blood.
Heterogeneous	Concepts often used in the sciences and statistics relating to the uniformity in a substance or organism.
Heteroreceptor	Is a receptor regulating the synthesis and/or the release of mediators other than its own ligand. Heteroreceptors respond to neurotransmitters, neuromodulators, or neurohormones released from adjacent neurons or cells.
Hypotension	The medical term for low blood pressure.
Idiopathic disease	Any disease with an unknown cause or mechanism of apparent spontaneous origin.
Investigational New Drug (IND)	A request for authorization from the FDA to administer an investigational drug or biological product to humans.
In-vitro	A biological or chemical process occurring outside a living organism, i.e. conducted on cultured cells.
Ionotropic	A group of transmembrane ion-channel proteins which open to allow ions such as Na^+, K^+, Ca^{2+}, and/or Cl^- to pass through the membrane in response to the binding of a chemical messenger (i.e. a ligand), such as a neurotransmitter.
IRB	Independent Institutional Review Board
Mechanism of action	The manner by which a drug exerts its activity.
mGlu	Metabotropic glutamate receptors, a set of G protein-coupled glutamate receptors (GPCRs) comprising 8 members designated mGluR1-mGluR8. They are members of the family C of GPCRs. Like all glutamate receptors, mGluRs bind glutamate, an amino acid that functions as an excitatory neurotransmitter.
mGlu2	Metabotropic glutamate receptor subtype 2, a subtype of the set of G protein-coupled glutamate receptors.
mGlu3	Metabotropic glutamate receptor subtype 3, a subtype of the set of G protein-coupled glutamate receptors.
mGlu4	Metabotropic glutamate receptor subtype 4, a subtype of the set of G protein-coupled glutamate receptors.
mGlu5	Metabotropic glutamate receptor subtype 5, a subtype of the set of G protein-coupled glutamate receptors.
mGlu7	Metabotropic glutamate receptor subtype 7, a subtype of the set of G protein-coupled glutamate receptors.
MPTP	MPTP is a prodrug to the neurotoxin MPP+, which causes permanent symptoms of Parkinson's disease by destroying dopaminergic neurons in the substantia nigra of the brain.

Muscarinic acetylcholine	Are acetylcholine receptors that form G protein-coupled receptor complexes in the cell membranes of certain neurons and other cells. They play several roles, including acting as the main end-receptor stimulated by acetylcholine released from postganglionic fibers in the parasympathetic nervous system.
Myelin sheath	Sleeves of fatty tissue that protect your nerve cells. These cells are part of your central nervous system, which carries messages back and forth between your brain and the rest of your body.
NAM	Negative Allosteric Modulator, inhibitors of the natural physiological activity of the endogenous activator.
Neocortical regions	Regions demarcated by the cranial sutures in the skull above, into frontal, parietal, occipital, and temporal lobes, which perform different functions. For example, the occipital lobe contains the primary visual cortex, and the temporal lobe contains the primary auditory cortex.
New Drug Application (NDA)	New Drug Application with the FDA. A submission form that contains specific information on the manufacturing processes, chemistry, pharmacology, clinical pharmacology and the medical effects of a new chemical entity. If the information provided meets FDA requirements, the application is approved and a license allowing a company to market the product is granted.
Neurotransmitter	A chemical substance in the central or peripheral nervous system that transmits nerve impulses across synapses.
Neurotrophin	A family of proteins that induce the survival, development, and function of neurons. They belong to a class of growth factors, secreted proteins that can signal particular cells to survive, differentiate, or grow.
Novel drug	A drug/pharmaceutical/antibiotic that is patentable because it is pharmaceutically new in chemical structure and either acts on a target which is not exploited by any other known drug or it has properties which make it sufficiently differentiable from any other drug sharing the same target.
Novel target	A target which is not exploited by any other known drug.
Novel mechanism of action	The mechanism of action of a drug that either acts differently from any other drug on a known target or that acts on a novel target.
Obsessive-compulsive	A psychiatric disorder most commonly characterized by a subject's obsessive, distressing, intrusive thoughts and related compulsive behaviors (tasks or "rituals") which attempt to neutralize the obsessions.
Off-label	The use of a drug for a medical condition other than that for which it was officially approved and marketed.
Oligodendrocytes	Large glial cell found in the central nervous system. Oligodendrocytes produce the myelin sheath insulating neuronal axons (analogous to Schwann cells in the peripheral nervous system), although some oligodendrocytes (called satellite oligodendrocytes) are not involved in myelination.
Open label safety study (OLS)	A type of study in which both the health providers and the patients are aware of the drug or treatment being given.
PAM	Positive Allosteric Modulator, enhancers of the natural physiological activity of the endogenous activator.
Parkinson's disease (PD)	PD is a degenerative disorder of the central nervous system that affects the control of muscles, and so may affect movement, speech and posture. Parkinson's disease belongs to a group of conditions called movement disorders. It is often characterized by muscle rigidity, tremor, a slowing of physical movement (bradykinesia), and in extreme cases, a loss of physical movement (akinesia). The primary symptoms are the results of excessive muscle contraction, normally caused by the insufficient formation and action of dopamine, which is produced in the dopaminergic neurons of the brain. Secondary symptoms may include impaired cognitive function and language problems. PD is both chronic, meaning it persists over a long period of time, and progressive.
PD-LID	Parkinson's disease levodopa – induced dyskinesia
PDUFA	Prescription Drug User Fees Act

Peptide	short molecules formed from the linking, in a defined order, of various α-amino acids.
Pharmacokinetics	Pharmacokinetics is a branch of pharmacology dedicated to the study of the time course of substances and their relationship with an organism or system. So, in basic terms, while pharmacodynamics explores what a drug does to the body, pharmacokinetics explores what the body does to the drug. It includes the evaluation of absorption, distribution, metabolism, and excretion of drugs.
Phase 1	Clinical trials in which a drug is tested for safety in healthy individuals. This is normally the first time the drug is given to humans. In one or more clinical trials, safety, tolerability, dose range pharmacodynamic and pharmacokinetic profiles are explored.
Phase 2	Clinical trials in which a drug is given to a limited number of patients with a disease for which it is believed the drug may have some therapeutic effect. Positive efficacy is often referred to as clinical "proof of concept". This phase should conclude with evidence of whether the drug works, which patient population to target, and what is the optimal dose between beneficial effect and side effect.
Phase 3	Clinical trials in which a drug undergoes testing of its ultimate proposed use on the market. The trials need to prove statistical significance that the drug presented at a particular dose, to a particular population and in a particular formulation has sufficient effect along with appropriately low side effects. A "pivotal Phase 3 trial" is one which ultimately provides statistically sound evidence of effect and safety.
PHSA	Public Health Services Act
Placebo	An inactive substance designed to resemble the drug being tested. It is used as a control to rule out any psychological effects testing may present.
PTSD (Post traumatic stress disorder)	A psychological disorder classified under anxiety disorders that occurs after the experience of a highly stressful event and that is characterized by anxiety, depression, nightmares and intrusive memories of the event.
Pre-clinical (development)	The phase of drug discovery and development which precedes testing of the drug in humans.
Prevalence	A measure of the proportion of people in a population that are affected with a particular disease at a given time.
Proof of concept study	Proof of concept studies are initial Phase 2a clinical trials, usually conducted within the target patient group to examine potential efficacy and safety in the target indication.
Protein	Relatively large organic compounds made of amino acids arranged in a linear chain and joined together by peptide bonds between the carboxyl and amino groups of adjacent amino acid residues.
R&D	Research and development.
Receptor	A specialized protein on the cell surface or inside the cell which relays information delivered by chemical messengers called transmitters.
Regulatory approval	Marketing approval granted by regulatory authorities following a positive assessment of a new drug application or marketing authorization application; or approval granted by regulatory authorities allowing the sponsor to conduct a clinical trial.
REMS	Risk Evaluation and Mitigation Strategy
Schizophrenia	A mental disorder in which people interpret reality abnormally. Schizophrenia may result in some combination of hallucinations, delusions, and extremely disordered thinking and behavior that impairs daily functioning, and can be disabling.
Serotonin	A chemical that has a wide variety of functions in the human body. It is sometimes called the happy chemical, because it contributes to wellbeing and happiness.
Significant	A result is significant when it is unlikely to have occurred by chance.
SPC	Supplementary Protection Certification
Stimulus (stimuli)	A detectable change in the internal or external environment.

Striatopallidal pathway	A GABAergic, inhibitory connection between the striatum and both segments of the globus pallidus. The striatonigral pathway is a GABAergic, inhibitory connection between the striatum and the SNr.
Substantia nigra	A basal ganglia structure located in the midbrain that plays an important role in reward and movement. Substantia nigra appears darker than neighboring areas due to high levels of neuromelanin in dopaminergic neurons. Parkinson's disease is characterized by the loss of dopaminergic neurons in the substantia nigra pars compacta.
Swissmedic	Swiss agency for therapeutic products.
Synapse	In the nervous system, a synapse is a structure that permits a neuron (or nerve cell) to pass an electrical or chemical signal to another neuron or to the target effector cell
Target	A specific biological molecule (protein, enzyme or other) that is addressed by a drug.
Tricyclic	Molecular structures which contain three rings of atoms. The term ‘tricyclic antidepressant’ is related to imipramine, desimipramine, amitriptyline, etc.

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INDEX TO THE FINANCIAL STATEMENTS

Unaudited Interim Condensed Consolidated Interim Financial Statements of Addex Therapeutics Ltd as at September 30, 2021

Unaudited Interim Condensed Consolidated Balance Sheets

as of September 30, 2021, and December 31, 2020

	Notes	September 30, 2021	December 31, 2020
		Amounts in Swiss francs	
ASSETS			
Current assets			
Cash and cash equivalents……..	6	15,486,114	18,695,040
Other financial assets……..	7/15	27,963	64,930
Trade and other receivables……...……	7	199,035	68,373
Contract asset…….……....	7	383,432	-
Prepayments and deferred costs…..……	7	1,339,521	661,221
Total current assets……...		**17,436,065**	**19,489,564**
Non-current assets			
Right-of-use assets……..	8	511,805	565,344
Property, plant and equipment……	9	54,206	67,760
Non-current financial assets……	10	57,995	59,144
Total non-current assets……...		**624,006**	**692,248**
Total assets……		**18,060,071**	**20,181,812**
LIABILITIES AND EQUITY			
Current liabilities			
Current lease liabilities……...		290,990	308,611
Payables and accruals…….	11	2,980,274	2,491,927
Contract liability…….	15	-	733,668
Deferred income…….	16	-	86,481
Total current liabilities……		**3,271,264**	**3,620,687**
Non-current liabilities			
Non-current lease liabilities……		230,234	258,785
Retirement benefits obligations……..	14	1,217,605	1,692,537
Total non-current liabilities……		**1,447,839**	**1,951,322**
Equity			
Share capital……	12	49,272,952	32,848,635
Share premium……	12	288,278,928	286,888,354
Treasury shares reserve…….	12	(15,475,255)	(6,078,935)
Other reserves……		15,898,186	14,657,637
Accumulated deficit……		(324,633,843)	(313,705,888)
Total equity……		**13,340,968**	**14,609,803**
Total liabilities and equity……		**18,060,071**	**20,181,812**

The accompanying notes form an integral part of these consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss

for the three-month and nine-month periods ended September 30, 2021 and 2020

	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2021	2020	2021	2020
		Amounts in Swiss francs			
Revenue from contract with customer……	15	**682,002**	**27,264**	**2,518,820**	**1,792,117**
Other income……	16	**75,778**	**75,388**	**233,261**	**195,345**
Operating costs					
Research and development……..		(2,862,276)	(1,978,955)	(9,342,158)	(7,850,543)
General and administration…….		(1,471,335)	(1,236,729)	(4,640,419)	(4,496,535)
Total operating costs……	17	**(4,333,611)**	**(3,215,684)**	**(13,982,577)**	**(12,347,078)**
Operating loss……...		**(3,575,831)**	**(3,113,032)**	**(11,230,496)**	**(10,359,616)**
Finance income		(12,373)	1,280	356,209	34,049
Finance expense		(9,989)	(201,282)	(53,668)	(408,126)
Finance result	19	**(22,362)**	**(200,002)**	**302,541**	**(374,077)**
Net loss before tax		**(3,598,193)**	**(3,313,034)**	**(10,927,955)**	**(10,733,693)**
Income tax expense……		-	-	-	-
Net loss for the period		**(3,598,193)**	**(3,313,034)**	**(10,927,955)**	**(10,733,693)**
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company.....	20	**(0.11)**	**(0.12)**	**(0.32)**	**(0.40)**
Other comprehensive income/(loss)					
Items that will never be reclassified to profit and loss:					
Remeasurements of retirement benefits obligation……		84,544	(150,130)	336,006	(192,178)
Items that may be classified subsequently to profit and loss:					
Exchange difference on translation of foreign operations ……..……		(1,169)	(1,278)	527	(2,125)
Other comprehensive income/(loss) for the period, net of tax……..……		**83,375**	**(151,408)**	**336,533**	**(194,303)**
Total comprehensive loss for the period….		**(3,514,818)**	**(3,464,442)**	**(10,591,422)**	**(10,927,996)**

The accompanying notes form an integral part of these consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the nine-month periods ended September 30, 2021 and 2020

	Notes	Share Capital	Share Premium	Treasury Shares Reserve	Foreign Currency Translation Reserve	Additional Reserves	Accumulated Deficit	Total
				Amounts in Swiss francs				
Balance as of January 1, 2020.		**32,848,635**	**286,375,977**	**(6,572,316)**	**(653,161)**	**14,371,983**	**(300,847,289)**	**25,523,829**
Net loss for the period……		-	-	-	-	-	(10,733,693)	(10,733,693)
Other comprehensive loss for the period…..		-	-	-	(2,125)	(192,178)	-	(194,303)
Total comprehensive loss for the period….		-	-	-	**(2,125)**	**(192,178)**	**(10,733,693)**	**(10,927,996)**
Value of share-based services.....…….....	13	-	-	-	-	946,234	-	946,234
Movement in treasury shares:	12							
Settlement of supplier invoices….....		-	58,442	171,079	-	-	-	229,521
Net purchases under liquidity agreement.....		-	28,796	(56,418)	-	-	-	(27,622)
Balance as of September 30, 2020...		**32,848,635**	**286,463,215**	**(6,457,655)**	**(655,286)**	**15,126,039**	**(311,580,982)**	**15,743,966**
Balance as of January 1, 2021…....		**32,848,635**	**286,888,354**	**(6,078,935)**	**(657,230)**	**15,314,867**	**(313,705,888)**	**14,609,803**
Net loss for the period……..		-	-	-	-	-	(10,927,955)	(10,927,955)
Other comprehensive income for the period..		-	-	-	527	336,006	-	336,533
Total comprehensive loss for the period….		-	-	-	**527**	**336,006**	**(10,927,955)**	**(10,591,422)**
Issue of shares-third parties……..	12	6,900,000	3,199,323	-	-	-	-	10,099,323
Issue of treasury shares……..	12	9,524,317	-	(9,524,317)	-	-	-	-
Cost of share capital issuance……..		-	(1,896,021)	-	-	-	-	(1,896,021)
Value of share-based services.....…….....	13	-	-	-	-	904,016	-	904,016
Movement in treasury shares:	12							
Settlement of supplier invoices….....		-	48,517	112,026	-	-	-	160,543
Net purchases under liquidity agreement.....		-	(5,799)	(31,169)	-	-	-	(36,968)
Sales under ATM program…….....		-	3,882	7,200	-	-	-	11,082
Cost of treasury shares sales……		-	(332)	-	-	-	-	(332)
Other net sales of treasury shares….....		-	41,004	39,940	-	-	-	80,944
Balance as of September 30, 2021...		**49,272,952**	**288,278,928**	**(15,475,255)**	**(656,703)**	**16,554,889**	**(324,633,843)**	**13,340,968**

The accompanying notes form an integral part of these consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the three-month period ended September 30, 2021 (1/2)

	Notes	Share Capital	Share Premium	Treasury Shares Reserve	Foreign Currency Translation Reserve	Additional Reserves	Accumulated Deficit	Total
				Amounts in Swiss francs				
Balance as of January 1, 2020…....		**32,848,635**	**286,375,977**	**(6,572,316)**	**(653,161)**	**14,371,983**	**(300,847,289)**	**25,523,829**
Net loss for the period……..		-	-	-	-	-	(4,305,921)	(4,305,921)
Other comprehensive income for the period..		-	-	-	(33)	184,951	-	184,918
Total comprehensive loss for the period…..		-	-	-	**(33)**	**184,951**	**(4,305,921)**	**(4,121,003)**
Value of share-based services....…….....	13	-	-	-	-	297,708	-	297,708
Movement in treasury shares:	12							
Settlement of supplier invoices….....		-	20,123	62,808	-	-	-	82,931
Net sales under liquidity agreement.....		-	(3,193)	596	-	-	-	(2,597)
Balance as of March 31, 2020…….		**32,848,635**	**286,392,907**	**(6,508,912)**	**(653,194)**	**14,854,642**	**(305,153,210)**	**21,780,868**
Net loss for the period……..		-	-	-	-	-	(3,114,738)	(3,114,738)
Other comprehensive loss for the period..		-	-	-	(814)	(226,999)	-	(227,813)
Total comprehensive loss for the period…..		-	-	-	**(814)**	**(226,999)**	**(3,114,738)**	**(3,342,551)**
Value of share-based services....…….....	13	-	-	-	-	343,083	-	343,083
Movement in treasury shares:	12							
Settlement of supplier invoices….....		-	7,832	49,034	-	-	-	56,866
Net purchases under liquidity agreement.....		-	(4,794)	(32,355)	-	-	-	(37,149)
Balance as of June 30, 2020.....		**32,848,635**	**286,395,945**	**(6,492,233)**	**(654,008)**	**14,970,726**	**(308,267,948)**	**18,801,117**
Net loss for the period……..		-	-	-	-	-	(3,313,034)	(3,313,034)
Other comprehensive loss for the period…..		-	-	-	(1,278)	(150,130)	-	(151,408)
Total comprehensive loss for the period…..		-	-	-	**(1,278)**	**(150,130)**	**(3,313,034)**	**(3,464,442)**
Value of share-based services....…….....	13	-	-	-	-	305,443	-	305,443
Movement in treasury shares:	12							
Settlement of supplier invoices….....		-	30,487	59,237	-	-	-	89,724
Net purchases under liquidity agreement.....		-	36,783	(24,659)	-	-	-	12,124
Balance as of September 30, 2020...		**32,848,635**	**286,463,215**	**(6,457,655)**	**(655,286)**	**15,126,039**	**(311,580,982)**	**15,743,966**

The accompanying notes form an integral part of these consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the three-month period ended September 30, 2021 (2/2)

	Notes	Share Capital	Share Premium	Treasury Shares Reserve	Foreign Currency Translation Reserve	Additional Reserves	Accumulated Deficit	Total
				Amounts in Swiss francs				
Balance as of January 1, 2021…....		**32,848,635**	**286,888,354**	**(6,078,935)**	**(657,230)**	**15,314,867**	**(313,705,888)**	**14,609,803**
Net loss for the period……..		-	-	-	-	-	(2,639,613)	(2,639,613)
Other comprehensive income for the period..		-	-	-	464	125,401	-	125,865
Total comprehensive loss for the period…..		-	-	-	**464**	**125,401**	**(2,639,613)**	**(2,513,748)**
Issue of shares-third parties……..	12	6,900,000	3,199,323	-	-	-	-	10,099,323
Cost of share capital issuance……..		-	(1,767,053)	-	-	-	-	(1,767,053)
Value of share-based services....……....	13	-	-	-	-	186,102	-	186,102
Movement in treasury shares:	12							
Settlement of supplier invoices….....		-	21,284	37,382	-	-	-	58,666
Net purchases under liquidity agreement.....		-	8,061	(63,028)	-	-	-	(54,967)
Other net sales of treasury shares….....		-	41,004	39,940	-	-	-	80,944
Balance as of March 31, 2021.....		**39,748,635**	**288,390,973**	**(6,064,641)**	**(656,766)**	**15,626,370**	**(316,345,501)**	**20,699,070**
Net loss for the period……..		-	-	-	-	-	(4,690,149)	(4,690,149)
Other comprehensive income for the period..		-	-	-	1,232	126,061	-	127,293
Total comprehensive loss for the period…..		-	-	-	**1,232**	**126,061**	**(4,690,149)**	**(4,562,856)**
Issue of treasury shares……..	12	9,524,317	-	(9,524,317)	-	-	-	-
Cost of share capital issuance……..		-	(135,434)	-	-	-	-	(135,434)
Value of share-based services....……....	13	-	-	-	-	336,849	-	336,849
Movement in treasury shares:	12							
Settlement of supplier invoices….....		-	13,831	42,924	-	-	-	56,755
Net sales under liquidity agreement.....		-	(12,483)	40,825	-	-	-	28,342
Balance as of June 30, 2021.....		**49,272,952**	**288,256,887**	**(15,505,209)**	**(655,534)**	**16,089,280**	**(321,035,650)**	**16,422,726**
Net loss for the period……..		-	-	-	-	-	(3,598,193)	(3,598,193)
Other comprehensive income for the period..		-	-	-	(1,169)	84,544	-	83,375
Total comprehensive loss for the period…..		-	-	-	**(1,169)**	**84,544**	**(3,598,193)**	**(3,514,818)**
Cost of share capital issuance……..		-	6,466	-	-	-	-	6,466
Value of share-based services....……....	13	-	-	-	-	381,065	-	381,065
Movement in treasury shares:	12							
Settlement of supplier invoices….....		-	13,402	31,720	-	-	-	45,122
Net purchases under liquidity agreement.....		-	(1,377)	(8,966)	-	-	-	(10,343)
Sales under ATM program……..		-	3,882	7,200	-	-	-	11,082
Cost of treasury shares sales……		-	(332)	-	-	-	-	(332)
Balance as of September 30, 2021...		**49,272,952**	**288,278,928**	**(15,475,255)**	**(656,703)**	**16,554,889**	**(324,633,843)**	**13,340,968**

The accompanying notes form an integral part of these consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Cash Flows

for the nine-month periods ended September 30, 2021 and 2020

	Notes	For the nine months ended September 30, 2021	2020
		Amounts in Swiss francs	
Net loss for the period		(10,927,955)	(10,733,693)
Adjustments for:			
Depreciation	8/9	264,647	291,677
Disposal of right-of-use assets		(127)	-
Value of share-based services	13	904,016	946,234
Post-employment benefits		(138,926)	(42,031)
Finance cost/(income) net		(328,768)	412,504
Decrease/(increase) in other financial assets	7	36,967	(52,378)
Decrease/(increase) in trade and other receivables	7	(130,662)	42,192
Increase in contract asset	7	(383,432)	-
Increase in prepayments	7	(841,139)	(572,751)
Increase/(decrease) in payables and accruals	11	444,687	(2,279,614)
Decrease in contract liability	15	(733,668)	(945,737)
Decrease in deferred income	16	(86,481)	(180,839)
Services paid in shares		160,543	229,521
Net cash used in operating activities		**(11,760,298)**	**(12,884,915)**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(7,063)	(11,329)
Proceeds from decrease in non-current financial assets	10	1,149	-
Net cash used in investing activities		**(5,914)**	**(11,329)**
Cash flows from financing activities			
Proceeds from capital increase		10,161,746	-
Costs paid on issue of shares		(1,685,668)	(109,167)
(Purchase)/sale of treasury shares		54,726	(27,622)
Principal element of lease payment		(235,715)	(281,314)
Interest received	19	4,568	34,049
Interest paid	19	(53,668)	(59,228)
Net cash from/(used in) financing activities		**8,245,989**	**(443,282)**
Decrease in cash and cash equivalents		**(3,520,223)**	**(13,339,526)**
Cash and cash equivalents at the beginning of the period	6	18,695,040	31,536,803
Exchange difference on cash and cash equivalents		311,297	(383,827)
Cash and cash equivalents at the end of the period	6	**15,486,114**	**17,813,450**

The accompanying notes form an integral part of these consolidated financial statements.

Unaudited Notes to the Interim Condensed Consolidated Financial Statements

for the three-month and nine-month periods ended September 30, 2021

(Amounts in Swiss francs)

1. General information

Addex Therapeutics Ltd (the "Company"), formerly Addex Pharmaceuticals Ltd, and its subsidiaries (together, the "Group") are a clinical stage pharmaceutical group applying its leading allosteric modulator drug discovery platform to discovery and development of small molecule pharmaceutical products, with an initial focus on central nervous system disorders.

The Company is a Swiss stockholding corporation domiciled c/o Addex Pharma SA, Chemin des Aulx 12, CH1228 Plan-les-Ouates, Geneva, Switzerland and the parent company of Addex Pharma SA, Addex Pharmaceuticals France SAS and Addex Pharmaceuticals Inc. registered in Delaware with its principal business location in San Francisco, California, United States. Its registered shares are traded at the SIX, Swiss Exchange, under the ticker symbol ADXN. On January 29, 2020, the Group listed on the Nasdaq Stock Market, American Depositary Shares (ADSs) under the symbol "ADXN", without a new issuance of securities. ADSs represents shares that continue to be admitted to trading on SIX Swiss Exchange.

These condensed consolidated financial statements have been approved for issuance by the Board of Directors on November 3, 2021.

2. Basis of preparation

These condensed consolidated interim financial statements for the three-month and nine-month periods ended September 30, 2021, have been prepared under the historic cost convention and in accordance with IAS 34 "Interim Financial Reporting" and are presented in a format consistent with the consolidated financial statements under IAS 1 "Presentation of Financial Statements". However, they do not include all of the notes that would be required in a complete set of financial statements. Thus, this interim financial report should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

Interim financial results are not necessarily indicative of results anticipated for the full year. The preparation of these unaudited condensed consolidated interim financial statements made in accordance with IAS 34 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgment which are significant to the condensed consolidated interim financial statements are disclosed in note 4 to the consolidated financial statements for the year ended December 31, 2020.

A number of new or amended standards and interpretations became applicable for financial periods beginning on or after January 1, 2021. The Group noted that the latter did not have a material impact on the Group's financial position or disclosures made in the condensed consolidated interim financial statements.

Due to rounding, numbers presented throughout these condensed consolidated financial statements may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

3. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or may have had a significant impact on the reported results are disclosed below:

Going concern
The Group's accounts are prepared on a going concern basis. To date, the Group has financed its cash requirements primarily from share issuances and licensing certain of its research and development stage products. The Group is a development-stage enterprise and is exposed to all the risks inherent in establishing a business. The Group expects that its existing cash and cash equivalents will be sufficient to fund its operations and meet all of its obligations as they fall due for at least twelve months from the date of issuance of these unaudited condensed consolidated financial statements. The future viability of the Group is dependent on its ability to raise additional capital to finance its future operations that may be delayed due to COVID 19 pandemic.

The Group will seek additional funding through public or private financings or collaboration agreements. The sale of additional equity may dilute existing shareholders. The inability to obtain funding, as and when needed, would have a negative impact on the Group's financial condition and ability to pursue its business strategies. If the Group is unable to obtain the required funding to run its operations and to develop and commercialize its product candidates, the Group could be forced to delay, reduce or stop some or all of its research and development programs to ensure it remain solvent. Management continues to explore options to obtain additional funding, including through collaborations with third parties related to the future potential development and/or commercialization of its product candidates. However, there is no assurance that the Group will be successful in raising funds, closing a collaboration agreement, obtaining sufficient funding on terms acceptable to the Group, or if at all, which could have a material adverse effect on the Group's business, results of operations and financial conditions.

COVID-19

In early 2020 a coronavirus disease (COVID-19) pandemic developed globally resulting in a significant number of infections and negative effects on economic activity. The Group is actively monitoring the situation and is taking any necessary measures to respond to the situation in cooperation with the various stakeholders.

On March 18, 2020, the Group announced the suspension of the initiation of a placebo-controlled Phase 2b/3 pivotal clinical trial of dipraglurant in levodopa-induced dyskinesia associated with Parkinson's disease (PD-LID). The Group decided to suspend the trial based on the inability of planned clinical trial sites in the United States to initiate the trial in full compliance with the Group's planned clinical trial procedures including with respect to data reporting, data monitoring, and the recommendations of various health authorities that the infirm patients who would participate in the trial not risk being exposed to COVID-19 at clinical trial sites. Such sites have been and may continue to be required to focus their limited resources on matters unrelated to our planned clinical trial, thereby decreasing availability, in whole or in part, for services to our planned clinical trial.

On June 29, 2021, the Group announced the initiation of a placebo-controlled Phase 2b/3 pivotal clinical trial of dipraglurant in PD-LID and on September 29, 2021, the Group announced the initiation of an exploratory placebo-controlled phase 2 clinical study of dipraglurant in blepharospasm.

Although the Group believes, based on current projections of the pandemic, that it will be able to execute the clinical trials as planned, the duration of the COVID-19 crisis is uncertain and may impact the Group's ability to execute these clinical trials as planned. In addition, the COVID-19 pandemic may affect the operations of the FDA and other health authorities, which could result in delays of reviews and approvals, including with respect to dipraglurant and our other product candidates. Any such delays could increase the cost of our clinical trials and increase the uncertainty of receiving approval from the FDA of our product candidates.

Depending on the duration of the COVID-19 crisis and continued negative impact on global economic activity, the Group may have to take additional measures that will have a negative impact on the Group's business continuity and may experience certain liquidity restraints as well as incur impairments on its assets. The exact impact on the Group's activities in 2021 and thereafter cannot be reasonably predicted. However, based on the risk mitigation measures undertaken, the Group concluded that there is no material uncertainty that may cast a significant doubt upon the Group's ability to continue as a going concern.

Revenue recognition

Revenue is primarily from fees related to licenses, milestones and research services. Given the complexity of the relevant agreements, judgements are required to identify distinct performance obligations, allocate the transaction price to these performance obligations and determine when the performance obligations are met. In particular, the Group's judgement over the estimated stand-alone selling price which is used to allocate the transaction price to the performance obligations is disclosed in note 15.

Grants

Grants are recorded at their fair value when there is reasonable assurance that they will be received and recognized as income when the Group has satisfied the underlying grant conditions. In certain circumstances, grant income may be recognized before explicit grantor acknowledgement that the conditions have been met.

Accrued research and development costs

The Group records accrued expenses for estimated costs of research and development activities conducted by third party service providers. The Group records accrued expenses for estimated costs of research and development activities based upon the estimated amount of services provided but not yet invoiced, and these costs are included in accrued expenses on the balance sheets and within research and development expenses in the statements of comprehensive loss. These costs are a significant component

of research and development expenses. Accrued expenses for these costs are recorded based on the estimated amount of work completed in accordance with agreements established with these third parties.

To date, the Group has not experienced significant changes in the estimates of accrued research and development expenses after a reporting period. However, due to the nature of estimates, the Group may be required to make changes to the estimates in the future as it becomes aware of additional information about the status or conduct of its research activities.

Research and development costs

The Group recognizes expenditure incurred in carrying out its research and development activities, including development supplies, until it becomes probable that future economic benefits will flow to the Group, which results in recognizing such costs as intangible assets, involving a certain degree of judgement. Currently, such development supplies are associated with pre-clinical and clinical trials of specific products that do not have any demonstrated technical feasibility.

Share-based compensation

The Group recognizes an expense for share-based compensation based on the valuation of equity incentive units using the Black-Scholes valuation model. A number of assumptions related to the volatility of the underlying shares and to the risk-free rate are made in this model. Should the assumptions and estimates underlying the fair value of these instruments vary significantly from management's estimates, then the share-based compensation expense would be materially different from the amounts recognized.

Pension obligations

The present value of the pension obligations is calculated by an independent actuary and depends on a number of assumptions that are determined on an actuarial basis such as discount rates, future salary and pension increases, and mortality rates. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

4. Interim measurement note

Seasonality of the business: The business is not subject to any seasonality, but expenses and corresponding revenue are largely determined by the phase of the respective projects, particularly with regard to external research and development expenditures.

Costs: Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

5. Segment reporting

Management has identified one single operating segment, related to the discovery, development and commercialization of small-molecule pharmaceutical products.

Information about products, services and major customers
External income of the Group for the three-month and nine-month periods ended September 30, 2021 and 2020 is derived from the business of discovery, development and commercialization of pharmaceutical products. Income was earned from rendering of research services to a pharmaceutical company and grants earned.

Information about geographical areas
External income is exclusively recorded in the Swiss operating company.

Analysis of revenue from contract with customer and other income by nature is detailed as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Collaborative research funding.....……	682,002	27,264	2,518,820	1,792,117
Grants earned……..…….	71,478	70,033	218,330	180,839
Other service income……..	4,300	5,355	14,931	14,506
Total……...…..…….	**757,780**	**102,652**	**2,752,081**	**1,987,462**

Analysis of revenue from contract with customer and other income by major counterparties is detailed as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Indivior PLC…….....	682,002	27,264	2,518,820	1,792,117
Eurostars/Innosuisse..……..…….……	71,478	70,033	218,330	180,839
Other counterparties……..……..	4,300	5,355	14,931	14,506
Total……..…..…….……...	**757,780**	**102,652**	**2,752,081**	**1,987,462**

For more detail, refer to note 15, "Revenue from contract with customer" and note 16 "Other income".

The geographical allocation of long-lived assets is detailed as follows:

	September 30, 2021	December 31, 2020
Switzerland……...……..	620,010	665,012
United States of America……	3,608	26,847
France……..……..……..	388	389
Total……...	**624,006**	**692,248**

The geographical analysis of operating costs is as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Switzerland.……..….....	4,324,391	3,192,154	13,952,548	12,278,647
United States of America….....	8,581	19,221	25,208	62,268
France…….……..…….....	639	4,309	4,821	6,163
Total operating costs (note 17)……	**4,333,611**	**3,215,684**	**13,982,577**	**12,347,078**

The capital expenditure during the nine-month period ended September 30, 2021 is CHF 7,063 (CHF 11,329 for the nine-month period ended September 30, 2020).

6. Cash and cash equivalents

	September 30, 2021	December 31, 2020
Cash at bank and on hand……...	15,486,114	18,695,040
Total cash and cash equivalents…….	**15,486,114**	**18,695,040**

Split by currency:

	September 30, 2021	December 31, 2020
CHF……..……...	65.78%	60.53%
USD……..……...	33.42%	38.70%
EUR……..……...	0.32%	0.63%
GBP……..……...	0.48%	0.14%
Total ……..……...	**100.00%**	**100.00%**

The Group pays interests on CHF cash and cash equivalents and earns interests on USD cash and cash equivalents. The Group invests its cash balances into a variety of current and deposit accounts mainly with Swiss banks. In addition, the Group invests a portion of its USD cash in line with its treasury guidelines. As of December 31, 2020, non-used funds received from Eurostars/Innosuisse amount to CHF 86,481 (note 16).

All cash and cash equivalents were held either at banks or on hand as of September 30, 2021 and December 31, 2020.

7. Other current assets

	September 30, 2021	December 31, 2020
Other financial assets…….....	27,963	64,930
Trade and other receivables……..…….....	199,035	68,373
Contract asset.……	383,432	-
Prepayments……..	1,339,521	498,382
Deferred costs…….	-	162,839
**Total other current assets……..... **	**1,949,951**	**794,524**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECL"), which uses a lifetime expected loss allowance for all contract assets, trade receivables and other receivables. As of September 30, 2021, the contract asset relates to the research agreement with Indivior whilst the trade and other receivables comprise of CHF 131,848 related to the grant from Eurostars/Innosuisse to be received and three non-governmental debtors whose combined outstanding balances are CHF 6,352 (four non-governmental debtors for CHF 20,577 as of December 31, 2020). The Group has considered that the contract asset and the trade and other receivables have a low risk of default based on historic loss rates and forward-looking information on macroeconomic factors affecting the ability of the third parties to settle invoices. As a result, expected loss allowance has been deemed as nil as of September 30, 2021 and December 31, 2020. The increase in prepayments as of September 30, 2021 compared to December 31, 2020 primarily relates to the Directors and Officers (D&O) Insurance premiums. As of December 31, 2020 deferred costs relate to paid legal and auditor fees associated with the preparation of the capital increase executed on January 8, 2021.

8. Right-of-use assets

	Properties	Equipment	Total
Year ended December 31, 2020			
Opening net book amount……..	496,126	47,214	543,340
Additions……	27,612	-	27,612
Depreciation charge……	(333,714)	(25,760)	(359,474)
Effect of lease modifications……..	434,150	-	434,150
Disposals……	(72,504)	-	(72,504)
Exchange differences…….…….....	(7,780)	-	(7,780)
**Closing net book amount……..……... **	**543,890**	**21,454**	**565,344**
As of December 31, 2020			
Cost…….....…….....	1,111,338	71,168	1,182,506
Accumulated depreciation……..……	(567,448)	(49,714)	(617,162)
**Net book value……...…… **	**543,890**	**21,454**	**565,344**

	Properties	Equipment	Total
Period ended September 30, 2021			
Opening net book amount……..	543,890	21,454	565,344
Additions……	2,000	-	2,000
Depreciation charge……	(224,579)	(19,451)	(244,030)
Effect of lease modifications……..	174,297	17,676	191,973
Disposals……	(4,303)	-	(4,303)
Exchange differences…….…….....	821	-	821
**Closing net book amount……..……... **	**492,126**	**19,679**	**511,805**
As of September 30, 2021			
Cost…….....…….....	1,264,044	88,844	1,352,888
Accumulated depreciation……..……	(771,918)	(69,165)	(841,083)
**Net book value……...…… **	**492,126**	**19,679**	**511,805**

9. Property, plant and equipment

	Equipment	Furniture & fixtures	Chemical library	Total
Year ended December 31, 2020				
Opening net book amount	27,626	-	-	27,626
Additions	59,414	-	-	59,414
Depreciation charge	(19,280)	-	-	(19,280)
Closing net book amount	**67,760**	**-**	**-**	**67,760**
As of December 31, 2020				
Cost	1,682,279	7,564	1,207,165	2,897,008
Accumulated depreciation	(1,614,519)	(7,564)	(1,207,165)	(2,829,248)
Net book value	**67,760**	**-**	**-**	**67,760**

	Equipment	Furniture & fixtures	Chemical library	Total
Period ended September 30, 2021				
Opening net book amount	67,760	-	-	67,760
Additions	7,063	-	-	7,063
Depreciation charge	(20,617)	-	-	(20,617)
Closing net book amount	**54,206**	**-**	**-**	**54,206**
As of September 30, 2021				
Cost	1,689,342	7,564	1,207,165	2,904,071
Accumulated depreciation	(1,635,136)	(7,564)	(1,207,165)	(2,849,865)
Net book value	**54,206**	**-**	**-**	**54,206**

10. Non-current financial assets

	September 30, 2021	December 31, 2020
Security rental deposits	57,995	59,144
Total non-current financial assets	**57,995**	**59,144**

11. Payables and accruals

	September 30, 2021	December 31, 2020
Trade payables	1,157,170	983,545
Social security and other taxes	110,741	171,876
Accrued expenses	1,712,363	1,336,506
Total payables and accruals	**2,980,274**	**2,491,927**

All payables mature within 3 months. Accrued expenses and trade payables primarily relate to R&D services from contract research organizations, consultants and professional fees. The increase in payables and accrued expenses as of September 30, 2021 compared to December 31, 2020, primarily relates to increased R&D activities on the dipraglurant PD LID program. The carrying amounts of payables do not materially differ from their fair values, due to their short-term nature.

12. Share capital

	Number of shares		
	Common shares	Treasury shares	Total
Balance as of January 1, 2020	**32,848,635**	**(6,243,487)**	**26,605,148**
Settlement of supplier invoices	-	171,079	171,079
Net purchase of treasury shares under liquidity agreement	-	(21,925)	(21,925)
Balance as of September 30, 2020	**32,848,635**	**(6,094,333)**	**26,754,302**

	Number of shares		
	Common shares	Treasury shares	Total
Balance as of January 1, 2021……	**32,848,635**	**(5,729,861)**	**27,118,774**
Issue of shares – capital increase……	16,424,317	(9,524,317)	6,900,000
Settlement of supplier invoices……..	-	112,026	112,026
Net purchase of treasury shares under liquidity agreement……...	-	(26,956)	(26,956)
Sale of treasury shares under ATM program…….	-	7,200	7,200
Other net sale of treasury shares…….……..……..	-	39,940	39,940
**Balance as of September 30, 2021…..…….. **	**49,272,952**	**(15,121,968)**	**34,150,984**

The Company maintains a Liquidity Agreement with Kepler Capital Markets SA ("Kepler"). Under the agreement, the Group has provided Kepler with cash and shares to enable them to buy and sell the Company's shares. As of September 30, 2021, 81,445 (December 31, 2020: 54,489) treasury shares are recorded under this agreement in the treasury share reserve and CHF 27,963 (December 31, 2020: CHF 64,930) is recorded in other financial assets.

As of September 30, 2021, the total outstanding share capital is CHF 34,150,984, consisting of 34,150,984 shares excluding 15,121,968 treasury shares. As of December 31, 2020, the total outstanding share capital was CHF 27,118,774 consisting of 27,118,774 shares excluding 5,729,861 treasury shares. All shares have a nominal value of CHF 1.

On April 23, 2021, Addex Therapeutics Ltd issued 9,524,317 new shares from the authorized capital to its 100% owned subsidiary, Addex Pharma SA, at CHF 1. These shares are held as treasury shares.

On January 8, 2021, Addex Therapeutics Ltd issued 6,900,000 registered shares, with a nominal value of CHF 1 each, at an issue price of CHF 1.46. Out of the total new shares, 6,750,000 are in the form of American Depositary Shares, listed on the Nasdaq Stock Market. The gross proceeds amounted to CHF 10.1 million (USD 11.5 million) and directly related share issuance costs of CHF 1.8 million were recorded as a deduction in equity.

During the nine-month period ended September 30, 2021, the Group sold 39,940 treasury shares for a gross amount of CHF 80,944 under a Sale Agency Agreement entered with Kepler Cheuvreux and used 112,026 treasury shares to purchase services from consultants (September 30, 2020: 171,079) including 60,638 treasury shares for Roger Mills, the Group's Chief Medical Officer (September 30, 2020: 92,423). The total value of consulting services settled in shares was CHF 159,455 for the nine-month period ended September 30, 2021 (CHF 229,521 for the nine-month period ended September 30, 2020). On June 30, 2021, the Company entered into a sales agreement with Cantor Fitzgerald & Co (Cantor Fitzgerald) to offer ADSs through an "at-the-market" (ATM) offering program. As of September 30, 2021, 7,200 treasury shares have been sold under the ATM offering program for a gross amount of CHF 11,082.

13. Share-based compensation

The total share-based compensation expense recognized in the statement of comprehensive loss for equity incentive units granted to directors, executives, employees and consultants for the three-month and nine-month periods ended September 30, 2021 amounts respectively to CHF 381,065 and CHF 904,016 (CHF 305,443 and CHF 946,234 for the three-month and nine-month periods ended September 30, 2020).

As of September 30, 2021, 8,636,464 options were outstanding (6,768,460 options as of December 31, 2020). During the nine-month period ended September 30, 2021, the Group granted 1,872,900 options with vesting over 4 years and a 10-year exercise period and 4,896 options were forfeited. Of these new options, 27,492 were granted at an exercise price of CHF 1.99 on April 1, 2021, 1,801,000 were granted at an exercise price of CHF 1.45 on May 17, 2021 and 44,408 were granted at an exercise price of CHF 1.6 on July 1, 2021.

On January 1, 2020, the exercise period of 194,687 vested options has been extended for 5 years and share-based compensation related to the fair value adjustment for the exercise period extensions of CHF 25,683 has been recognized for the nine-month period ended September 30, 2020 (CHF 4,070 for the three-month period ended September 30, 2020).

As of September 30, 2021 and December 31, 2020, a total of 198,750 equity sharing certificates (ESCs) were outstanding.

14. Retirement benefits obligations

The amounts recognized in the statement of comprehensive loss are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Current service cost..……..	(104,452)	(78,932)	(267,891)	(236,795)
Past service cost…..…….....	-	-	219,104	102,764
Interest cost…..…….....	(6,384)	(5,501)	(18,505)	(16,503)
Interest income……	3,858	3,551	11,572	10,652
Company pension amount (note 18)…	**(106,978)**	**(80,882)**	**(55,720)**	**(139,882)**

The conversion rates have successively changed as of January 1, 2020, and January 1, 2021, which has led to a positive past service cost for the nine-month periods ended September 30, 2020 and 2021.

The amounts recognized in the balance sheet are determined as follows:

	September 30, 2021	December 31, 2020
Defined benefit obligation....……	(9,102,774)	(9,406,967)
Fair value of plan assets……..…….....	7,885,169	7,714,430
Funded status…….....	**(1,217,605)**	**(1,692,537)**

15. Revenue from contract with customer

License & research agreement with Indivior PLC

On January 2, 2018, the Group entered into an agreement with Indivior for the discovery, development and commercialization of novel $GABA_B$ PAM compounds for the treatment of addiction and other CNS diseases. This agreement included the selected clinical candidate, ADX71441. In addition, Indivior agreed to fund a research program at the Group to discover novel $GABA_B$ PAM compounds.

The contract contains two distinct material promises and performance obligations: (1) the selected compound ADX71441 which falls within the definition of a licensed compound, whose rights of use and benefits thereon was transferred in January 2018 and, (2) the research services to be conducted by the Group and funded by Indivior to discover novel $GABA_B$ PAM compounds for clinical development that may be discovered over the research term of the agreement and selected by Indivior.

Indivior has sole responsibility, including funding liability, for development of selected compounds under the agreement through preclinical and clinical trials, as well as registration procedures and commercialization, if any, worldwide. Indivior has the right to design development programs for selected compounds under the agreement. Through the Group's participation in a joint development committee, the Group reviews, in an advisory capacity, any development programs designed by Indivior. However, Indivior has authority over all aspects of the development of such selected compounds.

Under terms of the agreement, the Group granted Indivior an exclusive license to use relevant patents and know-how in relation to the development and commercialization of product candidates selected by Indivior. Subject to agreed conditions, the Group and Indivior jointly own all intellectual property rights that are jointly developed and the Group or Indivior individually own all intellectual property rights that the Group or Indivior develop individually. The Group has retained the right to select compounds from the research program for further development in areas outside the interest of Indivior including Charcot-Marie-Tooth type 1A neuropathy, or CMT1A. Under certain conditions, but subject to certain consequences, Indivior may terminate the agreement.

In January 2018, the Group received, under the terms of the agreement, a non-refundable upfront fee of USD 5.0 million for the right to use the clinical candidate, ADX71441, including all materials and know-how related to this clinical candidate. In addition, the Group is eligible for payments on successful achievement of pre-specified clinical, regulatory and commercial milestones totaling USD 330 million and royalties on net sales of mid-single digits to low double-digits.

On February 14, 2019, Indivior terminated the development of their selected compound, ADX71441. Separately, Indivior funds research at the Group, based on a research plan to be mutually agreed between the parties, to discover novel $GABA_B$ PAM compounds. These future novel $GABA_B$ PAM compounds, if selected by Indivior, become licensed compounds. The Group agreed with Indivior to an initial research term of two years, that can be extended by twelve-month increments and a minimum annual funding of USD 2 million for the Group's R&D costs incurred. R&D costs are calculated based on the costs incurred in accordance with the contract. Following Indivior's selection of one newly identified compound, the Group has the right to also select one additional newly identified compound. The Group is responsible for the funding of all development and

commercialization costs of its selected compounds and Indivior has no rights to the Group's selected compounds. The initial two-year research term was expected to run from May 2018 to April 2020. In 2019, Indivior agreed an additional research funding of USD 1.6 million, for the research period. On October 30, 2020, the research term was extended until June 30, 2021 and Indivior agreed an additional research funding of USD 2.8 million. Effective May 1, 2021, the research term was extended until July 31, 2022 and Indivior agreed an additional research funding of CHF 3.7 million, of which CHF 1.4 million has been paid to the Group on August 20, 2021, a remaining amount of CHF 1.3 million is expected to be received directly by the Group and CHF 1 million paid directly by Indivior to third party suppliers that are supporting the funded research program.

For the three-month and nine-month periods ended September 30, 2021, the Group recognized CHF 0.7 million and CHF 2.5 million as revenue, respectively (For the three-month and the nine-month periods ended September 30, 2020, CHF 0.03 million and CHF 1.8 million, respectively) and recorded CHF 0.4 million as contract asset as of September 30, 2021 (December 31, 2020: CHF 0.7 million as contract liability).

Janssen Pharmaceuticals Inc. (formerly Ortho-McNeil-Janssen Pharmaceuticals Inc).

On December 31, 2004, the Group entered into a research collaboration and license agreement with Janssen Pharmaceuticals Inc. (JPI). In accordance with this agreement, JPI has acquired an exclusive worldwide license to develop mGlu2 PAM compounds for the treatment of human health. The Group is eligible to receive up to EUR 109 million in success-based development and regulatory milestone, and low double-digit royalties on net sales. The Group considers these various milestones to be variable consideration as they are contingent upon achieving uncertain, future development stages and net sales. For this reason, the Group considers the achievement of the various milestones as binary events that will be recognized as revenue upon occurrence.

No amounts have been recognized under this agreement in the three-month and nine-month periods ended September 30, 2021 and 2020.

16. Other income

Under a grant agreement with Eurostars/Innosuisse the Group is required to complete specific research activities within a defined period of time. The Group's funding is fixed and received based on the satisfactory completion of the agreed research activities and incurring the related costs.

The Group was awarded a grant by Eurostars/Innosuisse for CHF 512,032 of which CHF 380,184 were paid as of September 30, 2021. For the three-month and nine-month periods ended September 30, 2021, the Group recognized CHF 71,478 and CHF 218,330 as other income (CHF 70,033 and CHF 180,839 for the three-month and nine-month periods ended September 30, 2020). As of September 30, 2021, the Group recognized CHF 131,848 as other receivables in accordance with the grant conditions (CHF 86,481 as short-term deferred income as of December 31, 2020).

For the three-month and nine-month periods ended September 30, 2021, the Group additionally recognized other income from IT consultancy agreements for CHF 4,300 and CHF 14,931 (CHF 5,355 and CHF 14,506 for the three-month and nine-month periods ended September 30, 2020).

17. Operating costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Staff costs (note 18)…….....	1,306,553	1,061,189	3,469,897	3,278,253
Depreciation (notes 8/9) ……..	87,738	99,007	264,647	291,677
External research and development costs……..	1,805,413	1,167,229	6,546,750	5,310,617
Laboratory consumables……...	83,224	70,187	222,130	229,981
Patent maintenance and registration costs……..	52,819	63,010	197,780	236,370
Professional fees……...	342,410	208,441	1,271,156	1,203,687
Short-term leases……..	7,330	9,676	23,767	27,010
D&O insurance…….	397,604	389,506	1,193,462	1,116,391
Other operating costs……	250,520	147,439	792,988	653,092
Total operating costs……...	**4,333,611**	**3,215,684**	**13,982,577**	**12,347,078**

The evolution of the total operating costs is mainly driven by external research and development expenses, staff costs, professional fees, D&O insurance and other operating costs.

During the nine-month period ended September 30, 2021, total operating costs increased by CHF 1.6 million compared to the same period ended September 30, 2020, primarily due to increased external research and development costs of CHF 1.2 million relating to dipraglurant blepharospasm program for CHF 0.6 million and $GABA_B$ PAM program for CHF 0.3 million. During the same period, staff costs increased by CHF 0.2 million primarily due to increased R&D headcount.

During the three-month period ended September 30, 2021, total operating costs increased by CHF 1.1 million compared to the same period ended September 30, 2020, primarily due to increased external research and development costs of CHF 0.6 million relating to dipraglurant PD LID program for CHF 0.3 million and dipraglurant blepharospasm program for CHF 0.2 million. During the same period, staff costs increased by CHF 0.2 million primarily due to increased R&D headcount.

18. Staff costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Wages and salaries……..	798,639	668,626	2,391,241	2,170,043
Social charges and insurances…..……..	89,866	69,042	307,472	244,922
Value of share-based services ……	311,070	242,639	715,464	723,406
Retirement benefit (note 14)……...	106,978	80,882	55,720	139,882
**Total staff costs……..	**1,306,553**	**1,061,189**	**3,469,897**	**3,278,253**

19. Finance result, net

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Interest income……...	1,239	1,280	4,568	34,049
Interest cost…….	(4,469)	(8,649)	(35,873)	(44,126)
Interest expense on leases……...	(5,520)	(3,884)	(17,795)	(15,102)
Foreign exchange (losses)/gains, net…..	(13,612)	(188,749)	351,641	(348,898)
**Finance result, net……..……..	**(22,362)**	**(200,002)**	**302,541**	**(374,077)**

20. Loss per share

Basic and diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of shares in issue during the period excluding shares purchased by the Group and held as treasury shares.

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Loss attributable to equity holders of the Company…….	(3,598,193)	(3,313,034)	(10,927,955)	(10,733,693)
Weighted average number of shares in issue…….....	34,122,052	26,687,189	33,900,655	26,653,630
**Basic and diluted loss per share……..	**(0.11)**	**(0.12)**	**(0.32)**	**(0.40)**

The Company has three categories of dilutive potential shares as of September 30, 2021 and 2020: equity sharing certificates ("ESCs"), share options and warrants. For the three-month and nine-month periods ended September 30, 2021 and 2020, equity sharing certificates, share options and warrants have been ignored in the calculation of the loss per share, as they would be antidilutive.

21. Related party transactions

Related parties include members of the Board of Directors and the Executive Management of the Group. The following transactions were carried out with related parties:

Key management compensation	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Salaries, other short-term employee benefits and post-employment benefits...	370,108	278,485	1,163,185	1,037,801
Consulting fees……	50,052	67,576	171,906	247,049
Share-based compensation…..…….	308,545	271,946	729,766	783,331
Total…….	**728,705**	**618,007**	**2,064,857**	**2,068,181**

Salaries, other short-term employee benefits and post-employment benefits relate to members of the Board of Directors and Executive Management who are employed by the Group. Consulting fees relate to Roger Mills, a member of the Executive Management who delivers his services to the Group under a consulting contract. The Group has a net payable to the Board of Directors and Executive Management of CHF 117,170 as of September 30, 2021 (December 31, 2020: CHF 145,443).

22. Events after the balance sheet date

There were no material events between the balance sheet date and the date on which these financial statements were approved by the board of directors that would require adjustment to the financial statements or disclosure under this heading.

Consolidated Financial Statements of Addex Therapeutics Ltd as at December 31, 2020

STATUTORY AUDITOR'S REPORT

To the General Meeting of Addex Therapeutics Lt, Plan-les-Ouates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Addex Therapeutics Ltd and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements (pages 24 to 50) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of Addex Therapeutics Ltd for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 8 April 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Revenue from contract with customer: The Group has only one source of revenue from contract with customer which relates to the licensing & research agreement with Indivior PLC (the "Agreement"). Since January 1, 2018 the Group has implemented the new financial reporting standards IFRS 15 Revenue from Contracts with Customers. Under this standard, the Group identifies the distinct performance obligations in a contract, uses the most likely method to determine the variable consideration for inclusion in the transaction of an estimated stand-alone selling price and recognizes the related revenue over time or at a point in time as the performance obligations are satisfied and control passes to the customer. The Group signed a contract extension in October 2020 for an additional USD 2'800'000 compensation of the joint research agreement and recognized a total of CHF 3'612'819 in revenue during the year ended 31 December 2020 related to the on-going research collaboration agreement with Indivior. This is a significant focus point due to the significance of the revenue recognized, the complexity of the Agreement and the judgement involved in identifying the performance obligations and potential changes thereon as well as the allocation of the transaction price. Refer to note 16 Revenue from contract with customer.	We obtained an understanding of the process and controls by meeting with members of management. We inquired of management concerning any changes to the original Agreement which could affect the judgement underlying revenue recognized in 2020. We read and assessed the contract extension signed to determine whether terms that may affect revenue recognition were identified and properly considered, performance obligations were appropriately identified in the Company's evaluation of the accounting for the contracts, and revenue was recognized in the appropriate amounts and periods. We assessed management's judgments and evaluated the Company's models, which included the detailed cost build-ups of the underlying services. We tested substantively the determination of the costs incurred which is the basis for the recognition of the transaction price. Additionally, we obtained the support for the cash received from Indivior in 2020 and recalculated the related contract liability recorded at 31 December 2020.

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Geneva, 11 March 2021

BDO Ltd

Licensed Audit Expert

Licensed Audit Expert
(Auditor in Charge)

Consolidated Balance Sheets
as at December 31, 2020 and December 31, 2019

	Notes	December 31, 2020	December 31, 2019
ASSETS		**Amounts in Swiss francs**	
Current assets			
Cash and cash equivalents	6	18,695,040	31,536,803
Other financial assets	7	64,930	13,968
Receivables	7	68,373	118,028
Prepayments and deferred costs	7	661,221	720,063
Total current assets		**19,489,564**	**32,388,862**
Non-current assets			
Right-of-use assets	8	565,344	543,340
Property, plant and equipment	9	67,760	27,626
Non-current financial assets	10	59,144	68,911
Total non-current assets		**692,248**	**639,877**
Total assets		**20,181,812**	**33,028,739**
LIABILITIES AND EQUITY			
Current liabilities			
Current lease liabilities	3.2	308,611	373,025
Payables and accruals	11	2,491,927	4,196,411
Contract liability	15	733,668	945,737
Deferred income	12	86,481	165,389
Total current liabilities		**3,620,687**	**5,680,562**
Non-current liabilities			
Non-current lease liabilities	3.2	258,785	177,220
Retirement benefits obligations	20	1,692,537	1,481,738
Deferred income	12	-	165,390
Total non-current liabilities		**1,951,322**	**1,824,348**
Equity			
Share capital	13	32,848,635	32,848,635
Share premium	13	286,888,354	286,375,977
Reserves		8,578,702	7,146,506
Accumulated deficit		(313,705,888)	(300,847,289)
Total equity		**14,609,803**	**25,523,829**
Total liabilities and equity		**20,181,812**	**33,028,739**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Loss
for the years ended December 31, 2020 and 2019

	Notes	December 31, 2020	December 31, 2019
		Amounts in Swiss francs	
Revenue from contract with customer	15	**3,612,819**	**2,762,830**
Other income	16	**266,324**	**70,835**
Operating costs			
Research and development		(10,373,200)	(12,453,876)
General and administration		(5,749,217)	(4,983,946)
Total operating costs	17	**(16,122,417)**	**(17,437,822)**
Operating loss		**(12,243,274)**	**(14,604,157)**
Finance income		35,304	36,874
Finance expense		(650,629)	(213,321)
Finance costs	21	**(615,325)**	**(176,447)**
Net loss before tax		**(12,858,599)**	**(14,780,604)**
Income tax expense	19	-	-
Net loss for the year		**(12,858,599)**	**(14,780,604)**
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company	22	**(0.48)**	**(0.56)**
Other comprehensive loss			
Items that will never be reclassified to the statement of comprehensive loss:			
Remeasurements of retirement benefits obligation	20	(233,529)	(745,855)
Items that may be classified subsequently to the statement of comprehensive loss:			
Exchange difference on translation of foreign operations		(4,069)	(838)
Other comprehensive loss for the year, net of tax		**(237,598)**	**(746,693)**
Total comprehensive loss for the year		**(13,096,197)**	**(15,527,297)**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity
for the years ended December 31, 2020 and 2019

	Notes	Share Capital	Share Premium	Treasury Shares Reserve	Foreign Currency Translation Reserve	Other Reserves	Accumulated Deficit	Total
Balance at January 1, 2019…..		**28,564,031**	**286,476,912**	**(2,513,148)**	**(652,323)**	**13,431,873**	**(286,066,685)**	**39,240,660**
Net loss for the year……..		-	-	-	-	-	(14,780,604)	(14,780,604)
Other comprehensive loss for the year…..		-	-	-	(838)	(745,855)	-	(746,693)
Total comprehensive loss for the year....		**-**	**-**	**-**	**(838)**	**(745,855)**	**(14,780,604)**	**(15,527,297)**
Issue of shares…….	13	4,284,604	-	-	-	-	-	4,284,604
Cost of share capital issuance……....		-	(170,411)	-	-	-	-	(170,411)
Value of share-based services.....…….....	14	-	-	-	-	1,685,965	-	1,685,965
Movement on warrants…..….....		-	-	(288)	-	-	-	(288)
Movement in treasury shares:								
Capital increase….....	13	-	-	(4,284,604)	-	-	-	(4,284,604)
Settlement of supplier invoices.....	13	-	92,604	196,610	-	-	-	289,214
Net sales under liquidity agreement..		-	(23,128)	29,114	-	-	-	5,986
Balance at January 1, 2020.....		**32,848,635**	**286,375,977**	**(6,572,316)**	**(653,161)**	**14,371,983**	**(300,847,289)**	**25,523,829**
Net loss for the year……..…..……		-	-	-	-	-	(12,858,599)	(12,858,599)
Other comprehensive loss for the year…..		-	-	-	(4,069)	(233,529)	-	(237,598)
Total comprehensive loss for the year....		**-**	**-**	**-**	**(4,069)**	**(233,529)**	**(12,858,599)**	**(13,096,197)**
Value of share-based services.....……..	14	-	-	-	-	1,176,413	-	1,176,413
Movement in treasury shares:								
Settlement of supplier invoices..……....	13	-	78,555	207,190	-	-	-	285,745
Net purchases under liquidity agreement..		-	17,772	(46,809)	-	-	-	(29,037)
Other net sales of treasury shares……	13	-	416,050	333,000	-	-	-	749,050
Balance at December 31, 2020		**32,848,635**	**286,888,354**	**(6,078,935)**	**(657,230)**	**15,314,867**	**(313,705,888)**	**14,609,803**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows
for the years ended December 31, 2020 and 2019

	Notes	December 31, 2020	December 31, 2019
		Amounts in Swiss francs	
Net loss for the year		(12,858,599)	(14,780,604)
Adjustments for:			
Depreciation	8/9	378,754	333,844
Disposal of right-of-use assets		(4,992)	-
Value of share-based services	14	1,176,413	1,685,965
Pension costs	20	(22,730)	96,532
Finance net cost		686,886	234,663
Increase in other financial assets		(50,962)	(5,985)
Decrease in receivables		49,655	154,988
Decrease/ (increase) in prepayments		221,680	(520,653)
(Decrease)/ increase in payables and accruals		(1,585,550)	1,966,160
(Decrease)/ increase in contract liability		(212,069)	732,993
(Decrease)/ increase in deferred income		(244,298)	330,779
Services paid in shares	13	285,745	289,214
Net cash used in operating activities		**(12,180,067)**	**(9,482,104)**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(59,414)	(28,459)
Purchase of non-current financial assets	10	-	(14,795)
Net cash used in investing activities		**(59,414)**	**(43,254)**
Cash flows from financing activities			
Costs / deferred costs paid on issue of shares		(272,005)	(61,244)
Sale of treasury shares		720,013	5,986
Principal element of lease payment		(367,412)	(316,793)
Interests received		35,305	36,874
Interests paid	21	(69,502)	(128,518)
Net cash (used in) / from financing activities		**46,399**	**(463,695)**
Decrease in cash and cash equivalents		**(12,193,082)**	**(9,989,053)**
Cash and cash equivalents at beginning of the year	6	31,536,803	41,670,158
Exchange difference on cash and cash equivalents		(648,681)	(144,302)
Cash and cash equivalents at end of the year	6	**18,695,040**	**31,536,803**

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the years ended December 31, 2020 and 2019
(Amounts in Swiss francs)

1. General information

Addex Therapeutics Ltd (the "Company"), formerly Addex Pharmaceuticals Ltd, and its subsidiaries (together, the "Group") are a clinical stage pharmaceutical group applying its leading allosteric modulator drug discovery platform to discovery and development of small molecule pharmaceutical products, with an initial focus on central nervous system disorders.

The Company is a Swiss stockholding corporation domiciled c/o Addex Pharma SA, Chemin des Aulx 12, CH1228 Plan-les-Ouates, Geneva, Switzerland and the parent company of Addex Pharma SA, Addex Pharmaceuticals France SAS and Addex Pharmaceuticals Inc. registered in Delaware with its principal business location in San Francisco, California, United States. Its registered shares are traded at the SIX, Swiss Exchange, under the ticker symbol ADXN. On January 29, 2020, the Group listed on the Nasdaq Stock Market, American Depositary Shares (ADSs) under the symbol "ADXN", without a new issuance of securities. ADSs represents shares that continue to be admitted to trading on SIX Swiss Exchange.

These consolidated financial statements have been approved for issuance by the Board of Directors on March 9, 2021.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Addex Therapeutics Ltd have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"), and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4 "Critical accounting estimates and judgements".

Due to rounding, numbers presented throughout these consolidated financial statements, may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.
Where necessary, comparative figures have been revised to conform with the current year 2020 presentation.

2.2 Standards and interpretations published by the IASB

New and amended standards adopted by the Group

A number of new or amended standards and interpretations became applicable for financial periods beginning on or after January 1, 2020. The Group noted that these new or amended standards did not have a material impact on the Group's financial position or disclosures made in the condensed consolidated financial statements.

New standards and interpretations not yet adopted by the Group

The Group is currently assessing the potential impacts of the various new and revised standards and interpretations that will be mandatory from January 1, 2021 which the Group has not yet applied. Based on an analysis to date, the Group does not anticipate that these will have a material impact on the Group's overall results and financial position. The Group is also assessing other new and revised standards which are not mandatory until after 2021.

Other standards adopted by the Group prior to January 1, 2020

On January 1, 2019, the Group adopted IFRS 16 Leases, which replaced IAS 17 Leases and related Interpretations, applied by the Group until December 31, 2018. The Group leases various offices and equipment, which are recorded as right-of-use assets and the corresponding liabilities on the balance sheet at the date at which the leased assets are available for use by the Group.

2.3 Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Company currently consolidates the financial operations of its three fully-owned subsidiaries, Addex Pharma SA, which is registered in Plan-Les-Ouates, Switzerland, Addex Pharmaceuticals Inc., which is registered in Delaware, United States with its principal business location in San Francisco, United States and Addex Pharmaceuticals France SAS which is registered in Archamps, France.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The reporting date of all Group companies is December 31.

2.4 Segment reporting

The Group operates in one segment, which is the discovery, development and commercialization of small-molecule pharmaceutical products. A single management team that reports to the chief executive officer comprehensively manages the entire business. The chief operating decision-maker is the Chief Executive Officer who reviews the statement of operations of the Group on a consolidated basis, makes decisions and manages the operations of the Group as a single operating segment. The Group's activities are not affected by any significant seasonal effect. Revenue is attributable to the Company's country of domicile, Switzerland.

2.5 Foreign currency transactions

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss francs, which is the Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive loss within 'finance cost'.

Group companies
The results and financial position of the Group's subsidiary that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive loss are translated at the average exchange rate; and
- all resulting exchange differences are recognized in other comprehensive loss.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation, and impairment (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Computer equipment	3 years
Laboratory equipment	4 years
Furniture and fixtures	5 years
Chemical library	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.7). Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive loss.

2.7 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment annually, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Prior impairment of non-financial assets other than goodwill is reviewed for possible reversal at each reporting date.

2.8 Financial assets

The Group has one category of financial assets, namely “receivables”. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are held for collection of contractual cash flows which represent solely the payment of principal and interest. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Receivables are included in other current assets in the balance sheet (see note 7).

Receivables are initially measured at fair value and subsequently measured at amortized cost. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance. Receivables are derecognized when settled.

The Company classifies a contract asset as a receivable when the Company’s right to consideration is unconditional. If the Company transfers control of goods or services to a customer before the customer pays consideration, the Company records either a contract asset or a receivable depending on the nature of the Company’s right to consideration for its performance. Contract assets and contract liabilities arising from the same contract are netted and presented as either a single net contract asset or net contract liability.

Impairment of financial assets
The Group recognizes a loss allowance for expected credit losses on trade receivables, contract assets and security rental deposits that are measured at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime expected credit losses (“ECL”) for trade receivables and contract assets where applicable. The ECL on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. They are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Any bank overdrafts are not netted against cash and cash equivalents but are shown as part of current liabilities on the consolidated balance sheet.

2.10 Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental cost (net of income taxes) is recorded as a deduction from equity attributable to the Company's equity holders as a treasury share reserve until the shares are cancelled, reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect, the nominal amount is reversed from the treasury share reserve, with any remaining difference to the total transaction value being recognized in share premium.

The Company has entered into a liquidity contract where an independent broker buys and sells the Company’s shares held in the broker’s custody. Such shares are presented in the treasury share reserve.

The Company also uses treasury shares to partially settle services rendered by third and related parties. When shares are issued for this purpose, the nominal share value is recognized as a treasury share reserve and the value above par is presented as a share premium.

2.11 Equity instruments

Equity instruments issued by the Group are recorded at the fair value of the proceeds received, net of direct issuance costs.

2.12 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. All payables have a contract maturity within 1 year.

2.13 Grants

Grants are not recognized until there is reasonable assurance that the Group will comply with the terms and conditions of the grant and that the grants will be received. Grants are recognized as other income in the statement of comprehensive loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grant is intended to compensate. Specifically, grants whose primary conditions is that the Group should undertake specific research activities within a defined period of time, are recognized as deferred income in the consolidated statement of financial position and transferred to the statement of comprehensive loss on a systematic and rationale basis over the defined timeframe.

2.14 Deferred income tax

Deferred income tax is recorded in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is recorded on temporary differences arising on investments in subsidiaries, except where the Group deems it probable that the temporary difference will not reverse in the foreseeable future.

Potential deferred income tax assets from tax loss carry forwards exceed deferred tax liabilities. Deferred income tax assets from tax loss carry forwards are initially recognized to the extent that there are suitable deferred income tax liabilities, then to the extent that the realization of the related tax benefit through future taxable profits is probable.

2.15 Pension obligations

The Group operates one pension scheme. The scheme is generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has defined benefit plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in other comprehensive loss and past-service costs are recognized immediately in the statement of comprehensive loss.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the defined benefit obligation at the balance sheet date minus the fair value of the plan assets. The defined benefit obligation is calculated at least annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

2.16 Share-based compensation

The Group operates an equity sharing certificates' equity incentive plan, a share option plan, and a share purchase plan. The Group also from time-to-time grants warrants to brokers and investors. The fair value of the services received in exchange for the grant or transfer of equity sharing certificates, options, shares or warrants is recognized in the consolidated financial statements over the period for which the services are received. The total amount to be recognized over the vesting period is determined by reference to the fair value of the equity incentive unit granted or transferred. The fair value of instruments granted includes any market performance conditions and excludes the impact of any service and non-market performance vesting conditions. Service and non-market performance conditions are included in assumptions about the number of equity incentive units that are expected to vest. At each balance sheet date, the Group revises its estimates for the number of equity incentive units that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the statement of comprehensive loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the equity incentive units are exercised.

2.17 Revenue recognition

The Group recognizes revenue from the license of intellectual property and providing research and development services:

License of intellectual property
If the license to the Group's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Group recognizes revenues when the license conveys a right of use, or there is a right of access to the underlying intellectual property. For licenses that are sold in conjunction with a related service, the Group uses judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time. If the performance obligation is settled over time, the Group determines the appropriate method of measuring progress for purposes of recognizing license revenue. The Group evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

Research and development services
The Group has an arrangement with its partner that includes deploying its employees for research and development activities. The Group assesses if these research and development activities are considered distinct in the context of the respective contract and, if so, they are accounted for as a separate performance obligation. This revenue is calculated based on the costs incurred (input method) in accordance with the respective contract, and recorded within "Revenue from contract with customer*"* over time as the activities are performed.

Contract balances
The Group receives payments and determines credit terms from its customers for its various performance obligations based on billing schedules established in each contract. The actual timing of the income recognition, billings and cash collections may result in other current receivables, accrued revenue (contract assets), and deferred revenue (contract liabilities) being recorded on the balance sheets. Amounts are recorded as other current receivables when the Group's right to consideration is unconditional. The Group does not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between payment by the customer and the transfer of the promised goods or services to the customer will be one year or less.

Under IFRS 15, the Group recognizes as revenue its non-refundable license fees, milestone, research activities and royalties when its customer obtains control of promised services, in an amount that reflects the consideration which the Group expects to receive in exchange for those rendered services. To assess revenue recognition for arrangements that the Group determines are within the scope of IFRS 15, the Group performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Group satisfies a performance obligation. The Group only applies the five-step model to contracts when it is probable that the Group will collect the consideration it is entitled to in exchange for services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of IFRS 15, the Group assesses the services promised within each contract and determine those that are performance obligations and assess whether each promised service is distinct. The Group uses the most likely method to estimate any variable consideration and include such consideration in the amount of the transaction price based on an estimated stand-alone selling price. Revenue is recognized for the respective performance obligation when (or as) the performance obligation is satisfied.

2.18 Finance income and expense

Interest received or paid on cash and cash equivalents are classified in the statement of cash flows under financing activities.

2.19 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (less than USD 5 thousand). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments as from the commencement date of the lease until the expected termination date. In determining the lease term, management consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension option are only considered if the lease is reasonably certain to be extended. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances, that is within the control of the lessees, occurs. The lease payments are discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The lease liability is presented as a separate line in the consolidated statement of financial position. The interest expense is presented in the line finance expenses in the consolidated statement of comprehensive loss.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease;
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognized in the statement of comprehensive loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

All lease payments on leases are presented as part of the cash flow from financing activities, except for the short-term and low value leases cash flows, which are booked under operating activities.

2.20 Research and development

Research and development costs are expensed as incurred. Costs incurred on development projects are recognized as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

In the opinion of management, due to uncertainties inherent in the development of the Group's products, the criteria for development costs to be recognized as an asset, as prescribed by IAS 38, “Intangible Assets”, are not met.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's finance department (Group Finance) under the policies approved by the Board. Group Finance identifies, evaluates and in some instances economically hedges financial risks in close co-operation with the Group's operating units. The Board provides written guidance for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, use of derivative financial instruments and non-derivative financial instruments, credit risk and investing excess liquidity.

Market risk and foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various exposures with respect to the Euro, US dollar and UK pound. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. To manage foreign exchange risk Group Finance maintains foreign currency cash balances to cover anticipated future requirements. The Group's risk management policy is to economically hedge 50% to 100% of anticipated transactions in each major currency for the subsequent 12 months. The Group has a subsidiary in France and in United States of America, whose net assets are exposed to foreign currency translation risk. In 2020, a 10% increase or decrease in the EUR/CHF exchange rate would have resulted in a CHF 4,064 (2019: CHF 19,920) decrease or increase in net loss and shareholders’ equity as at December 31, 2020, a 10% increase or decrease in the GBP/CHF exchange rate would have resulted in a CHF 14,723 (2019: CHF 12,489) decrease or increase in net loss and shareholders’ equity as at December 31, 2020 and a 10% increase or decrease in the USD/CHF exchange rate would have resulted in a CHF 644,865 (2019: CHF 972,596) increase or decrease in net loss and shareholders’ equity as at December 31, 2020. The Group is not exposed to equity price risk or commodity price risk as it does not invest in these classes of investment.

Interest rate risk
The Group’s exposure to interest rate fluctuations is limited because the Group has no interest-bearing indebtedness. The Company’s Swiss francs cash holdings are subject to negative interest rates at certain thresholds defined by its bank counterparties. A 10% increase or decrease in the interest rates charged by the counterparties would not have had a material impact on the net loss for the period.

Credit risk
Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to collaboration partners. The Group has a limited number of collaboration partners and consequently has a significant concentration of credit risk. The Group has policies in place to ensure that credit exposure is kept to a minimum and significant concentrations of credit risk are only granted for short periods of time to high credit quality partners. The Group's policy is to invest

funds in low-risk investments including interest bearing deposits. For banks and financial institutions, only independently rated parties with a minimum rating of “A” are accepted (see note 6).

Liquidity risk
The Group's principal source of liquidity is its cash reserves which are obtained through the sale of new shares and to a lesser extent the sale of its research and development stage products. Group Finance monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs. The ability of the Group to maintain adequate cash reserves to sustain its activities in the medium term is highly dependent on the Group's ability to raise further funds from the licensing of its development stage products and the sale of new shares. Consequently, the Group is exposed to significant liquidity risk (see note 4).

3.2 Capital risk management

The Group is not regulated and not subject to specific capital requirements. The amount of equity depends on the Group’s funding needs and statutory capital requirements. The Group monitors capital periodically on an interim and annual basis. From time to time, the Group may take appropriate measures or propose capital increases to its shareholders to ensure the necessary capital remains intact. The Group did not have any short-term or long-term debt outstanding as of December 31, 2020 and 2019.

The ability of the Group to maintain adequate cash reserves to continue its activities in the medium term is subject to risk as it is highly dependent on the Group’s ability to raise further funds from the sale of new shares.

The Group’s objectives when managing capital based on its net debt are to safeguard the Group’s ability to continue as a going concern in order to ensure the financing of successful research and development activities so that future profits can be generated and to maintain sufficient financial resources to mitigate against risks and unforeseen events.

A reconciliation of the net debt position is detailed as follows:

	Leases	Cash and cash equivalents	Other financial assets	Total
Net debt as at January 1, 2019……	**(544,510)**	**41,670,158**	**7,983**	**41,133,631**
Cash flows……	316,348	(9,989,053)	5,955	(9,666,750)
Acquisition – Leases……..	(322,528)	-	-	(322,528)
Foreign exchange differences…..……..	445	(144,302)	-	(143,857)
Net debt as at December 31, 2019…….	**(550,245)**	**31,536,803**	**13,938**	**31,000,496**
Cash flows……	367,412	(12,193,082)	50,992	(11,774,678)
Acquisition – Leases……..	(27,612)	-	-	(27,612)
Effect of modification to lease terms……..	(434,150)	-	-	(434,150)
Disposals……...	77,199	-	-	77,199
Foreign exchange differences…..……..	-	(648,681)	-	(648,681)
Net debt as at December 31, 2020…….	**(567,396)**	**18,695,040**	**64,930**	**18,192,574**

In addition, the maturity profile of the Group’s financial liabilities is presented in the table below:

At December, 31 2020

	Less than 1 Year	1 to 5 Years	More than 5 Years	Total cash out flows	Carrying amount liabilities
Lease Liabilities……	331,911	270,133	-	**602,044**	**567,396**

At December, 31 2019

	Less than 1 Year	1 to 5 Years	More than 5 Years	Total cash out flows	Carrying amount liabilities
Lease Liabilities……	392,954	182,664	-	**575,618**	**550,245**

Lease liabilities relate to the rent of laboratories, equipment, offices and related spaces used by the Group.

3.3 Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate to their fair values due to the short-term maturity of these instruments and are held at their amortized cost in accordance with IFRS 9. The fair value of other financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or may have had a significant impact on the reported results are disclosed below:

Going concern
The Group's accounts are prepared on a going concern basis. To date, the Group has financed its cash requirements primarily from share issuances and licensing certain of its research and development stage products. The Group is a development-stage enterprise and is exposed to all the risks inherent in establishing a business. The Group maintains detailed financial forecasts and monitors actual results on a regular basis so that measures can be taken to ensure the Group remains solvent.

COVID-19
In early 2020 a coronavirus disease (COVID-19) pandemic developed globally resulting in a significant number of infections and negative effects on economic activity. The Group is actively monitoring the situation and is taking any necessary measures to respond to the situation in cooperation with the various stakeholders. On March 18, 2020, the Group announced the suspension of the initiation of a placebo-controlled Phase 2b/3 pivotal clinical trial of dipraglurant in levodopa-induced dyskinesia associated with Parkinson's disease (dipraglurant PD-LID). The Group decided to suspend the trial based on the inability of planned clinical trial sites in the United States to initiate the trial in full compliance with the Group's planned clinical trial procedures including with respect to data reporting, data monitoring, and the recommendations of various health authorities that the infirm patients who would participate in the trial not risk being exposed to COVID-19 at clinical trial sites. Such sites have been and may continue to be required to focus their limited resources on matters unrelated to our planned clinical trial, thereby decreasing availability, in whole or in part, for services to our planned clinical trial. The Group will not be able to initiate the trial until these risks have been significantly reduced or remediated. Although the Group believes, based on current projections of the pandemic, that it will be able to initiate the trial in the first half of 2021, the duration of the COVID-19 crisis is uncertain and, if the enumerated risks are not addressed, the Group may have to adjust its expectations as to trial initiation, including potentially initiating the trial later in 2021, in order to accommodate the foregoing factors. In addition, the COVID-19 pandemic may affect the operations of the FDA and other health authorities, which could result in delays of reviews and approvals, including with respect to dipraglurant and our other product candidates. Any such delays could increase the cost of our planned clinical trial and increase the uncertainty of receiving approval from the FDA for dipraglurant in PD-LID patients. Depending on the duration of the COVID-19 crisis and continued negative impact on global economic activity, the Group may have to take additional measures that will have a negative impact on the Group's business continuity and may experience certain liquidity restraints as well as incur impairments on its assets. The exact impact on the Group's activities in 2021 and thereafter cannot be reasonably predicted. However, based on the risk mitigation measures undertaken, the Group concluded that there is no material uncertainty that may cast a significant doubt upon the Group's ability to continue as a going concern.

Revenue recognition
Revenue is primarily from fees related to licenses, milestones and research services. Given the complexity of the relevant agreements, judgements are required to identify distinct performance obligations; allocate the transaction price to these performance obligations and determine when the performance obligations are met. In particular, the Group's judgement over the estimated stand-alone selling price which is used to allocate the transaction price to the performance obligations is disclosed in note 15.
Grants
Grants are recorded at their fair value when there is reasonable assurance that they will be received and recognized as income when the group has satisfied the underlying grant conditions. In certain circumstances, grant income may be recognized before explicit grantor acknowledgement that the conditions have been met.

Accrued research and development costs
The Group records accrued expenses for estimated costs of research and development activities conducted by third party service providers. The Group records accrued expenses for estimated costs of research and development activities based upon the estimated amount of services provided-but not yet invoiced, and these costs are included in accrued expenses on the balance sheets and within research and development expenses in the statements of comprehensive loss. These costs are a significant component of research and development expenses. Accrued expenses for these costs are recorded based on the estimated amount of work completed in accordance with agreements established with these third parties.

To date, the Group has not experienced significant changes in the estimates of accrued research and development expenses after a reporting period. However, due to the nature of estimates, the Group may be required to make changes to the estimates in the future as it becomes aware of additional information about the status or conduct of its research activities.

Research and development costs
The Group recognizes expenditure incurred in carrying out its research and development activities, including development supplies, until it becomes probable that future economic benefits will flow to the Group, which results in recognizing such costs as intangible assets, involving a certain degree of judgement. Currently, such development supplies are associated with pre-clinical and clinical trials of specific products that do not have any demonstrated technical feasibility.

Deferred taxes
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the

liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. The probability that taxable profits will be available is assessed by management based on business projections for each relevant entity.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is recognized in statement of comprehensive loss, except when related to items that are recognized in other comprehensive loss or directly in equity, in which case, the current and deferred tax are recognized in other comprehensive loss or directly in equity.

Share-based compensation
The Group recognizes an expense for share-based compensation based on the valuation of equity incentive units using the Black-Scholes valuation model. A number of assumptions related to the volatility of the underlying shares and to the risk-free rate are made in this model. Should the assumptions and estimates underlying the fair value of these instruments vary significantly from management's estimates, then the share-based compensation expense would be materially different from the amounts recognized. Had these assumptions been modified within their feasible ranges, i.e. a 10% increase or decrease in the volatility assumption and a risk-free rate of 0.5 or zero, and the Group calculated the share-based compensation based on the higher and lower values of these ranges, share-based compensation expense in 2020 would have been CHF 888,845 or CHF 1,390,306, respectively (2019: CHF 1,239,680 or CHF 2,023,158, respectively). This is compared to the amount recognized as an expense in 2020 of CHF 1,176,413 (2019: CHF 1,685,965). Additional information is disclosed in note 14.

Pension obligations
The present value of the pension obligations is calculated by an independent actuary and depends on a number of assumptions that are determined on an actuarial basis such as discount rates, future salary and pension increases, and mortality rates. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 20.

4. Segment information

Management has identified one single operating segment, related to the discovery, development and commercialization of small-molecule pharmaceutical products.

Information about products, services and major customers
External income of the Group for the years ended December 31, 2020 and 2019 is derived from the business of discovery, development and commercialization of pharmaceutical products. Income was earned from rendering of research services to a pharmaceutical company and grants earned.

Information about geographical areas
External income is exclusively recorded in the Swiss operating company.

Analysis of revenue from contract with customer and other income by nature is detailed as follows:

	2020	2019
Collaborative research funding……....	3,612,819	2,762,830
Grants earned…….....	244,298	49,405
Other service income……....	22,026	21,430
**Total ….……	**3,879,143**	**2,833,665**

Analysis of revenue from contract with customer and other income by major counterparties is detailed as follows:

	2020	2019

Indivior PLC ……..	3,612,819	2,762,830
Eurostars/Innosuisse……..…….	244,298	49,405
Other counterparties…….…	22,026	21,430
Total ……..…….	**3,879,143**	**2,833,665**

For more detail, refer to note 15, “Revenue from contract with customer” and note 16 “Other Income”.

The geographical allocation of long-lived assets is detailed as follows:

	December 31, 2020	December 31, 2019
Switzerland……..……....	665,012	498,066
United States of America…….....	26,847	141,420
France…….....	389	391
**Total……..……..... **	**692,248**	**639,877**

The geographical analysis of operating costs is as follows:

	2020	2019
Switzerland…….……....	16,050,488	17,409,808
United States of America…….....	64,922	21,214
France……..…….....	7,007	6,800
**Total operating costs (note 17) ……..... **	**16,122,417**	**17,437,822**

There was capital expenditure of CHF 59,414 in 2020 and CHF 28,459 in 2019.

5. Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash at bank and on hand…….....	18,695,040	26,889,923
Short term deposits in USD…….....	-	4,646,880
**Total cash and cash equivalents……..... **	**18,695,040**	**31,536,803**

Split by currency:

	December 31, 2020	December 31, 2019
CHF……..……..……...	60.53%	64.31%
USD……..……	38.70%	35.03%
EUR……..……..…….....	0.63%	0.26%
GBP……	0.14%	0.40%
**Total…… **	**100.00%**	**100.00%**

The Group pays interests on CHF cash and cash equivalents and earns interests on USD cash and cash equivalents. The Group invests its cash balances into a variety of current and deposit accounts with Swiss banks. In addition, the Group invests a portion of its USD cash in line with its treasury guidelines. As of December 31, 2020, non-used funds received from Eurostars/Innosuisse amount to CHF 86,481 (note 16).

All cash and cash equivalents were held either at banks or on hand at December 31, 2020 and December 31, 2019.
Credit quality of cash and cash equivalents

The table below shows the cash and cash equivalents by credit rating of the major counterparties:

External credit rating of counterparty	December 31, 2020	December 31, 2019
P-1 / A-1……..……..……...	18,694,883	31,536,646
Cash on hand……	157	157
**Total cash and cash equivalents……..... **	**18,695,040**	**31,536,803**

External credit ratings of counterparties were obtained from Moody’s (P-1) or Standard & Poor’s (A-1).

6. Other current assets

	December 31, 2020	December 31, 2019
Other financial assets……..	64,930	13,968

Receivables……..	68,373	118,028
Prepayments……..…….....	498,382	720,063
Deferred costs……..	162,839	-
**Total other current assets…….….....	**794,524**	**852,059**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECL"), which uses a lifetime expected loss allowance for all trade receivables and contract assets. As of December 31, 2020, the receivables comprise of four non-governmental debtors whose combined outstanding balances are CHF 20,577 (five non-governmental debtors for CHF 88,075 as of December 31, 2019). The Group has considered these customers to have a low risk of default based on historic loss rates and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. As a result, excepted loss allowance has been deemed as nil as of December 31, 2020 and December 31, 2019. As of December 31, 2020, prepayments mainly relate to amounts paid to contract research organizations and deferred costs primarily relate to paid legal and auditor fees associated with the preparation of the capital increase executed on January 8, 2021.

7. Right-of-use assets

	Properties	**Equipment**	**Total**
Year ended December 31, 2019			
Opening net book amount……..….	-	-	-
Adoption of IFRS16 as at January 1, 2019……..….	483,350	61,160	544,510
Additions…….…...	308,987	13,541	322,528
Depreciation charge…….….	(296,656)	(27,487)	(324,143)
Exchange differences…….….....	445	-	445
**Closing net book amount……..……...	**496,126**	**47,214**	**543,340**

At December 31, 2019	**Properties**	**Equipment**	**Total**
Cost……...…….....….	792,337	74,701	867,038
Accumulated depreciation……..……	(296,211)	(27,487)	(323,698)
**Net book value……...……..	**496,126**	**47,214**	**543,340**

	Properties	**Equipment**	**Total**
Year ended December 31, 2020			
Opening net book amount……....	496,126	47,214	543,340
Additions…….…...	27,612	-	27,612
Depreciation charge…….….	(333,714)	(25,760)	(359,474)
Effect of modification to lease terms……..	434,150	-	434,150
Disposals……....	(72,504)	-	(72,504)
Exchange differences…….….....	(7,780)	-	(7,780)
**Closing net book amount……..……...	**543,890**	**21,454**	**565,344**

At December 31, 2020			
Cost……...…….....….	1,111,338	71,168	1,182,506
Accumulated depreciation……..……	(567,448)	(49,714)	(617,162)
**Net book value……...……..	**543,890**	**21,454**	**565,344**

For the year ended December 31, 2020, the Group recorded a depreciation charge of CHF 291,107 (2019: CHF 259,940) as part of research and development expenses and CHF 68,367 (2019: CHF 64,203) as part of general and administration expenses. For the same period, the total cash outflows for leases amounted to CHF 367,412 and CHF 316,348 respectively.
The maturity analysis of lease liabilities is presented under note 3.2.

8. Property, plant and equipment

	Equipment	Furniture & fixtures	Chemical Library	Total
Year ended December 31, 2019				
Opening net book amount	8,868	-	-	8,868
Additions	28,459	-	-	28,459
Depreciation charge	(9,701)	-	-	(9,701)
Closing net book amount	**27,626**	**-**	**-**	**27,626**
At December 31, 2019				
Cost	1,622,865	7,564	1,207,165	2,837,594
Accumulated depreciation	(1,595,239)	(7,564)	(1,207,165)	(2,809,968)
Net book value	**27,626**	**-**	**-**	**27,626**
Year ended December 31, 2020				
Opening net book amount	27,626	-	-	27,626
Additions	59,414	-	-	59,414
Depreciation charge	(19,280)	-	-	(19,280)
Closing net book amount	**67,760**	**-**	**-**	**67,760**
At December 31, 2020				
Cost	1,682,279	7,564	1,207,165	2,897,008
Accumulated depreciation	(1,614,519)	(7,564)	(1,207,165)	(2,829,248)
Net book value	**67,760**	**-**	**-**	**67,760**

For the year ended December 31, 2020, the Group recorded a depreciation charge of CHF 11,759 (2019: CHF 4,732) as part of research and development expenses and CHF 7,521 (2019: CHF 4,969) as part of general and administration expenses.

9. Non-current financial assets

	December 31, 2020	December 31, 2019
Security rental deposits	59,144	68,911
Total non-current financial assets	**59,144**	**68,911**

Security rental deposits relate to laboratory and office space which has decreased during 2020. The applicable interest rate to such deposits is immaterial, and therefore, the value approximates amortized cost.

10. Payables and accruals

	December 31, 2020	December 31, 2019
Trade payables	983,545	2,216,147
Social security and other taxes	171,876	107,415
Accrued expenses	1,336,506	1,872,849
Total payables and accruals	**2,491,927**	**4,196,411**

All payables mature within 3 months. Accrued expenses primarily relate to R&D services from contract research organizations and consultants. The total payables and accruals have decreased at December 31, 2020 compared to December 31, 2019, mainly due to amounts payable related to the preparation of the dipraglurant PD-LID clinical study at December 31, 2019. The carrying amounts of payables do not materially differ from their fair values, due to their short-term nature.

12. Deferred income

The Group expects the deferred income to be recognized in the statement of comprehensive loss as follows:

	December 31, 2020	December 31, 2019
Within one year	86,481	165,389
Within two years	-	165,390
Total deferred income	**86,481**	**330,779**

The deferred income relates to a grant from Eurostars/Innosuisse described on the note 16 “other income”.

13. Share capital

	Number of shares		
	Common shares	Treasury shares	Total
Balance at January 1, 2019…….....	**28,564,031**	**(2,158,476)**	**26,405,555**
Issue of shares – capital increase..……	4,284,604	(4,284,604)	-
Settlement of supplier invoices……..	-	196,610	196,610
Net sale of treasury shares under liquidity agreement	-	2,983	2,983
Balance at December 31, 2019……..	**32,848,635**	**(6,243,487)**	**26,605,148**
Settlement of supplier invoices……..	-	207,190	207,190
Net purchase of treasury shares under liquidity agreement……..	-	(26,564)	(26,564)
Other net sale of treasury shares……..……..……	-	333,000	333,000
Balance at December 31, 2020…..……..	**32,848,635**	**(5,729,861)**	**27,118,774**

The Company maintains a liquidity contract with Kepler Capital Markets SA ("Kepler"). Under the agreement, the Group has provided Kepler with cash and shares to enable them to buy and sell the Company's shares. At December 31, 2020, 54,489 (2019: 27,925) treasury shares are recorded under this agreement in the treasury share reserve and CHF 64,930 (2019: CHF 13,968) is recorded in other financial assets.

At December 31, 2020 and 2019, the total issued share capital is CHF 32,848,635 consisting of 32,848,635 shares. All shares have a nominal value of CHF 1.

On December 28, 2020, the Group sold 333,000 treasury shares for a gross amount of CHF 749,050 under an equity sales agreement entered into with Kepler.

For the fiscal year ended December 31, 2020, the Group used 207,190 treasury shares (2019: 196,610) to purchase services from consultants including 114,851 (2019: 113,099) treasury shares for Roger Mills, the Group's Chief Medical Officer. The total value of consulting services settled in shares was CHF 285,745 (2019: CHF 289,214). Under a liquidity agreement, the Group recorded net purchases of treasury shares of CHF 29,037 (2019: net sales of CHF 5,986).

On May 17, 2019, the Company issued 4,284,604 new shares from the authorized capital to its 100% owned subsidiary, Addex Pharma SA at CHF 1. These shares are held as treasury shares.

14. Share-based compensation

The total share-based compensation expense recognized in the statement of comprehensive loss for equity incentive units granted to directors, executives, employees, consultants and investors has been recorded under the following headings:

	2020	2019
Research and development……..…….	354,934	433,536
General and administration…….……....	821,479	1,252,429
Total share-based compensation..……	**1,176,413**	**1,685,965**

Analysis of share-based compensation by equity incentive plan is detailed as follows:

	2020	2019
Equity sharing certificate plan……..…….	14,644	37,776
Share purchase plan……..…….....	49,813	45,593
Share option plans……	1,111,956	1,602,596
Total share-based compensation..……	**1,176,413**	**1,685,965**

Equity Sharing Certificate Equity Incentive Plan

On June 1, 2010, the Company established an equity incentive plan based on equity sharing certificates ("ESCs") to provide incentives to directors, executives, employees and consultants of the Group. Each ESC provides the holder (i) a right to subscribe for 1,000 shares in the Company, and (ii) a right to liquidation proceeds equivalent to that of shareholders. All rights of the ESCs expire after their defined exercise period with the ownership of the ESCs reverting to the Group. ESCs granted are subject to certain vesting conditions based on service period defined in each grant agreement. The holder of vested ESCs has the right to subscribe to shares at the subscription price if the underlying share price has reached the floor price. The floor and subscription price are defined by the Board of Directors in each grant agreement at the time of issuance. In the event of a change in control, all ESCs are automatically vested. The Group has no legal or constructive obligation to repurchase or settle ESCs in cash.

Movements in the number of share subscription rights attached to the ESCs outstanding are as follows:

	2020	2019
At January 1……..	198,750	265,600
Granted……..	-	-
Expired……	-	(66,850)
Exercised……	-	-
**At December 31…….. **	**198,750**	**198,750**

At December 31, 2020, of the outstanding 198,750 subscription rights (2019: 198,750) attached to the ESCs, 171,750 were exercisable (2019: 144,750). On April 1, 2019, the exercise period of 90,750 vested ESCs has been extended for 5 years. Included in share-based compensation for the year 2019, CHF 8,667 relates to the fair value adjustment for exercise period extensions of vested ESCs.

The outstanding subscription rights as at December 31, 2020 and 2019 have the following expiry dates, subscription prices and floor prices:

At December 31, 2020	**Subscription prices / floor prices (CHF)**		
Expiry date	**1.00 / 2.30**	**2.00 / 2.30**	**Total**
2024……..	90,750	-	90,750
2027……..	-	108,000	108,000
**Total subscription rights…….. **	**90,750**	**108,000**	**198,750**

At December 31, 2019	**Subscription prices / floor prices (CHF)**		
Expiry date	**1.00 / 2.30**	**2.00 / 2.30**	**Total**
2024……..	90,750	-	90,750
2027……..	-	108,000	108,000
**Total subscription rights…….. **	**90,750**	**108,000**	**198,750**

Share option plans
The Company established a share option plan to provide incentives to directors, executives, employees and consultants of the Group.

During 2020, the Group granted the following options with vesting over 4 years and a 10-year exercise period as follow:

	Number	**Exercise price**	**Expiry date**
January 1, 2020……	38,487	1.64	December 31, 2029
April 1, 2020……..	1,158,011	1.14	March 31, 2030
July 1, 2020……	31,362	1.45	June 30, 2030
**Total 2020…… **	**1,227,860**		

During 2019, the Group granted the following options with vesting over 4 years and a 10-year exercise period as follow:

	Number	**Exercise price**	**Expiry date**
January 1, 2019……	243,506	2.25	December 31, 2028
July 1, 2019……	187,189	1.50	June 30, 2029
October 1, 2019……	30,000	1.80	September 30, 2029
**Total 2019…… **	**460,695**		

Movements in the number of options outstanding are as follows:

	2020	2019
At January 1……..	5,540,600	5,128,680
Granted……..	1,227,860	460,695
Exercised……	-	(48,775)
**At December 31…….. **	**6,768,460**	**5,540,600**

At December 31, 2020, of the outstanding 6,768,460 share options (2019: 5,540,600), 4,235,706 were exercisable (2019: 2,811,825).

On January 1, 2020, the exercise period of 194,687 vested options has been extended for 5 years and share-based compensation related to the fair value adjustment for the exercise period extensions of CHF 25,309 has been recognized in 2020.

On April 1, 2019, the exercise period of 506,351 vested options has been extended for 5 years and share-based compensation related to the fair value adjustment for the exercise period extensions of CHF 75,331 has been recognized in 2019.

The outstanding share options as at December 31, 2020 and 2019 have the following expiry dates:

At December 31, 2020	Range of exercise prices (CHF)				
Expiry date	**1.00 to 1.50**	**1.51 to 2.00**	**2.01 to 2.50**	**2.51 to 3.00**	**Total**
2021	-	10,000	-	-	10,000
2024	-	506,351	-	-	506,351
2025	-	49,687	-	-	49,687
2026	-	95,000	50,000	-	145,000
2027	292,261	1,609,022	-	-	1,901,283
2028	-	-	243,506	2,467,584	2,711,090
2029	187,189	68,487	-	-	255,676
2030	1,189,373	-	-	-	1,189,373
Total	**1,668,823**	**2,338,547**	**293,506**	**2,467,584**	**6,768,460**

At December 31, 2019	Range of exercise prices (CHF)				
Expiry date	**1.00 to 1.50**	**1.51 to 2.00**	**2.01 to 2.50**	**2.51 to 3.00**	**Total**
2020	-	49,687	-	-	49,687
2021	-	105,000	50,000	-	155,000
2024	-	506,351	-	-	506,351
2027	292,261	1,609,022	-	-	1,901,283
2028	-	-	243,506	2,467,584	2,711,090
2029	187,189	30,000	-	-	217,189
Total	**479,450**	**2,300,060**	**293,506**	**2,467,584**	**5,540,600**

The weighted average fair value of share options granted during 2020 determined using a Black-Scholes model was CHF 0.45 (2019: CHF 0.68). The significant inputs to the model were:

	2020	**2019**
Weighted average share price per share at the grant date	CHF 1.16	CHF 1.93
Weighted average strike price per share	CHF 1.16	CHF 1.92
Weighted average volatility	40.24%	36.45%
Dividend yield	-	-
Weighted average annual risk-free rate / annual risk-free rate	0.13%	0.13%

Share purchase plan

The Group established a share purchase plan under which services are settled for shares. Under the plan directors, executives, employees and consultants may receive fully paid ordinary shares from the Group's treasury share reserve for services rendered. During the year ended December 31, 2020, 207,190 shares (2019: 196,610 shares) were transferred to settle CHF 285,745 (2019: CHF 289,214) of consulting fees.

15. Revenue from contract with customer

License & research agreement with Indivior PLC
On January 2, 2018, the Group entered into an agreement with Indivior for the discovery, development and commercialization of novel $GABA_B$ PAM compounds for the treatment of addiction and other CNS diseases. This agreement included the selected clinical candidate, ADX71441. In addition, Indivior agreed to fund a research program at the Group to discover novel $GABA_B$ PAM compounds.

The contract contains two distinct material promises and performance obligations: (1) the selected compound ADX71441 which falls within the definition of a licensed compound, whose rights of use and benefits thereon was transferred in January 2018; and, (2) the research services to be conducted by the Group and funded by Indivior to discover novel $GABA_B$ PAM compounds for clinical development that may be discovered over the research term of the agreement and selected by Indivior.

Indivior has sole responsibility, including funding liability, for development of selected compounds under the agreement through preclinical and clinical trials, as well as registration procedures and commercialization, if any, worldwide. Indivior has the right to design development programs for selected compounds under the agreement. Through the Group's participation in a joint development committee, the Group reviews, in an advisory capacity, any development programs designed by Indivior. However, Indivior has authority over all aspects of the development of such selected compounds.

Under terms of the agreement, the Group granted Indivior an exclusive license to use relevant patents and know-how in relation to the development and commercialization of product candidates selected by Indivior. Subject to agreed conditions, the Group and

Indivior jointly own all intellectual property rights that are jointly developed and the Group or Indivior individually own all intellectual property rights that the Group or Indivior develop individually. The Group has retained the right to select compounds from the research program for further development in areas outside the interest of Indivior including Charcot-Marie-Tooth type 1A neuropathy, or CMT1A. Under certain conditions, but subject to certain consequences, Indivior may terminate the agreement.

In January 2018, the Group received, under the terms of the agreement, a non-refundable upfront fee of USD 5.0 million for the right to use the clinical candidate, ADX71441, including all materials and know-how related to this clinical candidate. In addition, the Group is eligible for payments on successful achievement of pre-specified clinical, regulatory and commercial milestones totaling USD 330 million and royalties on net sales of mid-single digits to low double-digits.

On February 14, 2019, Indivior terminated the development of their selected compound, ADX71441. Separately, Indivior funds research at the Group, based on a research plan to be mutually agreed between the parties, to discover novel $GABA_B$ PAM compounds. These future novel $GABA_B$ PAM compounds, if selected by Indivior, become licensed compounds. The Group agreed with Indivior to an initial research term of two years, that can be extended by twelve-month increments and a minimum annual funding of USD 2 million for the Group's R&D costs incurred. R&D costs are calculated based on the costs incurred in accordance with the contract. In 2020, the Group implemented improved systems to capture internal staff costs by project and consequently revised certain cost estimates. Following Indivior's selection of one newly identified compound, the Group has the right to also select one additional newly identified compound. The Group is responsible for the funding of all development and commercialization costs of its selected compounds and Indivior has no rights to the Group's selected compounds. The initial two-year research term was expected to run from May 2018 to April 2020. In 2019, Indivior agreed an additional research funding of USD 1.6 million, for the research period. On October 30, 2020, the research term was extended until June 30, 2021 and Indivior agreed an additional research funding of USD 2.8 million.

For the research activities, the Group recognized CHF 3.6 million for the year ended December 31, 2020 (2019: CHF 2.8 million) and recorded CHF 0.7 million as contract liability (2019: CHF 0.9 million).

Janssen Pharmaceuticals Inc. (formerly Ortho-McNeil-Janssen Pharmaceuticals Inc).
On December 31, 2004, the Group entered into a research collaboration and license agreement with Janssen Pharmaceuticals Inc. (JPI). In accordance with this agreement, JPI has acquired an exclusive worldwide license to develop mGlu2 PAM compounds for the treatment of human health. The Group is eligible to receive up to EUR 109 million in success-based development and regulatory milestone, and low double-digit royalties on net sales. The Group considers these various milestones to be variable consideration as they are contingent upon achieving uncertain, future development stages and net sales. For this reason, the Group considers the achievement of the various milestones as binary events that will be recognized as revenue upon occurrence.

No amounts have been recognized under this agreement in 2020 and 2019.

16. Other income

Under a grant agreement with Eurostars/Innosuisse, the Group is required to complete specific research activities within a defined period of time. The Group's funding is fixed and received based on the satisfactory completion of the agreed research activities and incurring the related costs.

In October 2019, the Group received CHF 380,184 from Eurostars/Innosuisse. For the year ended December 31, 2020, the Group has recognized CHF 244,298 as other income (CHF 49,405 for the year ended December 31, 2019). As at December 31, 2020, the Group recognized CHF 86,481 as short term deferred income in accordance with the grant conditions. As at December 31, 2019 the Group recognized CHF 165,389 and CHF 165,390 as short and long-term deferred income, respectively.

In 2020, the Group has additionally recognized revenue from IT consultancy agreements as other income for CHF 22,026 (CHF 21,430 for the period ended December 31, 2019).

17. Operating costs

	2020	2019
Staff costs (note 18)……....	4,397,004	4,288,815
Depreciation (notes 8/9)…..…….....	378,754	333,844
External research and development costs……...	6,981,854	9,350,667
Laboratory consumables……..……..	295,005	230,097
Patent maintenance and registration costs..…….....	328,177	268,143
Professional fees……...	1,399,123	1,951,661
Short term leases……..	36,651	26,150
D&O Insurance……..	1,505,897	44,142
Other operating costs…….……....	799,952	944,303
Total operating costs……..…	**16,122,417**	**17,437,822**

The evolution of the total operating costs is mainly driven by external research and development expenses, internal staff costs, other operating costs and professional fees.

During the year ended December 31, 2020, external research and development costs decreased by CHF 2.4 million compared to the year ended December 31, 2019 primarily due to delays in starting certain clinical development activities due to the global coronavirus pandemic. During the same period, professional fees decreased by CHF 0.6 million primarily due to lower audit and legal fees which had been abnormally high in 2019 due to the preparation of the Company's Nasdaq listing. Insurance costs increased by CHF 1.5 million due to higher directors and officer's liability insurance premiums following the Company's Nasdaq listing on January 29, 2020.

18. Staff costs

	2020	2019
Wages and salaries	2,959,856	2,438,448
Social charges and insurances	315,164	243,232
Value of share-based services (note 14)	901,425	1,310,888
Retirement benefit expenses (note 20)	220,559	296,247
Total staff costs	**4,397,004**	**4,288,815**

The wages and salaries increased by CHF 0.5 million for the year ended December 31, 2020 compared to the same period in 2019, primarily due to an increase in the average number of full-time equivalent employees from 16.7 in 2019 to 22.2 in 2020.

19. Taxes

	December 31, 2020	December 31, 2019
Loss before tax	12,858,599	14,780,604
Tax calculated at a tax rate of 13.99% (2019: 23.40%)	1,798,918	3,458,661
Effect of different tax rates in USA and France	11,046	926
Deductible expenses charged against equity / deferred costs for issuance of shares	78,164	39,876
Sale of treasury shares by a subsidiary, recognized as financial income in standalone financial statements	(71,285)	(16,161)
Expenses not deductible for tax purposes	(160,729)	(418,356)
Temporary differences	(2,515)	(140)
Total tax losses not recognized as deferred tax asset	(1,653,599)	(3,064,806)
Income tax expense	**-**	**-**

The Federal act on Tax Reform and Old Age and Survivors' Insurance is effective in Switzerland from January 1, 2020. As a result, the income tax rate for companies in Geneva decreased from 23.40% to 13.99%.

The Group has revised certain 2019 comparative amounts in the above tax reconciliation table, which were netted against total tax losses not recognized as a deferred tax asset and therefore did not have any effect on the income tax expense and the consolidated balance sheet.

The Group has decided not to recognize any deferred income tax assets at December 31, 2020 or 2019. The key factors which have influenced management in arriving at this evaluation are the fact that the Group has not yet a history of making profits and product development remains at an early stage.

The amount of deferred income tax assets that arise from sources other than tax losses carried forward and the amount of deferred income tax liabilities are insignificant compared to the unrecognized tax losses carried forward.

The tax losses carried forward by the Group and their respective expiry dates are as follows:

	December 31, 2020	December 31, 2019
2020	-	15,982,220
2021	1,224,210	1,224,210
2022	3,540,541	3,540,541
2023	141,425,567	141,425,567
2024	290,949	290,949
2025	3,586,490	3,586,490
2026	23,467,858	23,467,858
2027	9,834,675	-
Total unrecorded tax losses carry forwards	**183,370,289**	**189,517,835**

As of December 31, 2020, the unrecorded tax losses carried forward increased to CHF 183,370,289 (2019: CHF 189,517,835). On July 18, 2019, the swiss tax administration accepted to renew CHF 138,115,931 that expires on December 31, 2023.

20. Retirement benefit obligations

Apart from the social security plans fixed by the law, the Group sponsors an independent pension plan. The Group has contracted with Swiss Life for the provision of occupational benefits. All benefits in accordance with the regulations are reinsured in their entirety with Swiss Life within the framework of the corresponding contract. This pension solution fully reinsures the risks of disability, death and longevity with Swiss Life. Swiss Life invests the vested pension capital and provides a 100% capital and interest guarantee. The pension plan is entitled to an annual bonus from Swiss Life comprising the effective savings, risk and cost results. Although, as is the case with many Swiss pension plans, the amount of ultimate pension benefit is not defined, certain legal obligations of the plan create constructive obligations on the employer to pay further contributions to fund an eventual deficit; this results in the plan nevertheless being accounted for as a defined benefit plan. All employees are covered by this plan, which is a defined benefit plan. Retirement benefits are based on contributions, computed as a percentage of salary, adjusted for the age of the employee and shared approximately 46% / 54% by employee and employer. In addition to retirement benefits, the plans provide death and long-term disability benefits to its employees. Liabilities and assets are revised every year by an independent actuary. Assets are held in the insurance company. In accordance with IAS 19 (revised), plan assets have been estimated at fair market values and liabilities have been calculated according to the "projected unit credit" method. The Group recorded a pension benefit charge in 2020 of CHF 220,559 (2019: CHF 296,247) as part of staff costs.

Employment benefit obligations

The amounts recognized in the balance sheet are determined as follows:

	2020	2019
Defined benefit obligation	(9,406,967)	(8,583,214)
Fair value of plan assets	7,714,430	7,101,476
Funded status	**(1,692,537)**	**(1,481,738)**

The amounts recognized in the statement of comprehensive loss are as follows:

	2020	2019
Current service cost	(315,727)	(286,515)
Past service cost	102,764	-
Interest cost	(21,799)	(81,829)
Interest income	14,203	72,097
Company pension amount (note 18)	**(220,559)**	**(296,247)**

The conversion rates have changed as at January 1, 2020, which has led to a positive past service cost during the year 2020.

The movements in the defined benefit obligations during the year are as follows:

	2020	2019
Defined benefit obligation at beginning of year	(8,583,214)	(7,060,278)
Current service cost	(315,727)	(286,515)
Past service cost	102,764	-
Interest cost	(21,799)	(81,829)
Employee contributions	(205,085)	(166,150)
Actuarial loss arising from changes in financial assumptions	-	(875,960)
Actuarial gain arising from changes in demographic assumptions	-	91,212
Actuarial loss on experience adjustment	(208,572)	(263,491)
Benefits paid/ (deposited)	(175,334)	59,797
Defined benefit obligations at end of year	**(9,406,967)**	**(8,583,214)**

The movements in the fair value of plan assets during the year are as follows:

	2020	2019
Fair value of plan assets at beginning of year……....	7,101,476	6,420,927
Interest income…….....	14,203	72,097
Employee contributions……..…….….....	205,085	166,150
Employer contributions……..……..	243,289	199,715
Plan assets gain/(loss)……...……..……....	(24,957)	302,384
Benefits (paid)/ deposited…….…….……....	175,334	(59,797)
Fair value of plan assets at end of year……	**7,714,430**	**7,101,476**

As of the date of the preparation of these consolidated financial statements, the 2020 annual report of the pension fund has not yet been issued, and therefore the detailed structures and assets held at December 31, 2020, are not currently available for presentation. However, the detailed assets held at December 31, 2019, which were reported to the Group on by its plan administrator on May 19, 2020, are as follows:

	December 31, 2019
Cash……	1.52%
Bonds…….....	56.35%
Equity instruments……	12.52%
Real estate…….....	20.29%
Mortgages…….....	8.18%
Others……	1.14%
Total	**100.00%**

The principal actuarial assumptions used were as follows:

	December 31, 2020	December 31, 2019
Discount rate……...…….....	0.20%	0.20%
Mortality tables……..……	BVG2015 GT	BVG2015 GT
Salary growth rate…….	1.00%	1.00%
Pension growth rate…..…….	0.00%	0.00%

The following sensitivity analysis shows the impact of increasing or decreasing certain assumptions on the defined benefit obligation of the Swiss pension plan:

- 0.25% increase or decrease in the discount rate would lead to a decrease of 4.36% (2019: 4.47%) or an increase of 5.06% (2019: 5.22%) in the defined benefit obligation.
- 0.25% increase or decrease in the interest rate on retirement savings capital would lead to an increase of 0.63% (2019: 0.59%) or a decrease of 0.59% (2019: 0.53%) in the defined benefit obligation.
- 0.25% increase or decrease in salaries would lead to an increase of 0.03% (2019: 0.03%) or a decrease of 0.02% (2019: 0.02%) in the defined benefit obligation; and
- +/-1 year in the life expectancy would lead to an increase of 1.85% (2019: 1.86%) or a decrease of 1.92% (2019: 1.92%) in the defined benefit obligation.

The discount rate and life expectancy were identified as significant actuarial assumptions for the Swiss pension plan.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as that used in calculating the pension liability recorded on consolidated balance sheets.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The estimated employer contributions to pension plans for the financial year 2021 amount to CHF 245,000. The following table shows the funding of the defined benefit pensions and actuarial adjustments on plan liabilities:

	2020	2019
Present value of defined benefit obligation……….....	(9,406,967)	(8,583,214)
Fair value of plan assets………………………………..	7,714,430	7,101,476
Deficit in the plan………………………………………	**(1,692,537)**	**(1,481,738)**
Experience adjustment………………………………….	(208,572)	(1,048,239)
Actuarial gain/(loss) on plan assets……..……………..	(24,957)	302,384

The following table shows the estimated benefit payments for the next ten years where the number of employees remains constant:

2021……..……..……..…...............................	351,000
2022……..……..……..…...............................	342,000
2023……..……..……..…...............................	336,000
2024……..……..……..…...............................	716,000
2025……..……..……..…...............................	313,000
2026-2030……..……..……..……………………	1,572,000

21. Finance costs

	2020	2019
Interest income ………………………………………..	35,305	36,874
Interest expense on leases…………………………..	(19,042)	(22,603)
Interest cost……………………………..……........	(50,460)	(105,915)
Foreign exchange losses……………………………….	(581,128)	(84,803)
Finance costs..…………..………………………………	**(615,325)**	**(176,447)**

The evolution of the finance costs is mainly driven by foreign exchange losses that increased by CHF 0.5M for the year ended December 31, 2020 compared to the same period in 2019 due to the strengthening of the Swiss franc against the U.S dollar.

22. Loss per share

Basic and diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of shares in issue during the year excluding shares purchased by the Group and held as treasury shares.

	2020	2019
Loss attributable to equity holders of the Company…	(12,858,599)	(14,780,604)
Weighted average number of shares in issue………..	26,681,774	26,428,269
Basic and diluted loss per share……………………	**(0.48)**	**(0.56)**

The Company has three categories of dilutive potential shares as at December 31, 2020 and December 31, 2019: equity sharing certificates ("ESCs"), share options and warrants. As of December 31, 2020, and December 31, 2019, equity sharing certificates, share options and warrants have been ignored in the calculation of the loss per share, as they would be antidilutive.

The total number of dilutive instruments as of December 31, 2020 is 13,034,108 (2019: 11,906,248) which primarily consists of 198,750 ESCs, 6,768,460 ESOP and 5,866,898 warrants granted in connection with the capital increase of March 18, 2018 (2019: 198,750 ESCs, 5,540,600 ESOP and 5,866,898 warrants granted in connection with the capital increase of March 18, 2018). These options could potentially dilute basic earnings per share in the future.

23. Commitments and contingencies

Capital commitments
As at December 31, 2020 and 2019, the Group has no contracted capital expenditure.

Contingencies
As part of the ordinary course of business, the Group is subject to contingent liabilities in respect of certain litigation. Currently, there is no outstanding litigation.

24. Related party transactions

Related parties include members of the Board of Directors and the Executive Management of the Group. The following transactions were carried out with related parties:

Key management compensation	**2020**	**2019**
Salaries, other short-term employee benefits and post-employment benefits……	1,314,723	1,156,427
Consulting fees……..	317,425	364,535
Share-based compensation…..……...	975,579	1,434,190
	2,607,727	**2,955,152**

Salaries, other short-term employee benefits and post-employment benefits relate to members of the Board of Directors and Executive Management who are employed by the Group. Consulting fees primarily relate to Roger Mills, a member of the Executive Management who delivers his services to the Group under a consulting contract. The Group has a net payable to the Board of Directors and Executive Management of CHF 145,443 at December 31, 2020 (December 31, 2019: CHF 176,089).

25. Events after the balance sheet date

On January 8, 2021, Addex Therapeutics Ltd issued 6,900,000 registered shares, with a nominal value of CHF 1 each, at an issue price of CHF 1.46367. Out of the total new shares, 6,750,000 are in the form of American Depositary Shares, listed on the Nasdaq Stock Market. As a result, the Company's share capital increased from CHF 32,848,635 to CHF 39,748,635. The gross proceeds amount to CHF 10.1 million (USD 11.5 million).

Consolidated Financial Statements of Addex Therapeutics Ltd as at December 31, 2019

Report of the statutory auditor

to the General Meeting of Addex Therapeutics Ltd

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Addex Therapeutics Ltd and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as at December 31, 2019 and the consolidated statements of loss, consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 24 to 50) give a true and fair view of the consolidated financial position of the Group as at December 31, 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: CHF 174'000

We performed full scope audit work at both of the Group's Swiss entities. Our audit scope addressed 100% of the Group's total operating expenses and total assets.

As a key audit matter, the following area of focus has been identified:

Revenue from contract with customer

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 174'000
How we determined it	1% of total expenses
Rationale for the materiality benchmark applied	We chose total expenses as the benchmark, because in our view, it is the benchmark against which the financial performance of the Group is most commonly measured given its current research and development phase.

We agreed with the Audit Committee that we would report to them misstatements above CHF 17'400 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is comprised of four entities located in Switzerland, France and the United States. The Group's financial statements consolidate three subsidiaries, comprising the Group's operating business and centralized functions. Based on the client's operations, we have performed full scope audit work on the two Swiss entities.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue from contract with customer

Key audit matter	How our audit addressed the key audit matter
The single source of revenue from contract with customer relates to the licensing & research service agreement with Indivior PLC (the "Agreement").	We inquired of management regarding any changes to the original Agreement which could affect the judgements underlying the revenue recognized in 2019.
Since January 1, 2018 the Group has implemented the new financial reporting standard IFRS 15 *Revenue from Contracts*	On a sample basis, we tested the amounts invoiced to Indivior by agreeing the individual expenses to their underlying support and

with Customers. Under this standard, the Group identifies the distinct performance obligations in a contract, uses the most likely method to determine variable consideration for inclusion in the transaction price based on an estimated stand-alone selling price and recognizes the related revenue over time or at a point in time as the performance obligations are satisfied and control passes to the customer. The Group recognized CHF 2,762,830 in revenue during the 12-month period ended December 31, 2019 related to the on-going research collaboration agreement with Indivior. We focused on this area due to the significance of the revenue recognized, the complex nature of the Agreement, the earlier judgements involved in identifying performance obligations and potential changes thereon as well as the allocation of the transaction price. Refer to Note 16 Revenue from contract with customer.	assessing the reasonableness of such individual amounts for invoicing under the Agreement. We reviewed the minutes of the Joint Research Committee, which jointly governs the research services, to identify any indications that certain costs may be challenged. We also obtained a confirmation from Indivior that no costs invoiced in 2019 were currently disputed and that no side agreements or amendments have been made to the Agreement. Additionally, we obtained the support for the cash received from Indivior in 2019 and recalculated the related contract liability recorded at December 31, 2019. On the basis of the above procedures, we determined that management's judgements and estimates in relation to revenue recognized under the research service agreement were reasonable and the related disclosures were appropriate.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Addex Therapeutics Ltd and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

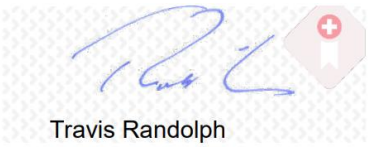
From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA



Travis Randolph

Florent Rossetto

Audit expert
Auditor in charge

Consolidated Balance Sheets
as at December 31, 2019 and December 31, 2018

	Notes	December 31, 2019	December 31, 2018
ASSETS		**Amounts in Swiss francs**	
Current assets			
Cash and cash equivalents	6	31,536,803	41,670,158
Other financial assets	7	13,968	7,983
Receivables	7	118,028	273,016
Prepayments	7	720,063	199,410
Total current assets		**32,388,862**	**42,150,567**
Non-current assets			
Right-of-use assets	8	543,340	-
Property, plant and equipment	9	27,626	8,868
Non-current financial assets	10	68,911	54,404
Total non-current assets		**639,877**	**63,272**
Total assets		**33,028,739**	**42,213,839**
LIABILITIES AND EQUITY			
Current liabilities			
Current lease liabilities	12	373,025	-
Payables and accruals	11	4,196,411	2,121,084
Contract liability	16	945,737	212,744
Deferred income	13	165,389	-
Total current liabilities		**5,680,562**	**2,333,828**
Non-current liabilities			
Non-current lease liabilities	12	177,220	-
Retirement benefits obligations	21	1,481,738	639,351
Deferred income	13	165,390	-
Total non-current liabilities		**1,824,348**	**639,351**
Equity			
Share capital	14	32,848,635	28,564,031
Share premium	14	286,375,977	286,476,912
Reserves		7,146,506	10,266,402
Accumulated deficit		(300,847,289)	(286,066,685)
Total equity		**25,523,829**	**39,240,660**
Total liabilities and equity		**33,028,739**	**42,213,839**

The accompanying notes form an integral part of these financial statements.

Consolidated Statements of Loss
for the years ended December 31, 2019 and 2018

	Notes	December 31, 2019	December 31, 2018
		Amounts in Swiss francs	
Revenue from contract with customer	16	**2,762,830**	**6,043,855**
Other income	17	**70,835**	**658,818**
Operating costs			
Research and development		(12,453,876)	(4,918,793)
General and administration		(4,983,946)	(3,208,505)
Total operating costs	18	**(17,437,822)**	**(8,127,298)**
Operating loss		**(14,604,157)**	**(1,424,625)**
Finance income		36,874	-
Finance expense		(213,321)	(220,173)
Finance costs	22	**(176,447)**	**(220,173)**
Net loss before tax		**(14,780,604)**	**(1,644,798)**
Income tax expense	20	-	-
Net loss for the year		**(14,780,604)**	**(1,644,798)**
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company	23	**(0.56)**	**(0.07)**

The accompanying notes form an integral part of these financial statements.

Consolidated Statements of Comprehensive Loss for the years ended December 31, 2019 and 2018

	Notes	December 31, 2019	December 31, 2018
		Amounts in Swiss francs	
Net loss for the year		**(14,780,604)**	**(1,644,798)**
Other comprehensive loss			
Items that will never be reclassified to the statement of income:			
Remeasurements of retirement benefits obligations	21	(745,855)	(375,479)
Items that may be classified subsequently to the statement of income			
Exchange difference on translation of foreign operations		(838)	(181)
Other comprehensive loss for the year, net of tax		**(746,693)**	**(375,660)**
Total comprehensive loss for the year		**(15,527,297)**	**(2,020,458)**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity for the years ended December 31, 2019 and 2018

Amounts in Swiss Francs

	Share Capital	Share Premium	Treasury Shares Reserve	Foreign Currency Translation Reserve	Other Reserves	Accumulated Deficit	Total
Balance at January 1, 2018…..	**15,384,988**	**264,854,008**	**(2,019,877)**	**(652,142)**	**8,199,437**	**(284,421,887)**	**1,342,527**
Net loss for the year……...	-	-	-	-	-	(1,644,798)	(1,644,798)
Other comprehensive loss for the year.....	-	-	-	(181)	(375,479)	-	(375,660)
Total comprehensive loss for the year.....	**-**	**-**	**-**	**(181)**	**(375,479)**	**(1,644,798)**	**(2,020,458)**
Issue of shares (note14)……	13,179,043	24,461,056	-	-	-	-	37,640,099
Cost of share capital issuance…….	-	(2,963,415)	-	-	-	-	(2,963,415)
Value of share-based services....……	-	-	-	-	2,298,933	-	2,298,933
Value of warrants…..…..…...	-	-	-	-	3,308,982	-	3,308,982
Movement in treasury shares:							
Capital increase……..	-	-	(568,902)	-	-	-	(568,902)
Settlement of supplier invoices…….	-	120,908	87,176	-	-	-	208,084
Net purchases under liquidity agreement..	-	6,355	(11,545)	-	-	-	(5,190)
Balance at January 1, 2019.....	**28,564,031**	**286,476,912**	**(2,513,148)**	**(652,323)**	**13,431,873**	**(286,066,685)**	**39,240,660**
Net loss for the year……	-	-	-	-	-	(14,780,604)	(14,780,604)
Other comprehensive loss for the year.....	-	-	-	(838)	(745,855)	-	(746,693)
Total comprehensive loss for the year...	**-**	**-**	**-**	**(838)**	**(745,855)**	**(14,780,604)**	**(15,527,297)**
Issue of shares (note 14)……	4,284,604	-	-	-	-	-	4,284,604
Cost of share capital issuance…….	-	(170,411)	-	-	-	-	(170,411)
Value of share-based services....……..	-	-	-	-	1,685,965	-	1,685,965
Movement on warrants…..…..…...	-	-	(288)	-	-	-	(288)
Movement in treasury shares:							
Capital increase……..	-	-	(4,284,604)	-	-	-	(4,284,604)
Settlement of supplier invoices…….		92,604	196,610	-	-	-	289,214
Net sales under liquidity agreement….	-	(23,128)	29,114	-	-	-	5,986
Balance at December 31, 2019	**32,848,635**	**286,375,977**	**(6,572,316)**	**(653,161)**	**14,371,983**	**(300,847,289)**	**25,523,829**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows
for the years ended December 31, 2019 and 2018

	Notes	December 31, 2019	December 31, 2018
		Amounts in Swiss francs	
Net loss for the year		(14,780,604)	(1,644,798)
Adjustments for:			
Depreciation	8 and 9	333,844	2,937
Value of share-based services	15	1,685,965	2,298,933
Pension costs	21	96,532	20,008
Finance costs		234,663	123,840
Decrease / (increase) in other financial assets		(5,985)	3,308
Decrease / (increase) in receivables		154,988	(77,134)
Increase in prepayments		(520,653)	(40,487)
Increase in payables and accruals		1,966,160	1,083,315
Increase in contract liability		732,993	212,744
Increase / (decrease) in deferred income		330,779	(439,022)
Services paid in shares		289,214	208,085
Net cash (used in) / from operating activities		**(9,482,104)**	**1,751,729**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(28,459)	(9,054)
Purchase of non-current financial assets	10	(14,795)	(47,317)
Net cash used in investing activities		**(43,254)**	**(56,371)**
Cash flows from financing activities			
Proceeds from issue of shares – capital increase	14	-	40,488,180
Costs paid on issue of shares		-	(2,963,415)
Costs paid on issue of shares subscribed by the Group		(61,244)	-
Sale/ (purchase) of treasury shares		5,986	(5,373)
Principal element of lease payments		(316,793)	-
Interests received		36,874	-
Interests paid	22	(128,518)	(134,307)
Net cash (used in) / from financing activities		**(463,695)**	**37,385,085**
(Decrease) / Increase in cash and cash equivalents		**(9,989,053)**	**39,080,443**
Cash and cash equivalents at beginning of the year	6	41,670,158	2,579,248
Exchange difference on cash and cash equivalents		(144,302)	10,467
Cash and cash equivalents at end of the year	6	**31,536,803**	**41,670,158**

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the years ended December 31, 2019 and 2018

(Amounts in Swiss francs)

1. General information

Addex Therapeutics Ltd (the "Company"), formerly Addex Pharmaceuticals Ltd, and its subsidiaries (together, the "Group") are a clinical stage pharmaceutical group applying its leading allosteric modulator drug discovery platform to discovery and development small-molecule pharmaceutical products, with an initial focus on central nervous system disorders.

The Company is a Swiss stockholding corporation domiciled c/o Addex Pharma SA, Chemin des Aulx 12, CH-1228 Plan-les-Ouates, Geneva, Switzerland with its principal place of business at the Campus Biotech, Chemin des Mines 9, CH-1202 Geneva, Switzerland. The Company is the parent company of Addex Pharma SA, Addex Pharmaceuticals France SAS and Addex Pharmaceuticals Inc., company created on May 29, 2019 registered in Delaware with its principal business location in San Francisco, California, United States. Its registered shares are traded at the SIX, Swiss Exchange, under the ticker symbol ADXN. On January 29, 2020, the Group listed on the Nasdaq Stock Market, American Depositary Shares (ADSs) under the symbol "ADX", without a new issuance of securities. ADSs represents ordinary shares that continues to be admitted to trading on SIX Swiss Exchange.

These consolidated financial statements have been approved for issuance by the Board of Directors on April 7, 2020.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Addex Therapeutics Ltd have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"), and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4 "Critical accounting estimates and judgements".

Due to rounding, numbers presented throughout these consolidated financial statements may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.
Where necessary, comparative figures have been revised to confirm with the current year 2019 presentation.

2.2 Standards and interpretations published by the IASB

New standards adopted by the Group

IFRS 16
IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases and lessors to confirm the continuation of classifying leases as operating or finance. The Group is not a lessor and is only impacted by the standard from a lessee point of view. The standard replaces IAS 17, under which operating lease payments were charged to the income statement on a straight-line basis over the term of the contract.

The Group has adopted IFRS16 Leases from its mandatory adoption date of January 1, 2019 and applied the cumulative catch-up approach without restating the comparative amounts for the year prior to first adoption.
In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 "Determining whether an Arrangement contains a Lease".

On January 1, 2019, the Group recognized right-of-use asset and lease liabilities for CHF 544,510 that were previously classified as operating leases under the principles of IAS 17 Leases. The lease liabilities were measured at the present value of the remaining lease payments, discounted using a weighted average incremental borrowing rate of 4.70%.

The following table presents the reconciliation between the non-cancellable operating lease commitments reported as of December 31, 2018 and the lease liabilities recognized on January 1, 2019:

	Total
Operating lease commitments disclosed as at December 31, 2018……	272,498
Adjustments as a result of different treatment of extension and termination options….	297,721
Total lease commitments as at December 31, 2018…….....	**570,219**
Discount using the incremental borrowing rate at the date of the initial application……	(24,015)
Gross liabilities as per January 1, 2019 under IFRS 16.....……	**546,204**
Short term leases……	(1,694)
**Lease liability recognized as at January 1, 2019……..…… **	**544,510**
Of which are:	
Current lease liabilities……	303,627
Non-current lease liabilities……..…….....	240,883
Lease liability recognized as at December 31, 2019…….	
Current lease liabilities……	373,025
Non-current lease liabilities……..…….....	177,220

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at December 31, 2018. The right-of-use assets relate to the following types of assets:

	December 31, 2019	January 1, 2019
Properties……..……..…….....	496,126	483,350
Equipment……..…….....	47,214	61,160
Total right-of-use assets…..……	**543,340**	**544,510**

The adoption of IFRS 16 Leases did not have a material impact on the Group's net loss after tax or on the Group's loss per share.

Other standards
The following new standards, amendments to standards and interpretations which are mandatory for the financial periods beginning on January 1, 2019 did not have any material impact on the consolidated financial statements:

Plan Amendments, Curtailment or Settlement: Amendments to IAS 19 Employee Benefits relates to accounting for plan amendments, curtailments and settlements where changes are made to pension plans. The amendments require an entity: (1) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and (2) to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. On this basis, the Group has completed its assessment and determined this did not have a material impact on the consolidated financial statements.

There are no other amendments or new standards relevant for the Group for the financial period beginning on January 1, 2019.

New standards and interpretations not yet adopted

There are new standards, amendments to standards and interpretations that are not yet effective, which have been deemed by the Group as currently not relevant, hence are not listed or discussed further here.

2.3 Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of

subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The reporting date of all Group companies is December 31.

2.4 Segment reporting

The Group operates in one segment, which is the discovery, development and commercialization of small-molecule pharmaceutical products. A single management team that reports to the chief executive officer comprehensively manages the entire business. The chief operating decision-maker is the Chief Executive Officer who reviews the statement of operations of the Group on a consolidated basis, makes decisions and manages the operations of the Group as a single operating segment. The Group's activities are not affected by any significant seasonal effect. Revenue is attributable to the Company's country of domicile, Switzerland.

2.5 Foreign currency transactions

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss francs, which is the Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income within 'finance cost'.

Group companies
The results and financial position of the Group's subsidiary that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of income are translated at the average exchange rate; and
- all resulting exchange differences are recognized in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation, and impairment (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Computer equipment	3 years
Laboratory equipment	4 years
Furniture and fixtures	5 years
Chemical library	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.7). Gains and losses on disposals are determined by comparing proceeds with the carrying amount, and are included in the statement of income.

2.7 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment annually, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Prior impairment of non-financial assets other than goodwill is reviewed for possible reversal at each reporting date.

2.8 Financial assets

The Group has one category of financial assets, namely "receivables". Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are held for collection of contractual cash flows which represent solely the payment of principal and interest. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months

after the balance sheet date, which are classified as non-current assets. Receivables are included in other current assets in the balance sheet (see note 7).

Receivables are initially measured at fair value and subsequently measured at amortized cost. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance. Receivables are derecognized when settled.

The Company classifies a contract asset as a receivable when the Company's right to consideration is unconditional. If the Company transfers control of goods or services to a customer before the customer pays consideration, the Company records either a contract asset or a receivable depending on the nature of the Company's right to consideration for its performance. Contract assets and contract liabilities arising from the same contract are netted and presented as either a single net contract asset or net contract liability.

Impairment of financial assets
The Group recognizes a loss allowance for expected credit losses on lease receivables, trade receivables, contract assets, security rental deposits, contracts investments in debt instruments that are measured at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime ECL (expected credit losses) for trade receivables, contract assets and lease receivables where applicable. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. They are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Any bank overdrafts are not netted against cash and cash equivalents but are shown as part of current liabilities on the consolidated balance sheet.

2.10 Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental cost (net of income taxes) is recorded as a deduction from equity attributable to the Company's equity holders as a treasury share reserve until the shares are cancelled, reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect, the nominal amount is reversed from the treasury share reserve, with any remaining difference to the total transaction value being recognized in share premium.

The Company has entered into a liquidity contract where an independent broker buys and sells the Company's shares held in the broker's custody. Such shares are presented in the treasury share reserve.
The Company also uses treasury shares to partially settle services rendered by third and related parties. When shares are issued for this purpose, the nominal share value is recognized as a treasury share reserve and the value above par is presented as a share premium.

2.11 Equity instruments

Equity instruments issued by the Group are recorded at the fair value of the proceeds received, net of direct issuance costs.

2.12 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. All payables have a contract maturity within 1 year.

2.13 Grants

Grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, grants whose primary conditions is that the Group should undertake specific research activities within a defined period of time, are recognized as deferred

income in the consolidated statement of financial position and transferred to the statement of profit or loss on a systematic and rationale basis over the defined timeframe.

2.14 Deferred income tax

Deferred income tax is recorded in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is recorded on temporary differences arising on investments in subsidiaries, except where the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Potential deferred income tax assets from tax loss carry forwards exceed deferred tax liabilities. Deferred income tax assets from tax loss carry forwards are initially recognized to the extent that there are suitable deferred income tax liabilities, then to the extent that the realization of the related tax benefit through future taxable profits is probable.

2.15 Pension obligations

The Group operates one pension scheme. The scheme is generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has defined benefit plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in other comprehensive income and past-service costs are recognized immediately in the statement of income.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the defined benefit obligation at the balance sheet date minus the fair value of the plan assets. The defined benefit obligation is calculated at least annually by an independent actuary using the projected unit credit method. The present value of the defined obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

2.16 Share-based compensation

The Group operates an equity sharing certificates' equity incentive plan, a share option plan, and a share purchase plan. The Group also from time to time grants warrants to brokers and investors. The fair value of the services received in exchange for the grant or transfer of equity sharing certificates, options, shares or warrants is recognized in the Consolidated Financial Statements over the period for which the services are received. The total amount to be recognized over the vesting period is determined by reference to the fair value of the equity incentive unit granted or transferred. The fair value of instruments granted includes any market performance conditions and excludes the impact of any service and non-market performance vesting conditions. Service and non-market performance conditions are included in assumptions about the number of equity incentive units that are expected to vest.
At each balance sheet date, the Group revises its estimates for the number of equity incentive units that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the equity incentive units are exercised.

2.17 Revenue recognition

The Group recognizes revenue from the license of intellectual property and providing research and development services:

License of intellectual property
If the license to the Group's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Group recognizes revenues when the license conveys a right of use, or there is a right of access to the underlying intellectual property. For licenses that are sold in conjunction with a related service, the Group uses judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time. If the performance obligation is settled over time, the Group determines the appropriate method of measuring progress for purposes of recognizing license revenue. The Group evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

Research and development services
The Group has an arrangement with its partner that includes deploying its full-time employees for research and development activities. The Group assesses if these research and development activities are considered distinct in the context of the respective contract

and, if so, they are accounted for as a separate performance obligation. This revenue is recorded within “Revenue from contract with customer” over time as the activities are performed.

Contract balances
The Group receives payments and determines credit terms from its customers for its various performance obligations based on billing schedules established in each contract. The actual timing of the income recognition, billings and cash collections may result in other current receivables, accrued revenue (contract assets), and deferred revenue (contract liabilities) being recorded on the balance sheets. Amounts are recorded as other current receivables when the Group’s right to consideration is unconditional. The Group does not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between payment by the customer and the transfer of the promised goods or services to the customer will be one year or less.

Under IFRS 15, the Group recognizes as revenue our non-refundable license fees, milestone, research activities and royalties when our customer obtains control of promised services, in an amount that reflects the consideration which we expect to receive in exchange for those rendered services. To assess revenue recognition for arrangements that we determine are within the scope of IFRS 15, we perform the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) we satisfy a performance obligation. We only apply the five-step model to contracts when it is probable that we will collect the consideration we are entitled to in exchange for services we transfer to the customer. At contract inception, once the contract is determined to be within the scope of IFRS 15, we assess the services promised within each contract and determine those that are performance obligations and assess whether each promised service is distinct. We use the most likely method to estimate any variable consideration and include such consideration in the amount of the transaction price based on an estimated stand-alone selling price. Revenue is recognized for the respective performance obligation when (or as) the performance obligation is satisfied.

2.18 Finance income and expense

Interest received or paid on cash and cash equivalents are classified in the statement of cash flows under financing activities.

2.19 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (less than USD 5 thousand). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments as from the commencement date of the lease until the expected termination date. In determining the lease term, management consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension option are only considered if the lease is reasonably certain to be extended. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances, that is within the control of the lessees, occurs. The lease payments are discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The lease liability is presented as a separate line in the consolidated statement of financial position. The interest expense is presented in the line finance expenses in the consolidated statement of income.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

All lease payments on leases are presented as part of the cash flow from financing activities, except for the short-term and low value leases cash flows, which are booked under operating activities.

2.20 Research and development

Research and development costs are expensed as incurred. Costs incurred on development projects are recognized as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;

- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

In the opinion of management, due to uncertainties inherent in the development of the Group's products, the criteria for development costs to be recognized as an asset, as prescribed by IAS 38, “Intangible Assets”, are not met.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's finance department (Group Finance) under the policies approved by the Board. Group Finance identifies, evaluates and in some instances economically hedges financial risks in close co-operation with the Group's operating units. The Board provides written guidance for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, use of derivative financial instruments and non-derivative financial instruments, credit risk and investing excess liquidity.

Market risk and foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various exposures, primarily with respect to the Euro, US dollar and UK pound. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. To manage foreign exchange risk Group Finance maintains foreign currency cash balances to cover anticipated future requirements. The Group's risk management policy is to economically hedge 50% to 100% of anticipated transactions in each major currency for the subsequent 12 months. The Group has a subsidiary in France and in United States of America, whose net assets are exposed to foreign currency translation risk. In 2019, a 10% increase or decrease in the EUR/CHF exchange rate would have resulted in a CHF19,920 (2018: CHF 52,398) decrease or increase in net income and shareholders’ equity as at December 31, 2019, a 10% increase or decrease in the GBP/CHF exchange rate would have resulted in a CHF 12,489 (2018: CHF 15,965) decrease or increase in net income and shareholders’ equity as at December 31, 2019 and a 10% increase or decrease in the USD/CHF exchange rate would have resulted in a CHF 972,596 (2018: CHF 1,224,506) increase or decrease in net income and shareholders’ equity as at December 31, 2019. Movements in other currencies would not have had a material impact. The Group is not exposed to equity price risk or commodity price risk as it does not invest in these classes of investment.

Interest rate risk
The Group’s exposure to interest rate fluctuations is limited because the Group has no interest-bearing indebtedness. The Company’s Swiss franc cash holdings are subject to negative interest rates at certain thresholds defined by its bank counterparties. A 10% increase or decrease in the interest rates charged by the counterparties would not have had a material impact on the net income for the period.

Credit risk
Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to collaboration partners. The Group has a limited number of collaboration partners and consequently has a significant concentration of credit risk. The Group has policies in place to ensure that credit exposure is kept to a minimum and significant concentrations of credit risk are only granted for short periods of time to high credit quality partners. The Group's policy is to invest funds in low risk investments including interest bearing deposits. For banks and financial institutions, only independently rated parties with a minimum rating of “A” are accepted (see note 6).

Liquidity risk
The Group's principal source of liquidity is its cash reserves which are obtained through the sale of new shares and to a lesser extent the sale of its research and development stage products. Group Finance monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs. The ability of the Group to maintain adequate cash reserves to sustain its activities in the medium term is highly dependent on the Group's ability to raise further funds from the licensing of its development stage products and the sale of new shares. Consequently, the Group is exposed to significant liquidity risk (see note 4).

3.2 Capital risk management

The Group is not regulated and not subject to specific capital requirements. The amount of equity depends on the Group’s funding needs and statutory capital requirements. The Group monitors capital periodically on an interim and annual basis. From time to time, the Group may take appropriate measures or propose capital increases to its shareholders to ensure the necessary capital remains intact. The Group did not have any short-term or long-term debt outstanding as of December 31, 2019 and 2018.

3.3 Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate to their fair values due to the short-term maturity of these instruments and are held at their amortized cost in accordance with IFRS 9. The fair value of other financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or may have had a significant impact on the reported results are disclosed below:

Going concern
The Group's accounts are prepared on a going concern basis. To date, the Group has financed its cash requirements primarily from share issuances and licensing certain of its research and development stage products. The Group is a development-stage enterprise and is exposed to all the risks inherent in establishing a business. The Group maintains detailed financial forecasts and monitors actual results on a regular basis so that measures can be taken to ensure the Group remains solvent.

Revenue recognition
Revenue is primarily from fees related to licenses, milestones and research services. Given the complexity of the relevant agreements, judgements are required to identify distinct performance obligations; allocate the transaction price to these performance obligations and determine when the performance obligations are met. In particular the Group's judgement over the estimated stand alone selling price which is used to allocate the transaction price to the performance obligations is disclosed in note 16.

Grants
Grants are recorded at their fair value when there is reasonable assurance that they will be received and recognized as income when the group has satisfied the underlying grant conditions. In certain circumstances, grant income may be recognized before explicit grantor acknowledgement that the conditions have been met.

Accrued research and development costs
The Group records accrued expenses for estimated costs of research and development activities conducted by third party service providers. The Group records accrued expenses for estimated costs of research and development activities based upon the estimated amount of services provided-but-not-yet-invoiced, and these costs are included in accrued expenses on the balance sheets and within research and development expenses in the statements of loss. These costs are a significant component of research and development expenses. Accrued expenses for these costs are recorded based on the estimated amount of work completed in accordance with agreements established with these third parties.

To date, the Group has not experienced significant changes in the estimates of accrued research and development expenses after a reporting period. However, due to the nature of estimates, the Group may be required to make changes to the estimates in the future as it becomes aware of additional information about the status or conduct of its research activities.
Research and development costs
The Group recognizes expenditure incurred in carrying out its research and development activities, including development supplies, until it becomes probable that future economic benefits will flow to the Group, which results in recognizing such costs as intangible assets, involving a certain degree of judgement. Currently, such development supplies are associated with pre-clinical and clinical trials of specific products that do not have any demonstrated technical feasibility.

Deferred taxes
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Probability over those tax benefits are assessed by Management on the basis of business projections on each relevant entity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax is recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Share-based compensation
The Group recognizes an expense for share-based compensation based on the valuation of equity incentive units using binomial and Black-Scholes valuation models. A number of assumptions on the volatility of the underlying shares and on the risk-free rate are made in these models. Should the assumptions and estimates underlying the fair value of these instruments vary significantly from management's estimates, then the share-based compensation expense would be materially different from the amounts recognized. Had these assumptions been modified within their feasible ranges, i.e. a 10% increase or decrease in the volatility assumption and

a risk-free rate of 0.5 or zero, and the Group calculated the share-based compensation based on the higher and lower values of these ranges, share-based compensation expense in 2019 would have been CHF 1,239,680 or CHF 2,023,158, respectively (2018: CHF 1,696,301 or CHF 2,762,285, respectively). This is compared to the amount recognized as an expense in 2019 of CHF 1,685,965 (2018: CHF 2,298,934). Additional information is disclosed in note 15.

Pension obligations
The present value of the pension obligations depends on a number of assumptions that are determined on an actuarial basis such as discount rates, future salary and pension increases, and mortality rates. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the beginning of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 21.

5. Segment information

Management has identified one single operating segment, related to the discovery, development and commercialization of small-molecule pharmaceutical products.

Information about products, services and major customers
External income of the Group for the years ended December 31, 2019 and 2018 is derived from the business of discovery, development and commercialization of pharmaceutical products. Income was earned from the sale of license rights, rendering of research services to a pharmaceutical company and grants earned.

Information about geographical areas
External income is exclusively recorded in the Swiss operating company.

Analysis of revenue from contract with customer and other income by nature is detailed as follows:

	2019	2018
Fees from sale of license rights……..	-	4,876,000
Collaborative research funding…….....	2,762,830	1,167,855
Grants earned…….....	49,405	609,212
Other service income……	21,430	49,606
Total ……	**2,833,665**	**6,702,673**

Analysis of revenue from contract with customer and other income by major counterparties is detailed as follows:

	2019	2018
Indivior PLC ……..	2,762,830	6,043,855
The Michael J. Fox Foundation……..	-	609,212
Eurostars (Innosuisse)…….	49,405	-
Other counterparties……	21,430	49,606
Total ……..…….	**2,833,665**	**6,702,673**

For more detail, refer to note 16, “Revenue from contract with customer” and note 17 “Other Income”.

The geographical allocation of long-lived assets is detailed as follows:

	December 31, 2019	December 31, 2018
Switzerland……..…….....	498,066	62,866
United States of America…….....	141,420	-
France…….....	391	406
**Total……..…….....	**639,877**	**63,272**

The geographical analysis of operating costs is as follows:

	2019	2018
Switzerland…….…….....	17,409,808	8,119,953
United States of America…….....	21,214	-
France……..…….....	6,800	7,345
**Total operating costs (note 18) ……..... **	**17,437,822**	**8,127,298**

There was capital expenditure of CHF 28,459 in 2019 and CHF 9,054 in 2018.

6. Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash at bank and on hand…….....	26,889,923	41,670,158
Short term deposits in USD…….....	4,646,880	-
**Total cash and cash equivalents……..... **	**31,536,803**	**41,670,158**

Split by currency:

	December 31, 2019	December 31, 2018
CHF……..……..……..	64,31%	72,33%
USD…….……	35,03%	26.87%
EUR……...……..…….....	0,26%	0,51%
GBP…….	0,40%	0,29%
**Total…… **	**100,00%**	**100,00%**

The Group pays interests on CHF cash and cash equivalents and earns interests on USD cash and cash equivalents. The Group invest its cash balances into a variety of current and deposit accounts in two different Swiss banks to limit negative interests. In addition, the Group invests a portion of its USD cash in line with its treasury guidelines.
All cash and cash equivalents were held either at bank or on hand as at December 31, 2019 and December 31, 2018.
Credit quality of cash and cash equivalents
The table below shows the cash and cash equivalents by credit rating of the major counterparties:

External credit rating of counterparty	December 31, 2019	December 31, 2018
P-1 / A-1……...……..……..	31,536,646	41,670,040
Cash on hand……	157	118
**Total cash and cash equivalents……..... **	**31,536,803**	**41,670,158**

External credit ratings of counterparties were obtained from Moody's (P-1) or Standard & Poor's (A-1), respectively.

7. Other current assets

	December 31, 2019	December 31, 2018
Other financial assets……..	13,968	7,983
Receivables……...	118,028	273,016
Prepayments…….....	720,063	199,410
**Total other current assets…….…..... **	**852,059**	**480,409**

The Group applies the IFRS 9 simplified approach to measure expected credit losses, using lifetime expected loss allowance for all trade receivables and contract assets. As of December 31, 2019, the receivables comprise of five non-governmental debtors whose combined outstanding balances are CHF 88,075 (two non-governmental debtors for CHF 115,949 as of December 31, 2018). The Group has considered these customers to have a low risk of default based on historic loss rates and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. As a result, excepted loss allowance has been deemed as nil as of December 31, 2019 (2018: nil).

The increase in prepayments primarily relates to advance payments relating to R&D service contracts.

8. Right-of-use assets

	Properties	Equipment	Total
At December 31, 2019			
Opening net book amount……	-	-	-
Adoption of IFRS16 as at January 1, 2019……..	483,350	61,160	544,510
Additions……	308,987	13,541	322,528
Depreciation charge……..	(296,656)	(27,487)	(324,143)
Exchange differences……..	445	-	445
Closing net book amount…….	**496,126**	**47,214**	**543,340**
At December 31, 2019			
Cost……..	792,337	74,701	867,038
Accumulated depreciation……	(296,211)	(27,487)	(323,698)
Net book value……..	**496,126**	**47,214**	**543,340**

The Group recorded a depreciation charge in 2019 of CHF 259,940 as part of research and development expenses and CHF 64,203 as part of general and administration expenses.

The maturity analysis of lease liabilities is presented under note 12.

9. Property, plant and equipment

	Equipment	Furniture & fixtures	Chemical Library	Total
Year ended December 31, 2018				
Opening net book amount…….	2,464	-	287	2,751
Additions……..	9,054	-	-	9,054
Depreciation charge……..	(2,650)	-	(287)	(2,937)
Closing net book amount…….	**8,868**	**-**	**-**	**8,868**
At December 31, 2018				
Cost……..	1,594,405	7,564	1,207,165	2,809,134
Accumulated depreciation……	(1,585,537)	(7,564)	(1,207,165)	(2,800,266)
Net book value……	**8,868**	**-**	**-**	**8,868**
Year ended December 31, 2019				
Opening net book amount……	8,868	-	-	8.868
Additions…….	28,459	-	-	28,459
Depreciation charge……..	(9,701)	-	-	(9,701)
Closing net book amount…….	**27,626**	**-**	**-**	**27,626**
At December 31, 2019				
Cost……..	1,622,865	7,564	1,207,165	2,837,594
Accumulated depreciation……	(1,595,239)	(7,564)	(1,207,165)	(2,809,968)
Net book value……	**27,626**	**-**	**-**	**27,626**

The Group recorded a depreciation charge in 2019 of CHF 4,732 (2018: CHF 2,068) as part of research and development expenses and CHF 4,969 (2018: CHF 869) as part of general and administration expenses.

10. Non-current financial assets

	December 31, 2019	December 31, 2018
Security rental deposits……..	68,911	54,404
Total non-current financial assets….	**68,911**	**54,404**

Security rental deposits relate to laboratory and office space which has increased during 2019 due to the new company in United States. The applicable interest rate to such deposits is immaterial, and therefore, the value approximates amortized cost.

11. Payables and accruals

	December 31, 2019	December 31, 2018
Trade payables…….	2,216,147	1,148,801
Social security and other taxes…….....	107,415	14,921
Accrued expenses……	1,872,849	957,362
Total payables and accruals……	**4,196,411**	**2,121,084**

All payables mature within 3 months. Accrued expenses relate primarily to amounts accrued under R&D service contracts and professional fees. At December 31, 2019, amounts have increased in line with increased R&D activities. The carrying amounts of trade payables do not materially differ from their fair values, due to their short-term nature.

12. Lease liabilities

The maturities for lease liabilities as of December 31, 2019 are as follows:

	Less than 1 Year	1 to 5 Years	More than 5 Years	Total cash out flows	Carrying amount liabilities
Lease liabilities……	392,954	182,664	-	**575,618**	**550,245**

Lease liabilities relate to the rent of laboratories, equipment, offices and related spaces used by the Group.

The net debt is detailed as follows:

	Leases	Cash and cash equivalents	Other financial assets
Net debt as at January 1, 2018……	**-**	**2,579,248**	**11,291**
Cash flows……..	-	39,080,443	(3,308)
Acquisition – Finance leases and operating Leases……...	-	-	-
Foreign exchange differences…….	-	10,467	-
Net debt as at December 31, 2018……	**-**	**41,670,158**	**7,983**
Recognized on adoption of IFRS 16…	(544,510)	**-**	**-**
Total……	**(544,510)**	**41,670,158**	**7,983**
Cash flows……	316,348	(9,989,053)	5,955
Acquisition – Leases……...	(322,528)	-	-
Foreign exchange differences…….....	445	(144,302)	-
**Net debt as at December 31, 2019…….....	**(550,245)**	**31,536,803**	**13,938**

13. Deferred income

The Group expects the deferred income to be recognized as follows:

	December 31, 2019	December 31, 2018
Expected income recognition in year one after the balance sheet date…….	165,389	-
Expected income recognition in year two after the balance sheet date……..	165,390	-
Total deferred income……	**330,779**	**-**

The deferred income relates to a grant from Eurostars/Innosuisse. See note 17 “other income” for further information related to the Eurostars/Innosuisse project.

14. Share capital

	Number of shares		
	Common shares	**Treasury shares**	**Total**
Balance at January 1, 2018……..	**15,384,988**	**(1,964,973)**	**13,420,015**
Issue of shares – capital increase…….	13,179,043	(278,027)	12,901,016
Settlement of suppliers' invoices……	-	87,176	87,176
Net purchase of treasury shares……	-	(2,652)	(2,652)
Balance at December 31, 2018……	**28,564,031**	**(2,158,476)**	**26,405,555**
Issue of shares – capital increase…….	4,284,604	(4,284,604)	-
Settlement of suppliers' invoices……	-	196,610	196,610
Net sale of treasury shares…….	-	2,983	2,983
Balance at December 31, 2019……	**32,848,635**	**(6,243,487)**	**26,605,148**

The Company maintains a liquidity contract with Kepler Capital Markets SA ("Kepler"). Under the agreement, the Group has provided Kepler with cash and shares to enable them to buy and sell the Company's shares. At December 31, 2019, 27,925 (2018: 30,908) treasury shares are recorded under this agreement in the treasury share reserve and CHF 13,968 (2018: CHF 7,983) is recorded in other financial assets.

At December 31, 2019, the total issued share capital is CHF 32,848,635 (2018: CHF 28,564,031), consisting of 32,848,635 shares (2018: 28,564,031). All shares have a nominal value of CHF 1.

On May 17, 2019, the Company issued 4,284,604 new shares from the authorized capital to its 100% owned subsidiary, Addex Pharma SA at CHF 1. These shares are held as treasury shares.

On March 28, 2018, the Company increased its share capital by issuing 13,037,577 new shares with a nominal value of CHF 1 each at an issue price of CHF 3.13 per share. Of these new shares, 12,901,016 were placed with investors raising CHF 40.4 million of gross proceeds and the remaining 136,561 new shares were recorded as treasury shares at the issue price of CHF 427,436. Each new share received a 7-year warrant to purchase 0.45 of a share at a price of CHF 3.43 per share. A total of 5,866,898 warrants were granted of which 5,806,882 to investors. The fair value of each of the warrants issued to investors is CHF 0.56, and has been calculated using the Black-Scholes valuation model and recorded in equity as a cost of the capital increase, with a volatility of 37.15% and an annual risk free rate of 0.13%. The total value of the warrants granted to investors amounts to CHF 3,308,982.
On March 16, 2018, the Group issued 141,466 new shares from the conditional capital to its 100% owned subsidiary, Addex Pharma SA at CHF 1. These shares have been issued to replenish the treasury share reserve, which had previously been used to settle the exercise of share options.

For the fiscal year ended December 31, 2019, the Group used 196,610 treasury shares (2018: 87,176) to purchase services from consultants including 113,099 (2018: 37,824) shares for Roger Mills, the Group's Chief Medical Officer (2018: 32,362 shares for Tim Dyer, the Group's Chief Executive Officer). The total value of consulting services settled in shares was CHF 289,214 (2018: CHF 208,084). Under a liquidity agreement, the Group recorded net sales of treasury shares of CHF 5,986 (2018: net purchases of CHF 5,190).

15. Share-based compensation

The total share-based compensation expense recognized in the statement of loss for equity incentive units granted to directors, executives, employees, consultants and investors has been recorded under the following headings:

	2019	**2018**
Research and development……..…….	433,536	880,982
General and administration…….……...	1,252,429	1,417,951
Total share-based compensation..……	**1,685,965**	**2,298,933**

Analysis of share-based compensation by equity incentive plan is detailed as follows:

	2019	**2018**
Equity sharing certificate plan……..…….	37,776	77,336
Share purchase plan……..……...	45,593	38,296
Share option plans……	1,602,596	2,183,301
Total share-based compensation..……	**1,685,965**	**2,298,933**

Equity Sharing Certificate Equity Incentive Plan

On June 1, 2010, the Company established an equity incentive plan based on equity sharing certificates (ESCs) to provide incentives to directors, executives, employees and consultants of the Group. Each ESC provides the holder (i) a right to subscribe for 1,000 shares in the Company, and (ii) a right to liquidation proceeds equivalent to that of shareholders. All rights of the ESCs expire after

their defined exercise period with the ownership of the ESCs reverting to the Group. ESCs granted are subject to certain vesting conditions based on service period defined in each grant agreement. The holder of vested ESCs has the right to subscribe to shares at the subscription price if the underlying share price has reached the floor price. The floor and subscription price are defined by the Board of Directors in each grant agreement at the time of issuance. In the event of a change in control, all ESCs are automatically vested. The Group has no legal or constructive obligation to repurchase or settle ESCs in cash.

Movements in the number of share subscription rights attached to the ESCs outstanding are as follows:

	2019	2018
At January 1……..	265,600	275,933
Granted……..	-	-
Expired……	(66,850)	(10,333)
Exercised……	-	-
At December 31……..	**198,750**	**265,600**

At December 31, 2019, of the outstanding 198,750 subscription rights (2018: 265,600) attached to the ESCs, 144,750 were exercisable (2018: 184,600). On April 1, 2019, the exercise period of 90,750 vested ESCs has been extended for 5 years. Include in share-based compensation for the year 2019, CHF 8,667 relates to the fair value adjustment for exercise period extensions of vested options.

The outstanding subscription rights as at December 31, 2019 and 2018 have the following expiry dates, subscription prices and floor prices:

At December 31, 2019	**Subscription prices / floor prices (CHF)**		
Expiry date	**1.00 / 2.30**	**2.00 / 2.30**	**Total**
2024……...	90,750	-	90,750
2027……...	-	108,000	108,000
Total subscription rights……	**90,750**	**108,000**	**198,750**

At December 31, 2018	**Subscription prices / floor prices (CHF)**		
Expiry date	**1.00 / 2.30**	**2.00 / 2.30**	**Total**
2019……...	151,600	-	151,600
2020……...	6,000	-	6,000
2027……...	-	108,000	108,000
Total subscription rights……	**157,600**	**108,000**	**265,600**

Share option plans
The Company established a share option plan to provide incentives to directors, executives, employees and consultants of the Group. During 2019, the Group granted the following options with vesting over 4 years and a 10-year exercise period as follow:

	Number	Exercise price	Expiry date
January 1, 2019……	243,506	2.25	December 31, 2028
July 1, 2019……..	187,189	1.50	June 30, 2029
October 1, 2019……	30,000	1.80	September 30, 2029
Total 2019……	**460,695**		

On June 1, 2018 the Group granted 2,467,584 options at an exercise price of CHF 3, with vesting rights over 4 years and a 10-year exercise period.

Movements in the number of options outstanding are as follows:

	2019	2018
At January 1…….	5,128,680	2,661,096
Granted…….	460,695	2,467,584
Expired……..……..	(48,775)	-
At December 31……	**5,540,600**	**5,128,680**

At December 31, 2019, of the outstanding 5,540,600 share options (2018: 5,128,680), 2,811,825 were exercisable (2018: 1,736,764). On April 1, 2019, the exercise period of 506,351 vested options has been extended for 5 years and share-based compensation related to the fair value adjustment for the exercise period extensions of CHF 75,331 has been recognized in 2019.

The outstanding share options as at December 31, 2019 and 2018 have the following expiry dates:

At December 31, 2019	**Exercises prices (CHF)**							
Expiry date	**1.00**	**1.50**	**1.80**	**2.00**	**2.08**	**2.25**	**3.00**	**Total**
2020……..	-	-	-	49,687	-	-	-	49,687
2021……..……..	-	-	-	105,000	50,000	-	-	155,000
2024……..	-	-	-	506,351	-	-	-	506,351
2027……..	292,261	-	-	1,609,022	-	-	-	1,901,283
2028……..	-	-	-	-	-	243,506	2,467,584	2,711,090
2029……..	-	187,189	30,000	-	-	-	-	217,189
Total……..	**292,261**	**187,189**	**30,000**	**2,270,060**	**50,000**	**243,506**	**2,467,584**	**5,540,600**

At December 31, 2018	**Exercises prices (CHF)**				
Expiry date	**1.00**	**2.00**	**2.08**	**3.00**	**Total**
2019……..	-	555,126	-	-	555,126
2020……..……..	-	49,687	-	-	49,687
2021……..	-	105,000	50,000	-	155,000
2027……..	292,261	1,609,022	-	-	1,901,283
2028……..	-	-	-	2,467,584	2,467,584
Total……..	**292,261**	**2,318,835**	**50,000**	**2,467,584**	**5,128,680**

The weighted average fair value of share options granted during 2019 determined using a Black-Scholes model was CHF 0.68 (2018: CHF 1.03). The significant inputs to the model were:

	2019	**2018**
Weighted average share price per share at the grant date……..	CHF 1.93	CHF 2.94
Weighted average strike price per share……..……	CHF 1.92	CHF 3.00
Weighted average volatility……..……..	36.45%	36.86%
Dividend yield……...	-	-
Weighted average annual risk free rate / annual risk-free rate……	0.13%	0.13%

Share purchase plan

The Group established a share purchase plan under which services are settled for shares. Under the plan directors, executives, employees and consultants may receive fully paid ordinary shares from the Group's treasury share reserve for services rendered. During 2019, 196,610 shares (2018: 87,176 shares) were transferred to settle CHF 289,214 (2018: CHF 208,085) of consulting fees.

16. Revenue from contract with customer

License & research agreement with Indivior PLC
On January 2, 2018, the Group entered into an agreement with Indivior PLC (Indivior) for the discovery, development and commercialization of novel $GABA_B$ PAM compounds for the treatment of addiction and other CNS diseases. This agreement included the selected clinical candidate, ADX71441. In addition, Indivior agreed to fund a research program at the Group to discover novel $GABA_B$ PAM compounds.

The contract contains two distinct material promises and performance obligations: (1) the selected compound ADX71441 which falls within the definition of a licensed compound, whose rights of use and benefits thereon was transferred in January 2018; and, (2) the research services to be conducted by the Group and funded by Indivior to discover novel $GABA_B$ PAM compounds for clinical development that may be discovered over the research term of the agreement and selected by Indivior.

Indivior has sole responsibility, including funding liability, for development of selected compounds under the agreement through preclinical and clinical trials, as well as registration procedures and commercialization, if any, worldwide. Indivior has the right to design development programs for selected compounds under the agreement. Through the Group's participation in a joint development committee, the Group reviews, in an advisory capacity, any development programs designed by Indivior. However, Indivior has authority over all aspects of the development of such selected compounds.

Under terms of the agreement, the Group granted Indivior an exclusive license to use relevant patents and know-how in relation to the development and commercialization of product candidates selected by Indivior. Subject to agreed conditions, the Group and Indivior jointly own all intellectual property rights that are jointly developed and the Group or Indivior individually own all intellectual property rights that the Group or Indivior develop individually. The Group has retained the right to select compounds from the research program for further development in areas outside the interest of Indivior including Charcot-Marie-Tooth type 1A neuropathy, or CMT1A. Under certain conditions, but subject to certain consequences, Indivior may terminate the agreement.

The Group received in January 2018, a non-refundable upfront fee of USD5.0 million for the right to use the clinical candidate, ADX71441, including all materials and know-how related to this clinical candidate. In addition, the Group is eligible for payments on successful achievement of pre-specified clinical, regulatory and commercial milestones totaling USD330 million and royalties on net sales of mid-single digits to low double-digit.

On February 14, 2019, Indivior terminated the development of their selected compound, ADX71441. Separately, Indivior funds research at the Group, based on a research plan to be mutually agreed between the parties, to discover novel $GABA_B$ PAM compounds. These future novel $GABA_B$ PAM compounds, if selected by Indivior, become licensed compounds. The Group agreed with Indivior to an initial research term of two years, that can be extended by twelve-month increments and a minimum annual funding of USD2 million for the Group's R&D costs incurred. Following Indivior's selection of one newly identified compound, the Group has the right to also select one additional newly identified compound. The Group is responsible for the funding of all development and commercialization costs of its selected compounds and Indivior has no rights to the Group's selected compounds. The initial two-year research term was expected to run from May 2018 to April 2020. On October 7, 2019 and December 20, 2019, Indivior agreed an additional research funding of USD 0.8 million, increasing the research funding by USD 1.6 million, for the research period.

The research activities started on May 1, 2018. For the year ended December 31, 2019, the Group recognized CHF 2.8 million as revenue (2018: CHF 1.2 million) and recorded CHF 0.9 million as contract liability (2018: CHF 0.2 million). In 2018, the non-refundable upfront fees of USD 5.0 million (CHF 4.9 million) for the right of use the clinical candidate ADX71441 was recorded as revenue.

Janssen Pharmaceuticals Inc. (formerly Ortho-McNeil-Janssen Pharmaceuticals Inc).
On December 31, 2004, the Group entered into a research collaboration and license agreement with Janssen Pharmaceuticals Inc. (JPI). In accordance with this agreement, JPI has acquired an exclusive worldwide license to develop mGluR2PAM compounds for the treatment of human health. The Group is eligible to receive up to EUR 109 million in success-based development and regulatory milestone, and low double digit royalties on net sales. The Group considers these various milestones to be variable consideration as they are contingent upon achieving uncertain, future development stages and net sales. For this reason the Group considers the achievement of the various milestones as binary events that will be recognized as revenue upon occurrence. No amounts have been recognized under this agreement in 2019 and 2018.

17. Other income

Under grant agreements with Eurostars/Innosuisse and Michael J.Fox Foundation, the Group is required to complete specific research activities within a defined period of time. The Group's funding is fixed and received, based on the satisfactory completion of these agreed research activities and incurring the related costs.

Eurostars/Innosuisse
In 2019, the Group received CHF 380,184 from Eurostars/Innosuisse that partially funds the two coming years of the project named DISARM FEAR. It aims at developing small-molecule negative allosteric modulators (NAMs) that targets the metabotropic glutamate receptor 7 (mGlu7) as a potential treatment to reduce fear memory in post-traumatic stress disorder (PTSD).

Michael J.Fox Foundation for Parkinson's Research (MJFF)
Until 2018, the Group has received USD1.8 Million from MJFF for the funding of clinical testing of Dipraglurant for the treatment of Parkinson's disease levodopa-induced dyskinesia (PD-LID) and TrKB PAM discovery activities.

For the year ended December 31, 2019 the Group recognized as other income CHF 49,405 related to the funding from Eurostars/Innosuisse. For the year ended December 31, 2018, the Group recognized CHF 609,212 in other income from Michael J.Fox Foundation. The Grants are deferred and recognized as other income in the statement of loss over the period according to when the Group has satisfied the underlying grant conditions. As of December 31, 2019 the Group recognized CHF 330,079 from Eurostars/Innosuisse as deferred income, including CHF 165,389 on short term (less than one year) and CHF 165,390 (more than one year), in accordance with the budget for the use of the grant received. As of December 31, 2018, deferred income were nil.

In 2019, the Group has additionally recognized as other income CHF 21,430 from IT consultancy agreements.

18. Operating costs

	2019	2018
Staff costs (note 19)……....	4,288,815	2,224,206
Depreciation……....	333,844	2,938
External research and development costs……....	9,350,667	2,368,457
Laboratory consumables……..……..	230,097	144,169
Patent maintenance and registration costs.……..…..	268,143	261,954
Professional fees……..	1,951,661	2,313,722
Operating leases……..……..	-	179,102
Short term leases……..	26,150	-
Other operating costs…….....	988,445	632,750
Total operating costs……..……	**17,437,822**	**8,127,298**

Operating expenses have increased significantly during the year due to expanded R&D activities. Professional fees primarily relate to legal, auditors, G&A consultants and board members.

19. Staff costs

	2019	2018
Wages and salaries……..…..	2,438,448	1,273,382
Social charges and insurances……..…….....	243,232	112,524
Value of share-based services (note 15)……....……	1,310,888	719,374
Retirement benefit expenses (note 21)…..……	296,247	118,926
Total staff cost……..…….…….....	**4,288,815**	**2,224,206**

20. Taxes

	December 31, 2019	December 31, 2018
Loss before tax……....	14,780,604	1,644,798
Tax calculated at a tax rate of 23.4%.....	3,458,661	384,883
Effect of different tax rates in other countries……..	(1,660)	(1,719)
Expenses charged against equity…….....	(39,876)	(693,439)
Expenses not deductible for tax purposes……	(418,356)	(542,632)
Total tax losses not recognized as deferred tax asset..	(2,998,769)	852,907
Income tax expense……..……	**-**	**-**

The Group has revised the 2018 tax rate and disclosure to include the additional cantonal and communal taxes that are applicable in order to be consistent with 2019.

The Group has decided not to recognize any deferred income tax assets at December 31, 2019 or 2018. The key factors which have influenced Management in arriving at this evaluation are the fact that the Group has not yet a history of making profits and product development remains at an early stage.

The amounts of deferred income tax assets that arise from sources other than tax loss carry forwards and the amounts of deferred income tax liabilities are insignificant in comparison to the unrecognized tax loss carry forwards.

The tax losses carry forwards of the Group and their respective expiring dates are as follows:

	December 31, 2019	December 31, 2018
2019……	-	27,481,171
2020……	15,982,220	15,982,220
2021……	1,224,210	1,224,210
2022……	3,540,541	3,540,541
2023……	141,425,567	3,309,636
2024……	290,949	290,949
2025……	3,586,490	3,586,490
2026……	23,467,858	-
Total unrecorded tax losses carry forwards…….	**189,517,835**	**55,415,217**

As of December 31, 2019, the unrecorded taxes losses carried forwards raised to CHF 189,517,835, because the swiss tax administration accepted to renew CHF 138 million tax losses, on July 18, 2019.

21. Retirement benefits obligations

Apart from the social security plans fixed by the law, the Group sponsors an independent pension plan. The Group has contracted with Swiss Life based in Lausanne for the provision of occupational benefits. All benefits in accordance with the regulations are reinsured in their entirety with Swiss Life within the framework of the corresponding contract. This pension solution fully reinsures the risks of disability, death and longevity with Swiss Life. The latter invests the vested pension capital and provides a 100% capital and interest guarantee. The pension plan is entitled to an annual bonus from Swiss Life comprising the effective savings, risk and cost results. Although, as is the case with many Swiss pension plans, the amount of ultimate pension benefit is not defined, certain legal obligations of the plan create constructive obligations on the employer to pay further contributions to fund an eventual deficit; this results in the plan nevertheless being accounted for as a defined benefit plan. All employees are covered by this plan, which is a defined benefit plan. Retirement benefits are based on contributions, computed as a percentage of salary, adjusted for the age of the employee and shared approximately 45% / 55% by employee and employer. In addition to retirement benefits, the plans provide death and long-term disability benefits to its employees. Liabilities and assets are revised every year by an independent actuary. Assets are held in the insurance company. In accordance with IAS 19 (revised), plan assets have been estimated at fair market values and liabilities have been calculated according to the "projected unit credit" method. The Group recorded a pension benefit charge in 2019 of CHF 296,247 (2018: CHF 118,926) as part of staff costs.

Employment benefit obligations
The amounts recognized in the balance sheet are determined as follows:

	2019	2018
Defined benefit obligation…….……..……..	(8,583,214)	(7,060,278)
Fair value of plan assets…….……..	7,101,476	6,420,927
Funded status…….……	**(1,481,738)**	**(639,351)**

The amounts recognized in the statements of loss are as follows:

	2019	2018
Current service cost…….……	(286,515)	(115,146)
Interest cost…….……..……..	(81,829)	(37,903)
Interest income……..…….….....	72,097	34,123
Company pension cost (note 19)…….....	**(296,247)**	**(118,926)**

The movement in the defined benefit obligations during the year is as follows:

	2019	2018
Defined benefit obligation at beginning of year.....	(7,060,278)	(3,607,276)
Service cost…….….....	(286,515)	(115,146)
Interest cost……..…….……..	(81,829)	(37,903)
Employee contribution……	(166,150)	(84,096)
Actuarial gain / (loss) arising from changes in financial assumptions……	(875,960)	197,291
Actuarial gain / (loss) arising from changes in demographic assumptions……	91,212	-
Actuarial gain / (loss) on experience adjustment…….	(263,491)	(573,684)
Benefits paid/ (deposited)……..……	59,797	(2,839,464)
**Defined benefit obligations at end of year…….. **	**(8,583,214)**	**(7,060,278)**

The movements in the fair value of plan assets during the year are as follows:

	2019	2018
Fair value of plan assets at beginning of year…….....	6,420,927	3,363,412
Interest income…….….....	72,097	34,123
Employees' contributions……..…….….....	166,150	84,096
Company contribution……..……	199,715	98,918
Plan assets gains……..……....	302,384	914
Benefits (paid)/ deposited…….…….……....	(59,797)	2,839,464
Fair value of plan assets at end of year…….	**7,101,476**	**6,420,927**

The principal actuarial assumptions used were as follows:

	December 31, 2019	December 31, 2018
Discount rate	0.20%	0.90%
Mortality tables	BVG2015 GT	BVG2015 GT
Salary growth rate	1.00%	1.00%
Pension growth rate	0.00%	0.00%

The discount rate and the life expectancy were identified as significant actuarial assumptions for the Swiss pension plan. The following impacts on the defined benefit obligation are to be expected:

- 0.25% increase or decrease in the discount rate would lead to a decrease of 4.47% (2018: 4.38%) or an increase of 5.22% (2018: 4.74%) in the defined benefit obligation of the Swiss pension plan;
- 0.25% increase or decrease in the interest rate on retirement savings capital would lead to an increase of 0.59% (2018: 1.19%) or a decrease of 0.53% (2018: 1.16%) in the defined benefit obligation of the Swiss pension plan;
- 0.25% increase or decrease in salaries would lead to an increase of 0.03% (2018: 0.18%) or a decrease of 0.02% (2018: 0.18%) in the defined benefit obligation of the Swiss pension plan.
- +/-1 year in the life expectancy would lead to an increase of 1.86% (2018: 1.55%) or a decrease of 1.92% (2018: 1.56%) in the defined benefit obligation of the Swiss pension plan.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the consolidated balance sheets.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The estimated Group contributions to pension plans for the financial year 2020 amounts to CHF 213,000. The following table shows the funding of the defined benefit pensions and actuarial adjustments on plan liabilities:

	2019	2018
Present value of defined benefit obligation	(8,583,214)	(7,060,278)
Fair value of plan assets	7,101,476	6,420,927
Deficit in the plan	**(1,481,738)**	**(639,351)**
Experience adjustment	(1,048,239)	(376,393)
Actuarial gains on plan assets	302,384	914

The following table shows the estimated benefit payments for the next ten years where the number of employees remains constant:

2020	318,000
2021	308,000
2022	301,000
2023	298,000
2024	655,000
2025-2029	1,456,000

22. Finance costs

	2019	2018
Interests income	36,874	-
Interests expense on leases	(22,603)	-
Interests cost	(105,915)	(134,307)
Foreign exchange losses	(84,803)	(85,866)
Finance costs	**(176,447)**	**(220,173)**

23. Loss per share

Basic and diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of shares in issue during the year excluding shares purchased by the Group and held as treasury shares.

	2019	2018
Loss attributable to equity holders of the Company…	(14,780,604)	(1,644,798)
Weighted average number of shares in issue……..	26,428,269	23,293,237
Basic and diluted loss per share……	**(0.56)**	**(0.07)**

The Company has three categories of dilutive potential shares as at December 31, 2019 and December 31, 2018: equity sharing certificates (ESCs), share options and warrants. As of December 31, 2019, and December 31, 2018, equity sharing certificates, share options and warrants have been ignored in the calculation of the loss per share, as they would be antidilutive.

The total number of dilutive instruments as of December 31, 2019 is 11,906,248 (December 31, 2018: 11,561,178) which consists of 198,750 ESCs, 5,540,600 ESOP and 6,166,898 warrants (December 31, 2018: 265,600 ESCs, 5,128,680 ESOP and 6,166,898 warrants). These options could potentially dilute basic earnings per share in the future.

24. Commitments and contingencies

Operating leases commitments

Commitments for operating lease as of December 31, 2018 are as follows:

	Less than 1 Year	1 to 5 Years	More than 5 Years	Total cash out flows
Operating lease commitments……	142,298	130,200	-	**272,498**

Operating lease commitments consist mainly of rental contracts for laboratories, offices and related spaces used by the Group. There are no commitments over 5 years.

Capital commitments
As at December 31, 2019 and 2018, the Group has no contracted capital expenditure.

Contingencies
As part of the ordinary course of business, the Group is subject to contingent liabilities in respect of certain litigation. Currently, there is no outstanding litigation.

25. Related party transactions

Related parties include members of the Board of Directors and the Executive Management of the Group. The following transactions were carried out with related parties:

Key management compensation	2019	2018
Salaries, other short-term employee benefits and post-employment benefits……	1,156,427	522,163
Consulting fees……..	364,535	577,078
Share-based compensation…..…….....	1,434,190	2,019,430
	2,955,152	**3,118,671**

The Group has revised the 2018 share-based compensation reported in this note to reflect actual shared based compensation expense recorded in the consolidated statements of loss of the year, rather than the total fair value at the grant date, as previously disclosed in 2018.

Salaries, other short-term employee benefits and post-employment benefits relate to members of the Board of Directors and Executive Management who are employed by the Group. In 2019, consulting fees relate solely to Roger Mills, a member of the Executive Management who delivers his services to the Group under a consulting contract. In 2018, consulting fees are related to Roger Mills as well as Tim Dyer who delivered his consulting services through TMD Advisory Ltd ("TMDA") until October 31, 2018. TMDA invoiced the Group for the rent of administrative premises, CHF 26,682 in 2018 (nil in 2019), whilst the Group invoiced accounting services to TMDA of CHF 49,606 in 2018 (nil in 2019) recorded in other income. The Group has a net payable to the Board of Directors and Executive Management of CHF 176,089 at December 31, 2019 (2018: CHF 169,486). In addition, at December 31, 2018, the Group had a payable to TMDA of CHF 116,994 for consulting services and a receivable from TMDA of CHF 82,589 for accounting services.

26. Events after the balance sheet date

On January 29, 2020 the Company listed American Depositary Shares (ADSs) representing its ordinary shares on the Nasdaq Stock Market and the United States Securities and Exchange Commission (SEC) declared its registration statement on Form F1 and F6 becoming effective. The ADSs are listed for trading on Nasdaq under the symbol "ADXN". Addex has not registered any new issuance of securities and its shares will continue to be admitted to trading on SIX Swiss Exchange.

In early 2020 a coronavirus disease (COVID-19) pandemic developed globally resulting in a significant number of infections and negative effects on economic activity. The Group is actively monitoring the situation and is taking any necessary measures to respond to the situation in cooperation with the various stakeholders. As of the date of approving these financial statements, the Group has suspended the initiation of a placebo-controlled Phase 2b/3 pivotal clinical trial of dipraglurant in PD-LID patients. Depending on the duration of the COVID-19 crisis and continued negative impact on global economic activity, the Group may have to take additional measures that will have a negative impact on the Groups business continuity and may experience certain liquidity restraints as well as incur impairments on its assets. The exact impact on the Group’s activities in 2020 and thereafter cannot be reasonably predicted. However, based on the risk mitigation measures undertaken, the Group concluded that there is no material uncertainty that may cast a significant doubt upon the Group’s ability to continue as a going concern.

Statutory Financial Statements of Addex Therapeutics Ltd as at December 31, 2020

REPORT OF THE STATUTORY AUDITOR

To the General Meeting of Addex Therapeutics Ltd, Plan-les-Ouates

Report of the Statutory Auditor on the Financial Statements

Opinion

We have audited the financial statements of Addex Therapeutics Ltd (the "Company"), which comprise the balance sheet as at 31 December 2020 and the income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion the financial statements (pages 54 to 60) as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Addex Therapeutics Ltd for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 8 April 2020.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of the loans to subsidiaries The Company has granted loans to a subsidiary for a total gross value of CHF 204'417'747 and has recorded a corresponding provision of CHF 179'394'718.	We obtained an understanding of management's overall process for valuing loans to subsidiaries, including the related internal controls to address the risk of non-recoverability of such loans and the recording of timely provisions, where applicable.
This is a significant focus point due to the significance of the loans provided by Addex Therapeutics Ltd to its subsidiary and the need of management estimates for the assessment of the carrying value of these loans in the financial statements which implies a high level of judgment.	We have reviewed management's assessment of the recoverability of the loans and resulting provisions, which is based on the financial position of its subsidiary and inquired with management about events that could affect the future performance and financial position of this subsidiary.
In order to determine any potential impairment of the value of the loans granted to its subsidiaries, management has assessed the financial strength (net asset value or NAV) of the subsidiary.	We also assessed the appropriateness of the related disclosures.
Refer to note 8. Other non-current assets - Loans to Group companies	

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on Other Legal Requirements

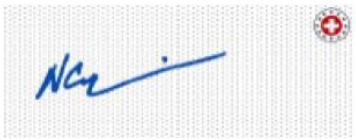
In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

We draw attention to the fact that treasury shares have been subscribed by a group company in the absence of sufficient freely disposable equity and that the company holds treasury shares in excess of 10 percent of the share capital, which is in breach of Article 659 paragraph 1 of the Swiss Code of Obligations.

Furthermore, we draw attention to the fact that half of the share capital and legal reserves are no longer covered (art 725 para.1 CO).

Geneva, 11 March 2021



Licensed Audit Expert

Licensed Audit Expert
Auditor in Charge

Balance Sheets
as at December 31, 2020 and December 31, 2019

	Notes	December 31, 2020	December 31, 2019
		Amounts in Swiss francs	
ASSETS			
Current assets			
Cash and cash equivalents……..		132,572	317,060
Accrued income and prepayments…….		56,415	105,602
Total current assets……		**188,987**	**422,662**
Non-current assets			
Investments in Subsidiaries……..……..……..	8	3	3
Other non-current assets			
Subordinated Loans to Subsidiaries……	9	25,023,029	33,947,894
Total non-current assets……..		**25,023,032**	**33,947,897**
Total assets……..……...		**25,212,019**	**34,370,559**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables…..…….….....		407,819	306,197
Other payables - third parties…….….....		45,331	43,490
Accruals……..……		200,429	439,757
Other current Liabilities			
Short-term borrowings from Subsidiaries……	10	2,759,369	-
Total current liabilities……..……		**3,412,948**	**789,444**
Equity			
Share capital……..……		32,848,635	32,848,635
Share premium……..……		23,972,152	23,478,771
Treasury shares reserve……..	12	6,078,935	6,572,316
Non-voting equity securities (*)……..……		p.m	p.m
Accumulated deficit……...		(41,100,651)	(29,318,607)
Total equity…….	11	**21,799,071**	**33,581,115**
Total liabilities and equity……..……		**25,212,019**	**34,370,559**

(*) p.m. = pro memoria. Non-voting equity securities have no nominal value.

The accompanying notes form an integral part of these financial statements.

Statements of Loss
for the years ended December 31, 2020 and 2019

	Notes	December 31, 2020	December 31, 2019
		Amounts in Swiss francs	
Operating costs			
Professional fees	13	(483,395)	(675,570)
Capital increase costs	13	(558,716)	(170,411)
Other operating costs	13	(1,806,149)	(375,050)
Provision for loans to Subsidiaries	9	(8,924,864)	(10,358,031)
Taxes		(3,546)	(52,806)
Total operating costs		**(11,776,670)**	**(11,631,868)**
Interest expenses		(2,584)	(39,797)
Exchange differences		2,790	403
Net loss before taxes		**(11,782,044)**	**(11,671,262)**
Income tax expense		-	-
Net loss for the year		**(11,782,044)**	**(11,671,262)**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements for the years ended December 31, 2020 and 2019
(amounts in Swiss francs)

1. General

Addex Therapeutics Ltd, formerly Addex Pharmaceuticals Ltd, was founded on February 19, 2007 and domiciled C/O Addex Pharma SA, Chemin des Aulx 12, CH1228 Plan-Les-Ouates, Geneva, Switzerland.

2. Accounting Policies

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO). Significant balance sheet items are accounted for as follows:

Cash and cash equivalents

Cash and cash equivalents include cash on hand. Any bank overdrafts are not netted against cash and cash equivalents but are shown as part of current liabilities on the balance sheet.

Loans and other receivables

Loans and other short-term receivables are carried at their nominal value. Impairment charges are calculated for these assets on an individual basis, and no general allowance is recorded.

Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the remeasurement of current assets and current liabilities denominated in foreign currencies are recognized in financial income and financial expense. Net unrealized gains on non-current assets and liabilities are deferred in non-current liabilities, and net unrealized losses are recognized in financial expense.

3. Guarantees, other indemnities and assets pledged in favor of third parties

As of December 31, 2020 and December 31, 2019, there were no guarantees, other indemnities or assets pledged in favor of third parties.

4. Pledges on assets to secure own liabilities

As of December 31, 2020 and December 31, 2019, there were no assets pledged to secure own liabilities.

5. Lease commitments not recorded in the balance sheet

As of December 31, 2020 and December 31, 2019, there were no lease commitments not recorded in the balance sheet.

6. Amounts due to pension funds

As of December 31, 2020 and December 31, 2019, there were no amounts due to pension funds.

7. **Full-time positions**

The company as the holding of the Group, did not employ any Full-Time equivalent Employees (FTEs) during the years ending December 31, 2020 and December 31, 2019

8. Significant investments

Addex Therapeutics Ltd as a holding company for the Addex Therapeutics Group owns:

Company	Business	Capital	Interest in capital & votes %
Addex Pharma SA, Plan-les-Ouates, Switzerland	Research & development	CHF 3,987,492	100%
Addex Pharmaceuticals France SAS, Archamps, France	Research & development	EUR 37,000	100%
Addex Pharmaceuticals Inc., Delaware, USA	Research & development	USD 1	100%

As at December 31, 2020 and 2019, the Company has provided for its investments in Group companies as follows:

	December 31, 2020	December 31, 2019
Investment in Addex Pharma SA……	3,987,492	3,987,492
Provision for investment in Addex Pharma SA……	(3,987,491)	(3,987,491)
Investment in Addex Pharmaceuticals France SAS…	1	1
Investment in Addex Pharmaceuticals Inc……..…..	1	1
	3	**3**

9. Other non-current assets – Loans to Group companies

As at December 31, 2020 and 2019, the Company has provided for its loan to Addex Pharma SA as follows:

	December 31, 2020	December 31, 2019
Subordinated loan to Addex Pharma SA……..	204,417,747	204,417,747
Provision for loan to Addex Pharma SA……	(179,394,718)	(170,469,853)
	25,023,029	**33,947,894**

The loan to Addex Pharma SA is subordinated to the claims of other creditors of the subsidiary up to CHF 204,417,747.

10. Other current liabilities – short-term borrowings from Group companies

	December 31, 2020
Short-term borrowing from Addex Pharma SA……	2,759,369
	2,759,369

11. Equity

	Share capital	General reserve, from… …capital contribution	…retained earnings	Treasury shares reserve	Accumulated deficit	Total
January 01, 2019……	**28,564,031**	**191,246,038**	**(163,708,099)**	**2,513,148**	**(17,647,345)**	**40,967,773**
Issue of shares - capital increase……	4,284,604	-	-	-	-	4,284,604
Transfer to treasury shares reserve……..	-	(4,059,168)	-	4,059,168	-	-
Net loss of the year……...	-	-	-	-	(11,671,262)	(11,671,262)
December 31, 2019……	**32,848,635**	**187,186,870**	**(163,708,099)**	**6,572,316**	**(29,318,607)**	**33,581,115**
Transfer from treasury shares reserve……...	-	493,381	-	(493,381)	-	-
Net loss of the year……...	-	-	-	-	(11,782,044)	(11,782,044)
December 31, 2020……	**32,848,635**	**187,680,251**	**(163,708,099)**	**6,078,935**	**(41,100,651)**	**21,799,071**

On May 17, 2019, the Company issued 4,284,604 new shares from the authorized capital to its 100% owned subsidiary, Addex Pharma SA at CHF 1. These shares are held as treasury shares.

At December 31, 2020 and 2019, the total outstanding share capital is CHF 32,848,635 consisting of 32,848,635 shares. All shares have a nominal value of CHF 1. The authorized capital and conditional capital as at December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Authorized capital……..	16,424,317	16,424,317
Conditional capital…….	16,424,317	16,424,317

12. Treasury share reserve

This reserve relates to the purchase price of shares in Addex Therapeutics Ltd held by Group companies. The table shows movements in the number of shares and the treasury share reserve:

	Number of registered shares	% of share capital	Treasury shares reserves
Balance at January 1, 2019…….	**2,158,476**	**7.56%**	**2,513,148**
Net purchases……...……	4,085,011		4,059,168
Balance at December 31, 2019……	**6,243,487**	**19.01%**	**6,572,316**
Net sales……	(513,626)		(493,381)
Balance at December 31, 2020……	**5,729,861**	**17.44%**	**6,078,935**

13. Operating costs

Operating costs amount to CHF 2.9 million for the year ended December 31, 2020 compared to CHF 1.2 million for the same period in 2019. The increase of CHF 1.6 million is primarily due to increased directors and officer's liability insurance premiums following the Company's listing on the Nasdaq Stock Market on January 29, 2020.

14. Significant shareholders

According to the information available, based on published notifications to the SIX, the following shareholders own 3% or more of the company's share capital:

	December 31, 2020[1]		December 31, 2019	
	Number of shares	Interest in capital in %	Number of shares	Interest in capital in %
Addex Pharma SA[2]……	5,729,861	17.44%	6,243,487	19.00%
Growth Equity Opportunities Fund IV, LLC[3]……....	4,568,690	13.91%	4,638,942	14.12%
New Leaf Biopharma Opportunities I, L.P.[4]……....	1,597,444	4.86%	1,597,444	4.86%
CDK Associates, LLC[5]……	1,597,444	4.86%	1,597,444	4.86%
CS (CH) Small Cap Switzerland Equity Fund[6]…….	1,199,245	3.65%	1,455,964	4.43%

[1] This table presents the shares held by the shareholders listed therein. The derivative holdings held by such shareholders are not included.
[2] Addex Pharma SA, Chemin des Aulx, CH-1228 Plan-Les-Ouates
[3] The beneficial owner is New Enterprise Associates Inc., 1954 Greenspring Drive, Suite 600, Timonium MD 21093, USA.
[4] The beneficial owner is New Leaf Venture Management III LLC, 1209 Orange Street, c/o Corporation Trust Company/Center, DE 19801 Wilmington, USA.
[5] The beneficial owner is Bruce Kovner, c/o CDK Associates. LLC, Princeton, 08540 New Jersey, USA.
[6] The beneficial owner is Credit Suisse Fund AG with voting power whilst Credit Suisse Asset Management (Schweiz) AG has investing power. The address of Credit Suisse Fund AG is Kalandergasse 4, 8045 Zurich, Switzerland.

15. Board of Directors and Executive Management shareholdings and equity incentive units

As of December 31, 2020 and 2019, members of the Board of Directors and Executive Management held the following shares in the Company:

	2020 Number of Shares	2019 Number of Shares
Vincent Lawton, Chairman…….....	500	500
Roger Mills, Chief Medical Officer…….....	332,501	217,650
Tim Dyer, Chief Executive Officer……..	435,192	435,192
Total……	**768,193**	**653,342**

As of December 31, 2020, members of the Board of Directors and Executive Management held the following equity incentive units in the Company:

	Number of vested equity incentive units	Number of unvested equity incentive units	Total number of equity incentive units
Vincent Lawton, Chairman…….....	445,059	190,958	636,017
Raymond Hill……..…….....	232,923	112,771	345,694
Jake Nunn……	5,625	24,375	30,000
Isaac Manke……..	5,625	24,375	30,000
Tim Dyer, Chief Executive Officer……..….....	2,446,079	1,376,830	3,822,909
Roger Mills, Chief Medical Officer…….	186,480	56,357	242,837
Robert Lütjens, Co-Head of Discovery Biology…….....	385,010	186,412	571,422
Jean-Philippe Rocher, Co-Head of Discovery Chemistry..	160,858	173,373	334,231
Total……	**3,867,659**	**2,145,451**	**6,013,110**

As of December 31, 2019, members of the Board of Directors and Executive Management held the following equity incentive units in the Company:

	Number of vested equity incentive units	Number of unvested equity incentive units	Total number of equity incentive units
Vincent Lawton, Chairman…….....	325,239	240,769	566,008
Raymond Hill……..…….....	161,385	144,310	305,695
Tim Dyer, Chief Executive Officer…….....	1,691,348	1,433,551	3,124,899
Roger Mills, Chief Medical Officer…….	126,813	116,025	242,838
Robert Lütjens, Co-Head of Discovery Biology…….....	255,688	240,735	496,423
Jean-Philippe Rocher, Co-Head of Discovery Chemistry..	84,800	129,431	214,231
Total…….	**2,645,273**	**2,304,821**	**4,950,094**

16. Events after the balance sheet date

On January 8, 2021, Addex Therapeutics Ltd issued 6,900,000 registered shares, with a nominal value of CHF 1 each, at an issue price of CHF 1.46367. Out of the total new shares, 6,750,000 are in the form of American Depositary Shares, listed on the Nasdaq Stock Market. As a result, the Company's share capital increased from CHF 32,848,635 to CHF 39,748,635. The gross proceeds amount to CHF 10.1 million (USD 11.5 million).

Statutory Financial Statements of Addex Therapeutics Ltd as at December 31, 2019

Report of the statutory auditor

to the General Meeting of Addex Therapeutics Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Addex Therapeutics Ltd (the "Company"), which comprise the balance sheets as at December 31, 2019, statements of loss and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 56 to 62) as at December 31, 2019 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 341'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter, the following area of focus has been identified:

Recoverability of loans to subsidiaries

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered

material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 341'000
How we determined it	1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark, because in our view, it is the benchmark against which the financial performance of the entity is most commonly measured in its holding company activities.

We agreed with the Audit Committee that we would report to them misstatements above CHF 34'100 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of loans to subsidiaries

Key audit matter	How our audit addressed the key audit matter
The Company has granted loans to a subsidiary for a total gross value of CHF 204,417,747, and has recorded a corresponding provision of CHF 170,688,320. We focused our audit on these loans because of the material amount and the judgment involved in assessing the recoverability of these loans when considering the historically negative financial performance of the subsidiary. In order to determine any potential impairment of the value of the loans granted to subsidiaries, management has assessed the financial strength (equity) of the debtor.	We obtained an understanding of management's overall process for valuing loans to affiliates, including the related internal controls to address the risk of non-recoverability of such loans and recording of timely provisions, where applicable. We inspected the loan agreements with the subsidiary. We have reviewed management's assessment of the recoverability of the loans and resulting provisions, which is based on the financial position of its subsidiary and inquired with management about events that could affect the future performance and financial position of this subsidiary. We also

Refer to Note 8. Other non-current assets – Loans to Group companies.	assessed the appropriateness of the related disclosures. On the basis of the above procedures, we determined that management's judgements and estimates in relation to the loan provisions was reasonable and the related disclosures were appropriate.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

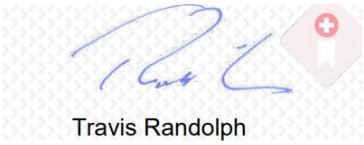
Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

We draw attention to the fact that treasury shares have been subscribed by a group company in the absence of sufficient freely disposable equity and that the company holds treasury shares in excess of 10 percent of the share capital, which is in breach of Article 659 paragraph 1 of the Swiss Code of Obligations.

PricewaterhouseCoopers SA



Travis Randolph

Florent Rossetto

Audit expert
Auditor in charge

Geneva, 8 April 2020

Balance Sheets
as at December 31, 2019 and December 31, 2018

	Notes	December 31, 2019	December 31, 2018
		Amounts in Swiss francs	
ASSETS			
Current assets			
Cash and cash equivalents……..		317,060	450,886
Other receivables			
Third parties……..….		-	29,557
Accrued income and prepayments…….		105,602	44,835
Total current assets……		**422,662**	**525,278**
Non-current assets			
Investments in Subsidiaries……..……..……..	7	3	2
Other non-current assets			
Loans to Subsidiaries……	8	33,947,894	40,698,191
Total non-current assets……..		**33,947,897**	**40,698,193**
Total assets……..……...		**34,370,559**	**41,223,471**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables…..…….....		306,197	103,453
Other payables - third parties…….….....		43,490	6,028
Accruals……..……		439,757	146,217
Total current liabilities……..……		**789,444**	**255,698**
Equity			
Share capital……..……		32,848,635	28,564,031
Share premium……..……		23,478,771	27,537,939
Treasury shares reserve……..	10	6,572,316	2,513,148
Non-voting equity securities (*)……..……		p.m	p.m
Accumulated deficit……...		(29,318,607)	(17,647,345)
Total equity…….	9	**33,581,115**	**40,967,773**
Total liabilities and equity……..……		**34,370,559**	**41,223,471**

(*) p.m. = pro memoria. Non-voting equity securities have no nominal value.

The accompanying notes form an integral part of these financial statements.

Statements of Loss
for the years ended December 31, 2019 and 2018

		December 31, 2019	December 31, 2018
		Amounts in Swiss francs	
Operating costs			
Professional fees	11	(675,570)	(268,610)
Capital increase costs		(170,411)	(2,963,415)
Other operating costs		(375,050)	(208,080)
Provision for loans to Subsidiaries	8	(10,358,031)	-
Taxes		(52,806)	(39,091)
Total operating costs		**(11,631,868)**	**(3,479,196)**
Interest expenses		(39,797)	(100,168)
Exchange differences		403	(7,126)
Net loss before taxes		**(11,671,262)**	**(3,586,490)**
Income tax expense		-	-
Net loss for the year		**(11,671,262)**	**(3,586,490)**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements for the years ended December 31, 2019 and 2018
(amounts in Swiss francs)

1. General

Addex Therapeutics Ltd, formerly Addex Pharmaceuticals Ltd, was founded on February 19, 2007 and domiciled C/O Addex Pharma SA, Chemin des Aulx 12, CH1228 Plan-Les-Ouates, Geneva, Switzerland.

2. Accounting Policies

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013). Significant balance sheet items are accounted for as follows:

Cash and cash equivalents

Cash and cash equivalents include cash on hand. Any bank overdrafts are not netted against cash and cash equivalents but are shown as part of current liabilities on the balance sheet.

Loans and other receivables

Loans and other short-term receivables are carried at their nominal value. Impairment charges are calculated for these assets on an individual basis, and no general allowance is recorded.

Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the remeasurement of current assets and current liabilities denominated in foreign currencies are recognized in financial income and financial (expense). Net unrealized gains on noncurrent assets and liabilities are deferred in noncurrent liabilities, net unrealized losses are recognized in financial expense.

3. Guarantees, other indemnities and assets pledged in favor of third parties

As of December 31, 2019 and December 31, 2018, there were no guarantees, other indemnities or assets pledged in favor of third parties.

4. Pledges on assets to secure own liabilities

As of December 31, 2019 and December 31, 2018, there were no assets pledged to secure own liabilities.

5. Lease commitments not recorded in the balance sheet

As of December 31, 2019 and December 31, 2018, there were no lease commitments not recorded in the balance sheet.

6. Amounts due to pension funds

As of December 31, 2019 and December 31, 2018, there were no amounts due to pension funds.

7. Significant investments

Addex Therapeutics Ltd as a holding company for the Addex Therapeutics Group owns:

• Company	• Business	• Capital	• Interest in capital & votes %
Addex Pharma SA, Plan-les-Ouates, Switzerland	Research & development	CHF 3,987,492	100%
Addex Pharmaceuticals France SAS, Archamps, France	Research & development	EUR 37,000	100%
Addex Pharmaceuticals Inc., Delaware, USA	Research & development	USD 1	100%

As at December 31, 2019 and 2018, the Company has provided for its investments in Group companies as follows:

	December 31, 2019	December 31, 2018
Investment in Addex Pharma SA……..	3,987,492	3,987,492
Provision for investment in Addex Pharma SA……...	(3,987,491)	(3,987,491)
Investment in Addex Pharmaceuticals France SAS……..	1	1
Investment in Addex Pharmaceuticals Inc……..……	1	-
	3	**2**

8. Other non-current assets – Loans to Group companies

As at December 31, 2019 and 2018, the Company has provided for its loan to Addex Pharma SA as follows:

	December 31, 2019	December 31, 2018
Loan to Addex Pharma SA……..	204,417,747	200,810,013
Provision for loan to Addex Pharma SA……..…	(170,469,853)	(160,111,822)
	33,947,894	**40,698,191**

The loan to Addex Pharma SA is subordinated to the claims of other creditors of the subsidiary up to CHF 204,417,747.
As at December 31,2019 the Company has a loan to Addex Pharmaceuticals Inc for 1 USD.

9. Equity

	Share capital	General reserve, from… …capital contribution	…retained earnings	Treasury shares reserve	Accumulated deficit	Total
January 01, 2018……	**15,384,988**	**163,969,271**	**(163,708,099)**	**2,019,877**	**(14,060,855)**	**3,605,182**
Issue of shares - capital increase……	13,179,043	27,770,038	-	-	-	40,949,081
Transfer to treasury shares reserve……..	-	(493,271)	-	493,271	-	-
Net loss of the year……...	-	-	-	-	(3,586,490)	(3,586,490)
December 31, 2018……	**28,564,031**	**191,246,038**	**(163,708,099)**	**2,513,148**	**(17,647,345)**	**40,967,773**
Issue of shares - capital increase……	4,284,604	-	-	-	-	4,284,604
Transfer to treasury shares reserve……..	-	(4,059,168)	-	4,059,168	-	-
Net loss of the year……...	-	-	-	-	(11,671,262)	(11,671,262)
December 31, 2019……	**32,848,635**	**187,186,870**	**(163,708,099)**	**6,572,316**	**(29,318,607)**	**33,581,115**

On May 17, 2019, the Company issued 4,284,604 new shares from the authorized capital to its 100% owned subsidiary, Addex Pharma SA at CHF 1. These shares are held as treasury shares.

On March 28, 2018, the Company increased its share capital by issuing 13,037,577 new shares with a nominal value of CHF 1 each at an issue price of CHF 3.13 per share. Of these new shares, 12,901,016 were placed with investors raising CHF 40.4 million of gross proceeds and the remaining 136,561 new shares were recorded as treasury shares at the issue price of CHF 427,436. Each new share received a 7-year warrant to purchase 0.45 of a share at a price of CHF 3.43. A total of 5,866,898 warrants were granted of which 5,806,882 to investors.

On March 16, 2018, the Company issued 141,466 new shares from the conditional capital to its 100% owned subsidiary, Addex Pharma SA at CHF 1. These shares have been issued to replenish the treasury share reserve, which had previously been used to settle the exercise of share options.

At December 31, 2019, the total outstanding share capital is CHF 32,848,635 (December 31, 2018: CHF 28,564,031), consisting of 32,848,635 shares (December 31, 2018: 28,564,031). All shares have a nominal value of CHF 1. The authorized capital and conditional capital as at December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Authorized capital……	16,424,317	14,282,015
Conditional capital……..	16,424,317	14,282,015

10. Treasury share reserve

This reserve relates to the purchase price of shares in Addex Therapeutics Ltd held by Group companies. The table shows movements in the number of shares and the treasury share reserve:

	Number of registered shares	% of share capital	Treasury shares reserves
Balance at January 1, 2018	**1,964,973**	**12.77%**	**2,019,877**
Net purchases…….....…	193,503		493,271
Balance at December 31, 2018	**2,158,476**	**7.56%**	**2,513,148**
Net purchases…….....…	4,085,011		4,059,168
Balance at December 31, 2019	**6,243,487**	**19.01%**	**6,572,316**

11. Professional fees

For the year ended December 31, 2019, professional fees amount to CHF 675,570 (2018: CHF 268,610). The increase is mainly due to the legal fees of CHF 388,419 (2018: CHF 60,469) related to the listing of American Depositary Shares (ADSs) on the Nasdaq Stock Market.

12. Significant shareholders

According to the information available, based on published notifications to the SIX, the following shareholders own 3% or more of the company's share capital:

	December 31, 2019[1]		December 31, 2018	
	• Number of shares	• Interest in capital in %	• Number of shares	• Interest in capital in %
Addex Pharma SA[2]…….	6,243,487	19.01%	2,158,476	7.56%
Growth Equity Opportunities Fund IV, LLC[3]……....	4,638,942	14.12%	4,568,690	16.00%
New Leaf Biopharma Opportunities I, L.P.[4]……....	1,597,444	4.86%	1,597,444	5.59%
CDK Associates, LLC[5]……	1,597,444	4.86%	1,597,444	5.59%
CS (CH) Small Cap Switzerland Equity Fund[6]…….	1,455,964	4.43%	1,627,985	5.70%

[1] This table presents the shares held by the shareholders listed therein. The derivative holdings held by such shareholders are not included.
[2] Addex Pharma SA, Chemin des Aulx, CH-1228 Plan-Les-Ouates
[3] The beneficial owner is New Enterprise Associates 15 L.P., Timonium MD 21093, USA.
[4] The beneficial owner is New Leaf Venture Management III LLC, 1209 Orange Street, c/o Corporation Trust Company/Center, DE 19801 Wilmington, USA.
[5] The beneficial owner is Bruce Kovner, c/o CDK Associates. LLC, Princeton, 08540 New Jersey, USA.
[6] The beneficial owner is Credit Suisse Fund AG with voting power whilst Credit Suisse Asset Management (Schweiz) AG has investing power. The address of Credit Suisse Fund AG is Kalandergasse 4, 8045 Zurich, Switzerland.

13. Board of Directors and Executive Management shareholdings and equity incentive units

As of December 31, 2019 and 2018, members of the Board of Directors and Executive Management held the following shares in the Company:

	2019 Number of Shares	2018 Number of Shares
Vincent Lawton, Chairman…….....	500	500
Roger Mills, Chief Medical Officer…….....	217,650	104,551
Tim Dyer, Chief Executive Officer……	435,192	435,192

As of December 31, 2019, members of the Board of Directors and Executive Management held the following equity incentive units in the Company:

	Number of vested equity incentive units	Number of unvested equity incentive units	Total number of equity incentive units
Vincent Lawton, Chairman…….....	325,239	240,769	566,008
Raymond Hill……..…….....	161,385	144,310	305,695
Tim Dyer, Chief Executive Officer……..….....	1,691,348	1,433,551	3,124,899
Roger Mills, Chief Medical Officer…….	126,813	116,025	242,838
Robert Lütjens, Co-Head of Discovery Biology…….....	255,688	240,735	496,423
Jean-Philippe Rocher, Co-Head of Discovery Chemistry..	84,800	129,431	214,231

As of December 31, 2018, members of the Board of Directors and Executive Management held the following equity incentive units in the Company:

	Number of vested equity incentive units	Number of unvested equity incentive units	Total number of equity incentive units
Vincent Lawton, Chairman…….....	218,535	347,473	566,008
Raymond Hill……..…….....	92,348	213,347	305,695
Tim Dyer, Chief Executive Officer…….....	1,067,494	1,813,899	2,881,393
Roger Mills, Chief Medical Officer…….	77,562	165,276	242,838
Robert Lütjens, Co-Head of Discovery Biology…….....	140,429	355,994	496,423
Jean-Philippe Rocher, Co-Head of Discovery Chemistry..	31,242	182,989	214,231

14. Events after the balance sheet date

On January 29, 2020 the Company listed American Depositary Shares (ADSs) representing its ordinary shares on the Nasdaq Stock Market and the United States Securities and Exchange Commission (SEC) declared its registration statement on Form F1 and F6 becoming effective. The ADSs are listed for trading on Nasdaq under the symbol "ADXN". Addex has not registered any new issuance of securities and its shares will continue to be admitted to trading on SIX Swiss Exchange.

In early 2020 a coronavirus disease (COVID-19) pandemic developed globally resulting in a significant number of infections and negative effects on economic activity. The Company is actively monitoring the situation and is taking any necessary measures to respond to the situation in cooperation with the various stakeholders. As of the date of approving these financial statements, the Company has suspended the initiation of a placebo-controlled Phase 2b/3 pivotal clinical trial of dipraglurant in PD-LID patients. Depending on the duration of the COVID-19 crisis and continued negative impact on global economic activity, the Company may have to take additional measures that will have a negative impact on the Company business continuity and may experience certain liquidity restraints as well as incur impairments on its assets. The exact impact on the Company's activities in 2020 and thereafter cannot be reasonably predicted. However, based on the risk mitigation measures undertaken, the Company concluded that there is no material uncertainty that may cast a significant doubt upon the Company's ability to continue as a going concern.