



## PRESS RELEASE

# Addex Pharmaceuticals Reports First Half 2008 Financial Results, Maiden Profit

**Geneva, Switzerland, 28 July 2008** – Addex Pharmaceuticals (SWX:ADXN) released today financial results for the first half of 2008 and gave an update on the status of its lead product, ADX10059, which is in development for GERD (gastroesophageal reflux disease) and migraine.

### Financial Highlights

- 1H08 net profit: CHF2.6 million
- 1H08 revenues: CHF25.8 million
- Cash and cash equivalents at June 30, 2008: CHF142.8 million
- Addex reiterates 2008 full year cash burn guidance of CHF25-30 million

### Pipeline & Operating Highlights

- ADX10059 new formulation selected for Phase IIb GERD and migraine prevention trials
- 2000 square meters of new lab space brought online and 30 additional staff hired
- Early launch of Inflammation Business Unit; Laurent Galibert hired as head

Tim Dyer, CFO, said: “While we are proud to report our first profitable period, which is primarily due to the recognition of \$22 million in upfront fees from the sale of the license rights for ADX63365 to Merck & Co., future profitability will be dependent on the timing and structure of additional licensing activities and potential milestones. We are excited to report that our expansion plans are fully on track with the launch of our Inflammation Business Unit getting under way during the first half and the continued expansion of both the Metabolic and CNS Business Units proceeding smoothly. As a result, spending in the first half of 2008 was in line with our expectations and we reiterate our full year cash burn guidance of CHF25-30 million.”

### Key Financial Data

	1H08	2H07	1H07
	thousands of Swiss francs		
Revenues	25.8	0.2	0.4
R&D expenses	(18.9)	(14.9)	(12.6)
G&A expenses	(3.5)	(2.8)	(7.9)
<b>Operating profit (loss)</b>	<b>3.4</b>	<b>(17.5)</b>	<b>(20.1)</b>
Net financial income	(0.8)	1.9	0.6
<b>Net profit (loss) for the period</b>	<b>2.6</b>	<b>(15.6)</b>	<b>(19.5)</b>
Basic and diluted net profit (loss) per share	0.45	(2.72)	(4.55)
Cash and cash equivalents	142.8	140.0	159.1

### First Half 2008 Financial Summary

**Revenues** of CHF25.8 million consist primarily of \$22 million of upfront fees received from Merck & Co., Inc. under the mGluR5 PAM license agreement signed in January and upfront and milestone payments under the mGluR4 PAM collaboration which are being recognized over the term of the collaboration.

**Research & Development** expenses increased to CHF18.9 million in the first half of 2008 from CHF12.6 million in the first half of 2007 broadly reflecting the growth in our discovery and development capabilities and the maturing preclinical and clinical product pipeline.

**General and Administration** expenses decreased to CHF3.5 million in the first half of 2008 compared to CHF7.9 million in the first half of 2007, due primarily to the absence of the IPO related costs. Excluding IPO related costs G&A has increased by 49% in line with growth in R&D expenses.

**Finance income** increased to CHF1.9 million in the first half of 2008 from CHF0.6 million primarily due to higher levels of cash invested. **Financial expenses** increased significantly to CHF2.7 million due to unrealized exchange losses on the translation of USD cash balances.

**Cash and cash equivalents** amount to CHF142.8 million at the 30 June 2008, an increase of CHF2.8 million compared to the position at year-end 2007.

### **Pipeline update**

ADX10059, an mGluR5 NAM (metabotropic glutamate receptor 5 negative allosteric modulator) in development for GERD and migraine prevention, is advancing well. Addex announced in June that, based on pre-defined pharmacokinetic criteria, it had chosen a new formulation of ADX10059, for use in the Phase IIb GERD and migraine prevention studies, which will start in the fourth quarter of 2008.

During 2007, ADX10059 met the primary endpoints in separate Phase IIa proof of concept studies in patients with migraine and GERD. Development of a more commercial formulation of ADX10059 began in 2007 and Phase I studies are ongoing. Safety, tolerability and pharmacodynamic data from the ongoing ADX10059 Phase I studies (Study 104 & Study 105) will be communicated in September.

ADX48621, also an mGluR5 NAM, was well tolerated in an initial Phase I study in healthy volunteers, Addex reported in 2007. A more commercial formulation of ADX48621 is being prepared and the Phase I program will be completed, using the new formulation, in the fourth quarter of 2008. ADX48621, like ADX10059, has potential in multiple indications, but Addex will develop it for levodopa associated dyskinesia in Parkinson's disease patients. Addex chose this niche indication because the path to market is rapid and may not require Addex to take a development or marketing partner. ADX48621 also can serve as a backup to ADX10059 in GERD and migraine.

ADX63365, an mGluR5 PAM (positive allosteric modulator) with potential in schizophrenia and undisclosed indications, has moved into late stage preclinical development. Merck & Co. Inc. purchased an exclusive worldwide license to develop and sell ADX63365 and backups in January 2008.

ADX71943, a GABA<sub>B</sub> receptor PAM with potential for GERD, urinary incontinence & pain, has moved into late stage preclinical development and is on schedule to enter Phase I clinical trials in the first half of 2009.

### **Operating review**

As part of the expansion strategy, Addex announced at its R&D day in April 2008 that it would broaden the implementation of its allosteric modulation discovery and development platform to address clinically validated targets in inflammation and metabolic diseases as well as CNS indications. To achieve this, the company has organized itself into three business units (CNS, Inflammation and Metabolic Disorders) supported by shared Core Chemistry and Core Biology departments.

Addex made significant progress in implementing this new organizational structure during the first half of 2008. To this end, Addex announced in a separate press release today that Dr. Laurent Galibert, formerly senior staff scientist at Merck Serono, has been appointed head of the Inflammation Business Unit. In addition, Dr. Emmanuel Le Poul, formerly head of biochemistry at Addex, has been promoted to head of the CNS Business Unit. Both have joined the executive management team.

## Conference Call & Webcast

Title: Addex First Half 2008 Financial Results Conference Call

Date: 28 July 2008  
Time: 16:00 CET  
Dial-in numbers: +41 91 610 56 00 (Europe)  
+44 207 107 0611 (UK)  
+1 866 291 4166 (USA)

A live webcast and slides, as well as the webcast replay and transcript, will be available at [www.addexpharma.com](http://www.addexpharma.com).

## About Addex

Addex Pharmaceuticals discovers and develops allosteric modulators for human health. Allosteric modulators are an emerging class of orally available small molecule therapeutic agents that we believe will offer patients better results than classical drugs. Most marketed drugs bind receptors where the body's own natural molecular activators (i.e. endogenous ligands) bind, specifically to a key part of each receptor's anatomy called the "active site". In short, most drugs must out-compete endogenous ligands for the active site. By contrast, allosteric modulators are non-competitive because they bind receptors and modify their function even if the endogenous ligand also is binding it. In addition, because of this, allosteric modulators aren't limited to simply turning a receptor on or off, the way most drugs are. Instead, they act more like a dimmer switch, offering control over the degree of activation or deactivation, while offering the body the ability to maintain control over initiating receptor activation. Furthermore, the allosteric approach generally affords freedom to operate – even on well-known, clinically validated targets – because the intellectual property surrounding allosteric chemistry and the allosteric sites on receptors is most often un-exploited.

ADX10059, our most advanced product, is an mGluR5 NAM (metabotropic glutamate receptor 5 negative allosteric modulator). It has demonstrated clinically and statistically significant efficacy in separate Phase IIa clinical trials in gastroesophageal reflux disease (GERD) patients and migraine headache patients and has potential in additional indications.

The Addex allosteric modulation discovery and development platform have been additionally validated through three separate product license or collaboration agreements with Merck & Co., Inc. and Johnson & Johnson as well as investments by Roche Ventures and SR One, the venture investment arm of GlaxoSmithKline.

## Contacts

Chris Maggos  
Head of IR & Communications  
Addex Pharmaceuticals  
+41 22 884 15 11  
[chris.maggos@addexpharma.com](mailto:chris.maggos@addexpharma.com)

## Disclaimer

The foregoing release contains forward-looking statements that can be identified by terminology such as "not approvable", "continue", "believes", "believe", "will", "remained open to exploring", "would", "could", or similar expressions, or by express or implied discussions regarding Addex Pharmaceuticals Ltd, its business, the potential approval of its products by regulatory authorities, or regarding potential future revenues from such products. Such forward-looking statements reflect the current views of Addex Pharmaceuticals Ltd regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results with allosteric modulators of mGluR4, mGluR2 or mGluR5 to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no guarantee that allosteric modulators of mGluR4, mGluR2 or mGluR5 will be approved for sale in any market or by any regulatory authority. Nor can there be any guarantee that allosteric modulators of mGluR4, mGluR2 or mGluR5 will achieve any particular levels of revenue (if any) in the future. In particular, management's expectations regarding allosteric modulators of mGluR4, mGluR2 or mGluR5 could be affected by, among other things, unexpected actions by our partners, unexpected regulatory actions or delays or government regulation generally; unexpected clinical trial results, including unexpected new clinical data and unexpected additional analysis of existing clinical data; competition in general; government, industry and general public pricing pressures; the company's ability to obtain or maintain patent or other proprietary intellectual property protection. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. Addex Pharmaceuticals is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.