

## Addex Pharmaceuticals 2008 Financial Results

Geneva, Switzerland, 24 February 2009 – Allosteric modulation company Addex Pharmaceuticals (SWX:ADXN) announced today 2008 financial results and reviewed the status of its pipeline.

### Financial Highlights

- Cash and cash equivalents of CHF119.5 million at 31 December 2008
- Revenues increased to CHF26.9 million from CHF0.6 million
- Operating loss reduced to CHF24.9 million from CHF37.6 million
- Net cash burn below guidance of CHF25-30 million at CHF20.6 million

Tim Dyer, CFO, said: “Our revenues and expenses for 2008 were better than expected, mainly due to the results of partnering efforts early in the year and cost control measures taken in the second half of the year, which resulted in cash burn being 18% below the low end of our guidance. We have CHF119.5 million of cash, which should allow us to drive forward our business plan until early 2012 without seeking additional capital. In light of current market conditions, we have undergone a healthy process of project prioritization and revised our 2010 & 2011 growth to give ourselves additional financial flexibility. We also are implementing partnering strategies for certain programs earlier than previously planned in order to control cost, share risk and access alternative sources of financing. We expect our cash burn to be CHF40-45 million in 2009, excluding potential cash inflows from out-licensing activities.”

Vincent Mutel, CEO, said: “We have effectively implemented our growth strategy in 2008, adding both new facilities and new expertise across the organization. We also created significant value by successfully completing the modified release formulation work necessary to advance ADX10059 MR into phase IIb testing for both GERD and migraine prevention. However, after nearly doubling the size of our company to 135 employees, and considering current market conditions, we believe it is prudent to slow our growth and control costs. While this will reduce the number of new discovery programs that we plan to put into development, it will not compromise the speed or quality of our discovery and development projects, including ADX10059, ADX48621 and ADX71943. We also are actively pursuing the out-licensing of a number of our preclinical allosteric modulator programs including FSHR NAM, Adenosine A3 antagonist and mGluR2 NAM. Most importantly, we continue to focus on finding the right partner for ADX10059 and are looking forward to Phase IIb GERD data in the second half of 2009.”

### Key 2008 Financial Data

CHF 'thousands	2008	2007	Change	2H08	2H07	Change
Revenues	26 874	643	4079%	1 029	234	340%
R&D expenses	(44 192)	(27 497)	61%	(25 271)	(14 887)	70%
G&A expenses	(7 554)	(10 768)	(30%)	(4 063)	(2 831)	44%
Total operating loss	(24 872)	(37 622)	(34%)	(28 305)	(17 484)	62%
Finance result, net	2 806	2 536	11%	3 638	1 897	92%
Net loss for the period	(22 066)	(35 086)	(37%)	(24 667)	(15 587)	58%
Basic and diluted net loss per share	(3.85)	(6.99)	(45%)	(4.30)	(2.72)	58%
Net (cash burn) / cash received	(20 574)	99 098	121%	(23 325)	(19 091)	22%
Cash and cash equivalents	119 471	140 045	(15%)	119 471	140 045	(15%)
Shareholders equity	118 991	140 108	(15%)	118 991	140 108	(15%)

### 2008 Financial Summary

**Revenues** consist primarily of amounts received from collaboration partners. Revenues increased to CHF26.9 million in 2008 from CHF0.6 million in 2007, mainly due to the upfront payment from the schizophrenia deal with Merck & Co., Inc. received in January 2008.

**Research & Development** expenses increased to CHF44.2 million in 2008 from CHF27.5 million in 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 CHF7.6 million in 2008 from CHF10.7 million in 2007 mainly due to the absence of the 2007 IPO related costs. Excluding IPO related costs G&A has increased by 49% reflecting the 71% growth in our headcount over the year.

**Net Finance Result** increased to CHF2.8 million in 2008 from CHF2.5 million mainly due to higher average level of cash invested.

**Cash and cash equivalents** amount to CHF119.5 million at 31 December 2008, a decrease of CHF20.6 million compared to the position at year end 2007. Cash burn in 2008 was significantly influenced by CHF25.3 million of cash income received from collaborations with Merck.

**Outlook:** Based on current expectations, which include the completion of a substantial part of ADX10059 Phase IIb development by Q4 2009 and the advancement of our current discovery and preclinical portfolio, full year cash burn guidance is CHF40-45 million.

### **Pipeline status review**

**ADX10059**, a metabotropic glutamate receptor subtype five (mGluR5) negative allosteric modulator (NAM), is currently in three Phase IIb trials in two indications: migraine and gastroesophageal reflux disease (GERD), the cause of heartburn. All three trials are enrolling patients and are expected to complete according to previously announced timelines. Study 205 has active centers with patients enrolled in both Europe and the U.S., under an active IND that was successfully established late in 2008.

Study ADX10059-204 is a double-blind, placebo-controlled, multi-center European Phase IIb trial in about 90 GERD patients known to respond well to proton pump inhibitors (PPIs). There will be a two week baseline symptom evaluation period followed by two weeks of administration of ADX10059 MR 120 mg twice daily. ADX10059 will be used as a monotherapy so patients in the study will not use PPIs or other acid suppressant therapy during the baseline and study treatment periods. The primary endpoint is patient reported symptom control compared to baseline. Objective measures of the effects of ADX10059 on lower esophageal sphincter (LES) function and acid reflux events will be made in a subset of patients using esophageal manometry and pH impedance monitoring. Data are expected in late 2009.

Study ADX10059-205 is a double-blind, placebo-controlled, multi-center U.S. and European Phase IIb trial in about 280 GERD patients who are partial responders to PPIs. Patients in the trial will continue taking PPIs, the gold standard treatment for GERD, which work by reducing the acidity of the stomach contents. There will be a baseline symptom evaluation period followed by four weeks of administration of twice-daily ADX10059 MR (50mg, 100mg or 150mg). The primary endpoint is patient reported symptom control compared to baseline. Data are expected in late 2009.

Study ADX10059-206 is a double-blind, placebo-controlled, dose range finding, multi-center European Phase IIb trial in about 300 migraineurs who suffer from three or more migraine attacks per month. Following a one month baseline period patients will take study medication for 3 months. ADX10059 MR (25mg, 50mg or 100mg) or placebo will be taken once-daily during the first two weeks of the treatment period and twice daily thereafter. The primary endpoint will compare migraine frequency and severity in the last month of treatment with the baseline. Data are expected early in 2010.

**ADX48621** is an mGluR5 NAM that is being developed for Parkinson's disease levodopa induced dyskinesia (PD-LID). In data release earlier this year, ADX48621 was shown to be well tolerated in older subjects, achieving satisfactory pharmacokinetics, safety and tolerability with single and repeat dose administration across the dose range planned to be used in a Phase IIa proof of concept study in PD-LID patients scheduled to start late in 2009.

**ADX71943**, a gamma-aminobutyric acid receptor subtype B (GABA<sub>B</sub>) positive allosteric modulator (PAM), is in late preclinical development and is scheduled to start Phase I testing late in 2009 or early in 2010. Preclinical testing of this product has suggested a better safety and tolerability profile compared to baclofen. As a result, it has potential in a wider range of indications, including inflammatory pain, urinary incontinence and GERD.

### **Note to Editors**

**mGluR5 inhibition** has therapeutic potential in multiple indications because mGluR5 is involved in a variety of functions in the central and peripheral nervous systems\*. mGluR5 inhibitors have achieved clinical proof of concept in separate studies in patients with gastroesophageal reflux disease (GERD), migraine, Parkinson's disease levodopa induced dyskinesia (PD-LID) and generalized anxiety disorder (GAD). Inhibition of mGluR5 also has potential in Fragile X syndrome, pain and addiction. ADX10059 has been shown to be clinically and statistically significant effects compared to placebo in separate Phase IIa trials in patients with GERD and migraine headache.

**GERD** is a chronic condition caused by stomach contents flowing back into the esophagus on a regular basis. The underlying cause of this is an abnormally functioning lower esophageal sphincter that allows stomach content to pass back into the esophagus too easily. GERD leads to painful symptoms like heartburn and can also damage the lining of the esophagus. It is a common disorder with prevalence at about 15% in the United States and between 10% and 25% in Europe. Marketed GERD products work by reducing the acidity of the stomach contents but do nothing to reduce reflux events, so that in many patients symptoms of GERD persist.

**Migraine** is a condition distinguished by recurrent episodes of a characteristic headache, which can be accompanied by a variety of other symptoms such as nausea, and sensitivity to light and sound. The average migraine patient suffers 12 attacks a year. The International Headache Society estimates that about 25% of migraine patients have three or more attacks per month and could benefit from migraine prevention treatment. A migraine attack, which typically lasts about 24 hours but can range from 4-72 hours, has three distinct phases: the prodrome phase, when an array of individual warning signs - like blurred vision or tingling of the skin - may begin to appear; the headache phase; and the postdrome phase, when many patients report fatigue or other "hangover-like" symptoms. As migraine attacks are prolonged, many patients and especially those with frequent attacks, lose a significant amount of work and family time to suffering caused by the disease. Indeed, migraine is currently estimated to cost employers \$13 billion annually in lost productivity in the United States. Prevalence of migraine is estimated at 12% in the United States, where about 30 million people suffer from migraine.

**Addex Pharmaceuticals** ([www.addexpharma.com](http://www.addexpharma.com)) discovers and develops allosteric modulators for human health. Allosteric modulators are a different kind of orally available small molecule therapeutic agent, which we believe will offer patients better results than classical drugs. Our lead allosteric modulator product, ADX10059, has achieved clinical proof of concept and is in Phase IIb testing for the treatment of GERD and, separately, migraine headache. Both are important diseases for which existing products have established multi-billion dollar markets despite sub-optimal efficacy. ADX10059 is a first-in-class mGluR5 inhibitor, a therapeutic strategy that also is being pursued to treat multiple indications by large pharma competitors.

Our product pipeline and technology already have proven their value through our relationships with four of the top 10 pharmaceutical companies in the world. Specifically, in two separate license agreements with Merck & Co., Inc., we are developing positive allosteric modulators of mGluR4 and mGluR5 as drugs to treat Parkinson's disease and schizophrenia, respectively. A third agreement, with Ortho McNeil Pharmaceuticals Inc., a Johnson & Johnson company, is focused on development of positive allosteric modulators of mGluR2 to treat anxiety and schizophrenia. Separately, investment funds from Roche and GlaxoSmithKline have extended their validation of our technology, products and management by making significant investments in Addex.

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