addex Therapeutics

Allosteric Modulators for Human Health

Q3
Interim Report 2024

Contents

Unaudited Interim Condensed Consolidated Balance Sheets

as of September 30, 2024, and December 31, 2023

	Notes	September 30, 2024	December 31, 2023
		Amounts in Swiss francs	
ASSETS			
Current assets			
Cash and cash equivalents……..	6	3,349,180	3,865,481
Other financial assets……..	7/13	4,946	848
Trade and other receivables……..…….	7	480,006	110,361
Contract asset……..……....	7	36,502	40,907
Prepayments ……..……..	7	196,335	217,008
Other current assets…….	7	5,000	-
Total current assets…….		**4,071,969**	**4,234,605**
Non-current assets			
Right-of-use assets……..	8	43,590	330,332
Intangible assets…….	10	21,685	-
Property, plant and equipment……	9	1,238	22,604
Non-current financial assets……	11	7,058	54,344
Investment accounted for using the equity method……	22	8,022,718	-
Total non-current assets……..		**8,096,289**	**407,280**
Total assets……		**12,168,258**	**4,641,885**
LIABILITIES AND EQUITY			
Current liabilities			
Current lease liabilities……...		7,215	273,956
Payables and accruals…….	12	880,349	2,384,350
Deferred income…….		-	234,978
Total current liabilities……		**887,564**	**2,893,284**
Non-current liabilities			
Non-current lease liabilities……		36,552	70,380
Retirement benefits obligations……..……...	15	181,914	443,524
Deferred income…….		-	89,232
Total non-current liabilities……		**218,466**	**603,136**
Equity			
Share capital……	13	1,843,545	1,843,545
Share premium……	13	266,383,945	266,194,689
Other equity……	13	64,620,223	64,620,223
Treasury shares reserve……...	13	(872,533)	(909,566)
Other reserves…….		31,243,767	29,814,816
Accumulated deficit……		(352,156,719)	(360,418,242)
Total equity……		**11,062,228**	**1,145,465**
Total liabilities and equity……		**12,168,258**	**4,641,885**

The accompanying notes form an integral part of these consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Profit or Loss

for the three-month and nine-month periods ended September 30, 2024 and 2023

	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2024	2023*	2024	2023*
		Amounts in Swiss francs			
Revenue from contract with customer……	16	**53,837**	**327,733**	**402,594**	**1,459,502**
Other income…….	17	**4,510**	**1,485**	**5,940**	**3,740**
Operating costs					
Research and development…….		(204,514)	(490,687)	(788,956)	(1,037,629)
General and administration…….		(476,032)	(587,769)	(1,929,185)	(1,938,689)
Total operating costs……	18	**(680,546)**	**(1,078,456)**	**(2,718,141)**	**(2,976,318)**
Operating loss……...		**(622,199)**	**(749,238)**	**(2,309,607)**	**(1,513,076)**
Finance income……...		(18,513)	13,658	9,180	50,833
Finance expense……..		(11,927)	24,844	(13,402)	(139,898)
Finance result……	20	(30,440)	38,502	(4,222)	(89,065)
Share of net loss of investments accounted for using the equity method….....	22	(874,933)	-	(1,405,682)	-
Net loss before tax.....		**(1,527,572)**	**(710,736)**	**(3,719,511)**	**(1,602,141)**
Income tax expense……		-	-	-	-
Net loss from continuing operations……...		**(1,527,572)**	**(710,736)**	**(3,719,511)**	**(1,602,141)**
Net profit / (loss) from discontinued operations (attributable to equity holders of the Group)……..	21	(2,400)	(1,906,334)	11,981,034	(6,097,250)
Net profit / (loss) for the period…….		**(1,529,972)**	**(2,617,070)**	**8,261,523**	**(7,699,391)**
Basic profit / (loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company……	23	**(0.02)**	**(0.03)**	**0.08**	**(0.11)**
From continuing operations……..……		(0.02)	(0.01)	(0.04)	(0.02)
From discontinued operations……		-	(0.02)	0.12	(0.09)
Diluted profit / (loss) per share for profit/ (loss) attributable to the ordinary equity holders of the Company……	23	**(0.02)**	**(0.03)**	**0.05**	**(0.11)**
From continuing operations……..……		(0.02)	(0.01)	(0.04)	(0.02)
From discontinued operations……		-	(0.02)	0.07	(0.09)

** The comparative information has been re-presented due to discontinued operations that have been reclassed to the financial line called "Net profit or loss from discontinued operations" (note 21). In the other sections of these unaudited interim condensed consolidated financial statements an asterisk will indicate where comparative information has been re-presented.*

The accompanying notes form an integral part of these consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Comprehensive Income or Loss

for the three-month and nine-month periods ended September 30, 2024 and 2023

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023*	2024	2023*
	Amounts in Swiss francs			
Net profit / (loss) for the period…….	**(1,529,972)**	**(2,617,070)**	**8,261,523**	**(7,699,391)**
Other comprehensive income / (loss)				
Items that will never be reclassified to profit and loss:				
Remeasurements of retirement benefits obligation related to continuing operations	(99,408)	(1,261)	(154,163)	(9,559)
Remeasurements of retirement benefits obligation related to discontinued operations.	-	(23,911)	(47,348)	(181,266)
Items that may be classified subsequently to profit and loss:				
Exchange difference on translation of foreign operations ……..……	(296)	(259)	689	(1,157)
Other comprehensive income / (loss) for the period, net of tax……	**(99,704)**	**(25,431)**	**(200,822)**	**(191,982)**
Total comprehensive income / (loss) for the period……...	**(1,629,676)**	**(2,642,501)**	**8,060,701**	**(7,891,373)**
From continuing operations……...……	(1,627,276)	(712,256)	(3,872,985)	(1,612,857)
From discontinued operations……	(2,400)	(1,930,245)	11,933,686	(6,278,516)

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, 2024 and 2023

	Notes	Share Capital	Share Premium	Other Equity	Treasury Shares Reserve	Foreign Currency Translation Reserve	Other Reserves	Accumulated Deficit	Total
					Amounts in Swiss francs				
Balance as of January 1, 2023…....		**1,153,483**	**269,511,610**	**64,620,223**	**(6,278,763)**	**(657,870)**	**26,426,243**	**(349,862,015)**	**4,912,911**
Net loss for the period……..		-	-	-	-	-	-	(7,699,391)	(7,699,391)
Other comprehensive loss for the period…..		-	-	-	-	(1,157)	(190,825)	-	(191,982)
Total comprehensive loss for the period….		**-**	**-**	**-**	**-**	**(1,157)**	**(190,825)**	**(7,699,391)**	**(7,891,373)**
Issue of treasury shares…….....	13	176,000	-	-	(176,000)	-	-	-	-
Cost of treasury shares issuance……..		-	(16,823)	-	-	-	-	-	(16,823)
Sales under shelf registration……..	13	-	(920,069)	-	2,079,828	-	-	-	1,159,759
Related costs of sales shelf-registration…….		-	(36,747)	-	-	-	-	-	(36,747)
Sale of pre-funded warrants……..	13	-	-	-	-	-	3,382,259	-	3,382,259
Cost of pre-funded warrants sold…….....		-	-	-	-	-	(136,326)	-	(136,326)
Exercise of pre-funded warrants……..	13	95,510	1,219,597	-	-	-	(1,314,807)	-	300
Value of warrants and pre-funded warrants…	13	-	(2,760,143)	-	-	-	2,760,143	-	-
Value of share-based services.....	14	-	-	-	-	-	1,405,261	-	1,405,261
Movement in treasury shares:	13								
Net purchases under liquidity agreement….		-	410	-	(3,151)	-	-	-	(2,741)
Sales agency agreement……		-	(2,565,725)	-	3,742,506	-	-	-	1,176,781
Costs under sale agency agreement…..		-	(8,826)	-	-	-	-	-	(8,826)
Balance as of September 30, 2023...		**1,424,993**	**264,423,284**	**64,620,223**	**(635,580)**	**(659,027)**	**32,331,948**	**(357,561,406)**	**3,944,435**
Balance as of January 1, 2024…....		**1,843,545**	**266,194,689**	**64,620,223**	**(909,566)**	**(659,870)**	**30,474,686**	**(360,418,242)**	**1,145,465**
Net profit for the period……..		-	-	-	-	-	-	8,261,523	8,261,523
Other comprehensive loss for the period…..		-	-	-	-	689	(201,511)	-	(200,822)
Total comprehensive profit for the period..		**-**	**-**	**-**	**-**	**689**	**(201,511)**	**8,261,523**	**8,060,701**
Cost of treasury shares issuance……..		-	(7,037)	-	-	-	-	-	(7,037)
Cost of pre-funded warrants exercised…..		-	(4,259)	-	-	-	-	-	(4,259)
Value of share-based services.....	14	-	-	-	-	-	1,629,773	-	1,629,773
Movement in treasury shares:	13								
Net sales under liquidity agreement….		-	(2,434)	-	6,526	-	-	-	4,092
Sales agency agreement……		-	204,750	-	30,507	-	-	-	235,257
Costs under sale agency agreement…..		-	(1,764)	-	-	-	-	-	(1,764)
Balance as of September 30, 2024..		**1,843,545**	**266,383,945**	**64,620,223**	**(872,533)**	**(659,181)**	**31,902,948**	**(352,156,719)**	**11,062,228**

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, 2023

	Notes	Share Capital	Share Premium	Other Equity	Treasury Shares Reserve	Foreign Currency Translation Reserve	Other Reserves	Accumulated Deficit	Total
					Amounts in Swiss francs				
Balance as of January 1, 2023…....		**1,153,483**	**269,511,610**	**64,620,223**	**(6,278,763)**	**(657,870)**	**26,426,243**	**(349,862,015)**	**4,912,911**
Net loss for the period…….		-	-	-	-	-	-	(2,407,169)	(2,407,169)
Other comprehensive loss for the period…..		-	-	-	-	81	(30,641)	-	(30,560)
Total comprehensive loss for the period.....		**-**	**-**	**-**	**-**	**81**	**(30,641)**	**(2,407,169)**	**(2,437,729)**
Cost of shares issuance……...		-	(4,062)	-	-	-	-	-	(4,062)
Value of share-based services……...	14	-	-	-	-	-	431,196	-	431,196
Movement in treasury shares:	13								
Net purchases under liquidity agreement.....		-	12,775	-	(11,818)	-	-	-	957
Sales agency agreement……		-	(2,565,725)	-	3,742,506	-	-	-	1,176,781
Costs under sale agency agreement…..		-	(8,826)	-	-	-	-	-	(8,826)
**Balance as of March 31, 2023…….. **		**1,153,483**	**266,945,772**	**64,620,223**	**(2,548,075)**	**(657,789)**	**26,826,798**	**(352,269,184)**	**4,071,228**
Net loss for the period……...		-	-	-	-	-	-	(2,675,152)	(2,675,152)
Other comprehensive loss for the period..		-	-	-	-	(979)	(135,012)	-	(135,991)
Total comprehensive loss for the period….		**-**	**-**	**-**	**-**	**(979)**	**(135,012)**	**(2,675,152)**	**(2,811,143)**
Issue of treasury shares…….....		176,000	-	-	(176,000)	-	-	-	-
Cost of treasury shares issuance……...		-	(12,761)	-	-	-	-	-	(12,761)
Sales under shelf registration……..	13	-	(920,069)	-	2,079,828	-	-	-	1,159,759
Related costs of sales shelf-registration…….		-	(34,106)	-	-	-	-	-	(34,106)
Sale of pre-funded warrants……..	13	-	-	-	-	-	3,382,259	-	3,382,259
Cost of pre-funded warrants sold…….....		-	-	-	-	-	(118,117)	-	(118,117)
Exercise of pre-funded warrants……..	13	35,030	449,939	-	-	-	(484,930)	-	39
Value of warrants and pre-funded warrants…	13	-	(2,760,143)	-	-	-	2,760,143	-	-
Value of share-based services.....	14	-	-	-	-	-	490,601	-	490,601
Movement in treasury shares:	13								
Net purchases under liquidity agreement….		-	(10,592)	-	8,936	-	-	-	(1,656)
**Balance as of June 30, 2023…..... **		**1,364,513**	**263,658,040**	**64,620,223**	**(635,311)**	**(658,768)**	**32,721,742**	**(354,944,336)**	**6,126,103**
Net loss for the period……..		-	-	-	-	-	-	(2,617,070)	(2,617,070)
Other comprehensive loss for the period..		-	-	-	-	(259)	(25,172)	-	(25,431)
Total comprehensive loss for the period….		**-**	**-**	**-**	**-**	**(259)**	**(25,172)**	**(2,617,070)**	**(2,642,501)**
Related costs of sales shelf-registration…….		-	(2,641)	-	-	-	-	-	(2,641)
Cost of pre-funded warrants sold……...		-	-	-	-	-	(18,209)	-	(18,209)
Exercise of prefunded warrants……..	13	60,480	769,658	-	-	-	(829,877)	-	261
Value of share-based services.....	14	-	-	-	-	-	483,464	-	483,464
Movement in treasury shares:	13								
Net purchases under liquidity agreement….		-	(1,773)	-	(269)	-	-	-	(2,042)
**Balance as of September 30, 2023... **		**1,424,993**	**264,423,284**	**64,620,223**	**(635,580)**	**(659,027)**	**32,331,948**	**(357,561,406)**	**3,944,435**

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, 2024

	Notes	Share Capital	Share Premium	Other Equity	Treasury Shares Reserve	Foreign Currency Translation Reserve	Other Reserves	Accumulated Deficit	Total
					Amounts in Swiss francs				
Balance as of January 1, 2024…….		**1,843,545**	**266,194,689**	**64,620,223**	**(909,566)**	**(659,870)**	**30,474,686**	**(360,418,242)**	**1,145,465**
Net loss for the period…….		-	-	-	-	-	-	(3,087,139)	(3,087,139)
Other comprehensive loss for the period….....		-	-	-	-	1,128	(49,845)	-	(48,717)
Total comprehensive loss for the period……		**-**	**-**	**-**	**-**	**1,128**	**(49,845)**	**(3,087,139)**	**(3,135,856)**
Cost of pre-funded warrants exercised…….		-	(3,647)	-	-	-	-	-	(3,647)
Value of share-based services.....	14	-	-	-	-	-	386,028	-	386,028
Movement in treasury shares:	13								
Net sales under liquidity agreement……..		-	(2,417)	-	3,947	-	-	-	1,530
Sales agency agreement……..		-	204,750	-	30,507	-	-	-	235,257
Costs under sale agency agreement….....		-	(1,764)	-	-	-	-	-	(1,764)
Balance as of March 31, 2024.....		**1,843,545**	**266,391,611**	**64,620,223**	**(875,112)**	**(658,742)**	**30,810,869**	**(363,505,381)**	**(1,372,987)**
Net profit for the period…….		-	-	-	-	-	-	12,878,634	12,878,634
Other comprehensive loss for the period……..		-	-	-	-	(143)	(52,258)	-	(52,401)
Total comprehensive profit for the period….		**-**	**-**	**-**	**-**	**(143)**	**(52,258)**	**12,878,634**	**12,826,233**
Cost of treasury shares issuance…….		-	(7,037)	-	-	-	-	-	(7,037)
Cost of pre-funded warrants exercised…….		-	(612)	-	-	-	-	-	(612)
Value of share-based services.....	14	-	-	-	-	-	1,205,295	-	1,205,295
Movement in treasury shares:	13								
Net sales under liquidity agreement……..		-	157	-	253	-	-	-	410
Balance as of June 30, 2024.....		**1,843,545**	**266,384,119**	**64,620,223**	**(874,859)**	**(658,885)**	**31,963,906**	**(350,626,747)**	**12,651,302**
Net profit for the period……..		-	-	-	-	-	-	(1,529,972)	(1,529,972)
Other comprehensive loss for the period……..		-	-	-	-	(296)	(99,408)	-	(99,704)
Total comprehensive profit for the period…..		**-**	**-**	**-**	**-**	**(296)**	**(99,408)**	**(1,529,972)**	**(1,629,676)**
Value of share-based services.....	14	-	-	-	-	-	38,450	-	38,450
Movement in treasury Shares:	13								
Net sales under liquidity agreement……		-	(174)	-	2,326	-	-	-	2,152
Balance as of September 30, 2024…...		**1,843,545**	**266,383,945**	**64,620,223**	**(872,533)**	**(659,181)**	**31,902,948**	**(352,156,719)**	**11,062,228**

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, 2024 and 2023

	Notes	For the nine months ended September 30, 2024	2023
		Amounts in Swiss francs	
Net profit / (loss) for the period		**8,261,523**	**(7,699,391)**
Adjustments for:			
Net gain on Neurosterix Transaction	21	(13,959,500)	-
Value of share-based services	14/21	471,704	1,405,261
Post-employment benefits	15/21	(29,331)	(45,057)
Share of net loss of associates	22	1,405,682	-
Depreciation	8/21	236,317	226,567
Net gain related to lease modifications		(2,270)	(318)
Net finance cost / (gain)		(67,386)	112,172
Decrease / increase in other financial assets	7/21	(4,098)	2,739
Decrease / (increase) in trade and other receivables	7/21	(371,386)	232,609
Decrease / (increase) in contract asset	7/21	4,405	(7,658)
Increase in prepayments	7/21	(190,970)	(344,415)
Increase in other current assets	7/21	(5,000)	-
Decrease in payables and accruals	12/21	(1,061,287)	(1,251,897)
Decrease in deferred income		(38,401)	-
Net cash used in operating activities		**(5,349,998)**	**(7,369,388)**
Cash flows from / (used in) investing activities			
Cash received from Neurosterix Transaction	21	5,119,754	-
Legal fees paid for Neurosterix Transaction	21	(457,365)	-
Purchase of property, plant and equipment	9	(1,273)	(5,637)
Net cash from / (used in) investing activities		**4,661,116**	**(5,637)**
Cash flows from financing activities			
Proceeds from the sale of treasury shares – shelf registration	13	-	1,159,759
Costs paid on sale of treasury shares – shelf registration		(24,018)	(35,923)
Proceeds from the sale or exercise of pre-funded warrants	13	-	3,396,834
Costs paid on sale or exercise of pre-funded warrants		(36,457)	(134,175)
Sales under sale agency agreement & liquidity agreement movements	13	239,349	1,174,040
Costs paid on sale of treasury shares under sale agency agreement		(1,764)	(8,826)
Cost paid on issue of treasury shares	13	-	(53,600)
Principal element of lease payment		(71,915)	(212,742)
Interest received	20	9,180	50,833
Interest paid	20	(7,733)	(13,251)
Net cash from financing activities		**106,642**	**5,322,949**
Decrease in cash and cash equivalents		**(582,240)**	**(2,052,076)**
Cash and cash equivalents at the beginning of the period	6	3,865,481	6,957,086
Exchange difference on cash and cash equivalents		65,939	(150,903)
Cash and cash equivalents at the end of the period	6	**3,349,180**	**4,754,107**

During the nine-month period ended September 30, 2024, the Group reported a net gain of CHF 13.96 million of which CHF 8.87 million relates to non-cash items including CHF 9.43 million for the fair value of its 20 % participation in Neurosterix US Holdings LLC and CHF 0.2 million for the fair value of the service agreement provided at zero cost partially offset by the accelerated vesting of equity incentive units of employees transferred to Neurosterix Pharma Sàrl amounting to CHF 1.2 million (note 21). During the same period, the share of the net loss of associates amounted to CHF 1.4 million.

The accompanying notes form an integral part of these consolidated financial statements.

Unaudited Notes to the Interim Condensed Consolidated Financial Statements

for the nine-month period ended September 30, 2024

(Amounts in Swiss francs)

1. General information

Addex Therapeutics Ltd (the "Company") and its subsidiaries (together, the "Group") are a clinical stage biopharmaceutical company focused on developing a portfolio of novel small molecule allosteric modulators for neurological 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 and the parent company of Addex Pharma SA, Addex Pharmaceuticals France SAS, Neurosterix SA and Addex Pharmaceuticals Inc. Addex Therapeutics also owns a 20% equity interest in Neurosterix US Holdings LLC, USA. Neurosterix US Holdings LLC fully owns directly Neurosterix Swiss Holdings AG, Switzerland and indirectly Neurosterix Pharma Sàrl whose principal place of business is Chemin des Mines 9, CH 1202 Geneva, Switzerland.

The Groups principal place of business is Chemin des Mines 9, CH 1202 Geneva, Switzerland. Its registered shares are traded at the SIX Swiss Exchange, under the ticker symbol ADXN and its American Depositary Shares (ADSs) on the Nasdaq Stock Market under the symbol "ADXN". ADSs represents shares that continue to be admitted to trading on SIX Swiss Exchange.

These interim condensed consolidated financial statements have been approved for issuance by the Board of Directors on November 21, 2024.

2. Basis of preparation

These interim condensed consolidated financial statements for the nine-month period ended September 30, 2024, 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, 2023.

Interim financial results are not necessarily indicative of results anticipated for the full year. The preparation of these unaudited interim condensed consolidated 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 interim condensed consolidated financial statements are disclosed in note 4 to the consolidated financial statements for the year ended December 31, 2023.

A number of new or amended standards and interpretations became applicable for financial reporting periods beginning on or after January 1, 2024. Of the latter, the Group noted the publication of IFRS S1 (General requirement for disclosure of sustainability-related financial information) and IFRS S2 (climate – related Disclosures). The Group concluded that those new IFRS standards were not relevant as the Group did not opt for the publication of a sustainability report in accordance with Six Swiss Exchange listing rules.

There are other new standards, amendments and interpretations which have been deemed by the Group as currently not relevant, hence are not listed or discussed further here.

Due to rounding, numbers presented throughout these interim condensed consolidated financial statements may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amounts rather than the presented rounded amounts.

Where necessary, comparative figures have been revised to conform with the current year 2024 presentation. In particular, we re-presented the unaudited interim condensed consolidated statements of profit or loss and comprehensive income or loss for the three-month and nine-month periods ended September 30, 2023, in order to reclass discontinued operations in accordance with IFRS 5 (note 21). In addition, the ADS numbers previously disclosed have been amended following the change in ADS ratio executed on October 23, 2023, from one ADS to six shares to a new ratio of one ADS to one hundred

and twenty shares. The ADS ratio change had the same effect as a one to twenty ADS reverse split and except as otherwise indicated, all information in these consolidated financial statements gives retroactive effect to the ADS Ratio Change.

3. Material 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, licensing certain of its research and development stage products and selling its allosteric modulator drug discovery technology platform with a portfolio of preclinical programs. 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, at the issuance date of these unaudited consolidated financial statements will be sufficient to fund its operations and meet all of its obligations as they fall due, through 2026. The future viability of the Group is dependent on its ability to raise additional capital through public or private financings or collaboration agreements to finance its future operations, which may be delayed due to reasons outside of the Group's control including health pandemics and geopolitical risks. 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 remains 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 collaboration agreements, 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 condition.

The Business of the Group could be adversely affected by health pandemics and geopolitical risks
The business of the Group could be adversely affected by health epidemics and geopolitical risks in regions where the Group or partners have concentrations of clinical trial sites or other business operations and could cause significant disruption in the operations of third-party manufacturers and CROs upon whom the Group or partners rely. Health pandemics may pose the risk that the Group, employees, contractors, collaborators, and partners may be prevented from conducting certain pre-clinical tests, clinical trials or other business activities for an indefinite period of time, including due to travel restrictions, quarantines, "stay-at-home" and "shelter-in-place" orders or shutdowns that have been or may in the future be requested or mandated by governmental authorities. For example, the COVID-19 pandemic has impacted the business of the Group and clinical trials led by the Group or partners, including as a result of delays or difficulties in clinical site initiation, difficulties in recruiting and retaining clinical site investigators and clinical site staff and interruption of the clinical supply chain or key clinical trial activities, such as clinical trial site monitoring, and supply chain interruptions caused by restrictions for the supply of materials for drug candidates or other materials necessary to manufacture product to conduct clinical and preclinical tests. Geopolitical risks such as Russia-Ukraine war or Middle East conflict may create global security concerns including the possibility of an expanded regional or global conflict and potential ramifications such as disruption of the supply chain including research and development activities being conducted by the Group and its strategic partners. Delays in research and development activities of the Group and its partners could increase associated costs and, depending upon the duration of any delays, require the Group and its partners to find alternative suppliers at additional expense. In addition, Russia-Ukraine war has had significant ramifications on global financial markets, which may adversely impact the ability of the Group to raise capital on favorable terms or at all.

Discontinued operations related to the Neurosterix Transaction
On April 2, 2024, the Group sold a part of its business constituting its allosteric modulator drug discovery technology platform and a portfolio of preclinical programs (note 21). As a consequence, the Group recognized discontinued operations in the statements of profit or loss under "net profit or loss from discontinued operations" for the three-month and nine-month periods ended September 30, 2024 and 2023 respectively, in accordance with IFRS 5. The Group identified as well, cash flows from discontinued operations for the nine-month period ended September 30, 2024 and 2023, respectively (note 21). The identification of discontinued operations may require some degree of judgement.

Investments accounted for using the equity method
The Group received an equity interest of 20% in Neurosterix US Holdings LLC as part of the Neurosterix Transaction. The initial recognition of the investment has been accounted at a fair value based on a financial valuation of Neurosterix's Group. This carrying amount is going to be increased or decreased to recognize the share of profit or loss of Neurosterix's Group and tested for impairment whenever events or changes in circumstances indicate that it may not be recoverable.

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 profit or 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. Due to the nature of estimates, the Group may be required to make changes to the estimates after a reporting period 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 preclinical and clinical trials of specific products that have not 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.

Equity instruments
The Group records the prefunded warrants sold to investors and the warrants granted to investors at fair value calculated using the Black-Scholes valuation model.

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, 2024 and 2023 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.

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,	
	2024	2023*	2024	2023*
Collaborative research funding.....……	53,837	327,733	402,594	1,459,502
Other service income……..	4,510	1,485	5,940	3,740
Total……..…..……...	**58,347**	**329,218**	**408,534**	**1,463,242**

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,	
	2024	2023*	2024	2023*
Indivior PLC…….....……	53,837	327,733	402,594	1,459,502
Other counterparties……..…….	4,510	1,485	5,940	3,740
Total……..…..…….……..	**58,347**	**329,218**	**408,534**	**1,463,242**

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:

	September 30, 2024	December 31, 2023
Switzerland……...……..	8,095,951	406,946
France…….……..……..	338	334
Total……...	**8,096,289**	**407,280**

The geographical analysis of operating costs is as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023*	2024	2023*
Switzerland.……..….....	652,341	1,074,865	2,683,805	2,965,382
United States of America….....	26,709	2,432	30,726	7,706
France…….……..…….….....	1,496	1,159	3,610	3,230
Total operating costs (note 18)……	**680,546**	**1,078,456**	**2,718,141**	**2,976,318**

The capital expenditure during the nine-months period ended September 30, 2024 is CHF 1,273 (CHF 5,637 for the nine-month period ended September 30, 2023).

6. Cash and cash equivalents

	September 30, 2024	December 31, 2023
Cash at bank and on hand……...	3,349,180	3,865,481
Total cash and cash equivalents…….	**3,349,180**	**3,865,481**

Split by currency:

	September 30, 2024	December 31, 2023
CHF…….……...	80.87%	39.88%
USD…….……...	13.70%	56.22%
EUR…….……...	3.54%	3.03%
GBP…….……...	1.89%	0.87%
Total ……..……....	**100.00%**	**100.00%**

The Group invests its cash balances into a variety of current accounts mainly with two Swiss banks whose external credit rating is P-1/A-1.

All cash and cash equivalents were held either at banks or on hand as of September 30, 2024 and December 31, 2023.

7. Other current assets

	September 30, 2024	December 31, 2023
Other financial assets…….….....	4,946	848
Trade and other receivables……..…….....	480,006	110,361
Contract asset (Indivior PLC)..……	36,502	40,907
Prepayments……....	196,335	217,008
Other current assets……	5,000	-
**Total other current assets…….…..... **	**722,789**	**369,124**

Total other current assets increased by CHF 0.4 million as of September 30, 2024 compared to December 31, 2023, primarily due to increased trade and other receivables as retirement benefits of employees transferred to Neurosterix Pharma Sàrl are expected to be recovered in the short term. 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. The Group has considered that the contract asset, trade receivables 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, 2024 and December 31, 2023.

8. Right-of-use assets

Year ended December 31, 2023	Properties	Equipment	Total
Opening net book amount……....	353,097	4,516	357,613
Depreciation charge……	(277,885)	(2,708)	(280,593)
Effect of lease modifications……....	253,312	-	253,312
Closing net book amount……..……....	**328,524**	**1,808**	**330,332**

As of December 31, 2023	Properties	Equipment	Total
Cost……....…….….....	1,725,162	13,542	1,738,704
Accumulated depreciation……..……	(1,396,638)	(11,734)	(1,408,372)
Net book value……..……	**328,524**	**1,808**	**330,332**

Period ended September 30, 2024	Properties	Equipment	Total
Opening net book amount……..	328,524	1,808	330,332
Depreciation charge……	(71,325)	(677)	(72,002)
Effect of lease modifications……..	23,940	-	23,940
Disposals……	(7,408)	-	(7,408)
Assets transferred to Neurosterix Pharma Sàrl……..	(230,141)	(1,131)	(231,272)
Closing net book amount……..……...	**43,590**	**-**	**43,590**

As of September 30, 2024	Properties	Equipment	Total
Cost	111,642	-	111,642
Accumulated depreciation	(68,052)	-	(68,052)
Net book value	**43,590**	**-**	**43,590**

The gross value of the right of use assets decreased by CHF 1,627,062 between the periods ended December 31, 2023, and September 30, 2024, primarily due to the transfer of assets to Neurosterix Pharma Sàrl during the second quarter of 2024.

9. Property, plant and equipment

Year ended December 31, 2023	Equipment	Furniture & fixtures	Chemical library	Total
Opening net book amount	41,121	-	-	41,121
Additions	6,842	-	-	6,842
Depreciation charge	(25,359)	-	-	(25,359)
Closing net book amount	**22,604**	**-**	**-**	**22,604**

As of December 31, 2023	Equipment	Furniture & fixtures	Chemical library	Total
Cost	1,721,251	7,564	1,207,165	2,935,980
Accumulated depreciation	(1,698,647)	(7,564)	(1,207,165)	(2,913,376)
Net book value	**22,604**	**-**	**-**	**22,604**

Period ended September 30, 2024	Equipment	Furniture & fixtures	Chemical library	Total
Opening net book amount	22,604	-	-	22,604
Additions	1,273			1,273
Depreciation charge	(3,652)	-	-	(3,652)
Assets transferred to Neurosterix Pharma Sàrl	(18,987)	-	-	(18,987)
Closing net book amount	**1,238**	**-**	**-**	**1,238**

As of September 30, 2024	Equipment	Furniture & fixtures	Chemical library	Total
Cost	84,775	-	-	84,775
Accumulated depreciation	(83,537)	-	-	(83,537)
Net book value	**1,238**	**-**	**-**	**1,238**

The gross value of property, plant and equipment decreased by CHF 2,851,205 between the periods ended December 31, 2023, and September 30, 2024, primarily due to the transfer of fixed assets to Neurosterix Pharma Sàrl for a gross amount of CHF 2,596,458 and disposals amounting to CHF 256,020.

10. Intangible assets

Period ended September 30, 2024	Service agreement	Total
Opening net book amount	-	-
Additions	182,348	182,348
Depreciation charge	(160,663)	(160,663)
Closing net book amount	**21,685**	**21,685**

As of September 30, 2024	Service agreement	Total
Cost	182,348	182,348
Accumulated depreciation	(160,663)	(160,663)
Net book value	**21,685**	**21,685**

The service agreement relates to staff and infrastructure provided by Neurosterix Pharma Sàrl at zero cost in accordance with the Neurosterix Transaction (note 21). The depreciation charge is recognized at the rate at which these services are provided.

11. Non-current financial assets

	September 30, 2024	December 31, 2023
Security rental deposits ……..	7,058	54,344
Total non-current financial assets …….	**7,058**	**54,344**

12. Payables and accruals

	September 30, 2024	December 31, 2023
Trade payables…….....	325,782	984,384
Social security and other taxes……...	75,108	164,609
Accrued expenses…….....	479,459	1,235,357
Total payables and accruals…….....	**880,349**	**2,384,350**

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 total amount of payables and accruals decreased by CHF 1.5 million as of September 30, 2024 compared to December 31, 2023 mainly due to the sale of a part of our business on April 2, 2024 (note 21). The carrying amounts of payables do not materially differ from their fair values, due to their short-term nature.

13. Share capital

	Number of shares		
	Common shares	Treasury shares	Total
Balance as of January 1, 2023…….……	**115,348,311**	**(38,214,291)**	**77,134,020**
Issue of shares – treasury shares…….	17,600,000	(17,600,000)	-
Sale of shares under shelf registration……	-	7,999,998	7,999,998
Exercise of pre-funded warrants [(1)]……	9,550,950	-	9,550,950
Sale of shares under sale agency agreement……..	-	3,742,506	3,742,506
Net purchase of shares under liquidity agreement….	-	(50,472)	(50,472)
Acquisition of shares forfeited from DSPPP…….....	-	(7,311)	(7,311)
Balance as of September 30, 2023…..……..…	**142,499,261**	**(44,129,570)**	**98,369,691**
Shares reclassed as treasury shares under IFRS 2….	-	(17,431,572)	(17,431,572)
**Balance as of September 30, 2023 IFRS 2…….. **	**142,499,261**	**(61,561,142)**	**80,938,119**

(1) In accordance with Swiss law, the issuance of 9,550,950 new shares through the exercise of pre-funded warrants during the nine-month period ended September 30, 2023 has been registered in the trade register on December 13, 2023. As of September 30, 2023, the amount of the share capital as registered in the trade register is CHF 1,329,483.11 divided into 132,948,311 shares.

	Number of shares		
	Common shares	Treasury shares	Total
**Balance as of January 1, 2024 [(1)]…….…… **	**184,354,496**	**(59,159,103)**	**125,195,393**
Sale of shares under sale agency agreement……..	-	3,050,665	3,050,665
Net sale of shares under liquidity agreement…….	-	36,449	36,449
Acquisition of shares forfeited from DSPPP…….	-	(8,539)	(8,539)
**Balance as of September 30, 2024…..……. **	**184,354,496**	**(56,080,528)**	**128,273,968**
Shares reclassed as treasury shares under IFRS 2…..	-	(29,950,268)	(29,950,268)
**Balance as of September 30, 2024 IFRS 2…… **	**184,354,496**	**(86,030,796)**	**98,323,700**

(1) In accordance with Swiss law, the issuance of 6,120,000 new shares through the exercise of pre-funded warrants from December 12, 2023 to December 31, 2023, have been registered in the commercial register on February 20, 2024. As of January 1, 2024, the amount of the share capital as registered in the commercial register is CHF 1,782,344.96 divided into 178,234,496 shares.

As of September 30, 2024, 128,273,968 shares were outstanding excluding 56,080,528 treasury shares directly held by Addex Pharma SA and including 29,950,268 outstanding shares benefiting from our DSPPP, considered as treasury shares under IFRS 2 (note 14). As of September 30, 2023, 98,369,691 shares were outstanding excluding 44,129,570 treasury shares directly held by Addex Pharma SA and including 17,431,572 outstanding shares benefiting from our DSPPP, considered as treasury shares under IFRS 2. All shares have a nominal value of CHF 0.01.

The Group maintains a liquidity agreement with Kepler Cheuvreux ("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, 2024, 135,623 (December 31, 2023: 172,072) treasury shares are recorded under this agreement in the treasury share reserve and CHF 4,946 (December 31, 2023: CHF 848) is recorded in other financial assets.

During the nine-month period ended September 30, 2024, the Group sold 3,050,665 treasury shares under the sale agency agreement with Kepler Cheuvreux at an average price of CHF 0.077 per share for gross proceeds of CHF 235,257 (during the nine-month period ended September 30, 2023, the Group sold 3,742,506 treasury shares at an average price of CHF 0.31 per share for gross proceeds of CHF 1,176,781).

On February 20, 2024, in accordance with Swiss law, the company registered in the commercial register 6,120,000 new shares issued out of conditional capital from December 12, 2023 to December 31, 2023 following the exercise of pre-funded warrants granted to one institutional investor on April 3, 2023.

On June 14, 2023, the Company increased its capital from CHF 1,153,483 to CHF 1,329,483 through the issuance of 17,600,000 new shares from its capital band to its 100% owned subsidiary, Addex Pharma SA, at the nominal value of CHF 0.01. These shares are held as treasury shares.

On April 3, 2023, the Group entered into a securities purchase agreement with an institutional investor. The Group sold 7,999,998 treasury shares in the form of ADSs at a price of USD 0.16 (CHF 0.14) per share equivalent to USD 19.00 per ADS (CHF 17.20 per ADS) and 23,578,950 pre-funded warrant shares in the form of ADSs at a price of USD 0.16 (CHF 0.14 per share) equivalent to USD 18.80 (CHF 17.02) per ADS. From June 4, 2023 to September 30, 2023, the institutional investor exercised 9,550,950 pre-funded warrants in a form of ADSs allowed by the issuance of 9,550,950 new shares through our listed conditional capital. The new issued shares have been registered in the trade register on December 13, 2023 in accordance with Swiss corporate law. The remaining 14,028,000 pre-funded warrants in a form of ADSs have been exercised during the fourth quarter of 2023. The total gross proceeds from the offering amounted to USD 5.0 million (CHF 4.5 million) and directly attributable share offering costs of CHF 0.2 million were recorded as a deduction in equity. In addition, the Group granted the institutional investor, 31,578,948 warrant shares exercisable in the form of ADSs with an exercise price of USD 0.17 (CHF 0.15) per share equivalent to USD 20.00 (CHF 18.11) per ADS and an exercise period expiring on April 5, 2028. The fair value of the warrant shares amounts to CHF 1.78 million and has been recorded in equity as a cost of the offering. The Group also reduced the price to USD 0.17 (CHF 0.15) per share equivalent to USD 20.00 (CHF 18.11) per ADS and extended the exercise period to April 5, 2028 of 9,230,772 warrant shares exercisable in the form of ADSs and 15,000,000 warrant shares exercisable in the form of ADSs granted in the securities purchase agreement signed on December 16, 2021 and July 22, 2022, respectively. The amendments to the exercise conditions resulted in an increase in the total fair value of CHF 0.96 million that has been recorded in equity as a cost of the offering.

14. Share-based compensation

The total share-based compensation expense for equity incentive units recognized as continuing operating costs in the statement of profit or loss for the three-month and nine-month periods ended September 30, 2024 amounted to CHF 38,450, and CHF 144,023 respectively (CHF 77,543 and CHF 218,865 for the three-month and nine-month periods ended September 30, 2023).

The total share-based compensation expense for equity incentive units recognized as discontinued operating costs in the statement of profit or loss under "net profit or loss from discontinued operations" for the nine-month periods ended September 30, 2023 and 2024 amounted to CHF 1,186,396 and CHF 1,485,750 respectively (note 21).

As of September 30, 2024, 8,006,791 options were outstanding (December 31, 2023: 1,570,346). On January 8, 2024, the Group granted 6,439,124 options at an exercise price of CHF 0.05 with vesting over 4 years and a 10-year exercise period.

As of September 30, 2024, 29,950,268 shares benefiting from our Deferred Strike Price Payment Plan (DSPPP) were outstanding (respectively 29,958,807 shares as of December 31, 2023). All the shares benefiting from our DSPPP have been recorded as treasury shares in accordance with IFRS 2 (note 13).

15. Retirement benefits obligations

The amounts recognized in the statement of profit or loss are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023*	2024	2023*
Current service cost..…..……..	(3,206)	(3,366)	(9,560)	(10,064)
Past service cost…..…….....	-	-	1,070	1,348
Interest cost…..…….....	(7,212)	(1,964)	(16,298)	(6,662)
Interest income……	7,028	1,872	15,690	6,404
Company pension amount (note 19)…	**(3,390)**	**(3,458)**	**(9,098)**	**(8,974)**

The Group's pension costs recognized as continuing operating costs in the statement of profit or loss for the three-month and nine-month periods ended September 30, 2024, amounted to CHF 3,390 and CHF 9,098, respectively (CHF 3,458 and CHF 8,974 for the three-month and nine-month periods ended September 30, 2023).

The Group recognized a pension gain as discontinued operations in the statement of profit or loss under "net profit or loss from discontinued operations" for the nine-month period ended September 30, 2024, amounting to CHF 391,298 primarily due to a reduced number of employees generating a positive past service cost. During the same period ended September 30, 2023, a cost of CHF 170,169 was recognized (note 21).

The amounts recognized in the balance sheet are determined as follows:

	September 30, 2024	December 31, 2023
Defined benefit obligation.....…….	(2,109,786)	(9,138,045)
Fair value of plan assets…….…….....	1,927,872	8,694,521
**Retirement benefit obligation…….....	**(181,914)**	**(443,524)**

Retirement benefit obligation decreased by CHF 0.3 million as of September 30, 2024 compared to December 31, 2023 primarily due to a reduced number of employees.

16. 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 GABAB 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 GABAB 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 GABAB 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 chronic cough. 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 GABAB PAM compounds. These future novel GABAB PAM compounds, if selected by Indivior, become licensed compounds. The Group agreed with Indivior to an initial research term and duration of two years with a funding of USD 4 million over the period for the Group's R&D costs incurred, that can be extended by twelve-month increments. 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 to 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 to additional research funding of USD 2.8 million. Effective May 1, 2021, the research term was extended until July 31, 2022 and Indivior agreed additional research funding of CHF 3.7 million, of which CHF 2.7 million was paid to the Group and CHF 1.0 million paid directly by Indivior to third party suppliers that are supporting the funded research program. In August 2022, the research agreement was extended until March 31, 2023 and Indivior agreed to additional research funding of CHF 0.85 million. The reserved indications, where Addex retains exclusive rights to develop its own independent GABAB PAM program, have also been expanded to include chronic cough. Effective November 1, 2022, the research term was extended until June 30, 2023 and Indivior agreed to additional research funding of CHF 0.95 million. Effective July 1, 2023, the research agreement with Indivior has been extended until June 30, 2024 and Indivior committed additional research funding of CHF 2.7 million including CHF 1.1 million expected to be paid to the Group and CHF 1.6 million paid directly by Indivior to third party suppliers that are supporting the funded research program. On August 27, 2024, Indivior selected a compound for future development in substance use disorder and undertakes all future development of their selected compound. Under the terms of the agreement, the Group has also exercised its right to select a compound to advance its own independent GABAB PAM program for the treatment of chronic cough.

For the three-month and nine-month periods ended September 30, 2024, the Group recognized CHF 0.1 million and CHF 0.4 million as revenue in continuing operations (for the three-month and nine-month periods ended September 30, 2023, CHF 0.3 million and CHF 1.5 million respectively) and recorded CHF 0.1 million in contract asset and trade receivables as of September 30, 2024 and December 31, 2023.

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 considerations 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 occurs.

In April 2024, Janssen completed a Phase 2a proof of concept clinical trial of ADX71149 in epilepsy patients that did not achieve statistical significance for the primary endpoint of time for patients to reach baseline seizure count when ADX71149 was added to standard of care. On July 22, 2024, we reported that Janssen had terminated development of ADX71149 and the Group was now working with its partner to evaluate the programs' future development.

No amounts have been recognized under this agreement for the nine-month periods ended September 30, 2024 and 2023.

17. Other income

Under grant agreements with Eurostars/Innosuisse the Group was required to complete specific research activities within a defined period of time. The Group's funding was fixed and received based on the satisfactory completion of the agreed research activities and incurring the related costs.

In September 2023, the Group was awarded a grant of CHF 0.5 million by Eurostars/Innosuisse to support the mGlu2 NAM program of which CHF 0.3 million were received in December 2023. The Group recognized CHF 38,401 from January 1, 2024 to April 2, 2024, the date when the program was transferred to Neurosterix Pharma Sàrl and recorded as discontinued operations (note 21). The remaining funds and deferred income of CHF 0.3 million recorded as assets and liabilities held for sale as of April 2, 2024, has been transferred to Neurosterix Pharma Sàrl.

The Group additionally recognized other income from IT consultancy agreements**.**

18. Operating costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023*	2024	2023*
Staff costs (note 19)…….....	67,584	54,885	204,225	175,308
Depreciation (notes 8/9) ……..	53,575	2,938	168,895	8,814
External research and development costs.	77,847	421,153	441,418	850,220
Patent maintenance and registration costs	91,856	62,601	215,730	175,999
Professional fees……...	212,911	261,704	1,040,954	924,159
D&O Insurance…….	56,753	157,399	169,431	472,311
Other operating costs……	120,020	117,776	477,488	369,507
Total operating costs……...	**680,546**	**1,078,456**	**2,718,141**	**2,976,318**

The evolution of the total operating costs is mainly driven by external research and development costs and professional fees.

During the nine-month period ended September 30, 2024, total operating costs recognized as continuing operations decreased by CHF 0.3 million compared to the same period ended September 30, 2023, primarily due to decreased external research and development cost of CHF 0.4 million and lower D&O insurance of CHF 0.3 million, partially offset by increased depreciation of CHF 0.2 million related to the intangible asset recorded at the fair value of the service agreement provided at zero cost (note 10) and higher professional fees of CHF 0.1 million.

During the three-month period ended September 30, 2024 total operating costs recognized as continuing operations decreased by CHF 0.4 million compared to the same period ended September 30, 2023, primarily due to decreased external research and development cost of CHF 0.3 million and lower D&O insurance of CHF 0.1 million.

During the nine-month periods ended September 30, 2023 and 2024, the total operating costs recognized as discontinued operations amounted to CHF 6.1 million and CHF 2.0 million respectively and primarily related to staff costs and external research and development costs (note 21).

19. Staff costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023*	2024	2023*
Wages and salaries……..	54,956	38,749	163,279	128,770
Social charges and insurances…..……..	5,425	4,893	17,388	15,083
Value of share-based services ……	3,813	7,785	14,460	22,481
Retirement benefit (note 15)……...	3,390	3,458	9,098	8,974
Total staff costs…….	**67,584**	**54,885**	**204,225**	**175,308**

During the nine-month period ended September 30, 2024, staff costs recognized as continuing operating costs remained stable at CHF 0.2 million compared to the same period ended September 30, 2023.

During the nine-month periods ended September 30, 2023 and 2024, staff costs recognized as discontinued operations amounted to CHF 3.9 million and CHF 1.4 million, respectively (note 21).

20. Finance result, net

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023*	2024	2023*
Interest income……...	102	13,658	9,180	50,833
Interest cost…….	(80)	-	(663)	(93)
Interest expense on leases……...	(506)	(538)	(1,398)	(1,720)
Foreign exchange gain /(loss), net…….	(29,956)	25,382	(11,341)	(138,085)
Finance result, net……..…….	**(30,440)**	**38,502**	**(4,222)**	**(89,065)**

21. Discontinued operations

On February 8, 2024, the Group signed a non-binding term sheet with Perceptive Advisors related to the divestment of part of its business. On April 2, 2024, the sale became effective. The allosteric modulator drug discovery technology platform and a portfolio of preclinical programs have been divested to a new Swiss company, Neurosterix Pharma Sàrl that has

received committed funding of USD 63 million from a syndicate of investors led by Perceptive Advisors (Perceptive Xontogeny Venture Fund II L.P, Perceptive Life Sciences Master Fund Ltd and Acorn Bioventures 2, L.P) (the "Neurosterix Transaction" or "Transaction"). As part of the Transaction, the Group received gross proceeds of CHF 5.0 million in cash and an equity interest representing 20% of Neurosterix US Holdings LLC (note 1). The Group retained its partnerships with Janssen Pharmaceuticals, Inc. and Indivior PLC, as well as unpartnered clinical stage assets including dipraglurant for Parkinson's disease and post-stroke/TBI recovery and its preclinical GABAB PAM program for chronic cough. The Transaction includes the transfer of the associated R&D staff and infrastructure. As part of the Transaction, the Group and Neurosterix Pharma Sàrl entered into a service agreement which provides the Group with access to certain staff and infrastructure at zero cost to ensure the operation of the Group retained business.

As the allosteric modulator drug discovery technology platform and a portfolio of preclinical programs have been sold on April 2, 2024, such activities have been identified as discontinued operations for the nine-month period ended September 30, 2023 and for the period beginning on January 1, 2024 and terminating on April 1, 2024.

Financial performance of discontinued operations:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Other income…….....	-	-	**38,401**	-
Research and development……..	-	(1,303,587)	(1,337,936)	(4,306,123)
General and administration…….	-	(599,782)	(673,259)	(1,779,689)
Total operating costs……	**-**	**(1,903,369)**	**(2,011,195)**	**(6,085,812)**
Operating loss……	**-**	**(1,903,369)**	**(1,972,794)**	**(6,085,812)**
Finance expense…….	-	(2,965)	(5,672)	(11,438)
Net loss before tax…….....	**-**	**(1,906,334)**	**(1,978,466)**	**(6,097,250)**
Income tax expense……....	-	-	-	-
Net loss from discontinued operations.	**-**	**(1,906,334)**	**(1,978,466)**	**(6,097,250)**
Net gain / (loss) of the sale of activities after income tax……	(2,400)	-	13,959,500	-
Total net gain / (loss) from discontinued operations……	**(2,400)**	**(1,906,334)**	**11,981,034**	**(6,097,250)**

Operating costs of discontinued operations:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Staff costs…….....	-	1,267,643	1,422,182	3,902,608
Depreciation…….	-	72,442	67,422	217,752
External research and development cost..	-	412,321	333,278	1,443,897
Laboratory consumables……...	-	61,220	17,735	239,993
Patent maintenance and registration costs..	-	3,079	62,563	8,372
Professional fees……...	-	-	38,271	-
Short-term leases……..	-	8,376	8,329	26,871
Other operating costs……	-	78,288	61,415	246,319
Total discontinued operating costs……	**-**	**1,903,369**	**2,011,195**	**6,085,812**

Discontinued operating costs are primarily driven by staff and external research and development costs.

Cash flows of discontinued operations:

	For the nine months ended September 30,	
	2024	2023
Net profit / (loss) from discontinued operations…….	**11,981,034**	**(6,097,250)**
Adjustments for:		
Net gain on Neurosterix Transaction…….	(13,959,500)	-
Value of share-based services……..	327,681	1,186,396
Post-employment benefits…….....	(27,338)	(44,056)
Depreciation…….....	67,422	217,752
Net gain related to lease modifications……	-	(318)
Finance cost net……	5,672	11,438
Decrease / (increase) in trade and other receivables…….	(394,534)	124,832
Increase in prepayments…….……..	(151,695)	(32,337)
Increase in other current assets…….	(5,000)	-
Decrease in payables and accruals…….....	(795,224)	(502,338)
Decrease in deferred income……	(38,401)	-
Net cash flow used in operating activities.....	**(2,989,883)**	**(5,135,881)**
Net cash flow from / (used in) investing activities……...		
Cash received from Neurosterix Transaction……	5,119,754	-
Legal fees paid for Neurosterix Transaction…….	(457,365)	-
Purchase of property, plant and equipment…….....	-	(5,637)
Net cash from / (used) in investing activities…….....	**4,662,389**	**(5,637)**
Cash flows used in financing activities……..		
Principal element of lease payment….....	(63,770)	(204,172)
Interest paid……	(5,672)	(11,438)
Net cash used in financing activities…….....	**(69,442)**	**(215,610)**
Net cash from / (used in) discontinued activities…….	**1,603,064**	**(5,357,128)**

Net cash flow from discontinued activities amounts to CHF 1.6 million for the nine-month period ended September 30, 2024 and includes a gross proceeds of CHF 5.0 million from the sale of activities partially offset by operating costs of CHF 3.0 million incurred by activities transferred to Neurosterix Pharma Sàrl on April 2, 2024 and legal fees of CHF 0.5 million paid for Neurosterix Transaction.

Details of the net gain of the sale of activities:

	For the three months ended September 30, 2024	For the nine months ended September 30, 2024
Consideration received		
Cash in from Neurosterix Pharma Sàrl sale.	-	5,000,000
Fair value of Neurosterix US Holdings LLC's participation…….....	-	9,428,400
Net gain on Neurosterix Pharma Sàrl derecognition (IFRS10)……..	-	539,250
Retirement benefit obligation of employees leaving the Group (IAS 19)……	-	433,791
Fair value of service agreement…….	-	182,348
Net debt liabilities related to Neurosterix Pharma Sàrl (IFRS 16)……	-	11,144
Total disposal consideration……	**-**	**15,594,933**
Investment in Neurosterix Pharma Sàrl……	-	(20,000)
Legal fees paid for Neurosterix Transaction	(2,400)	(457,364)
Accelerating vesting ESOP/DSPPP……..	-	(1,158,069)
Total costs related to activities sold……	**(2,400)**	**(1,635,433)**
Net gain / (loss) on sale before income tax	**(2,400)**	**13,959,500**
Income tax expense on gain…….	-	-
Net gain / (loss) on sale after income tax…	**(2,400)**	**13,959,500**

As of September 30, 2024, the net fair value of the sales of activities amounted to CHF 14.0 million including CHF 5.0 million in cash and CHF 9.4 million for the equity interest of 20% in Neurosterix US Holdings LLC.

22. Interests in associates

On April 2, 2024, the Group received an equity interest of 20% in Neurosterix US Holdings LLC parent company of Neurosterix Pharma Sàrl. The carrying amount of equity-accounted investments has changed as follow during the three-month and nine-month periods ended on September 30, 2024:

	For the three months ended September 30, 2024	For the nine months ended September 30, 2024
Beginning of the period……	**8,897,651**	-
Fair value of Neurosterix US Holdings LLC equity interest on April 2, 2024.	-	9,428,400
Share of net loss for the period of Neurosterix's Group…….	(874,933)	(1,405,682)
End of the period…….	**8,022,718**	**8,022,718**

The initial recognition of the fair value of the 20% equity interests in Neurosterix US holdings LLC received by the Group is based on a financial valuation of the Neurosterix's Group.

23. Profit or loss per share

Basic profit or loss per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of outstanding shares.

Diluted profit per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of outstanding shares adjusted by outstanding options and warrants. Diluted loss per share is calculated excluding our options and warrants as they would be antidilutive and our treasury shares.

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Net loss from continuing operations….....	(1,527,572)	(710,736)	(3,719,511)	(1,602,141)
Net profit / (loss) from discontinued operations…….	(2,400)	(1,906,334)	11,981,034	(6,097,250)
Net profit / (loss) attributable to equity holders of the company……	**(1,529,972)**	**(2,617,070)**	**8,261,523**	**(7,699,391)**
Basic profit / (loss) per share……	**(0.02)**	**(0.03)**	**0.08**	**(0.11)**
From continuing operations…..……	(0.02)	(0.01)	(0.04)	(0.02)
From discontinued operations…….....	-	(0.02)	0.12	(0.09)
Diluted profit / (loss) per share……	**(0.02)**	**(0.03)**	**0.05**	**(0.11)**
From continuing operations…..……	(0.02)	(0.01)	(0.04)	(0.02)
From discontinued operations…….....	-	(0.02)	0.07	(0.09)

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Weighted average number of outstanding shares (1) ……	98,301,596	77,278,532	98,038,838	70,299,213
Weighted average number of outstanding shares including share options and warrants (2)…….	167,984,122	170,537,585	167,535,037	141,585,269

(1) For the calculation of basic profit and loss per share and diluted loss per share
(2) For the calculation of the diluted profit per share

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	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
	Continuing operations		Continuing operations	
Salaries, other short-term employee benefits and post-employment benefits...	81,853	39,885	237,615	119,890
Consulting fees……	-	3,889	-	13,614
Share-based compensation…..…….	37,579	64,940	136,346	186,738
Total…….	**119,432**	**108,714**	**373,961**	**320,242**

The total compensation costs to key management related to continuing operations remained stable during the nine-month periods ended September 30, 2023 and 2024.

Key management compensation	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
	Discontinued operations		Discontinued operations	
Salaries, other short-term employee and post-employment benefits……..	-	316,620	664,525	1,164,120
Share-based compensation…..…….	-	351,950	1,260,638	1,013,692
Total…….	**-**	**668,570**	**1,925,163**	**2,177,812**

The Group has a net payable to the Board of Directors and Executive Management of CHF 0.1 million as of September 30, 2024 (December 31, 2023: CHF 0.1 million). Share-based compensation relates to the fair value of equity incentive units recognized through our statement of profit or loss following their vesting plan.

25. 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.

Financial Review

Overview

We are a clinical-stage pharmaceutical company focused on the development of a portfolio of novel orally available small molecule drug candidates. Our business comprises of a pipeline of proprietary clinical and preclinical stage drug candidates that are being developed by our partners and internally. 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 including post-stroke sensorimotor recovery, traumatic brain injury, or TBI, recovery, substance use disorder, or, SUD, and cough. We are also holding a 20% equity interest in a spin out company, Neurosterix US Holdings LLC, a private company developing a portfolio of preclinical stage proprietary drug candidates for schizophrenia, mood disorders and cognition.

Our lead 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. On April 29, 2024, we reported top-line data from a Phase 2 epilepsy study evaluating adjunctive ADX71149 (JNJ-40411813) administration in patients with focal onset seizures with suboptimal response to levetiracetam or brivaracetam. The Phase 2 study did not achieve statistical significance for the primary endpoint of time for patients to reach baseline seizure count when ADX71149 was added to standard of care. On July 22, 2024, we reported that our partner, Janssen had terminated development of ADX71149 and we are now working with our partner to evaluate the programs' future development.

Our wholly owned drug candidate, dipraglurant, a metabotropic glutamate receptor subtype 5 negative allosteric modulator, or mGlu5 NAM, is currently under evaluation for future development in post-stroke/TBI recovery. We have initiated discussions with potential partners with the objective of collaborating with them for the future development of dipraglurant. We have completed a funded research program to discover novel gamma-aminobutyric acid subtype-b positive allosteric modulators, or GABAB PAMs, for Indivior PLC, or Indivior. Under the terms of the agreement with Indivior, we have the right to select GABAB PAM drug candidates for a number of reserved indications, including chronic cough. This target is clinically validated with baclofen, an orthosteric agonist of GABAB, used off label to treat cough patients. However, baclofen's use is limited by serious side-effects, short half-life and gradual loss of efficacy during chronic treatment. By more precisely targeting the GABAB receptor with a PAM we aim to have a best-in-class treatment with improved tolerability suitable for the chronic nature of this disease. This indication has a significant unmet medical need and represents a significant commercial opportunity. On August 27, 2024, Indivior selected a compound for future development in substance use disorder and undertakes all future development of their selected compound. Under the terms of the agreement, we have also exercised our right to select a compound to advance our own independent GABAB PAM program for the treatment of chronic cough.

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 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 drug candidates under development, for each of the drug 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.

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. On October 6, 2023, we filed a post-effective amendment to the form F-6 in

order to change our ADS ratio from one ADS to six shares to a new ratio of one ADS to one hundred and twenty shares. The ADS ratio change has been effective since October 23, 2023 and had the same effect as a one to twenty ADS reverse split. The ADS ratio change had no impact on the Company's underlying shares and was intended to enable the Company to regain compliance with the Nasdaq minimum bid price requirement of ADSs. On November 8, 2023, the company announced that it had received a written notification from Nasdaq confirming that the compliance had been regained.

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 GABAB PAM programs and conducting preclinical studies and clinical trials.

As of September 30, 2024, we have generated CHF 66.8 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 September 30, 2024, we have raised an aggregate of CHF 355.4 million of gross proceeds from the sale of equity. We have also raised gross proceeds of CHF 5.0 million and acquired a 20% interest in Neurosterix US Holdings LLC as part of the Neurosterix Transaction executed on April 2, 2024.

We have never been profitable for any twelve-month period ended December 31 and have incurred significant net losses since our inception. We reported a net profit amounting to CHF 8.3 million for the nine-month period ended September 30, 2024, primarily due to the sale of a part of our business (Neurosterix Transaction). During the same period ended September 30, 2023, we incurred a loss amounted to CHF 7.7 million. As of September 30, 2024, we had accumulated losses of CHF 352.2 million. We expect to continue to incur significant expenses and operating losses in the medium to long term. We anticipate that our expenses will increase significantly in connection with our ongoing and future activities as we:

- continue to invest in our portfolio of preclinical and clinical stage programs;
- 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 drug 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 drug candidates through clinical development, seek regulatory approval and prepare for commercialization of our product candidates if any 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 contractors to carry out a significant proportion of our research and development activities. Furthermore, we do not yet have a sales organization.

The Neurosterix Transaction

On April 2, 2024, we divested our allosteric modulator discovery platform and a portfolio of pre-clinical programs to a new Swiss company, Neurosterix Pharma Sàrl (equivalent to an LLC), focused on the discovery and development of novel orally available allosteric modulator drug candidates, including M4 PAM for schizophrenia, mGlu7NAM for stress related disorders and mGlu2NAM for mild neurocognitive disorders. In connection with the Transaction, we received gross proceeds of CHF 5.0 million and a 20% equity interest in Neurosterix US Holdings LLC, the parent company of Neurosterix Pharma Sàrl. Neurosterix US Holdings LLC received USD 63.0 million in funding commitments from a syndicate of investors led by Perceptive Advisors.

The divestment of our discovery platform and early-stage programs includes the transfer of the associated research and development staff, with a service agreement to allow key members of staff to support us in achieving our business strategy at zero cost for us. As of the date of the Transaction, all employees of the Group, other than our Head of Finance, became employees of Neurosterix Pharma Sàrl. Pursuant to the service agreement, certain former employees, including our Chief Executive Officer, dedicate a portion of their time to the Group.

License Agreement with Indivior

On January 2, 2018, we entered into an agreement with Indivior for the discovery, development and commercialization of novel GABAB 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 GABAB 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 drug 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 chronic cough. Under certain conditions, but subject to certain consequences, Indivior may terminate the agreement.

In January 2018, we 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, we are eligible for payments on successful achievement of pre-specified clinical, regulatory and commercial milestones totaling USD 330 million, and royalties on net sales ranging from 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 GABAB PAM compounds. These future novel GABAB PAM compounds, if selected by Indivior, become licensed compounds. We agreed with Indivior to an initial research term and duration of two years with a funding of USD 4.0 million over the period for the Addex R&D costs incurred, that can be extended by twelve-month increments. R&D costs are calculated based on the costs incurred in accordance with the contract. 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 USD 1.6 million, for the research period. On October 30, 2020, the research term was extended until June 30, 2021 and Indivior agreed to 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 additional research funding of CHF 3.7 million, of which CHF 2.7 million was paid to the Group and CHF 1.0 million paid directly by Indivior to third party suppliers that are supporting the funded research program. In August 2022, the research agreement was extended until March 31, 2023 and Indivior agreed to additional research funding of CHF 0.85 million. The reserved indications, where Addex retains exclusive rights to develop its own independent GABAB PAM program, have also been expanded to include chronic cough. Effective November 1, 2022 the research term was extended until June 30, 2023 and Indivior agreed to additional research funding of CHF 0.95 million. Effective July 1, 2023, the research agreement with Indivior has been extended until June 30, 2024 and Indivior committed to additional research funding of CHF 2.7 million including CHF 1.1 million expected to be paid to the Group and CHF 1.6 million paid directly by Indivior to third party suppliers that are supporting the funded research program. On August 27, 2024, Indivior selected a compound for future development in substance use disorder and now undertake all future development of their selected compound. Under the terms of the agreement, we have also exercised our right to select a compound to advance our own independent GABAB PAM program for the treatment of chronic cough.

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 GABAB 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 drug 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. We are eligible for a further EUR 109 million in success-based development and regulatory milestones and low double-digit royalties on net sales.

Janssen completed a Phase 2a proof of concept clinical trial of ADX71149 in epilepsy patients in April 2024 that did not achieve statistical significance for the primary endpoint of time for patients to reach baseline seizure count when ADX71149 was added to standard of care. On July 22, 2024, we reported that our partner, Janssen had terminated development of ADX71149 and we are now working with our partner to evaluate the programs' future development.

Components of Results of Operations

Revenue

From the beginning of January 2017 through September 30, 2024, we recognized CHF 18.8 million as revenue primarily under our license agreement with Indivior. We do not have approval to market or commercialize any of our drug 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 drug 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 drug 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 2024, 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, to finance certain clinical activities related to dipraglurant development in Parkinson's disease levodopa-induced dyskinesia, or PD-LID, and other discovery activities.

In July 2019, we were funded by Eurostars/Innosuisse for CHF 0.5 million to support the mGlu7 NAM program totally recognized as income as of December 31, 2021.

In September 2023, we were funded by Eurostars/Innosuisse for CHF 0.5 million to support the mGlu2 NAM program of which CHF 0.3 million were received in December 2023. We recognized CHF 38,401 from January 1, 2024 to April 2, 2024, the date when the program was transferred to Neurosterix Pharma Sàrl and recorded as discontinued operations. The remaining funds and deferred income of CHF 0.3 million recorded as assets and liabilities held for sale as of April 2, 2024 have been transferred to Neurosterix Pharma Sàrl.

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 profit or 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 2024, we incurred CHF 67.0 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. Following the Neurosterix Transaction executed on April 2, 2024, research and development costs no longer include personnel costs and share-based compensation for employees. For the nine-month periods ended September 30, 2023 and 2024 respectively, the research and development costs related to divested activities have been recognized in our statements of profit or loss under "Net profit or loss from discontinued operations".

We currently use our consultants and CRO's across our research and development programs. The following table provides a breakdown of our outsourced research and development costs from continuing operations that are directly attributable to the specified programs for the three-month and nine-month periods ended September 30, 2024 and 2023:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023*	2024	2023*
	(CHF in thousands)			
Dipraglurant…….....	23	76	126	(86)
GABAB PAM……..	55	345	315	936
Total outsourced research and development costs…….	**78**	**421**	**441**	**850**

**The 2023 comparative has been re-presented in order to disclose only continuing operations following the Neurosterix Transaction described above. For more information, please refer to the paragraph below related to the analysis of results of operations.*

Our research and development expenses are lower due to the Neurosterix Transaction. The table above includes outsourced research and development costs related to continuing operations. Outsourced research and development costs related to discontinued operation have been recognized in the statements of profit or loss under "net profit or loss from discontinued operations".

We have no ongoing self-funded clinical studies and in the medium and long term, our expenses may increase, particularly as we continue to the development of a GABAB PAM drug candidate, initiate further clinical trials and seek marketing approval for our drug candidates.

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 drug candidates. We are also unable to predict when, if ever, material net cash inflows will commence from sales of our drug candidates. This is due to the numerous risks and uncertainties associated with developing such drug candidates, including:

- uncertainty related to discovering clinical candidates;
- uncertainty related to efficiently manufacturing and distributing drug products;
- competitor intellectual property restraining our freedom to operate; and
- timing of initiation, completion and outcome of further clinical trials;

In addition, the probability of success for any of our drug 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 drug candidates would significantly change the costs, timing and viability associated with the development of that drug 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.

Our general and administrative costs are lower due to the Neurosterix Transaction. General and administrative costs indicated in this section are related to continuing operations. General and administrative costs related to discontinued operations have been recognized in the statements of profit or loss under "net profit or loss from discontinued operations".

Finance Result, Net

Finance result net consists mainly of currency exchange differences, primarily related to U.S dollar currency exchange differences and interest income on U.S dollar bank deposits.

Net profit or loss from discontinued operations

The net profit or loss from discontinued operations has been recognized in the statements of profit or loss under "net profit or loss from discontinued operations". It primarily relates to the net gain of CHF 14.0 from the divestment of a part of our business to Neurosterix Pharma Sàrl on April, 2, 2024, partially offset by the net loss from discontinued operating activities mainly related to staff costs, research and development costs, general and administrative costs and finance result of divested activities.

Share of net loss of investments accounted for using the equity method

We received an equity interest of 20% in Neurosterix US Holdings LLC as part of the Neurosterix Transaction. The equity interest has been recognized as an investment at fair value based on a financial valuation of Neurosterix's Group. The carrying amount of the investment is going to be increased or decreased to recognize the share of profit or loss of Neurosterix's Group and tested for impairment whenever events or changes in circumstances indicate that it may not be recoverable.

Analysis of Results of Operations

The following table presents our consolidated results of operations for the three-month and nine-month periods ended September 30, 2024 and 2023:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	**2023***	**2024**	**2023***
		(CHF in thousands)		
Revenue……..	54	328	402	1,460
Other income……...	5	1	6	4
Research and development costs…….	(205)	(490)	(789)	(1,038)
General and administrative costs……	(476)	(588)	(1,929)	(1,939)
Operating loss from continuing operations……	**(622)**	**(749)**	**(2,310)**	**(1,513)**
Finance income……...	(19)	13	9	51
Finance expense……..	(12)	25	(13)	(140)
Finance result……..	(31)	38	(4)	(89)
Share of net loss of investments accounted for using the equity method……	(875)	-	(1,405)	-
Net loss before tax……	**(1,528)**	**(711)**	**(3,719)**	**(1,602)**
Income tax expense……	**-**	**-**	**-**	**-**
Net loss from continuing operations…….	**(1,528)**	**(711)**	**(3,719)**	**(1,602)**
Net profit / (loss) from discontinued operations (attributable to equity holders of the Group)	(2)	(1,906)	11,981	(6,097)
Net profit / (loss) for the period……...	**(1,530)**	**(2,617)**	**8,262**	**(7,699)**

***** *The comparative information has been re-presented due to discontinued operations that have been reclassed to the financial line called "Net profit or loss from discontinued operations", following the Neurosterix Transaction described above. In the financial analysis related to the results of operations made further in the section an asterisk will indicate where comparative information has been re-presented.*

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

Revenue

The following table sets forth our revenue in the three-month periods ended September 30, 2024 and 2023:

	For the three months ended September 30,	
	2024	2023*
	(CHF in thousands)	
Collaborative research funding…….....	17	298
Patent expenses reinvoiced to Indivior……..	37	30
Total……...	**54**	**328**

Revenue decreased by CHF 0.3 million in the three-month period ended September 30, 2024 compared to the three-month period ended September 30, 2023 primarily due to the termination of the research agreement with Indivior on June 30, 2024.

Research and Development Expenses

The following table sets forth our research and development expenses in the three-month periods ended September 30, 2024 and 2023:

	For the three months ended September 30,	
	2024	2023*
	(CHF in thousands)	
Dipraglurant……	23	76
GABAB PAM……	55	345
Subtotal outsourced R&D per program……	**78**	**421**
Depreciation…….....	30	-
Patent maintenance and registration costs……..	92	62
Other operating costs…….....	5	7
Subtotal unallocated R&D expenses……...	**127**	**69**
Total……...	**205**	**490**

Research and development expenses, relating to continuing activities, decreased by CHF 0.3 million in the three-month period ended September 30, 2024 compared to the three-month period ended September 30, 2023, primarily due to lower GABAB PAM outsourced R&D expenses as we completed our research agreement with Indivior on June 30, 2024.

General and Administrative Costs

The following table sets forth our general and administrative costs in the three-month periods ended September 30, 2024 and 2023:

	For the three months ended September 30,	
	2024	2023*
	(CHF in thousands)	
Staff costs……...	67	55
Depreciation…….....	24	3
Professional fees…….	213	262
D&O Insurance …….....	57	157
Other operating costs……..	115	111
Total……...	**476**	**588**

General and administrative expenses, relating to continuing activities, decreased by CHF 0.1 million in the three-month period ended September 30, 2024 compared to the three-month period ended September 30, 2023, primarily due to reduced D&O insurance costs.

Finance Result, Net

The following table sets forth our finance result net in the three-month periods ended September 30, 2024 and 2023:

	For the three months ended September 30,	
	2024	2023*
	(CHF in thousands)	
Interest income…….....	-	13
Interest expense on leases…….....	(1)	-
Foreign exchange gain / (loss), net……	(30)	25
Total……...	**(31)**	**38**

The finance result net, close to nil for the three-month periods ended September 30, 2023 and 2024, primarily related to interest income on cash deposits and foreign exchange differences.

Share of net loss of investments accounted for using the equity method

	For the three months ended September 30,	
	2024	2023*
	(CHF in thousands)	
Share of net loss for the period of Neurosterix's Group…….....	(875)	-
Total……...	**(875)**	**-**

The share of the net loss of Neurosterix's Group amounted to CHF 0.9 million for the three-month period ended September 30, 2024.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Revenue

The following table sets forth our revenue in the nine-month periods ended September 30, 2024 and 2023:

	For the nine months ended September 30,	
	2024	2023*
	(CHF in thousands)	
Collaborative research funding…….....	309	1,427
Patent expenses reinvoiced to Indivior……...	93	33
Total……...	**402**	**1,460**

Revenue decreased by CHF 1.1 million in the nine-month period ended September 30, 2024 compared to the nine-month period ended September 30, 2023 primarily due to the termination of the research agreement with Indivior on June 30, 2024.

Research and Development Expenses

The following table sets forth our research and development expenses in the nine-month periods ended September 30, 2024 and 2023:

	For the nine months ended September 30,	
	2024	2023*
	(CHF in thousands)	
Dipraglurant……	126	(86)
GABAB PAM……	315	936
Subtotal outsourced R&D per program……	**441**	**850**
Depreciation…….....	78	-
Patent maintenance and registration costs……..	216	176
Other operating costs…….....	54	12
Subtotal unallocated R&D expenses……...	**348**	**188**
Total……...	**789**	**1,038**

Research and development expenses, relating to continuing activities, decreased by CHF 0.2 million in the nine-month period ended September 30, 2024 compared to the nine-month period ended September 30, 2023 primarily due to lower GABAB PAM outsourced R&D expenses as we completed our research agreement with Indivior on June 30, 2024.

General and Administrative Costs

The following table sets forth our general and administrative costs in the nine-month periods ended September 30, 2024 and 2023:

	For the nine months ended September 30,	
	2024	2023*
	(CHF in thousands)	
Staff costs……...	204	175
Depreciation…….....	91	9
Professional fees…….	1,041	925
D&O Insurance …….....	169	472
Other operating costs……..	424	358
Total……...	**1,929**	**1,939**

General and administrative costs, relating to continuing activities, remained stable at CHF 1.9 million in the nine-month period ended September 30, 2024, compared to the nine-month period ended September 30, 2023. During this period, decreased D&O insurance costs have been primarily offset by increased professional fees and higher depreciation related to the service agreement provided to us at zero cost by Neurosterix Pharma Sàrl, recorded as intangible asset at fair value.

Finance Result, Net

	For the nine months ended September 30,	
	2024	2023*
	(CHF in thousands)	
Interest income…….....	9	51
Interest cost on cash deposit and leases……..	(2)	(2)
Foreign exchange loss, net……..……..	(11)	(138)
Total……...	**(4)**	**(89)**

The finance result net increased by CHF 0.1 million during the nine-month period ended September 30, 2024 compared to the nine-month period ended September 30, 2023, primarily due to reduced exchange differences as our cash deposits in U.S dollar have decreased.

Share of net loss of investments accounted for using the equity method

	For the nine months ended September 30,	
	2024	2023
	(CHF in thousands)	
Share of net loss for the period of Neurosterix's Group…….	(1,405)	-
Total……...	**(1,405)**	**-**

The share of the net loss of Neurosterix's Group amounted to CHF 1.4 million for the nine-month period ended September 30, 2024.

Capital Resources

Since our inception through September 30, 2024, we have generated CHF 66.7 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 September 30, 2024, we raised an aggregate of CHF 355.4 million of gross proceeds from the sale of equity. We have also raised gross proceeds of CHF 5.0 million and acquired a 20% equity interest in Neurosterix US Holdings LLC as part of the Neurosterix Transaction executed on April 2, 2024. As at September 30, 2024, we had CHF 3.3 million in cash and cash equivalents.

Our primary uses of cash are to fund operating expenses, which consist mainly of research and development expenditures and associated general and administrative costs. 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.

In the medium and long term, we expect an increase of our expenses compared to the nine-month period ended September 30, 2024, as we continue to the development of our GABAB PAM chronic cough drug candidate, initiate further clinical trials and seek marketing approval for our drug candidates.

In addition, if we obtain marketing approval for any of our drug 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 at the issuance date of these unaudited condensed consolidated financial statements will enable us to fund our operating expenses and capital expenditure requirements through 2026. Our future viability is dependent on our ability to monetize our intellectual property portfolio and /or raise additional capital though public or private financings that may dilute existing shareholders. 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 study for our GABAB PAM chronic cough indication drug candidate;
- the timing and amount of milestone and royalty payments we may receive under our license agreements;
- the extent to which we out-license, in-license, sell or acquire other drug candidates and technologies;
- the number and development requirements of other drug candidates that we may pursue;
- the costs, timing and outcome of regulatory review of our drug candidates;
- cost associated with finding alternative suppliers due to geopolitical events such as the ongoing war in Ukraine;
- the costs associated with building out our operations; and

- the costs and timing of future commercialization activities, including drug manufacturing, marketing, sales and distribution, for any of our drug candidates for which we receive marketing approval.

Identifying potential drug 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 drug 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 drug 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 drug candidates that we would otherwise prefer to develop and market ourselves.

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

	For the nine months ended September 30,	
	2024	2023
	(CHF in thousands)	
Net cash flows used in continuing operating activities……	(2,360)	(2,234)
Net cash flows used in continuing investing activities……	(1)	-
Net cash flows from continuing financing activities……	176	5,539
Net cash (used) / from in continuing operating activities…….....	**(2,185)**	**3,305**

Operating activities of continuing operations

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

During the nine-month period ended September 30, 2024, continuing operating activities used CHF 2.4 million of cash primarily due to our net loss from continuing operations of CHF 3.7 million and an increased net working capital of CHF 0.3 million partially offset by the share of the net loss of Neurosterix's Group of CHF 1.4 million and non-cash items of CHF 0.3 million including share-based services of CHF 0.1 million and depreciation of intangible assets of CHF 0.2 million. During the same period, the increased net working capital was mainly due to decreased trade payables and accruals for CHF 0.3 million.

During the nine-month period ended September 30, 2023, continuing operating activities used CHF 2.2 million of cash primarily due to our net loss from continuing operations of CHF 1.6 million and an increased net working capital of CHF 1.0 million partially offset by share-based services of CHF 0.2 million. During the same period, the increased net working capital of CHF 1.0 million was mainly due to decreased trade payables and accruals for CHF 0.7 million and increased prepayments for CHF 0.3 million.

Financing activities of continuing operations

Cash flows from financing activities, related to continuing operations, primarily consists of proceeds from the sale of equity securities.

During the nine-month period ended September 30, 2024, net cash flows from financing activities amounted to CHF 0.2 million and primarily related to the net proceeds from the sale of treasury shares through our sale agency agreement with Kepler Cheuvreux.

During the nine-month period ended September 30, 2023, net cash flows from financing activities amounted to CHF 5.5 million including CHF 4.5 million (USD 5.0 million) from the offering executed with one institutional investor on April 3, 2023 and CHF 1.2 million from the sale agency agreement managed by Kepler Cheuvreux, partially offset by costs associated with the offering, the sale and the issuance of treasury shares whose combined amount paid during the nine-month period ended September 30, 2023 amounted to CHF 0.2 million.

Off-Balance Sheet Arrangements

As of the date of the 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.

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 interim condensed consolidated financial statements, which we have prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board.

Recent Accounting Pronouncements

The adoption of IFRS standards as issued by the IASB and interpretations issued by the IFRS interpretations committee that are effective for the first time for the financial year beginning on or after January 1, 2024 had no material impact on our financial position or disclosures made in our interim condensed consolidated financial statements.

JOBS Act Transition Period

Subject to certain conditions, as an emerging growth company, we may rely on certain of these exemptions under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, including without limitation, (1) 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 and (2) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an emerging growth company until the earlier to occur of (1) the last day of the fiscal year (a) December 31, 2025 (b) in which we have total annual gross revenues of at least USD 1.07 billion or (c) in which we are deemed to be a "large accelerated filer" under the rules of the U.S. Securities and Exchange Commission, which means the market value of our common shares that is held by non-affiliates exceeds USD 700 million as of the prior June 30, and (2) the date on which we have issued more than USD 1.0 billion in non-convertible debt during the prior three-year period.