



Media Release

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Reprimand issued against Addex Therapeutics Ltd

SIX Exchange Regulation reprimands Addex Therapeutics Ltd for several errors in its 2014 IFRS annual financial statements and its 2015 IFRS interim financial statements.

Addex Therapeutics Ltd breached the requirements of IFRS in its 2014 annual financial statements and the 2015 interim financial statements in the following ways:

In the 2014 annual financial statements (published on 29 April 2015), Addex Therapeutics Ltd failed to disclose its defeat in a French court of first instance on 9 March 2015 as a material event after the reporting date and consequently, no mention of this event was included in the contingent liability or critical accounting estimates and assumptions notes. As a result, readers of the financial statements found out about this court ruling only in the 2015 interim financial statements by when the French tax authorities, on the basis of the court ruling, had claimed the amount of EUR 1.2 million from the escrow account, that had been set up in 2012 to cover this contingent liability. Moreover, the disclosures on the defined benefit pension obligation contained some errors.

In the 2015 interim financial statements, an arithmetic error in the income statement led to the operating loss line being overstated by CHF 89,901 (or 3%) as the net income of CHF 89,901 had not been deducted from the total operating expense of CHF 2,896,955. The net loss, however, was correctly stated. Furthermore, the disclosures on the segment reporting, the financial result and on the defined benefit pension obligation were also incorrect.

After considering the severity of the errors, the degree of fault as well as the fact that the company has not been sanctioned during the last three years, SIX Exchange Regulation issued a sanction notice reprimanding Addex Therapeutics Ltd. The company has accepted the sanction notice and has corrected the errors in its 2015 annual financial statements or will correct them in its 2016 interim financial statements, respectively.

Previous sanctions in the area of financial reporting can be found at:

<https://www.six-exchange-regulation.com/en/home/publications/explorer/sanction-decisions.html>



Appendix regarding the accounting standards

Periodic financial reporting is part of the information required under the Stock Exchange Act and the Listing Rules to ensure a functional market. As part of this process, issuers must comply with the applicable financial reporting standards.

Information about financial reporting can be found at:

<https://www.six-exchange-regulation.com/en/home/issuer/obligations/financial-reporting.html>

The following accounting standards were relevant for the assessment of the case in question

According to IAS 37p86, unless the possibility of any outflow in settlement is remote, a company must disclose a brief description of the nature of a contingent liability for each class of contingent liability at the reporting date, together with an estimate of its financial effect and the uncertainties relating to the amount or timing of any outflow. Additionally, in IAS 10p3, events after the reporting period are described, among other things, as unfavorable events that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The company must update the disclosures in its financial statements to reflect such events, even when the information does not affect the amounts recognized (IAS 10p19 or IAS 10p21).

In accordance with qualitative characteristics (QC) 12 of the Conceptual Framework for Financial Reporting issued by the International Accounting Standards Board (IASB) in September 2010, financial reports represent economic phenomena in words and numbers. To serve its purpose, financial reporting must be as complete, neutral and free from error as possible.

Should you have any questions, please feel free to contact Jürg Schneider, Media Relations.

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SIX Exchange Regulation

SIX Exchange Regulation performs the functions assigned under Swiss federal law and enforces and monitors compliance with the rules laid down by the Regulatory Board. SIX Exchange Regulation imposes sanctions in so far as it is authorised to do so by the regulations, or submits sanction requests to SIX Swiss Exchange's Sanction Commission.

SIX Exchange Regulation's independence from SIX Swiss Exchange's operating business is guaranteed by its direct subordination to the Chairman of the Board of Directors of SIX Group. SIX Exchange Regulation consists of the divisions Listing & Enforcement, responsible for regulating issuers, and Surveillance & Enforcement monitoring trading.

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Sanction Commission

The Sanction Commission can impose sanctions in the case of violations of the Rule Books of SIX Swiss Exchange and SIX Structured Products Exchange, the Listing Rules and the Additional Rules. It is composed of between five



and eleven members. The Chairman of the Sanction Commission and half of its members are elected by the Regulatory Board, with the remaining members appointed by the Board of Directors of SIX.

SIX

SIX operates the infrastructure underpinning the Swiss financial sector and offers a comprehensive range of services around the world in the fields of securities trading and settlement, financial information and payment transactions. The company is owned by its users (approximately 140 banks of various orientation and size). Its workforce of over 4,000 employees and presence in 25 countries throughout the world generated operating income of CHF 1.8 billion and a Group net profit of CHF 713.7 million in 2015.

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