

Financial Report

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idorsia

The purpose of Idorsia is to discover, develop and commercialize innovative medicines to help more patients.

We have more ideas, we see more opportunities and we want to transform the horizon of therapeutic options.

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Idorsia measures and reports its non-GAAP operating performance, which management believes more accurately reflects the underlying business performance. The Group believes that these non-GAAP financial measurements provide useful supplementary information for investors. These non-GAAP measures are reported in addition to, not as a substitute for, US GAAP financial performance.

Rounding differences may occur
nm = not meaningful

Idorsia's key numbers

Profit and loss

| (in CHF millions, except EPS) | US GAAP | | Nine months ended Sep 30, | | | | Third quarter | |
|-------------------------------------|---------|--------|---------------------------|--------|---------|--------|---------------|--------|
| | 2022 | 2021 | Non-GAAP | | US GAAP | | Non-GAAP | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Net revenue | | | | | | | | |
| Product sales | 27 | - | 27 | - | 16 | - | 16 | - |
| Contract revenue – royalties | - | - | - | - | - | - | - | - |
| Contract revenue – milestones | 15 | 30 | 15 | 30 | 5 | 17 | 5 | 17 |
| Contract revenue – others | 1 | 0 | 1 | 0 | 1 | (0) | 1 | (0) |
| Operating expenses | | | | | | | | |
| Cost of sales | (4) | - | (4) | - | (2) | - | (2) | - |
| Research and development | (278) | (288) | (259) | (270) | (86) | (96) | (79) | (89) |
| Selling, general and administrative | (372) | (127) | (358) | (118) | (138) | (54) | (132) | (51) |
| Net results | | | | | | | | |
| Operating income (loss) | (610) | (385) | (577) | (357) | (206) | (133) | (193) | (123) |
| Net income (loss) | (635) | (383) | (597) | (347) | (216) | (140) | (202) | (124) |
| Basic EPS | (3.58) | (2.29) | (3.36) | (2.08) | (1.22) | (0.83) | (1.14) | (0.74) |
| Diluted EPS | (3.58) | (2.29) | (3.36) | (2.08) | (1.22) | (0.83) | (1.14) | (0.74) |

Cash flow

| (in CHF millions) | Nine months ended Sep 30, | | Third quarter | |
|---------------------|---------------------------|-------|---------------|-------|
| | 2022 | 2021 | 2022 | 2021 |
| Cash flow | | | | |
| Operating cash flow | (638) | (392) | (196) | (116) |
| Cash raise | 162 | 595 | 162 | 595 |
| Capital expenditure | (23) | (23) | (5) | (6) |

Shares

| (in millions) | Sep 30, | Jun 30, | Dec 31, |
|--------------------------------------|--------------|--------------|--------------|
| | 2022 | 2022 | 2021 |
| Share count | | | |
| Issued common shares | 177.5 | 177.5 | 177.0 |
| Equity derivatives | 54.0 | 54.0 | 54.0 |
| Equity instruments | 14.2 | 11.2 | 9.0 |
| Total potential issued shares | 245.8 | 242.7 | 240.0 |

Liquidity and indebtedness

| (in CHF millions) | Sep 30, | Jun 30, | Dec 31, |
|---------------------------|--------------|--------------|--------------|
| | 2022 | 2022 | 2021 |
| Liquidity | | | |
| Cash and cash equivalents | 315 | 233 | 101 |
| Short-term deposits | 380 | 500 | 927 |
| Long-term deposits | - | - | 160 |
| Total liquidity | 695 | 733 | 1,188 |
| Indebtedness | | | |
| Convertible loan | 335 | 335 | 298 |
| Convertible bonds | 795 | 795 | 794 |
| Other financial debt | 162 | - | - |
| Total indebtedness | 1,291 | 1,129 | 1,093 |

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Revenue

Revenue

| (in CHF millions) | Nine months ended Sep 30, | | Third quarter | |
|-------------------------------|---------------------------|-----------|---------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | | | | |
| Product sales | 27 | - | 16 | - |
| Contract revenue - royalties | - | - | - | - |
| Contract revenue - milestones | 15 | 30 | 5 | 17 |
| Contract revenue - others | 1 | 0 | 1 | (0) |
| US GAAP revenue | 43 | 30 | 21 | 17 |

Product sales comprised of the first sales of the two approved products: QUVIVIQ™ (daridorexant) - which was launched on May 2nd in the US - achieved CHF 2.3 m net sales (the net sales do not fully reflect the quantities of the products delivered due to coupon and co-pay programs), and PIVLAZ™ (clazosentan) - which was launched on April 20th in Japan - achieved CHF 25.1 m net sales.

Contract revenue from milestones mainly consisted of Janssen (aprocitentan: CHF 8 m), Mochida (daridorexant Japan: CHF 4 m) and Neurocrine (license and research & development collaboration: CHF 3 m).

Operating expenses

Operating expenses

| (in CHF millions) | Nine months ended Sep 30, | | Third quarter | |
|------------------------------------|---------------------------|------------|---------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating expenses | | | | |
| Cost of sales | 4 | - | 2 | - |
| Research | 86 | 81 | 27 | 27 |
| Development | 173 | 184 | 53 | 62 |
| Selling | 289 | 65 | 107 | 34 |
| General and administrative | 69 | 53 | 25 | 17 |
| Milestones paid | - | 5 | - | - |
| Non-GAAP operating expenses | 621 | 388 | 214 | 139 |
| Depreciation and amortization | 14 | 14 | 4 | 5 |
| Share-based compensation | 19 | 14 | 8 | 5 |
| Other | - | - | - | - |
| Other operating expenses | 33 | 27 | 13 | 10 |
| US GAAP operating expenses | 653 | 415 | 227 | 150 |

US GAAP operating expenses of CHF 653 m comprised Non-GAAP operating expenses of CHF 621 m, depreciation and amortization of CHF 14 m and share-based compensation of CHF 19 m.

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Cost of sales

| (in CHF millions) | Nine months ended Sep 30, | | Third quarter | |
|-------------------------------|---------------------------|----------|---------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Cost of sales | | | | |
| Cost of goods sold | 2 | - | 1 | - |
| Royalty expenses on sales | 2 | - | 1 | - |
| Non-GAAP cost of sales | 4 | - | 2 | - |
| Other | - | - | - | - |
| US GAAP cost of sales | 4 | - | 2 | - |

Cost of sales of CHF 4 m mainly comprised of sales-based royalty expenses. The cost of goods sold do not reflect the actual manufacturing costs, as prior to product approval the manufacturing and related costs were expensed.

Research and development ("R&D") expenses

| (in CHF millions) | Nine months ended Sep 30, | | Third quarter | |
|----------------------------------|---------------------------|------------|---------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| R&D expenses | | | | |
| Research | 86 | 81 | 27 | 27 |
| Development | 173 | 184 | 53 | 62 |
| Milestones paid | - | 5 | - | - |
| Non-GAAP R&D expenses | 259 | 270 | 79 | 89 |
| Depreciation and amortization | 11 | 11 | 3 | 5 |
| Share-based compensation | 9 | 7 | 4 | 2 |
| Other | - | - | - | - |
| US GAAP R&D expenses | 278 | 288 | 86 | 96 |

Non-GAAP research expenses amounted to CHF 86 m, comprising biology (CHF 20 m), chemistry (CHF 28 m) and preclinical activities (CHF 39 m).

Non-GAAP development expenses amounted to CHF 173 m, comprising CHF 105 m for clinical activities (including CHF 60 m study costs, mainly driven by late stage studies for selatogrel, cenerimod, daridorexant, clazosentan, lucerastat, apocitentan) and CHF 68 m for chemical and pharmaceutical development activities (including CHF 26 m for drug substance and CHF 25 m for drug product).

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Selling, general and administrative (“SG&A”) expenses

| (in CHF millions) | Nine months ended Sep 30, | | Third quarter | |
|-----------------------------------|---------------------------|------------|---------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| SG&A expenses | | | | |
| Selling | 289 | 65 | 107 | 34 |
| General and administrative | 69 | 53 | 25 | 17 |
| Non-GAAP SG&A expenses | 358 | 118 | 132 | 51 |
| Depreciation and amortization | 4 | 2 | 1 | 1 |
| Share-based compensation | 10 | 7 | 5 | 3 |
| Other | - | - | - | - |
| US GAAP SG&A expenses | 372 | 127 | 138 | 54 |

Non-GAAP SG&A expenses amounted to CHF 358 m, comprising of commercial activities (CHF 289 m), information systems (CHF 40 m) and for other support functions (CHF 29 m).

Operating results

Non-GAAP and US GAAP operating results

| (in CHF millions) | Nine months ended Sep 30, | | Third quarter | |
|---|---------------------------|--------------|---------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating results | | | | |
| Revenues | 43 | 30 | 21 | 17 |
| Operating expenses | (621) | (388) | (214) | (139) |
| Non-GAAP operating income (loss) | (577) | (357) | (193) | (123) |

Operating results

| (in CHF millions) | Nine months ended Sep 30, | | Third quarter | |
|--|---------------------------|--------------|---------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenues | 43 | 30 | 21 | 17 |
| Operating expenses | (653) | (415) | (227) | (150) |
| US GAAP operating income (loss) | (610) | (385) | (206) | (133) |

US GAAP operating loss related to Non-GAAP operating loss of CHF 577 m and includes depreciation and amortization of CHF 14 m and share-based compensation of CHF 19 m.

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Financial results

Financial results

| (in CHF millions) | Nine months ended Sep 30, | | Third quarter | |
|--|---------------------------|-----------|---------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Financial results | | | | |
| Interest income (expense), net | (11) | (3) | (4) | (3) |
| Other financial income (expense), net | (2) | 17 | (2) | 3 |
| Non-GAAP financial income (expense) | (13) | 13 | (6) | (0) |
| Accretion expense | (1) | (6) | (0) | (2) |
| Gain (loss) on securities | (5) | (4) | (2) | (4) |
| US GAAP financial income (expense) | (20) | 3 | (8) | (6) |

Non-GAAP financial expense of CHF 13 m mainly consists of interest expenses on the convertible bonds.

US GAAP financial expense of CHF 20 m include Non-GAAP financial expense of CHF 13 m and an unrealized loss of CHF 5 m on securities.

Due to the implementation of ASU 2020-06 as of January 1, 2022 no further accretion expense occurs in connection with the convertible loan with J&J. The remaining accretion expense is related to the issuance costs of the convertible bonds due in 2024 and 2028. Refer to Note 10. Borrowings of the Unaudited Interim Consolidated Financial Statements for further details.

Income tax

Income tax

| (in CHF millions) | Nine months ended Sep 30, | | Third quarter | |
|---|---------------------------|------------|---------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Income tax | | | | |
| Income tax benefit (expense) | (6) | (3) | (3) | (1) |
| Non-GAAP tax benefit (expense) | (6) | (3) | (3) | (1) |
| Other tax benefit (expense) | 1 | 2 | 0 | 0 |
| US GAAP income tax benefit (expense) | (5) | (1) | (3) | (0) |

US GAAP income tax expense (CHF 5 m) mainly includes the Non-GAAP tax expense of CHF 4 m of foreign affiliates.

Both US- and Non-GAAP tax expense included an increase of the valuation allowance of CHF 81 m, mainly related to deferred tax assets arising from operating losses which can be carried forward for 7 years.

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Net results, EPS and shares

Net results

| (in CHF millions) | Nine months ended Sep 30, | | Third quarter | |
|---|---------------------------|--------------|---------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Non-GAAP operating income (loss) | (577) | (357) | (193) | (123) |
| Financial income (expense) | (13) | 13 | (6) | (0) |
| Income tax benefit (expense) | (6) | (3) | (3) | (1) |
| Non-GAAP net income (loss) | (597) | (347) | (202) | (124) |
| US GAAP operating income (loss) | (610) | (385) | (206) | (133) |
| Financial income (expense) | (20) | 3 | (8) | (6) |
| Income tax benefit (expense) | (5) | (1) | (3) | (0) |
| US GAAP net income (loss) | (635) | (383) | (216) | (140) |

Non-GAAP net loss of CHF 597 m is mainly driven by operating expenses.

US GAAP net loss includes the Non-GAAP net loss, depreciation and amortization of CHF 14 m, share-based compensation of CHF 19 m and an unrealized net loss of CHF 5 m on securities.

Shares

| (in millions) | Issued | Potentially dilutive equity instruments | | Total potential issued shares |
|---------------------|--------------|---|-------------|-------------------------------|
| | | Derivatives | Awards | |
| Dec 31, 2021 | 177.0 | 54.0 | 9.0 | 240.0 |
| Issued | 0.1 | - | 5.9 | 6.1 |
| Vested | 0.4 | - | (0.4) | - |
| Exercised | 0.0 | - | (0.0) | - |
| Forfeited | - | - | (0.2) | (0.2) |
| Expired | - | - | (0.0) | (0.0) |
| Sep 30, 2022 | 177.5 | 54.0 | 14.2 | 245.8 |

Issued shares increased to 177.5 m mainly due to the vesting of equity awards.

Equity awards of 14.2 million as of September 30, 2022 consisted of 9.4 million share options with a weighted average strike price of 20.29 granted to eligible employees and 4.8 million restricted share units granted to eligible employees.

Earnings per share (EPS)

| (in CHF millions, unless otherwise indicated) | Nine months ended Sep 30, | | Third quarter | |
|--|---------------------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Non-GAAP net income (loss) | (597) | (347) | (202) | (124) |
| Weighted-average number of basic shares (in millions) | 177.4 | 167.0 | 177.5 | 167.3 |
| Non-GAAP basic EPS (in CHF) | (3.36) | (2.08) | (1.14) | (0.74) |
| Weighted-average number of dilutive shares (in millions) | 177.4 | 167.0 | 177.5 | 167.3 |
| Non-GAAP diluted EPS (in CHF) | (3.36) | (2.08) | (1.14) | (0.74) |
| US GAAP net income (loss) | (635) | (383) | (216) | (140) |
| Weighted-average number of basic shares (in millions) | 177.4 | 167.0 | 177.5 | 167.3 |
| US GAAP basic EPS (in CHF) | (3.58) | (2.29) | (1.22) | (0.83) |
| Weighted-average number of dilutive shares (in millions) | 177.4 | 167.0 | 177.5 | 167.3 |
| US GAAP diluted EPS (in CHF) | (3.58) | (2.29) | (1.22) | (0.83) |

There is no difference between basic and diluted EPS since no shares were considered dilutive due to the net loss.

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Cash flow and liquidity

Operating cash flow

| (in CHF millions) | Nine months ended Sep 30, | | Third quarter | |
|--|---------------------------|--------------|---------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating cash flow | | | | |
| US GAAP net income (loss) | (635) | (383) | (216) | (140) |
| Deferred contract revenue and accrued income | (12) | (7) | (5) | (2) |
| Deferred taxes | 2 | (2) | 2 | (1) |
| Depreciation and amortization | 14 | 14 | 4 | 5 |
| Accretion of convertible debt | 1 | 6 | 0 | 2 |
| Share-based compensation | 19 | 14 | 8 | 5 |
| Other non cash items | 5 | 4 | 2 | 4 |
| Funds from operations | (606) | (354) | (205) | (126) |
| Net change in receivables | (8) | (1) | 2 | 0 |
| Net change in inventories | (26) | - | (4) | - |
| Net change in trade and other payables | (7) | 2 | (1) | 3 |
| Net change in other operating assets and liabilities | 9 | (38) | 13 | 7 |
| Change in working capital | (33) | (38) | 9 | 10 |
| Operating cash flow | (638) | (392) | (196) | (116) |

The net cash outflows for operations of CHF 606 m are mainly driven by the Non-GAAP operating expenses of CHF 621 m.

The net cash outflows in working capital of CHF 33 m are mainly due to inventory build up (CHF 26 m), reduction of payables (CHF 7 m), and an increase in receivables and prepayments (CHF 19 m) as well as an increase in accruals (CHF 16 m).

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Cash flow

| (in CHF millions) | Nine months ended Sep 30, | | Third quarter | |
|--|---------------------------|--------------|---------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Cash flow | | | | |
| Operating cash flow | (638) | (392) | (196) | (116) |
| Acquisition of tangible, intangible and other assets | (24) | (26) | (5) | (9) |
| Free cash flow | (662) | (418) | (201) | (125) |
| Cash raise | 162 | (0) | 162 | (0) |
| Issuance of convertible bonds | - | 595 | - | 595 |
| Other items | 6 | 23 | 1 | 3 |
| Cash flow¹ | (493) | 200 | (38) | 473 |

¹Cash flow is reconciled with the liquidity movements shown below.

The negative cash flow of CHF 493 m is driven by the operating cash outflow (CHF 638 m), a net cash inflow from the sale and leaseback transaction (CHF 162 m), the acquisition of tangible assets (CHF 14 m) and intangible assets (CHF 9 m) and a positive impact from foreign currency fluctuations of CHF 6 m.

Liquidity

| (in CHF millions) | Liquidity |
|-------------------------------|--------------|
| Liquidity Dec 31, 2021 | 1,188 |
| Liquidity movements Q1 | (249) |
| Liquidity Mar 31, 2022 | 940 |
| Liquidity movements Q2 | (207) |
| Liquidity Jun 30, 2022 | 733 |
| Liquidity movements Q3 | (38) |
| Liquidity Sep 30, 2022 | 695 |

As of September 30, 2022, liquidity consisted of cash and cash equivalents of CHF 315 m and short-term deposits of CHF 380 m.

Liquidity of CHF 695 m at September 30, 2022 was mainly held in Swiss francs (CHF 597 m) and in US dollars (equivalent of CHF 77 m).

Balance sheet

Balance sheet

| (in CHF millions) | Sep 30, 2022 | Jun 30, 2022 | Dec 31, 2021 |
|-------------------------------------|-----------------|-----------------|-----------------|
| Assets | | | |
| Liquidity ¹ | 695 | 733 | 1,188 |
| Tangible assets | 220 | 225 | 223 |
| Other assets | 110 | 102 | 71 |
| Total assets | 1,025 | 1,059 | 1,483 |
| Liabilities and equity | | | |
| Financial debt | 1,291 | 1,129 | 1,093 |
| Deferred revenue | 7 | 12 | 19 |
| Other liabilities | 269 | 254 | 268 |
| Total liabilities | 1,568 | 1,395 | 1,379 |
| Total equity | (543) | (336) | 104 |
| Total liabilities and equity | 1,025 | 1,059 | 1,483 |

¹ Liquidity includes cash, cash equivalents, short- and long-term deposits

Tangible assets (CHF 220 m) mainly consisted of real-estate, R&D equipment and right-of-use assets.

Other assets (CHF 110 m) comprised prepayments of CHF 34 m, receivables of CHF 23 m, inventories of CHF 19 m, marketable securities of CHF 5 m, intangible assets of CHF 15 m and other assets of CHF 14 m.

Financial debt (CHF 1,291 m) comprised the convertible loan (CHF 335 m), CHF 795 m relating to the convertible bonds (nominal amount of CHF 800 m) and CHF 162 m relating to a sale and leaseback transaction. Refer to the next section which details the impact on the convertible loan of the adoption of ASU 2020-06 as of January 1, 2022.

Deferred revenue (CHF 7 m) related to the collaborations with Mochida (CHF 5 m) and Neurocrine Biosciences (CHF 3 m).

Other liabilities (CHF 269 m) included current and noncurrent liabilities of CHF 158 m and CHF 110 m respectively. Current liabilities mainly comprised accrued expenses of CHF 127 m, payables of CHF 19 m and a short-term lease liability of CHF 12 m. Noncurrent liabilities mainly comprised a long-term lease liability of CHF 59 m, pension obligations of CHF 42 m and other noncurrent liabilities of CHF 9 m.

Sale and leaseback transaction:

The Group entered into a sale and leaseback agreement for its research and development building at its headquarters. The transaction generated gross proceeds of CHF 164 m (net proceeds after transaction costs: CHF 162 m). The transaction does not qualify as a sale for US GAAP purposes as there is an option to repurchase the building. The assets associated with this transaction remain on the balance sheet within Property, plant and equipment, net and the related liability is recorded under Other financial liabilities. The cash proceeds are treated as financing inflows on the cash flows statement.

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Impact and implementation of ASU 2020-06:

The Group adopted ASU 2020-06 as of January 1, 2022 by applying the modified retrospective approach. The implementation had a material impact on the opening balances of the balance sheet as follows:

| (In CHF millions) | Jan 1, 2022 reported | Effect | Reclass Deferred tax asset | Valuation allowance on Deferred tax asset | Jan 1, 2022 adopted |
|--------------------------------------|----------------------|--------|----------------------------|---|---------------------|
| ASSETS | | | | | |
| Noncurrent assets | | | | | |
| Other noncurrent assets ¹ | 16 | - | 4 | (4) | 16 |
| LIABILITIES | | | | | |
| Noncurrent liabilities | | | | | |
| Convertible loan | 298 | 36 | | | 335 |
| Deferred tax liability | 1 | (5) | 4 | | - |
| EQUITY | | | | | |
| Accumulated profit (loss) | (1,982) | (31) | | (4) | (2,017) |

¹ Includes Deferred tax assets.

The book value of the convertible loan with J&J increased from CHF 298 m as of December 31, 2021 to its nominal amount (CHF 335 m) as of January 1, 2022 with the difference recognized in equity.

As a consequence no further accretion expense occurs over the remaining term of the convertible loan.

The adoption did not have a material impact on the statement of cash flows.

The implementation of ASU 2020-06 does not impact the accounting treatment of the convertible bonds due in 2024 and 2028.

Refer to Note 10. Borrowings of the Unaudited Interim Consolidated Financial Statements.

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Reconciliation of US GAAP to non-GAAP results

Reconciliation of US GAAP to non-GAAP results for the nine months ended September 30, 2022

| (in CHF millions, unless otherwise indicated) | US GAAP results | Depreciation, amortization, impairment | Share-based compensation | Other items | Non-GAAP results |
|--|--------------------|--|-----------------------------|-------------|---------------------|
| Net revenue | | | | | |
| Product sales | 27 | - | - | - | 27 |
| Contract revenue – royalties | - | - | - | - | - |
| Contract revenue – milestones | 15 | - | - | - | 15 |
| Contract revenue – others | 1 | - | - | - | 1 |
| Total net revenue | 43 | - | - | - | 43 |
| Operating expenses | | | | | |
| Cost of sales | (4) | - | - | - | (4) |
| Research and development | (278) | 10 | 9 | - | (259) |
| Selling, general and administrative | (371) | 3 | 10 | - | (358) |
| Amortization of intangible assets | (1) | 1 | - | - | - |
| Total operating expenses | (653) | 14 | 19 | - | (621) |
| Operating results | (610) | 14 | 19 | - | (577) |
| Total financial income (expense) | (20) | - | - | 6 | (13) |
| Income before income tax benefit (expense) | (630) | 14 | 19 | 6 | (591) |
| Income tax benefit (expense) | (5) | (1) | - | - | (6) |
| Net income (loss) | (635) | 13 | 19 | 6 | (597) |
| Basic net income (loss) per share (CHF) | (3.58) | 0.08 | 0.11 | 0.04 | (3.36) |
| Weighted-average number of basic shares (in millions) | 177.4 | - | - | - | 177.4 |
| Diluted net income (loss) per share (CHF) | (3.58) | 0.08 | 0.11 | 0.04 | (3.36) |
| Weighted-average number of dilutive shares (in millions) | 177.4 | - | - | - | 177.4 |

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Reconciliation of US GAAP to non-GAAP results for the third quarter 2022

| (in CHF millions, unless otherwise indicated) | US GAAP results | Depreciation, amortization, impairment | Share-based compensation | Other items | Non-GAAP results |
|--|--------------------|--|-----------------------------|-------------|---------------------|
| Net revenue | | | | | |
| Product sales | 16 | - | - | - | 16 |
| Contract revenue – royalties | - | - | - | - | - |
| Contract revenue – milestones | 5 | - | - | - | 5 |
| Contract revenue – others | 1 | - | - | - | 1 |
| Total net revenue | 21 | - | - | - | 21 |
| Operating expenses | | | | | |
| Cost of sales | (2) | - | - | - | (2) |
| Research and development | (86) | 3 | 4 | - | (79) |
| Selling, general and administrative | (138) | 1 | 5 | - | (132) |
| Amortization of intangible assets | (0) | 0 | - | - | - |
| Total operating expenses | (227) | 4 | 8 | - | (214) |
| Operating results | (206) | 4 | 8 | - | (193) |
| Total financial income (expense) | (8) | - | - | 2 | (6) |
| Income before income tax benefit (expense) | (213) | 4 | 8 | 2 | (199) |
| Income tax benefit (expense) | (3) | (0) | - | - | (3) |
| Net income (loss) | (216) | 4 | 8 | 2 | (202) |
| Basic net income (loss) per share (CHF) | (1.22) | 0.02 | 0.05 | 0.01 | (1.14) |
| Weighted-average number of basic shares (in millions) | 177.5 | - | - | - | 177.5 |
| Diluted net income (loss) per share (CHF) | (1.22) | 0.02 | 0.05 | 0.01 | (1.14) |
| Weighted-average number of dilutive shares (in millions) | 177.5 | - | - | - | 177.5 |

The non-GAAP metrics are reported in addition to, not as a substitute for, US GAAP financial performance, as management believes that they provide useful supplementary information to investors and more accurately reflect the underlying business performance.

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➤ **Unaudited Interim
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Interim Consolidated Income Statement

| | Nine months ended September 30, | |
|---|--|------------------|
| | 2022 | 2021 |
| (in CHF thousands, except per share amounts) | (unaudited) | (unaudited) |
| Net revenue | | |
| Product sales | 27,379 | - |
| Contract revenue | 15,911 | 30,371 |
| Total net revenue | 43,289 | 30,371 |
| Operating (expenses)¹ | | |
| Cost of sales | (3,537) | - |
| Research and development | (278,105) | (287,621) |
| Selling, general and administrative | (370,819) | (126,992) |
| Amortization of intangible assets | (1,037) | (437) |
| Total operating (expenses) | (653,498) | (415,050) |
| Operating income (loss) | (610,209) | (384,678) |
| Interest income (expense), net | (11,467) | (3,108) |
| Accretion of convertible debt | (791) | (6,463) |
| Other financial income (expense), net | (7,331) | 12,415 |
| Total financial income (expense) | (19,589) | 2,845 |
| Income (loss) before income tax benefit (expense) | (629,798) | (381,834) |
| Income tax benefit (expense) | (5,285) | (1,117) |
| Net income (loss) attributable to Idorsia's shareholders | (635,083) | (382,951) |
| Basic net income (loss) per share attributable to Idorsia's shareholders | (3.58) | (2.29) |
| Weighted-average number of common shares (in thousands) | 177,396 | 167,017 |
| Diluted net income (loss) per share attributable to Idorsia's shareholders | (3.58) | (2.29) |
| Weighted-average number of common shares (in thousands) | 177,396 | 167,017 |
| ¹Includes share-based compensation as follows: | | |
| Research and development | 8,701 | 6,729 |
| Selling, general and administrative | 10,106 | 6,866 |
| Total share-based compensation | 18,807 | 13,595 |

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> **Unaudited Interim Consolidated Financial Statements**

Interim Consolidated Statement of Comprehensive Income

| (in CHF thousands) | Nine months ended September 30, | |
|---|--|------------------|
| | 2022 | 2021 |
| | (unaudited) | (unaudited) |
| Net income (loss) | (635,083) | (382,951) |
| Other comprehensive income (loss), net of tax: | | |
| Foreign currency translation adjustments | 4,444 | 133 |
| Change of unrecognized components of net periodic benefit costs | (932) | 233 |
| Other comprehensive income (loss), net of tax | 3,512 | 367 |
| Comprehensive income (loss) | (631,571) | (382,584) |

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Interim Consolidated Balance Sheet (1/2)

| | Sep 30, | Dec 31, |
|--|------------------|------------------|
| | 2022 | 2021 |
| | (unaudited) | (audited) |
| <i>(in CHF thousands, except number of shares)</i> | | |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 314,823 | 101,352 |
| Short-term deposits | 380,000 | 926,822 |
| Trade and other receivables, net | 19,238 | 13,007 |
| Receivables from related parties | 3,853 | 4,611 |
| Inventories | 18,790 | - |
| Marketable securities | 5,208 | 9,951 |
| Other current assets | 34,670 | 21,718 |
| Total current assets | 776,583 | 1,077,462 |
| Noncurrent assets | | |
| Long-term deposits | - | 160,000 |
| Property, plant and equipment, net | 148,370 | 149,862 |
| Right-of-use assets | 71,383 | 73,573 |
| Intangible assets, net | 14,762 | 6,131 |
| Other noncurrent assets | 13,677 | 15,931 |
| Total noncurrent assets | 248,194 | 405,497 |
| TOTAL ASSETS | 1,024,776 | 1,482,958 |

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> **Unaudited Interim
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Interim Consolidated Balance Sheet (2/2)

| | Sep 30, | Dec 31, |
|--|------------------|------------------|
| | 2022 | 2021 |
| | (unaudited) | (audited) |
| <i>(in CHF thousands, except number of shares)</i> | | |
| LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables | 19,367 | 26,860 |
| Payables and accrued payables to related parties | 334 | 20 |
| Deferred revenue | 7,368 | 15,078 |
| Lease liability | 12,053 | 10,312 |
| Sales related liabilities | 3,996 | - |
| Accrued expenses | 122,894 | 112,869 |
| Total current liabilities | 166,012 | 165,140 |
| Noncurrent liabilities | | |
| Convertible loan | 334,575 | 298,445 |
| Convertible bonds | 794,955 | 794,164 |
| Other financial liabilities | 161,950 | - |
| Deferred revenue | - | 3,518 |
| Lease liability | 58,858 | 60,563 |
| Pension liability | 42,059 | 48,517 |
| Deferred tax liability | 1,620 | 1,008 |
| Other noncurrent liabilities | 7,802 | 7,400 |
| Total noncurrent liabilities | 1,401,820 | 1,213,615 |
| Total liabilities | 1,567,832 | 1,378,754 |
| EQUITY | | |
| Idorsia's shareholders' equity | | |
| Common shares (par value CHF 0.05 per share, issued and outstanding 177,541,287 and 176,966,995 in 2022 and 2021 respectively; total number of authorized shares, including issued, authorized and conditional, 301,294,689 and 295,041,148 in 2022 and 2021 respectively) | 8,877 | 8,848 |
| Additional paid-in capital | 2,119,643 | 2,100,237 |
| Accumulated profit (loss) | (2,652,285) | (1,982,079) |
| Accumulated other comprehensive income (loss) | (19,291) | (22,802) |
| Total Idorsia's shareholders' equity | (543,056) | 104,204 |
| TOTAL LIABILITIES AND EQUITY | 1,024,776 | 1,482,958 |

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➤ **Unaudited Interim Consolidated Financial Statements**

Interim Consolidated Statement of Cash Flows

| | Nine months ended September 30, | |
|--|--|------------------|
| | 2022 | 2021 |
| (in CHF thousands) | (unaudited) | (unaudited) |
| Cash flow from operating activities | | |
| Net income (loss) | (635,083) | (382,951) |
| Adjustments to reconcile net income (loss) to net cash provided from operating activities: | | |
| Depreciation and amortization | 14,151 | 13,680 |
| Share-based compensation | 18,807 | 13,595 |
| Accretion of convertible debt | 791 | 6,463 |
| Fair value changes on securities | 5,444 | 4,131 |
| Deferred revenue and accrued income | (11,840) | (7,198) |
| Deferred taxes | 2,139 | (1,954) |
| Changes in operating assets and liabilities: | | |
| Other receivables | (8,044) | (1,324) |
| Prepayments | (10,830) | (3,319) |
| Inventories | (26,267) | - |
| Trade and other payables | (7,413) | 2,186 |
| Accrued expenses | 15,540 | (7,364) |
| Changes in other operating cash flow items | 4,479 | (28,023) |
| Net cash flow provided by (used in) operating activities | (638,125) | (392,078) |
| Cash flow from investing activities | | |
| Purchase of marketable securities | (111) | (3,500) |
| Purchase of short-term deposits | (410,000) | (664,164) |
| Proceeds from short-term deposits | 1,121,071 | 619,167 |
| Purchase of property, plant and equipment | (14,267) | (19,332) |
| Purchase of intangible assets | (9,171) | (3,476) |
| Net cash flow provided by (used in) investing activities | 687,521 | (231,305) |
| Cash flow from financing activities | | |
| Issuance of new shares, net | - | (24) |
| Proceeds from exercise of share options | 360 | 9,858 |
| Proceeds from sale and leaseback transactions, net | 161,950 | - |
| Proceeds from issuance of convertible bonds, net | - | 594,771 |
| Net cash flow provided by (used in) financing activities | 162,310 | 604,605 |
| Net effect of exchange rates on cash and cash equivalents | 1,765 | 383 |
| Net change in cash and cash equivalents | 213,471 | (18,394) |
| Cash and cash equivalents at beginning of period | 101,352 | 140,810 |
| Cash and cash equivalents at end of period | 314,823 | 122,415 |

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> **Unaudited Interim Consolidated Financial Statements**

Interim Consolidated Statement of Changes in Equity

| | Idorsia's shareholders | | | | | Total equity |
|---|------------------------|--------------|----------------------------|----------------------|--|------------------|
| | Common shares | | Additional paid-in capital | Accum. profit (loss) | Accum. other comprehensive income (loss) | |
| | Shares | Amount | | | | |
| (in CHF thousands, except number of shares) | | | | | | |
| At January 1, 2021 | 166,482,328 | 8,324 | 1,962,739 | (1,347,485) | (38,096) | 585,483 |
| Comprehensive income (loss): | | | | | | |
| Net income (loss) | | | | (382,951) | | (382,951) |
| Other comprehensive income (loss) | | | | | 367 | 367 |
| Comprehensive income (loss) | | | | | | (382,584) |
| Exercise of share options | 556,008 | 28 | 9,830 | | | 9,858 |
| Share-based compensation transactions | 323,234 | 16 | 14,428 | | | 14,444 |
| Issuance of new shares | - | - | (24) | | | (24) |
| At September 30, 2021 (unaudited) | 167,361,570 | 8,368 | 1,986,973 | (1,730,435) | (37,730) | 227,177 |
| Comprehensive income (loss): | | | | | | |
| Net income (loss) | | | | (251,644) | | (251,644) |
| Other comprehensive income (loss) | | | | | 14,927 | 14,927 |
| Comprehensive income (loss) | | | | | | (236,717) |
| Exercise of share options | 8,010 | 0 | 142 | | | 142 |
| Share-based compensation transactions | 15,533 | 1 | 4,725 | | | 4,726 |
| Conversion of loan, net | 9,581,882 | 479 | 108,397 | | | 108,876 |
| At December 31, 2021 (audited) | 176,966,995 | 8,848 | 2,100,237 | (1,982,079) | (22,802) | 104,204 |
| Comprehensive income (loss): | | | | | | |
| Net income (loss) | | | | (635,083) | | (635,083) |
| Other comprehensive income (loss) | | | | | 3,512 | 3,512 |
| Comprehensive income (loss) | | | | | | (631,571) |
| Exercise of share options | 20,320 | 1 | 359 | | | 360 |
| Share-based compensation transactions | 553,972 | 28 | 19,046 | | | 19,074 |
| Other ¹ | | | | (35,123) | | (35,123) |
| At September 30, 2022 (unaudited) | 177,541,287 | 8,877 | 2,119,643 | (2,652,285) | (19,291) | (543,056) |

¹ Impact on opening balance caused by the adoption of ASU 2020-06 as of January 1, 2022. Refer to Note 10. Borrowings of the Unaudited Interim Consolidated Financial Statements.

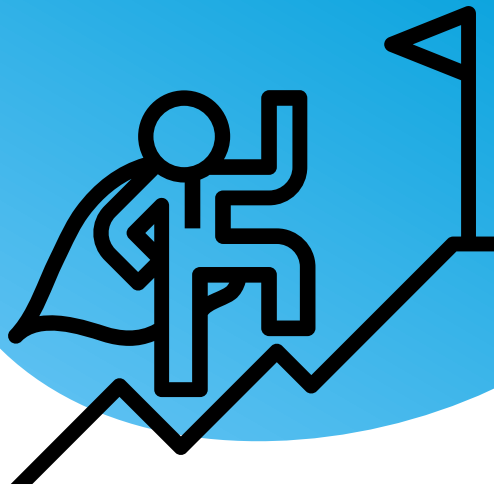
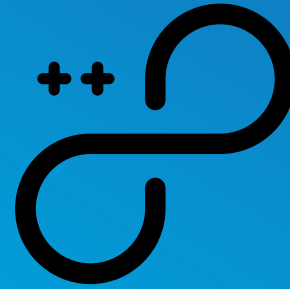
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