

Financial Status as of
March 31, 2024
in connection with an upcoming
Bondholders meeting

Contents

3 Section 1: Context of the Financial Status report

4 Section 2: Management discussion and analysis

8 Section 3: Idorsia Group - Financial Status as of March 31, 2024 (unaudited)

16 Section 4: Idorsia Ltd - Financial Status as of March 31, 2024 (unaudited)

Section 1: Context of the Financial Status report

The Group determined that the current available financial resources would not allow the Group to fund its operations and to redeem the CHF 200 million convertible bonds at maturity on July 17, 2024 (hereafter referred as the “Bonds 2024”).

Therefore, the company seeks to amend the terms of the Bonds 2024 to give more flexibility to repay the Bonds 2024. This Financial Status is provided in connection with the calling of a bondholders' meeting of the Bonds 2024 as required by Article 1175 of the Swiss Code of Obligations.

Shareholders and bondholders should note that whilst Management and Board of Directors consistently continue to evaluate and execute all available options to extend the cash runway and operate the business as a going concern, there is no guarantee that any transaction can be realized or that such transaction would generate sufficient funds in the near-term future to prevent a default of payment.

This material uncertainty may cast significant doubts about the going concern of the Group. In this context, shareholders and bondholders should note that the accompanying unaudited financial information has been prepared on the basis that the Group will continue as a going concern and therefore does not include any adjustments that would be necessary should the Group be unable to continue as a going concern. The accompanying financial information is unaudited and may be subject to change. Readers of this financial information shall not place undue reliance on it.

Section 2: Management discussion and analysis

The consolidated numbers for the first quarter 2024 and the fourth quarter 2023 are unaudited and assume that the Group will continue as a going concern. Therefore, these numbers do not include any adjustments that would be necessary should the Group be unable to continue as a going concern.

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.

Operating performance

Unaudited (in CHF millions)	US GAAP		Non- GAAP	
	First quarter 2024	Fourth quarter 2023	First quarter 2024	Fourth quarter 2023
Revenues	10	22	10	22
Operating expenses	20	(134)	(96)	(137)
Other income	1	1	1	1
Operating income (loss)	31	(111)	(85)	(115)

The US GAAP operating income for the first quarter 2024 at 31 million Swiss francs is positively impacted by a gain of 125 million Swiss francs in connection with the Viatriis deal.

Idorsia announced on March 18, 2024, the closing of a global research and development collaboration with Viatriis Inc. ("Viatriis"), focused on the development and commercialization of two innovative compounds, selatogrel and cenerimod, both discovered by Idorsia ("Viatriis deal"). Only 150 million US dollars of the 350 million US dollars upfront consideration paid by Viatriis was recorded as a gain on sale of disposal, offset by some expenses, resulting in a net gain of 125 million Swiss francs. The remainder of 181 million Swiss francs was accrued to account for the performance of services and Idorsia commitment to fund the ongoing phase 3 of selatogrel and cenerimod up to 200 million US dollars, of which 17 million Swiss francs were consumed during the first quarter of 2024.

Revenues amounted to 10 million Swiss francs in the first quarter 2024.

Unaudited (in CHF millions)	First quarter 2024	Fourth quarter 2023
Product sales	10	11
Contract revenue - milestones	-	9
Contract revenue - others	0	1
US GAAP Revenue	10	22

Product sales of QUVIVIQ™ (daridorexant) amounted to 10 million Swiss francs in the first quarter 2024 of which 7 million Swiss francs in the US and 3 million Swiss francs in EUCAN region. Key milestones in EUCAN region with reimbursement secured in England (October 2023), France (January 2024) and Scotland (April 2024) and the exemption from the 4 weeks prescription restriction for Quviviq™ in Germany.

The US-GAAP operating expenses comprised Non-GAAP operating expenses of 96 million Swiss francs in the first quarter 2024 compared to 137 million Swiss francs in the fourth quarter 2023, the one-off gain of 125 million Swiss francs of the Viatris deal and other operating expenses of 10 million Swiss francs.

Unaudited (in CHF millions)	First quarter 2024	Fourth quarter 2023
Cost of sales	4	0
Research	15	18
Development	14	39
Selling	47	57
General and administrative	17	22
Non-GAAP operating expenses	96	137
Depreciation and amortization	4	4
Share-based compensation	5	(4)
Restructuring charges	1	(1)
Effect of the Viatris and Sosei deals	(125)	(3)
Other operating expenses	(116)	(4)
US GAAP operating expenses	(20)	134

The cost reduction initiative implemented in the third quarter 2023 showed benefits across the organization with lower spend in Research, Development, and the Commercial organization.

Non-GAAP research expenses at 15 million Swiss francs in the first quarter 2024 are mainly driven by the reduction in headcount of the drug discovery organization.

Non-GAAP development expenses at 14 million Swiss francs in the first quarter include a release of 17 million Swiss francs to neutralize the costs incurred for selatogrel and cenerimod in connection with the Viatris deal. The further reduction in development expenses is driven by the reduction in headcount of the clinical and CMC organization and the impact of a portfolio review that led to a prioritization of the pipeline assets.

Non-GAAP selling expenses amounted 47 million Swiss francs in the first quarter (vs. 57 million Swiss francs in the fourth quarter 2023). The 10 million Swiss francs reduction was mainly driven by the US commercial affiliate due to a reduced field force and lower DTC expenses.

Non-GAAP general and administrative expenses at 17 million Swiss francs in the first quarter (vs 22 million Swiss francs in the fourth quarter 2023). The 5 million Swiss francs decrease is driven by a reduction in personnel cost (including related pension cost) and lower legal fees .

Cash-Flow

Total cash-flow of 190 million Swiss francs in the first quarter 2024 included the 350 million US dollars upfront consideration paid by Viatris (308 million Swiss francs), 85 million Swiss francs outflows from operations reflecting a lower cost base and working capital requirements of 33 million Swiss francs.

Unaudited (in CHF millions)	First quarter 2024	Fourth quarter 2023
Net outflows from operations	(85)	(121)
Change in working capital	(33)	13
Operating Cash-Flow	(118)	(108)
Cash from the Viatris deal	308	-
Cash flow	190	(110)

Liquidity and financial indebtedness

Unaudited (in CHF millions)	March 31, 2024	December 31, 2023
Cash and cash equivalents	335	145
Short-term deposits	-	-
Total liquidity	335	145
Convertible loan	335	335
Convertible bonds	797	796
Other financial debt	162	162
Total Indebtedness	1,293	1,293

Idorsia liquidity as of March 31, 2024, amounted to 335 million Swiss francs, an increase of 190 million Swiss francs compared to December 31, 2023.

Idorsia financial indebtedness as of March 31, 2024, remained unchanged at 1,293 million Swiss francs.

The convertible loan of 335 million Swiss francs is the remaining portion of a 580 million Swiss francs loan underwritten by Cilag Holding AG, an affiliate of Johnson and Johnson at the time of the demerger from Actelion in June 2017 (the "Cilag loan"). The Cilag loan was issued at par, does not carry interest, has a conversion price of 11.48 Swiss francs, a maturity on June 15, 2027, and a redemption likely to be in shares (29.1 million shares of Idorsia, which would result in a total shareholding of 18% on a diluted basis) since Cilag can convert in shares at any time but Idorsia has eventually the option to redeem it in shares at maturity. However, Cilag would have the option to choose for a cash redemption, should Idorsia undergo a change of control or file for insolvency.

The convertible bonds consist of two senior unsecured convertible bonds: the convertible bond due 2024 ("Bonds 2024") and the convertible bond due 2028 ("Bonds 2028").

The Bonds 2024 were issued on July 17, 2018, for an aggregate amount of 200 million Swiss francs (1,000 senior unsecured bonds with a denomination of 200,000 Swiss francs per bond). The Bonds 2024 were issued at par, with an interest rate of 0.75% per annum, a conversion price of CHF 33.95, a maturity on July 17, 2024, and a redemption in cash at 100% of the principal amount. The Company seeks to amend the terms of these bonds to have more flexibility.

The Bonds 2028 were issued on August 4, 2021, for an aggregate amount of 600 million Swiss francs (3,000 senior unsecured bonds with a denomination of 200,000 Swiss francs per bond). The bonds were issued at par, with an interest rate of 2.125% per annum, a conversion price of 31.54 Swiss francs, a maturity on August 4, 2028, and a redemption in cash at 100% of the principal amount. The investors may request redemption of the bonds on the fifth anniversary of the settlement date (on August 4, 2026) or upon a change of control and in case of a delisting of shares.

The other financial debt of 162 million Swiss francs is relating to a sale and lease-back transaction for its research and development building at Idorsia headquarters. The transaction generated net proceeds of 162 million Swiss. The transaction does not qualify as a sale for US GAAP purposes as Idorsia has an option to repurchase the building; therefore, the related assets and potential liability remain on the balance sheet.

The conditional debt arising from the reacquisition of the worldwide rights to apocitentan from Janssen is not recorded on the balance sheet. With the recent marketing approval of apocitentan by the FDA in the US, Janssen is entitled to receive to 275.5 million Swiss francs and could be entitled to receive up to 30.5 million Swiss francs should the EMA approve apocitentan in Europe. Idorsia is obligated to repay such conditional debt via low to mid-single digit royalties on net sales, 30% of proceeds received from an outlicense or divestiture of apocitentan, and 10% of proceeds received from an outlicense or divestiture of other Idorsia assets.

Shares

Unaudited (in CHF millions)	March 31, 2024	December 31, 2023
Issued common shares	189.0	188.5
Equity derivatives	54.0	54.0
Equity instruments	13.8	14.7
Total potential issued shares	256.8	257.2

The 189 million common shares issued as of March 31, 2024, include 9 million treasury shares.

The 54 million equity derivatives as of March 31, 2024, include 5.9 million shares relating to the Bonds 2024, 19 million shares relating to the Bonds 2028 and 29.1 million shares relating to the Cilag convertible loan.

The 13.8 million equity instruments as of March 31, 2024, include restricted share units, performance share units and stock-options granted to employees.

Section 3: Idorsia Group - Financial Status as of March 31, 2024 (unaudited)

Unaudited Consolidated Income Statement (1/2)

(in CHF thousands, except per share amounts)	First quarter	Fourth quarter
	2024	2023
	(unaudited)	(unaudited)
Net revenue		
Product sales	10,022	11,374
Contract revenue	37	10,140
Total net revenue	10,058	21,514
Operating (expenses)¹		
Cost of sales	(3,530)	(489)
Research and development	(32,810)	(59,062)
Selling, general and administrative	(67,799)	(77,621)
Amortization of intangible assets	(531)	(141)
Restructuring charges	(661)	579
Gains on sale of disposal group	125,314	3,155
Total operating (expenses)	19,983	(133,579)
Other income	900	711
Operating income (loss)	30,941	(111,354)
Interest income (expense), net	(4,895)	(4,481)
Accretion of convertible debt	(315)	(316)
Other financial income (expense), net	4,275	(103)
Total financial income (expense)	(935)	(4,900)
Income (loss) before income tax benefit (expense)	30,006	(116,254)
Income tax benefit (expense)	(146)	(422)
Net income (loss)	29,860	(116,676)

Unaudited Consolidated Income Statement (2/2)

(in CHF thousands, except per share amounts)	First quarter	Fourth quarter
	2024	2023
	(unaudited)	(unaudited)
Basic net income (loss) per share attributable to Idorsia's shareholders	0.17	(0.65)
Weighted-average number of common shares (in thousands)	179,123	178,639
Diluted net income (loss) per share attributable to Idorsia's shareholders	0.13	(0.65)
Weighted-average number of common shares (in thousands)	233,266	177,434
¹Includes share-based compensation as follows:		
Research and development	(1,235)	961
Selling, general and administrative	(3,418)	2,882
Total share-based compensation	(4,653)	3,843

Unaudited Consolidated Statement of Comprehensive Income

(in CHF thousands)	First quarter	Fourth quarter
	2024	2023
	(unaudited)	(unaudited)
Net income (loss)	29,860	(116,676)
Other comprehensive income (loss), net of tax:		-
Foreign currency translation adjustments	118	(163)
Change of unrecognized components of net periodic benefit costs	(365)	(24,548)
Other comprehensive income (loss), net of tax	(247)	(24,711)
		-
Comprehensive income (loss)	29,613	(141,387)

Unaudited Consolidated Balance Sheet (1/2)

(in CHF thousands, except number of shares)	Mar 31,	Dec 31,
	2024	2023
	(unaudited)	(unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	334,850	145,052
Trade and other receivables, net	32,826	28,791
Receivables from related parties	-	1,145
Inventories	59,304	59,146
Marketable securities	12,712	12,764
Other current assets	35,871	29,386
Total current assets	475,563	276,284
Noncurrent assets		
Property, plant and equipment, net	134,022	136,671
Right-of-use assets	130,900	73,065
Intangible assets, net	16,275	3,527
Pension asset	15,447	3,540
Other noncurrent assets	8,377	6,909
Total noncurrent assets	305,022	223,712
TOTAL ASSETS	780,585	499,996

Unaudited Consolidated Balance Sheet (2/2)

(in CHF thousands, except number of shares)	Mar 31, 2024 (unaudited)	Dec 31, 2023 (unaudited)
LIABILITIES		
Current liabilities		
Trade and other payables	29,571	19,910
Payables and accrued payables to related parties	-	322
Deferred revenue	-	2
Lease liability	9,247	6,275
Sales related liabilities	22,407	18,189
Accrued expenses	154,499	55,457
Provisions	278	1,322
Convertible bonds	199,918	199,847
Total current liabilities	415,920	301,326
Noncurrent liabilities		
Convertible loan	334,575	334,575
Convertible bonds	596,622	596,428
Other financial liabilities	162,256	162,205
Lease liability	120,967	66,501
Deferred tax liability	1,858	1,940
Other noncurrent liabilities	85,016	5,737
Total noncurrent liabilities	1,301,295	1,167,388
Total liabilities	1,717,215	1,468,713
EQUITY		
Idorsia's shareholders' equity		
Common shares	9,448	9,424
Additional paid-in capital	2,158,039	2,155,617
Accumulated profit (loss)	(3,113,159)	(3,143,019)
Treasury shares	(452)	(483)
Accumulated other comprehensive income (loss)	9,495	9,742
Total Idorsia's shareholders' equity	(936,630)	(968,718)
TOTAL LIABILITIES AND EQUITY	780,585	499,996

Unaudited Consolidated Statement of Cash Flows (1/2)

(in CHF thousands)	First quarter	Fourth quarter
	2024	2023
	(unaudited)	(unaudited)
Cash flow from operating activities		
Net income (loss)	29,860	(116,676)
Adjustments to reconcile net income (loss) to net cash provided from operating activities:		
Depreciation and amortization	3,841	3,955
Share-based compensation	4,653	(3,843)
Accretion of convertible debt	315	316
Fair value changes on securities	206	(1,747)
Release of deferred revenue and accrued income	1,145	203
Gain on disposals of assets	(125,314)	(3,155)
Deferred taxes	4	367
Changes in operating assets and liabilities:		
Trade and other receivables	(1,296)	(5,211)
Prepayments	(7,940)	(6,758)
Inventories	582	247
Trade and other payables	8,549	2,869
Accrued expenses	163,152	(11,145)
Provisions	(12,618)	28,453
Changes in other operating cash flow items	(446)	4,286
Changes in other operating cash flows as a result of asset disposal	(182,997)	-
Net cash flow provided by (used in) operating activities	(118,304)	(107,837)
Cash flow from investing activities		
Proceeds from short-term deposits	-	50,000
Purchase of property, plant and equipment	(683)	(3,191)
Purchase of intangible assets	(82)	2,286
Proceeds from disposals of assets	308,048	-
Net cash flow provided by (used in) investing activities	307,283	49,095
Cash flow from financing activities		
Net cash flow provided by (used in) financing activities	-	-

Unaudited Consolidated Statement of Cash Flows (2/2)

(in CHF thousands)	First quarter	Fourth quarter
	2024	2023
	(unaudited)	(unaudited)
Net effect of exchange rates on cash and cash equivalents	818	(1,485)
Net change in cash and cash equivalents	189,798	(60,226)
Cash and cash equivalents at beginning of period	145,052	205,279
Cash and cash equivalents at end of period	334,850	145,052

Unaudited Consolidated Statement of Changes in Equity

(in CHF thousands, except number of shares)	Common shares		Idorsia's shareholders			Accum. other comprehensive income (loss)	Total equity
	Shares	Amount	Additional paid-in capital	Accum. profit (loss)	Treasury shares		
At January 1, 2023	177,558,532	8,878	2,126,859	(2,845,098)	-	48,403	(660,958)
Comprehensive income (loss):							
Net income (loss)				(181,245)			(181,245)
Other comprehensive income (loss)						(13,949)	(13,949)
Comprehensive income (loss)							(195,194)
Share-based compensation transactions	671,176	34	20,260				20,294
Transactions in treasury shares	10,000,000	500	4,841		(483)		4,858
At September 30, 2023 (unaudited)	188,229,708	9,411	2,151,960	(3,026,343)	(483)	34,453	(831,001)
Comprehensive income (loss):							
Net income (loss)				(116,676)			(116,676)
Other comprehensive income (loss)						(24,711)	(24,711)
Comprehensive income (loss)							(141,387)
Share-based compensation transactions	250,918	13	3,657				3,670
Transactions in treasury shares	-	-	-		-		-
At December 31, 2023 (unaudited)	188,480,626	9,424	2,155,617	(3,143,019)	(483)	9,742	(968,718)
Comprehensive income (loss):							
Net income (loss)				29,860			29,860
Other comprehensive income (loss)						(247)	(247)
Comprehensive income (loss)							29,613
Share-based compensation transactions	470,771	24	1,322				1,346
Transactions in treasury shares	-	-	1,099		30		1,129
At March 31, 2024 (unaudited)	188,951,397	9,448	2,158,039	(3,113,159)	(452)	9,495	(936,630)

Section 4: Idorsia Ltd - Financial Status as of March 31, 2024 (unaudited)

Unaudited Balance sheet (1/2)

(in CHF thousands)	March 31, 2024 (unaudited)	December 31, 2023 (unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	15,553	15,969
Other receivables from Group companies	22	18
Other current assets	-	12
Total current assets	15,574	15,999
Noncurrent assets		
Long-term loans to Group companies	51,716	49,470
Long-term loans to Group companies (subordinated)	2,543,960	2,540,150
Investments in Group companies	263,752	263,898
Total noncurrent assets	2,859,427	2,853,518
TOTAL ASSETS	2,875,002	2,869,517

Unaudited Balance sheet (2/2)

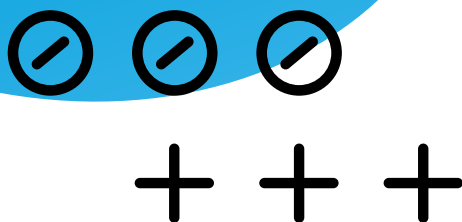
(in CHF thousands)	March 31, 2024 (unaudited)	December 31, 2023 (unaudited)
LIABILITIES		
Current liabilities		
Accrued interest	9,456	5,894
Current financial debt	200,000	200,000
Other current liabilities	769	490
Total current liabilities	210,225	206,384
Noncurrent liabilities		
Noncurrent financial debt	934,575	934,575
Total noncurrent liabilities	934,575	934,575
Total liabilities	1,144,800	1,140,959
SHAREHOLDERS' EQUITY		
Common shares	9,448	9,424
Legal reserves:		
Legal capital contribution reserve	1,704,199	1,702,130
Other legal reserves	30,560	30,560
Reserve for treasury shares	(452)	(483)
Legal retained earnings:		
Accumulated profit (loss)	(13,553)	(13,074)
Total shareholders' equity	1,730,201	1,728,558
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,875,002	2,869,517

Unaudited Income Statement

(in CHF thousands)	Three months ended March 31, 2024 (unaudited)
Financial income	3,894
Total income	3,894
Financial (expense)	(3,563)
Gain from sale of investments	140
Administrative (expense)	(951)
Total income/ (expense)	(4,373)
Income (loss) before taxes	(479)
Income tax benefit (expense)	-
Net income (loss)	(479)

Disclaimer

The consolidated and standalone numbers for the first quarter 2024 and the fourth quarter 2023 included in this Financial Status are unaudited. As a result, the audited Full Year 2023 and Q1 2024 Financial Results expected to be published on May 21 may differ from the numbers included in this Financial Status. In addition, this Financial Status may expressly or implicitly contain certain forward-looking statements concerning the Group. Such statements involve certain known and unknown risks, uncertainties, and other factors, which could cause the actual results, financial condition, performance, or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. There can be no guarantee that any of the development, commercial or financing projects contemplated by the Group will succeed.



**Curious to learn more?
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