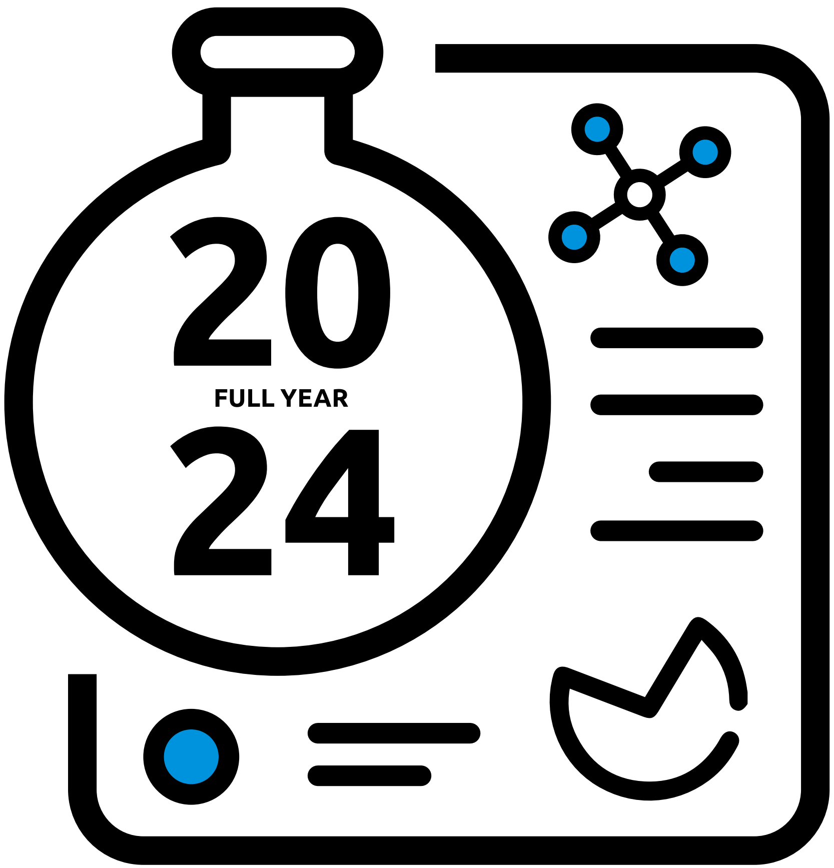
Financial Report



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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Financial Review

Contents

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)	Twelve months ended Dec 31, US GAAP 2024	US GAAP 2023	Non-GAAP 2024	Non-GAAP 2023	Fourth quarter US GAAP 2024	US GAAP 2023	Non-GAAP 2024	Non-GAAP 2023
Net revenue								
Product sales	107	65	107	65	59	11	59	11
Contract revenue – royalties	1	-	1	-	0	-	0	-
Contract revenue – milestones	4	82	4	82	1	9	1	9
Contract revenue – others	-	5	-	5	-	1	-	1
Operating expenses								
Cost of sales	(36)	(7)	(36)	(7)	(20)	(0)	(20)	(0)
Research and development	(144)	(294)	(128)	(269)	(33)	(59)	(32)	(57)
Selling, general and administrative	(276)	(396)	(263)	(378)	(68)	(78)	(69)	(80)
Net results								
Operating income (loss)	(232)	(255)	(308)	(501)	(78)	(111)	(60)	(115)
Net income (loss)	(264)	(298)	(330)	(542)	(84)	(117)	(73)	(121)
Basic EPS	(1.45)	(1.67)	(1.81)	(3.04)	(0.45)	(0.65)	(0.39)	(0.68)
Diluted EPS	(1.45)	(1.67)	(1.81)	(3.04)	(0.45)	(0.65)	(0.39)	(0.68)

Cash flow

(in CHF millions)	Twelve months ended Dec 31, 2024	2023	Fourth quarter 2024	2023
Cash flow				
Operating cash flow	(62)	(307)	(11)	(108)
Proceeds/ (repayments) of borrowings, net	26	-	26	-
Capital expenditure	(3)	(9)	(1)	(1)

Shares

(in millions)	Dec 31, 2024	Sep 30, 2024	Dec 31, 2023
Share count			
Issued common shares	189.7	189.3	188.5
Equity derivatives	81.5	81.5	54.0
Equity instruments	17.0	18.1	14.6
Total potential issued shares	**288.3**	**288.9**	**257.2**

Liquidity and indebtedness

(in CHF millions)	Dec 31, 2024	Sep 30, 2024	Dec 31, 2023
Liquidity			
Cash and cash equivalents	106	92	145
Total liquidity	**106**	**92**	**145**
Indebtedness			
Convertible loan	335	335	335
Convertible bonds	797	797	796
Other financial debt	189	162	162
Total indebtedness	**1,321**	**1,294**	**1,293**

Transaction with Nxera (formerly Sosei Heptares)

On July 20, 2023 Idorsia sold its Asia Pacific (ex-China) operations for a total consideration of CHF 400 m that led to a one-off profit of CHF 366 m of which CHF 68 m were recorded as contract revenue, CHF 305 m were recorded as gains on sale of disposal group and CHF 7 m were recorded as impairment charge of intangible assets. This transaction is referred hereafter as "the Nxera Deal".
In addition to the US GAAP and Non-GAAP measures presented above, the company has prepared proforma figures corresponding to the scope of operations that the company currently operates excluding the APAC operations in 2023 until the closing of the Nxera Deal and the one-off impact of such transaction, as shown in the table below.

Operational performance as reported

	Twelve months ended Dec 31,		Fourth quarter	
(in CHF millions)	**2024**	**2023**	**2024**	**2023**
Revenue				
Product sales	107	65	59	11
Contract revenue - royalties	1	-	0	-
Contract revenue - milestones	4	82	1	9
Contract revenue - others	-	5	-	1
US GAAP revenue	**113**	**152**	**60**	**22**
Operating expenses				
Cost of sales	(36)	(7)	(20)	(0)
Research	(63)	(92)	(15)	(18)
Development	(65)	(177)	(17)	(39)
Selling	(187)	(303)	(51)	(57)
General and administrative	(76)	(75)	(18)	(22)
Non-GAAP operating expenses	**(427)**	**(654)**	**(121)**	**(137)**
Other income	6	1	2	1
Non-GAAP operating loss	**(308)**	**(501)**	**(60)**	**(115)**
Depreciation and amortization	(18)	(19)	(4)	(4)
Share-based compensation	(12)	(23)	5	4
Restructuring charges	(6)	(11)	(5)	1
Impairment of tangible assets	(14)	-	(14)	-
Effect of the Viatris/Sosei Deal	125	298	-	3
Other operating expenses	**76**	**246**	**(18)**	**4**
US GAAP operating loss	**(232)**	**(255)**	**(78)**	**(111)**

Operational performance proforma

	Twelve months ended Dec 31,		Fourth quarter	
(in CHF millions)	**2024**	**2023**	**2024**	**2023**
Revenue				
Product sales	107	32	59	11
Contract revenue - royalties	1	-	0	-
Contract revenue - milestones	4	14	1	9
Contract revenue - others	-	5	-	1
US GAAP revenue	**113**	**51**	**60**	**22**
Operating expenses				
Cost of sales	(36)	(4)	(20)	(0)
Research	(63)	(92)	(15)	(18)
Development	(65)	(169)	(17)	(39)
Selling	(187)	(286)	(51)	(57)
General and administrative	(76)	(72)	(18)	(22)
Non-GAAP operating expenses	**(427)**	**(623)**	**(121)**	**(137)**
Other income	4	-	1	-
Non-GAAP operating loss	**(310)**	**(572)**	**(60)**	**(116)**
Depreciation and amortization	(18)	(18)	(4)	(4)
Share-based compensation	(12)	(22)	5	4
Restructuring charges	(6)	(11)	(5)	1
Impairment of tangible assets	(14)	-	(14)	-
Effect of the Viatris Deal	125	-	-	-
Other operating expenses	**76**	**(51)**	**(18)**	**0**
US GAAP operating loss	**(234)**	**(623)**	**(78)**	**(115)**

Full-Year and Q4 US GAAP and Non-GAAP numbers as reported below include the impact of the Nxera Deal described above.

Revenue

Revenue

(in CHF millions)	Twelve months ended Dec 31, 2024	2023	Fourth quarter 2024	2023
Revenue				
Product sales	107	65	59	11
Contract revenue - royalties	1	-	0	-
Contract revenue - milestones	4	82	1	9
Contract revenue - others	-	5	-	1
US GAAP revenue	**113**	**152**	**60**	**22**

Product sales comprised of:

- QUVIVIQ™ (daridorexant) with CHF 61 m net sales in France, US, Germany, Switzerland, UK, Canada, Italy, Spain, Austria and Sweden. US net sales do not fully reflect the volumes of the products dispensed due to coupon and co-pay programs.

- Sales to our partners for the Asia-Pacific-Region with CHF 47 m

Contract revenue from milestones consisted of the license of ACT-1002-4391 granted to Owkin.

Operating expenses

Operating expenses

(in CHF millions)	Twelve months ended Dec 31, 2024	2023	Fourth quarter 2024	2023
Operating expenses				
Cost of sales	36	7	20	0
Research	63	92	15	18
Development	65	177	17	39
Selling	187	303	51	57
General and administrative	76	75	18	22
Non-GAAP operating expenses	**427**	**654**	**121**	**137**
Depreciation and amortization	18	19	4	4
Share-based compensation	12	23	(5)	(4)
Restructuring charges	6	11	5	(1)
Impairment of tangible assets	14	-	14	-
Effect of the Viatris/Sosei Deal	(125)	(298)	-	(3)
Other operating expenses	**(76)**	**(246)**	**18**	**(4)**
US GAAP operating expenses	**351**	**409**	**140**	**134**

US GAAP operating expenses of CHF 351 m comprised of Non-GAAP operating expenses (CHF 427 m), depreciation and amortization (CHF 18 m) and share-based compensation (CHF 12 m). It also includes one-offs with impairment of tangible assets (CHF 14 m), restructuring charges (CHF 6 m) and the impact of the Viatris Deal (CHF 125 m net gain offsetting the operating expenses).

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Cost of sales

(in CHF millions)	Twelve months ended Dec 31, 2024	2023	Fourth quarter 2024	2023
Cost of sales				
Cost of goods sold	36	4	20	0
Royalty paid	0	3	-	-
US GAAP cost of sales	**36**	**7**	**20**	**0**

Cost of sales of CHF 36 m comprised the cost of goods sold (CHF 36 m).

Research and development ("R&D") expenses

(in CHF millions)	Twelve months ended Dec 31, 2024	2023	Fourth quarter 2024	2023
R&D expenses				
Research	63	92	15	18
Development	65	177	17	39
Non-GAAP R&D expenses	**128**	**269**	**32**	**57**
Depreciation and amortization	12	13	3	3
Share-based compensation	4	11	(2)	(1)
US GAAP R&D expenses	**144**	**294**	**33**	**59**

Non-GAAP research expenses of CHF 63 m, comprised of biology (CHF 19 m), chemistry (CHF 17 m) and preclinical activities (CHF 27 m).

Non-GAAP development expenses of CHF 65 m include a release of CHF 73 m to neutralize the costs incurred for selatogrel and cenerimod in connection with the Viatris Deal. Non-GAAP development expenses mainly comprised of CHF 38 m for clinical activities (including CHF 8 m study costs, mainly driven by late stage studies for daridorexant and lucerastat) and CHF 27 m for chemical and pharmaceutical development activities (including CHF 8 m for drug substance and drug product).

Selling, general and administrative ("SG&A") expenses

(in CHF millions)	Twelve months ended Dec 31, 2024	2023	Fourth quarter 2024	2023
SG&A expenses				
Selling	187	303	51	57
General and administrative	76	75	18	22
Non-GAAP SG&A expenses	**263**	**378**	**69**	**80**
Depreciation and amortization	6	6	2	1
Share-based compensation	7	12	(3)	(3)
US GAAP SG&A expenses	**276**	**396**	**68**	**78**

Non-GAAP SG&A expenses of CHF 263 m, comprised of commercial activities (CHF 187 m), information systems (CHF 29 m) and other support functions (CHF 47 m).

Operating results

Non-GAAP and US GAAP operating results

(in CHF millions)	Twelve months ended Dec 31, 2024	2023	Fourth quarter 2024	2023
Operating results				
Revenues	113	152	60	22
Operating expenses	(427)	(654)	(121)	(137)
Other income	6	1	2	1
Non-GAAP operating income (loss)	**(308)**	**(501)**	**(60)**	**(115)**
Operating results				
Revenues	113	152	60	22
Operating expenses	(351)	(409)	(140)	(134)
Other income	6	1	2	1
US GAAP operating income (loss)	**(232)**	**(255)**	**(78)**	**(111)**

US GAAP operating loss of CHF 232 m comprised of Non-GAAP operating loss (CHF 308 m), depreciation and amortization (CHF 18 m), share-based compensation (CHF 12 m), a net gain from asset disposals derived from the Viatris Deal (CHF 125 m), impairment of tangible assets (CHF 14 m) and restructuring charges (CHF 6 m).

Financial results

Financial results

(in CHF millions)	Twelve months ended Dec 31, 2024	2023	Fourth quarter 2024	2023
Financial results				
Interest income (expense), net	(19)	(19)	(5)	(4)
Other financial income (expense), net	(3)	(16)	(8)	(2)
Non-GAAP financial income (expense)	**(22)**	**(36)**	**(14)**	**(6)**
Accretion expense	(1)	(1)	(0)	(0)
Gain (loss) on securities	6	(2)	8	2
Other financial income (expense), net	(14)	-	-	-
US GAAP financial income (expense)	**(31)**	**(39)**	**(6)**	**(5)**

US GAAP financial expense of CHF 31 m mainly comprised of Non-GAAP financial expense (CHF 22 m), a consent fee paid in shares to the bondholders resulting from amended terms of the 2025 convertible bonds (CHF 14 m) and a net gain on marketable and non-marketable securities (CHF 6 m).

Non-GAAP financial expense of CHF 22 m mainly included interest expenses on the convertible bonds (CHF 14 m) and interest expense resulting from the sale and lease back transaction (CHF 7 m).

Income tax

Income tax

(in CHF millions)	Twelve months ended Dec 31, 2024	2023	Fourth quarter 2024	2023
Income tax				
Income tax benefit (expense)	(1)	(5)	1	(0)
Non-GAAP tax benefit (expense)	**(1)**	**(5)**	**1**	**(0)**
Other tax benefit (expense)	0	2	(1)	(0)
US GAAP income tax benefit (expense)	**(0)**	**(4)**	**0**	**(0)**

US GAAP income tax expense of CHF 0 m mainly included the Non-GAAP tax expense of foreign affiliates (CHF 1 m).

Both US- and Non-GAAP income tax expense included an increase of the valuation allowance of CHF 32 m that related to deferred tax assets arising from operating losses which can be carried forward for 7 years.

Net results, EPS and shares

Net results

(in CHF millions)	Twelve months ended Dec 31, 2024	2023	Fourth quarter 2024	2023
Non-GAAP operating income (loss)	**(308)**	**(501)**	**(60)**	**(115)**
Financial income (expense)	(22)	(36)	(14)	(6)
Income tax benefit (expense)	(1)	(5)	1	(0)
Non-GAAP net income (loss)	**(330)**	**(542)**	**(73)**	**(121)**
US GAAP operating income (loss)	**(232)**	**(255)**	**(78)**	**(111)**
Financial income (expense)	(31)	(39)	(6)	(5)
Income tax benefit (expense)	(0)	(4)	0	(0)
US GAAP net income (loss)	**(264)**	**(298)**	**(84)**	**(117)**

US GAAP net loss of CHF 264 m comprised of Non-GAAP net loss (CHF 330 m), depreciation and amortization (CHF 18 m), a consent fee paid in shares to the bondholders resulting from amended terms of the 2025 convertible bonds (CHF 14 m), share-based compensation (CHF 12 m), impairment of tangible assets (CHF 14 m) and restructuring charges (CHF 6 m), partially offset by a net gain on marketable and non-marketable securities (CHF 6 m) and a net gain from asset disposals derived from the Viatris Deal (CHF 125 m).

Shares

(in millions)	Issued	Potentially dilutive equity instruments: Derivatives	Potentially dilutive equity instruments: Awards	Total potential issued shares
Dec 31, 2023	**188.5**	**54.0**	**14.6**	**257.2**
Issued	0.5	27.4	6.9	34.8
Vested	0.8	-	(0.8)	-
Forfeited	-	-	(3.0)	(3.0)
Expired	-	-	(0.8)	(0.8)
Dec 31, 2024	**189.7**	**81.5**	**17.0**	**288.2**

Issued shares increased to 189.7 million mainly due to the vesting of equity awards. Issued shares include 1.0 million treasury shares held by the Group.

Equity derivatives of 81.5 million related to the Group's outstanding convertible debts of which 29.1 million related to convertible loan from J&J, 19.0 million related to the convertible bonds due in 2028 and 33.3 million related to the convertible bonds due in 2025, which increased from 5.9 million in August 2024 when the amendments to the bonds' terms became effective.

Equity awards of 17.0 million comprised of 9.6 million share options with a weighted average strike price of CHF 14.62 granted to eligible employees and 7.3 million unvested share units granted to eligible employees.

Earnings per share (EPS)

(in CHF millions, unless otherwise indicated)	Twelve months ended Dec 31, 2024	Twelve months ended Dec 31, 2023	Fourth quarter 2024	Fourth quarter 2023
Non-GAAP net income (loss)	**(330)**	**(542)**	**(73)**	**(121)**
Weighted-average number of basic shares (in millions)	182.4	178.2	188.3	178.6
Non-GAAP basic EPS (in CHF)	**(1.81)**	**(3.04)**	**(0.39)**	**(0.68)**
Weighted-average number of dilutive shares (in millions)	182.4	178.2	188.3	178.6
Non-GAAP diluted EPS (in CHF)	**(1.81)**	**(3.04)**	**(0.39)**	**(0.68)**
US GAAP net income (loss)	**(264)**	**(298)**	**(84)**	**(117)**
Weighted-average number of basic shares (in millions)	182.4	178.2	188.3	178.6
US GAAP basic EPS (in CHF)	**(1.45)**	**(1.67)**	**(0.45)**	**(0.65)**
Weighted-average number of dilutive shares (in millions)	182.4	178.2	188.3	178.6
US GAAP diluted EPS (in CHF)	**(1.45)**	**(1.67)**	**(0.45)**	**(0.65)**

Contents

Cash flow and liquidity

Operating cash flow

(in CHF millions)	Twelve months ended Dec 31, 2024	2023	Fourth quarter 2024	2023
Operating cash flow				
US GAAP net income (loss)	(264)	(298)	(84)	(117)
Deferred contract revenue and accrued income	2	(6)	(0)	0
Deferred taxes	(1)	2	(1)	0
Intangible assets impairment charges	-	7	-	-
Tangible assets impairment charges	14	-	14	-
Depreciation and amortization	18	19	4	4
Accretion of convertible debt	1	1	0	0
Share-based compensation	12	23	(5)	(4)
Use of treasury shares	14	-	-	-
Gain on disposals of assets	(125)	(305)	-	(3)
Other non cash items	(6)	2	(8)	(2)
Net outflows from operations	**(335)**	**(554)**	**(80)**	**(121)**
Net change in receivables	(6)	(13)	(9)	(5)
Net change in inventories	(3)	(33)	18	0
Net change in trade and other payables	8	1	13	3
Net change in other operating assets and liabilities	(34)	(30)	47	12
Change in working capital	**(35)**	**(75)**	**69**	**10**
Operating cash flow	**(370)**	**(629)**	**(11)**	**(111)**

Net outflows from operations of CHF 335 m were mainly driven by the Non-GAAP operating loss (CHF 308 m) and Non-GAAP financial expenses (CHF 22 m).

The net cash outflows in working capital of CHF 35 m were mainly driven by an increase in receivables (CHF 6 m), inventory build up (CHF 3 m) and a decrease of accrued expenses and provisions, net of the Viatris Deal (CHF 34 m), partially offset by an increase in trade and other payables (CHF 8 m).

Cash flow

(in CHF millions)	Twelve months ended Dec 31, 2024	2023	Fourth quarter 2024	2023
Cash flow				
Operating cash flow	(370)	(629)	(11)	(111)
Acquisition/Sale of tangible, intangible and other assets	(3)	(9)	(1)	(1)
Free cash flow	**(373)**	**(639)**	**(12)**	**(112)**
Proceeds/ (repayments) of borrowings	26	(0)	26	-
Other items	0	(4)	0	(1)
Impact from the Viatris/Nxera Deal	308	322	-	3
Cash flow[1]	**(39)**	**(321)**	**15**	**(110)**

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

The negative cash flow of CHF 39 m was mainly driven by the operating cash outflow (CHF 370 m), acquisition and sale of tangible and intangible assets (CHF 3 m), royalty monetization proceeds (CHF 26 m) and Viatris deal proceeds (CHF 308 m).

Liquidity

(in CHF millions)	Liquidity
Liquidity Dec 31, 2023	**145**
Liquidity movements Q1	190
Liquidity Mar 31, 2024	**335**
Liquidity movements Q2	(98)
Liquidity Jun 30, 2024	**237**
Liquidity movements Q3	(146)
Liquidity Sep 30, 2024	**92**
Liquidity movements Q4	15
Liquidity Dec 31, 2024	**106**

As of December 31, 2024, liquidity of CHF 106 m consisted of cash and cash equivalents only.

Liquidity of CHF 106 m was mainly held in Swiss francs (CHF 78 m), US dollars (equivalent of CHF 21 m), Euro (equivalent of CHF 4 m) and British pound (equivalent of CHF 2 m).

Material uncertainty to continue as a going concern

The accompanying consolidated financial statements have 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 financial resources at year-end of 106 million Swiss francs (cash and cash equivalents) do not cover the expected negative cashflows for the next twelve months. In order to continue as a going concern, the Group secured the future of its operations by a set of agreements described below:

- On February 25, 2025, the Group announced that more than the required two-thirds majority of bondholders approved to extend the maturity of the CHF 200 million Convertible Bonds to September 17, 2025. The amendments to the Bond terms will become binding and effective upon approval by the higher cantonal composition authority.
- On February 26, 2025, the Group announced that it has reached an agreement with more than the required two-thirds majority of the 2025 and 2028 bondholders to amend the terms of both the CB2025 and CB2028 to, among others, extend the maturity date by 10 years and to secure a fully backstopped money facility for a net amount of CHF 150 million.
- On February 26, 2025, the Group also announced that it has reached an agreement with Viatris Inc. to reduce by USD 100 million Idorsia's contribution to the development costs due in 2025.

The above agreements are subject to certain closing conditions and decisions from the cantonal composition court. Even though the Group is confident to close these agreements, the Group cannot guarantee that the closing conditions will be reached, or the court decisions will be obtained.

Moreover, the Group's operations have not yet reached profitability as sales from existing approved drugs and other revenues do not cover its operating expenses and will therefore continue to require additional funding.

While management and the Board of Directors continue to evaluate all options to further extend the cash runway, stakeholders should be fully aware the Group may be forced to downsize or even discontinue its operations entirely if the Group is unable to obtain adequate liquidity to fund its operations in the future.

As material uncertainties exist, they cast significant doubts about the going concern of the Group.

Contents

Balance sheet

Balance sheet

(in CHF millions)	Dec 31, 2024	Sep 30, 2024	Dec 31, 2023
Assets			
Liquidity[1]	106	92	145
Tangible assets	217	243	210
Other assets	183	179	145
Total assets	**506**	**513**	**500**
Liabilities and equity			
Financial debt	1,321	1,294	1,293
Other liabilities	397	345	176
Total liabilities	**1,718**	**1,639**	**1,469**
Total equity	**(1,212)**	**(1,126)**	**(969)**
Total liabilities and equity	**506**	**513**	**500**

[1] Liquidity includes cash and cash equivalents

Tangible assets of CHF 217 m mainly consisted of real-estate (CHF 79 m), right-of-use assets (CHF 128 m) and other fixed assets (CHF 10 m).

Other assets of CHF 183 m comprised of prepayments (CHF 31 m), receivables (CHF 37 m), inventories (CHF 63 m), marketable securities (CHF 18 m), intangible assets (CHF 23 m) and other assets (CHF 11 m).

Financial debt of CHF 1,321 m comprised of the convertible loan (CHF 335 m), the convertible bonds (CHF 797 m), a sale and leaseback transaction (CHF 162 m) and a royalty monetization liability (CHF 27 m).

Other liabilities of CHF 397 m included current and noncurrent liabilities. Current liabilities of CHF 240 m mainly comprised of accrued expenses (CHF 135 m), payables (CHF 37 m), deferred exclusivity fee (CHF 32 m), sales related liabilities (CHF 22 m), short-term lease liability (CHF 9 m) and a restructuring provision (CHF 5 m). Noncurrent liabilities of CHF 157 m mainly comprised of a long-term lease liability (CHF 116 m), and accrued expenses (CHF 41 m).

Reconciliation of US GAAP to non-GAAP results

Reconciliation of US GAAP to non-GAAP results for the twelve months ended December 31, 2024

(in CHF millions, unless otherwise indicated)	US GAAP results	Depreciation, amortization, impairment	Share-based compensation	Other items	Non-GAAP results
Net revenue					
Product sales	107	-	-	-	107
Contract revenue – royalties	1	-	-	-	1
Contract revenue – milestones	4	-	-	-	4
Total net revenue	**113**	**-**	-	-	**113**
Operating expenses					
Cost of sales	(36)	-	-	-	(36)
Research and development	(144)	12	4	-	(128)
Selling, general and administrative	(273)	3	7	-	(263)
Amortization of intangible assets	(3)	3	-	-	-
Impairment of tangible assets	(14)	14	-	-	-
Restructuring charges	(6)	-	-	6	-
Gains on sale of disposal group	125	-	-	(125)	-
Total operating expenses	**(351)**	32	12	(119)	**(427)**
Other income	6	-	-	-	6
Operating results	**(232)**	32	12	(119)	**(308)**
Total financial income (expense)	(31)	-	-	10	(22)
Income before income tax benefit (expense)	**(263)**	32	12	(110)	**(330)**
Income tax benefit (expense)	(0)	(0)	(0)	(0)	(1)
Net income (loss)	**(264)**	32	11	(110)	**(330)**
Basic net income (loss) per share (CHF)	**(1.45)**	0.17	0.06	(0.60)	**(1.81)**
Weighted-average number of basic shares (in millions)	182.4	-	-	-	182.4
Diluted net income (loss) per share (CHF)	**(1.45)**	0.17	0.06	(0.60)	**(1.81)**
Weighted-average number of dilutive shares (in millions)	182.4	-	-	-	182.4

Reconciliation of US GAAP to non-GAAP results for the fourth quarter 2024

(in CHF millions, unless otherwise indicated)	US GAAP results	Depreciation, amortization, impairment	Share-based compensation	Other items	Non-GAAP results
Net revenue					
Product sales	59	-	-	-	59
Contract revenue – royalties	0	-	-	-	0
Contract revenue – milestones	1	-	-	-	1
Total net revenue	**60**	**-**	**-**	**-**	**60**
Operating expenses					
Cost of sales	(20)	-	-	-	(20)
Research and development	(33)	3	(2)	-	(32)
Selling, general and administrative	(67)	1	(3)	-	(69)
Amortization of intangible assets	(1)	1	-	-	-
Impairment of tangible assets	(14)	14	-	-	-
Restructuring charges	(5)	-	-	5	-
Total operating expenses	**(140)**	18	(5)	5	**(121)**
Other income	2	-	-	-	2
Operating results	**(78)**	18	(5)	5	**(60)**
Total financial income (expense)	(6)	-	-	(8)	(14)
Income before income tax benefit (expense)	**(84)**	18	(5)	(2)	**(73)**
Income tax benefit (expense)	0	(0)	1	(0)	1
Net income (loss)	**(84)**	18	(4)	(2)	**(73)**
Basic net income (loss) per share (CHF)	**(0.45)**	0.10	(0.02)	(0.01)	**(0.39)**
Weighted-average number of basic shares (in millions)	188.3	-	-	-	188.3
Diluted net income (loss) per share (CHF)	**(0.45)**	0.10	(0.02)	(0.01)	**(0.39)**
Weighted-average number of dilutive shares (in millions)	188.3	-	-	-	188.3

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.

Consolidated Financial Statements

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Consolidated Income Statement

(in CHF thousands, except per share amounts)	Notes	Twelve months ended December 31, 2024	2023
Net revenue			
Product sales	3/24	107,332	65,296
Contract revenue	5/24	5,176	87,090
Total net revenue		**112,508**	**152,386**
Operating (expenses)[1]			
Cost of sales		(35,926)	(7,150)
Research and development		(143,666)	(293,555)
Selling, general and administrative		(273,022)	(391,950)
Amortization of intangible assets	13	(3,383)	(3,973)
Impairment of fixed assets	14	(13,888)	-
Impairment of intangible assets	13	-	(6,643)
Restructuring charges	26	(6,197)	(10,542)
Gains on sale of disposal group	5/2	125,327	305,092
Total operating (expenses)		**(350,756)**	**(408,719)**
Other income		6,234	1,188
Operating income (loss)		**(232,014)**	**(255,145)**
Interest income (expense), net		(18,991)	(19,408)
Accretion of convertible debt	17	(1,133)	(1,260)
Other financial income (expense), net		(11,185)	(18,439)
Total financial income (expense)		**(31,309)**	**(39,108)**
Income (loss) before income tax benefit (expense)		**(263,323)**	**(294,253)**
Income tax benefit (expense)	6	(434)	(3,668)
Net income (loss)		**(263,757)**	**(297,921)**
Basic net income (loss) per share attributable to Idorsia's shareholders	7	**(1.45)**	**(1.67)**
Weighted-average number of common shares (in thousands)		182,447	178,247
Diluted net income (loss) per share attributable to Idorsia's shareholders	7	**(1.45)**	**(1.67)**
Weighted-average number of common shares (in thousands)		182,447	178,247

[1]**Includes share-based compensation as follows:**		
Research and development	4,071	11,182
Selling, general and administrative	7,434	11,935
Total share-based compensation	**11,505**	**23,117**

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

(in CHF thousands)	Twelve months ended December 31, 2024	2023
Net income (loss)	**(263,757)**	**(297,921)**
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	525	(1,675)
Change of unrecognized components of net periodic benefit costs	(7,408)	(36,986)
Other comprehensive income (loss), net of tax	**(6,884)**	**(38,661)**
Comprehensive income (loss)	**(270,641)**	**(336,582)**

The accompanying notes form an integral part of these Consolidated Financial Statements.

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Consolidated Balance Sheet (1/2)

(in CHF thousands, except number of shares)		Dec 31, 2024	Dec 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents	8/9	106,376	145,052
Trade and other receivables, net	10	37,195	28,791
Receivables from related parties	25	170	1,145
Inventories	11	62,648	59,146
Marketable securities	9	17,982	12,764
Other current assets		31,108	29,386
Total current assets		**255,479**	**276,284**
Noncurrent assets			
Property, plant and equipment, net	14	89,015	136,671
Right-of-use assets	16	127,907	73,065
Intangible assets, net	13	23,473	3,527
Pension asset	18	326	3,540
Deferred tax asset	6	827	535
Other noncurrent assets		8,869	6,374
Total noncurrent assets		**250,416**	**223,712**
TOTAL ASSETS		**505,895**	**499,996**

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Consolidated Balance Sheet (2/2)

(in CHF thousands, except number of shares)		Dec 31, 2024	Dec 31, 2023
LIABILITIES			
Current liabilities			
Trade and other payables		35,181	19,910
Payables and accrued payables to related parties	25	1,764	322
Deferred revenue	4	721	2
Lease liability	16	8,586	6,275
Sales related liabilities	3	22,088	18,189
Accrued expenses	15	134,498	55,457
Provisions	26	5,212	1,322
Convertible bonds	17	200,000	199,847
Royalty monetization liability	17	3,439	-
Other current liabilities	5	31,709	-
Total current liabilities		**443,198**	**301,326**
Noncurrent liabilities			
Convertible loan	17	334,575	334,575
Convertible bonds	17	597,204	596,428
Other financial liabilities	16	162,410	162,205
Lease liability	16	116,286	66,501
Deferred tax liability	6	-	1,940
Other noncurrent liabilities		41,275	5,737
Royalty monetization liability	17	23,091	-
Total noncurrent liabilities		**1,274,842**	**1,167,388**
Total liabilities		**1,718,040**	**1,468,713**
EQUITY			
Idorsia's shareholders' equity			
Common shares (par value CHF 0.05 per share, issued and outstanding 189,743,556 and 188,480,626 as of December 31, 2024 and December 31, 2023 respectively; total number of authorized shares, including issued, conditional and upper end of capital range, 376,337,368 as of December 31, 2024 and 350,745,979 as of December 31, 2023 respectively)		9,487	9,424
Additional paid-in capital		2,182,337	2,155,617
Accumulated profit (loss)		(3,406,776)	(3,143,019)
Treasury shares	20	(52)	(483)
Accumulated other comprehensive income (loss)	21	2,859	9,742
Total Idorsia's shareholders' equity		**(1,212,145)**	**(968,718)**
TOTAL LIABILITIES AND EQUITY		**505,895**	**499,996**

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows (1/2)

(in CHF thousands)	Twelve months ended December 31, 2024	2023
Cash flow from operating activities		
Net income (loss)	(263,757)	(297,921)
Adjustments to reconcile net income (loss) to net cash provided from operating activities:		
Depreciation and amortization	17,867	19,034
Tangible assets impairment charges	13,888	-
Non-cash interest expense	342	-
Intangible assets impairment charges	-	6,643
Share-based compensation	11,505	23,117
Accretion of convertible debt	1,133	1,260
Fair value changes on securities	(5,991)	2,490
Release of deferred revenue and accrued income	1,864	(5,655)
Gain on disposals of assets	(125,327)	(305,092)
Use of treasury shares	14,072	-
Deferred taxes	(1,050)	1,895
Changes in operating assets and liabilities:		
Trade and other receivables	(5,992)	(12,878)
Prepayments	(4,674)	5,098
Inventories	(2,748)	(32,960)
Trade and other payables	7,885	1,198
Accrued expenses	153,990	(44,863)
Provisions	(536)	(12,878)
Changes in other operating cash flow items	281	22,214
Changes in other operating cash flows as a result of asset disposal	(182,984)	-
Net cash flow provided by (used in) operating activities	**(370,232)**	**(629,296)**
Cash flow from investing activities		
Purchase of short-term deposits	-	(50,000)
Proceeds from short-term deposits	-	370,000
Purchase of property, plant and equipment	(2,998)	(9,131)
Proceeds from sale of property, plant and equipment	14,999	-
Purchase of intangible assets	(14,992)	(267)
Proceeds from disposals of assets	308,048	322,012
Net cash flow provided by (used in) investing activities	**305,057**	**632,614**
Cash flow from financing activities		
Issuance of new shares, net	(80)	(197)
Proceeds from borrowings, net	26,499	50,000
Repayments of borrowings	(311)	(50,000)
Proceeds from issuance of convertible loans, net	-	10,000
Repayments of convertible loans	-	(10,000)
Net cash flow provided by (used in) financing activities	**26,108**	**(197)**

Consolidated Statement of Cash Flows (2/2)

(in CHF thousands)	Twelve months ended December 31, 2024	2023
Net effect of exchange rates on cash and cash equivalents	391	(4,067)
Net change in cash and cash equivalents	**(38,676)**	**(946)**
Cash and cash equivalents at beginning of period	145,052	145,998
Cash and cash equivalents at end of period	**106,376**	**145,052**

Supplemental disclosures of cash flow information

	2024	2023
Cash paid during the year for:		
Interest	(15,000)	(21,977)
Tax	(949)	(2,095)

The accompanying notes form an integral part of these Consolidated Financial Statements.

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Consolidated Statement of Changes in Equity

	Idorsia's shareholders						
	Common shares		Additional			Accum. other	
(in CHF thousands, except number of shares)	Shares	Amount	paid-in capital	Accum. profit (loss)	Treasury shares	comprehensive income (loss)	Total equity
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)				(297,921)			(297,921)
Other comprehensive income (loss)						(38,661)	(38,661)
Comprehensive income (loss)							**(336,582)**
Share-based compensation transactions	922,094	46	23,917				23,964
Transactions in treasury shares	10,000,000	500	4,841		(483)		4,858
At December 31, 2023 (audited)	**188,480,626**	**9,424**	**2,155,617**	**(3,143,019)**	**(483)**	**9,742**	**(968,718)**
Comprehensive income (loss):							
Net income (loss)				(263,757)			(263,757)
Other comprehensive income (loss)						(6,884)	(6,884)
Comprehensive income (loss)							**(270,641)**
Share-based compensation transactions	1,262,930	63	11,549				11,612
Transactions in treasury shares			15,171		430		15,601
At December 31, 2024 (audited)	**189,743,556**	**9,487**	**2,182,337**	**(3,406,776)**	**(52)**	**2,859**	**(1,212,145)**

The accompanying notes form an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

(CHF thousands, except share and per share amounts)

Note 1.
Description of business and summary of significant accounting policies

Idorsia Ltd ("Idorsia" or the "Group"), a biopharmaceutical company headquartered in Allschwil, Switzerland, aims to discover, develop and commercialize innovative drugs for high unmet medical needs.

Basis of presentation

The Group's consolidated financial statements ("Consolidated Financial Statements") have been prepared under United States Generally Accepted Accounting Principles ("US GAAP"). All US GAAP references relate to the Accounting Standards Codification ("ASC" or "Codification") established by the Financial Accounting Standards Board ("FASB") as the single authoritative source of US GAAP to be applied by non-governmental entities. All amounts are presented in Swiss francs ("CHF"), unless otherwise indicated. Rounding differences may occur.

Substantial doubt / material uncertainty about the Group's ability to continue as a going concern

The accompanying consolidated financial statements have 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 financial resources at year-end of 106 million Swiss francs (cash and cash equivalents) do not cover the expected negative cashflows for the next twelve months. In order to continue as a going concern, the Group secured the future of its operations by a set of agreements described below:

- On February 25, 2025, the Group announced that more than the required two-thirds majority of bondholders approved to extend the maturity of the CHF 200 million Convertible Bonds to September 17, 2025. The amendments to the Bond terms will become binding and effective upon approval by the higher cantonal composition authority.
- On February 26, 2025, the Group announced that it has reached an agreement with more than the required two-thirds majority of the 2025 and 2028 bondholders to amend the terms of both the CB2025 and CB2028 to, among others, extend the maturity date by 10 years and to secure a fully backstopped money facility for a net amount of CHF 150 million.
- On February 26, 2025, the Group also announced that it has reached an agreement with Viatris Inc. to reduce by USD 100 million Idorsia's contribution to the development costs due in 2025.

The above agreements are subject to certain closing conditions and decisions from the cantonal composition court. Even though the Group is confident to close these agreements, the Group cannot guarantee that the closing conditions will be reached, or the court decisions will be obtained.

Moreover, the Group's operations have not yet reached profitability as sales from existing approved drugs and other revenues do not cover its operating expenses and will therefore continue to require additional funding.

While management and the Board of Directors continue to evaluate all options to further extend the cash runway, stakeholders should be fully aware the Group may be forced to downsize or even discontinue its operations entirely if the Group is unable to obtain adequate liquidity to fund its operations in the future.

As material uncertainties exist, they cast significant doubts about the going concern of the Group.

Changes in accounting policies

The Group adopted the requirements of ASU 2023-07, *Improvements to Reportable Segment Disclosures ("ASU 2023-07")*
The updated guidance was adopted as of January 1, 2024, applying the enhanced segment disclosure requirements retrospectively (see note 24. Segment and geographic information for further details).

Scope of consolidation

The Consolidated Financial Statements include the accounts of the Group and its subsidiaries in which the Group has a direct or indirect controlling financial interest and exercises control over their operations (generally more than 50% of the voting rights). Investments in common stock of entities other than subsidiaries where the Group has the ability to exercise significant influence over the operations of the investee (generally between 20% and 50% of the voting rights) are accounted for under the equity method.

Variable interest entities ("VIE"), irrespective of their legal structure, are consolidated if the Group has been determined to be the primary beneficiary, as defined in the *Variable Interest Entities* subsection of FASB ASC ("ASC 810-10-25-20 to 59") and thus has the power to direct the activities that most significantly impact the VIE's economic performance and will also absorb the majority of the VIE's expected losses or receive the majority of the VIE's expected residual returns, or both. In determining whether or not an entity is a VIE, the Group considers if the equity at risk for the entity is sufficient to support its operations, if the voting rights of the equity holders are disproportionate to their risk and rewards, or if substantially all of the entity's activities are conducted on behalf of the Group. Fees for services provided on customary terms and conditions are not considered variable interests. Fees related to the provision of asset value guarantees, to the obligation to fund losses of the VIE or similar arrangements that protect other variable interest holders from losses in the VIE are included in the primary beneficiary evaluation. The Group did not identify any VIE where the Group is the primary beneficiary.

Ownership interests not attributable, directly or indirectly, to the Group and related to entities where the Group exercises control through a majority of the voting rights or through contract are allocated to noncontrolling interest holders and presented separately within the consolidated balance sheet and the consolidated statement of shareholders' equity. Net income (loss) and other comprehensive income (loss) of such entities are attributed to the Group and to the noncontrolling interests in proportion to their ownership rights, even if that attribution results in a deficit noncontrolling interest balance.

Principles of consolidation

Businesses acquired or disposed of during the period are included in the Consolidated Financial Statements from the date of acquisition or until the date of disposal. The acquisition method of accounting follows the guidance codified in FASB ASC Topic 805, *Business Combinations*. Intercompany transactions and balances are eliminated.

Use of estimates

The preparation of Consolidated Financial Statements in conformity with US GAAP requires management to make judgments, assumptions and estimates that affect the amounts and disclosures reported in the Consolidated Financial Statements. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition for contract revenue, share-based compensation, long-term employee benefit obligations, receivables and inventory valuations, clinical trial accruals, sales related liabilities, royalty monetization liability, provisions, loss contingencies and income taxes. The Group bases its estimates on historical information and on various market-specific and other relevant assumptions that are believed to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ significantly from these estimates.

Revenue from contracts with customers (Product sales)

Revenue is recognized when control of the promised goods or services is transferred to the customers in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. Transfer of control is based on when the product is shipped or delivered, and title passes to the customer.

Sales on credit are typically under short-term contracts. Collections are based on market payment cycles common in various markets. Certain customers are offered a cash discount for which the estimated discounts are recorded as contra-revenue when sales are recognized.

Revenue from product sales are not adjusted for the effects of a financing component as at contract inception it is expected that the period between when control of the product is transferred and when payment is received will be one year or less.

The Group initially invoices its customers at contractual list prices. Contracts with direct and indirect customers may provide for various rebates and discounts that may differ in each contract and which are estimated and recorded in the same period that the revenues are recognized. As a consequence, to determine the appropriate transaction price for product sales at the time a sale to a direct customer is recognized, any rebates or discounts that ultimately will be due to the direct customer and other customers in the distribution chain under the terms of the Group's contracts are estimated. Significant judgments are required in making these estimates. These rebate and discount amounts are recorded as a deduction from sales to reflect net product sales and presented as sales related liabilities on the balance sheet.

Certain contracts with customers also include variable consideration element such as chargebacks, rebates and discounts. These deductions represent estimates of the related obligations and, as such, knowledge and judgment is required when estimating the impact of these revenue deductions on gross sales for a reporting period. Sales rebates and discounts in connection with the Group's product sales in the United States of America ("United States", "US") that require the use of significant judgments include managed care, Medicare, Medicaid, chargebacks, coupon and copay programs. These obligations are estimated using an expected value approach.

Pharmaceutical products are sold principally to wholesalers or directly to mailorder or specialty pharmacies. Prescription pharmaceutical products that ultimately are used by patients are generally covered under governmental programs, managed care programs and insurance programs, including those managed through pharmacy benefit managements, and are subject to discounts and/or rebates payable directly to those programs. These products can be supported by coupon and co-pay programs which are also payable directly to those programs. Those discounts and rebates are generally negotiated, but government programs may have legislated amounts by type of product (e.g., patented, or unpatented). In the United States, provisions for Medicare, Medicaid, are recorded based upon experience ratio of rebates paid and actual prescriptions written during earlier periods. The experience ratio is applied to the respective period's sales to determine the rebate accrual and related contra-revenue amount. Discounts on drug sales to Medicare Part D participants in the Medicare "coverage gap," also known as the "doughnut hole" are estimated based on the historical experience of beneficiary prescriptions and consideration of the utilization that is expected to result from the discount in the coverage gap. The Group evaluates these estimates regularly to ensure that the historical trends and future expectations are as current as practicable.

In other jurisdictions, the majority of pharmaceutical discounts are contractual or legislatively mandated. Estimates are based on actual invoiced sales within each period, which reduces the risk of variations in the estimation process. In some large European countries, government rebates are based on the anticipated budget for pharmaceutical payments in the country. An estimate of these rebates, updated as governmental authorities revise budgeted deficits, is recognized in the same period as the related sale.

Provisions for pharmaceutical chargebacks (primarily reimbursements to wholesalers in the US for honoring contracted prices and legislated discounts to third parties) do not involve much estimation uncertainty, as these deductions are generally settled within two to five weeks of incurring the liability.

Products are generally shipped shortly after orders are received and therefore there are only a few days of orders received but not yet shipped at the end of any reporting period. Shipping and handling activities are considered to be fulfillment activities and are not considered to be a separate performance obligation.

Provisions for pharmaceutical sales returns are based on a calculation for each market that incorporates the following, as appropriate: local returns policies and practices; historical returns as a percentage of sales; an understanding of the reasons for past returns; estimated shelf life by product; an estimate of the amount of time between shipment and return or lag time; estimated levels of inventory in the wholesale and retail channels; and any other factors that could impact the estimate of future returns, such as loss of exclusivity, product recalls or a changing competitive environment. Generally, returned products are destroyed, and customers are refunded the sales price in the form of a credit. The return amounts are recorded as a deduction from product sales to reflect net product sales.

Taxes collected from customers and remitted to governmental authorities, such as sales taxes and VAT, are deducted directly from gross sales without recording them in revenue.

Revenue from collaborations (Contract revenue)

The Group accounts for revenue from collaborations in accordance with FASB ASC Topic 808, *Collaborative Arrangements*.

Upfront and milestone payments

Research milestone payments are recognized as revenues when the performance obligation has been satisfied, control has been transferred, and the Group has the unconditional right to the consideration. For milestone payments received where there are several performance obligations, including continuing involvement in the R&D process according to contractual terms, the consideration is allocated to each separately identifiable performance obligation on a relative standalone selling price basis. The portion of the consideration allocated to the R&D services are recognized as the R&D services performance obligations are satisfied, i.e. generally over the requisite service period.

Research and development ("R&D")

R&D expense consists primarily of compensation and other expenses related to R&D personnel; costs associated with preclinical testing and clinical trials of the Group's product candidates, including the costs of manufacturing the product candidates; expenses for research and services rendered under co-development agreements; and facilities expenses. All R&D costs are charged to expense when incurred following the guidance codified in FASB ASC Topic 730, *Research and Development*.

Payments made to acquire individual R&D assets, including those payments made under licensing agreements, that are deemed to have an alternative future use or are related to proven products are capitalized as intangible assets. Payments made to acquire individual R&D assets that do not have an alternative future use are expensed as R&D costs. R&D costs for services rendered under collaborative agreements are charged to expense when incurred. Reimbursements for R&D activities received from other collaborators are classified as reduction to the Group's R&D expense (see Note 5. Collaborative agreements).

Advertising and promotional costs

The Group expenses the costs of advertising, including promotional expenses, as incurred and includes those in selling, general and administrative expenses. Advertising and promotional costs were CHF 41.4 m in 2024 and CHF 108.8 m in 2023.

Shipping and handling costs

The Group recognized expenses relating to shipping and handling costs related to the sale of its products in cost of sales.

Legal fees

Legal fees related to loss contingencies are expensed as incurred and included in selling, general and administrative ("S,G&A") expenses.

Patents and trademarks

Costs associated with the filing and registration of patents and trademarks are expensed in the period in which they occur and included in S,G&A expenses.

Share-based compensation

Share-based compensation expense is recognized and measured based on the guidance codified in FASB ASC Topic 718, *Compensation – Stock Compensation*. Consequently, costs are recognized in earnings over the requisite service period based on the grant date fair value of the options and awards.

The grant date fair value of restricted share units ("RSU") granted under the Restricted Share Plan ("the RSP") and of performance share units ("PSU") granted under the Performance Share Plan ("the PSP") is determined based on the closing share price of the Group's share at the grant date, adjusted for expected dividend distributions and discounted over the requisite service period. The discount rates are derived from Reuters and match the maturity of the expected service period. The dividend yield corresponds to the expected dividend yield over the expected term of the restricted share units granted.

The grant-date fair value of options granted under the Standard Share Option Plans ("the SSOP") is estimated at the grant date using a Black-Scholes option pricing model. The model input assumptions are determined based on available internal and external data sources. The closing share price on the date of grant is used for the valuation. The expected term of an option is the remaining time from the grant date until the options are expected to be exercised by the participants. For options where the participants are able to exercise in a set period after vesting, the most relevant historical share option exercise experience from the Group's predecessor is used. The risk-free rate used in the model is based on the rate of interest obtainable from Swiss government bonds over a period commensurate with the expected term of the option. Expected volatility is based on average peer group volatility. The dividend yield is based on the expected dividend yield over the expected term of the options granted. The Group recognizes share-based compensation costs considering actual forfeitures.

Compensation costs for the RSP, for the PSP and the SSOP are recognized on a straight-line basis over the requisite service period for the entire award. Share-based compensation costs related to employees engaged in the production process are not capitalized as part of inventory due to the immateriality of such cost in the periods presented. Share option exercises are settled out of the conditional capital or with treasury shares, which the Group purchases on the market. Payroll taxes in all jurisdictions are recognized only upon exercise or vesting of the respective share-based compensation awards.

Taxes

The Group accounts for income taxes in accordance with FASB ASC Topic 740, *Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax rules and laws that will be in effect when differences are expected to reverse. The Group performs periodic evaluations of recorded tax assets and liabilities and maintains a valuation allowance if deemed necessary. Uncertain tax positions are evaluated for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained in the event of a tax audit, including resolution of related appeals or litigation processes, if any. The recognized tax benefits are measured based on the largest benefit that has a greater than fifty percent likelihood of being sustained upon settlement. Interest and penalties related to uncertain tax positions are recognized as income tax expense.

Unrecognized tax benefits are presented as a reduction to deferred tax assets if they relate to net operating loss carryforwards or tax credit carryforwards. If the net operating loss carryforwards or tax credit carryforwards are not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes, or the tax law of the applicable jurisdiction does not require the Group to use, and the Group does not intend to use, the deferred tax assets for such a purpose, the unrecognized tax benefit is presented as a liability in the consolidated balance sheet and is not offset against deferred tax assets. All deferred tax liabilities and assets are classified as noncurrent in the balance sheet.

Significant estimates are required in determining income tax expense and benefits. Various internal and external factors may have favorable or unfavorable effects on the future effective tax rate, which would directly impact the Group's financial position or results of operations. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, future levels of capital expenditures, and changes in overall levels of pre-tax earnings.

Earnings per share ("EPS")

In accordance with FASB ASC Topic 260, *Earnings per Share*, basic EPS are computed by dividing net income available to common shareholders by the weighted-average common shares outstanding for the period. Diluted EPS reflect the potential dilution that could occur if dilutive securities, such as share options, restricted share units or convertible debt, were exercised or converted into common shares or resulted in the issuance of common shares that would participate in net income. Performance share units are considered with their expected performance condition achievement rate in the calculation of diluted EPS. Basic and diluted EPS exclude common share equivalents that would have had an antidilutive effect. In accordance with ASC 260-10-45-19, the Group does not consider any potential common shares in the computation of diluted EPS if there is a loss from continuing operations (see Note 7. Earnings per share).

Dividends

The Group may declare dividends upon the recommendation of the Board of Directors and the approval of shareholders at the Annual General Meeting. Under Swiss corporate law, the Holding Company's right to pay dividends may be limited in specific circumstances.

Cash and cash equivalents

The Group considers cash equivalents to be highly liquid investments with a maturity at the date of purchase of three months or less. They are carried at cost plus accrued interest, which approximates fair value because of the short-term maturity of these instruments.

Short-term deposits

Short-term deposits with contractual maturities greater than three months at inception are separated from cash and cash equivalents and reported in a separate line in the consolidated balance sheet.

Derivative instruments and foreign currency exchange risk

Part of the Group's operations is denominated in foreign currencies, principally in US dollars ("USD"), Euros ("EUR") and British pounds ("GBP"). Exposure to fluctuations in foreign currencies may adversely impact the Group's net income and net assets. The Group may use derivatives to partially offset these risks.

The Group records all derivatives on the balance sheet at fair value. Changes in fair value as well as gains and losses realized on derivative financial instruments are reported in "Other financial income (expense), net" in the consolidated income statement. The Group determines the fair value of these derivative contracts using an income-based industry standard valuation model which utilizes counterparty information and other observable inputs, including foreign currency spot rates, forward points, and stated maturities.

Fair value amounts recognized for the right to reclaim and the obligation to return cash collateral arising from derivative instruments recognized at fair value and executed with the same counterparty under a master netting arrangement are not offset. Recognized financial instruments subject to an enforceable master netting arrangement are presented gross in the consolidated balance sheet.

The Group does not regularly enter into agreements containing embedded derivatives. However, when such agreements are executed, an assessment is made based on the criteria set out in ASC 815 to determine whether the derivative is required to be bifurcated and accounted for as a standalone derivative instrument. If the derivative is bifurcated, changes in the fair value of the instrument are reported in "Other financial income (expense), net" in the consolidated income statement.

Fair value measurements

The Group follows the guidance included in FASB Topic 820, *Fair Value Measurements and Disclosures*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three levels of inputs to fair value measurements – Level 1, meaning the use of quoted prices for identical instruments in active markets; Level 2, meaning the use of quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or are directly or indirectly observable; and Level 3, meaning the use of unobservable inputs. Observable market data is used when available. When a quoted price in an active market for a liability is not available, the Group uses one of the following approaches: a) quoted prices for identical liabilities when traded as assets; b) quoted prices for similar liabilities when traded as assets; or c) another valuation technique consistent with the principles of ASC 820, such as the price which the Group would pay to transfer (or receive to enter into) an identical liability at the measurement date. The Group does not consider the existence of contractual restrictions that prevent the transfer of a liability when estimating the fair value of a liability. The fair value of own equity instruments is determined from the perspective of a market participant that holds such instruments as assets. Transfers between Levels 1, 2 or 3 within the fair value hierarchy are recognized at the end of the reporting period when the respective transaction occurred.

Financial instruments indexed to own shares

The costs of contracts indexed to own shares which meet all of the applicable criteria for equity classification as outlined in FASB ASC Subtopic 815-40, *Contracts in Entity's Own Equity* are classified in shareholders' equity. The Group applies settlement date accounting for such instruments.

Contract balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the balance sheet. Milestones are billed in accordance with agreed-upon contractual terms. Generally, billing occurs subsequent to revenue recognition, resulting in contract assets.

Deferred revenue

For milestone payments accounted for as contract revenue under ASC 808 which require continuing involvement of the Group, part of the revenue is deferred and recognized over a period of time.

Trade accounts receivable

Trade accounts receivable are stated at their net realizable value. The allowance for credit losses reflects the best estimate of expected credit losses of the receivables portfolio determined on the basis of historical experience, current information, and forecasts of future economic conditions. In developing the estimate for expected credit losses, trade accounts receivables are segmented into pools of assets depending on market, delinquency status, and customer type (high risk versus low risk and government versus non-government). See discussion on concentrations of credit risk in Note 23. Concentrations. The Group does not generally require collateral on receivables.

Inventories

Inventory costs are determined by the first-in first-out method and are stated at the lower of cost or net realizable value. Inventories consist of raw materials, semi-finished products and finished products. The Group periodically reviews the composition of its inventories in order to identify obsolete, slow-moving or otherwise unsalable items. If unsalable items are observed and there are no alternate uses for the inventory, the Group adjusts inventory to net realizable value.

Prior to receiving new drug approval, the Group expensed inventories (pre-launch inventories). As a result the Group's gross margin percentage is expected to decrease once these inventories are depleted.

Property, plant and equipment

Property, plant and equipment are recorded at historical cost less accumulated depreciation. Repairs and maintenance costs are expensed as incurred.

The estimated useful lives are as follows:

Group of assets	Useful life
Computers	3 years
Furniture and fixtures	5 years
Laboratory equipment	5 years
Leasehold improvements	5 to 10 years
Technical installations	10 to 20 years
Buildings	20 to 40 years

Depreciation expense is recorded utilizing the straight-line method over the estimated useful life of the assets to their estimated residual value. If material, capitalized interest on construction in progress is included in property, plant and equipment.

Leases

The Group determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets and lease liabilities in the Consolidated Balance Sheet. Finance leases are included in property, plant and equipment and lease liabilities in the Consolidated Balance Sheet.

Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Leases with a lease term of 12 months or less at inception are not recorded on the balance sheet. Instead, lease payments related to leases with a lease term of 12 months or less are recognized in the consolidated income statement.

Intangible assets

Intangible assets with definite lives consist primarily of internally used software and acquired existing licenses, which are amortized on a straight-line basis over the useful lives of the respective assets ranging from three to fifteen years. Software licenses included in cloud computing arrangements are capitalized and amortized over the shorter of three years or the duration of the agreement. The Group develops its own assumptions about renewal or extension options used to determine the amortization period of a recognized intangible asset, consistent with its expected use of the asset. Intangible assets with definite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Intangible assets with indefinite lives are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the assets might be impaired. Costs incurred to renew or extend the term of a recognized intangible asset are expensed and classified as S,G&A expenses.

Impairment of long-lived assets

Long-lived assets to be held and used are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Potential indicators of impairment include but are not limited to: a significant decrease in the fair value of an asset, a significant change in the extent or manner in which an asset is used or a significant physical change in an asset, a significant adverse change in legal factors or in the business climate that affects the value of an asset, an adverse action or assessment by the US Food and Drug Administration ("FDA") or another regulator, an accumulation of costs significantly in excess of the amount originally expected to acquire or construct an asset, and operating or cash flow losses combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with an income-producing asset. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. The cash flow estimates applied in such calculations are based on management's best estimates, using appropriate and customary assumptions and projections at the time of the assessment. In the event that such cash flows are not expected to be sufficient to recover the carrying amount of the assets, the assets are written down to their estimated fair values. Long-lived assets to be disposed of are not depreciated and are reported at the lower of carrying amount or fair value less cost to sell.

Long-term deposits

Long-term deposits with contractual maturities greater than one year at inception are separated from short-term deposits and reported in a separate line in the consolidated balance sheet.

Loss contingencies

The Group records accruals for loss contingencies, asserted or unasserted, to the extent that their occurrence is deemed to be probable, and the related damages are estimable. If a range of liability is probable and estimable and some amount within the range appears to be a better estimate than any other amount within the range, the Group accrues that amount. If a range of liability is probable and estimable and no amount within the range appears to be a better estimate than any other amount within the range, the Group accrues the minimum of such probable range. Interest on litigation is accrued on a prospective basis. Litigation claims that the Group might be involved in entail highly complex issues which are subject to substantial uncertainties and, therefore, the probability of loss and an estimation of damages are difficult to ascertain. Consequently, the Group cannot reasonably estimate the maximum potential exposure or the range of possible loss in excess of amounts accrued for loss contingencies. These assessments can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. The Group's assessments are based on estimates and assumptions that have been deemed reasonable by management. Litigation is inherently unpredictable, and excessive verdicts do occur.

Convertible debt

The Group accounts for its convertible debt in accordance with the guidance primarily codified in FASB ASC Topic 470-20, *Debt with Conversion and Other Options*.

Convertible bonds

The Group's outstanding senior unsecured convertible bonds have been recorded as a liability at initial recognition. Debt issuance costs are presented as a reduction from the carrying amount of the convertible bonds in the consolidated balance sheet and are amortized and recognized as additional interest expense over the contractual life of the senior unsecured convertible bonds, using the effective interest method.

Convertible loan

The Group's outstanding convertible loan has been recorded at its nominal amount as a liability.

Pension accounting

The majority of the Group's employees worldwide are covered by defined benefit pension plans, defined contribution plans or both. The Group accounts for pension assets and liabilities in accordance with FASB ASC Topic 715, *Compensation – Retirement Benefits*, which requires the recognition of the funded status of pension plans in the Group's balance sheet. The liability in respect to defined benefit pension plans is the projected benefit obligation calculated annually by independent actuaries using the projected unit credit method. The projected benefit obligation ("PBO") as of December 31 represents the actuarial present value of the estimated future payments required to settle the obligation that is attributable to employee services rendered before that date. Service costs for such pension plans, represented in the net periodic benefit cost, are included in the personnel expenses of the various functions where the employees are engaged. The other components of net benefit

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cost are included in the income statement separately from the service cost component, in "Other financial income (expense), net". Plan assets are recorded at their fair value. Unvested prior service costs arising from retroactive amendments to pension plans are originally reflected in "Accumulated other comprehensive income (loss)" ("AOCI") and distributed to income over the employees' remaining service period. Vested prior service costs, including those related to retirees, are immediately recognized in the consolidated income statement. Gains or losses arising from plan curtailments or settlements are accounted for at the time they occur. Any net pension asset is limited to the present value of the future economic benefits available to the Group in the form of refunds from the plan or expected reductions in future contributions to the plan. In interim periods, a net pension asset reflects the Group's prepayments of annual employee and employer plan contributions. Actuarial gains and losses arising from differences between the actual and the expected return on plan assets are recognized in AOCI and amortized over the requisite service period (see Note 18. Pension plans) by applying the corridor approach. For the majority of the defined contribution plans, a portion of the employees' salaries and bonuses is contributed to the plans, and the Group matches the employees' contributions to the plans.

The service cost component is reported in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period (wages/salaries/employee benefits). The other components of net benefit cost are presented in the consolidated income statement separately from the service cost component and outside a subtotal of operating income (loss).

Comprehensive income (loss)

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains/losses on available-for-sale debt securities, currency translation adjustments, actuarial gains (losses) and prior service costs resulting from retroactive amendments of defined benefit plans. The components of comprehensive income (loss) are shown net of related taxes where the underlying assets or liabilities are held in jurisdictions that are expected to generate a future tax benefit or liability (see Note 21. Accumulated other comprehensive income (loss)).

Foreign currencies

The Group follows the guidance included in FASB ASC Topic 830, *Foreign Currency Matters*. The reporting currency of the Group is the Swiss franc. The functional currency of the Group's subsidiaries is generally the respective local currency.

Income, expense, and cash flows of foreign subsidiaries are translated into the Group's reporting currency at monthly average exchange rates and the corresponding balance sheets at the period-end exchange rate. Exchange differences arising from the translation of the net investment in foreign subsidiaries and intercompany foreign currency transactions of a long-term investment nature are recorded in "Foreign currency translation adjustments" ("CTA") in shareholders' equity. Translation gains and losses accumulated in CTA are included in the consolidated income statements when the foreign operation is completely liquidated or sold.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary assets and liabilities denominated in foreign currencies are recognized in the subsidiary's income statements in the corresponding period.

Segment information

The Group follows the guidance established in FASB ASC Topic 280, *Segment Reporting,* for reporting information on operating segments in interim and annual financial statements. The Group operates in one segment, which primarily focuses on discovery, development, and commercialization of innovative medicines for unmet medical needs (see Note 24. Segment and geographic information).

Subsequent events

The Group evaluates subsequent events in accordance with FASB ASC Topic 855, *Subsequent Events,* through the date the financial statements are available to be issued (see Note 27. Subsequent events).

Recent accounting pronouncements

ASU 2023-09, *Improvements to Income Tax Disclosures (Topic 740).* The amendments in this update serve to enhance the transparency and decision usefulness of income tax disclosures. The update shall provide enhancements to better (1) understand an entity's exposure to potential changes in jurisdictional tax legislation and the ensuing risks and opportunities, (2) assess income tax information that affects cash flow forecasts and capital allocation decisions, and (3) identify potential opportunities to increase future cash flows. The amendments in this update address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This update also includes certain other amendments to improve the effectiveness of income tax disclosures. ASU 2023-09 is effective for public entities for fiscal years beginning after December 15, 2024.

ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosure (Subtopic 220-40).* The amendments in this update require disclosure of specific cost and expense information in financial statement notes for each interim and annual reporting period. Entities must disclose amounts for inventory purchases, employee compensation, depreciation, intangible asset amortization, and DD&A for oil- and gas-producing activities, included in relevant expense captions. Other disaggregation requirements include qualitative descriptions for non-quantified amounts, total selling expenses, and a definition of selling expenses in annual periods. These amendments are effective for annual reporting periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027.

ASU 2024-04, *Debt with Conversion and Other Options (Subtopic 220-40).* The amendments in this Update clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The amendments in this Update are effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods.

The Group is currently evaluating the impact of recent accounting pronouncements, but does not expect a material impact on its Income Statement, Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Statement of Changes in Equity upon adoption.

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Note 2.
Sale of the Asia Pacific (ex-China) operations

Description of the transaction

On July 20, 2023 Idorsia announced the completion of a transaction with Sosei Group Corporation ("Sosei Heptares") for the sale of Idorsia's Asia Pacific (ex China) operations for a total consideration of approximately CHF 400 m of which CHF 10 m have been paid with the execution of the non-binding termsheet, CHF 386 m were paid on July 21, 2023 and the remaining CHF 3 m were paid in October 2023.

The transaction includes the acquisition by Sosei Heptares of Idorsia's affiliates in Japan and South Korea, the assignment of the license for PIVLAZ (clazosentan) and all intellectual property and know-how for the territory, and a co-exclusive license for daridorexant – further to the agreement in place with Mochida Pharmaceutical (see Note 5. Collaborations). The transaction also includes an option for Sosei Heptares – upon payment of separate option fees – to license lucerastat and cenerimod for development and commercialization in the Asia Pacific (ex China) region.

Idorsia will supply bulk drug product of PIVLAZ and daridorexant to Sosei Heptares. In addition, there will be transition service agreements (TSA) between Idorsia and Sosei Heptares mainly for regulatory/filing activities, clinical development, CMC (Chemistry, Manufacturing and Controls), and IT.

Idorsia has granted Sosei Heptares a right of first negotiation and right of first refusal on certain pipeline assets for the Asia Pacific (ex-China) region.

Idorsia classified the Asia Pacific operations as held for sale as of June 30, 2023 in the 2023 unaudited interim condensed consolidated financial statements. On July 20, 2023, the transaction was completed, and the entities were deconsolidated from the Group. The value of the disposal group was CHF 33 m and the gain recognized on the sale of the disposal group was CHF 298 m, which includes an impairment of intangible assets of CHF 7 m.

Note 3.
Revenue recognition

Revenue is primarily recognized from two different types of contracts, revenue from contracts with customers (product sales) and contract revenue from collaborations. Contract revenue recognized from collaborations will include revenue sharing from the collaborations, as well as royalties, upfront and milestone payments received under these types of contracts. See Note 4. Licensing agreements and Note 5. Collaborative agreements for additional information related to the Group's collaborations.

The Group's accruals for sales returns, rebates, and discounts are based on current facts and circumstances. Sales return, rebate and discount liabilities are included in Sales related liabilities in the consolidated balance sheet. All sales return, rebate, and discount liabilities as of December 31, 2024 and December 31, 2023 relate to sales of the Group's products in the US and Europe.

The following represents a roll-forward of the most significant sales return, rebate, and discount liability balances, including managed care, coupon and co-pay programs, Medicare, Medicaid and related state program, chargebacks, discounts and cash discounts:

	December 31, 2024	December 31, 2023
Sales related liabilities, beginning of the period	**18,189**	**6,010**
Sales deductions	71,696	59,093
Cash payments of sales related liabilities	(67,798)	(46,913)
Sales related liabilities, end of the period	**22,088**	**18,189**

Although rebate accruals are recorded at the time the sale is recorded, some specific rebates related to that sale are typically paid up to six months later. Because of this time lag, in any particular period, rebate adjustments may incorporate revisions of accruals for several periods.

The increase in sales related liabilities is mainly a result of increased sales in the United States (See Note 24. Segment and geographic information).

The Group currently does not hold any contract liabilities related to product sales which may result from arrangements where the Group would receive payment in advance of performance under a contract with a customer.

For contract liabilities related to contract revenue from collaborations and licensing, see Note 4. Licensing agreements and Note 5. Collaborative agreements.

Note 4. Licensing agreements

In-licensing agreements

Former shareholders of Axovan Ltd ("Axovan sellers") / F. Hoffman-La Roche Ltd ("Roche")
As a result of the demerger of Idorsia from Actelion, Idorsia holds a license agreement to develop and commercialize clazosentan from a share purchase agreement between Actelion and Axovan sellers.

Following the acquisition in 2020 of claims from some Axovan sellers for a one-time cash consideration of CHF 9 m, the remaining Axovan sellers and Roche are entitled to receive milestones up to CHF 71 m (CHF 14 m at filing, CHF 39 m at approval and CHF 17 m in sales milestones). Roche is also entitled to high-single-digit royalties.

In 2023 the group assigned a part of the license related to the territory covered the Nxera transaction to Soei Heptares. Refer to Note 2. Sale of the Asia Pacific (ex-China) operations for further details.

As the Group did not commercialize clazosentan in any territory in 2024 no royalty expense was recorded. For the twelve months ended December 31, 2023, the Group recognized a royalty expense of CHF 2.8 m related to clazosentan product sales in Japan, which has been included in cost of sales.

Out-licensing agreements

Neuro Pharma LLC ("Neuro")
As part of the Demerger of Idorsia from Actelion, Idorsia holds a worldwide exclusive license agreement with Neuro to develop and commercialize almorexant, a dual orexin receptor antagonist which was discontinued by Actelion prior to the demerger. The Group will be eligible to receive potential milestone payments of up to USD 39.8 m upon achievement of clinical milestones and approval in the first indication. The Group will also be entitled to receive high-single-digit royalties on annual net sales.

Santhera Pharmaceuticals (Switzerland) Ltd ("Santhera")
The Group entered in a sublicense option agreement in September 2018, which was replaced in November 2020 by the assignment to Santhera of the collaboration agreement with ReveraGen, whereby Santhera directly obtained an exclusive license for vamorolone in all indications and all territories.

On October 23, 2023, Santhera announced US FDA approval of vamorolone for the treatment of Duchenne Muscular Dystrophy, triggering an approval milestone of USD 10 m (CHF 9 m) to Idorsia.

The group is entitled to further contingent considerations based on the achievement of development and sales milestones up to USD 75 m, as well as low single-digit royalty on annual net sales of vamorolone.

On December 16, 2024, the Group entered into a royalty monetization agreement with R-Bridge Investment Six Pte. Ltd. ("R-Bridge"). Refer to Note 17. Borrowings for further details.

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Hainan Simcere Pharmaceutical Co., Ltd. ("Simcere")
In November 2022, the Group entered into an exclusive licensing agreement with Simcere to develop and commercialize daridorexant for insomnia in the Greater China region (Mainland China, Hong Kong and Macau). Upon signing of the agreement, the Group received an upfront payment of USD 30 m (CHF 27.8 m), which has been recognized as contract revenue in 2022. Furthermore, the Group will be eligible to receive additional potential payments of up to USD 235 m pending achievement of regulatory approval and achievement of commercial milestones. The Group will also be entitled to receive low double-digit royalties on annual net sales.

Nxera Group Corporation ("Nxera", formerly "Sosei Heptares")
On July 20, 2023 Idorsia announced the completion of a transaction with Nxera for Idorsia's Asia Pacific (ex China) operations. The transaction included the assignment of the license for PIVLAZ in the territory and a co-exclusive license for daridorexant. Refer to Note 2. Sale of the Asia Pacific (ex-China) operations for further details.

Owkin France ("Owkin")
On April 2, 2024 Idorsia has entered into a license and services agreement with Owkin. Idorsia granted to Owkin a global license to develop and commercialize ACT-1002-4391, Idorsia's novel, potent EP_2/EP_4 receptor antagonist.

The Group received an upfront payment of USD 5 m (CHF 4.6 m) of which CHF 4 m have been recognized as contract revenue in 2024. The remaining CHF 0.6 m will be recognized upon satisfaction of the remaining performance obligations. Furthermore, the Group is entitled to potential development and regulatory milestone payments of up to USD 145 m, sales milestone payments of up to USD 350 m and tiered mid-single- to low double-digit royalties on annual net sales.

The Group agreed to contribute approximately CHF 2 m for drug substance supply, of which approximpaty CHF 0.6 m are to be supplied in the future.

Note 5.
Collaborative agreements

Janssen Biotech Inc. ("Janssen")
In connection with the acquisition of Actelion by Johnson & Johnson ("J&J"), Janssen, an affiliate of J&J, and the Group entered into a collaboration agreement giving Janssen the option to collaborate with the Group to jointly develop and to solely commercialize aprocitentan and any of its derivative compounds or products worldwide.

Janssen opted in for the collaboration agreement by paying a one-time milestone payment of USD 230 m (CHF 227 m) in December 2017. The Group recognized USD 160 m (CHF 158 m) as contract revenue in December 2017, and the remaining USD 70 m (CHF 69 m) was deferred and recognized on a straight-line basis until September 2022.

The Group was in charge of the ongoing development of aprocitentan in the initial indication of resistant hypertension management. Janssen and the Group equally shared the costs relating to the Phase 3 program, the marketing approval applications and the marketing approvals in the initial indication until the reacquisition of the world-wide rights to aprocitentan. In 2023, the cost-sharing reimbursements by Janssen to the Group for the initial indication Phase 3 studies (CHF 3.7 m, net) were recognized as a cost reduction to R&D expenses.

In September 2023 Idorsia reacquired the world-wide rights to approcitentan for a contingent consideration up to a total cap of CHF 306 m, subject to marketing application approval by the US FDA and the European Medicines Agency ("EMA") (cap of CHF 275.5 m related to marketing approval by the US FDA and cap of CHF 30.5 m related to marketing approval by EMA).

Janssen's R&D funding obligations ceased at the effective date of the agreement. Janssen's licenses to aprocitentan IP (excluding pulmonary hypertension) terminated and Janssen transferred the brand name and relating commercial materials to Idorsia. Janssen retained licenses in the pulmonary hypertension field.

No payments were due to Janssen until US FDA or Europe's EMA approval was granted. In March 2024 US FDA and subsequently in June 2024 Europe's EMA granted approval.

After approval, payments will become due to Janssen until the total cap of CHF 306 m is reached based on Idorsia's revenues:

- 30% of any consideration received by Idorsia from a potential out-licensing or divestment of aprocitentan,
- 10% of any consideration received by Idorsia from a potential out-licensing or the divestment of any other Idorsia product, following the first regulatory approval of aprocitentan, and
- low- to mid-single digit royalties on total group product net sales, beginning from the quarter after first aprocitentan regulatory approval

For the twelve months ended December 31, 2024 Idorsia made payments of CHF 14.8 m (2023: Nil). In addition, CHF 1.8 m are accrued as of December 31, 2024 (2023: Nil). At December 31, 2024, the remaining contingent consideration is CHF 289 m (December 31, 2023: CHF 306 m).

Revenue sharing agreement with J&J

In connection with the acquisition of Actelion by J&J, Actelion and the Group entered into a revenue sharing agreement that entitles Idorsia to receive 8% of the aggregate net sales of ponesimod.

J&J launched a ponesimod product in the US, Canada and some European countries in 2021 following its approval by the US FDA and the European Commission for relapsing forms of multiple sclerosis.

The Group has recognized CHF 4.8 m as contract revenue in 2023 from this revenue sharing agreement.

The revenue sharing agreement in respect of ponesimod was eliminated as part of the reacquisition of the aprocitentan rights referred to above. The Group is not entitled to further revenue shares in 2024 and thereafter.

Mochida Pharmaceutical Co., Ltd. ("Mochida")

Mochida and the Group have entered into an exclusive license agreement for the supply, co-development and co-marketing of daridorexant, Idorsia's dual orexin receptor antagonist, for insomnia and related disorders in Japan.

Idorsia received an initial payment of JPY 1 bn (CHF 9 m) in 2020, which was recognized as contract revenue on a straight-line basis from January 2020 until August 2023 (initially ending in June 2022, before a reassessment in 2020) with CHF 1.4 m being recognized in 2023. Idorsia received a second milestone payment of JPY 1 bn (CHF 8 m) in 2021, which was recognized as contract revenue on a straight-line basis from January 2021 until August 2023.

Costs associated with the co-development of daridorexant were shared with Mochida. In 2024, the Group recognized net CHF 0.5 m of cost-sharing reimbursements as a cost reduction in R&D expenses (2023: CHF 1.1 m).

On July 20, 2023, Idorsia announced the sale of its Asia Pacific operations to Nxera (see Note 2. Sale of the Asia Pacific (ex-China) operations). As part of this transaction, Idorsia agreed to pay any future milestones received from Mochida to Nxera.

On September 30, 2024, the agreement was terminated.

Neurocrine Biosciences, Inc. (“Neurocrine”)

In May 2019 the Group entered into an optional license and/or research & development collaboration agreement with Neurocrine to jointly develop and commercialize ACT-709478, and/or to collaborate in a research program to discover, identify and develop novel calcium channel blocker compounds for follow-on compounds to ACT-709478, with an initial payment of USD 5 m (CHF 5 m).

Neurocrine exercised in May 2020 its option to enter into the license and research collaboration with a payment of USD 57 m (CHF 56 m), of which CHF 48 m have been recorded as contract revenue in 2020, and the remaining CHF 7 m was recognized on a straight-line basis from July 2020 until June 2022.

In 2022 Neurocrine opted for the extension of the research period by one year, which triggered an additional payment of USD 3.6 m (CHF 3.4 m) to Idorsia, which was recognized as contract revenue on a straight-line basis from July 2022 until June 2023.

On October 18, 2024, the collaboration and optional licensing agreement was terminated.

Viatris Inc. (“Viatris”)

On March 15, 2024 Idorsia’s global research and development collaboration with Viatris, for the global development and commercialization of selatogrel and cenerimod became effective.

Viatris has worldwide development and commercialization rights for both selatogrel and cenerimod (excluding, Japan, South Korea and certain countries in the Asia-Pacific region for cenerimod only).

Idorsia received an upfront payment of USD 350 m (CHF 308 m) and is entitled to potential development and regulatory milestone payments of up to USD 300 m, and potential sales milestone payments of up to USD 2,100 m and potential contingent tiered royalties from mid single- to low double-digit percentage on annual net sales.

The Group will contribute up to USD 200 m for the development in the next 3 years and transferred the dedicated personnel to both programs to Viatris at the transaction closing.

In the first quarter 2024, the Group recorded a one-time gain on disposal of CHF 125 m.

For the twelve months ended December 31, 2024 the Group contributed CHF 73 m (USD 83 m).

On February 26, 2025 the Group announced that the conditions of the global development and commercialization collaboration for selatogrel and cenerimod were amended. In exchange for a USD 100 million reduction to Idorsia’s R&D contribution to the development costs due in 2025, Idorsia has agreed to a USD 250 million reduction in future potential regulatory and sales milestone payments from Viatris. The remaining R&D contribution due in 2026 amounts to CHF 27 m.

Others

In November 2024, the Group entered into exclusive negotiations with an undisclosed party for the global rights to aprocitentan, resulting in an exclusivity fee payment of USD 35 m (CHF 31.7 m), which was received in December 2024. As of December 31, 2024, the Group deferred the USD 35 m exclusivity fee and recorded it in other current liabilities in the consolidated balance sheet.

The term of the exclusivity ended on February 26, 2025 without an agreement for the global aprocitentan rights. Idorsia does not have any further obligations deriving from the exclusivity agreement and will record the exclusivity fee as contract revenue in the first quarter of 2025.

The Group holds several other collaborative agreements, none of which are material to the Group at this time.

Note 6.
Income taxes

	Twelve months ended December 31,	
	2024	**2023**
Current tax (expense)	(1,484)	(1,773)
Deferred tax benefit (expense)	1,050	(1,895)
Total income tax benefit (expense)	**(434)**	**(3,668)**

Income taxes payable and accrued as of December 31, 2024, amounted to CHF 0.8 m (December 31, 2023: CHF 0.5 m).

The significant components of the Group's gross deferred tax assets and deferred tax liabilities as of December 31, are shown in the table below:

Deferred tax assets	**2024**	**2023**
Net benefit from operating loss carryforwards	560,394	395,757
Lease liability and prepaid leases	18,544	10,920
Other financial liabilities	21,844	21,817
Royalty monetization liability	3,546	-
Other temporary differences	960	712
Deferred tax assets	**605,289**	**429,206**
Valuation allowance for deferred tax assets	(573,488)	(405,616)
Total deferred tax assets	**31,801**	**23,590**

Deferred tax liabilities	**2024**	**2023**
Convertible bonds	376	501
Share-based compensation	440	1,452
Right-of-use assets	18,417	10,733
Property, plant and equipment	11,306	10,750
Pension	206	872
Other temporary differences	229	687
Total deferred tax liabilities	**30,974**	**24,996**

The Group has incurred operating losses which may be carried forward and utilized within the coming seven fiscal years. The Group recorded a valuation allowance against the deferred tax assets due to the lack of sufficient positive evidence related to the realization of these deferred tax assets.

As of December 31, 2024, the gross value of unused tax loss carryforwards, with their expiry dates is as follows:

	Total
One year	370,856
Two years	504,331
Three years	429,847
Four years	562,787
Five years	694,104
Six years	378,225
Seven years	1,226,921
More than seven years	-
Total tax losses	**4,167,071**

The following table provides a reconciliation between the effective income tax benefit (expense) and the tax expense computed using the net Swiss statutory tax rate of 15.9%. The latter corresponds to a gross tax rate of 18.9%.

	Twelve months ended December 31,	
	2024	**2023**
Tax at net Swiss statutory tax rate	41,868	46,786
Tax rates different from the net Swiss statutory rate	69	214
Change in valuation allowance	(177,142)	(49,540)
Impairment intercompany loan	136,509	-
Other items	(1,739)	(1,127)
Effective income tax benefit (expense)	**(434)**	**(3,668)**

The difference between the "Change in valuation allowance" of CHF 176 m and the movement of "Valuation allowance for deferred tax assets" CHF 167 m is mainly due to difference between current tax rates and future tax rates that are expected to apply to taxable income in the periods in which temporary differences are expected to be realized or settled and operating loss carryforwards are expected to be used. The statute of limitations for assessment in the major jurisdiction in which the Group operates is open for the years 2020, 2021, 2022, 2023 and 2024.

Note 7.
Earnings per share

The following table sets forth the basic and diluted earnings per share (EPS) calculations at:

	December 31, 2024		December 31, 2023	
	Basic	Diluted	Basic	Diluted
Numerator				
Net income (loss) attributable to Idorsia's shareholders	(263,757)	(263,757)	(297,921)	(297,921)
Net income (loss) available for EPS calculation	**(263,757)**	**(263,757)**	**(297,921)**	**(297,921)**
Denominator				
Weighted-average number of common shares	182,446,928	182,446,928	178,246,872	178,246,872
Total average equivalent shares	**182,446,928**	**182,446,928**	**178,246,872**	**178,246,872**
Earnings (loss) per share attributable to Idorsia's shareholders	**(1.45)**	**(1.45)**	**(1.67)**	**(1.67)**

For the twelve months ended December 31, 2024, 97,994,037 shares that would have had an antidilutive effect were excluded from the diluted EPS calculation (December 31, 2023: 67,969,386 shares).

Note 8.
Cash and cash equivalents

Cash and cash equivalents consisted of the following at:

	December 31, 2024	December 31, 2023
Cash	106,376	145,052
Total	**106,376**	**145,052**

Cash and cash equivalents as listed above include CHF 1 m which are pledged in favor of a bank to secure issued guarantees.

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Note 9.
Financial assets and liabilities

The following table states the Group's financial assets and liabilities carried at fair value:

	December 31, 2024				December 31, 2023			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets carried at fair value								
Cash and cash equivalents	106,376	106,376	-	-	145,052	145,052	-	-
Derivative financial instruments[1]	1,786	-	1,786	-	1,012	-	1,012	-
Short-term marketable securities	17,982	17,982	-	-	12,764	12,764	-	-
Total	**126,143**	**124,358**	**1,786**	**-**	**158,829**	**157,816**	**1,012**	**-**
Financial liabilities carried at fair value								
Derivative financial instruments[2]	1,069	-	-	1,069	1,069	-	-	1,069
Total	**1,069**	**-**	**-**	**1,069**	**1,069**	**-**	**-**	**1,069**

[1] Included in other current assets.
[2] Included in other noncurrent liabilities.

Financial assets carried at fair value

Ordinary shares in Santhera Pharmaceuticals Holding Ltd ("Santhera Holding")

On November 20, 2018, the Group and Santhera Pharmaceuticals (Switzerland) Ltd ("Santhera") entered into an agreement under which Santhera acquired the option to obtain an exclusive sublicense for vamorolone in all indications and all territories. Refer to Note 4. Licensing agreements for further details.

As non-refundable consideration for entering into the agreement, the Group received 1,000,000 new registered shares from Santhera Holding's existing authorized share capital (SIX: SANN), with an initial value of CHF 14.5 m. These initial 1,000,000 shares were subject to a lock-up which expired in November 2022.

On December 14, 2018, Santhera Holding announced the completion of the placement of 3,133,334 new shares at CHF 7.50 per share. Under the private placement, the Group acquired an additional 333,333 shares.

In September 2020, the Group assigned the collaboration agreement with ReveraGen to Santhera, whereby Santhera replaced the Group as a party to the agreement. In exchange for the assignment and transfer of the agreement, the Group received a non-refundable consideration of 366,667 shares of Santhera at a fair market value of CHF 6.45 per share (CHF 2.4 m) and a CHF 10 m exchangeable note.

In September 2021, Idorsia received another 3,594,759 shares at a fair market value of CHF 2.27 per share (CHF 8.2 m) as part of the settlement of the exchangeable note, which was granted to the Group in September 2020.

On September 22, 2021, Santhera Holding issued 9,972,502 new shares at CHF 1.60 per share to investors. The Group acquired an additional 2,187,500 shares. In addition, the Group was granted by Santhera Holding 1,093,750 warrants on the Santhera Holding share, which entitle the holder to purchase Santhera Holding shares at a strike price of CHF 2.00 within five years from the grant. One warrant entitles the holder to purchase one Santhera Holding share. On July 3, 2023, Santhera executed a reverse share split in the ratio 10:1 adjusting the number of warrants held by Idorsia to 109,750 at a strike price of CHF 20.00. The fair value of these instruments was CHF 0.7 m as of December 31, 2024 (December 31, 2023: CHF 0.3 m).

On January 10, 2023, Idorsia entered into a share exchange agreement with Santhera. The Group received an additional 5,529,016 shares in exchange for providing 346,500 shares of Idorsia to Santhera. In addition, Santhera Holding granted 2,211,607 warrants on the Santhera Holding share, which entitle the holder to purchase Santhera Holding shares at a strike price of CHF 0.9043 within two years from the grant. One warrant entitles the holder to purchase one Santhera Holding share. On July 3, 2023, Santhera executed a reverse share split in the ratio 10:1 adjusting the number of warrants held by Idorsia to 221,161 at a strike price of CHF 9.04. The fair value of these instruments was CHF 1.1 m as of December 31, 2024 (December 31, 2023: CHF 0.7 m).

The Group owns a total of 1,301,127 shares in Santhera Holding, representing 10.4% of the ordinary share capital of Santhera as of December 31, 2024 (December 31, 2023: 10.4%). The market value of the Santhera shares was CHF 18.0 m as of December 31, 2024 (December 31, 2023: CHF 12.8 m). All shares are classified as short-term marketable securities.

Financial liabilities carried at fair value

The Group has recognized contingent consideration at its fair value of CHF 1.1 m included in noncurrent liabilities relating to the achievement of milestones (See Note 22. Contingent liabilities). The fair value was calculated using management's estimate of the probability of reaching the milestones and remains unchanged as of December 31, 2024 compared to December 31, 2023.

Financial liabilities carried at amortized cost

The Group's financial liabilities carried at amortized cost relate to its convertible debt (see Note 17. Borrowings), other financial liabilities arising from a sale and leaseback transaction which did not qualify as a sale (see Note 16. Leases) and a royalty monetization liabilty (see Note 17. Borrowings):

	December 31, 2024	December 31, 2023
Short-term financial debt	200,000	199,847
Long-term financial debt	931,780	931,004
Other financial liabilities	162,410	162,205
Royalty monetization liability	26,530	-
Total	**1,320,720**	**1,293,056**

Interest income/(expense), net for the twelve months ended December 31, 2024 includes accrued interest expense of CHF 5.1 m (December 31, 2023: CHF 5.9 m), which is paid to the bondholders on a yearly basis. Interest income for the twelve months ended December 31, 2024 amounts to CHF 2.1 m (December 31, 2023: CHF 2.6 m).

For the twelve months ended December 31, 2024, the aggregate foreign currency translation loss included in other financial income (expense), net amounts to CHF 0.7 m (December 31, 2023: CHF 2.0 m).

For the twelve months ended December 31, 2024, the Group recorded an unrealized gain on marketable and non-marketable securities of CHF 6.0 m (December 31, 2023: unrealized loss of CHF 2.4 m) and a gain on other components of net periodic pension cost of CHF 0.1 m (December 31, 2023: loss of CHF 1.1 m).

Note 10.
Trade and other receivables

Trade and other receivables consisted of the following at:

	December 31, 2024	December 31, 2023
Trade receivables	26,360	20,339
Other receivables	10,835	8,452
Trade and other receivables, gross	**37,195**	**28,791**
Allowance for doubtful accounts	-	-
Total trade and other receivables, net	**37,195**	**28,791**

For concentrations of credit risk related to the Group's trade and other receivables see Note 23. Concentrations.

Note 11.
Inventories

Inventories consisted of the following at:

	December 31, 2024	December 31, 2023
Raw materials	10,519	14,081
Semi-finished products	50,600	44,076
Finished products	1,529	989
Total	**62,648**	**59,146**

Semi-finished products primarily include active pharmaceutical ingredients used in the production of finished goods.

At December 31, 2024, Semi-finished products include bulk drug product of PIVLAZ amounting to CHF Nil (December 31, 2023: CHF 1.3 m which Idorsia will supply to Nxera at cost in the future).

Note 12.
Other current assets

Other current assets consisted of the following at:

	December 31, 2024	December 31, 2023
Prepaid expenses and accrued income	28,041	27,261
Other current assets	3,067	2,124
Other current assets	**31,108**	**29,386**

Note 13.
Intangible assets

Intangible assets consisted of the following at:

	December 31, 2024		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Acquired licenses	16,609	(1,060)	15,549
Acquired software and other	17,573	(9,650)	7,924
Total	**34,183**	**(10,710)**	**23,473**

	December 31, 2023		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Acquired software and other	10,854	(7,327)	3,527
Total	**10,854**	**(7,327)**	**3,527**

In 2024, the aggregate amortization expense of intangible assets amounted to CHF 3.4 m (2023: CHF 4.0 m) and the weighted average amortization period is 4.16 years (2023: 3 years). In 2024, no impairment charges were recorded (2023: CHF 7 m on acquired licenses in connection with the Nxera Deal).

The expected future annual amortization expense of intangible assets is as follows:

For the year ending December 31,	Amortization expense
2025	5,187
2026	3,919
2027	3,689
2028	1,582
2029	1,582
Thereafter	7,514
Total expected future amortization	**23,473**

Note 14.
Property, plant and equipment

Property, plant and equipment consisted of the following at:

	December 31, 2024	December 31, 2023
At cost:		
Land	6,092	17,994
Buildings	141,723	134,783
Furniture, fixtures and lab equipment	75,421	70,330
Computers	3,981	3,928
Construction in progress	287	20,377
Less: Impairment charges	(13,888)	-
Less: Accumulated depreciation	(124,602)	(110,741)
Property, plant and equipment, net	**89,015**	**136,671**

For the twelve months ended December 31, 2024, the Group invested CHF 9.3 m (2023: CHF 9.1 m) in property, plant and equipment. As of December 31, 2024, Nil of those were unpaid and appropriately excluded from presentation in the consolidated statement of cash flows (December 31, 2023: CHF 0.1 m). Depreciation expense of property, plant and equipment was CHF 14.5 m in 2024 (2023: CHF 15.1 m).

In 2024, the Group recorded impairment charges in the amount of CHF 13.9 m (2023: Nil). On 27 November 2024, the Group announced to further streamline the business. The need for an extension of the current HQ campus becomes redundant. As such, two assets with a net book value prior to impairment of CHF 10 m are intended to be disposed of other than by sale (i.e. abandoned). Given the specific nature of the assets, the recoverable amount is deemed to be Nil. Further, as part of the rightsizing initiative, the Group ceased operations in two production units with a net book value prior to impairment of CHF 3.9 m and laid of related employees. Given it's specialised nature, it is highly uncertain if a potential buyer can be identified and the two assets are intended to be disposed of other than by sale (i.e. abandoned). The recoverable amount is deemed to be Nil.

Note 15. Accrued expenses

Accrued expenses consisted of the following at:

	December 31, 2024	December 31, 2023
Personnel and compensation costs	11,778	8,561
Research and development goods and services	97,747	20,771
Site running costs	880	2,024
Professional and IT services	9,048	6,542
Fixed assets	86	481
Interest accruals	5,144	5,894
Other accruals	9,815	11,186
Total	**134,498**	**55,457**

As at December 31, 2024, research and development goods and services include CHF 76 m related to future R&D commitments to Viatris (see Note 5. Collaborative agreements).

Note 16. Leases

The Group has several noncancelable operating leases for its office space, R&D facilities and equipment of various kinds in Switzerland and on international sites. The Group determines if an arrangement contains a lease at inception. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term, which is the noncancelable period stated in the contract, adjusted for any options to extend or to terminate when it is reasonably certain that the option will be exercised. Right-of-use assets include any prepaid leases and exclude lease incentives and initial direct costs incurred. The leases expire between 2025 and 2038; most leases have options to extend the initial lease period.

The Group does not have material finance leases. As most of the operating leases do not provide an implicit interest rate, the Group uses a portfolio approach to determine a collateralized incremental borrowing rate based on the information available at the commencement date to determine the lease liability. Operating lease expense is recognized on a straight-line basis over the lease term. Operating lease expense for the twelve months ended December 31, 2024 was CHF 17.7 m (December 31, 2023: CHF 12.5 m).

The following table summarizes other information related to the Group's operating leases at:

	December 31, 2024	December 31, 2023
Weighted-average remaining lease term	11.91 years	11.97 years
Weighted-average discount rate	4.52%	5.24%
Cash paid for amounts included in the measurement of lease liabilities	17,703	13,985
Right-of-use assets obtained in exchange for lease liabilities	61,754	1,929

The following table summarizes a maturity analysis of the operating lease liabilities, showing the undiscounted lease payments at:

	December 31, 2024
2025	14,173
2026	16,508
2027	16,613
2028	11,895
2029	11,423
Thereafter	93,736
Total undiscounted lease payments	**164,348**
Less: imputed interest	(39,477)
Total discounted lease payments	**124,871**

Sale and leaseback transaction:
In 2022 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.

Note 17. Borrowings

Convertible loan

On June 15, 2017, Cilag Holding AG ("Cilag") provided a loan of CHF 580 m to the Group, which was convertible into ordinary shares of the Group up to an aggregate of 32% of the share capital at the time that the loan was provided. The loan does not carry interest, has a term of 10 years and matures on June 15, 2027.

On June 19, 2017, a first tranche of the convertible loan of CHF 135 m was mandatorily converted and Cilag acquired 11.8 m shares of the Group. These shares were sold by Cilag in a secondary offering on July 8, 2020.

On November 9, 2021, a second tranche of the convertible loan of CHF 110 m was converted and Cilag acquired 9.6 m shares of the Group (representing 5% of the issued shares as of December 31, 2024).

The remaining amount of CHF 335 m outstanding as of December 31, 2024, may be converted into 29.1 m shares of the Group by Cilag (which would result in a total shareholding of 13.4% on a diluted basis, respectively) as follows:

- up to an aggregate shareholding of 16% if another shareholder holds more than 20% of the issued shares of the Group (this condition was fulfilled with Jean-Paul and Martine Clozel owning more than 25% of the Group's issued shares as of December 31, 2024), and

- up to the balance of the remaining amount within 20 business days of the maturity date of the convertible loan. In case of a takeover of the Group, Cilag has the right to convert the convertible loan in full.

At maturity of the convertible loan, if the remaining amount has not yet been converted, the Group may elect to settle the remaining amount in cash or in ordinary shares of the Group. The shares to be issued under the convertible loan will be created from conditional capital and/or the capital range of the Group. The loan is potentially convertible into 29.1 m shares at a conversion price of CHF 11.48, subject to customary antidilution provisions and dividend protection. The carrying amount of the convertible loan as of December 31, 2024 is CHF 335 m (December 31, 2023: CHF 335 m).

Senior unsecured convertible bonds due in 2025

On July 17, 2018, the Group issued CHF 200 m (1,000 bonds with a denomination of CHF 200,000 per bond) of senior unsecured convertible bonds. The bonds were issued at par, with the following terms and conditions at inception.

The bonds have an interest rate of 0.75% per annum (paid annually in arrears) and a conversion price of CHF 33.95, subject to customary antidilution provisions and dividend protection. The bonds had an initial term of six years, maturing on July 17, 2024 with redemption at 100% of the principal amount.

On May 6, 2024, a bondholder meeting was held, where 83.5% of the total outstanding bondholders voted in favour of amendments to the terms of the bonds. The approved bond terms include an amended conversion price of CHF 6.00, extended maturity date of January 17, 2025, and the option to call the bonds at par, in full or in part, at any time upon giving ten trading days' notice. A consent fee of 8,000 shares per Bond was paid to bondholders on September 5, 2024 following the effective date of the amendment of the bonds' terms on August 29th, 2024. In addition, Idorsia committed to use proceeds from divestitures or out-licensing transactions to repay the bonds pursuant to the proposed amended terms.

The bonds are convertible into registered shares of the Group on or after August 27, 2018. In 2024, with the modified terms, the conversion ratio increased from initially 5,891.0162 shares per bond to 33,333.3333 shares per bond. The shares are sourced from the Group's conditional capital. Assuming full conversion, the number of shares to be issued amounts to 33,333,333 registered shares, which represents 18.5% of the outstanding shares at the effective date of the amendment of the bonds' terms. Before the amendment the number of shares to be issued amounted to 5,891,016 registered shares , which represented 4.5% of the outstanding shares at the time of the issuance of the bonds (i.e. 131,042,140 outstanding shares).

The amended debt obligations with respect to the bonds, which are due subsequent to December 31, 2024, are as follows:

Payable on	Type of payment	Amount
January 17, 2025	Repayment of debt incl. annual interest	200,750

The bonds are listed on the SIX Swiss Exchange. As of December 31, 2024, the fair market value of the bonds amounted to 24.0% of the principal amount (Level 1).

The Group accounts for the bonds at amortized cost. The debt issuance costs of CHF 1.7 m are deducted from the liability and are amortized and recognized as additional interest expense over the life of the bonds using the effective interest method.

As of December 31, 2024, the total book value of the bonds was CHF 200 m (December 31, 2023: CHF 199.8 m). For the twelve months ended December 31, 2024, the Group recognized CHF 1.5 m of interest cost (2023: CHF 1.5 m) and CHF 0.2 m (2023: CHF 0.3 m) related to the amortization of debt issuance costs.

On February 25, 2025, a bondholder meeting was held, where 79% of the total outstanding bondholders voted in favour of amendments to the terms of the bonds. The approved bond terms include an amended principal amount of CHF 204,000 per bond, extended maturity date of September 17, 2025 and a waiver of Idorsias' obligation to exercise its call option and to use proceeds from divestitures or out-licensing transactions to repay the bonds before maturity.

The amendments to the bonds' terms become binding and effective upon approval by the higher cantonal composition authority (obere kantonale Nachlassbehörde) and after an additional waiting period of 30 days during which bondholders could still object to the amendment.

The amended debt obligations with respect to the bonds, which are due subsequent to December 31, 2024, are as follows:

Payable on	Type of payment	Amount
July 17, 2025	Annual interest	1,500
September 17, 2025	Repayment of debt incl. interest	204,250

Senior unsecured convertible bonds due in 2028

On August 4, 2021, the Group issued CHF 600 m (3,000 bonds with a denomination of CHF 200,000 per bond) of senior unsecured convertible bonds. The bonds were issued at par.

The bonds have an interest rate of 2.125% per annum (paid annually in arrears) and a conversion price of CHF 31.54, subject to customary antidilution provisions and dividend protection.

The bonds have a term of seven years, maturing on August 4, 2028, and will be redeemed at 100% of the principal amount. The Group may redeem the bonds before the maturity date (i) at any time after August 24, 2025, if the volume-weighted average price of the Idorsia share is at least 150% of the prevailing conversion price during a specified period or (ii) if less than 15% in aggregate of the principal amount of the bonds is outstanding. The investors may request redemption of the bonds on the 5th anniversary of the settlement date or upon a change of control and in case of a delisting of shares.

The bonds became convertible into registered shares of the Group on or after September 13, 2021. The conversion ratio is currently 6,341.15409 shares per bond. The shares are sourced from the Group's conditional capital. Assuming full conversion, the number of shares to be issued amounts to 19,023,462 registered shares, which represented 11.4% of the outstanding shares at the time of the issuance of the bonds (i.e. 167,339,231 outstanding shares).

The debt obligations with respect to the bonds, which are due subsequent to December 31, 2024, are as follows:

Payable on Aug 4,	**Type of payment**	**Amount**
2025	Annual interest	12,750
2026	Annual interest	12,750
2027	Annual interest	12,750
2028	Repayment of debt incl. annual interest	612,750

The bonds are listed on the SIX Swiss Exchange. As of December 31, 2024, the fair market value of the bonds amounted to 24.0% of the principal amount (Level 1).

The Group accounts for the bonds at amortized cost. The debt issuance costs of CHF 5.4 m are deducted from the liability and are amortized and recognized as additional interest expense over the life of the bonds using the effective interest method.

As of December 31, 2024, the total book value of the bonds was CHF 597.2 m (December 31, 2023: CHF 596.4 m). For the twelve months ended December 31, 2024, the Group recognized CHF 12.8 m (2023: CHF 12.8 m) of interest cost and CHF 0.8 m (2023: CHF 0.8 m) related to the amortization of debt issuance costs.

Loan from Nxera

On June 15, 2023, Nxera provided a loan of CHF 10 m to the Group, which was either deductible from the consideration for the anticipated sale of the Asia Pacific (ex China) operations or convertible into ordinary shares of the Group on maturity. The loan had an interest rate of 5% per annum. On July 20, 2023, the loan was offset against the consideration due from Nxera for the sale of the Asia Pacific (ex China) operations (see Note 2. Sale of the Asia Pacific (ex-China) operations).

Bridge loan

On June 19, 2023, the Group secured a bridge loan with Jean-Paul Clozel, CEO, Member of the Board of Directors at the time the loan was granted and Idorsia's largest shareholder, which provided for a CHF 75 m line of credit and had an interest rate of 10% per annum. The Group drew down a total of CHF 50 m. In order to secure the bridge loan, the Group pledged 10% of the shares of the fully consolidated Swiss affiliate to Jean-Paul Clozel. On July 21, 2023, the Bridge loan was repaid with the consideration received from Nxera and correspondingly the pledge on the shares of the Swiss affiliate was extinguished.

Royalty monetization

In December 2024, the Group entered into a royalty monetization agreement with R-Bridge (see Note 4. Licensing Agreements). The Group received USD 30 m (CHF 27 m) from R-Bridge in exchange for the rights to receive 100% of the future vamorolone royalties and milestones due from Santhera up to a specified cap. The rights to vamorolone royalties and milestones will be reassigned to the Group, at the earlier of:

- the 10-year anniversary of the closing or
- the date upon which R-Bridge has received payments under the assigned agreement equal to 2.00x the purchase price (i.e. USD 30 m).

Due to the reassignment of the rights to the Group in the future, the transaction qualifies as a failed sale and in accordance with ASC 470, the proceeds are classified as debt.

The proceeds received of USD 30 m (CHF 27 m), net of transaction costs of USD 0.6 m (CHF 0.5 m), were recorded as royalty monetization liability. The aggregate future estimated payments, less the USD 30 m upfront cash net of transaction costs, will be recognised as non-cash interest expense over the life of the agreement. As of December 31, 2024, the estimated effective interest rate under the agreement was 34%. Over the life of the arrangement, the actual effective interest rate will be affected by the amount and the timing of the royalty and milestone payments projected and received by R-Bridge. At each reporting date, the Group will reassess the estimate of total future royalty and milestone payments and if such payments are materially different than prior estimates, the Group will prospectively adjust the imputed interest rate and the related amortization of the royalty obligation. In 2024, the Group recognized non-cash interest expense of CHF 0.2 m.

Non-cash royalty and milestone revenue will be recognized as earned on net sales from the underlying Santhera agreement, and these payments will be recorded as a reduction of the liability when earned. In 2024, the Group recognized non-cash contract revenue of CHF 0.3 m.

As of December 31, 2024, the aggregate royalty monetization obligation of CHF 26.5 m comprises a current portion of CHF 3.4 m and a non-current portion of CHF 23.1 m.

Note 18.
Pension plans

Swiss employee pension plan

The Group maintains a pension plan (the "Basic Plan") covering all of its employees in Switzerland. The Basic Plan insures base salary and annual incentives up to an aggregate maximum of CHF 882,000. In addition to retirement benefits, the Basic Plan provides benefits on death or long-term disability of its employees.

The Basic Plan is organized under the legal form of a pension foundation covering all risks associated with the Swiss pension plan. The Group and its employees pay retirement contributions, which are defined as a percentage of the employees' covered salaries. Interest is credited to the employees' accounts at the minimum rate provided for in the Basic Plan. In 2024, the guaranteed interest rate for withdrawal benefits amounts to 1.25% for the mandatory portion and 0.5% for the non-mandatory portion of the contributions paid. Future benefit payments are managed by the insurance company. The Foundation entered into an insurance contract with a third-party insurance company to minimize the risk associated with the pension obligation and as a means to reduce the uncertainty and volatility of the Basic Plan's assets for the Group. Investment strategy and policies of the Foundation are determined by the insurance company. The Foundation Council's decision power in relation to investment strategies and asset allocation is limited to the amount of available unappropriated foundation reserves as determined by Swiss pension law. In 2021 under the Swiss pension scheme, the Group has implemented an additional plan which qualifies as defined contribution plan. The new plan includes the pension contributions on bonus payments for employees with an insured salary of more than CHF 150,000.

The implementation of this new plan led to a settlement under the existing defined benefit plan, releasing CHF 13.6 m from the projected benefit obligation and CHF 13.1 m from the plan assets in 2021. The gain realized is recorded in the other comprehensive income and will be amortized over 10.5 years.

In July 2023 and again in November 2024, the Group announced cost reduction initiatives, which included employees being laid off. This eliminates for a significant number of employees the accrual of defined benefits for their future services. The elimination of the accrual of defined benefits for the future service of the leaving members has been accounted for as a curtailment. Furthermore, the proportionate amount of prior service credit as well as the proportionate amount of settlement credit have been accounted for in the curtailment. The settlement includes the assets/ obligation associated to the laid off employees.

The targeted allocation for the unappropriated foundation reserves (if any) is as follows:

Asset category	Targeted allocation Ranges in %
Cash and cash equivalents	0-100%
Equity securities Switzerland	0-30%
Equity securities foreign issuers	0-20%
Debt securities in CHF	0-100%
Debt securities in foreign currencies	0-20%
Real estate[1]	0-30%
Alternative investments[2]	0-100%

[1]Investments in foreign countries are limited to a maximum of 33% of the total investments in real estate
[2]Only receivables and prepayments from insurance companies

The Group uses a measurement date of December 31 for all its pension plans.

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Net periodic benefit costs for the Group's defined benefit pension plans include the following components:

	Twelve months ended December 31,	
	2024	2023
Service cost	7,199	9,287
Interest cost	3,447	5,755
Expected return on plan assets	(3,510)	(4,624)
Amortization of prior year service costs (benefit)	(5,028)	(1,620)
Amortization of net actuarial (gain) loss	1,168	(1,086)
Curtailment	-	(3,500)
Settlement	-	(1,759)
Net periodic benefit cost	**3,274**	**2,452**

The following table provides the weighted-average assumptions used to calculate net periodic benefit cost, as well as the actuarial present value of projected benefit obligations ("PBO") and plan assets as of December 31:

	2024	2023
Weighted-average assumptions used in calculation		
Mortality and disability assumptions	BVG 2020	BVG 2020
Discount rate	0.90%	1.50%
Salary increase	2.00%	2.00%
Long-term rate of return on assets	0.90%	1.50%

For active plan participants, the projected benefit obligation corresponds to the present value of retirement, survivors', disability, and termination benefits on the measurement date and considers future salary and pension increases as well as service termination probabilities. For retirees, the PBO corresponds to the present value of the current annuity, including future pension increases.

The weighted-average discount rate applied for the calculation of the PBO as at December 31, 2024, is 0.9% (December 31, 2023: 1.50%). A decrease of the discount rate by 0.25% would increase the PBO as at December 31, 2024 by CHF 6.2 m (as at December 31, 2023: CHF 8.6 m).

The expected long-term rate of return on plan assets corresponds to the return on benefits expected to be provided under the insurance contract.

The Group's subsidiary in Italy sponsors additional defined benefit pension plan, which is not material to the Group. Pension liability, funded status and net periodic benefit costs of the Italian pension plan is included in the following tables.

The following tables set forth the change in present value of projected benefit obligations and changes in fair value of plan assets for the Group's pension plans:

	2024	2023
Projected benefit obligation, at January 1,	**224,059**	**275,768**
Service cost	7,199	9,287
Interest cost	3,447	5,755
Plan participants' contributions	7,051	11,166
Benefits (paid) / deposited	(2,800)	(22,243)
Actuarial loss (gain)	6,205	32,259
Prior year service cost (credit)	(529)	(679)
Curtailment	(2,837)	(3,110)
Settlement	(90,917)	(83,317)
Divestiture	-	(822)
Foreign currency exchange rate changes	-	(5)
Projected benefit obligation at December 31,	**150,877**	**224,059**

	2024	2023
Fair value of plan assets, at January 1,	**227,599**	**306,753**
Actual return on plan assets	1,654	1,439
Employer contributions	8,616	14,131
Plan participants' contributions	7,051	11,166
Benefits (paid) / deposited	(2,800)	(22,243)
Settlement	(90,917)	(83,648)
Fair value of plan assets at December 31,	**151,202**	**227,599**
Accumulated benefit obligation	**145,813**	**216,115**

The following table provides information about the fair value of the plan assets per asset category as of December 31:

	2024		
Asset category	**Total**	**as % of total plan assets**	**Level 2**
Assets from insurance contract	151,202	100%	151,202
Total plan assets	**151,202**	**100%**	**151,202**

	2023		
Asset category	**Total**	**as % of total plan assets**	**Level 2**
Assets from insurance contract	227,599	100%	227,599
Total plan assets	**227,599**	**100%**	**227,599**

The movement in the net asset or liability and the amounts recognized in the balance sheet as of December 31, were as follows:

	2024	2023
Present value of projected benefit obligations	(150,877)	(224,059)
Fair value of plan assets	151,202	227,599
Funded status	**326**	**3,540**

The main reason for actuarial losses of CHF 6.2 m in 2024 (2023: CHF 32.3 m) on the projected benefit obligation are due to changes in financial assumptions, mainly a further decrease in the discount rate from 1.50% to 0.9% (2023: a decrease in the discount rate from 2.10% to 1.50%).

As of December 31, 2024, CHF 6.4 m (December 31, 2023: CHF 13.8 m), net of tax, related to the pension plans was recognized in other comprehensive income (loss). Amounts recognized in accumulated other comprehensive income represent actuarial losses that are not yet amortized. The actuarial losses outside of the corridor will be amortized over the expected service period of 10.0 years (2023: 10.2 years).

	2024	2023
Other comprehensive income (loss), at January 1,	**13,762**	**50,748**
Net gain (loss) arising during the period	(7,520)	(35,157)
Amortization of prior period service cost	(1,702)	(1,620)
Amortization of actuarial gain (loss)	-	(1,086)
Amortization of settlement	-	-
Curtailment	(505)	(3,110)
Settlement	1,168	(1,759)
Taxes	1,151	5,748
Total included in other comprehensive income (loss) at December 31,	**6,354**	**13,762**

The expected future cash flows to be paid by the Group in respect of the pension plans as of December 31, 2024, were as follows:

Expected employer contributions	
2025[1]	4,921

Expected future payments to beneficiaries	
2025	3,585
2026	2,099
2027	3,142
2028	3,088
2029	3,236
Thereafter	17,570

[1] Either paid or offset against existing prepayment.

Certain of the Group's subsidiaries sponsor defined contribution plans with Group's contributions fixed at 2% to 32% of the employee's annual salary or bonus. These plans are structured as a saving schemes without further obligation of the Group. Total expense of these defined contribution plans was CHF 0.9 m for 2024 (2023: CHF 2.7 m).

Significant concentrations of risk and uncertainties.
The Group is exposed to a credit loss in the event of non-performance by the insurance company, which has an S&P rating of A+ with a stable outlook. A portion of this credit risk is mitigated by the BVG Guarantee Fund Foundation ("Sicherheitsfonds"), as stipulated by Swiss pension law. In the event of default of a Swiss pension plan, this institution will cover the minimum benefits mandatorily required by Swiss pension law.

The Group is also exposed to the impact of significant interest rate changes and yields in the context of the current economic environment. If the long-term interest rates were to decrease, this might lead to a significant increase in the PBO and to a significant decrease in both the fair value of the Plans' assets and expected asset returns.

Note 19.
Share-based compensation

Share-based payment arrangements ("SBPA")

The Group has several share-based payment plans for employees and members of the Board of Directors. The Board regularly reviews the allocation and conditions of the various SBPA of the Group.

The following table summarizes the number of outstanding share-based payment awards allocated under the various SBPA of the Group at December 31:

	2024	2023
Outstanding share equivalents under SBPA		
Restricted share units granted under the RSP	6,489,084	3,717,714
Performance share units granted under the PSP	856,263	1,221,892
Share options granted under the ESOP	9,689,545	9,669,426
Total outstanding share equivalents under SBPA	**17,034,892**	**14,609,032**
Thereof exercisable	5,476,269	5,966,679

Total compensation costs recognized in the Consolidated Income Statement with respect to the Group's SBPA for the twelve months ended December 31, 2024, were CHF 11.5 m (December 31, 2023: CHF 23.1 m). No gross tax benefits were recognized in the period ended December 31, 2024 (December 31, 2023: CHF 0 m).

Restricted Stock Plan ("RSP")

Under the RSP, the Group allocates restricted share units ("RSU") of its publicly traded shares to permanent employees in addition to other share-based awards distributed under the various SBPA of the Group. A RSU corresponds to the right to one Group share. RSUs granted under the RSP vest on the third anniversary of the grant date. A graded vesting was applied for the yearly 2024 grant. 40% of the shares subject to the award will vest on December 1, 2025 and 60% on December 1, 2026.

The following assumptions have been applied in the valuation model of the RSUs:

	Twelve months ended December 31,	
	2024	**2023**
Expected term	0-2 years	3 years
Interest rate	0.00%	0.00%
Expected dividend yield	0.00%	0.00%

The following table summarizes activities under the RSP for the twelve months ended December 31:

	2024		2023	
	RSUs	**Weighted-average grant date fair values**	**RSUs**	**Weighted-average grant date fair values**
Outstanding at January 1,	**2,495,822**	**15.46**	**1,717,459**	**21.08**
Granted	4,748,074	1.78	1,999,131	12.13
Forfeited	(825,354)	10.71	(789,231)	15.39
Vested	(785,721)	12.82	(431,537)	22.49
Outstanding unvested at December 31,	**5,632,821**	**4.99**	**2,495,822**	**15.46**

The Group recorded share-based compensation expense for the RSP of CHF 7.6 m for the twelve months ended December 31, 2024 (December 31, 2023: CHF 12.1 m). As of December 31, 2024, the total unrecognized compensation cost related to unvested RSUs was CHF 10.2 m (December 31, 2023: CHF 17.8 m) which is expected to be recognized over a weighted-average period of 1.3 years (December 31, 2023: 1.85 years).

The weighted-average exercise price of RSUs granted, outstanding and forfeited is zero. Total fair value of RSUs vested and converted into shares amounted to CHF 10.1 m for the twelve months ended December 31, 2024 (December 31, 2023: CHF 9.7 m). The total intrinsic value of RSUs vested and converted into shares amounted to CHF 1.3 m for the twelve months ended December 31, 2024 (December 31, 2023: CHF 3.8 m). The aggregate intrinsic value of unvested RSUs amounts to CHF 4.6 m as of December 31, 2024 (December 31, 2023: CHF 5.3 m).

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Beginning with the second half of 2022, the Group granted RSUs as share-based compensation to its permanent employees (excluding the CEO and all other members of the Idorsia Executive Committee) as an exceptional one-time grant (with the possibility to grant additional RSUs to new employees joining the Group). For these RSU awards the normal vesting dates are staggered with 20% of the shares subject to the award vesting on July 1, 2025, 30% of the shares subject to the award vesting on July 1, 2026 and the remaining balance of the shares subject to the award vesting on July 1, 2027.

The following assumptions have been applied in the valuation model of the RSUs:

	Twelve months ended December 31,	
	2024	**2023**
Expected term	3-5 years	3-5 years
Interest rate	0.00%	0.00%
Expected dividend yield	0.00%	0.00%

The following table summarizes activities under the RSUs for the twelve months ended December 31:

	2024		2023	
	RSUs	Weighted-average grant date fair values	**RSUs**	**Weighted-average grant date fair values**
Outstanding at January 1,	**1,221,892**	**13.06**	**1,577,747**	**13.45**
Granted	18,238	2.23	147,315	9.67
Forfeited	(377,273)	13.24	(502,054)	13.30
Vested	(6,594)	13.48	(1,116)	13.48
Outstanding unvested at December 31,	**856,263**	**12.74**	**1,221,892**	**13.06**

The Group recorded share-based compensation expense for the RSP of CHF 1.0 m for the twelve months ended December 31, 2024 (December 31, 2023: CHF 3.2 m). As of December 31, 2024, the total unrecognized compensation cost related to nonvested RSUs was CHF 4.9 m (December 31, 2023: CHF 10.3 m) which is expected to be recognized over a weighted-average period of 1.8 years (December 31, 2023: 2.9 years).

The aggregate intrinsic value of unvested RSUs amounts to CHF 0.7 m as of December 31, 2024 (December 31, 2023: CHF 2.6 m).

Performance Share Plan ("PSP")
Under the PSP, the Group allocates performance share units ("PSU") of its publicly traded shares to permanent employees in addition to other share-based awards distributed under the various SBPA of the Group. Employees were granted additional 18,238 (2023: 147,315) PSUs matching their first grant explained above. These additional PSUs are based on a performance-driven incentive plan with four performance criteria, which strictly relate to the Group's achievements in the areas of revenues, profitability as well as research and product development success for the years of measurement (one goal for each of the years 2025 and 2026 and two goals for the year 2027). Based on the achievement of the performance conditions, the PSUs will vest prorated and be converted into Group's shares in a range of 0% - 100% in March 2028.

The following assumptions have been applied in the valuation model of the PSUs:

	Twelve months ended December 31,	
	2024	**2023**
Expected term	6 years	6 years
Interest rate	0.00%	0.00%
Expected performance condition achievement	38%	38%
Expected dividend yield	0.00%	0.00%

The following table summarizes activities under the PSUs for the twelve months ended December 31:

	2024		**2023**	
	PSUs	Weighted-average grant date fair values	**PSUs**	**Weighted-average grant date fair values**
Outstanding at January 1,	**1,221,892**	**13.06**	**1,577,747**	**13.45**
Granted	18,238	9.67	147,315	9.67
Forfeited	(383,867)	13.30	(502,054)	13.30
Vested	-	-	(1,116)	13.48
Outstanding unvested at December 31,	**856,263**	**12.87**	**1,221,892**	**13.06**

The Group recorded share-based compensation expense for the PSP of CHF 0.4 m for the twelve months ended December 31, 2024 (December 31, 2023: CHF 0.2 m). As of December 31, 2024, the total unrecognized compensation cost related to unvested PSUs was CHF 1.9 m (December 31, 2023: CHF 4.5 m) which is expected to be recognized over a weighted-average period of 3.16 years (December 31, 2023: 4.16 years).

The aggregate intrinsic value of unvested PSUs amounts to CHF 0.7 m as of December 31, 2024 (December 31, 2023: CHF 2.6 m).

Standard Share Option Plans ("SSOP")

The SSOP comprise the employee share option plan ("ESOP") and the directors' share option plan ("DSOP"). The conditions of the SSOP are regularly reviewed and modified by the Board of Directors for new option grants. Vesting conditions of standard share options granted to employees and directors may differ depending on the timing of option allocation and the results of the Board's review of the SSOP conditions. Standard share options granted to employees under the ESOP generally vest and become exercisable three years after the grant date. Standard share options granted to non-executive Directors under the DSOP vested at the 2018 AGM. None of the options granted under the DSOP are outstanding. Each option entitles the holder to purchase one share. Options generally expire ten years after the grant date.

The following assumptions have been applied in the valuation model of the ESOP:

	Twelve months ended December 31,	
	2024	**2023**
Expected term	6.25 years	6.25 years
Interest rate	0.63%	1.01% - 1.37%
Expected volatility	58.17%	34.82% - 43.12%
Expected dividend yield	0.00%	0.00%

The following table summarizes activities under the ESOP for the twelve months ended December 31:

	2024			**2023**		
	Share options	Weighted-average grant date fair value	**Weighted-average exercise price**	**Share options**	Weighted-average grant date fair value	**Weighted-average exercise price**
Outstanding at January 1,	**9,669,426**	**6.21**	**19.12**	**9,427,949**	**6.52**	**20.29**
Granted	2,139,820	0.93	3.17	1,122,870	3.82	10.19
Forfeited	(1,362,812)	6.25	19.11	(881,393)	6.56	20.21
Exercised	-	-	-	-	-	-
Expired	(756,889)	7.41	22.65	-	-	-
Outstanding at December 31,	**9,689,545**	**4.95**	**15.33**	**9,669,426**	**6.21**	**19.12**
Vested and exercisable at December 31,	5,476,269	6.58	20.30	5,966,679	6.38	19.79

The following is a summary of options outstanding and exercisable under the SSOP at December 31, 2024:

	Share options outstanding			Share options exercisable		
Range of exercise prices	Share options	Weighted-average remaining contractual life in years	Weighted-average exercise price	Share options exercisable	Weighted-average remaining contractual life in years	Weighted-average exercise price
2.60 - 7.88	2,410,100	9.41	3.11	-	-	-
7.89 - 17.57	1,322,514	3.88	15.44	779,460	2.12	17.41
17.58 - 17.76	2,684,809	1.61	17.71	2,684,809	1.60	17.73
17.77 - 25.07	1,609,042	4.81	18.94	348,920	4.14	21.60
25.08 - 30.36	1,663,080	3.31	25.52	1,663,080	3.31	25.51
Total	**9,689,545**	**4.68**	**15.30**	**5,476,269**	**2.35**	**20.29**

The Group recorded share-based compensation expense for the SSOP of CHF 2.7 m for the twelve months ended December 31, 2024 (December 31, 2023: CHF 5.6 m). As of December 31, 2024, the total unrecognized compensation cost related to unvested options was CHF 3.2 m (December 31, 2023: CHF 6.9 m) which is expected to be recognized over a weighted-average period of 1.8 years (December 31, 2023: 1.5 years). The aggregate intrinsic value of options outstanding at December 31, 2024, was CHF 0 (December 31, 2023: CHF 0).

In 2024 no options were exercised. The aggregate intrinsic value of options exercisable at December 31, 2024, was CHF 0 (December 31, 2023: CHF 0). In 2024 756,889 options expired (2023: 16,387 options).

A summary of the status of unvested share options distributed under the SSOP and changes during the year is presented below:

	2024	
	Share options	Weighted-average grant date fair values
Outstanding unvested at January 1,	**3,702,747**	**5.93**
Granted	2,139,820	0.93
Forfeited	(555,238)	5.46
Vested	(1,074,053)	8.50
Outstanding unvested at December 31,	**4,213,276**	**2.80**

In 2024 the Group did not provide newly issued shares from conditional capital in exchange for option exercises under the SSOP (2023: 0 shares). Also, the Group did not provide newly issued shares from conditional capital to eligible permanent employees as a payout of the 2023 annual bonus (2023: 72,976 newly issued shares with a fair value CHF 0.9 m).

During 2024, the Group provided 470,615 newly issued shares from conditional capital with a fair value of CHF 0.8 m to members of the Board of Directors (“BoD”) as compensation (2023: 227,123 newly issued shares with a fair value of CHF 0.9 m). At December 31, 2024, no conditional shares were available for grant of future share-based awards under the Group’s SBPA. For changes in conditional capital approved to be used in connection with SBPA and similar share-based compensation awards, see Note 20. Share capital.

Note 20.
Share capital

The following table illustrates Idorsia's shares and the share capital of the Group:

(all numbers in thousands)	Shares[1] Issued	Authorized	Conditional	Capital range (upper end)	Total
As of January 1, 2023	**177,559**	**54,418**	**69,408**		**301,385**
Change in Idorsia's Articles of Association based on the AGM resolution dated May 4, 2023 [2]	-	(44,418)	-	93,779	49,361
Shares issued for share-based compensation	922	-	(922)	-	-
Issuance of new registered shares	10,000	(10,000)	-	-	-
At December 31, 2023	**188,481**	**-**	**68,486**	**93,779**	**350,746**
Change in Idorsia's Articles of Association based on the AGM resolution dated June 13, 2024	-	-	25,592	-	25,592
Shares issued for share-based compensation	1,263	-	(1,263)	-	-
At December 31, 2024	**189,744**	**-**	**92,815**	**93,779**	**376,337**

[1]Fully paid-in registered shares with a nominal value of CHF 0.05 per share

[2] Forfeiture of the remaining amount of Authorized capital due to the introduction of the Capital range.

Issuance of new registered shares

On January 6, 2023, Idorsia Ltd issued 10,000,000 new shares from its existing authorized share capital. These shares are held by a subsidiary and are therefore recorded as treasury shares. See section Treasury shares below for further details.

Authorized capital

Until May 4, 2023 Article 3b of Idorsia's Articles of Association defined authorized capital that could be used for purposes of strategic partnering and financing of business transactions at the discretion of the BoD and to exclude or restrict the pre-emptive rights of existing shareholders in connection with mergers, acquisitions, strategic partnering or cooperation transactions, research and clinical development programs and other strategic projects of the Group. Pursuant to changes in the Swiss Code of Obligations effective January 1, 2023, authorized capital was replaced by a capital range.

Capital range

As set forth in Article 3b of Idorsia's Articles of Association, the capital range can be used for purposes of strategic partnering and financing of business transactions as well capital reductions. The BoD is authorized to increase or reduce the Group's share capital at any time until May 4, 2028 within a lower limit of CHF 4,688,963.3 and an upper limit of CHF 14,066,889.90, and to exclude or restrict the pre-emptive rights of existing shareholders in connection with mergers, acquisitions, strategic partnering or cooperation transactions, research and clinical development programs and other strategic projects of the Group. If the share capital increases as a result of an increase from conditional capital pursuant to Article 3a of Idorsia's Articles of Association, the upper and lower limits of the capital range shall increase in an amount corresponding to such increase in the share capital. In 2024 no increase or reduction took place.

Conditional capital

As set forth in Article 3a of Idorsia's Articles of Association, conditional capital can be used for capital increases upon the exercise of option rights or in connection with similar rights regarding shares granted to officers and employees as well as contractors or consultants at all levels of the Company and its group companies and upon exercise of conversion rights or options in relation to convertible debt instruments, bonds, loans, and similar forms of financing.

The BoD is authorized to increase the Group's share capital at any time. The pre-emptive rights and the advance subscriptions rights of the shareholders are excluded in case of the exercise of option rights or in connection with similar rights regarding shares and the Board of Directors is authorized to exclude or restrict them in connection with the issuance of Financial Instruments by the Company or one of its group companies if (1) there is an important reason pursuant to Article 3b of these Articles of Association, (2) the bonds or similar instruments are issued on appropriate terms, or (3) the conversion rights are used in connection with the issuance of shares for conversions under the convertible loan dated 15 February 2017 (as amended from time to time), granted by Cilag.

Treasury shares

On January 6, 2023, Idorsia Ltd issued 10,000,000 new shares from its existing authorized share capital at CHF 0.05 per share. These shares are initially held as treasury shares and may be used in the future for funding purposes or in exchange for restricted stock units or options rights which vest or are exercised in accordance with the conditions of the Groups' share-based payment plans.

In 2023 the Group used 346,500 treasury shares for a share exchange with Santhera (see Note 9. Financial assets and liabilities for further details about this transaction). The market value per share at the time of the transaction was CHF 14.02.

In 2024 the Group used 604,000 treasury shares in connection with the Viatris Deal. The market value per share at the time of the transaction was CHF 1.82.

In addition, 8,000,000 treasury shares were used to pay the consent fee to bondholders (see Note 17. Borrowings) in early September 2024. The market value per share at the time of the transaction was CHF 1.81.

At December 31, 2024, the Group holds 1,049,500 treasury shares created at CHF 0.05 (December 31, 2023: 9,653,500 treasury shares created at CHF 0.05).

Note 21. Accumulated other comprehensive income (loss)

Movements in accumulated other comprehensive income (loss) consist of the following:

	Accumulated OCI (loss), net of tax		
	Jan 1, 2024	**Changes arising during period**	**Dec 31, 2024**
Foreign currency translation adjustments[1]	(4,020)	525	(3,495)
Actuarial gains (losses) and prior year service costs[2]	13,762	(7,408)	6,354
Total accumulated OCI (loss)	**9,742**	**(6,884)**	**2,859**

[1]Income taxes are not provided for foreign currency translation adjustments relating to permanent investments in international subsidiaries.

[2]Actuarial gains (losses) and prior year service costs (benefits) on the Group's defined benefit plans. The amounts disclosed include income tax expenses gross of CHF 0.9 m.

	Accumulated OCI (loss), net of tax		
	Jan 1, 2023	**Changes arising during period**	**Dec 31, 2023**
Foreign currency translation adjustments[1]	(2,344)	(1,675)	(4,020)
Actuarial gains (losses) and prior year service costs[2]	50,748	(36,986)	13,762
Total accumulated OCI (loss)	**48,403**	**(38,661)**	**9,742**

[1]Income taxes are not provided for foreign currency translation adjustments relating to permanent investments in international subsidiaries. The amount includes OCI gains of CHF 10 m deriving from CTA released in 2023 as a result of the sale of the Japan and Korea entities as part of the Nxera transaction.

[2]Actuarial gains (losses) and prior year service costs (benefits) on the Group's defined benefit plans. The amounts disclosed include income tax expenses gross of CHF 1.9 m.

Note 22. Commitments, contingent liabilities and guarantees

Commitments

The Group has entered into capital commitments of CHF 0.2 m related to the maintenance of the Group's own facilities, which are expected to be paid within the next twelve months.

In the ordinary course of business, the Group entered into purchase commitments related to long-term manufacturing and supply agreements in the total amount of CHF 35.1 m for 2025, CHF 14.8 m for 2026, CHF 14.1 m for 2027. There are no material commitments thereafter.

Contingent liabilities

In May 2020 the Group acquired all remaining outstanding shares and debt of Vaxxilon AG from the minority shareholders for a cash consideration of CHF 1.5 m, and up to CHF 3.6 m potential development milestones that will forfeit if such milestones are not reached within seven years.

Guarantees

To secure any potential obligations resulting from overdraft facilities, forward and derivative transactions in foreign currencies and unpaid interest, the Group has issued guarantees to two financial institutions, amounting in total to CHF 5.9 m.

In the ordinary course of business, the Group has entered into certain guarantee contracts and letters of credit in the aggregate amount of CHF 0.8 m.

To date, the Group has not been required to make payments under these contracts and does not expect any potential future payments to be material.

Note 23. Concentrations

Cash and cash equivalents at December 31, 2024 and December 31, 2023, were primarily invested with two financial institutions with an S&P rating of A and higher. As of December 31, 2024 these two holdings total 91% of the Group's cash and cash equivalents. Of the 91%, one financial institution holds 72% and the other holds 19% as of December 31, 2024 (December 31, 2023: 86% total, of which one financial institution held 59% and the other held 27%).

The Group could experience credit losses in the event of default or non-performance of these counterparties. Concerning risk mitigation, the Group reviews on an ongoing basis the creditworthiness of counterparties to such contracts. The Group has not experienced to date, and does not expect to incur, any significant losses from failure of counterparties to perform under such agreements.

For the twelve months ended December 31, 2024, one customer in Switzerland accounted for CHF 43 m of total net product sales (December 31, 2023: one customer in Japan accounted for CHF 18 m). At December 31, 2024, CHF 14 m of trade receivables related to a distributor in the United States (December 31, 2023: CHF 12 m). Net assets of operations located in the US amount to CHF 10.8 m at December 31, 2024 (December 31, 2023: CHF 8.9 m). Management believes other distributors could be identified, which would purchase the Group’s products on comparable terms; however, the establishment of new distributor relationships could take several months. The Group performs ongoing credit evaluations of such distributors. Note 24. Segment and geographic information outlines the concentrations in geographic areas where the Group operates.

The Group is dependent upon toll manufacturers to manufacture its commercial products. For the twelve months ended December 31, 2024, one supplier accounted for approximately 59% of total purchases. Management believes other suppliers could provide similar products and services on comparable terms. A change in suppliers, however, could cause a delay in fulfilment of customer orders and a possible loss of sales, which could adversely affect operating results. Management believes that the Group maintains sufficient inventory levels to minimize the impact that a change in supplier would have on operating results (for the twelve months ended December 31, 2023: 67%).

Note 24.
Segment and geographic information

The Group adopted the requirements of ASU 2023-07, *Improvements to Reportable Segment Disclosures ("ASU 2023-07")* as of January 1, 2024, applying the enhanced segment disclosure requirements retrospectively. The adoption does not impact the group's reportable segments, however, enhances disclosures about significant segment expenses for the single reportable segment.

The Group operates in one segment, which primarily focuses on discovery, development, and commercialization of innovative medicines for unmet medical needs. The Group's chief operating decision-makers ("CODMs"), comprise of the Group's executive committee.

The CODMs use consolidated net income (loss) to assess segment performance and allocate resources. The below table shows Group's single operating segment performance and significant segment expenses which are regularly provided on a group aggregate basis to the CODMs:

	Twelve months ended December 31,	
	2024	**2023**
Net revenue	112,508	152,386
Cost of sales	(35,926)	(7,150)
Research and development[1]	(127,647)	(269,131)
Selling, general and administrative[1]	(263,053)	(378,193)
Depreciation, Amortization, Impairments	(31,755)	(25,678)
Share-based compensation	(11,505)	(23,117)
Other items[2]	125,364	295,738
Financial income (expense)	(31,309)	(39,108)
Income tax benefit (expense)	(434)	(3,668)
Net income (loss)	**(263,757)**	**(297,921)**

[1] Excluding depreciation and share-based compensation

[2] Other items comprise restructuring charges, gains on sale of disposal group and other income.

The Group currently derives product revenue from sales of QUVIVIQ™ (daridorexant) and PIVLAZ™ (clazosentan). Product revenue attributable to individual countries is based on the location of the customer. Contract revenue is derived from collaboration and service agreements with third parties.

The Group's geographic information is as follows (Product sales and contract revenue for the twelve months ended December 31, Property, plant and equipment and Right of use assets as of December 31):

	Switzerland	United States	Japan	EUCAN [1]	Total
2024					
Product sales	45,938	28,600	3,525	29,270	107,332
Contract revenue	5,176	-	-	-	5,176
Right of use assets, net	121,876	4,277	-	1,754	127,907
Property, plant and equipment, net	87,720	764	-	531	89,016
	Switzerland	**United States**	**Japan**	**EUCAN [1]**	**Total**
2023					
Product sales	939	24,409	33,663	6,284	65,296
Contract revenue	87,090	-	-	-	87,090
Right of use assets, net	66,026	5,164	-	1,875	73,065
Property, plant and equipment, net	134,909	931	-	831	136,671

[1] Previously called "ROW".

The Group's net product sales for the twelve months ended December 31, are as follows:

	Twelve months ended December 31,	
	2024	**2023**
QUVIVIQ™ (daridorexant)	99,932	30,915
PIVLAZ™ (clazosentan)	7,400	34,381
Total	**107,332**	**65,296**

Note 25.
Related party transactions

J&J and its affiliates Actelion, Janssen and Cilag are considered related parties of the Group with the following material transactions:

- In 2017, the Group, Actelion and Cilag entered into a demerger agreement which, among other things, sets forth the steps necessary to effect the reorganization of the group and the demerger distribution and listing of the Idorsia shares and to govern the separation of the R&D business from the commercial activities and operations of Actelion ("Demerger Agreement").

- In addition to the demerger agreement, the Group and Cilag also entered into a shareholders' agreement.

- As of December 31, 2024 the Group has a convertible loan from Cilag in the nominal amount of CHF 335 m (noncurrent liability of CHF 335 m) (December 31, 2023: CHF 335 m).The loan is convertible into 29,133,232 shares (December 31, 2023: 29,133,232 shares) of the Group, which would represent 13% of the total share capital of the Group on a diluted basis (see Note 17. Borrowings).

- On December 1, 2017, Janssen opted in to a collaboration with the Group to jointly develop and solely commercialize aprocitentan (see Note 5. Collaborative agreements).

- Actelion is liable to pay 8% of the aggregate annual net sales of products containing ponesimod. In 2023, the Group recorded a revenue share amounting to CHF 4.8 m as contract revenue. The Group is not entitled to further revenue shares in 2024 and thereafter (see Note 5. Collaborative agreements).

- In September 2023 Idorsia reacquired the world-wide rights to approcitentan for a contingent consideration up to a total cap of CHF 306 m, subject to marketing application approval. No payments were due to Janssen until US FDA or Europe's EMA approval was granted. In March 2024 US FDA and subsequently in June 2024 Europe's EMA granted approval. For the twelve months ended December 31, 2024 Idorsia made payments of CHF 14.8 m (2023: Nil). In addition, CHF 1.8 m are accrued as of December 31, 2024 (2023: Nil). Refer to Note 5. Collaborative agreements for further details.

The Group and Actelion entered into a series of transitional and long-term service agreements. Under these agreements and the above-mentioned collaboration agreement with Janssen, during 2024, the Group received services from J&J and its affiliates of CHF 0.3 m (2023: CHF 0.6 m) and did not provide material services (2023: CHF 3.7 m). As of December 31, 2024, the Group had no receivables and accrued income (December 31, 2023: CHF 1.1 m) and payables and accrued payables of CHF 1.7 m with J&J and its affiliates (December 31, 2023: CHF 0.3 m).

The Group entered into a service contract with Owkin Inc. under which research & development no material services were rendered in 2024 (2023: CHF 0.03 m). On April 2, 2024 Idorsia has entered into a license and services agreement with Owkin. Idorsia received an upfront payment of USD 5 m (CHF 4.6 m) of which CHF 4 m are recognized as contract revenue in 2024 and CHF 0.6 m are recorded as deferred revenue. In addition, Idorsia provided services to Owkin under this agreement in the amount of CHF 0.5 m. As of December 31, 2024, the Chairman of the Board of Directors owns 6% (December 31, 2023: 6%) of the shares in Owkin Inc. and is the father of the CEO. As of December 31, 2024, the Group had accrued income of CHF 0.2 m and no material payables and accruals with Owkin Inc. (December 31, 2023: No material receivables and payables)

In 2023, the Group secured a bridge loan with Jean-Paul Clozel, former CEO, now Chairman of the Board of Directors and Idorsia's largest shareholder, which provided for a CHF 75 m line of credit. In 2023, the Group drew down a total of CHF 50 m. On July 21, 2023, the bridge loan was repaid. For the twelve months ended December 31, 2023, the group recorded interest expenses and fees of CHF 0.9m.

The Group is a shareholder of Santhera and holds a sublicense option agreement ("vamorolone") and service agreement with Santhera. In October 2023, the Group received an approval milestone of USD 10 m (CHF 9 m). In 2024, the Group recognized royalty income of CHF 0.9 m (2023: Nil). No milestone approval payments were received in 2024. The Group did not provide any material services under the service agreement to Santhera. As of December 31, 2024 and December 31, 2023, the Group had no material receivables or accrued income with Santhera. In December 2024, the Group entered into a royalty monetization agreement with R-Bridge (see Note 4. Licensing Agreements).
The Group received USD 30 m (CHF 27 m) from R-Bridge in exchange for the rights to receive 100% of the future vamorolone royalties and milestones due from Santhera up to a specified cap (see Note 4. Licensing Agreements).

Note 26. Restructuring

Cost reduction initiatives

In November 27, 2024, Idorsia announced a rightsizing initiative ("restructuring 2024") reducing the number of active projects in Research & Development.

Consequently, a reduction of up to 270 positions mainly in Research & Development and support functions at headquarters is envisaged. Idorsia is committed to minimizing the number of potential redundancies through natural attrition, retirements, and other such measures.

For the twelve months ended December 31, 2024, the Group recognized CHF 5.5 m of cost related to the restructuring 2024, of which CHF 5 m are provisioned as of December 31, 2024. The restructuring charges primarily consist of personnel related cost.

On July 21, 2023, Idorsia announced that it has launched a cost reduction initiative ("restructuring 2023") with the target to reduce cash-burn at headquarters by approximately 50%. The reduction of costs became fully effective in 2024. Approximately 470 positions, mainly in Research & Development and the associated support functions were affected.

For the twelve months ended December 31, 2024, the Group recognized CHF 0.8 m (December 31, 2023: CHF 10.5 m) of cost related to the restructuring 2023, of which Nil are provisioned as of December 31, 2024 (December 31, 2023: CHF 1.3 m). The restructuring charges primarily consisted of personnel related cost.

Note 27.
Subsequent events

The Group has evaluated subsequent events through March 3, 2025, the date these Consolidated Financial Statements were available to be issued. These events have been disclosed in the respective notes to these Consolidated Financial Statements as well as summarized below.

Exclusive negotiations for the global rights to aprocitentan

On November 27, 2024, the Group entered into exclusive negotiations with an undisclosed party for the global rights to aprocitentan, resulting in an exclusivity fee payment of USD 35 m (CHF 31.7 m), which was received in early December 2024. The term of the exclusivity ended on February 26, 2025 without a signed agreement for the global aprocitentan rights. Idorsia does not have any further obligations deriving from the exclusivity agreement (see Note 5. Collaborations for further details).

Viatris Collaboration

On March 15, 2024 Idorsia's global research and development collaboration with Viatris, for the global development and commercialization of selatogrel and cenerimod became effective. Idorsia received an upfront payment of USD 350 m (CHF 308 m) and is entitled to potential milestone and royalty payments. The Group committed to contribute up to USD 200 m for the development in the next 3 years. As of December 31, 2024 USD 117m were remaining. On February 26, 2025 the Group announced that the conditions of the global development and commercialization collaboration for selatogrel and cenerimod were amended, releasing from Idorsia USD 100m of its remaining R&D commitment. The remaining portion is scheduled to be contributed by Idorsia in 2026 (see Note 5. Collaborations for further details).

Amendments to the terms of the CB2025

On February 25, 2025, a bondholder meeting was held, where 79% of the total outstanding bondholders voted in favor of amendments to the terms of the bonds. The approved bond terms include an amended principal amount of CHF 204,000 per bond, extended maturity date of September 17, 2025 and a waiver of Idorsia's' obligation to exercise its call option and to use proceeds from divestitures or out-licensing transactions to repay the bonds before maturity.

The amendments to the bonds' terms become binding and effective upon approval by the higher cantonal composition authority (obere kantonale Nachlassbehörde) and after an additional waiting period of 30 days during which bondholders could still object to the amendment (see Note 17. Borrowings for further details).

Restructuring of outstanding debt and new funding

On February 26, 2025, the Group announced that it has reached an agreement with more than two-thirds of the holders of its outstanding convertible bond debt to restructure the bonds and raise CHF 150 m of new funding as follows.

As a first step of the restructuring, a bondholders' meeting was held on February 25, 2025, which approved the extension of the maturity of the CB2025 until September 17, 2025, providing the time required for the implementation of the following steps of the restructuring.

In a second step of the restructuring, the group intends to publish invitations to bondholders' meetings to amend the terms of both the CB2025 and CB2028 to, among others, extend the maturity date by 10 years.

In a third step of the restructuring, a special purpose vehicle (SPV) will be created. Idorsia intends to transfer to this SPV its rights to selatogrel and cenerimod, and its rights to aprocitentan. A bond exchange offer will be launched by the SPV, where the CB2025 and CB2028 bondholders will be offered the opportunity to exchange their convertible bonds for newly created notes issued by the SPV (SPV Notes). For participating in the exchange, bondholders will be entitled to receive (pro rata to their participation in the exchange) up to a total of 8.04 million Idorsia shares and up to a total of 8.04 million Idorsia warrants at a CHF 1.50 strike price, exercisable at any time in the next 24 months.

Any potential net payments for milestones and royalties from selatogrel and cenerimod, as well as any potential net proceeds from a deal for aprocitentan will be used to repay holders of the SPV Notes. Idorsia and SPV will remain fully committed to repay Johnson & Johnson for the return of aprocitentan rights, as applicable. Idorsia's rights to all three products will return to Idorsia once the SPV Notes – principal amount and related interest – have been fully paid.

In addition to the holistic restructuring, Idorsia has agreed to a new money facility of CHF 150 m that will extend Idorsia's cash runway into 2026. This new money facility will be repaid with interest within 24 months and is fully backstopped by a bondholder group who will receive (pro rata to their backstopping participation) a total of 9.0 million Idorsia shares and 8.0 million Idorsia warrants at a CHF 1.50 strike price, exercisable any time before the maturity of the new money facility. Idorsia will also sell 5.0 million Idorsia shares to a bondholder group to cover advisors' fees involved in the restructuring.

All bondholders will also be invited to participate in this fully backstopped new money facility. Those bondholders participating in the new money facility will be entitled to receive (pro rata to their participation in the new money facility) up to a total of 10.5 million Idorsia shares and up to 10.5 million Idorsia warrants at a CHF 1.50 strike price, exercisable any time before the maturity of the new money facility. In addition, bondholders that are providing new money to the company by participating in the new money facility will receive in return (up to a certain amount) SPV Notes which are repaid first.

The company has agreed to the main terms of this holistic restructuring and new money funding with a bondholder group which, together with Jean-Paul Clozel, have entered into binding lock-up agreements. This bondholder group represent more than the required majority – of at least two-thirds of the aggregate principal amount of all convertible bonds outstanding – to validly pass resolutions at the relevant bondholders' meeting. Hence the restructuring of both convertible bonds will be resolved on, subject to the approval by the relevant Court.

As part of the restructuring, 35'000'000 registered shares with a nominal value of CHF 0.05 each have been created out of the capital band on March 3, 2025. These shares are initially held as treasury shares and are intended to be used in the future for the restructuring, funding purposes or in exchange for restricted stock units or option rights which vest or are exercised in accordance with the conditions of the Groups' share-based payment plans.

Report of the Statutory Auditor

To the General Meeting of Idorsia Ltd, Allschwil

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Idorsia Ltd and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 18 to 71) present fairly, in all material respects, the financial position of the Group as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS), Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the consolidated financial statements" section of our report. We are independent of the Group, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit, which include relevant ethical requirements in the United States of America, with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Material uncertainty related to going concern

The accompanying financial statements have been prepared assuming that the Group will continue as a going concern. As discussed in Note 1 to the financial statements, as a result of the Group's financial condition and uncertainty related to its bond reorganization and ability to raise new funding, there is substantial doubt about its ability to continue as a going concern. The Board of Directors' evaluation of the events and conditions and their plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

US Pharma "gross to net" revenue adjustments

Key audit matter	The Group records revenues from product sales net of discounts and contractual rebates that are estimated at the time of sale as discussed in note 3 (revenue recognition). As of December 31, 2024, the Group recognized a sales related liabilities provision of CHF 22 million, which primarily related to US sales returns, rebate, and discount liabilities balances, including managed care, Medicare, Medicaid, chargebacks, coupon and copy programs. Certain contracts with customers include variable consideration elements such as rebates, discounts, chargebacks, that require the use of significant judgments when estimating the impact of these sales deductions on gross sales. These deductions represent estimates of the related obligations where knowledge and judgment is required to estimate the impact of these revenue deductions on gross sales. Given the range and complexity of underlying contractual arrangements and the degree of estimation involved, we assessed managements estimates made related to the US Pharma "gross to net" revenue adjustments to be a key audit matter.
How the scope of our audit responded to the key audit matter	We obtained an understanding of management's process and controls related to management's review of sales related liabilities. We assessed the application of the Group's accounting policy for revenue recognition, including the recognition and measurement of deductions from gross sales relating to sales related liabilities and related disclosures. We obtained management's calculations for sales related liabilities, recalculated the amounts and validated the assumptions used by reference to internal and external sources, including the terms of the applicable contracts. Additionally, our procedures included reviewing a sample of contracts, testing a sample of payments against sales related liabilities and testing the underlying data used in management's evaluation. We evaluated the appropriateness of the related disclosures included in note 3. Based on the procedures performed above, we obtained sufficient audit evidence to address the risk of recognition and measurement of sales related liabilities as of December 31, 2024.

Other matter

The consolidated financial statements of the Group for the year ended December 31, 2023 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on May 20, 2024.

Other Information in the Annual Report

The Board of Directors is responsible for the other information. The other information comprises the information included in the financial report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon, which we obtained prior to the date of this auditor's report, and further other information that will be included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors' is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and the provisions of Swiss law, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued; to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, Swiss law, and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte AG

/s/Matthias Gschwend	/s/Muhamet Islami
Licensed audit expert	Licensed audit expert
Auditor in Charge	

Basel, March 3, 2025

Contents

Holding Company Financial Statements

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Balance sheet

(in CHF thousands)	Notes	December 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		3,122	15,969
Other receivables from Group companies		15	18
Other current assets		12	12
Total current assets		**3,150**	**15,999**
Noncurrent assets			
Long-term loans to Group companies	2	4,788	49,470
Long-term loans to Group companies (subordinated)	2	-	2,540,150
Investments in Group companies	2	1,846,220	263,898
Total noncurrent assets		**1,851,008**	**2,853,518**
TOTAL ASSETS		**1,854,158**	**2,869,517**
LIABILITIES			
Current liabilities			
Accrued interest		5,144	5,894
Current financial debt	3	200,000	200,000
Other current liabilities		1,290	490
Total current liabilities		**206,433**	**206,384**
Noncurrent liabilities			
Noncurrent financial debt	3	934,575	934,575
Total noncurrent liabilities		**934,575**	**934,575**
Total liabilities		**1,141,009**	**1,140,959**
Shareholders' equity	4		
Common shares		9,487	9,424
Legal reserves:			
Legal capital contribution reserve		1,705,157	1,702,130
Other legal reserves		30,641	30,560
Reserve for treasury shares		(52)	(483)
Legal retained earnings:			
Accumulated profit (loss)		(1,032,084)	(13,074)
Total shareholders’ equity		**713,149**	**1,728,558**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,854,158**	**2,869,517**

Income Statement

(in CHF thousands)	Notes	Twelve months ended December 31, 2024	2023
Financial income		15,608	15,430
Total income		**15,608**	**15,430**
Financial (expense)		(16,548)	(15,280)
Administrative (expense)		(3,325)	(3,435)
Gain from sale of investments	2	123	27,288
Total income/ (expense)		**(19,751)**	**8,572**
Valuation allowance on investments in Group companies	2	(1,014,866)	-
Total other income/ (expense)		**(1,014,866)**	**-**
Income (loss) before taxes		**(1,019,009)**	**24,002**
Income tax benefit (expense)		-	-
Net income (loss)		**(1,019,009)**	**24,002**

Notes to the Holding Company Financial Statements

Note 1.
Summary of significant accounting policies

Idorsia Ltd (the "Company") is the Holding Company of the Idorsia Group (the "Group") and has its registered office at Hegenheimermattweg 91, 4123 Allschwil, Switzerland. The Company does and did not have any employees.

Basis of presentation

The financial statements of Idorsia Ltd have been prepared in accordance with generally accepted accounting principles, as set out in the Swiss Code of Obligations ("SCO") Art. 957 to 964. All amounts are presented in Swiss francs ("CHF"), unless otherwise indicated. Group companies include all legal entities which are directly or indirectly owned and controlled by the Company. Current account balances due from or payable to such legal entities are presented as other receivables from or other payables to Group companies in the balance sheet.

Substantial doubt / material uncertainty about the Company's ability to continue as a going concern

The accompanying consolidated financial statements have been prepared on the basis that the Company will continue as a going concern and therefore does not include any adjustments that would be necessary should the Company be unable to continue as a going concern.

The financial resources at year-end of 106 million Swiss francs (cash and cash equivalents) do not cover the expected negative cashflows for the next twelve months. In order to continue as a going concern, the Company secured the future of its operations by a set of agreements described below:

- On February 25, 2025, the Company announced that more than the required two-thirds majority of bondholders approved to extend the maturity of the CHF 200 million Convertible Bonds to September 17, 2025. The amendments to the Bond terms will become binding and effective upon approval by the higher cantonal composition authority.
- On February 26, 2025, the Company announced that it has reached an agreement with more than the required two-thirds majority of the 2025 and 2028 bondholders to amend the terms of both the CB2025 and CB2028 to, among others, extend the maturity date by 10 years and to secure a fully backstopped money facility for a net amount of CHF 150 million.
- On February 26, 2025, the Company also announced that it has reached an agreement with Viatris Inc. to reduce by USD 100 million Idorsia's contribution to the development costs due in 2025.

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The above agreements are subject to certain closing conditions and decisions from the cantonal composition court. Even though the Company is confident to close these agreements, the Company cannot guarantee that the closing conditions will be reached, or the court decisions will be obtained.

Moreover, the Company's operations have not yet reached profitability as sales from existing approved drugs and other revenues do not cover its operating expenses and will therefore continue to require additional funding.

While management and the Board of Directors continue to evaluate all options to further extend the cash runway, stakeholders should be fully aware the Company may be forced to downsize or even discontinue its operations entirely if the Company is unable to obtain adequate liquidity to fund its operations in the future.

As material uncertainties exist, they cast significant doubts about the going concern of the Company.

Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the remeasurement of current assets and current liabilities denominated in foreign currencies are recognized in financial income and financial expense. Net unrealized gains on noncurrent assets and liabilities are deferred in noncurrent liabilities, and net unrealized losses are recognized in financial expense.

Investments in and loans to Group companies

Investments in and loans to Group companies are valued at cost. The Company reviews the carrying amount of these investments and loans individually on an annual basis and if events and circumstances suggest that the carrying amount may not be recoverable, a valuation adjustment is recognized in the income statement. The impairment assessment is dependent on the assumptions of cash flow projections used in the impairment tests. Key assumptions are projected sales for the forecast period and the weighted average cost of capital applied.

Treasury shares

Treasury shares are deducted from equity at their average acquisition costs and presented as a separate component of shareholders' equity. Gains or losses arising out of transactions with treasury shares are recorded in the income statement. For treasury shares held at Affiliates, the Company builds a treasury shares reserve in equity at the respective acquisition costs.

Note 2.
Investments in and loans to group companies

The following table shows all direct and the material indirect investments of the Company as of December 31, 2024 and 2023:

Company	Country	Ownership & voting interest	Investment	Share Capital	Function
Idorsia Pharmaceuticals Ltd	Switzerland	100%	direct	CHF 1,000,000	R&D, Sales
Idorsia US Holding Company Inc.	United States	100%	direct	USD 1,000,000	US Holding
Idorsia Pharmaceuticals US Inc.	United States	100%	indirect	USD 1,000,000	Sales
Idorsia Clinical Development US Inc.	United States	100%	indirect	USD 1,000,000	Clinical Development
Idorsia Pharmaceuticals Deutschland GmbH	Germany	100%	direct	EUR 25,000	Clinical Development
Idorsia (Shanghai) Pharmaceuticals Co., Ltd	China	100%	direct	RMB 1,000,000	R&D
Idorsia Pharmaceuticals Japan Ltd [1]	Japan	100%	direct	JPY 95,000,000	R&D, Sales
Idorsia (Berlin) Pharmaceuticals GmbH	Germany	100%	indirect	EUR 25,000	R&D
Idorsia (Beijing) Pharmaceuticals Co., Ltd. [2]	China	100%	direct	RMB 1,000,000	Clinical Development
Idorsia Pharmaceuticals Germany GmbH	Germany	100%	direct	EUR 25,000	Sales
Idorsia Pharmaceuticals Italy S.r.l.	Italy	100%	direct	EUR 10,000	Sales
Idorsia Pharmaceuticals UK Limited	United Kingdom	100%	direct	GBP 26,000	Sales
Idorsia Pharmaceuticals France SAS	France	100%	direct	EUR 25,000	Sales
Idorsia Pharmaceuticals Spain S.L.	Spain	100%	direct	EUR 25,000	Sales
Idorsia Pharmaceuticals Canada Ltd.	Canada	100%	direct	CAD 50,000	Sales
Idorsia Pharmaceuticals Korea Co Ltd [1]	South Korea	100%	direct	KRW 100,000,000	Marketing
Idorsia Pharmaceuticals Nordics AB.	Sweden	100%	direct	SEK 25,000	Sales

[1] Subsidiary was sold in July 2023.

[2] Subsidiary sold in March 2024.

As of December 31, 2023, Idorsia Pharmaceuticals Ltd was overindebted and the Company provided subordinated loans of CHF 2,540.2 m and recognised accumulated accrued interest of CHF 15.2 m. In 2024 this loan was converted into equity of Idorsia Pharmaceuticals Ltd. As of December 31, 2023, the principal amount of the subordinated loans was CHF 2,525 m. In order to fund the Idorsia Group's operations, Idorsia Ltd grants loans to Idorsia Pharmaceuticals Ltd. The recoverability of the investment and intercompany loans is dependent on the Group's ability to commercialize its products successfully or realise the value of product candidates through outlicensing or other contractual arrangements. In 2024, overindebtedness of one of the Company's subsidiaries triggered the need for impairment assessment. The assessment included the valuation of the Company's subsidiary main assets. As a result, a valuation allowance of CHF 1,014.9 m (December 31, 2023: Nil) was recognised.

As of December 31, 2024, the Company's long term loans to group companies in the amount of CHF 2,597 m gross (CHF 1,582.2 m net of valuation allowance) were converted into equity, which resulted in an increase in investments in group companies and a respective decrease in long term loans to group companies.

On March 18, 2024 Idorsia announced the completion of a transaction with Viatris Inc. for the global development and commercialization of selatogrel and cenerimod. The transaction included the sale of Idorsia's affiliate in Beijing, which resulted in a gain of CHF 0.1 m that is presented separately in the Income Statement.

On July 20, 2023 Idorsia announced the completion of a transaction with Sosei Group Corporation ("Nxera", formerly "Sosei Heptares") for Idorsia's Asia Pacific (ex China) operations. The transaction included the acquisition by Nxera of Idorsia's affiliates in Japan and South Korea, which resulted in a gain of CHF 27.3 m that is presented separately in the Income Statement.

Note 3.
Current and noncurrent financial debt

Convertible Loan

On June 15, 2017, Cilag Holding AG ("Cilag") provided a loan of CHF 580 m to the Group, which was convertible into ordinary shares of the Group up to an aggregate of 32% of the share capital at the time that the loan was provided. The loan does not carry interest, has a term of 10 years and matures on June 15, 2027.

On June 19, 2017, a first tranche of the convertible loan of CHF 135 m was mandatorily converted and Cilag acquired 11.8 m of the shares of the Company. These shares were sold by Cilag in a secondary offering on July 8, 2020.

On November 9, 2021, a second tranche of the convertible loan of CHF 110 m was converted and Cilag acquired 9.6 m shares of the Group (representing 5% of the issued shares as of December 31, 2024).

The remaining amount of CHF 335 m outstanding as of December 31, 2024, may be converted into 29.1 m shares of the Company by Cilag (which would result in a total shareholding of 13.4% on a diluted basis, respectively) as follows:

- up to an aggregate shareholding of 16% if another shareholder holds more than 20% of the issued shares of the Company (this condition was fulfilled with Jean-Paul and Martine Clozel owning more than 25% of the Group's issued shares as of December 31, 2024), and
- up to the balance of the remaining amount within 20 business days of the maturity date of the convertible loan. In case of a takeover of the Company, Cilag has the right to convert the convertible loan in full.

At maturity of the convertible loan, if the remaining amount has not yet been converted, the Company may elect to settle the remaining amount in cash or in ordinary shares of the Company. The shares to be issued under the convertible loan will be created from conditional capital and/or the capital range of the Company.

Senior Unsecured Convertible Bonds due in 2025

On July 17, 2018, the Company issued CHF 200 m (1,000 bonds with a denomination of CHF 200,000 per bond) of senior unsecured convertible bonds. The bonds were issued at par, with the following terms and conditions at inception.

The bonds have an interest rate of 0.75% per annum (paid annually in arrears) and a conversion price of CHF 33.95, subject to customary antidilution provisions and dividend protection. The bonds had an initial term of six years, maturing on July 17, 2024 with redemption at 100% of the principal amount.

On May 6, 2024, a bondholder meeting was held, where 83.5% of the total outstanding bondholders voted in favour of amendments to the terms of the bonds. The approved bond terms include an amended conversion price of CHF 6.00, extended maturity date of January 17, 2025, and the option to call the bonds at par, in full or in part, at any time upon giving ten trading days' notice. A consent fee of 8,000 shares per Bond was paid to bondholders on September 5, 2024 following the effective date of the amendment of the bonds' terms on August 29th, 2024. In addition, Idorsia committed to use proceeds from divestitures or out-licensing transactions to repay the bonds pursuant to the proposed amended terms.

The bonds are convertible into registered shares of the Company on or after August 27, 2018. In 2024, with the modified terms, the conversion ratio increased from initially 5,891.0162 shares per bond to 33,333.3333 shares per bond. The shares are sourced from the Company's conditional capital.

The bonds are listed on the SIX Swiss Exchange.

On February 25, 2025, a bondholder meeting was held, where 79% of the total outstanding bondholders voted in favour of amendments to the terms of the bonds. The approved bond terms include an amended principal amount of CHF 204,000 per bond, extended maturity date of September 17, 2025 and a waiver of Idorsias' obligation to exercise its call option and to use proceeds from divestitures or out-licensing transactions to repay the bonds before maturity.

The amendments to the bonds' terms become binding and effective upon approval by the higher cantonal composition authority (obere kantonale Nachlassbehörde) and after an additional waiting period of 30 days during which bondholders could still object to the amendment.

Senior unsecured convertible bonds due in 2028

On August 4, 2021, the Company issued CHF 600 m (3,000 bonds with a denomination of CHF 200,000 per bond) of senior unsecured convertible bonds. The bonds were issued at par.

The bonds have an interest rate of 2.125% per annum (paid annually in arrears) and a conversion price of CHF 31.54, subject to customary antidilution provisions and dividend protection.

The bonds have a term of seven years, maturing on August 4, 2028, and will be redeemed at 100% of the principal amount. The Company may redeem the bonds before the maturity date (i) at any time after August 24, 2025, if the volume-weighted average price of the Idorsia share is at least 150% of the prevailing conversion price during a specified period or (ii) if less than 15% in aggregate of the principal amount of the bonds is outstanding. The investors may request redemption of the bonds on the 5th anniversary of the settlement date or upon a change of control and in case of delisting of shares.

The bonds became convertible into registered shares of the Company on or after September 13, 2021. The shares are sourced from the Company's conditional capital.

The bonds are listed on the SIX Swiss Exchange.

Note 4.
Shareholders’ equity

The following table illustrates Idorsia’s shares and the share capital of the Company:

(all numbers in thousands)	Shares[1] Issued	Authorized	Conditional	Capital range (upper end)	Total
As of January 1, 2023	**177,559**	**54,418**	**69,408**	**-**	**301,385**
Change in Idorsia's Articles of Association based on the AGM resolution dated May 4, 2023	-	(44,418)	-	93,779	49,361
Shares issued for share-based compensation	922	-	(922)	-	-
Issuance of new registered shares	10,000	(10,000)	-	-	-
At December 31, 2023	**188,481**	**-**	**68,486**	**93,779**	**350,746**
Change in Idorsia's Articles of Association based on the AGM resolution dated June 13, 2024	-	-	25,592	-	25,592
Shares issued for share-based compensation	1,263	-	(1,263)	-	-
At December 31, 2024	**189,744**	**-**	**92,815**	**93,779**	**376,337**

[1]Fully paid-in registered shares with a nominal value of CHF 0.05 per share.

Issuance of new registered shares

On January 6, 2023, Idorsia Ltd issued 10,000,000 new shares from its existing authorized share capital. These shares are held by a subsidiary and therefore the Company recorded a reserve for treasury shares. Refer to section Treasury shares below for further details.

Legal capital contribution reserve

As at December 31, 2024, the legal capital contribution reserve amounted to CHF 1,705.2 m (December 31, 2024: CHF 1,702.1 m). The amount of legal capital contribution reserve is subject to ongoing re-assessments and discussions with the Swiss tax authorities.

Authorized capital

Until May 4, 2023 Article 3b of Idorsia’s Articles of Association defined authorized capital that could be used for purposes of strategic partnering and financing of business transactions at the discretion of the Board of Directors (“BoD”) and to exclude or restrict the pre-emptive rights of existing shareholders in connection with mergers, acquisitions, strategic partnering or cooperation transactions, research and clinical development programs and other strategic projects of the Company. Pursuant to changes in the Swiss Code of Obligations effective January 1, 2023, authorized capital was replaced by a capital range.

Capital range

As set forth in Article 3b of Idorsia's Articles of Association, the capital range can be used for purposes of strategic partnering and financing of business transactions as well capital reductions. The Board of Directors ("BoD") is authorized to increase or reduce the Company's share capital at any time until May 4, 2028 within a lower limit of CHF 4,688,963.3 and an upper limit of CHF 14,066,889.90, and to exclude or restrict the pre-emptive rights of existing shareholders in connection with mergers, acquisitions, strategic partnering or cooperation transactions, research and clinical development programs and other strategic projects of the Group. If the share capital increases as a result of an increase from conditional capital pursuant to Article 3a of Idorsia's Articles of Association, the upper and lower limits of the capital range shall increase in an amount corresponding to such increase in the share capital. In 2024 no increase or reduction took place.

Conditional capital

As set forth in Article 3a of Idorsia's Articles of Association, conditional capital can be used for capital increases upon the exercise of option rights or in connection with similar rights regarding shares granted to officers and employees and upon exercise of conversion rights or options in relation to convertible debt instruments, bonds, loans and similar forms of financing.

The BoD is authorized to increase the Company's share capital at any time. The pre-emptive rights and the advance subscriptions rights of the shareholders are excluded if the convertible debt instruments, bonds, loans and similar forms of financing are used (i) in connection with the financing or refinancing of the business of the company or its subsidiaries, (ii) in connection with the financing or refinancing of the acquisition (including takeover) of companies, enterprises, parts of enterprises, participations or joint ventures or strategic partnerships, or (iii) if the conversion rights are used in connection with the issuance of shares for conversions under the convertible loan granted by Cilag.

Reserve for treasury shares

On January 6, 2023, Idorsia Ltd issued 10,000,000 new shares from its existing authorized share capital at CHF 0.05 per share to an affiliate. These shares may be used in the future for funding purposes or in exchange for restricted stock units or options rights which vest or are exercised in accordance with the conditions of Idorsia's share-based payment plans.

In 2023 a Company's affiliate used 346,500 treasury shares for a share exchange with Santhera (see Note 9. Financial assets and liabilities of the Consolidated Financial Statements). The market value per share at the time of the transaction was CHF 14.02.

In 2024 a Company's affiliate used 604,000 treasury shares in connection with the Viatris Deal (see Note 5. Collaborative agreements of the Consolidated Financial Statements). The market value per share at the time of the transaction was CHF 1.82.

In addition, the Company used 8,000,000 treasury shares to pay the consent fee to bondholders (see Note 17. Borrowings of the Consolidated Financial Statements) in early September 2024. The market value per share at the time of the transaction was CHF 1.81.

At December 31, 2024, the Company holds 1,049,500 treasury shares created at CHF 0.05 (December 31, 2023: 9,653,500 treasury shares created at CHF 0.05).

Note 5.
Shareholdings of the Members of the Board of Directors and the Idorsia Executive Committee

The tables below represent the share-based instruments granted to the members of the Board of Directors and the Idorsia Executive Committee ("IEC") as per Art. 663c of SCO. Only members of the IEC are members of the executive board within the meaning of Art. 663c SCO.

Investments granted to the members of the Board of Directors

The members of the BoD were granted the following investments:

		Number of shares[1]	
Name	**Functions**	**2024**	**2023**
Jean-Paul Clozel	Chairman (since June 13, 2024) CEO and executive member of the Board (until June 13, 2024)	108,716	See table "Investments and options held by the members of the IEC"
Mathieu Simon	Vice Chairman (since June 13, 2024) Member of the Nominating, Governance & Compensation Committee Member of the Finance & Audit Committee (since June 13, 2024) Chairman (until June 13, 2024)	95,061	64,200
Filius Bart	Member of the Finance & Audit Committee (since June 13, 2024)	43,091	N/A
Srishti Gupta	Chair of the Nominating, Governance & Compensation Committee (since May 4, 2023)	65,332	27,515
Sophie Kornowski	Member of the Nominating, Governance & Compensation Committee (since May 4, 2023)	54,785	22,762
Sandy Mahatme	Chair of the Finance & Audit Committee	64,662	29,126
Joern Aldag	Member of the Finance & Audit Committee (until June 13, 2024)	11,694	25,167
Felix R. Ehrat	Chair of the Nominating, Governance & Compensation Committee (until June 13, 2024)	14,489	31,184
Peter Kellogg	Member of the Finance & Audit Committee (until June 13, 2024)	12,785	27,206
Total		**470,615**	**227,160**

[1]Granted at an average price of CHF 1.70 (2023: CHF 4.07).

Investments and options granted to the members of the IEC

The members of the IEC were granted the following investments and share-based instruments:

			Number of shares[1]		Number of options[2]
Name	**Functions**	**2024**	**2023**	**2024**	**2023**
André C. Muller	Chief Executive Officer (since June 13, 2024) Chief Financial Officer (until June 13, 2024)	-	10,044	1,209,680	128,210
Martine Clozel	Chief Scientific Officer	-	8,633	204,310	107,760
Julien Gander[3]	Group General Counsel (since June 13, 2024)	-	N/A	161,300	N/A
Alberto Gimona	Head of Global Clinical Development	-	8,560	403,230	106,840
Arno Groenewoud[3]	Chief Financial Officer (since June 13, 2024)	-	N/A	161,300	N/A
Jean-Paul Clozel	Chief Executive Officer (until June 13, 2024)	See table "Investments granted to the members of the BoD"	25,679	See table "Investments granted to the members of the BoD"	240,390
Guy Braunstein	Chief Medical Officer (until March 31, 2024)	-	8,999	-	112,320
Simon Jose	Chief Commercial Officer (until May 30, 2023)	-	4,794	N/A	111,120
Total		**-**	**66,709**	**2,139,820**	**806,640**

[1]Granted at an average price of CHF 12.70 in 2023

[2]The Company has an employee share option plan ("ESOP"). A premium of 50% was applied to the exercise price of the options granted on July 1, 2024. The 2024 options have an average exercise price of CHF 3.17 (2023: CHF 12.59) and a vesting period of 3 years. Note 19 ("Share-based compensation") to the Consolidated Financial Statements provides details on the ESOP conditions and valuation.

[3]Julien Gander and Arno Groenewoud were granted RSUs (180,000 and 106,500 RSUs, respectively) in their former positions prior to joining the IEC. These RSUs are not included in the table above.

Not included in the table above are conversion rights from the convertible bonds. As of December 31, 2024, Jean-Paul Clozel held 11,031,347 conversion rights (December 31, 2023: 5,295,901 conversion rights) and Martine Clozel held 3,952,124 conversion rights (December 31, 2023: 1,893,950 conversion rights) from the convertible bonds. Note 17. Borrowings to the Consolidated Financial Statements provides details on the conditions and valuation of the convertible bonds.

Note 6.
Commitments, contingencies and guarantees

Guarantees

To secure any potential obligations resulting from overdraft facilities, forward and derivative transactions in foreign currencies and interest rates, the Company has issued a guarantees to two financial institutions, amounting in total to CHF 5.7 m.

In the ordinary course of business, the Company has entered into certain guarantee contracts and letters of credit in the amount of CHF 0.1 m.

To date the Company has not been required to make payments under these contracts and does not expect any potential future payments to be material.

The Company belongs to the Swiss value-added tax (VAT) group of Idorsia Pharmaceuticals Ltd, and thus carries joint liability to the Swiss federal tax authority for value-added tax.

Note 7.
Subsequent events

The Company has evaluated subsequent events through March 3, 2025, the date these Financial Statements were available to be issued. These events have been disclosed in the respective notes to these Financial Statements as well as summarized below.

Amendments to the terms of the CB2025

On February 25, 2025, a bondholder meeting was held, where 79% of the total outstanding bondholders voted in favor of amendments to the terms of the bonds. The approved bond terms include an amended principal amount of CHF 204,000 per bond, extended maturity date of September 17, 2025 and a waiver of Idorsia's' obligation to exercise its call option and to use proceeds from divestitures or out-licensing transactions to repay the bonds before maturity.

The amendments to the bonds' terms become binding and effective upon approval by the higher cantonal composition authority (obere kantonale Nachlassbehörde) and after an additional waiting period of 30 days during which bondholders could still object to the amendment (see Note 17. Borrowings for further details).

Restructuring of outstanding debt and new funding

On February 26, 2025, the Group announced that it has reached an agreement with more than two-thirds of the holders of its outstanding convertible bond debt to restructure the bonds and raise CHF 150 m of new funding as follows.

As a first step of the restructuring, a bondholders' meeting was held on February 25, 2025, which approved the extension of the maturity of the CB2025 until September 17, 2025, providing the time required for the implementation of the following steps of the restructuring.

In a second step of the restructuring, the group intends to publish invitations to bondholders' meetings to amend the terms of both the CB2025 and CB2028 to, among others, extend the maturity date by 10 years.

In a third step of the restructuring, a special purpose vehicle (SPV) will be created. Idorsia intends to transfer to this SPV its rights to selatogrel and cenerimod, and its rights to aprocitentan. A bond exchange offer will be launched by the SPV, where the CB2025 and CB2028 bondholders will be offered the opportunity to exchange their convertible bonds for newly created notes issued by the SPV (SPV Notes). For participating in the exchange, bondholders will be entitled to receive (pro rata to their participation in the exchange) up to a total of 8.04 million Idorsia shares and up to a total of 8.04 million Idorsia warrants at a CHF 1.50 strike price, exercisable at any time in the next 24 months.

Any potential net payments for milestones and royalties from selatogrel and cenerimod, as well as any potential net proceeds from a deal for aprocitentan will be used to repay holders of the SPV Notes. Idorsia and SPV will remain fully committed to repay Johnson & Johnson for the return of aprocitentan rights, as applicable. Idorsia's rights to all three products will return to Idorsia once the SPV Notes – principal amount and related interest – have been fully paid.

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In addition to the holistic restructuring, Idorsia has agreed to a new money facility of CHF 150 m that will extend Idorsia's cash runway into 2026. This new money facility will be repaid with interest within 24 months and is fully backstopped by a bondholder group who will receive (pro rata to their backstopping participation) a total of 9.0 million Idorsia shares and 8.0 million Idorsia warrants at a CHF 1.50 strike price, exercisable any time before the maturity of the new money facility. Idorsia will also sell 5.0 million Idorsia shares to a bondholder group to cover advisors' fees involved in the restructuring.

All bondholders will also be invited to participate in this fully backstopped new money facility. Those bondholders participating in the new money facility will be entitled to receive (pro rata to their participation in the new money facility) up to a total of 10.5 million Idorsia shares and up to 10.5 million Idorsia warrants at a CHF 1.50 strike price, exercisable any time before the maturity of the new money facility. In addition, bondholders that are providing new money to the company by participating in the new money facility will receive in return (up to a certain amount) SPV Notes which are repaid first.

The company has agreed to the main terms of this holistic restructuring and new money funding with a bondholder group which, together with Jean-Paul Clozel, have entered into binding lock-up agreements. This bondholder group represent more than the required majority – of at least two-thirds of the aggregate principal amount of all convertible bonds outstanding – to validly pass resolutions at the relevant bondholders' meeting. Hence the restructuring of both convertible bonds will be resolved on, subject to the approval by the relevant Court.

As part of the restructuring, 35'000'000 registered shares with a nominal value of CHF 0.05 each have been created out of the capital band on March 3, 2025. These shares are initially held as treasury shares and are intended to be used in the future for the restructuring, funding purposes or in exchange for restricted stock units or option rights which vest or are exercised in accordance with the conditions of the Groups' share-based payment plans.

PROPOSED APPROPRIATION OF ACCUMULATED PROFIT (LOSS)

	2024	2023
Accumulated profit (loss) at beginning of period	**(13,074)**	**(37,076)**
Net income (loss) for the period	(1,019,009)	24,002
Balance to be carried forward	**(1,032,084)**	**(13,074)**

Contents

Report of the Statutory Auditor

To the General Meeting of Idorsia Ltd, Allschwil

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Idorsia Ltd (the Company), which comprise the balance sheet as of December 31, 2024, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 77 to 91) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 of the financial statements, which describes the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in subsidiaries

Key Audit Matter	The Company holds investments in subsidiaries in the amount of TCHF 1,846,220 as discussed in notes 1 (Summary of significant accounting policies) and 2 (Investments in group companies). In accordance with Article 960 para. 1, Code of Obligations, each investment held is valued at historical cost less adjustment for impairment and reviewed annually for impairment indicators. Each investment showing impairment indicators is tested for impairment and an impairment is recorded if the recoverable amount is lower than the carrying amount. The impairment assessment is dependent on the assumptions of cash flow projections used in the impairment tests. Key assumptions are projected sales for the forecast period and the weighted average cost of capital applied. Given the high level of judgment, complexity, and uncertainty of the estimations, combined with the significance of the above amount to the financial statements as a whole, we assessed management's estimates made related to the valuation of investments in subsidiaries to be a key audit matter.
How the scope of our audit responded to the Key Audit Matter	We obtained an understanding of management's process and controls of the identification of impairment indicators, the review of key assumptions used in the impairment test and the review of the impairment models. We assessed the application of the Company's accounting policy related to the valuation of investments in subsidiaries. We independently evaluated whether there are any impairment indicators for the investment in subsidiaries. For an investment for which impairment indicators were identified, we involved valuation specialists to assess the appropriateness of the mathematical integrity and valuation methodology used in the impairment test. We performed procedures for key inputs and assumptions used in impairment tests of an investment in a subsidiary. We performed analyses over the projected sales used in the cash flow projections during the forecast period and corroborated key valuation elements based on internally and externally available evidence and underlying data. In addition, we performed lookback analyses to assess whether historical revenue forecasts were accurate, where applicable. We independently determined the weighted average cost of capital (WACC) and compared them against management's assumptions, with the support of our valuation specialists. We evaluated the appropriateness of the related disclosures included in notes 1 and 2. Based on the procedures performed above, we obtained sufficient audit evidence to address the risk of valuation of investments in subsidiaries.

Other matter

The financial statements of the Company for the year ended December 31, 2023 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on May 20, 2024.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the financial report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon, which we obtained prior to the date of this auditor's report, and further other information that will be included in the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the Board of Directors proposal concerning the appropriation of the accumulated loss complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte AG

/s/Matthias Gschwend	/s/Muhamet Islami
Licensed audit expert	Licensed audit expert
Auditor in Charge	

Basel, March 3, 2025

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Curious to learn more?
Reach out to us.

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