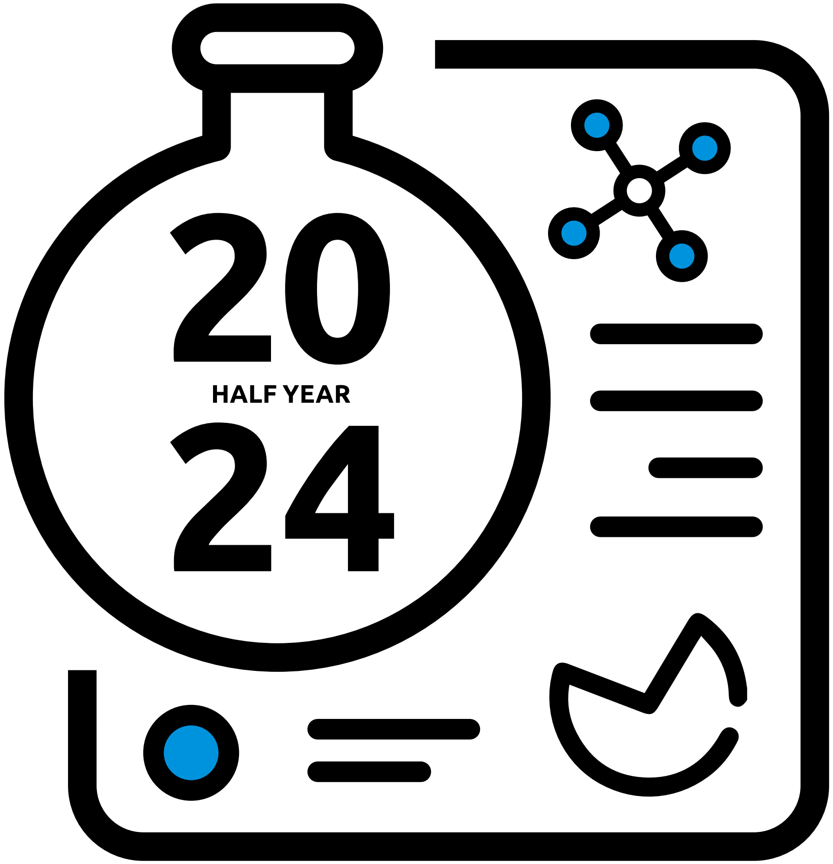
Financial Report



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)	Six months ended Jun 30, US GAAP 2024	US GAAP 2023	Non-GAAP 2024	Non-GAAP 2023	Second quarter US GAAP 2024	US GAAP 2023	Non-GAAP 2024	Non-GAAP 2023
Net revenue								
Product sales	24	44	24	44	14	26	14	26
Contract revenue – milestones	3	4	3	4	3	2	3	2
Contract revenue – others	0	2	0	2	-	1	-	1
Operating expenses								
Cost of sales	(4)	(5)	(4)	(5)	(1)	(4)	(1)	(4)
Research and development	(71)	(172)	(61)	(153)	(38)	(79)	(33)	(69)
Selling, general and administrative	(143)	(249)	(134)	(235)	(74)	(124)	(70)	(118)
Net results								
Operating income (loss)	(64)	(375)	(170)	(342)	(95)	(177)	(85)	(161)
Net income (loss)	(79)	(405)	(183)	(369)	(109)	(193)	(96)	(180)
Basic EPS	(0.44)	(2.28)	(1.02)	(2.07)	(0.60)	(1.08)	(0.54)	(1.01)
Diluted EPS	(0.44)	(2.28)	(1.02)	(2.07)	(0.60)	(1.08)	(0.54)	(1.01)

Cash flow

(in CHF millions)	Six months ended Jun 30, 2024	2023	Second quarter 2024	2023
Cash flow				
Operating cash flow	92	(442)	(97)	(192)
Proceeds/ (repayments) of borrowings, net	-	30	-	30
Capital expenditure	(1)	(7)	(0)	(3)

Shares

(in millions)	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
Share count			
Issued common shares	189.1	189.0	188.5
Equity derivatives	54.0	54.0	54.0
Equity instruments	17.0	13.8	14.6
Total potential issued shares	**260.1**	**256.8**	**257.2**

Liquidity and indebtedness

(in CHF millions)	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
Liquidity			
Cash and cash equivalents	237	335	145
Short-term deposits	-	-	-
Total liquidity	**237**	**335**	**145**
Indebtedness			
Convertible loan	335	335	335
Convertible bonds	797	797	796
Other financial debt	162	162	162
Total indebtedness	**1,294**	**1,293**	**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

(in CHF millions)	Six months ended Jun 30, 2024	Six months ended Jun 30, 2023	Second quarter 2024	Second quarter 2023
Revenue				
Product sales	24	44	14	26
Contract revenue - milestones	3	4	3	2
Contract revenue - others	0	2	-	1
US GAAP revenue	**26**	**51**	**16**	**30**
Operating expenses				
Cost of sales	(4)	(5)	(1)	(4)
Research	(32)	(54)	(16)	(26)
Development	(30)	(99)	(16)	(43)
Selling	(94)	(190)	(47)	(94)
General and administrative	(40)	(45)	(23)	(24)
Non-GAAP operating expenses	**(200)**	**(393)**	**(104)**	**(191)**
Other income	3	-	2	-
Non-GAAP operating loss	**(170)**	**(342)**	**(85)**	**(161)**
Depreciation and amortization	(8)	(8)	(4)	(4)
Share-based compensation	(10)	(25)	(6)	(13)
Restructuring charges	(1)	-	(0)	-
Effect of the Viatris Deal	125	-	0	-
Other operating expenses	**106**	**(33)**	**(10)**	**(16)**
US GAAP operating loss	**(64)**	**(375)**	**(95)**	**(177)**

Operational performance proforma

(in CHF millions)	Six months ended Jun 30, 2024	Six months ended Jun 30, 2023	Second quarter 2024	Second quarter 2023
Revenue				
Product sales	24	12	14	8
Contract revenue - milestones	3	4	3	2
Contract revenue - others	0	2	-	1
US GAAP revenue	**26**	**19**	**16**	**11**
Operating expenses				
Cost of sales	(4)	(2)	(1)	(3)
Research	(32)	(54)	(16)	(26)
Development	(30)	(92)	(16)	(40)
Selling	(94)	(174)	(47)	(85)
General and administrative	(40)	(42)	(23)	(22)
Non-GAAP operating expenses	**(200)**	**(364)**	**(104)**	**(176)**
Other income	-	-	-	-
Non-GAAP operating loss	**(173)**	**(346)**	**(87)**	**(165)**
Depreciation and amortization	(8)	(7)	(4)	(3)
Share-based compensation	(10)	(24)	(6)	(12)
Restructuring charges	(1)	-	(0)	-
Effect of the Viatris Deal	125	-	0	-
Other operating expenses	**106**	**(30)**	**(10)**	**(15)**
US GAAP operating loss	**(67)**	**(376)**	**(97)**	**(180)**

Half-Year and Q2 US GAAP and Non-GAAP numbers as reported below include the impact of the Nxera Deal described above.

Revenue

Revenue

(in CHF millions)	Six months ended Jun 30, 2024	2023	Second quarter 2024	2023
Revenue				
Product sales	24	44	14	26
Contract revenue - milestones	3	4	3	2
Contract revenue - others	0	2	-	1
US GAAP revenue	**26**	**51**	**16**	**30**

Product sales comprised of:

- QUVIVIQ™ (daridorexant) with CHF 23.6 m net sales in the US, Germany, France, Italy, Switzerland, Spain, Canada and UK. US net sales do not fully reflect the volumes of the products dispensed due to coupon and co-pay programs.

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

Operating expenses

Operating expenses

(in CHF millions)	Six months ended Jun 30, 2024	2023	Second quarter 2024	2023
Operating expenses				
Cost of sales	4	5	1	4
Research	32	54	16	26
Development	30	99	16	43
Selling	94	190	47	94
General and administrative	40	45	23	24
Non-GAAP operating expenses	**200**	**393**	**104**	**191**
Depreciation and amortization	8	8	4	4
Share-based compensation	10	25	6	13
Restructuring charges	1	-	0	-
Effect of the Viatris Deal	(125)	-	(0)	-
Other operating expenses	**(106)**	**33**	**10**	**16**
US GAAP operating expenses	**94**	**426**	**113**	**207**

US GAAP operating expenses of CHF 94 m comprised of Non-GAAP operating expenses (CHF 200 m), depreciation and amortization (CHF 8 m) and share-based compensation (CHF 10 m). It also includes one-offs with restructuring charges (CHF 1 m) and the impact of the Viatris Deal (CHF 125 m net gain offsetting the operating expenses).

Cost of sales

(in CHF millions)	Six months ended Jun 30, 2024	2023	Second quarter 2024	2023
Cost of sales				
Cost of goods sold	4	2	1	3
Royalty paid	-	3	-	2
US GAAP cost of sales	**4**	**5**	**1**	**4**

Cost of sales of CHF 4 m comprised the cost of goods sold (CHF 4 m).

Research and development ("R&D") expenses

(in CHF millions)	Six months ended Jun 30, 2024	2023	Second quarter 2024	2023
R&D expenses				
Research	32	54	16	26
Development	30	99	16	43
Non-GAAP R&D expenses	**61**	**153**	**33**	**69**
Depreciation and amortization	6	7	3	3
Share-based compensation	4	12	3	7
US GAAP R&D expenses	**71**	**172**	**38**	**79**

Non-GAAP research expenses of CHF 32 m, comprised of biology (CHF 9 m), chemistry (CHF 9 m), preclinical activities (CHF 12 m) and other activities (CHF 2 m).

Non-GAAP development expenses of CHF 30 m include a release of CHF 36 m to neutralize the costs incurred for selatogrel and cenerimod in connection with the Viatris Deal. Non-GAAP development expenses comprised of CHF 16 m for clinical activities (including CHF 4 m study costs, mainly driven by late stage studies for daridorexant, lucerastat and aprocitentan) and CHF 13 m for chemical and pharmaceutical development activities (including CHF 2 m for drug substance and drug product).

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

(in CHF millions)	Six months ended Jun 30, 2024	2023	Second quarter 2024	2023
SG&A expenses				
Selling	94	190	47	94
General and administrative	40	45	23	24
Non-GAAP SG&A expenses	**134**	**235**	**70**	**118**
Depreciation and amortization	2	1	1	0
Share-based compensation	6	12	3	6
US GAAP SG&A expenses	**143**	**249**	**74**	**124**

Non-GAAP SG&A expenses of CHF 134 m, comprised of commercial activities (CHF 94 m), information systems (CHF 14 m) and other support functions (CHF 26 m).

Operating results

Non-GAAP and US GAAP operating results

(in CHF millions)	Six months ended Jun 30, 2024	Six months ended Jun 30, 2023	Second quarter 2024	Second quarter 2023
Operating results				
Revenues	26	51	16	30
Operating expenses	(200)	(393)	(104)	(191)
Other income	3	-	2	-
Non-GAAP operating income (loss)	**(170)**	**(342)**	**(85)**	**(161)**
Operating results				
Revenues	26	51	16	30
Operating expenses	(94)	(426)	(113)	(207)
Other income	3	-	2	-
US GAAP operating income (loss)	**(64)**	**(375)**	**(95)**	**(177)**

US GAAP operating loss of CHF 64 m comprised of Non-GAAP operating loss (CHF 170 m), depreciation and amortization (CHF 8 m), share-based compensation (CHF 10 m), a net gain from asset disposals deriving from the Viatris Deal (CHF 125 m), and restructuring charges (CHF 1 m).

Financial results

Financial results

(in CHF millions)	Six months ended Jun 30, 2024	Six months ended Jun 30, 2023	Second quarter 2024	Second quarter 2023
Financial results				
Interest income (expense), net	(9)	(10)	(4)	(6)
Other financial income (expense), net	(2)	(14)	(6)	(12)
Non-GAAP financial income (expense)	**(11)**	**(24)**	**(11)**	**(18)**
Accretion expense	(1)	(1)	(0)	(0)
Gain (loss) on securities	(3)	(4)	(2)	3
US GAAP financial income (expense)	**(14)**	**(29)**	**(13)**	**(15)**

US GAAP financial expense of CHF 14 m mainly comprised of Non-GAAP financial expense (CHF 11 m) and losses on marketable securities (CHF 2 m).

Non-GAAP financial expense of CHF 11 m mainly included interest expenses on the convertible bonds (CHF 7 m) and interest expense resulting from the sales and lease back transaction (CHF 3 m).

Income tax

Income tax

(in CHF millions)	Six months ended Jun 30, 2024	2023	Second quarter 2024	2023
Income tax				
Income tax benefit (expense)	(1)	(3)	(1)	(1)
Non-GAAP tax benefit (expense)	**(1)**	**(3)**	**(1)**	**(1)**
Other tax benefit (expense)	1	1	0	1
US GAAP income tax benefit (expense)	**(0)**	**(2)**	**(0)**	**(1)**

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 11 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)	Six months ended Jun 30, 2024	2023	Second quarter 2024	2023
Non-GAAP operating income (loss)	**(170)**	**(342)**	**(85)**	**(161)**
Financial income (expense)	(11)	(24)	(11)	(18)
Income tax benefit (expense)	(1)	(3)	(1)	(1)
Non-GAAP net income (loss)	**(183)**	**(369)**	**(96)**	**(180)**
US GAAP operating income (loss)	**(64)**	**(375)**	**(95)**	**(177)**
Financial income (expense)	(14)	(29)	(13)	(15)
Income tax benefit (expense)	(0)	(2)	(0)	(1)
US GAAP net income (loss)	**(79)**	**(405)**	**(109)**	**(193)**

US GAAP net loss of CHF 79 m mainly included the Non-GAAP net loss (CHF 183 m), depreciation and amortization (CHF 8 m), share-based compensation (CHF 10 m), losses on marketable securities (CHF 2 m), a net gain from asset disposals deriving from the Viatris Deal (CHF 125 m) and restructuring charges (CHF 1 m).

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Shares

(in millions)	Issued	Potentially dilutive equity instruments		Total potential issued shares
		Derivatives	Awards	
Dec 31, 2023	**188.5**	**54.0**	**14.6**	**257.2**
Issued	0.2	-	4.4	4.6
Vested	0.4	-	(0.4)	-
Exercised	-	-	-	-
Forfeited	-	-	(1.6)	(1.6)
Expired	-	-	(0.1)	(0.1)
Jun 30, 2024	**189.1**	**54.0**	**17.0**	**260.1**

Issued shares increased to 189.1 million mainly due to the vesting of equity awards. Issued share include 9.0 million treasury shares held by the Group.

Equity derivatives of 54.0 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 5.9 million related to the convertible bonds due in 2024, which will increase to 33.3 million when the amendments to the bonds' terms become effective. Refer to Note 11. Borrowings of the Unaudited Interim Consolidated Financial Statements.

Equity awards of 17.0 million comprised of 9.1 million share options with a weighted average strike price of CHF 19.25 granted to eligible employees and 7.9 million unvested share units granted to eligible employees.

Earnings per share (EPS)

(in CHF millions, unless otherwise indicated)	Six months ended Jun 30, 2024	2023	Second quarter 2024	2023
Non-GAAP net income (loss)	**(183)**	**(369)**	**(96)**	**(180)**
Weighted-average number of basic shares (in millions)	179.5	178.1	179.9	178.3
Non-GAAP basic EPS (in CHF)	**(1.02)**	**(2.07)**	**(0.54)**	**(1.01)**
Weighted-average number of dilutive shares (in millions)	179.5	178.1	179.9	178.3
Non-GAAP diluted EPS (in CHF)	**(1.02)**	**(2.07)**	**(0.54)**	**(1.01)**
US GAAP net income (loss)	**(79)**	**(405)**	**(109)**	**(193)**
Weighted-average number of basic shares (in millions)	179.5	178.1	179.9	178.3
US GAAP basic EPS (in CHF)	**(0.44)**	**(2.28)**	**(0.60)**	**(1.08)**
Weighted-average number of dilutive shares (in millions)	179.5	178.1	179.9	178.3
US GAAP diluted EPS (in CHF)	**(0.44)**	**(2.28)**	**(0.60)**	**(1.08)**

Contents

Cash flow and liquidity

Operating cash flow

(in CHF millions)	Six months ended Jun 30, 2024	2023	Second quarter 2024	2023
Operating cash flow				
US GAAP net income (loss)	(79)	(405)	(109)	(193)
Deferred contract revenue and accrued income	3	(5)	2	(2)
Deferred taxes	(0)	0	(0)	(0)
Intangible assets impairment charges	-	-	-	-
Depreciation and amortization	8	8	4	4
Accretion of convertible debt	1	1	0	0
Share-based compensation	10	25	6	13
Gain on disposals of assets	(125)	-	(0)	-
Other non cash items	3	4	2	(3)
Net outflows from operations	**(180)**	**(372)**	**(94)**	**(182)**
Net change in receivables	(2)	(12)	(0)	(12)
Net change in inventories	(7)	(30)	(7)	(4)
Net change in trade and other payables	11	4	3	6
Net change in other operating assets and liabilities	(39)	(32)	2	0
Change in working capital	**(36)**	**(70)**	**(3)**	**(10)**
Operating cash flow	**(216)**	**(442)**	**(97)**	**(192)**

Net outflows from operations of CHF 180 m were mainly driven by the Non-GAAP operating loss (CHF 170 m) and Non-GAAP financial expenses (CHF 11 m).

The net cash outflows in working capital of CHF 36 m were mainly driven by inventory build up (CHF 7 m), a increase in prepayments (CHF 7 m), a decrease of accrued expenses and provisions (CHF 32 m) and an increase in payables (CHF 11 m).

Cash flow

(in CHF millions)	Six months ended Jun 30, 2024	2023	Second quarter 2024	2023
Cash flow				
Operating cash flow	(216)	(442)	(97)	(192)
Acquisition/ Sale of tangible, intangible and other assets	(1)	(7)	(0)	(3)
Free cash flow	**(217)**	**(449)**	**(97)**	**(195)**
Proceeds/ (repayments) of borrowings	(0)	30	(0)	30
Other items	1	(3)	(0)	(2)
Impact from the Viatris Deal	308	-	-	-
Cash flow[1]	**92**	**(422)**	**(98)**	**(168)**

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

The positive cash flow of CHF 92 m was mainly driven by the operating cash outflow (CHF 216 m) and CHF 308 m from the Viatris Deal.

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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**

As of June 30, 2024, liquidity of CHF 237 m consisted of cash and cash equivalents only.

Liquidity of CHF 237 m was mainly held in Swiss francs (CHF 204 m), US dollars (equivalent of CHF 26 m) and Euro (equivalent of CHF 5 m).

Material uncertainty to continue as a going concern

The accompanying unaudited interim consolidated financial report has been prepared on the basis that the Group will continue as a going concern. This will require to secure additional funding as the liquidity (CHF 237 m as of June 30, 2024) does not cover the negative cashflow for the next twelve months based on our current business plan and the redemption of the CHF 200 m 2024 Convertible Bond.

While the Group is actively seeking to raise additional cash, there can be no assurance the necessary funding will be available. In order to further prolong the cash reach the bondholders have approved amendments to the 2024 bond to extend its maturity from July 17, 2024 to January 17, 2025. Subsequently the higher cantonal composition authority has approved the transaction on June 25, which is subject to a 30-day appeal period. Considering the statutory court standstill period of one month, the end of the 30-day appeal period will be on August 29, 2024.

If the Group is unable to obtain adequate resources to fund the operations, the operations will need to be further modified. If such measures are not sufficient, and/or additional funding is not obtained in due course, the Group may be forced to discontinue its operations entirely.

This material uncertainty may cast substantial doubt about the going concern of the Group. Refer to Note 1. Description of business and summary of significant accounting policies of both the 2023 consolidated financial statements and the accompanying unaudited interim financial report for further details regarding the going concern assessment.

Balance sheet

Balance sheet

(in CHF millions)	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
Assets			
Liquidity[1]	237	335	145
Tangible assets	249	265	210
Other assets	183	181	145
Total assets	**670**	**781**	**500**
Liabilities and equity			
Financial debt	1,294	1,293	1,293
Other liabilities	419	424	176
Total liabilities	**1,713**	**1,717**	**1,469**
Total equity	**(1,043)**	**(937)**	**(969)**
Total liabilities and equity	**670**	**781**	**500**

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

Tangible assets of CHF 249 m mainly consisted of real-estate (CHF 82 m), right-of-use assets (CHF 133 m) and other fixed assets (CHF 34 m).

Other assets of CHF 183 m comprised of prepayments (CHF 36 m), receivables (CHF 33 m), inventories (CHF 66 m), marketable securities (CHF 11 m), intangible assets (CHF 17 m), pension asset (CHF 12 m) and other assets (CHF 9 m).

Financial debt of CHF 1,294 m comprised of the convertible loan (CHF 335 m), the convertible bonds (CHF 797 m) and a sale and leaseback transaction (CHF 162 m).

Other liabilities of CHF 419 m included current and noncurrent liabilities. Current liabilities of CHF 214 m mainly comprised of accrued expenses (CHF 168 m), payables (CHF 34 m) and a short-term lease liability (CHF 12 m). Noncurrent liabilities of CHF 203 m mainly comprised of a long-term lease liability (CHF 122 m), accrued expenses (CHF 74 m) and other noncurrent liabilities (CHF 9 m).

Contents

Reconciliation of US GAAP to non-GAAP results

Reconciliation of US GAAP to non-GAAP results for the six months ended June 30, 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	24	-	-	-	24
Contract revenue – milestones	3	-	-	-	3
Contract revenue – others	0	-	-	-	0
Total net revenue	**26**	**-**	-	-	**26**
Operating expenses					
Cost of sales	(4)	-	-	-	(4)
Research and development	(71)	6	4	-	(61)
Selling, general and administrative	(142)	1	6	-	(134)
Amortization of intangible assets	(1)	1	-	-	-
Restructuring charges	(1)	-	-	1	-
Gains on sale of disposal group	125	-	-	(125)	-
Total operating expenses	**(94)**	8	10	(125)	**(200)**
Other income	3	-	-	-	3
Operating results	**(64)**	8	10	(125)	**(170)**
Total financial income (expense)	(14)	-	-	3	(11)
Income before income tax benefit (expense)	**(78)**	8	10	(121)	**(181)**
Income tax benefit (expense)	(0)	(0)	(1)	(0)	(1)
Net income (loss)	**(79)**	8	10	(121)	**(183)**
Basic net income (loss) per share (CHF)	**(0.44)**	0.04	0.05	(0.68)	**(1.02)**
Weighted-average number of basic shares (in millions)	179.5	-	-	-	179.5
Diluted net income (loss) per share (CHF)	**(0.44)**	0.04	0.05	(0.68)	**(1.02)**
Weighted-average number of dilutive shares (in millions)	179.5	-	-	-	179.5

Reconciliation of US GAAP to non-GAAP results for the second 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	14	-	-	-	14
Contract revenue – milestones	3	-	-	-	3
Contract revenue – others	-	-	-	-	-
Total net revenue	**16**	**-**	**-**	**-**	**16**
Operating expenses					
Cost of sales	(1)	-	-	-	(1)
Research and development	(38)	3	3	-	(33)
Selling, general and administrative	(74)	1	3	-	(70)
Amortization of intangible assets	(1)	1	-	-	-
Restructuring charges	(0)	-	-	0	-
Gains on sale of disposal group	0	-	-	(0)	-
Total operating expenses	**(113)**	4	6	0	**(104)**
Other income	2	-	-	-	2
Operating results	**(95)**	4	6	0	**(85)**
Total financial income (expense)	(13)	-	-	3	(11)
Income before income tax benefit (expense)	**(108)**	4	6	3	**(96)**
Income tax benefit (expense)	(0)	(0)	(0)	(0)	(1)
Net income (loss)	**(109)**	4	5	3	**(96)**
Basic net income (loss) per share (CHF)	**(0.60)**	0.02	0.03	0.02	**(0.54)**
Weighted-average number of basic shares (in millions)	179.9	-	-	-	179.9
Diluted net income (loss) per share (CHF)	**(0.60)**	0.02	0.03	0.02	**(0.54)**
Weighted-average number of dilutive shares (in millions)	179.9	-	-	-	179.9

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.

Unaudited Interim Consolidated Financial Statements

Interim Consolidated Income Statement

(in CHF thousands, except per share amounts)	Notes	Six months ended June 30, 2024	2023
		(unaudited)	(unaudited)
Net revenue			
Product sales	3/17	23,605	44,217
Contract revenue	5/17	2,801	6,738
Total net revenue		**26,407**	**50,955**
Operating (expenses)[1]			
Cost of sales		(4,368)	(5,215)
Research and development		(70,882)	(171,564)
Selling, general and administrative		(141,767)	(247,936)
Amortization of intangible assets		(1,054)	(836)
Restructuring charges		(771)	-
Gains on sale of disposal group		125,327	-
Total operating (expenses)		**(93,515)**	**(425,551)**
Other income		2,977	-
Operating income (loss)		**(64,132)**	**(374,596)**
Interest income (expense), net		(8,964)	(10,236)
Accretion of convertible debt	11	(631)	(629)
Other financial income (expense), net		(4,590)	(17,974)
Total financial income (expense)		**(14,185)**	**(28,839)**
Income (loss) before income tax benefit (expense)		**(78,317)**	**(403,435)**
Income tax benefit (expense)		(397)	(1,858)
Net income (loss)		**(78,714)**	**(405,294)**
Basic net income (loss) per share attributable to Idorsia's shareholders	6	**(0.44)**	**(2.28)**
Weighted-average number of common shares (in thousands)		179,530	178,124
Diluted net income (loss) per share attributable to Idorsia's shareholders	6	**(0.44)**	**(2.28)**
Weighted-average number of common shares (in thousands)		179,530	178,124

[1]Includes share-based compensation as follows:		
Research and development	(3,812)	(12,146)
Selling, general and administrative	(6,448)	(12,490)
Total share-based compensation	**(10,260)**	**(24,636)**

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

Interim Consolidated Statement of Comprehensive Income

(in CHF thousands)	Six months ended June 30, 2024	2023
	(unaudited)	(unaudited)
Net income (loss)	**(78,714)**	**(405,294)**
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	278	6,612
Change of unrecognized components of net periodic benefit costs	(730)	(1,173)
Other comprehensive income (loss), net of tax	**(452)**	**5,439**
Comprehensive income (loss)	**(79,166)**	**(399,855)**

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

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Interim Consolidated Balance Sheet (1/2)

(in CHF thousands, except number of shares)	Notes	Jun 30, 2024	Dec 31, 2023
		(unaudited)	(audited)
ASSETS			
Current assets			
Cash and cash equivalents	7/8	237,192	145,052
Trade and other receivables, net	9	33,032	28,791
Receivables from related parties	18	-	1,145
Inventories	10	66,394	59,146
Marketable securities	8	10,812	12,764
Other current assets		36,027	29,386
Total current assets		**383,457**	**276,284**
Noncurrent assets			
Property, plant and equipment, net		116,130	136,671
Right-of-use assets		133,291	73,065
Intangible assets, net		16,552	3,527
Pension asset		12,047	3,540
Other noncurrent assets		8,584	6,909
Total noncurrent assets		**286,605**	**223,712**
TOTAL ASSETS		**670,062**	**499,996**

Interim Consolidated Balance Sheet (2/2)

(in CHF thousands, except number of shares)	Notes	Jun 30, 2024	Dec 31, 2023
		(unaudited)	(audited)
LIABILITIES			
Current liabilities			
Trade and other payables		33,595	19,910
Payables and accrued payables to related parties		408	322
Deferred revenue	5	1,755	2
Lease liability		12,107	6,275
Sales related liabilities	3	21,227	18,189
Accrued expenses		146,767	55,457
Provisions	19	45	1,322
Convertible bonds	11	199,988	199,847
Total current liabilities		**415,891**	**301,326**
Noncurrent liabilities			
Convertible loan	11	334,575	334,575
Convertible bonds	11	596,816	596,428
Other financial liabilities		162,307	162,205
Lease liability		121,852	66,501
Deferred tax liability		1,768	1,940
Other noncurrent liabilities		79,366	5,737
Total noncurrent liabilities		**1,296,685**	**1,167,388**
Total liabilities		**1,712,576**	**1,468,713**
EQUITY			
Idorsia's shareholders' equity			
Common shares (par value CHF 0.05 per share, issued and outstanding 189,089,367 and 188,480,626 as of June 30, 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 June 30, 2024 and 350,745,979 as of December 31, 2023 respectively)		9,454	9,424
Additional paid-in capital		2,160,926	2,155,617
Accumulated profit (loss)		(3,221,733)	(3,143,019)
Treasury shares	13	(452)	(483)
Accumulated other comprehensive income (loss)	14	9,290	9,742
Total Idorsia's shareholders' equity		**(1,042,514)**	**(968,718)**
TOTAL LIABILITIES AND EQUITY		**670,062**	**499,996**

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

Interim Consolidated Statement of Cash Flows (1/2)

(in CHF thousands)	Six months ended June 30, 2024	2023
	(unaudited)	(unaudited)
Cash flow from operating activities		
Net income (loss)	(78,714)	(405,294)
Adjustments to reconcile net income (loss) to net cash provided from operating activities:		
Depreciation and amortization	8,063	8,098
Share-based compensation	10,260	24,636
Accretion of convertible debt	631	629
Fair value changes on securities	2,600	4,029
Release of deferred revenue and accrued income	2,898	(4,967)
Gain on disposals of assets	(125,327)	-
Deferred taxes	(31)	384
Changes in operating assets and liabilities:		
Trade and other receivables	(1,672)	(11,554)
Prepayments	(7,239)	(9,399)
Inventories	(6,541)	(29,824)
Trade and other payables	11,447	4,137
Accrued expenses	161,665	(24,012)
Provisions	(10,727)	(15,731)
Changes in other operating cash flow items	1,155	16,784
Changes in other operating cash flows as a result of asset disposal	(183,984)	-
Net cash flow provided by (used in) operating activities	**(215,516)**	**(442,084)**
Cash flow from investing activities		
Proceeds from short-term deposits	-	320,000
Purchase of property, plant and equipment	(1,792)	(6,516)
Proceeds from sale of property, plant and equipment	14,999	-
Purchase of intangible assets	(14,232)	(113)
Proceeds from disposals of assets	308,048	-
Net cash flow provided by (used in) investing activities	**307,023**	**313,370**
Cash flow from financing activities		
Issuance of new shares, net	(80)	(197)
Proceeds from borrowings, net	-	30,000
Net cash flow provided by (used in) financing activities	**(80)**	**29,803**

Interim Consolidated Statement of Cash Flows (2/2)

(in CHF thousands)	Six months ended June 30, 2024 (unaudited)	2023 (unaudited)
Net effect of exchange rates on cash and cash equivalents	713	(2,901)
Net change in cash and cash equivalents	**92,140**	**(101,811)**
Cash and cash equivalents at beginning of period	145,052	145,998
Cash and cash equivalents at end of period	**237,192**	**44,187**

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

Interim Consolidated Statement of Changes in Equity

(in CHF thousands, except number of shares)	Idorsia's shareholders – Common shares – Shares	Amount	Additional paid-in capital	Accum. profit (loss)	Treasury shares	Accum. other comprehensive income (loss)	Total equity
At January 1, 2023	**177,558,532**	**8,878**	**2,126,859**	**(2,845,098)**	**-**	**48,403**	**(660,957)**
Comprehensive income (loss):							
Net income (loss)				(405,294)			(405,294)
Other comprehensive income (loss)						5,439	5,439
Comprehensive income (loss)							**(399,855)**
Share-based compensation transactions	386,860	19	14,968				14,987
Transactions in treasury shares	10,000,000	500	4,841		(483)		4,858
At June 30, 2023 (unaudited)	**187,945,392**	**9,398**	**2,146,668**	**(3,250,391)**	**(483)**	**53,841**	**(1,040,967)**
Comprehensive income (loss):							
Net income (loss)				107,373			107,373
Other comprehensive income (loss)						(44,099)	(44,099)
Comprehensive income (loss)							**63,274**
Share-based compensation transactions	535,234	27	8,949				8,976
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)				(78,714)			(78,714)
Other comprehensive income (loss)						(452)	(452)
Comprehensive income (loss)							**(79,167)**
Share-based compensation transactions	608,741	30	4,209				4,239
Transactions in treasury shares	-	-	1,099		30		1,129
At June 30, 2024 (unaudited)	**189,089,367**	**9,454**	**2,160,926**	**(3,221,733)**	**(452)**	**9,290**	**(1,042,514)**

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

Notes to the Interim 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 unaudited interim consolidated financial statements ("Unaudited Interim Consolidated Financial Statements") have been prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP") for interim financial statements. Accordingly, these Unaudited Interim Consolidated Financial Statements do not include all the information and footnotes required by US GAAP for annual financial statements. These Unaudited Interim Consolidated Financial Statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended December 31, 2023. 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 unaudited interim consolidated financial statements have been prepared on the basis that the Group will continue as a going concern. The interim financial statements do not include any adjustments that might be necessary should the Group be unable to continue as a going concern.

The Group determined that the current financial resources are not sufficient to fund its operations for at least twelve months from the publication of these Unaudited Interim Consolidated Financial Statements on July 25, 2024. Current financial resources including the cash and cash equivalents (CHF 237 m) do not cover the expected negative cashflow for the next twelve months based on the Group's current business plan and the redemption of the CHF 200 m 2024 Convertible Bond. While the bondholders as well as the higher cantonal composition authority have approved amendments to the bond to extend its maturity date to January 17, 2025, this is subject to a 30-day appeal period during which bondholders could still object to the amendment (see Note 11. Borrowings). Considering the statutory court standstill period of one month, the end of the 30-day appeal period will be on August 29, 2024. The Board of Directors is confident that the necessary approvals will be received.

Stakeholders should note that while management and board of directors continue to evaluate and execute all available options to extend the cash runway and operate the business as a going concern, there is no guarantee that any funding transaction can be realized or that such transaction would generate sufficient funds to finance operations for twelve months from the publication of these Unaudited Interim Consolidated Financial Statements. This material uncertainty may cast significant doubts about the going concern of the Group.

The Group is actively seeking to raise additional funding through non-equity deals by out-licensing or monetization of product candidates. The Group also contemplates equity and equity-linked avenues that would also result in dilution to shareholders. Additional funding could also include the issuance of debt securities that may include rights, preferences, and privileges senior to those of common shareholders, and the terms and conditions of debt securities or borrowings could potentially impose significant restrictions on the Group's operations.

Stakeholders should note that 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 significant amounts of funding. Since its inception in 2017, the Group has incurred an accumulated loss of CHF 3,220 m until June 30, 2024, and has funded this accumulated loss through various means, including:

- the CHF 420 m cash received at demerger from Actelion in 2017,
- the CHF 580 m convertible loan issued to J&J at the same time,
- equity raises (2018: CHF 305 m, 2020: CHF 330 m; 2021: CHF 535 m),
- convertible bonds issuances (2018: CHF 200 m; 2020: CHF 600 m),
- collaborations, license agreements and divestitures (2017: CHF 227 m; 2018: CHF 35 m, 2019: CHF 5 m, 2020: CHF 61 m, 2021: CHF 11 m, 2022: CHF 3 m, 2023: CHF 409 m, 2024: CHF 313).

If the Group is unable to obtain adequate liquidity to fund its operations and repay in cash the CHF 200 m bond, the Group will modify the operations by further reducing spending. Among other things, this would imply further delaying, scaling back, or putting on hold some of the ongoing or planned investments in sales and marketing, research and development, and other activities. If such measures are not sufficient, and/or additional funding is not obtained in due course, the Group may be forced to discontinue its operations entirely.

Accounting policies applicable for interim periods

The Group applies a simplified calculation for post employment benefits during interim periods. The measurements of plan assets and benefit obligations used in determining net periodic pension cost are based on the assumptions used for the previous year-end measurements.

Income tax expense is recognized based on the best estimate of the weighted average annual income tax rate expected for the full financial year. In 2018, the Canton of Basel-Land granted the Group a ten year tax holiday that provides for reduced income and capital tax rates on a communal and cantonal level. The tax holiday commenced in fiscal year 2018 and is valid until 2027.

As of June 30, 2023, the Group classified assets and liabilities of the disposal group (see Note 2. Sale of the Asia Pacific (ex-China) operations) as held for sale within the interim unaudited consolidated balance sheets at their respective carrying values, which approximates fair value, less cost to sell.

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, allowance for doubtful accounts, share-based compensation, clinical trial accruals, rebate accruals, provisions, contingent considerations arising from acquisitions, 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.

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. The Group does not expect a material impact on its balance sheet, income statement or or statement of cash flows upon adoption.

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 ("Nxera" or formerly "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 Nxera 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 Nxera – 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 Nxera. In addition, there will be transition service agreements (TSA) between Idorsia and Nxera mainly for regulatory/filing activities, clinical development, CMC (Chemistry, Manufacturing and Controls), and IT.

Idorsia has granted Nxera 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.

Consequently the assets and liabilities were taken out of all balance sheet positions and concentration tables and are grouped as Assets held for sale and Liabilities held for sale respectively. Cash and cash equivalents which are part of the assets held for sale are presented separately under the Cash flow table as reconciling item.

The following table reflects the assets and liabilities of the discontinuing operations as of June 30, 2023.

(in CHF thousands)	**Jun 30, 2023**
Cash and cash equivalents	11,136
Trade and other receivables, net	24,814
Inventories	1,878
Other current assets	714
Property, plant and equipment, net	2,959
Right-of-use assets	14,718
Intangible assets, net	934
Other noncurrent assets	7,573
Assets held for sale	**64,726**
Trade and other payables	9,510
Lease liability, current	2,655
Accrued expenses	2,125
Lease liability, noncurrent	11,811
Pension liability	828
Other noncurrent liabilities	1,574
Liabilities held for sale	**28,503**

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 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 June 30, 2024 relate to sales of the Group's products in the US, Canada 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:

	June 30, 2024	**December 31, 2023**
Sales related liabilities, beginning of the period	**18,189**	**6,010**
Reduction of net sales	36,222	59,093
Cash payments of sales related liabilities	(33,184)	(46,913)
Sales related liabilities, end of the period	**21,227**	**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 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, see 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 does not commercialize clazosentan in any territory in 2024 no royalty expense was recorded. For the six months ended June 30, 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.

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.

Idorsia 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 net sales of vamorolone.

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.

Sosei 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.

Idorsia received an upfront payment of USD 5 m (CHF 5 m) of which CHF 3 m have been recognized as contract revenue in the first half of 2024. The remaining CHF 2 m will be recognized upon satisfaction of the remaining performance obligations. Furthermore, Idorsia is entitled to potential development and regulatory milestone payments of up to USD 145 m, and sales milestone payments of up to USD 350 m and tiered royalties from mid-single- to low double-digit percentage on annual net sales.

The Group will contribute approximately CHF 2 m for drug substance supply.

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 the first half of 2023, the cost-sharing reimbursements by Janssen to the Group for the initial indication Phase 3 studies (CHF 2.7 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 funding obligations to aprocitentan ceased at the effective date of the agreement. Janssen's licenses to aprocitentan IP (excluding pulmonary hypertension) terminated and Janssen transfered 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 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 six months ended June 30, 2024 Idorsia made payments of CHF 13.7 m. In addition, CHF 0.4 m are accrued as of June 30, 2024.

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 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 0.3 m of cost-sharing reimbursements as a cost reduction in R&D expenses (2023: CHF 0.8 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.

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.

Under the license of ACT-709478, the Group will be eligible to receive one-time payments of up to USD 365 m contingent upon the achievement of certain development and regulatory milestones, of which USD 200 m / USD 110 m / USD 55 m relate to the first, second and third indication, respectively. ACT-709478 was investigated in a Phase 2 study for the treatment of a rare form of pediatric epilepsy. The study did not meet the primary endpoint. ACT-709478 was generally well tolerated. Neurocrine continues to analyze the data generated in the study to determine the next steps. The Group would also be entitled to one-time milestones based on sales thresholds, as well as tiered royalties on annual net sales.

Under the potential license of each, up to two, follow-on compound(s), the Group would be eligible to receive one-time payments of up to USD 310 m, contingent upon the achievement of certain development and regulatory milestones, of which USD 195 m / USD 115 m relate to the first and second indication, respectively. The Group would also be entitled to one-time milestones based on sales thresholds, as well as tiered royalties on annual net sales of each product.

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 transfered the dedicated personnel to both programs to Viatris at the transaction closing.

For the six months ended June 30, 2024 the Group paid for the performance of services CHF 36.4 m (USD 40.6 m).

Other

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

Note 6.
Earnings per share

The following table sets forth the basic and diluted earnings per share (EPS) calculations at June 30:

	2024		2023	
	Basic	Diluted	Basic	Diluted
Numerator				
Net income (loss) attributable to Idorsia's shareholders	(78,714)	(78,714)	(405,294)	(405,294)
Net income (loss) available for EPS calculation	**(78,714)**	**(78,714)**	**(405,294)**	**(405,294)**
Denominator				
Weighted-average number of common shares	179,529,524	179,529,524	178,124,367	178,124,367
Total average equivalent shares	**179,529,524**	**179,529,524**	**178,124,367**	**178,124,367**
Earnings (loss) per share attributable to Idorsia's shareholders	**(0.44)**	**(0.44)**	**(2.28)**	**(2.28)**

For the six months ended June 30, 2024, 71,055,128 shares that would have had an antidilutive effect were excluded from the diluted EPS calculation (June 30, 2023: 70,154,684 shares).

Note 7.
Cash and cash equivalents

Cash and cash equivalents consisted of the following at:

	June 30, 2024	December 31, 2023
Cash	237,192	145,052
Total	**237,192**	**145,052**

Note 8.
Financial assets and liabilities

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

	June 30, 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	237,192	237,192	-	-	145,052	145,052	-	-
Derivative financial instruments[1]	365	-	365	-	1,012	-	1,012	-
Short-term marketable securities	10,812	10,812	-	-	12,764	12,764	-	-
Long-term marketable securities[2]	-	-	-	-	-	-	-	-
Total	**248,369**	**248,004**	**365**	**-**	**158,829**	**157,816**	**1,012**	**-**
Financial liabilities carried at fair value								
Derivative financial instruments[3]	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 assets.
[3] Included in other noncurrent liabilities.

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.

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 0.1 m as of June 30, 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 0.3 m as of June 30, 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 June 30, 2024. The market value of the Santhera shares was CHF 10.7 m as of June 30, 2024 (December 31, 2023: CHF 12.8 m). All shares are classified as short-term marketable securities.

Financial liabilities carried at amortized cost

The Group's financial liabilities carried at amortized cost relate to its convertible debt (see Note 11. Borrowings) and other financial liabilities arising from a sale and leaseback transaction which did not qualify as a sale (see Note 16. Leases of the 2023 Consolidated Financial Statements):

	June 30, 2024	December 31, 2023
Short-term financial debt	199,988	199,847
Long-term financial debt	931,392	931,004
Other financial liabilities	162,307	162,205
Total	**1,293,687**	**1,293,056**

Interest income (expense), net for the six months ended June 30, 2024, includes accrued interest expense of CHF 7.1 m (June 30, 2023: CHF 7.1 m), which is paid to the bondholders on a yearly basis. Interest income for the six months ended June 30, 2024 amounts to CHF 1.5 m (June 30, 2023: CHF 0.9 m).

The aggregate foreign currency translation gain included in other financial income (expense), net, in the first six months of 2024 amounts to CHF 0.9 m (June 30, 2023: foreign currency translation loss CHF 13.2 m).

For the six months ended June 30, 2024, the Group recorded an unrealized loss on marketable securities of CHF 2.0 m (June 30, 2023: unrealized loss of CHF 4.4 m) and a gain on other components of net periodic pension cost of CHF 0.1 m (June 30, 2023: loss of CHF 0.6 m).

Note 9.
Trade and other receivables

Trade and other receivables consisted of the following at:

	June 30, 2024	December 31, 2023
Trade receivables	17,303	20,339
Other receivables	15,728	8,452
Trade and other receivables, gross	**33,032**	**28,791**
Allowance for doubtful accounts	-	-
Total trade and other receivables, net	**33,032**	**28,791**

For concentrations of credit risk related to the Group's trade and other receivables see Note 16. Concentrations.

Note 10.
Inventories

Inventories consisted of the following at:

	June 30, 2024	December 31, 2023
Raw materials	16,993	14,081
Semi-finished products	48,896	44,076
Finished products	505	989
Total	**66,394**	**59,146**

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

Semi-finished products include bulk drug product of PIVLAZ amounting to CHF 7.5 m, which Idorsia will supply to Nxera at cost in the future (December 31, 2023: CHF 1.3 m).

Note 11.
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 June 30, 2024).

The remaining amount of CHF 335 m outstanding as of June 30, 2024, may be converted into 29.1 m shares of the Group by Cilag (which would result in a total shareholding of 18% on a diluted basis) 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 June 30, 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 June 30, 2024 is CHF 335 m (December 31, 2023: CHF 335 m).

Senior unsecured convertible bonds due in 2024

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 have a term of six years, maturing on July 17, 2024, 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 7, 2022, 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 bonds are convertible into registered shares of the Group on or after August 27, 2018. The conversion ratio is currently 5,891.0162 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 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 debt obligations with respect to the bonds, which are due subsequent to June 30, 2024, are as follows:

Payable on July 17,	Type of payment	Amount
2024	Repayment of debt incl. annual interest	201,500

The bonds are listed on the SIX Swiss Exchange. As of June 30, 2024, the fair market value of the bonds amounted to 89.75% 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 June 30, 2024, the total book value of the bonds was CHF 200.0 m (December 31, 2023: CHF 199.8 m). For the six months ended June 30, 2024, the Group recognized CHF 0.8 m of interest cost (2023: CHF 0.8 m) and CHF 0.1 m (2022: CHF 0.1 m) related to the amortization of debt issuance costs.

On May 6, 2024, a bondholders' meeting approved the modification of the terms of the 2024 convertible bonds to, among others, (i) amend the conversion price to CHF 6.00 (from currently CHF 33.95), (ii) extend the maturity date by six months to January 17, 2025 and (iii) give Idorsia the option to call the bonds at par, in full or in part, at any time upon giving ten trading days notice.

As a consent fee for this transaction, the Group will deliver 8,000,000 Idorsia shares to the bondholders once the amendment of the bonds' terms become effective. In addition, Idorsia will commit to use proceeds from divestitures or out-licensing transactions to repay the bonds pursuant to the proposed amended terms.

The amendments to the bonds' terms become binding and effective upon approval by the higher cantonal composition authority (*obere kantonale Nachlassbehörde*) and after a 30-day appeal period during which bondholders could still object to the amendments. Considering the statutory court standstill period of one month, the end of the 30-day appeal period will be on August 29, 2024.

The amended debt obligations with respect to the bonds, which are due subsequent to June 30, 2024, are as follows:

Payable on	Type of payment	Amount
July 17, 2024	Annual interest	1,500
January 17, 2025	Repayment of debt incl. annual interest	200,750

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 June 30, 2024, are as follows:

Payable on Aug 4,	Type of payment	Amount
2024	Annual interest	12,750
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 June 30, 2024, the fair market value of the bonds amounted to 46.0% 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 June 30, 2024, the total book value of the bonds was CHF 596.8 m (December 31, 2023: CHF 596.4 m). For the six months ended June 30, 2024, the Group recognized CHF 6.4 m (2023: CHF 6.4 m) of interest cost and CHF 0.4 m (2023: CHF 0.4 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.

Note 12. 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 qualifies as defined benefit pension plan.

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

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

	Six months ended June 30,	
	2024	**2023**
Service cost	3,599	4,636
Interest cost	1,735	2,993
Expected return on plan assets	(1,769)	(2,395)
Prior year service costs (benefit)	(844)	(810)
Amortization of net actuarial (gain) loss	-	(545)
Net periodic benefit cost	**2,722**	**3,879**

Note 13.
Share capital

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

	Shares[1]				
(all numbers in thousands)	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	609	-	(609)	-	-
Issuance of new registered shares	-	-	-	-	-
At June 30, 2024	**189,089**	**-**	**93,469**	**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 4,688,963.30 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 the first half of 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 (see Note 19. Share-based compensationof the 2023 Consolidated Financial Statements).

In 2023 the Group used 346,500 treasury shares for a share exchange with Santhera (see Note 8. 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 the first half of 2024 Idorsia 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.

At June 30, 2024, the Group holds 9,049,500 treasury shares created at CHF 0.05 (December 31, 2023: 9,653,500 treasury shares created at CHF 0.05).

Note 14.
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**	**Jun 30, 2024**
Foreign currency translation adjustments[1]	(4,020)	278	(3,742)
Actuarial gains (losses) and prior year service costs[2]	13,762	(730)	13,032
Total accumulated OCI (loss)	**9,742**	**(452)**	**9,290**

[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 1.8 m.

	Accumulated OCI (loss), net of tax		
	Jan 1, 2023	**Changes arising during period**	**Jun 30, 2023**
Foreign currency translation adjustments[1]	(2,344)	6,612	4,267
Actuarial gains (losses) and prior year service costs[2]	50,748	(1,173)	49,574
Total accumulated OCI (loss)	**48,403**	**5,439**	**53,842**

[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 6.7 m for which a full valuation allowance has been recorded.

Note 15. Commitments, contingent liabilities and guarantees

Commitments

The Group has entered into capital commitments of CHF 0.6 m related to the maintenance of the Group's 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 23 m for the second half of 2024, CHF 26.6 m for 2025, CHF 14.1 m for 2026 and 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.

The Group has recognized contingent consideration at its fair value of CHF 1.1 m included in noncurrent liabilities relating to the achievement of such milestones. The fair value was calculated using management's estimate of the probability of reaching such milestones and remains unchanged as of June 30, 2024 compared to December 31, 2023.

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 6.3 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 0.9 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 16. Concentrations

Cash, cash equivalents and short- and long-term deposits, at June 30, 2024 and December 31, 2023, were primarily invested with two financial institutions with an S&P rating of A and higher. As of June 30, 2024 these two holdings total 92% of the Group's cash and cash equivalents and short- and long-term deposits. Of the 92%, one financial institution holds 52% and the other holds 40% as of June 30, 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 six months ended June 30, 2024, one distributor in the United States accounted for approximately 52% of total net product sales (December 31, 2023: One distributor in Japan 28%). At June 30, 2024, CHF 11.9 m of trade receivables related to a distributor in the United States (December 31, 2023: CHF 13.5 m). Net assets of operations located in the US amount to CHF 10.2 m at June 30, 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 17. 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 six months ended June 30, 2024, one supplier accounted for approximately 67% of total purchases. Management believes other suppliers could provide similar products and services on comparable terms (December 31, 2023: 67%). 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.

Note 17.
Segment and geographic information

The Group operates in one segment, discovering, developing and commercializing drugs. The Group currently derives product revenue from sales of QUVIVIQ™ (daridorexant) and in 2023 from 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 six months ended June 30, and Property, plant and equipment as of December 31):

	Switzerland	United States	Japan	Rest of world	Total
June 30, 2024					
Product sales	1,125	14,177	-	8,304	23,605
Contract revenue	2,801	-	-	-	2,801
Property, plant and equipment, net	114,503	898	-	729	116,131
	Switzerland	**United States**	**Japan**	**Rest of world**	**Total**
June 30, 2023					
Product sales	79	8,822	32,394	2,923	44,217
Contract revenue	6,738	-	-	-	6,738
December 31, 2023					
Property, plant and equipment	134,909	931	-	831	136,671

Note 18.
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 June 30, 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 11. 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 the first half of 2023, the Group recorded a revenue share amounting to CHF 2.4 m as contract revenue. The revenue sharing agreement in respect of ponesimod was eliminated as part of the reacquisition of the aprocitentan rights (see Note 5. Collaborative agreements). The Group is not entitled to further revenue shares in 2024 and thereafter.

- 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 are due to Janssen until US FDA or Europe's EMA approval is granted. In March 2024 US FDA and subsequently in June 2024 Europe's EMA granted approval. For the six months ended June 30, 2024 Idorsia made payments of CHF 13.7 m. In addition CHF 0.4 m are accrued as of June 30, 2024.

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 the first half of 2024, the Group received services from J&J and its affiliates of CHF 0.3 m (2023: CHF 0.2 m) and provided services of CHF 0 m (2023: CHF 2.7 m). As of June 30, 2024, the Group had no receivables and accrued income (December 31, 2023: CHF 1.1 m) and payables and accrued payables of CHF 0.4 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 services were rendered amounting to CHF 0 m (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 5 m) of which CHF 2.8 m are recognized as contract revenue in the first half of 2024 and CHF 1.8 m are recorded as deferred revenue. The Chairman of the Board of Directors owns 6% of the shares in Owkin Inc. and is the father of the CEO. As of June 30, 2024 and December 31, 2023, the Group had no material payables and accruals with Owkin Inc.

The Group secured a bridge loan with Jean-Paul Clozel, former CEO, Member of the Board of Directors and Idorsia's largest shareholder in 2023, which provided for a CHF 75 m line of credit. The Group drew down an initial installment of CHF 20 m in the first half of 2023. On July 21 2023 the bridge loan was repaid. For the six months ended June 30, 2023, the group recorded interest expenses and fees of CHF 0.7m.

The Group is a shareholder of Santhera and holds an option and sublicense agreement and service agreement with Santhera, in 2024 and 2023, the Group did not provide any material services. In October 2023 Idorsia received an approval milestone of USD 10 m (CHF 9 m). As of June 30, 2024 and December 31, 2023, the Group had no material receivables or accrued income with Santhera (see Note 4. Licensing agreements).

During the six months ended June 30, 2024, the Group did not enter into any additional material related party transactions.

Note 19. Restructuring

Cost reduction initiative

On July 21, 2023, Idorsia announced that it has launched a cost reduction initiative with the target to reduce cash-burn at headquarters by approximately 50%.

Up to 500 positions could become redundant, mainly in Research & Development and the associated support functions. Idorsia is committed to minimizing the number of potential redundancies through natural attrition, retirements, and other such measures. The reduction of costs became fully effective in 2024.

For the six months ended June 30, 2024, the Group recognized CHF 0.8 m of cost related to the restructuring, of which CHF 0.1 m are accrued as of June 30, 2024. The restructuring charges primarily consist of personnel related cost.

Note 20. Subsequent events

The Group has evaluated subsequent events through July 24, 2024, the date these Unaudited Interim Consolidated Financial Statements were available to be issued. These events have been disclosed in the respective notes to these Unaudited Interim Consolidated Financial Statements.

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