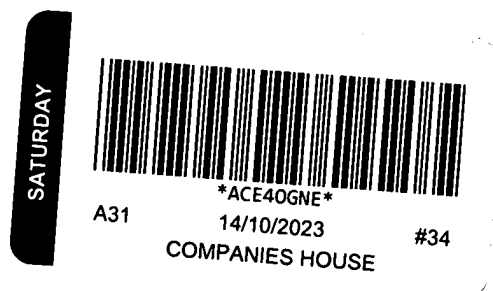


Idorsia Pharmaceuticals UK Limited

Annual Report and Financial Statements

For the period ended 31 December 2022



Company Registration No. 13515638 (England and Wales)

Idorsia Pharmaceuticals UK Limited

Company Information

Directors	A Paice	(Appointed 21 June 2023)
	I Mamet	(Appointed 21 June 2023)
	P Graham	(Appointed 21 June 2023)
	R Moore	(Appointed 13 September 2021)
Company number	13515638	
Registered office	20 Eastbourne Terrace London United Kingdom W2 6LG	
Auditor	Moore Kingston Smith LLP 4 Victoria Square St Albans Hertfordshire AL1 3TF	

Idorsia Pharmaceuticals UK Limited

Contents

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 16

Idorsia Pharmaceuticals UK Limited

Directors' Report

For the period ended 31 December 2022

The directors present their annual report and financial statements for the period ended 31 December 2022.

Principal activities

The company was incorporated on 16 July 2021. The principal activity of the company was that of providing sales support for the group.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

A Paice	(Appointed 21 June 2023)
A Groenewoud	(Appointed 16 July 2021 and resigned 13 September 2021)
I Mamet	(Appointed 21 June 2023)
P Graham	(Appointed 21 June 2023)
R Moore	(Appointed 13 September 2021)

Auditor

Moore Kingston Smith LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Idorsia Pharmaceuticals UK Limited

Directors' Report (Continued)

For the period ended 31 December 2022


Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board


Isabelle Mamet (Oct 5, 2023 08:03 GMT+1)

I Mamet
Director

Date: 05 October 2023.

Idorsia Pharmaceuticals UK Limited

Independent Auditor's Report

To the Members of Idorsia Pharmaceuticals UK Limited

Opinion

We have audited the financial statements of Idorsia Pharmaceuticals UK Limited (the 'company') for the period ended 31 December 2022 which comprise the Profit and Loss Account, the Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 1.3 in the financial statements, which indicates that the company is reliant upon continued support from its parent company who have confirmed it is their current intention to provide this support. The Group, of which the company is a wholly owned subsidiary, does not have sufficient long-term facilities in place to fund its trading activities and may need further fundraising to continue in business. Due to a period of adverse trading, the headroom in place around these facilities is uncertain, which could affect the ability of the parent company to provide support. As stated in Note 1.3, these events or conditions along with the other matters set out in this note, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Idorsia Pharmaceuticals UK Limited

Independent Auditor's Report (Continued)

To the Members of Idorsia Pharmaceuticals UK Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Idorsia Pharmaceuticals UK Limited

Independent Auditor's Report (Continued)

To the Members of Idorsia Pharmaceuticals UK Limited

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 ISAs (UK) 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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Idorsia Pharmaceuticals UK Limited

Independent Auditor's Report (Continued)

To the Members of Idorsia Pharmaceuticals UK Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:


- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

Darren Jordan
Senior Statutory Auditor
for and on behalf of Moore Kingston Smith LLP


Darren Jordan (Oct 5, 2023 17:13 GMT+1)

Date: .05 October 2023.....

Chartered Accountants
Statutory Auditor

4 Victoria Square
St Albans
Hertfordshire
AL1 3TF

Idorsia Pharmaceuticals UK Limited

Profit and Loss Account

For the period ended 31 December 2022

	Notes	Period ended 31 December 2022 £
Turnover		4,565,328
Other external expenses		(1,127,958)
Staff costs	3	(1,603,639)
Other operating expenses		(1,763,640)
Profit before taxation		70,091
Tax on profit		(43,892)
Profit for the financial period		26,199

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

Idorsia Pharmaceuticals UK Limited


Balance Sheet

As at 31 December 2022

	Notes	2022 £	£
Current assets			
Debtors	4	1,793,624	
Cash at bank and in hand		456,624	
		<u>2,250,248</u>	
Creditors: amounts falling due within one year	5	<u>(1,476,867)</u>	
Net current assets			<u>773,381</u>
Capital and reserves			
Called up share capital	7		26,000
Share premium account			574,000
Other reserves			147,182
Profit and loss reserves			<u>26,199</u>
Total equity			<u>773,381</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 5th October 2023 and are signed on its behalf by:


Isabelle Mamet (Oct 5, 2023 08:03 GMT+1)

I Mamet
Director

Company Registration No. 13515638

Idorsia Pharmaceuticals UK Limited

Notes to the Financial Statements

For the period ended 31 December 2022

1 Accounting policies

Company information

Idorsia Pharmaceuticals UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 20 Eastbourne Terrace, London, United Kingdom, W2 6LG.

1.1 Reporting period

The 2022 financial statements were presented for a period longer than one year, due to the company being incorporated on 16 July 2021.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Idorsia Ltd. These consolidated financial statements are available from its registered office, Hegenheimerweg 91, 4123 Allschwil, Switzerland.

Idorsia Pharmaceuticals UK Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

1 Accounting policies

(Continued)

1.3 Going concern

The company made a profit of £26k for the period ended 31 December 2022 and had net assets at that date of £774k. For the period ended 31 December 2022 the company provided sales and marketing support to the group.

The group have confirmed that they intend to continue to provide financial support for a period of at least twelve months from the date of signature of the financial statements and this support will extend to enable the company to trade and to meet its liabilities as they fall due for at least that period. The support includes confirmation that the net amount due from parent undertaking at the period end are recoverable.

As at 31 December 2022 the group have accumulated losses of CHF 2,845m. The group has incurred a net loss of CHF 828m (2021: CHF 635m) and negative cash flows from operations of CHF 859m (2021: CHF 590m). The group is so far funding operations through various financial instruments, mainly by issuance of equity as well as revenues generated from sales of operations and sales of license agreements. The group's operations will continue to require significant amounts of capital at least until 2025, at which time the group expects to reach breakeven.

While the group is actively seeking to raise additional funding, there can be no assurance the necessary financing will be available. The future trading activities of the group are dependent on events outside the group's control. Should the group be in a position where it is unable to meet its liabilities as they fall due, the parent company may be unable to provide the financial support as previously set out, which may in turn result in Idorsia Pharmaceuticals UK Limited also being unable to meet its liabilities as they fall due. Management are closely monitoring the ongoing impact of the situation, however, due to the significant doubt that exists over the group's ability to continue to trade for a period of at least 12 months from the date of approval of these financial statements, material uncertainty in relation to going concern exists.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Services in the current period relate solely to the parent company. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Idorsia Pharmaceuticals UK Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Idorsia Pharmaceuticals UK Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted based on the guidance codified in FASB ASC Topic 718. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.12 Leases

Idorsia Pharmaceuticals UK Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

1 Accounting policies

(Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Auditor's remuneration

	2022
Fees payable to the company's auditor and associates:	£
For audit services	
Audit of the financial statements of the company	18,500

3 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2022 Number
Total	6

4 Debtors

Amounts falling due within one year:	2022 £
Amounts owed by group undertakings	1,572,115
Other debtors	155,427
Prepayments and accrued income	15,334
	<u>1,742,876</u>
Amounts falling due after more than one year:	2022 £
Other debtors	50,748
Total debtors	<u>1,793,624</u>

Idorsia Pharmaceuticals UK Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

5 Creditors: amounts falling due within one year

	2022 £
Trade creditors	440,583
Amounts owed to group undertakings	220,000
Corporation tax	39,892
Other taxation and social security	74,661
Other creditors	9,617
Accruals and deferred income	692,114
	<u>1,476,867</u>

6 Share-based payment transactions

Equity instruments other than share options

During 2022, equity instruments other than share options were granted. The weighted average fair value of those instruments at the measurement date was 13.71 CHF.

The company operates equity-settled, share-based compensation plans, under which the company receives services from employees as consideration for equity instruments in the designated group company. The awards are granted by the group and the company has no obligation to settle the awards. Equity-settled share-based payments are measured at fair value 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 these options and awards. The grant date fair value of restricted share units ("RSU") granted under Restricted Share Plan ("RSP") 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 grant-date fair value of options granted under the Standard Share Options Plans ("the SSOP") is estimated at the grant date using a Black-Scholes options pricing model. 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 options are expected to be exercised by participants. The Group recognises share based compensation costs considering actual forfeitures. Detailed model input assumptions are available in the parent company's audited financial statements

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Idorsia Pharmaceuticals UK Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

6 Share-based payment transactions

(Continued)

Group share-based payments

The company's employees participate in a group share based payment plan, and recognises and measures its share based payment expense as a pro rata allocation of the expense recognised for the group. The allocation is based on the number of employees benefiting from the share based payment plan employed by each group entity and assumes all employees will remain in employment and benefit fully from being in the share purchase plan.

Since the Company has no obligation to settle the share-based payment transactions among group entities, therefore when the Company receives employee services, it recognises a corresponding increase in equity as a contribution from the parent Idorsia Limited.

7 Called up share capital

	2022 Number	2022 £
Ordinary share capital Issued and fully paid		
Ordinary Shares of £1 each	26,000	26,000

The company has issued 26,000 ordinary shares during the financial period.

- 25,000 shares were allotted on incorporation for their nominal value of £25,000.
- 1,000 shares were allotted on 01 June 2022 for a total consideration of £575,000. The nominal values of these share were £1,000 and the aggregate premium paid for these were £574,000.

The aggregate nominal value of ordinary shares at the period end is £26,000 and aggregate share premium is £574,000.

8 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2022
£

314,745

9 Related party transactions

The group has taken advantage of the exemption in The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") from the requirement to disclose transactions with wholly owned group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

Idorsia Pharmaceuticals UK Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2022

10 Parent company

The ultimate controlling party is Idorsia Ltd, Switzerland by virtue of their sole shareholding and voting rights. The financial statements of the company are consolidated in the financial statements of Idorsia Ltd. These consolidated financial statements are available from its registered office, Hegenheimermattweg 91, 4123 Allschwil, Switzerland.