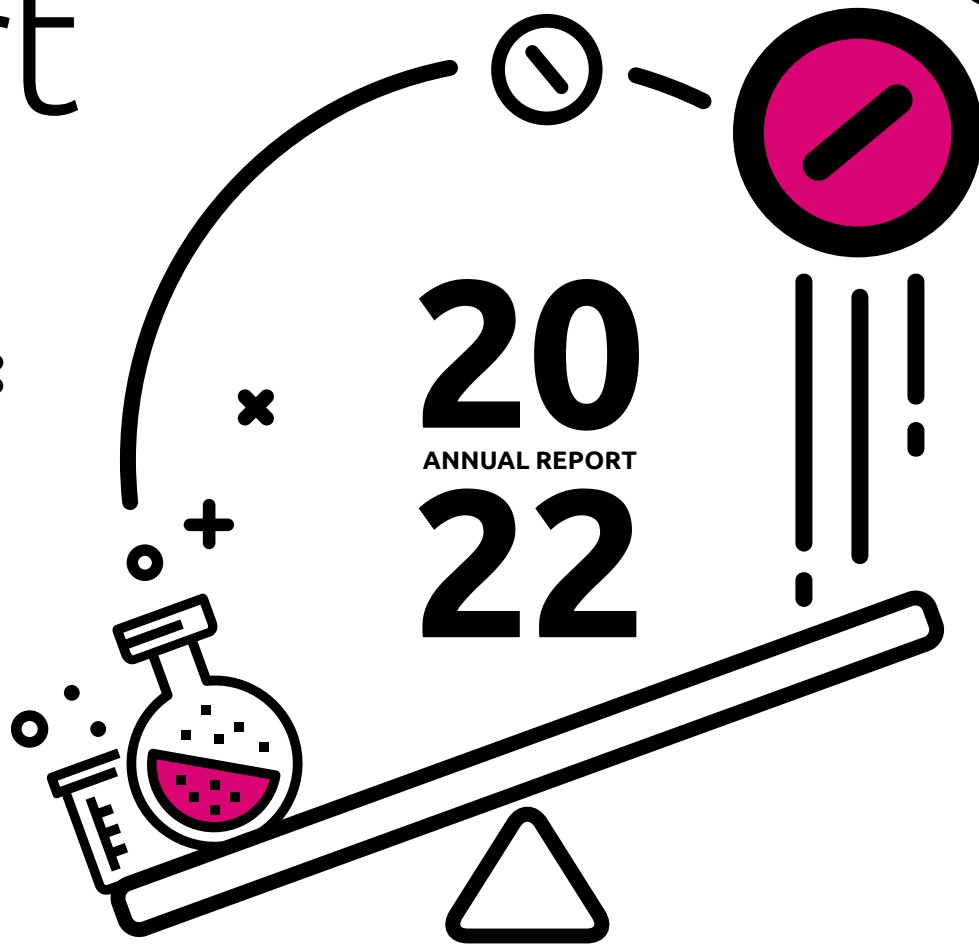


Compensation Report



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.

The Compensation Report describes the compensation principles and programs, as well as the governance framework, for the compensation of the members of the Board of Directors (Board) and the Idorsia Executive Committee (IEC) of Idorsia Ltd (Idorsia). The report also provides details of the compensation awarded to the Board and IEC members for the 2022 financial year.

The Compensation Report has been prepared in accordance with the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Companies, the SIX Swiss Exchange Directive on Information relating to Corporate Governance, and the principles of the Swiss Code of Best Practice for Corporate Governance issued by [economiesuisse](https://www.economiesuisse.ch).

**Further parts of the
Idorsia Annual Report 2022**



Contents

4 Letter from the NGCC Chair

8 Compensation Governance

12 Compensation Principles

14 Compensation Structure: Board

16 Compensation Structure: CEO and all other IEC members


26 Report of the Statutory Auditor

28 Compensation awarded to the Board and IEC

34 Investments held by the Board and IEC

35 Equity Overhang and Dilution in Idorsia Group



Contents 

Letter from
the NGCC Chair

Compensation
Governance

Compensation
Principles

Compensation
Structure: Board

Compensation
Structure: CEO and
all other IEC members

Report of the
Statutory Auditor

Compensation
awarded to the
Board and IEC

Investments
held by the
Board and IEC

Equity Overhang
and Dilution
in Idorsia Group

Letter from the NGCC Chair

Dear Shareholders,

On behalf of Idorsia's Nominating, Governance & Compensation Committee (NGCC), I am pleased to present Idorsia's Compensation Report for the financial year 2022. In this report, we outline the current compensation policies and practices, and planned changes, as well as the 2022 compensation awarded to the Board of Directors (Board) and Idorsia Executive Committee (IEC).

The overarching goal of Idorsia is to become a leading biopharmaceutical company by discovering, developing, and commercializing innovative medicines to help more patients. One of the key elements in reaching this goal is a sensible and sustainable compensation framework – tailored to the needs of Idorsia, its employees, and the long-term interests of shareholders – which is at the core of the compensation- and governance-related efforts and activities of the NGCC in support of the Board.

Contents

> Letter from the NGCC Chair

Compensation Governance

Compensation Principles

Compensation Structure: Board

Compensation Structure: CEO and all other IEC members

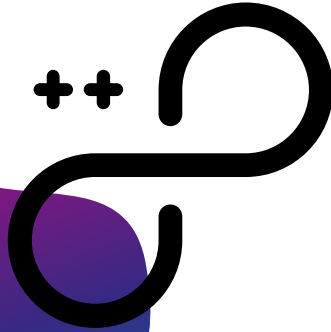
Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group





Contents

> Letter from the NGCC Chair

Compensation Governance

Compensation Principles

Compensation Structure: Board

Compensation Structure: CEO and all other IEC members

Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group

2022 was a truly transformative year for the company as it launched its first two products, as well as significantly advanced its clinical pipeline. QUVIVIQ™ (daridorexant) is now commercialized in the US, Germany, and Italy, and PIVLAZ™ (clazosentan) in Japan.

At the beginning of 2022, Alberto Gimona, who already had a long career with the company, joined the IEC, succeeding Guy Braunstein as Head of Global Clinical Development, while Guy remained in the IEC in the newly created position of Chief Medical Officer (CMO). Idorsia is growing rapidly, and with this growth and focus on the medical utility of our products, we need to ensure – through the CMO function – that our medical governance, policies, and procedures are globally aligned and consistent across Drug Discovery, Clinical Development, Pharmaceutical Development, and Global and Local Medical Affairs.

At the AGM in April 2022, shareholders – by a large majority – supported all the compensation related proposals put forward by the Board. During the reporting year, the NGCC continued to further advance our remuneration and governance principles and practices, ensuring that our established and well-proven compensation and governance principles were being adhered to, and that executive and Board compensation was fully aligned with Idorsia’s business strategy and the long-term interests of our shareholders. The main activities of the NGCC included defining and assessing performance goals, preparing the Compensation Report, and undertaking market assessment of the compensation structure and levels for both the Non-Executive Directors (NEDs) and the IEC, as well as preparing for the Swiss corporate law reform which is coming into force in 2023. All the endeavors of the NGCC were ultimately aimed at ensuring that Idorsia remains competitive in the areas of governance, nominations, and compensation, in the best interests of all our stakeholders.



Contents

> Letter from the NGCC Chair

Compensation Governance

Compensation Principles

Compensation Structure: Board

Compensation Structure: CEO and all other IEC members

Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

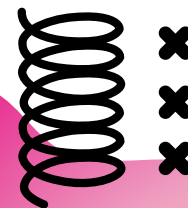
Equity Overhang and Dilution in Idorsia Group

In June 2022, Idorsia celebrated its fifth anniversary – another important milestone. To create an attractive framework for employee engagement, complementing existing compensation programs, the NGCC approved a one-time long-term incentive program with a five-year term, named “Ambition 2027”. Under this equity program, all permanent employees and new hires in 2022 and 2023, except CEO and all other IEC members, receive a grant of restricted stock units (RSUs) with, in addition, an equivalent number of matching shares to be awarded if four ambitious strategic goals are met. If these targets are achieved, the company’s success will thus be shared, creating a powerful incentive and engagement tool for all beneficiaries, in the long-term interest of Idorsia’s stakeholders. This long-term incentive is fully aligned with our compensation principles to be impactful for participants but cash-preserving for the company, as well as attracting and retaining talented individuals with an entrepreneurial mindset.

As a matter of principle, Idorsia is striving for better representation of women throughout the company and also in the top echelons of the Group. Gender diversity is an important factor supporting the long-term success of the company. To achieve this, the Board has initiated a recruitment process for a new female NED with strong commercial experience in the biopharmaceutical sector.

Idorsia is also committed to ensuring full compliance with gender pay equity. Already in 2020, we took a proactive approach in performing a gender pay equity analysis ahead of the schedule defined in the amended Swiss Gender Equality Act. The results of this analysis, confirming our culture of equal pay, were published in the 2020 Compensation Report. In 2022, considering our growing number of employees, we repeated this analysis in Switzerland. I am proud to report that we remain well within the required threshold, reconfirming our equal pay practice. As Idorsia expands geographically, we will be reviewing gender pay equity in key geographies going forward.

The Committee reviewed whether it was appropriate to move to Performance Share Units (PSUs) from stock options for the CEO and all other IEC members but decided that it was still too early in the Company’s journey to becoming a fully commercial organization with too much uncertainty in determining long-term clearly measurable objectives in current circumstances, but the NGCC would continue to keep this under review.



Contents

**> Letter from
the NGCC Chair**

Compensation
Governance

Compensation
Principles

Compensation
Structure: Board

Compensation
Structure: CEO and
all other IEC members

Report of the
Statutory Auditor

Compensation
awarded to the
Board and IEC

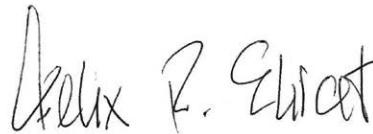
Investments
held by the
Board and IEC

Equity Overhang
and Dilution
in Idorsia Group

This Compensation Report will be submitted to a non-binding, consultative shareholders' vote at the upcoming AGM on May 4, 2023. Additionally, at the AGM, shareholders' formal approval will be requested for the aggregate maximum compensation of the Board for the 2023 AGM – 2024 AGM term of office, as well as for the aggregate maximum compensation of the IEC for the 2024 financial year.

I would like to thank you, our shareholders, for your trust and ongoing support, and I look forward to continuing our dialogue as Idorsia advances.

With best regards,



Felix R. Ehrat
NGCC Chair



Compensation Governance

Role of Shareholders and Articles of Association

Contents

Letter from the NGCC Chair

> Compensation Governance

Compensation Principles

Compensation Structure: Board

Compensation Structure: CEO and all other IEC members

Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

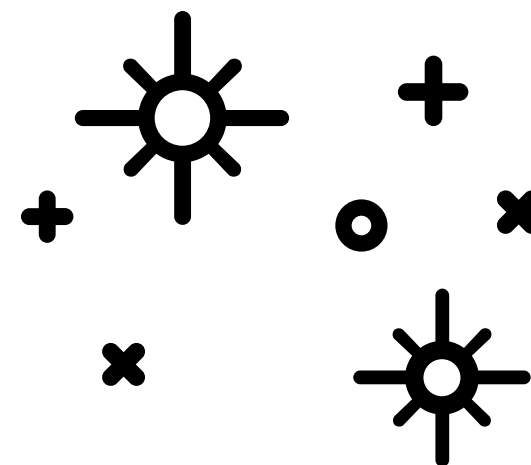
Equity Overhang and Dilution in Idorsia Group

Shareholders have an important say in compensation matters, with their formal approval being required for the aggregate maximum amounts of compensation for the Board and for the IEC through binding votes at each AGM, and with their approval being sought for the company's remuneration policy through the non-binding, consultative vote on the Compensation Report.

In addition, the principles of compensation for the Board and for the IEC are governed by the Articles of Association, which are also approved by the shareholders. The Articles of Association are available at www.idorsia.com/AoA. The compensation provisions in the Articles of Association include the principles of compensation applicable to the Board and the IEC, the structure of the shareholders' vote on compensation, and provisions on credit and loans, as summarized in this table:

Overview of compensation-related provisions in Idorsia's Articles of Association

	Article
Resolutions on compensation	7
Supplementary compensation amount for new members of Executive Management	8
Permitted additional activities	24
Agreements related to compensation for members of the Board of Directors and the Executive Management	25
Principles relating to the compensation of the members of the Board of Directors	26
Principles of compensation relating to the members of the Executive Management	27
Credit and pension schemes	28



Contents

Letter from
the NGCC Chair

> Compensation Governance

Compensation
Principles

Compensation
Structure: Board

Compensation
Structure: CEO and
all other IEC members

Report of the
Statutory Auditor

Compensation
awarded to the
Board and IEC

Investments
held by the
Board and IEC

Equity Overhang
and Dilution
in Idorsia Group

Nominating, Governance & Compensation Committee

As specified in the Charter of the NGCC, which is Annex 1 to the company's By-Laws (available at www.idorsia.com/by-laws), the NGCC consists of at least three, but no more than five, NEDs. The NGCC members are individually elected, for a one-year term, by the shareholders at the AGM. Current members of the NGCC are Felix R. Ehrat (Committee Chair), Srishti Gupta, and Mathieu Simon.

The NGCC supports the Board in questions relating to nomination and governance, as well as compensation. With regard to compensation-related matters, the duties of the NGCC include:

- determining the compensation strategy of the company;
- recommending and reviewing compensation policies and plans for approval by the full Board;
- reviewing and assessing the adequacy of the provisions in the Articles of Association relating to compensation, as well as the adequacy of the NGCC Charter;
- proposing and recommending to the Board, for approval by the AGM, the aggregate maximum compensation of the Board for the term of office until the next ordinary AGM and the aggregate maximum compensation of the IEC for the next financial year;
- recommending to the Board for approval the compensation of the members of the Board within the limits approved by the AGM;
- recommending to the Board for approval the compensation of the CEO, as well as setting the annual performance targets and determining achievement against these targets of the CEO under the relevant compensation schemes;
- approving, upon recommendation of the CEO, the compensation of the CEO's direct reports, as well as setting their annual performance targets and determining achievement against these targets within the framework of the relevant compensation schemes;
- preparing the Compensation Report for approval by the Board.

Additional information on the responsibilities of the NGCC is provided in the "Board of Directors" section of the Governance Report.

The responsibilities of the AGM, Board, NGCC, and CEO on compensation matters are summarized in this table:

Contents

Letter from the NGCC Chair

> Compensation Governance

Compensation Principles

Compensation Structure: Board

Compensation Structure: CEO and all other IEC members

Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group

Annual process and responsibilities for compensation of the Board and IEC

	August – September	October – December	January – February	April – May
Compensation policy review and compensation principles for next financial year	<ul style="list-style-type: none"> ● NGCC ⊙ Board 			
Compensation incentive plans (design, performance targets) for the next financial year		<ul style="list-style-type: none"> ● NGCC ⊙ Board 		
Aggregate maximum amounts of compensation for the Board and the IEC			<ul style="list-style-type: none"> ● NGCC ⊙ Board 	<ul style="list-style-type: none"> ⊙ AGM (binding)
Compensation structure and levels for the Board			<ul style="list-style-type: none"> ● NGCC ⊙ Board 	
Target compensation of the CEO		<ul style="list-style-type: none"> ● NGCC 	<ul style="list-style-type: none"> ⊙ Board 	
Target compensation of all other individual IEC members		<ul style="list-style-type: none"> ● CEO 	<ul style="list-style-type: none"> ⊙ NGCC 	
Short-term incentive plan (STIP) payouts for IEC members*			<ul style="list-style-type: none"> ● CEO ⊙ NGCC 	
Long-term incentive plan (LTIP) grants for IEC members*			<ul style="list-style-type: none"> ● CEO ⊙ NGCC 	
Compensation Report			<ul style="list-style-type: none"> ● NGCC ⊙ Board 	<ul style="list-style-type: none"> ⊙ AGM (consultative)

* Proposals relating to CEO compensation are prepared by the NGCC and approved by the Board.

- **Recommending**
- ⊙ **Reviewing**
- ⊙ **Approving**

Contents

Letter from the NGCC Chair

> Compensation Governance

Compensation Principles

Compensation Structure: Board

Compensation Structure: CEO and all other IEC members

Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

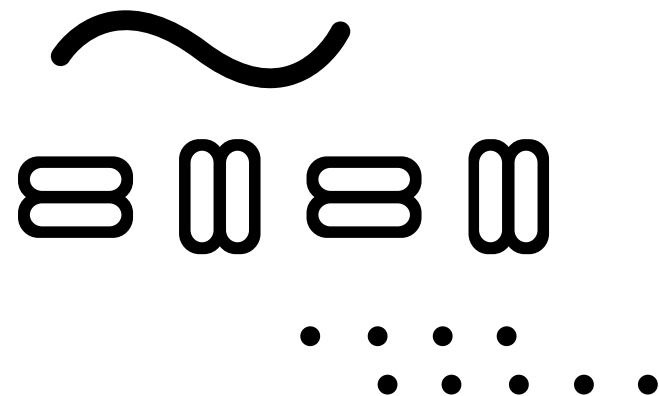
Equity Overhang and Dilution in Idorsia Group

The NGCC meets as often as business requires, but at least four times a year. In 2022, the NGCC held four meetings: one by video conference and three in person. Each meeting took on average two hours, and all members were present at every meeting. In addition, the NGCC Chair interacts regularly (normally every two or three weeks) with Idorsia’s Head of Global Human Resources.

The NGCC Chair may, at his discretion, invite executives to attend meetings. Executives do not attend meetings when their own compensation and/or performance is being discussed.

The NGCC Chair reports to the Board on the activities of the Committee after each meeting. The NGCC meeting minutes are available to the Board.

The NGCC may decide to consult independent external advisors for general and specific compensation matters. In 2022, Alvarez & Marsal (London office) provided services on compensation matters and related topics and participated in the NGCC meetings. Alvarez & Marsal did not provide any other services to Idorsia.



Compensation Principles



Contents

Letter from the NGCC Chair

Compensation Governance

> Compensation Principles

Compensation Structure: Board

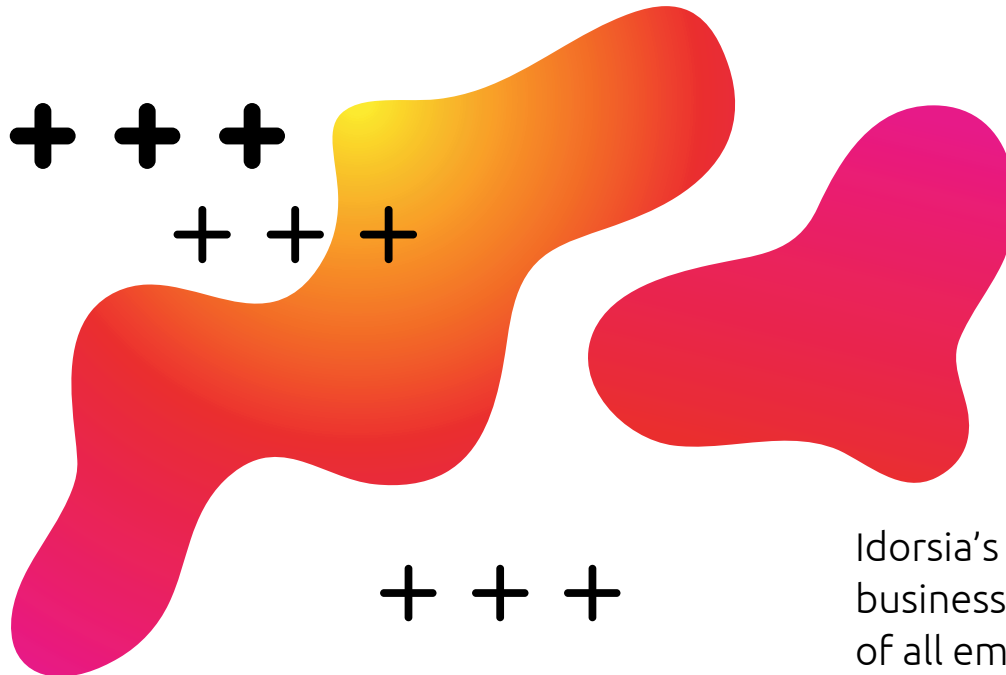
Compensation Structure: CEO and all other IEC members

Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group



Idorsia's compensation principles support the business strategy and foster the commitment of all employees to the company's key strategic priorities. They also support the ongoing development of Idorsia's business and organizational culture:

Talent Attraction and Retention

The compensation system is attractive for performance oriented individuals with an entrepreneurial mindset and focused on long-term value creation.

Pay for Performance

Compensation programs reward concrete results and have a high level of performance differentiation. At the same time, behaviors in line with Idorsia's culture are also considered relevant for performance and are therefore taken into account.

Team & Individual Recognition

Compensation programs recognize team deliverables and individual contributions.

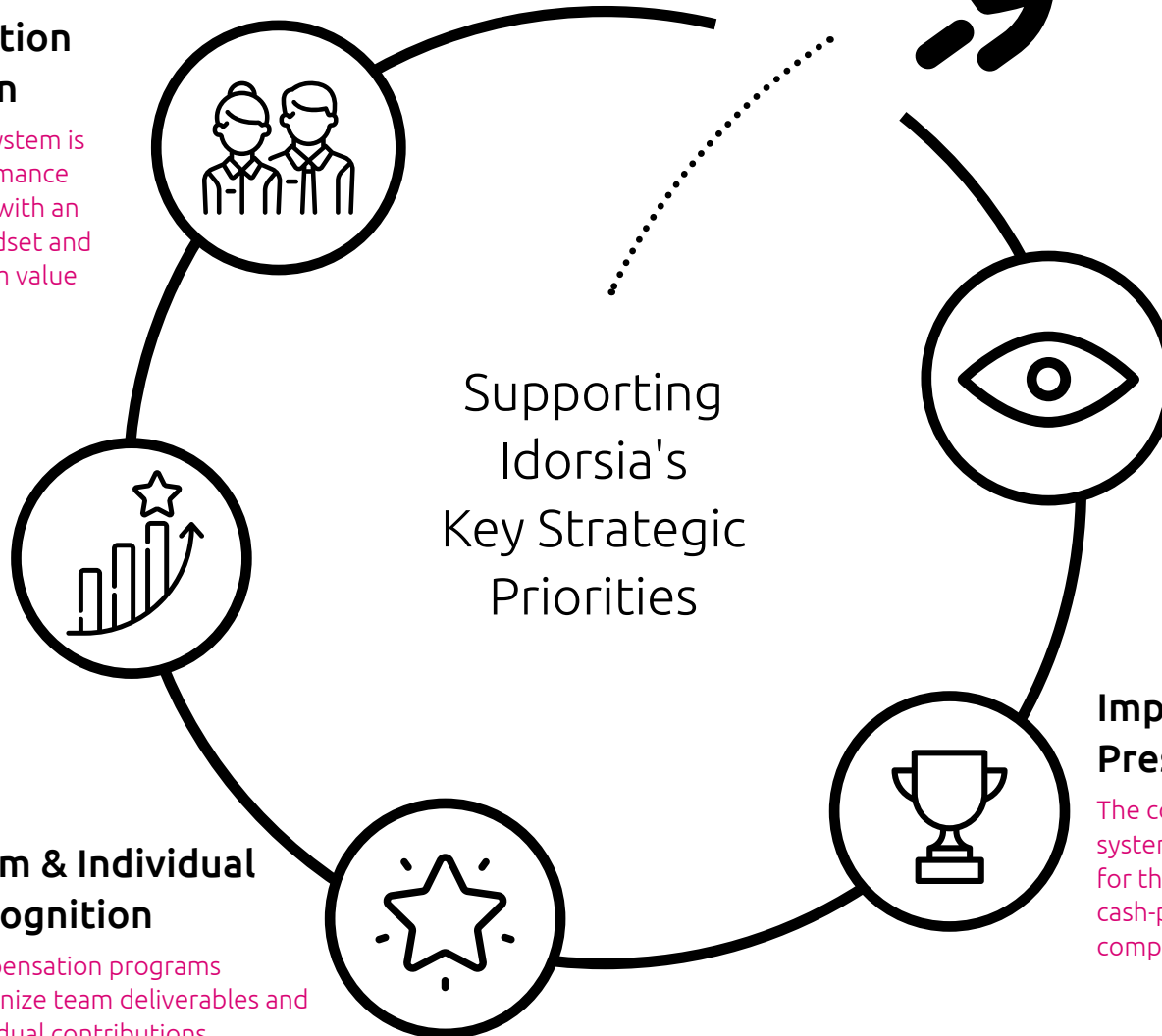
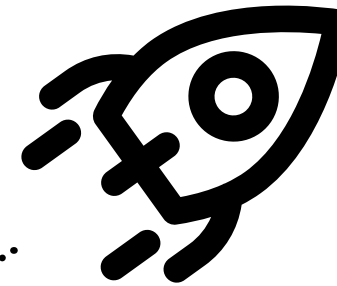
Supporting
Idorsia's
Key Strategic
Priorities

Simplicity and Transparency

Compensation programs are straightforward, transparent, and readily comprehensible for all participants.

Impact and Cash Preservation

The compensation system is both impactful for the participants and cash-preserving for the company.



Compensation Structure: Board

Contents

Letter from
the NGCC Chair

Compensation
Governance

Compensation
Principles

> Compensation Structure: Board

Compensation
Structure: CEO and
all other IEC members

Report of the
Statutory Auditor

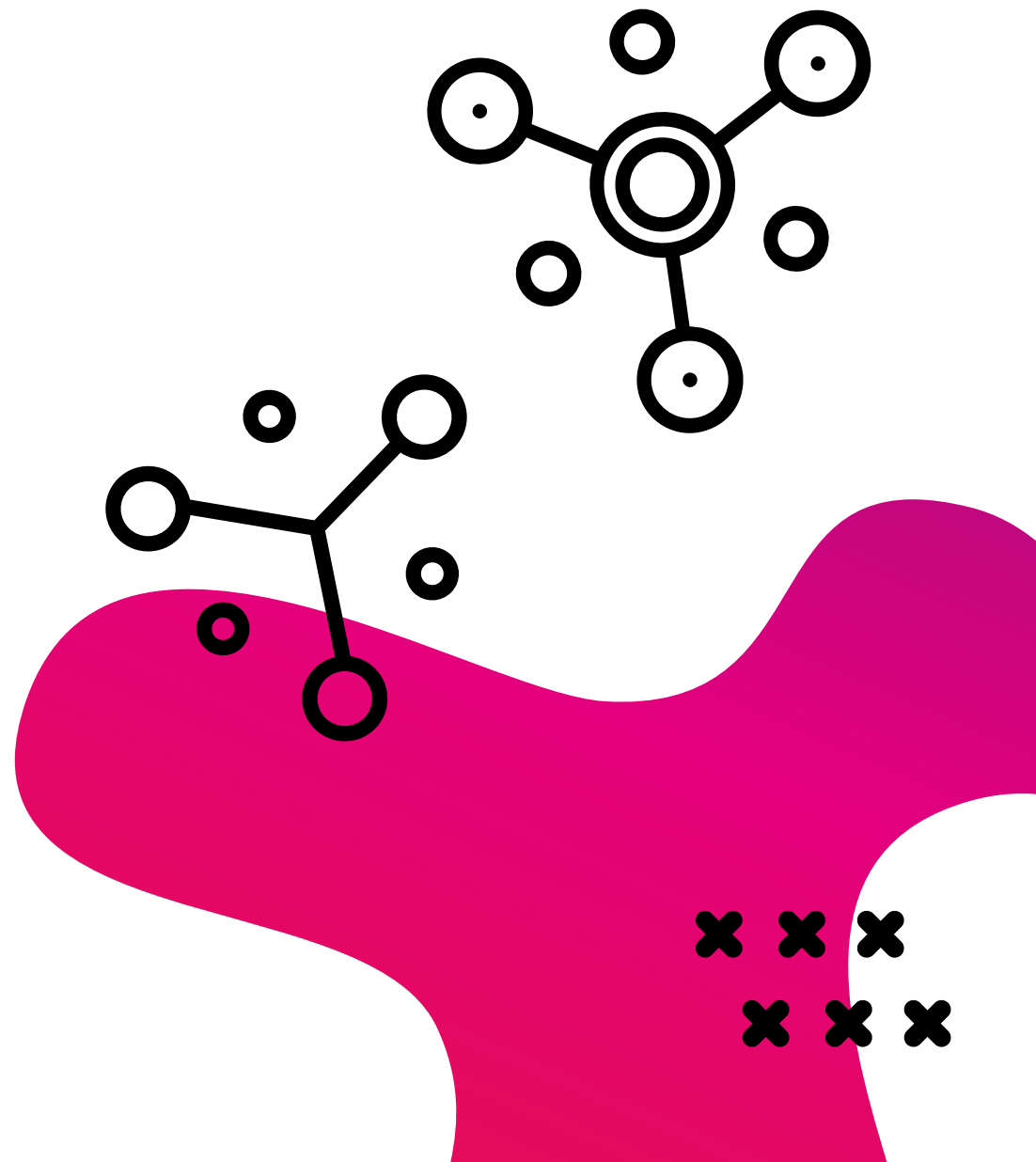
Compensation
awarded to the
Board and IEC

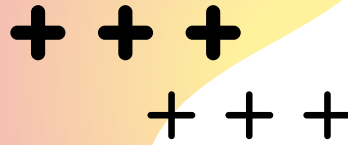
Investments
held by the
Board and IEC

Equity Overhang
and Dilution
in Idorsia Group

During the reporting period, the Board consisted of seven members, of which six (including the Board Chair) were NEDs and one was an executive member (i.e., the CEO). The Board's compensation period generally relates to the term of office, which starts with election of its members at the AGM and ends at the subsequent AGM.

In order to maintain their independence in exercising their supervisory duties, the NEDs receive only fixed compensation. No pension contributions were made for the NEDs, except for Srishti Gupta, to whom Idorsia made the minimum required employer contributions (both savings and risk components) as mandated by Swiss law. Of the total compensation, 25% is paid in cash and 75% in shares blocked for one year. The allocation of shares strengthens the link between the interests of the Board members and those of shareholders, as well as helping to preserve cash. The cash payments and allocations of shares are made quarterly, starting from each year's AGM. The number of shares is determined by dividing 75% of each NED's quarterly compensation by the average share price for the five trading days prior to the





Contents

Letter from the NGCC Chair

Compensation Governance

Compensation Principles

> Compensation Structure: Board

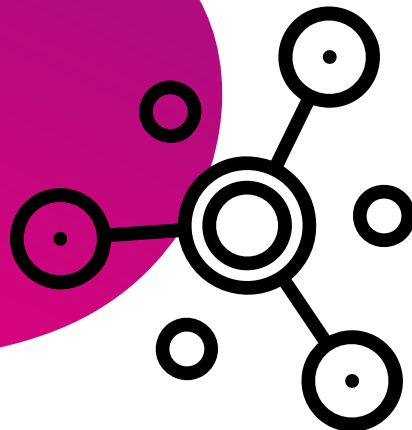
Compensation Structure: CEO and all other IEC members

Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group



allocation date. In exceptional cases where the cash portion of the total compensation is not expected to be sufficient to cover withholding tax and social security obligations, Idorsia is allowed to increase the cash portion accordingly, so as to meet the above-mentioned obligations. The share portion will then be correspondingly decreased for the NED concerned.

For the term of office from the 2022 AGM to the 2023 AGM, the compensation structure and levels remained unchanged for all NEDs.

NEDs' compensation per term of office

	In CHF
Board Chair	350,000
Board member	150,000
Additional fee for Committee Chairs	20,000

In 2022, a benchmarking analysis for the NEDs' compensation was performed by Alvarez & Marsal. To allow for historical comparisons, the comparator group was identical to the one used for previous assessments and consisted of 27 companies, all listed on the SIX Swiss Exchange. The lower and upper quartile market capitalizations of the comparator group were CHF 3 billion and CHF 5.3 billion respectively. The comparator group covered a broad range of sectors, excluding financial services and real estate. Considering the relative position of Idorsia within this comparator group (just below the lower quartile), the results of the analysis showed that the Idorsia Board compensation structure and levels remain broadly aligned with those of the other companies. As a result, a decision was made to keep the Board compensation structure and levels unchanged for the term of office starting from the 2023 AGM.

Compensation Structure: CEO and all other IEC members

The compensation structure for the CEO and all other members of the IEC for 2022 included the following elements:

Contents

Letter from
the NGCC Chair

Compensation
Governance

Compensation
Principles

Compensation
Structure: Board

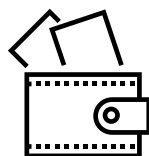
> Compensation Structure: CEO and all other IEC members

Report of the
Statutory Auditor

Compensation
awarded to the
Board and IEC

Investments
held by the
Board and IEC

Equity Overhang
and Dilution
in Idorsia Group



Base salary

Vehicle
Monthly cash

Purpose
Pay for the job function

Determinants
Position, internal relativity,
market practice,
competencies and skills

Short-term incentive plan (STIP)

Vehicle
Annual bonus, payable in
restricted shares blocked for two
years (65%) and cash (35%)

Purpose
Pay for the achievement
of company milestones
and recognizing individual
contributions and demonstration
of Idorsia behaviors

Determinants
Annual performance of
the company, individual
contributions and demonstration
of Idorsia behaviors

Long-term incentive plan (LTIP)

Vehicle
Stock options with
three-year cliff vesting

Purpose
Attract and retain
Share long-term success
Align interests of participants
with shareholders' interests

Determinants
Long-term value creation
Share price evolution
Market practice
Individual contributions

Benefits and allowances

Vehicle
Pension
Insurances
Allowances

Purpose
Protect against risks
Attract and retain

Determinants
Compliance
Market practice

Contents

Letter from the NGCC Chair

Compensation Governance

Compensation Principles

Compensation Structure: Board

> Compensation Structure: CEO and all other IEC members

Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group

Idorsia recognizes that talented executives accept substantial risk with their high proportion of “at-risk” compensation, while contributing significant efforts and long-term commitment when working for a fast-paced, highly ambitious, and entrepreneurial company such as Idorsia. Therefore, the total compensation package, structured in accordance with the company’s compensation principles, is designed to

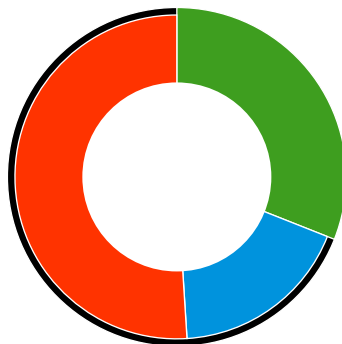
attract high performers with an innovative mindset and to recognize performance, behaviors, and long-term company success through incentive plans.

The actual pay mix (excluding social security contributions) in relation to total compensation for the CEO and all other members of the IEC for 2022 is shown below:

Executive pay mix

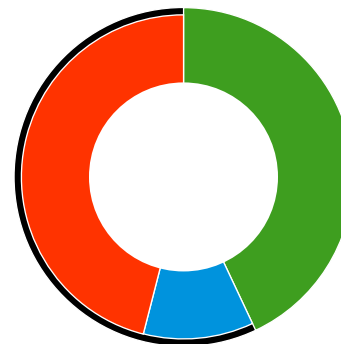
CEO

- **31%** Base salary, benefits and allowances
- **18%** STIP
- **51%** LTIP
- **At-risk compensation 69%**



All other IEC members (in the aggregate)

- **43%** Base salary, benefits and allowances
- **11%** STIP
- **46%** LTIP
- **At-risk compensation 57%**



Contents

Letter from the NGCC Chair

Compensation Governance

Compensation Principles

Compensation Structure: Board

> Compensation Structure: CEO and all other IEC members

Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group

In the 2022 financial year, the compensation structure, levels of fixed compensation, and target levels of variable (at-risk) compensation for the CEO and all other members of the IEC remained unchanged from 2021, with the exception of an increase in base salary for the Chief Financial Officer as of March 2022. The rationale was to bring his base salary above the market median for retention purposes and in recognition of his expanded job function in terms of business development activities.

On January 24, 2022, Idorsia announced the appointment of Guy Braunstein – who had served as Head of Global Clinical Development since the creation of Idorsia – to the newly created role of Chief Medical Officer, with Guy continuing to serve as a member of the IEC in this new position. Succeeding Guy as Head of Global Clinical Development, and joining the IEC as a new member, was Alberto Gimona, who had held the position of Head of Therapeutic Area Units since February 2019 within Global Clinical Development at Idorsia.

In the reporting year 2022, no “one-off” awards were granted to any members of the IEC outside of the incentive plans, including new-hire and/or retention awards of cash or stock buy-out awards to IEC members.

As the company launched its first medicinal products in 2022, the NGCC decided to carry out a market assessment of executive compensation. The various pay elements (base salary, short-term incentives, and long-term incentives) were compared to the compensation levels of a pan-European biopharmaceutical group of 17 companies at commercial or early commercial stages, as illustrated below:

Pan-European biopharmaceutical peer group

ADC Therapeutics	Galapagos	Recordati
ALK-Abelló	H. Lundbeck	Swedish Orphan Biovitrum
Argenx	Ipsen	uniQure
Ascendis Pharma	MorphoSys	Vifor Pharma
Bavarian Nordic	Myovant Sciences	Zealand Pharma
Cosmo Pharmaceuticals	PharmaMar	

Contents

Letter from
the NGCC Chair

Compensation
Governance

Compensation
Principles

Compensation
Structure: Board

> Compensation Structure: CEO and all other IEC members

Report of the
Statutory Auditor

Compensation
awarded to the
Board and IEC

Investments
held by the
Board and IEC

Equity Overhang
and Dilution
in Idorsia Group

For the CEO and CFO, secondary peer groups consisting of Swiss companies from wider industries provided additional reference points.

Aon was appointed to conduct the pan-European pharmaceutical analysis, while Alvarez & Marsal and Mercer performed the general industry market assessment for the CEO and CFO positions.

The analysis against the primary pan-European biopharmaceutical group showed that the CEO's total direct compensation (base salary, short-term incentives, and long-term incentives at target) is significantly below the market median, while the total direct compensation of all other IEC members is broadly aligned with the market. As the company is still on its journey towards profitability, the Board decided not to make any changes to the compensation of the CEO and all other IEC members for the year 2023. A minor adjustment is planned for the LTIP target levels of IEC members, excluding the CEO, to bring the LTIP target levels up to 100% of base salary (rather than a fixed monetary value). The CEO's LTIP target will remain at 150% of his base salary.

Base salary

The base salary is a fixed component of compensation paid in cash, typically monthly. It reflects the scope and key responsibilities of the role, as well as the qualifications, competencies, and skills required to perform the role.

Generally, base salaries are set and periodically reviewed on the basis of the following factors:

- internal benchmark: internal pay structure and internal peer comparison,
- individual profile and past performance of the employee,
- financial considerations such as budget and affordability, and
- broad external benchmark: market value of the role.

In line with our cash preservation principle and considering the early commercial stage of the company, the base salary levels of executive management for the 2022 financial year remained unchanged from 2021, with the exception of an increase in base salary for the Chief Financial Officer as of March 2022, for retention purposes and in recognition of his expanded job function in terms of business development. The new IEC member's base salary was set at the time of his appointment according to the benchmark analysis and internal relativity.

Short-term incentive plan

The short-term incentive plan (STIP) is primarily based on the achievement of performance objectives over a time horizon of one year. Annual performance objectives are set in line with company strategy and, for the CEO and all other IEC members, relate entirely to company performance; however, the NGCC retains the discretion to adjust the bonus outcome to reflect individual performance and demonstration of Idorsia behaviors, by applying a (positive or negative) bonus modifier. Performance objectives are proposed by the NGCC and approved by the Board at the beginning of the financial year. The achievement thereof is assessed after year-end, forming the primary basis for the determination of the bonus payout under the STIP.

The 2022 annual Group performance objectives (global company goals) were structured into four groups. The table on the next page provides details for each goal group, including the relative weight accorded to each group.

The descriptions given are subject to disclosure constraints based on considerations of confidentiality, competition, and commercial sensitivity. The goals are typically quantitative, with precise milestones.

As the company was predominantly focusing on launching its first medicinal products in 2022, the highest relative weight was accorded to the commercial goal group. At this early stage of Idorsia's development, the ESG goals have a lower relative weighting; however, we continue to prioritize sustainability, and a reporting roadmap has been defined in line with evolving global standards and newly enacted Swiss legislation.

As a minimum, the global company goals have to be achieved within the set timelines for a bonus payout at 100% of the target for the CEO and all other IEC members. Payouts above target would only be made for achievements of stretch performance targets or beyond the set expectations, or to reward exceptional individual contributions by applying an individual bonus modifier.

In 2022, Idorsia achieved all its Research & Development (R&D) targets, in some instances over-achieving or delivering ahead of the set timelines. The company fell short of reaching all its ambitious objectives in the Commercial and in the Financial / Operational goal groups. Regarding ESG goals, for each material topic identified in the 2020 materiality assessment, we have developed info-sheets summarizing key disclosures guided by the GRI standards for the relevant area. The ESG goals have thus been achieved.

Contents

Letter from the NGCC Chair

Compensation Governance

Compensation Principles

Compensation Structure: Board

> Compensation Structure: CEO and all other IEC members

Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group

Given the higher relative weight of the commercial goal group and the company's focus on cash preservation, the Board decided to limit the bonus payout to 65% of the target for the global company goals. The average 2022 bonus payout level as percentage of target amount for the IEC is 61%.

The bonus is paid out by March 31 of the year following the performance year. The bonus in respect of the 2022 financial year will be paid out to the IEC in March 2023, as follows: 65% in restricted shares (in line with the principle of cash preservation) and 35% in cash, so that the recipients' tax and social security obligations can be met. Restricted shares are subject to a two-year blocking period, with no risk of forfeiture, except for situations defined in the clawback provisions.

Idorsia's Articles of Association provide for the possibility of a bonus payout under the STIP at up to 200% of the target amount set by the NGCC (and approved by the Board) on an annual basis, but the NGCC continued to apply a cap of 150% in respect of 2022. The Committee intends to keep the present target levels of annual bonus under the STIP in 2023 for the CEO and all other members of the IEC.

Contents	Goal group	Description of 2022 company goals	Relative weight
Letter from the NGCC Chair	Commercial	Quantitative sales targets were set for the launch of QUVIVIQ in the US and PIVLAZ in Japan, as well as launch plans for the Europe and Canada (EUCAN) region.	55%
Compensation Governance	Research & Development (R&D)	These goals relate to compounds disclosed in our pipeline, with determined timeline targets for subject recruitment, database closure dates, and deadlines for read-outs. The early research goals are concerned with selection of preclinical candidate compounds and identification of compounds for entry into human testing.	20%
Compensation Principles	Financial / Operational	The company goals in this group include financial metrics, such as non-GAAP EBIT, and qualitative and quantitative parameters of the long-term funding strategy.	20%
Compensation Structure: Board	Environmental, Social & Governance (ESG)	This goal group focuses on further progressing Idorsia's ESG reporting framework on the 12 material topics across our value chain first identified in 2020. In 2022, efforts were directed towards sustainability reporting with reference to the standards of the Global Reporting Initiative (GRI).	5%
> Compensation Structure: CEO and all other IEC members			
Report of the Statutory Auditor			
Compensation awarded to the Board and IEC			
Investments held by the Board and IEC			
Equity Overhang and Dilution in Idorsia Group			

Long-term incentive plan

In 2022, the long-term incentive plan (LTIP) still consisted of stock options.

In 2022, the stock options, which are subject to a three-year cliff-vesting period, were granted to the CEO and all other IEC members on March 1. The exercise price was the average of the opening and closing price of Idorsia shares on the grant date. The fair value of the award is based on a valuation (Black-Scholes model) performed by a third-party provider.

The stock options have a term of 10 years from the grant date, after which they expire.

The award is forfeited if employment ceases before the vesting date for any reason other than death, disability, or retirement, in which case the award is subject to prorated vesting, normally at the regular vesting date. In case of change of control, the award is subject to accelerated full vesting. The awards are subject to clawback provisions.

The company's Articles of Association provide for the possibility of making awards under the LTIP at up to 200% of the target amount set by the NGCC (and approved by the Board) on an annual basis. The NGCC continued to cap awards at 150% in respect of 2022 and kept the present target level of awards in 2022, even though the aggregate maximum compensation amount for the IEC,

as approved by shareholders at the 2021 AGM, allowed for a possible increase of 25% of the target levels as well as the potential removal of the 150% cap on awards made under the LTIP.

The approach adopted for 2022 is set out in the following table:

Role	Target fair value of 2022 LTIP awards (in CHF)	Maximum possible fair value (200% of target) of 2022 LTIP awards (in CHF)	Board-approved fair value of 2022 LTIP awards (in CHF) subject to final valuation at grant date
CEO	1,125,000	2,250,000	1,350,000
All other IEC members (in the aggregate)	2,500,000	5,000,000	3,150,000

Stock options were granted under the conditions described below:

Stock option data		
Grant date	March 1, 2022	March 1, 2021
Vesting date	March 1, 2025	March 1, 2024
Date of expiry	February 29, 2032	February 28, 2031
Exercise price ¹	CHF 18.185	CHF 25.60
Grant date fair value ²	CHF 5.50	CHF 8.68
Total number of stock options granted ³	818,230	540,060
Total fair value of stock options granted	CHF 4,500,265	CHF 4,687,722

¹ Average of the opening and closing price of Idorsia shares on the grant date. If the grant date falls on weekends or public holidays, the values are taken from the preceding trading day.

² 2022 Valuation by Alvarez & Marsal (Black-Scholes model), 2021 Valuation by Aon (Black-Scholes model).

³ Rounded to the nearest ten stock options.

Contents

Letter from the NGCC Chair

Compensation Governance

Compensation Principles

Compensation Structure: Board

> **Compensation Structure: CEO and all other IEC members**

Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group

Contents

Letter from the NGCC Chair

Compensation Governance

Compensation Principles

Compensation Structure: Board

> Compensation Structure: CEO and all other IEC members

Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group

The level of stock option awards granted to the IEC members in 2022 as a vehicle to align their interests with those of shareholders and as a long-term retention instrument was determined based on the performance of the company and IEC members, and on the demonstration of behaviors in line with Idorsia's culture. For the 2022 financial year, the Board approved a total LTIP award in the fair value of CHF 4.5 million – down from CHF 4.7 million in 2021, even considering the expansion of the IEC, with a new member joining in 2022.

On March 1, 2022, 683,410 stock options vested that were granted to the IEC on March 1, 2019. The exercise price was CHF 17.41. At the time of writing, none of these stock options had been exercised.

The NGCC intends to continue to cap awards at 150% in respect of 2023 and to keep the target level of awards under the LTIP for the CEO at 150% of salary, but to bring the LTIP target levels up to 100% of base salary (rather than a fixed monetary value) for all other members of the IEC.

Although, the NGCC deliberated at length whether to change the vehicle from stock options to performance shares as of 2023, considering the unpredictable nature of factors that are not under direct influence by the company and its still early commercialization stage, the committee

decided to continue granting stock options to the IEC in 2023. We currently believe that stock options at this stage of the company strongly align interests of participants with shareholders' interest and ensure focus on long-term value creation. As we progress into the second year of commercialization, the Committee begins outlining possible scenarios of tangible performance conditions for a potentially new LTIP vehicle based on financial and commercial parameters going forward which could be introduced as early as 2024.

Notwithstanding the CEO's significant shareholding in Idorsia, he continues to receive grants under the LTIP, as the Board believes that it is important to separate his role as CEO from his position as a shareholder and to ensure that his total compensation remains broadly aligned with the market. The CEO's total target direct compensation is currently significantly below the lower quartile of Idorsia's pan-European biopharmaceutical comparator group. The majority of the CEO's pay takes the form of variable (at-risk) share-based compensation, thus minimizing the cash impact for the company.

Benefits and allowances

Benefits consist mainly of pension and insurances that are designed to provide a reasonable level of protection for the employees and their dependents with respect to retirement, risk of disability, death, and illness/accident. Allowances may include car-, transportation-, and relocation-related benefits. All members of the IEC participate in the benefits plan available in the country of their employment contract.

The current members of the IEC are all employed under Swiss employment contracts. They participate in Idorsia's pension plan, benefiting from the same provisions offered to all employees in Switzerland. Base salary and STIP are insured up to the maximum amount permitted by law. Idorsia's pension benefits exceed the minimum legal requirements of the Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) in order to retain our highly qualified employees and offer competitive pension benefits, aligned with the business practice of other leading multinational companies in Switzerland.

Share ownership guidelines

Under the share ownership guidelines, IEC members are required to hold Idorsia shares amounting at least to a specified multiple of their annual base salary within five years of their appointment to the IEC (or the introduction of the guidelines in 2018), as set out in the table below:

Role	Minimum share ownership requirement
CEO	300% of annual base salary
All other IEC members	200% of annual base salary

To calculate whether the minimum ownership requirement is met, all shares held by the IEC members are considered, including those held by their spouses (with the exception of Jean-Paul Clozel and Martine Clozel, where shares are only counted once for themselves and not for their spouses), and by their children under 18 years of age. Additionally, vested shares from compensation programs (regardless of any applicable blocking period) and the net-of-tax value of vested unexercised stock options are included in the calculation of share ownership. The NGCC reviews and confirms compliance with the share ownership guidelines on an annual basis.

Current share ownership by the members of IEC is outlined in the table below. The year-to-year decrease in share ownership percentages is explained by the share price development.

At present, all but two IEC members comfortably exceed the minimum share ownership requirement. Simon Jose and Alberto Gimona were appointed as members of the IEC in December 2018 and January

2022 respectively. Both should meet the requirements within the set timeframe of five years excluding events of a substantial rise or drop in the share price. In the event of a substantial rise or drop in the share price, the Board may, at its discretion, amend the specified time period accordingly.

Contents
Letter from the NGCC Chair
Compensation Governance
Compensation Principles
Compensation Structure: Board
> Compensation Structure: CEO and all other IEC members
Report of the Statutory Auditor
Compensation awarded to the Board and IEC
Investments held by the Board and IEC
Equity Overhang and Dilution in Idorsia Group

	Share ownership as a percentage of annual base salary	
	2022	2021
Jean-Paul Clozel CEO	74,712%	110,518%
Guy Braunstein EVP, Chief Medical Officer	580%	916%
Martine Clozel EVP, Chief Scientific Officer	39,603%	58,631%
Alberto Gimona EVP, Head of Global Clinical Development	15%	N/A
Simon Jose EVP, Chief Commercial Officer	97%	130%
André C. Muller EVP, Chief Financial Officer	247%	460%

– 2022 average share price applied = CHF 15.64
 – 2021 average share price applied = CHF 23.13
 – Tax rate applied for stock options = 40%

Employment contracts

All members of the IEC are employed under unlimited-term employment contracts with a notice period of twelve months. Members of the IEC are not contractually entitled to termination payments or any change-of-control provisions, other than the special vesting provisions of the LTIP awards mentioned above. Employment contracts of IEC members may include a non-competition clause, with a maximum duration of twelve months.

Contents

Letter from
the NGCC Chair

Compensation
Governance

Compensation
Principles

Compensation
Structure: Board

> Compensation Structure: CEO and all other IEC members

Report of the
Statutory Auditor

Compensation
awarded to the
Board and IEC

Investments
held by the
Board and IEC

Equity Overhang
and Dilution
in Idorsia Group

Clawback provisions

In order to ensure good corporate governance, Idorsia has implemented a clawback policy on variable incentive payments made under the STIP and LTIP, covering situations where the incentive payout was predicated on the achievement of certain financial results, which were subsequently subject to a material financial restatement due to intentional misconduct, as well as any other situations involving serious misconduct on the part of the recipient. In such cases, the Board is empowered either to recover the totality of the incentive or to recalculate the payout, taking into account the restated financial results, and to seek reimbursement of any amount paid in excess of the newly calculated amount.

Report of the Statutory Auditor on the audit of the Compensation Report

Contents

Letter from the NGCC Chair

Compensation Governance

Compensation Principles

Compensation Structure: Board

Compensation Structure: CEO and all other IEC members

> Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group

To the General Meeting of Idorsia Ltd., Allschwil.

Opinion

We have audited the compensation report of Idorsia Ltd. (Idorsia, the Company) for the year ended December 31, 2022. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Compensation in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegÜV) in the tables marked “audited” on pages 29, 32 to 34 of the compensation report.

In our opinion, the information on compensation, loans and advances in the accompanying compensation report complies with Swiss law and Art. 14-16 VegÜV.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on

Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the compensation report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked “audited” in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the compensation report does not cover the other information and

we do not express any form of assurance conclusion thereon.

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

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.

Board of Directors’ responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company’s articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable

Contents

Letter from the NGCC Chair

Compensation Governance

Compensation Principles

Compensation Structure: Board

Compensation Structure: CEO and all other IEC members

> Report of the Statutory Auditor

Compensation awarded to the Board and IEC

Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group

the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, 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 purpose 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.

We communicate with the Board of Directors or its relevant committee 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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

/s/Frederik Schmachtenberg

Licensed audit expert
(Auditor in charge)

/s/Michaela Held

Licensed audit expert

Basel, February 6, 2023

Compensation awarded to the Board and to the IEC

Compensation awarded to the Board for 2022

Contents

Letter from the NGCC Chair

Compensation Governance

Compensation Principles

Compensation Structure: Board

Compensation Structure: CEO and all other IEC members

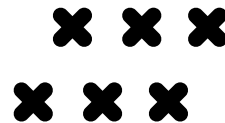
Report of the Statutory Auditor

> **Compensation awarded to the Board and IEC**

Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group

For 2022, NEDs received total compensation of CHF 1,163,621 (2021: CHF 1,166,199) in the form of cash fees of CHF 302,550 (2021: CHF 302,559), shares with fair value at grant of CHF 828,324 (2021: CHF 824,843) and social security and pension contributions of CHF 32,747 (2021: CHF 38,797). The total compensation for the Board in 2022 has decreased slightly compared with the previous financial year due to a reduction in social security contributions for one NED. The compensation structure and levels remained unchanged for all NEDs.



Board compensation (in CHF) - AUDITED

	2022				2021				
	Cash	Shares, fair value at grant date	Social security & pension contributions ¹	Total ²	Cash	Shares, fair value at grant date	Social security & pension contributions	Total ²	
Mathieu Simon Board Chair (since May 13, 2020) and Member of NGCC (since May 3, 2019)	87,500	259,621	-	347,121	87,500	259,293	-	346,793	
Jörn Aldag Member of FAC (since May 13, 2020) and Member of NGCC (May 13, 2020 – April 14, 2022)	47,100	101,776	9,159	158,035	47,091	101,676	9,153	157,920	
Contents Letter from the NGCC Chair	Felix R. Ehrat NGCC Chair (since May 12, 2021) and Member of FAC and NGCC (May 13, 2020 – May 12, 2021)	42,500	126,113	8,119	176,732	41,250	122,307	9,974	173,531
Compensation Governance	Srishti Gupta Member of NGCC (since May 12, 2021)	37,500	111,275	15,469	164,244	28,125	83,794	10,251	122,170
Compensation Principles	Peter Kellogg Member of FAC (since May 12, 2021)	45,450	103,426	-	148,876	34,088	77,854	5,180	117,122
Compensation Structure: Board	Sandy Mahatme FAC Chair (since May 13, 2020)	42,500	126,113	-	168,613	42,188	125,059	-	167,247
Compensation Structure: CEO and all other IEC members	Viviane Monges Member of FAC and Member of NGCC (until May 12, 2021)	N/A	N/A	N/A	N/A	9,375	27,340	2,251	38,966
Report of the Statutory Auditor	Michel de Rosen NGCC Chair (until May 12, 2021)	N/A	N/A	N/A	N/A	12,942	27,520	1,988	42,450
	Jean-Paul Clozel CEO and executive member of the Board	Jean-Paul Clozel received no additional compensation for his Board membership in 2021 and 2022. For his compensation as CEO, see the table "Compensation for the CEO and all other members of the IEC for 2022".							
	Total	302,550	828,324	32,747	1,163,621	302,559	824,843	38,797	1,166,199

> Compensation awarded to the Board and IEC

¹ There are no social security contributions for Peter Kellogg in 2022, as a US social security certificate of coverage exempts this Board member from social security contributions in Switzerland.

² The difference between the nominal retainer level for NEDs and the actual total compensation payout is due to share price fluctuation, fair market value calculations, and social security and pension contributions.

Investments
held by the
Board and IEC

Equity Overhang
and Dilution
in Idorsia Group

Contents

Letter from the NGCC Chair
Compensation Governance
Compensation Principles
Compensation Structure: Board
Compensation Structure: CEO and all other IEC members
Report of the Statutory Auditor

> Compensation awarded to the Board and IEC

Investments held by the Board and IEC
Equity Overhang and Dilution in Idorsia Group

For the period from the 2021 AGM to the 2022 AGM, shareholders approved an aggregate maximum compensation amount of CHF 1.3 million (excluding employer social security contributions) for NEDs. In the adjacent table, actual NED compensation from AGM 2021 to AGM 2022 is reconciled with the amount approved.

Reconciliation between the reported NED compensation awarded for financial year 2021 and the aggregate maximum compensation amount approved by shareholders at the 2021 AGM for the term of office 2021 AGM to 2022 AGM*

	Compensation awarded for 2021 (A)	Compensation awarded from 1.1.2021 to 2021 AGM (B)	Compensation awarded from 1.1.2022 to 2022 AGM (C)	Total compensation awarded from 2021 AGM to 2022 AGM (A-B+C)	Aggregate maximum compensation approved at the 2021 AGM	Total compensation awarded from 2021 AGM to 2022 AGM as a percentage of aggregate maximum compensation approved at the 2021 AGM
CHF	1,127,402	276,776	288,976	1,139,602	1,300,000	87.7%

* For reconciliation purposes all these numbers exclude social security contributions.

Contents

Letter from
the NGCC Chair

Compensation
Governance

Compensation
Principles

Compensation
Structure: Board

Compensation
Structure: CEO and
all other IEC members

Report of the
Statutory Auditor

> Compensation awarded to the Board and IEC

Investments
held by the
Board and IEC

Equity Overhang
and Dilution
in Idorsia Group

The compensation actually paid for the term of office 2021 AGM to 2022 AGM amounted to CHF 1.14 million (excluding employer social security contributions) and was therefore within the limit of the approved by the shareholders aggregate maximum compensation amount of CHF 1.3 million.

At the 2022 AGM, shareholders approved an aggregate maximum compensation amount, excluding social security contributions, of CHF 1.3 million for the Board for the term of office from the 2022 AGM to the 2023 AGM. The compensation actually paid for the portion of this term of office included in this Compensation Report is within the limit approved by the shareholders. A conclusive assessment for the entire period will be included in the Compensation Report 2023.

In the year under review, no compensation was paid to former members of the Board or to closely related parties of current or former members of the Board (2021: none).

No current or former members of the Board or closely related parties were granted a loan during the reporting year (2021: none). No loans were outstanding at the end of the year under review (2021: none).

Contents

Letter from the NGCC Chair
Compensation Governance
Compensation Principles
Compensation Structure: Board
Compensation Structure: CEO and all other IEC members
Report of the Statutory Auditor
> Compensation awarded to the Board and IEC
Investments held by the Board and IEC
Equity Overhang and Dilution in Idorsia Group

Compensation awarded to the CEO and all other members of the IEC for 2022

In line with statutory requirements and the practice of the majority of Swiss listed companies, Idorsia discloses compensation of the IEC in aggregate, excluding the individual compensation of the CEO (highest-paid member of the IEC).

For 2022, the IEC members received a total compensation of CHF 9,829,981 (2021: CHF 10,091,328) in the form of base salaries of CHF 3,386,609 (2021: CHF 2,819,942), short-term incentives of CHF 1,266,400 (2021: CHF 1,914,974), stock options granted under the LTIP with a fair value at grant of CHF 4,500,265 (2021: CHF 4,687,722), and other benefits, pension, and social security contributions of CHF 676,707 (2021: CHF 668,690).

The decrease in total compensation compared with the previous financial year is due to

Compensation for the CEO and all other members of the IEC for 2022 - AUDITED

In CHF (gross) ¹	Base salary	Short-term incentive ²	Long-term incentive ³	Other benefits ⁴	Pension ⁵	Social security contributions & risk premiums to pension fund ⁶	Total amount
Jean-Paul Clozel CEO and highest-paid member of the IEC	750,000	487,500	1,350,030	-	62,850	74,891	2,725,271
All other IEC members (five)	2,636,609	778,900	3,150,235	33,928	260,790	244,248	7,104,710
Total	3,386,609	1,266,400	4,500,265	33,928	323,640	319,139	9,829,981

¹ From January 1 to December 31, 2022

² Payout under the STIP for financial year 2022 (accrual principle)

³ Fair value at grant date

⁴ Car- and transportation allowances & relocation benefits (accrual principle)

⁵ Employer contributions to company pension plan (accrual principle)

⁶ The social security contributions for LTIP awards are not included, as they are only due at exercise; they are expected to trigger employer social security costs up to 7% of the gain at exercise.

lower STIP and LTIP payouts. In 2022, the Board limited the 2022 bonus payout to 65% of the target for the global company goals, compared with 100% for the previous year. For the financial year 2022, stock options have been granted at 120% of the target level, except in the case of one member, for whom the award was at 150% of the target. For the

financial year 2021, the stock options grant was 150% of the target level for all members of the IEC. The increase in base salary results predominantly from the increase in the number of IEC members from five to six in total.

Compensation for the CEO and all other members of the IEC for 2021 - AUDITED

Contents

Letter from
the NGCC Chair

Compensation
Governance

Compensation
Principles

Compensation
Structure: Board

Compensation
Structure: CEO and
all other IEC members

Report of the
Statutory Auditor

	Base salary	Short-term incentive ²	Long-term incentive ³	Other benefits ⁴	Pension ⁵	Social security contributions & risk premiums to pension fund ⁶	Total amount
In CHF (gross) ¹							
Jean-Paul Clozel CEO and highest-paid member of the IEC	750,000	750,000	1,687,566	-	61,770	88,095	3,337,431
All other IEC members (Four)	2,069,942	1,164,974	3,000,156	56,195	207,682	254,948	6,753,897
Total	2,819,942	1,914,974	4,687,722	56,195	269,452	343,043	10,091,328

¹ From January 1 to December 31, 2021

² Payout under the STIP for financial year 2021 (accrual principle)

³ Fair value at grant date

⁴ Car- and transportation allowances & relocation benefits (accrual principle)

⁵ Employer contributions to company pension plan (accrual principle)

⁶ The social security contributions for LTIP awards are not included, as they are only due at exercise; they are expected to trigger employer social security costs up to 7% of the gain at exercise.

The total amount of compensation awarded to the IEC for the financial year 2022 (CHF 9,510,842 excluding employer social security contributions) is below the aggregate maximum compensation amount of CHF 15 million (excluding employer social security contributions) approved at the 2021 AGM for the financial year 2022.

In the year under review, no compensation was paid to former members of the IEC or to closely related parties of current or former members of the IEC (2021: none).

No current or former members of the IEC or closely related parties were granted a loan during the reporting year (2021: none). No loans were outstanding at the end of the year under review (2021: none).

> Compensation awarded to the Board and IEC

Investments
held by the
Board and IEC

Equity Overhang
and Dilution
in Idorsia Group

Investments held by the Board and the IEC

As of December 31, 2022, the NEDs held a total of 206,285 registered shares (2021: 127,565) and no stock options (2021: none) on shares of Idorsia Ltd.

As of December 31, 2022, the IEC members held a total of 48,923,397 (2021: 48,851,380) registered shares and a total of 3,897,950 (2021: 2,891,050) stock options on shares of Idorsia Ltd.

Contents

Letter from the NGCC Chair
Compensation Governance
Compensation Principles
Compensation Structure: Board
Compensation Structure: CEO and all other IEC members
Report of the Statutory Auditor
Compensation awarded to the Board and IEC

	Number of shares	
	2022	2021
Mathieu Simon Board Chair (since May 13, 2020) and Member of NGCC (since May 3, 2019)	65,452	47,361
Jörn Aldag Member of FAC (since May 13, 2020) and Member of NGCC (May 13, 2020 – April 14, 2022)	14,593	7,501
Felix R. Ehrat NGCC Chair (since May 12, 2021) and Member of FAC and Member of NGCC (May 13, 2020 – May 12, 2021)	70,527	55,739
Srishti Gupta Member NGCC (since May 12, 2021)	18,803	4,049
Peter Kellogg Member FAC (since May 12, 2021)	10,969	3,762
Sandy Mahatme FAC Chair (since May 13, 2020)	25,941	9,153
Jean-Paul Clozel CEO and executive member of the Board	See adjacent table	
Total	206,285	127,565

AUDITED

	Number of shares		Number of options	
	2022	2021	2022	2021
Jean-Paul Clozel CEO	35,827,293	35,800,945	1,326,550	1,081,090
Guy Braunstein EVP, Chief Medical Officer	194,958	185,725	628,590	519,490
Martine Clozel EVP, Chief Scientific Officer	12,769,479	12,760,621	582,950	473,850
Alberto Gimona EVP, Head of Global Clinical Development	4,743	N/A	297,770	N/A
Simon Jose EVP, Chief Commercial Officer	32,217	23,083	406,230	297,130
André C. Muller EVP, Chief Financial Officer	94,707	81,006	655,860	519,490
Total	48,923,397	48,851,380	3,897,950	2,891,050

AUDITED

Not included in the table above are conversion rights from the convertible bonds. As of December 31, 2022, Jean-Paul Clozel held 5,295,901 conversion rights and Martine Clozel held 1,893,950 conversion rights from the convertible bonds.

> Investments held by the Board and IEC

Equity Overhang and Dilution in Idorsia Group

Equity Overhang and Dilution in Idorsia Group

Contents

Letter from
the NGCC Chair

Compensation
Governance

Compensation
Principles

Compensation
Structure: Board

Compensation
Structure: CEO and
all other IEC members

Report of the
Statutory Auditor

Compensation
awarded to the
Board and IEC

Investments
held by the
Board and IEC

> **Equity Overhang
and Dilution
in Idorsia Group**

In total, as of December 31, 2022, the Group equity overhang – defined as the total number of stock options outstanding (9,427,949), restricted stock units (3,295,206) and performance share units (1,577,747) divided by the total number of issued shares as registered in the share register (177,558,532) – amounted to 8.05% (2021: 5.08%).

The company's "burn rate" – defined as the number of stock options (1,875,060), shares (138,867), restricted stock units (2,615,945) and performance share units (1,604,590) granted in 2022 divided by the total number of issued shares as registered in the share register – amounted to 3.51% (2021: 1.15%).

The increase in the equity overhang and "burn rate" for the financial year 2022 is due to the one-off equity program "Ambition 2027" (see above in the Report).

Be prepared for more

**Curious to learn more?
Reach out to us.**

Investor Relations
Idorsia Pharmaceuticals Ltd
Hegenheimermattweg 91
4123 Allschwil
Switzerland

Phone +41 58 844 10 10
investor.relations@idorsia.com
© Idorsia Pharmaceuticals Ltd 2023
www.idorsia.com

All trademarks are legally protected.
Concept and design: Markenfels AG

