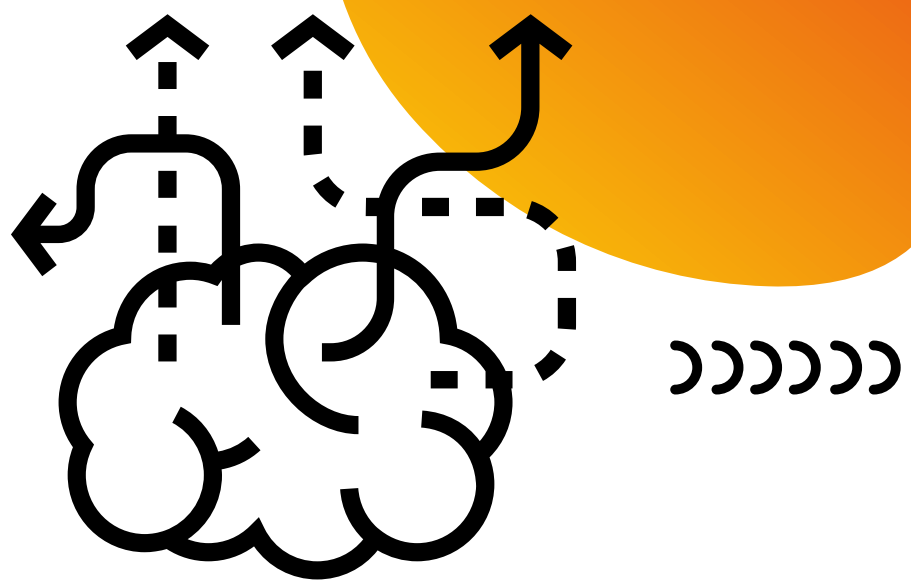
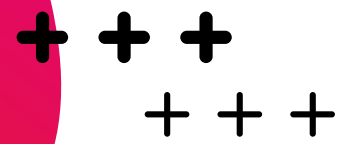


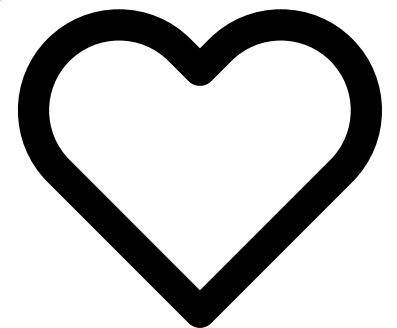
To the Shareholders of Idorsia Ltd

# Notice of the Annual General Meeting 2022



Date

Thursday, April 14, 2022, 17:45



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“Once again, I am impressed by what has been accomplished at Idorsia in 2021.”

**Mathieu Simon**

Chairman of the Board of Directors



## Dear Shareholders

When we were last looking forward to Idorsia’s Annual General Meeting of Shareholders, we were still caught in the grip of the pandemic. Thanks to global research efforts and constant innovation, vaccines have been made widely available in record time, and life is now returning to some semblance of normality. However, in view of the precarious pandemic situation and the continued risk to vulnerable populations, we will once again be holding the meeting in accordance with the requirements of the COVID 19 Ordinance 3, issued by the Swiss Federal Council. This means that attendance in person will not be possible, and voting will take place by independent proxy.

While it is disappointing not to be able to invite you to hear about the progress your

company is making, the past few years have shown that it is possible to adequately cover the agenda items without physically bringing people together. Since we are always looking for more efficient ways to conduct our activities, the Board will be evaluating how the meeting should be run in a post-pandemic era.

Let me now take this opportunity to give you an overview of our progress and provide some context on the Board’s proposals, which you are invited to vote on either by postal vote or via the electronic voting platform.

Once again, I am impressed by what has been accomplished at Idorsia in 2021. We have continued to pursue and to deliver

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on the strategic priorities that were set at the beginning of Idorsia’s journey. This has brought us to the point where we are now just weeks away from launching our first products in two of the world’s largest pharmaceutical markets.

A full description of last year’s achievements and where your company stands at the beginning of 2022 is given in the recently published Annual Report 2021, available at: [www.idorsia.com/annual-report](http://www.idorsia.com/annual-report). In the report, you will recognize two main themes aligned with Idorsia’s strategic priorities – delivering innovations from bench to bedside and scaling up to achieve this on a global scale. With the recent US approval of QUVIVIQ™ (daridorexant) and the anticipated EU approval, as well as the approval of PIVLAZ™ (clazosentan) in Japan, Idorsia is on the cusp of bringing its innovations to patients, becoming a fully fledged biopharmaceutical company, and putting sustainable profitability within reach.

As recently announced, we are confident that we will become profitable in 2025, with annual sales exceeding CHF 1 billion. While we are not yet funded to break-even, we have the full range of financing options

available to us – notably through royalty monetization and partnership deals involving our diverse pipeline of unencumbered assets. Even though we are prioritizing non-dilutive instruments, we must remain financially and strategically flexible.

To maximize the impact of our innovation, we must attract, develop and retain the best talent in a highly competitive job market. Idorsia’s Long-Term Incentive Plan currently involves grants of stock options and restricted stock units, which are cash-preserving and focused on long-term value creation, thus ensuring close alignment with shareholder interests. To this end, we are asking you to approve an increase of conditional share capital to cover our long-term incentive plan with regard to stock-based compensation for eligible employees, as well as to fully cover conversion rights or options in relation to convertible debt instruments, bonds, loans and similar forms of financing.

Over the past year, the Board has worked very closely with the management team to ensure excellent execution across Idorsia and the successful introduction of our products. In this period, I am pleased to

have the continuity of oversight provided by a stable board standing for re-election. We would be very proud if you placed your trust in us again, and we look forward to continuing to lead Idorsia on its exciting journey.

All the other items on the agenda are relatively straightforward, with explanations given with the proposal or in the Appendix, and I encourage you to exercise your voting rights through the proxy vote.

With product launches and more study results expected in 2022, another exciting year is in prospect – a transformative year, in which Idorsia becomes a fully fledged biopharmaceutical company. Stay tuned and be prepared for more!

I send you my best wishes for 2022.

Best regards,



**Mathieu Simon**  
Chairman of the Board of Directors

# Overview

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  - 1.1 **Approval of Annual Report 2021, Consolidated Financial Statements 2021 and Statutory Financial Statements 2021**
  - 1.2 **Consultative vote on the Compensation Report 2021**
2. **Appropriation of available earnings**
3. **Discharge of the Board of Directors and of the Executive Committee**
4. **Increase of conditional share capital**
5. **Board elections**
  - 5.1 **Re-election of members of the Board of Directors**
  - 5.2 **Re-election of the Chair of the Board of Directors**
  - 5.3 **Re-election of members of the Compensation Committee**
6. **Approval of Board compensation and Executive Committee compensation**
  - 6.1 **Approval of Board compensation (Non-Executive Directors) for the 2022–2023 term of office**
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7. **Election of the Independent Proxy**
8. **Election of the statutory auditors**

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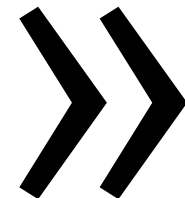
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# Agenda and proposals

## 1. Annual Report 2021, Consolidated Financial Statements 2021, Statutory Financial Statements 2021 and Compensation Report 2021

### 1.1 Approval of Annual Report 2021, Consolidated Financial Statements 2021 and Statutory Financial Statements 2021

#### Proposal of the Board of Directors:

The Board of Directors proposes that the Annual Report 2021, the Consolidated Financial Statements 2021 and the Statutory Financial Statements 2021 be approved.

### 1.2 Consultative vote on the Compensation Report 2021

#### Proposal of the Board of Directors:

The Board of Directors proposes that the Compensation Report 2021 be endorsed (non binding consultative vote).

#### Explanation by the Board of Directors:

The Compensation Report has been made available to shareholders and can be downloaded from the company's website: [www.idorsia.com/annual-report](http://www.idorsia.com/annual-report). It explains the governance framework and the principles underlying the compensation structure at Idorsia. In addition, the Compensation Report sets out the remuneration of the Board of Directors and the Idorsia Executive Committee for 2021, as required under the Ordinance against Excessive Remuneration at Listed Companies.

## 2. Appropriation of available earnings

#### Proposal of the Board of Directors:

The Board of Directors proposes the following appropriation:

(in CHF thousands)	
<b>Accumulated profit (loss) at January 1, 2021</b>	<b>(24,858)</b>
Net profit (loss) for the year 2021	(10,183)
<b>Balance to be carried forward</b>	<b>(35,042)</b>

#### Explanation by the Board of Directors:

The net loss for the year 2021 is carried forward.

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### 3. Discharge of the Board of Directors and of the Executive Committee

**Proposal of the Board of Directors:**

The Board of Directors proposes that all members of the Board of Directors and of the Executive Committee be granted discharge for the financial year 2021.

### 4. Increase of conditional share capital

**Proposal of the Board of Directors:**

The Board of Directors proposes that the existing conditional share capital for the exercise of option rights or in connection with similar rights regarding shares (including restricted stock units (RSUs) or potential performance stock units (PSUs)) granted to officers and eligible employees at all levels of the Company and its group companies according to respective regulations and resolutions of the Board of Directors in the amount of CHF 587,308.55 be increased by CHF 162,691.45 to

CHF 750,000, and that the existing conditional share capital for the exercise of conversion rights or options in relation with convertible debt instruments, bonds, loans and similar forms of financing of the Company or of a subsidiary company in the amount of CHF 2,600,000 be increased by CHF 150,000 to CHF 2,750,000, with the first and second sections of Article 3A of the company's Articles of Association being amended as follows (changes underlined):

1. The share capital of the Company may be increased by up to CHF ~~587'308.55~~ 750,000 by issuing up to ~~11'746'177~~ 15,000,000 fully paid-in registered shares with a nominal value of CHF 0.05 each, upon the exercise of option rights or in connection with similar rights regarding shares (including restricted stock units (RSUs) or performance stock units (PSUs)) granted to officers and employees at all levels of the Company and its group companies according to respective regulations and resolutions of the Board of Directors. *(The rest of section 1 remains unchanged.)*

2. The share capital of the Company shall be increased in an amount of not more than CHF ~~2,600,000.00~~ 2,750,000.00 by issuance

of not more than ~~52,000,000~~ 55,000,000 fully paid-in registered shares with a nominal value of CHF 0.05 per share by means of the exercise of conversion rights or options in relation with convertible debt instruments, bonds, loans and similar forms of financing of the Company or of a subsidiary company. *(The rest of section 2 remains unchanged.)*

**Explanation by the Board of Directors:**

To maximize the impact of our innovation, we must attract, develop and retain the best talent in a highly competitive job market. Idorsia's Long-Term Incentive Plan is currently designed in the form of stock options and similar rights regarding shares, which are cash-preserving and focused on long-term value creation, ensuring close alignment with shareholder interests. The increase of the conditional share capital provides the flexibility to grant such incentives, considering the importance of attraction and long-term retention of talent. An increase of the conditional share capital is also required to fully cover convertible debt instruments, bonds, loans and similar forms of financing that have already been issued.



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## 5. Board elections

### 5.1 Re-election of members of the Board of Directors

#### **Proposal of the Board of Directors:**

The Board of Directors proposes that each of the following members be re-elected as directors for a term of office until the conclusion of the Annual General Meeting 2023:

- Mathieu Simon
- Joern Aldag
- Jean-Paul Clozel
- Felix R. Ehrat
- Srishti Gupta
- Peter Kellogg
- Sandy Mahatme

#### **Explanation by the Board of Directors:**

The elections will be conducted on an individual basis. For further information on the proposed candidates, please refer to the Corporate Governance Report 2021, which can be downloaded from the company's website.

### 5.2 Re-election of the Chair of the Board of Directors

#### **Proposal of the Board of Directors:**

The Board of Directors proposes that Mathieu Simon be re-elected as Chairman of the Board of Directors for a term of office until the conclusion of the Annual General Meeting 2023.

### 5.3 Re-election of members of the Compensation Committee

#### **Proposal of the Board of Directors:**

The Board of Directors proposes that Mathieu Simon, Felix R. Ehrat, and Srishti Gupta be re-elected as members of the Compensation Committee for a term of office until the conclusion of the Annual General Meeting 2023.

#### **Explanation by the Board of Directors:**

The elections will be conducted on an individual basis.

## 6. Approval of Board compensation and Executive Committee compensation

### 6.1 Approval of Board compensation (Non-Executive Directors) for the 2022–2023 term of office

#### **Proposal of the Board of Directors:**

The Board of Directors proposes the approval of the aggregate maximum amount of compensation for the Board of Directors (Non-Executive Directors) of CHF 1.3 million (excluding employer social security and obligatory minimum pension contributions) for the term of office until the Annual General Meeting 2023, an amount which is unchanged from the previous term of office.

#### **Explanation by the Board of Directors:**

Each year, in accordance with Article 7 Section 1 (a) of the Articles of Association, the Board of Directors submits to the Annual General Meeting for approval the aggregate maximum amount of compensation for the Board of Directors for the period until the next Annual General Meeting.

The Board decides upon the allocation of compensation to individual members. In addition, the company pays compulsory social security and obligatory pension contributions as required by law.

More detailed information on the proposal can be found in the Appendix.

The actual compensation paid to each member of the Board of Directors (Non-Executive Directors) is disclosed per calendar year in the Compensation Report. As required by the company's Articles of Association, the Compensation Report is also submitted to the Annual General Meeting for a non-binding consultative vote.

## 6.2 Approval of Executive Committee compensation 2023

### Proposal of the Board of Directors:

The Board of Directors proposes the approval of the aggregate maximum amount of compensation for the Idorsia Executive Committee (IEC) of CHF 17.22 million for the financial year 2023 (excluding employer social security contributions).

### Explanation by the Board of Directors:

Each year, in accordance with Article 7 Section 1 (b) of the Articles of Association, the Board of Directors submits to the Annual General Meeting for approval the aggregate maximum amount of compensation for the IEC for the next financial year. The proposed amount of CHF 17.22 million for the 2023 financial year is higher than the amount approved for the 2022 financial year (CHF 15 million), mainly due to the presence of an additional member of the IEC – Alberto Gimona, Executive Vice President, Head of Global Clinical Development, who succeeded Guy Braunstein in this capacity, with the latter taking on the new role of Executive Vice President, Chief Medical Officer, while retaining his seat in the IEC. This amount includes the base salary, benefits and allowances payable in 2023, the variable short term compensation payable in respect of 2023, as well as the variable long-term compensation to be awarded in 2023.

The aggregate maximum compensation amount represents a budget, incorporating the maximum amount payable to all IEC members under the bonus plan (200% of target) in cases of outstanding company and individual performance against annual goals. It also includes variable long-term incentive awards under the company's allocation grid, with a potential increase of 25% and assuming that these awards are made at the maximum (200% of target) grant level permitted under the company's Articles of Association for exceeding expectations on business deliverables. It should not be regarded as the compensation amount that will actually be paid or awarded. The actual compensation will depend on the company's performance and individual achievements.

In addition, the company pays compulsory social security contributions as required by law.

More detailed information on the proposal can be found in the Appendix.

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The aggregate compensation paid to the IEC in 2022, as well as the compensation of its highest paid member, will be disclosed in the Compensation Report 2022 and submitted to the Annual General Meeting 2023 for a non-binding consultative vote.

## 7. Election of the Independent Proxy

### **Proposal of the Board of Directors:**

The Board of Directors proposes that BachmannPartner AG be re-elected as Independent Proxy for a term of office until the conclusion of the Annual General Meeting 2023.

## 8. Election of the statutory auditors

### **Proposal of the Board of Directors:**

The Board of Directors proposes that Ernst & Young AG, Basel, be re-elected as statutory auditors for the financial year 2022 (term of office until the conclusion of the Annual General Meeting 2023).

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# Organizational notes

## Agenda item requests

On February 9, 2022, following an announcement in the media on February 8, 2022, Idorsia Ltd published a notice in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt), inviting qualifying shareholders to submit their requests for the inclusion of individual items on the agenda by February 28, 2022. No such requests have been received.

## Annual Report and Compensation Report

The Annual Report with Consolidated and Statutory Financial Statements, the Auditors' Reports for 2021 and the Compensation Report 2021 can be consulted by the shareholders at the premises of Idorsia Ltd, Hegenheimermattweg 91, CH-4123 Allschwil. Registered shareholders may request a copy of these documents.

All documents are also available online at **[www.idorsia.com/annual-report](http://www.idorsia.com/annual-report)**.

## Exercise of voting rights and representation

Shares only qualify for voting if entered in the Share Register with voting rights on April 5, 2022.

The attached form may be used to appoint the Independent Proxy, BachmannPartner AG, Seidenhofstrasse 2, 6003 Luzern, using the enclosed envelope. Forms must be received by April 11, 2022; please allow an appropriate time for delivery.

## Electronic authorizations and instructions to the Independent Proxy

Shareholders may issue electronic authorizations and instructions to the Independent Proxy at

**<https://idorsia.netvote.ch>**. The requisite login data is enclosed in the meeting materials supplied to shareholders. Shareholders may change any instructions they may have communicated electronically up to, but no later than, 12:00 on April 11, 2022.

## Venue / Shareholder statements/questions

The AGM takes place at the premises of Idorsia Ltd, Hegenheimermattweg 91, CH-4123 Allschwil. However, since shareholders are not permitted to attend the AGM in person, shareholders who would like to make a statement or who have questions are requested to send their communication by e-mail to **[investor.relations@idorsia.com](mailto:investor.relations@idorsia.com)**.

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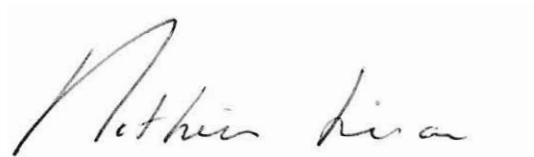
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### Shareholder motions

Motions from shareholders with regard to agenda items are only permissible if they are submitted before the Annual General Meeting by the respective shareholders or by an individual proxy acting on their behalf. The Independent Proxy will not act as an individual proxy for this purpose.

Allschwil, March 3, 2022



For the Board of Directors:  
**Mathieu Simon**  
Chairman of the Board

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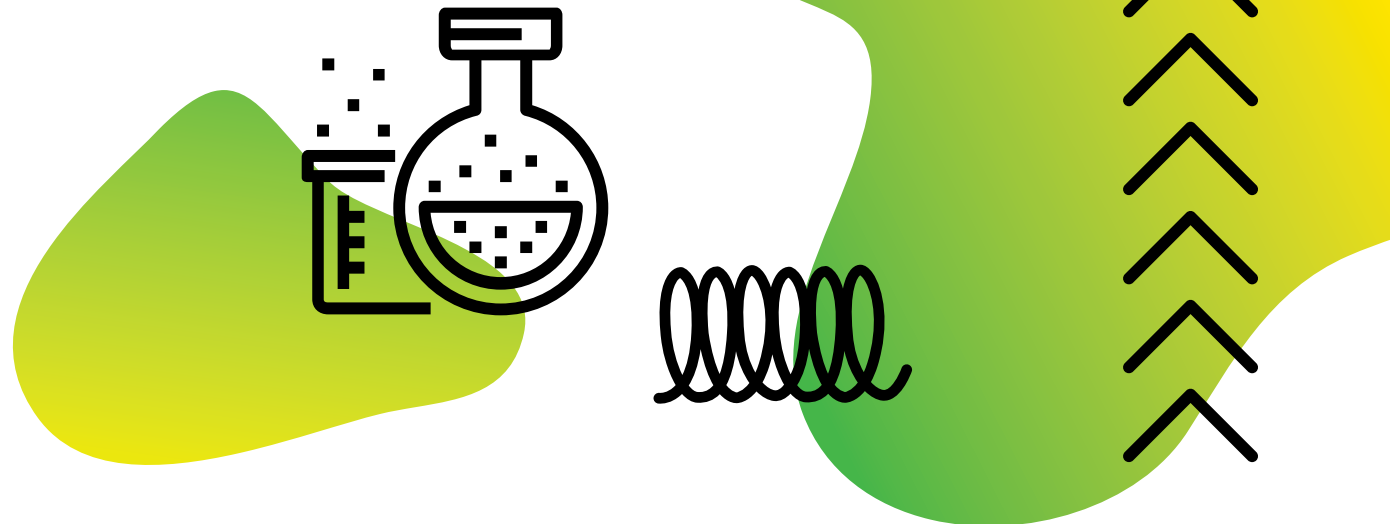
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# Appendix to the Notice of the AGM

## Additional information for the vote on Board compensation and Executive Committee compensation

### 1. Introduction

As in prior years and in line with the Ordinance against Excessive Remuneration at Listed Companies (“Ordinance”), the compensation of the Board of Directors and the Executive Management (Idorsia Executive Committee or IEC) is submitted to a binding shareholder vote for approval at the AGM.

The shareholders’ approval of the aggregate maximum amount of compensation for the Board of Directors (Non-Executive Directors) relates to the one-year period from the AGM 2022 to the AGM 2023. The shareholders’ approval of the aggregate maximum amount of compensation for the IEC relates to the financial year 2023.

Important information with regard to these votes can be found on the following pages.

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## 2. Approval of Board compensation (Non-Executive Directors or NEDs)

### a) NED compensation structure for the AGM 2022–AGM 2023 term of office

The proposed NED compensation structure for the period from the AGM 2022 to the AGM 2023 remains unchanged compared to the previous term of office and is set out in the following table:

#### NEDs' compensation per term of office\*

	CHF
Board Chair	<b>350,000</b>
Board member	<b>150,000</b>
Additional fee for Committee Chairs	<b>20,000</b>

\* In connection with the payment of Board fees, Idorsia Ltd is responsible for paying the company-related portion of contributions to social security systems and obligatory pension contributions in line with applicable law. Any such contributions are not part of the aggregate maximum amount of compensation proposed for approval.

Of the total compensation, 25% is paid in cash and 75% in shares blocked for one year. 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.

No additional fees are payable for membership of a Committee of the Board.

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**b) Explanation of the calculation of NED compensation for the AGM 2022–AGM 2023 term of office**

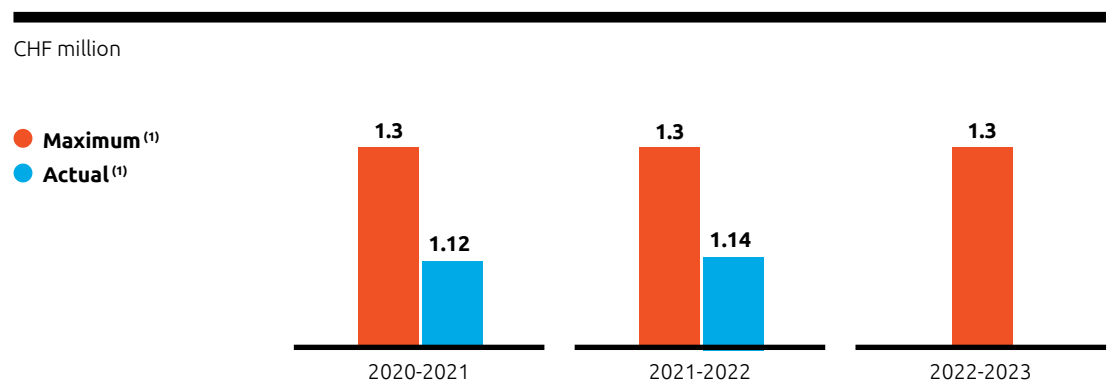
The aggregate maximum amount of compensation for NEDs for the AGM 2022–AGM 2023 term of office proposed for approval at the AGM 2022 is CHF 1.3 million, which is the same amount as was approved by shareholders for the AGM 2021–AGM 2022 term of office. These figures exclude compensation for the CEO (who does not receive any additional compensation for his Board membership) and employer social security and obligatory pension contributions.

The aggregate maximum amount of CHF 1.3 million is based on the expected fees payable to the proposed six NEDs and includes a reserve for the possibility of an additional Board member if required.

The actual aggregate compensation for the six current NEDs for the AGM 2021–AGM 2022 term of office is CHF 1.14 million, or 87% of the approved maximum (assuming no changes to Board membership prior to the AGM 2022). This amount includes actual compensation paid to NEDs for the first three quarters of the term of office 2021–2022 and assumes a nominal Board retainer

value for the fourth quarter of this term of office. This approach is applied since the payout for the fourth quarter takes place at the end of March 2022, and the actual amount was therefore not available before the publication of this AGM Notice.

The following chart shows the progression in the aggregate maximum amount of NED compensation from AGM 2020 to 2023, and compares the actual amount (except for the fourth quarter of the Board term of office 2021–2022, for which a nominal Board retainer value was applied) for the terms 2020–2022 to the maximum previously approved by the shareholders of Idorsia:



<sup>(1)</sup> In connection with NED compensation, Idorsia Ltd pays the company-related portion of social security and obligatory pension contributions in line with applicable law. These contributions are not included in the aggregate maximum amount or in the actual values in the chart.



## 3. Approval of IEC compensation for 2023

### a) Overview of standard compensation elements for IEC members

#### 1. Base salary, benefits and allowances

- Based on scope and level of responsibility of the position, and the knowledge and experience required to fulfill the role.
- Statutory benefits such as pension plan and insurance and other allowances (e.g., car, transportation, relocation, etc.).

#### 2. Short-Term Incentive Plan (STIP)

- This plan incentivizes the achievement of annual Idorsia company goals.
- The target award is a percentage of base salary.
- The payout is in the form of a bonus payable in shares (65%; subject to a two-year blocking period) and in cash (35%) during the year following the performance year. Under the company's Articles of Association, it can range between 0% and 200% based on actual achievement of goals versus predetermined targets.

#### 3. Long-Term Incentive Plan (LTIP)

- This aligns IEC compensation with shareholder returns.
- Annual grant currently consists of stock options which vest after three years, subject to continued employment.
- A grid of target award size is set annually. Under the company's Articles of Association, actual awards can be up to 200% of the target level, depending on the level of performance, demonstration of behaviors in line with Idorsia's culture, and the need for recognition and long-term retention.

### b) Explanation of the calculation of IEC compensation for 2023

The aggregate maximum amount of IEC compensation for 2023 proposed for approval at the AGM 2022 is CHF 17.22 million, as compared to CHF 15 million approved for 2022. The difference is largely attributable to the increase in the number of IEC members, from five in 2021 to six as of January 2022. The assumptions for potential salary increase, possible maximum payout under the STIP, and possible maximum award under the LTIP, with the possibility of increased target levels of the awards, remain unchanged from the financial year 2022.

This figure assumes no change in IEC headcount between 2022 and 2023.

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The 2023 budget is calculated on the following basis:

**1. Base salary, benefits and allowances:**

This comprises the aggregate salaries of the IEC in 2022 – increased by 3% – benefits and allowances, and employer pension contributions, calculated in accordance with Idorsia’s Compensation Policies and Pension Plan provisions.

**2. Short-Term Incentive Plan (STIP):**

In setting the maximum budget for the STIP awards, a maximum potential payout of 200% of the aggregate IEC bonus, as permitted under the company’s Articles of Association, is used. This assumption is made in accordance with the company’s remuneration regulations, so as to accommodate any possible level of performance in 2023, and to enable the company to fulfill its legal obligations. In 2023, we intend to

continue commercializing our first medicinal products in new geographies and advancing our diverse clinical compounds through the development pipeline. However, it should be noted that the NGCC has not yet considered whether it will be appropriate for the maximum potential payout to be set at 200% for 2023.

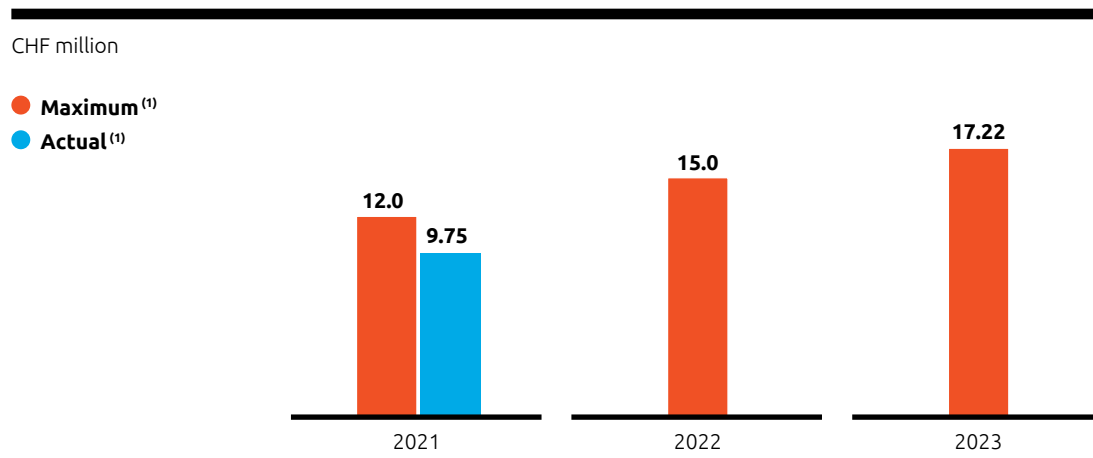
**3. Long-Term Incentive Plan (LTIP):**

In setting the maximum budget for the LTIP awards, it has been assumed that:

- The target award levels set by the Board are increased by 25% from the levels set in 2019.
- The possible maximum fair value of awards for 2023 is increased from 150% to 200% of the aggregate IEC target level, as permitted under the company’s Articles of Association.

These assumptions are being made as Idorsia is making great progress in delivering on the five strategic priorities set at the inception of the company in 2017. They will ensure that the Board can appropriately incentivize and reward the IEC for the successful launch of the company’s first products and the achievement of other milestones, all of which are key to the company’s future success and sustainability. However, it should be noted that the NGCC has not yet considered whether it will be appropriate to increase for 2023 the target levels in the grid and/or the maximum potential award payout from the current maximum set by the Committee at 150% of target.

The following chart shows the progression in the aggregate maximum amount of IEC compensation from 2021 to 2023, and compares the actual amount for 2021 to the maximum previously approved by the shareholders of Idorsia:



<sup>(1)</sup> In connection with IEC compensation, Idorsia pays the company-related portion of social security contributions in line with applicable law. These contributions are not included in the aggregate maximum total amount or in the actual values in the chart. Likewise, the social security contributions for LTIP awards are not included, as they are only due at exercise of the stock options; they are expected to trigger employer social security costs up to 7% of the gain at exercise.

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The following table shows the breakdown of the aggregate maximum IEC compensation for 2023. The breakdown is indicative and subject to change; however, the total for 2023 should not exceed CHF 17.22 million (excluding employer social security contributions, and assuming no increase in the number of IEC members).

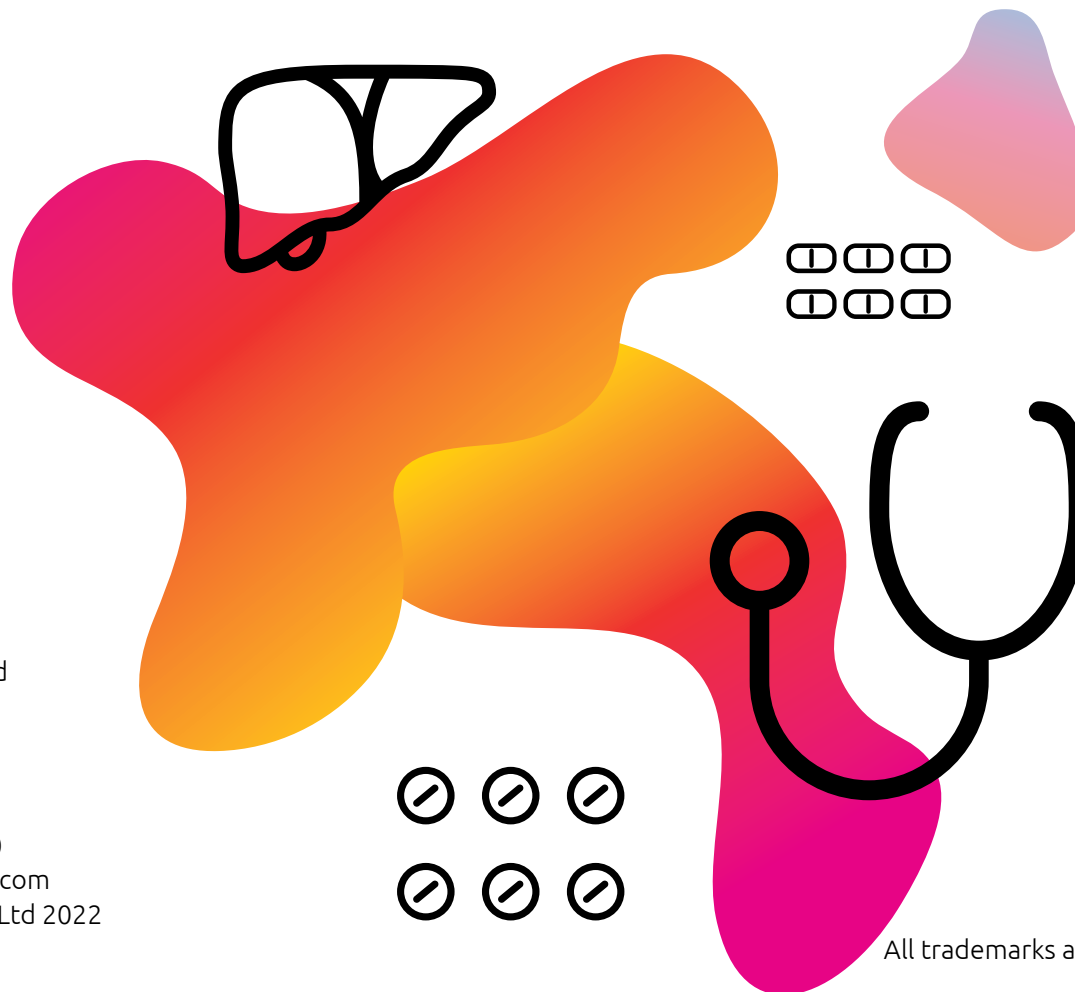
### Compensation elements

Maximum amount in CHF million	
Base salary, benefits, and allowances	3.91
Short-Term Incentive Plan (STIP)	4.25
Long-Term Incentive Plan (LTIP)	9.06
<b>Total 2023</b>	<b>17.22</b>

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# Curious to learn more? Reach out to us.

**Idorsia Annual Report 2021,  
available on the Idorsia website:  
[www.idorsia.com](http://www.idorsia.com)**



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