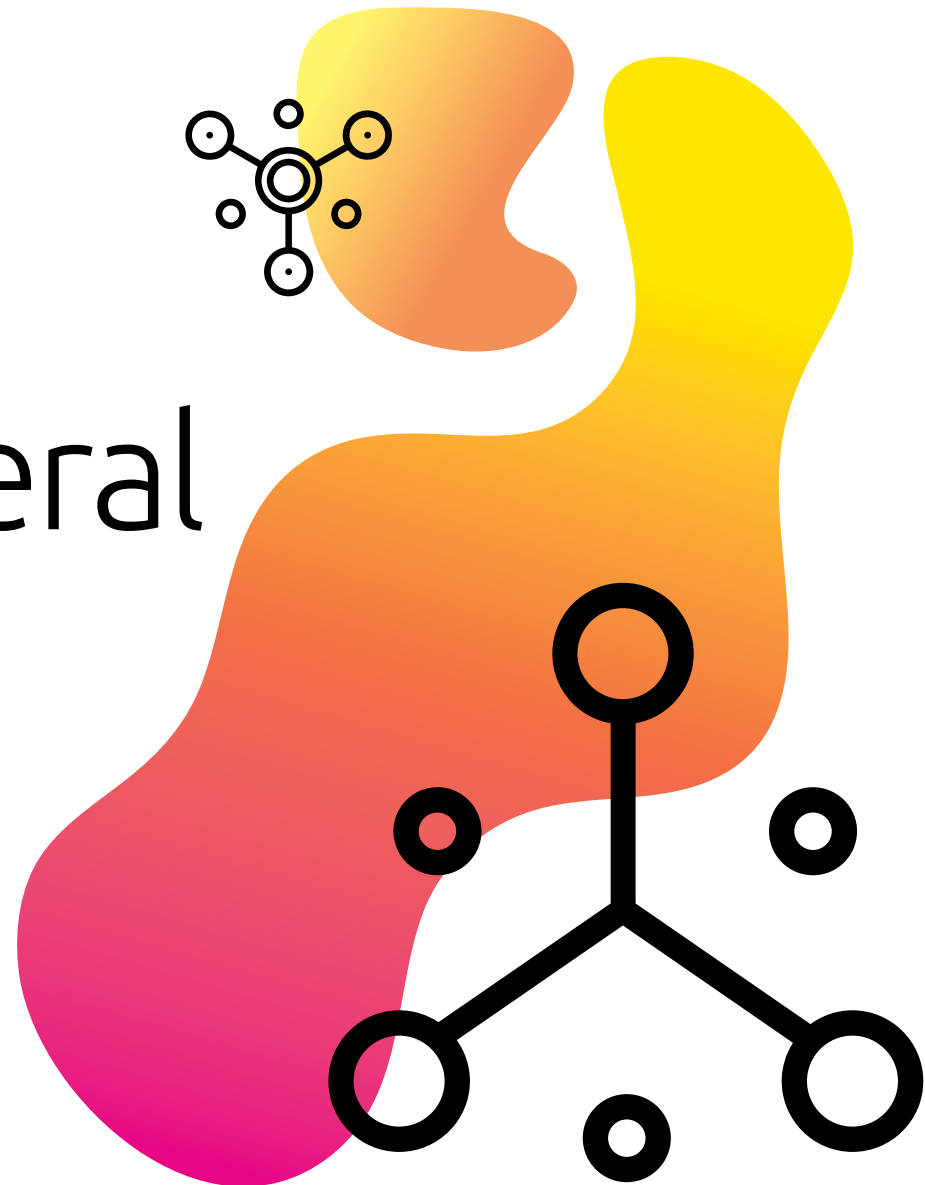
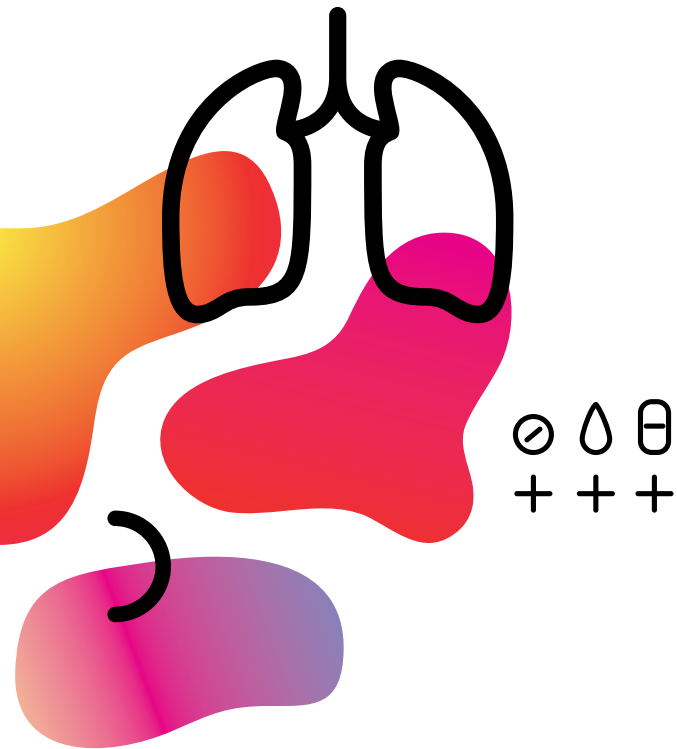


To the Shareholders of Idorsia Ltd

# Invitation to the Annual General Meeting 2023



**idorsia**

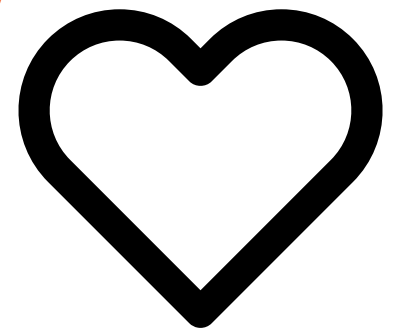
# Invitation

## Date

Thursday, May 4, 2023, **09:00**  
(Admission from 08:30)

## Venue

Congress Center Basel,  
Messeplatz 21, 4058 Basel



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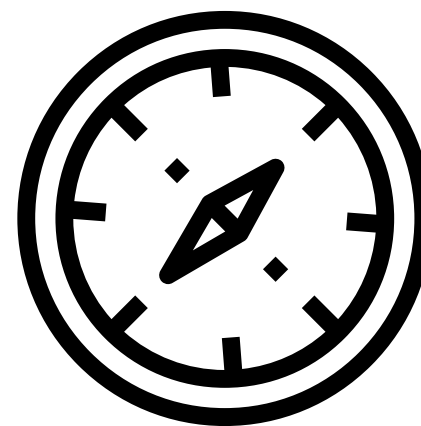
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# Agenda and proposals

## 1. Annual Report 2022, Consolidated Financial Statements 2022, Statutory Financial Statements 2022, and Compensation Report 2022

### 1.1 Approval of Annual Report 2022, Consolidated Financial Statements 2022, and Statutory Financial Statements 2022

#### Proposal of the Board of Directors:

The Board of Directors proposes that the Annual Report 2022, the Consolidated Financial Statements 2022, and the Statutory Financial Statements 2022 be approved.

#### Explanation by the Board of Directors:

Pursuant to the Swiss Code of Obligations (CO), the Annual General Meeting is responsible for approving the annual report, the consolidated financial statements, and the statutory financial statements.

### 1.2 Consultative vote on the Compensation Report 2022

#### Proposal of the Board of Directors:

The Board of Directors proposes that the Compensation Report 2022 be endorsed (non binding consultative vote).

#### Explanation by the Board of Directors:

Pursuant to the CO, the Board of Directors submits the compensation report to a consultative vote of the shareholders. The Compensation Report 2022 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 2022 sets out the remuneration of the Board of Directors and the Idorsia Executive Committee (IEC) for 2022, as required under the CO.

## 2. Appropriation of available earnings

#### Proposal of the Board of Directors:

The Board of Directors proposes the following appropriation:

(in CHF thousands)	
Accumulated profit at January 1, 2022	(35,042)
Net profit (loss) for the year 2022	(2,034)
<b>Balance to be carried forward</b>	<b>(37,076)</b>

#### Explanation by the Board of Directors:

Pursuant to the CO, the Annual General Meeting is responsible for approving the appropriation of retained earnings or net loss. The Board of Directors proposes that the net loss for the year 2022 be carried forward.

## 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 2022.

#### Explanation by the Board of Directors:

Pursuant to the CO, the Annual General Meeting is responsible for granting discharge.

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## 4. Board elections

### 4.1 (Re-)election 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 for a term of office until the conclusion of the Annual General Meeting 2024:

- Mathieu Simon
- Jörn Aldag
- Jean-Paul Clozel
- Felix R. Ehrat
- Srishti Gupta
- Peter Kellogg
- Sandesh (Sandy) Mahatme

The Board of Directors also proposes that:  
– Sophie Kornowski  
be elected as an independent director for a term of office until the conclusion of the Annual General Meeting 2024.

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

Pursuant to the CO, the Annual General Meeting is responsible for these elections. The elections will be conducted on an individual basis.

For further information on the proposed candidates for re-election, please refer to the Governance Report 2022, which can be downloaded from the company's website: [www.idorsia.com/annual-report](http://www.idorsia.com/annual-report).

The Board of Directors is proposing the election of **Dr Sophie Kornowski** as a new independent director, based on her extensive experience in the biotechnology and pharmaceutical industry.

Dr Kornowski currently serves as the CEO of Boston Pharmaceuticals, having served as acting CEO and Chair of the company since 2021, until her appointment to the permanent CEO position in 2022.

Dr Kornowski also serves as a member of the Board of Directors of Syngenta AG and Advisor to the Syngenta Group Board. Dr Kornowski is also a Senior Partner at Gurnet Point Capital, a private investment firm focused on the healthcare sector, for which she sits on the Board of two start-up portfolio companies. Dr Kornowski is also a founder and Non-Executive Director of Môme Cosmetics and a member of the Board of Directors of Teal Bio, Inc.

Dr Kornowski brings extensive pharmaceutical industry experience, having previously served as Executive Vice

President, Head of Roche Partnering and as a member of the Roche Extended Corporate Executive Committee, as well as of the Board of Chugai, Japan. Prior to that, Dr Kornowski led the French affiliate of Roche for 5 years. Before joining Roche in 2007, Dr Kornowski held several management positions at Merck & Co. (1996–2007), Sanofi Winthrop (1991–1996), and Abbott Diagnostics and Abbott Pharmaceutical Products (1985–1991).

Dr Kornowski holds a doctorate in Pharmacy from the Faculty of Pharmacy Paris V and an MBA in Marketing and Finance from the University of Chicago Booth School of Business.

### 4.2 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 2024.

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

Pursuant to the CO, the Annual General Meeting is responsible for this election.

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### 4.3 (Re-)election of members of the Nominating, Governance & Compensation Committee

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

The Board of Directors proposes that Felix R. Ehrat (Committee Chair), Srishti Gupta, Mathieu Simon, and Sophie Kornowski be (re-)elected as members of the Nominating, Governance & Compensation Committee for a term of office until the conclusion of the Annual General Meeting 2024.

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

Pursuant to the CO, the Annual General Meeting is responsible for these elections. The elections will be conducted on an individual basis. If re-elected, the Board of Directors intends to again designate Felix R. Ehrat as Committee Chair.

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

### 5.1 Approval of Board compensation (Non-Executive Directors) for the 2023–2024 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 (Non-Executive Directors/NEDs) of CHF 1.45 million (excluding employer social security and obligatory minimum pension contributions) for the term of office until the Annual General Meeting 2024.

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

Pursuant to the CO, the Annual General Meeting is responsible for voting on the compensation of the Board of Directors. Each year, 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 of Directors decides upon the fee structure and levels for NEDS. In addition, the company pays employer

social security and obligatory pension contributions as required by law.

The aggregate maximum amount of compensation for NEDs for the AGM 2023–AGM 2024 term of office proposed for approval at the AGM 2023 is CHF 1.45 million. This excludes compensation for the CEO who does not receive any additional compensation for his Board membership, as well as employer social security and obligatory pension contributions, and is based on the expected fees payable to the proposed seven NEDs.

This amount (CHF 1.45 million) represents an 11.5% increase over the CHF 1.3 million approved for the previous term of office. The difference is solely attributable to the potential election of one additional NED, as proposed at this Annual General Meeting, and – as previously – it includes a reserve for the possible appointment of an additional Board member if required. The NED compensation structure and levels for the period from the AGM 2023 to the AGM 2024 will remain unchanged compared to the previous term of office.

More detailed information on the proposal can be found on Idorsia’s website at [www.idorsia.com/agm-supplement-2023](http://www.idorsia.com/agm-supplement-2023).

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## 5.2 Approval of Executive Committee compensation for 2024

### 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 2024 (excluding employer social security contributions).

### Explanation by the Board of Directors:

Pursuant to the CO, the Annual General Meeting is responsible for voting on the compensation of the Executive Committee. Each year, 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 2024 financial year is identical to the amount approved for the 2023 financial year. This amount includes base salaries, benefits such as pension and insurance, and allowances (e.g. car, transportation, relocation) payable in 2024, as well as the Short-Term Incentive Plan (STIP) relating to the financial year 2024 and the Long-Term Incentive Plan (LTIP) to be awarded in 2024.

The aggregate maximum amount of compensation assumes no increase in the

number of IEC members. It represents a budget, incorporating the maximum amount payable to all IEC members, excluding employer social security contributions. Actual payout and awards will depend on company performance and individual achievements.

More detailed information on the proposal can be found on Idorsia's website at [www.idorsia.com/agm-supplement-2023](http://www.idorsia.com/agm-supplement-2023).

## 6. Re-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 2024.

### Explanation by the Board of Directors:

Pursuant to the CO, the Annual General Meeting is responsible for electing the Independent Proxy.

## 7. Re-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 the statutory auditors for the financial year 2023 (for a term of office until the conclusion of the Annual General Meeting 2024).

### Explanation by the Board of Directors:

Pursuant to the CO, the Annual General Meeting is responsible for electing the statutory auditors.

## 8. Amendments to the Articles of Association

On January 1, 2023, the Swiss corporate law reform entered into force. The Swiss corporate law reform aims at amending and refreshing the legal framework under which Swiss public and private corporations operate. The Swiss corporate law reform notably includes new provisions regarding share capital, shareholders' rights, corporate governance, restructuring, and other related rules to align with the market standards applicable in Switzerland. Swiss companies must adjust their articles of association



within a period of two years starting on January 1, 2023, to comply with the new Swiss corporate law.

Explanations of the amendments to the Articles of Association proposed by the Board of Directors can be found below, under each agenda item. The detailed proposed amendments to the Articles of Associations can be found in the Appendix to the Invitation to the Annual General Meeting. The 6 motions set forth in agenda items 8.1 to 8.6 will be voted on an individual basis at the Annual General Meeting.

### 8.1 Purpose of the Company

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

Introduction of a paragraph 4 in Article 2 (Purpose) of the Articles of Association, regarding the creation of long-term, sustainable value (for the wording of the proposed new provisions, please refer to the Appendix).

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

From the inception of the company, Idorsia has emphasized that long-term, sustainable value creation is a key strategic priority. In order to anchor long-term, sustainable value creation in the Articles of Association, the Board of Directors proposes to amend the Articles of Association accordingly, introducing a new paragraph in Article 2.

### 8.2 Conditional Capital

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

Amendments to Article 3A (Conditional Capital) paragraphs 1 and 2 of the Articles of Association (for the wording of the proposed new provisions, please refer to the Appendix).

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

The Board of Directors proposes that Article 3A paragraph 1 be amended in line with the Swiss corporate law reform, which now allows for options or similar rights regarding shares (including restricted stock units (RSUs) or potential performance stock units (PSUs)) to also be granted to contractors or consultants. The proposed amendments also now specify the procedure to be adopted in case of exercise of options.

The Board of Directors further proposes that the existing conditional share capital (Article 3A paragraph 1) for the exercise of option rights or in connection with similar rights regarding shares (including RSUs or potential PSUs) granted to officers, eligible employees, contractors, or consultants 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 750,000 be increased by CHF 500,000 to CHF 1,250,000. To maximize the impact of our

entrepreneurial mindset and innovation, we must attract, develop, and retain the best talent in a highly competitive job market. Idorsia's LTIPs are currently designed in the form of stock options, RSUs, performance shares, and similar rights regarding shares, which are cash-preserving and focused on long-term value creation, ensuring close alignment with shareholder interests. This increase of the conditional share capital provides the flexibility to grant such incentives and new LTIP vehicles, considering the importance of remaining competitive and in alignment with market practice so as to attract and retain our talent for the long term. This increase of the conditional capital will also allow the company to pay a portion of the annual bonus in shares to preserve cash to the extent permissible in the applicable jurisdictions.

The Board of Directors also proposes that Article 3A paragraph 2 be amended to cover financing, acquisitions, and other purposes that would include, for example, options, warrants, or other securities or contractual obligations under Article 3A paragraph 2. The proposed amendment also now specifies the procedure to be adopted in case of share issuance under Article 3A paragraph 2 for the exercise of conversion rights or options in relation with financial instruments.

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### 8.3 Capital Range

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

Renaming of current Article 3B (Authorized Capital) as Article 3B (Capital Range) and amendments to Article 3B of the Articles of Association (for the wording of the proposed new provisions, please refer to the Appendix).

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

We propose the introduction of a capital range, which replaces the authorized capital under the Swiss corporate law reform, in lieu of the current Article 3B regarding the authorized capital. While the authorized capital solely provided for capital increases, the capital range enables the Board of Directors to increase or decrease the issued share capital within an upper and a lower limit. The Board of Directors therefore proposes the renaming of the current Article 3B as “Capital Range”, as well as amendments to the wording of Article 3B in line with the Swiss corporate law reform.

With the introduction of a capital range, the Board of Directors would be authorized, at its sole discretion, to increase the company’s issued share capital in an amount corresponding to a maximum of 50% of the share capital<sup>1</sup> and/or decrease the company’s issued share capital in an amount

corresponding to a maximum of 50% of the share capital. The authority granted to the Board of Directors would be subject to a time limitation of 5 years. Since the company has not yet reached profitability, it is key and in the interest of the company to maintain a significant level of financing flexibility in line with the range provided by statutory law. The introduction of the proposed capital range would support efficient capital structure management and may be used as an alternative type of financing.

### 8.4 Shares

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

Introduction of a new Article 3C (Exclusion of Subscription and Advance Subscription Rights) and amendments to Article 4 (Form of Shares) paragraph 1 and Article 5 (Share Register, Transfer Restrictions) paragraphs 1 and 2 of the Articles of Association (for the wording of the proposed new provisions, please refer to the Appendix).

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

In connection with the introduction of a capital range, we propose the introduction of Article 3C, which provides for an overall limit for the exclusion of subscription and advance subscription rights and thus limits any share dilution effect, should new shares be issued under the capital range.

Article 3C would provide that any issuance of new shares with dilutive effect be limited to 20% of the entire issued share capital (i.e. 37,511,706 shares with respect to the existing share capital). This new Article 3C exclusively serves the purpose of protecting shareholders’ rights by limiting the dilutive effect of a share capital increase under the capital range. Should the Board of Directors resolve to increase the share capital under the capital range, the maximum number of shares that the Board of Directors could issue under the capital range with dilutive effect would be limited to 37,511,706 shares.

The proposed amendments to Article 4 paragraph 1 and Article 5 paragraphs 1 and 2 specify (i) that shareholders have no claim to the certification of their membership in a security, (ii) that the company can validly contact its shareholders at the last registered contact information in the share register, and (iii) the conditions for the registration in the share register.

### 8.5 Shareholder Matters

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

Amendments to Article 6 (Authorities), Article 7 (Resolutions on Compensation) paragraph 3, Article 9 (Meetings) paragraph 3, Article 10 (Notice) paragraphs 2

<sup>1</sup> Please note the overall 20% limit for the exclusion of subscription and advance subscription rights proposed under agenda item 8.4, which limits any share dilution effect.

and 4, Article 11 (Agenda) paragraph 2, Article 12 (Chair, Minutes) paragraph 3, Article 13 (Resolutions) paragraph 2, Article 14 (Qualified Majority for Important Resolutions), and Article 30 (Notices and Announcements) paragraph 2 and the introduction of a new Article 10A (Venue) of the Articles of Association (for the wording of the proposed new provisions, please refer to the Appendix).

**Explanation by the Board of Directors:**

The powers of the General Meeting of Shareholders have been extended under the new Swiss corporate law. Articles 6 and 14 are to be amended so as to bring the wording into line with the new law.

Under the new Swiss corporate law, the compensation report must be subject to an advisory vote of the General Meeting of Shareholders if the variable compensation is approved prospectively. The proposed amendment to paragraph 3 of Article 7 reflects the wording used in the new corporate law.

Among the various changes introduced by the corporate law reform which enhance shareholders' rights, there is the right to call for an extraordinary General Meeting of Shareholders. Formerly, one or more

shareholders holding 10% or more of the share capital were entitled to call for an extraordinary General Meeting of Shareholders. This limit is now set at 5% of the share capital, and the proposed amendment to Article 9 paragraph 3 reflects this change.

The threshold for the right to add items to the agenda has also been lowered to 0.5% of the share capital. In addition, the new Swiss corporate law provides that shareholders who may request the inclusion of an item in the agenda may also request that a proposal regarding an item be included in the invitation to a General Meeting. The proposed amendment to Article 11 paragraph 2 reflects these changes.

The Swiss corporate law reform has introduced the use of electronic means of communication. In the future, Swiss companies will be able to communicate with their shareholders and provide documents by electronic means. In order to make use of this flexibility, the Board of Directors proposes various amendments to the Articles of Association (Article 10 paragraph 4 and Article 30 paragraph 2). The proposed amendments to Article 10 paragraph 2, Article 12 paragraph 3 and Article 13 paragraph 2 reflect the changes

introduced by the Swiss corporate law reform with regard to the convening of General Meetings, the communication of resolutions and election results after General Meetings, and the representation of shareholders.

The new Swiss corporate law specifies that General Meetings may be held at different locations or as hybrid events (i.e. as a General Meeting with a physical venue, where shareholders who are not present on site can directly exercise their rights electronically). Furthermore, the new law also allows for purely virtual General Meetings (without a physical venue). While the Board of Directors intends to continue holding the General Meeting with shareholders physically present, it would like to take advantage of this new possibility in order to have the option of holding virtual General Meetings in the future, whenever appropriate and under exceptional circumstances. In any case, the Board of Directors will ensure that shareholders can exercise all their rights electronically at the meeting itself, as well as communicating with the Board of Directors and asking questions. The Board of Directors thus proposes to introduce these new possibilities in the Articles of Association (new Article 10A).

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## 8.6 Corporate Governance

### **Proposal of the Board of Directors with regard to the Board of Directors:**

Amendments to Article 16 (Election, Term of Office, Constitution) paragraph 1 and Article 18 (Duties) paragraph 2 of the Articles of Association (for the wording of the proposed new provisions, please refer to the Appendix).

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

Similar to the powers of the General Meeting of Shareholders, the powers of the Board of Directors have also been slightly expanded under the Swiss corporate law reform. The Board of Directors therefore proposes that Article 18 be amended accordingly. Article 18 will thus include a general provision (no. 8 of paragraph 2) covering any new reports – including reports on non-financial matters – for which the Board of Directors is responsible in the future. The proposed amendment to Article 16 paragraph 1 specifies in more detail the term of office of the members of the Board of Directors.

### **Proposal of the Board of Directors with regard to the auditors:**

Amendments to Article 21 (Duty of Audit, Election, Appointment and Duties of Auditors) paragraph 4 of the Articles of Association (for the wording of the proposed new provisions, please refer to the Appendix).

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

This proposed amendment to Article 21 paragraph 4 specifies the duration of the auditors' mandate, which is to end when the annual financial statements of the respective financial year are approved by the General Meeting.

### **Proposal of the Board of Directors with regard to compensation and related provisions:**

Amendments to Article 24 (Permitted Additional Activities) paragraphs 3 and 4 and Article 25 (Agreements Related to Compensation for Members of the Board of Directors and the Executive Management) paragraph 4 of the Articles of Association (for the wording of the proposed new provisions, please refer to the Appendix).

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

The new Swiss corporate law clarifies the definition of outside mandates, and

this change is reflected by the proposed amendments to Article 24 paragraphs 3 and 4. The proposed amendment to Article 25 paragraph 4 reflects the new regime regarding non-competition agreements, according to which the annual compensation payable during the term of a non-competition agreement shall in no event exceed the average of the compensation of the last three financial years.

# Organizational notes

## Date & Venue

This Annual General Meeting will take place at **09:00** CEST on Thursday, May 4, 2023 (admission from 08:30), at the Congress Center Basel, Messeplatz 21, 4058 Basel.

**Please note that this event will not be catered.**

## Annual Report and Compensation Report

The Annual Report with Consolidated and Statutory Financial Statements, the Auditors' Reports for 2022, and the Compensation Report 2022 can be consulted on the company's website:

[www.idorsia.com/annual-report](http://www.idorsia.com/annual-report).

## Exercise of voting rights and representation

In order to attend and vote at the AGM, shareholders must be registered in the company's shareholder register by April 25, 2023, 17:00 CEST, at the latest.

Shareholders may issue electronic authorizations and instructions to the Independent Proxy, BachmannPartner AG, Seidenhofstrasse 2, 6003 Lucerne, at <https://idorsia.netvote.ch>. The requisite login data is enclosed with 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 May 1, 2023.

Alternatively, the enclosed form may be used as follows:

1. to appoint the Independent Proxy;
2. to order the admission ticket and voting documents so as to attend the Annual General Meeting in person; or
3. to appoint in writing another shareholder of the company as proxy.

When using the form to provide instructions, please return it to the company (c/o areg.ch ag, Fabrikstrasse 10, 4614 Hägendorf, Switzerland) using the enclosed envelope. Forms must be received by April 28, 2023, so that admission tickets and voting documents can be dispatched in good time; please allow an appropriate time for delivery. Admission tickets and voting documents will be sent out from April 26, 2023, onwards.

## Shareholder motions

Motions from shareholders with regard to agenda items are only permissible if they are submitted 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, April 6, 2023



For the Board of Directors:

**Mathieu Simon**  
Chairman

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# Appendix to the Invitation to the Annual General Meeting

## Additional information on the proposed amendments to the Articles of Association

### 1. Introduction

This Appendix provides our shareholders with information regarding the proposed amendments to the Articles of Association submitted to the 2023 Annual General Meeting (AGM).

Our proposed amendments to the Articles of Association follow the Swiss corporate law reform, with proposals regarding share capital, shareholder rights, and corporate governance. We believe that the Swiss corporate law reform and the related proposed amendments to the Articles of Association are beneficial to the company and to our shareholders.

Please note that this Appendix highlights the proposed new wordings of the Articles of Association, which shall form part of the Invitation to the AGM by way of reference. Only amended sections and paragraphs of the Articles of Association are to be submitted to a vote at this AGM; unchanged parts of the articles shall remain in force and effect.

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## 2. Proposed amendments to the Articles of Association

### 8.1 Purpose of the Company

Introduction of a paragraph 4 in Article 2 (Purpose) of the Articles of Association:

“In pursuing its purpose, the Company strives to create long-term, sustainable value.”

### 8.2 Conditional Capital

Amendments to Article 3A (Conditional Capital) paragraph 1 and paragraph 2 of the Articles of Association:

“1. The share capital of the Company may be increased by up to CHF 1,250,000.00 by issuing up to 25,000,000 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 (RSU) or Performance Stock Units (PSU)) granted to officers, employees, contractors or consultants at all levels of the Company and its group companies according to respective regulations and resolutions of the Board of Directors. The pre-emptive rights and the advance subscription rights of the shareholders are excluded. The acquisition of registered shares based on this Article 3a and every subsequent transfer of these registered shares shall be subject to the transfer restrictions pursuant to Article 5.

The declaration of acquisition of the shares based on this Article 3a para. 1 shall refer to this Article 3a para. 1 and be made in a form that allows proof by text. A waiver of the right to acquire shares based on

this Article 3a para. 1 may also occur informally or by lapse of time; this also applies to the waiver of the exercise and forfeiture of this right.

*The conditions for the allocation and exercise of the option rights and other rights regarding shares from this Article 3a are determined by the Board of Directors. The shares may be issued at a price below the market price.*

*2. The Share Capital of the Company shall be increased in an amount of not more than CHF 2,750,000.00 by issuance of not more than 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, options, warrants, or other securities or contractual obligations of the Company or of a subsidiary company (hereinafter collectively the **Financial Instruments**). The acquisition of registered shares based on this Article 3a and every subsequent transfer of these registered shares shall be subject to the transfer restrictions pursuant to Article 5.*

*The conditions for the granting of the option rights and conversion rights shall be determined by the Board of Directors. The subscription rights of shareholders shall be excluded upon the exercise of any Financial Instruments in connection with the issuance of shares. The main conditions of the Financial Instruments shall be determined by the Board of Directors.*

*The declaration of acquisition of the shares based on this Article 3a para. 2 shall refer to this Article 3a para. 2 and be made in a form that allows proof by text. A waiver of the right to acquire shares based on this Article 3a para. 2 may also occur informally or by lapse of time; this also applies to the waiver of the exercise and forfeiture of this right.*

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*The Board of Directors is authorized to exclude or restrict shareholders' advance subscription rights in connection with the issuance of Financial Instruments by the Company or one of its group companies if (1) there is an important reason pursuant to Article 3b of these Articles of Association, (2) the bonds or similar instruments are issued on appropriate terms, or (3) the conversion rights are used in connection with the issuance of shares for conversions under the convertible loan dated 15 February 2017 (as amended from time to time), granted by Cilag Holding AG, Zug, Switzerland.*

*To the extent shareholders' advance subscription rights are excluded, (i) the exercise period for conversion and option rights granted under the Financial Instruments shall not exceed 15 years, and (ii) the conversion or exercise price for the new shares to be issued shall at least take into account the market price prevailing at the time of the issue of the Financial Instruments.”*

### 8.3 Capital Range

Renaming of current Article 3B (Authorized Capital) into Article 3B (Capital Range) and amendments to Article 3B of the Articles of Association:

*“Article 3B: Capital Range  
The Company has a capital range ranging from CHF 4,688,963.30 (lower limit) to CHF 14,066,889.90 (upper limit). The Board of Directors shall be authorized within the capital range to increase or reduce the share capital once or several times and in any amounts or to acquire or dispose of shares directly or indirectly, until 4 May 2028 or until an earlier expiry of the capital range. The capital increase or reduction may be effected by issuing or canceling fully paid-in registered shares with a*

*par value of CHF 0.05 each, as applicable, or by increasing or reducing the par value of the existing shares within the limits of the capital range or by simultaneous reduction and re-increase of the share capital.*

*In the event of a capital increase within the capital range, the Board of Directors shall, to the extent necessary, determine the issue price, the type of contribution (including cash contributions, contributions in kind, set-off, and conversion of reserves or of profit carried forward into share capital), the date of issue, the conditions for the exercise of pre-emptive rights, and the beginning date for dividend entitlement. In this regard, the Board of Directors may issue new shares by means of an underwriting through a financial institution, a syndicate of financial institutions, or another third party and a subsequent offer of these shares to the existing shareholders or third parties (if the pre-emptive rights of the existing shareholders have been withdrawn or have not been duly exercised). The Board of Directors is entitled to permit, to restrict, or to exclude the trade of pre-emptive rights. It may permit the expiration of pre-emptive rights that have not been duly exercised, or it may place such rights or shares as to which pre-emptive rights have been granted, but not duly exercised, at market conditions or may use them otherwise in the interest of the Company.*

*Subject to Article 3C, the Board of Directors is authorized to exclude or restrict the pre-emptive rights of the existing Shareholders and to allocate them to third parties, the Company, or any of its group companies:*

- a) in connection with strategic partnering and co-operation transactions;*
- b) in connection with mergers, acquisitions (including take-over) of companies or parts of companies, enterprises or parts of enterprises, or participations, or for the acquisition of products, intellectual property*

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*rights, licenses, or for investment projects as well as financing or refinancing of such transactions through a placement of shares;*  
*c) for the participation of officers and employees at all levels of the Company and its group companies;*  
*d) in connection with the issuance of shares for conversions under convertible debt instruments, bonds, loans and similar forms of financing of the Company or of a subsidiary company, which are being issued for the purposes of investments or acquisitions;*  
*e) in connection with the issuance of shares for conversions under the convertible loan dated 15 February 2017 (as amended from time to time), granted by Cilag Holding AG, Zug, Switzerland;*  
*f) in connection with the financing of research and clinical development programs and other strategic projects of the Company; or*  
*g) for the purpose of expanding the shareholder base in connection with the listing of shares on (additional) foreign stock exchanges.*

*After a change of the par value, new shares shall be issued within the capital range with the same par value as the existing shares.*

*If the share capital increases as a result of an increase from conditional capital pursuant to Article 3a of these Articles of Association, the upper and lower limits of the capital range shall increase in an amount corresponding to such increase in the share capital.*

*In the event of a reduction of the share capital within the capital range, the Board of Directors shall, to the extent necessary, determine the use of the reduction amount.*

*The subscription and acquisition of the newly issued Shares as well as any further transfer of these Shares shall be subject to the restrictions of Article 5 of these Articles of Association."*

## **8.4 Shares**

Introduction of a new Article 3C (Exclusion of Subscription and Advance Subscription Rights) and amendments to Article 4 (Form of Shares) and Article 5 (Share Register, Transfer Restrictions) of the Articles of Association.

### **Introduction of a new Article 3C (Exclusion of Subscription and Advance Subscription Rights) of the Articles of Association:**

*"Article 3C: Exclusion of Subscription and Advance Subscription Rights Until 4 May 2028 or an earlier expiry of the capital range, the total number of newly issued shares which may be issued with the restriction or withdrawal of (advance) subscription rights from the capital range pursuant to Article 3b of these Articles of Association shall not exceed 37,511,706 new shares."*

### **Amendment to Article 4 (Form of Shares) paragraph 1 of the Articles of Association:**

*"The Company issues its registered shares only as uncertified securities (Wertrechte) and registers them as book-entry securities (in terms of the Federal Act on Book-Entry Securities (Book-Entry Securities Act) dated 3 October 2008 in the relevant applicable version). Shareholders have no right to request conversion of the form in which registered shares are issued into another form. In particular, shareholders have no claim to the certification of the membership in a security. A shareholder may at any time require from the Company the delivery of an attestation certifying her/his/its current shareholding."*

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**Amendments to Article 5 (Share Register, Transfer Restrictions) paragraphs 1 and 2 of the Articles of Association:**

*“The identity of the owners/beneficiaries of registered shares shall be entered in the share register stating first/last name (for legal entities the company name), domicile, contact information, and citizenship (for legal entities the legal domicile). Any person registered in the share register changing its contact information must inform the Company accordingly. Communications from the Company shall be deemed to have been validly made if sent to the shareholder’s or authorized delivery agent’s last registered contact information in the share register.” (paragraph 1)*

*“Persons acquiring registered shares shall on application be entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired the said shares in their own name and for their own account, that there is no agreement on the redemption of the relevant shares, that they bear the economic risk associated with the shares and comply with the disclosure requirement stipulated by the Federal Act on Financial Market Infrastructure (FinfraG) of 19 June 2015 in the relevant applicable version. Entry in the share register of registered shares as shareholder with voting rights is subject to the approval of the Company. Entry of registered shares with voting rights may be refused based on the grounds set out in Article 5 para. 3, 4 and 5. If the Company does not refuse to register the acquirer as shareholder with voting rights within 20 calendar days upon receipt of the application, the acquirer is deemed to be a shareholder with voting rights. Non-recognized acquirers shall be entered in the share register as shareholders without voting rights. The corresponding shares shall be considered as not represented in the General Meeting of Shareholders.” (paragraph 2)*

**8.5 Shareholder Matters**

Amendments to Article 6 (Authorities), Article 7 (Resolutions on Compensation) paragraph 3, Article 9 (Meetings) paragraph 3, Article 10 (Notice) paragraphs 2 and 4, Article 11 (Agenda) paragraph 2, Article 12 (Chair, Minutes) paragraph 3, Article 13 (Resolutions) paragraph 2, Article 14 (Qualified Majority for Important Resolutions), and Article 30 (Notices and Announcements) paragraph 2 and the introduction of a new Article 10A (Venue) of the Articles of Association:

**Amendments to Article 6 (Authorities) of the Articles of Association:**

*“The General Meeting is the supreme corporate body of the Company. It has the following non-transferable powers:*

- 1. to adopt and amend the Articles of Association;*
- 2. to elect and recall the members of the Board of Directors, the Chairman/Chairwoman of the Board of Directors, the members of the Compensation Committee, the Auditors and the Independent Proxy;*
- 3. to approve the management report and the consolidated accounts;*
- 4. to approve the annual accounts as well as to pass resolutions regarding the allocation of profits as shown on the balance sheet, in particular to determine the dividends;*
- 5. to approve the compensation of the members of the Board of Directors and the executive management pursuant to Articles 7, 26 and 27;*
- 6. to determine interim dividends and approve the interim financial statements required for this purpose;*
- 7. to pass resolution on the repayment of the statutory capital reserve;*
- 8. to grant discharge to the members of the Board of Directors, Executive Management and the Compensation Committee;*
- 9. to approve the delisting of the Company’s equity securities; and*

10. to pass resolutions regarding issues which are reserved to the General Meeting by law or by the Articles of Association or which are presented to it by the Board of Directors.”

#### **Amendment to Article 7 (Resolutions on Compensation)**

##### **paragraph 3 of the Articles of Association:**

“3. Each year, if variable compensation is approved prospectively, the ordinary Meeting of the Shareholders shall hold a consultative vote on the Company’s compensation report.”

#### **Amendment to Article 9 (Meetings) paragraph 3 of the Articles of Association:**

“Extraordinary General Meetings shall be convened by the Board of Directors upon a resolution of the General Meeting or if shareholders representing at least five percent of the share capital request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon.”

#### **Amendments to Article 10 (Notice) paragraphs 2 and 4 of the Articles of Association:**

“Notice of the General Meeting shall be given in accordance with Article 30 of these Articles of Association. The notice shall state the day, time and venue of the Meeting, the agenda, the proposals of the Board of Directors together with a brief statement of the reasons, the proposals of the shareholders who have requested the General Meeting or that an item be included on the agenda, if any, together with a brief statement of the reasons, and the name and address of the Independent Proxy.” (paragraph 2)

“The annual business report, the Auditors’ report, the Compensation Report, and any other reports required by law must be made available to the shareholders at least 20 calendar days prior to the date of the ordinary General Meeting.” (paragraph 4)

#### **Introduction of a new Article 10A (Venue) of the Articles of Association:**

##### “Article 10A: Venue

The Board of Directors shall determine the venue of the General Meeting.

The Board of Directors can determine that the General Meeting be held simultaneously at different locations, provided that the contributions of the participants are transmitted directly in video and audio to all venues and that shareholders who are not present at the venue(s) of the General Meeting may exercise their rights by electronic means. Alternatively, the Board of Directors may also provide that the General Meeting will be held by electronic means without a venue.”

#### **Amendment to Article 11 (Agenda) paragraph 2 of the Articles of Association:**

“Registered shareholders with voting rights individually or jointly representing at least 0.5 percent of the share capital of the Company may demand that items be put on the agenda of a General Meeting or that a proposal relating to an agenda item be included in the notice convening the General Meeting. Such demands have to be submitted to the Chairman/Chairwoman of the Board of Directors at least 45 calendar days before the date of the General Meeting and shall be in writing, specifying the agenda item and the proposal or proposals.”

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**Amendment to Article 12 (Chair, Minutes) paragraph 3 of the Articles of Association:**

*“The Board of Directors is responsible for the keeping of the minutes, which are to be signed by the Chairman/Chairwoman and by the Secretary. The General Meeting resolutions and election results shall be made available electronically within 15 calendar days after the General Meeting, stating the exact proportion of votes; each shareholder may request that the minutes be made available to him or her within 30 calendar days after the General Meeting.”*

**Amendment to Article 13 (Resolutions) paragraph 2 of the Articles of Association:**

*“Each shareholder may be represented by the Independent Proxy or any other person who needs not be a shareholder. The Board of Directors issues regulations on the procedures of participation and representation at the General Meeting. The Person chairing the General Meeting decides whether a proxy is acceptable or not.”*

**Amendments to Article 14 (Qualified Majority for Important Resolutions) of the Articles of Association:**

*“A resolution of the General Meeting passed by at least two thirds of the represented share votes and the absolute majority of the represented nominal value of the shares is required for:*

- 1. the cases listed in Article 704 para. 1 CO and in Article 18 and Article 64 of the Federal Act on Merger, Demerger, Conversion and Transfer of Assets (Merger Act) dated 3 October 2003 in the relevant applicable version;*
- 2. the combination of shares;*
- 3. the easement or abolition of the restriction of the transferability of the registered shares;*

- 4. any amendment of Article 1;*
- 5. any creation of shares with preferential rights of any kind, shape or form or with privileged voting rights;*
- 6. any restriction of the transferability of shares;*
- 7. the introduction of conditional share capital or the introduction of a capital range;*
- 8. any increase of capital against the Company's equity, against contributions in kind, by set-off against a claim or the granting of special benefits;*
- 9. any limitation or withdrawal of subscription rights;*
- 10. the delisting of the Company's equity securities;*
- 11. the change of the currency of the share capital;*
- 12. a provision of the Articles of Association on holding the General Meeting abroad;*
- 13. any change of the registered office or corporate name of the Company;*
- 14. any sale of all or substantially all of the assets of the Company;*
- 15. any merger, demerger or similar reorganization of the Company;*
- 16. the introduction of an arbitration clause in the Articles of Association;*
- 17. the liquidation of the Company; and*
- 18. any change to this Article 14.”*

**Amendment to Article 30 (Notices and Announcements) paragraph 2 of the Articles of Association:**

*“Notices by the Company to the shareholders may, at the election of the Board of Directors, be validly given by publication in the Swiss Official Gazette of Commerce or in a form that allows proof by text.”*

## 8.6 Corporate Governance

### With regard to the Board of Directors:

#### Amendments to Article 16 (Election, Term of Office, Constitution) paragraph 1 of the Articles of Association:

*“The Board of Directors shall consist of a minimum of 3 members and a maximum of 9 members. The term of office of the members of the Board of Directors as well of the Chairman/Chairwoman shall correspond to the legally permitted maximum term of one year and shall end at the end of the next ordinary General Meeting. Re-election is permitted.”*

#### Amendments to Article 18 (Duties) paragraph 2 of the Articles of Association:

*“The Board of Directors has the following non-transferable and irrevocable duties:*

- 1. to ultimately direct the Company and issue the necessary directives;*
- 2. to determine the organization;*
- 3. to organize the accounting, the internal control system (ICS), the financial control and the financial planning as well as to perform a risk assessment;*
- 4. to appoint and recall the persons entrusted with the management and representation of the Company and to grant signatory power;*
- 5. to ultimately supervise the persons entrusted with the management, in particular with respect to compliance with the law, the Articles of Association, regulations and directives;*
- 6. to prepare the business report, as well as the General Meeting and to implement the latter’s resolutions;*
- 7. to prepare the compensation report;*
- 8. to prepare any other reports required by law;*

- 9. to inform the judge in the event of over-indebtedness;*
- 10. to pass resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares and regarding the amendments to the Articles of Association entailed thereby;*
- 11. to pass resolutions confirming increases in share capital, regarding the preparation of the capital increase report and regarding the amendments to the Articles of Association entailed thereby;*
- 12. to submit a petition for debt-restructuring moratorium and to notify the court if liabilities exceed assets;*
- 13. to examine compliance with the legal requirements regarding the appointment, election and the professional qualifications of the Auditors; and*
- 14. to execute the agreements pursuant to Articles 12, 36 and 70 of the Merger Act.”*

### With regard to the auditors:

#### Amendments to Article 21 (Duty of Audit, Election, Appointment and Duties of Auditors) paragraph 4 of the Articles of Association:

*“The Auditors’ term of office shall be one financial year. It shall end with the approval of the annual financial statements of the respective financial year by the General Meeting. Re-election and revocation are possible at any time.”*

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## With regard to compensation and related provisions:

### Amendments to Article 24 (Permitted Additional Activities) paragraphs 3 and 4 of the Articles of Association:

*"3. For the purposes of this Article 24 the following functions do not fall under the above restrictions:*

- (a) Mandates in entities controlled by the Company;*
- (b) Mandates a member of the Board of Directors or the Executive Management assumes upon request by the Company, provided that no member of the Board of Directors or Executive Management may hold more than five of such Mandates; and*
- (c) Mandates in associations, foundations, charitable organisations, trusts, employee welfare foundations or other comparable structures, provided that no member of the Board of Directors or the Executive Management may hold more than ten Mandates in such organizations."* (paragraph 3)

*"'Mandate' as used in this Article 24 means mandates in comparable functions at other enterprises with an economic purpose. Several Mandates in legal units belonging to the same consolidated group of companies are deemed one Mandate."* (paragraph 4)

### Amendment to Article 25 (Agreements Related to Compensation for Members of the Board of Directors and the Executive Management) paragraph 4 of the Articles of Association:

*"The Company or companies controlled by it may enter into non-competition agreements with members of the Executive Management with a duration of up to one year after termination of employment. The annual compensation payable during the term of the non-competition agreement shall not exceed the average of the compensation of the last three financial years."*

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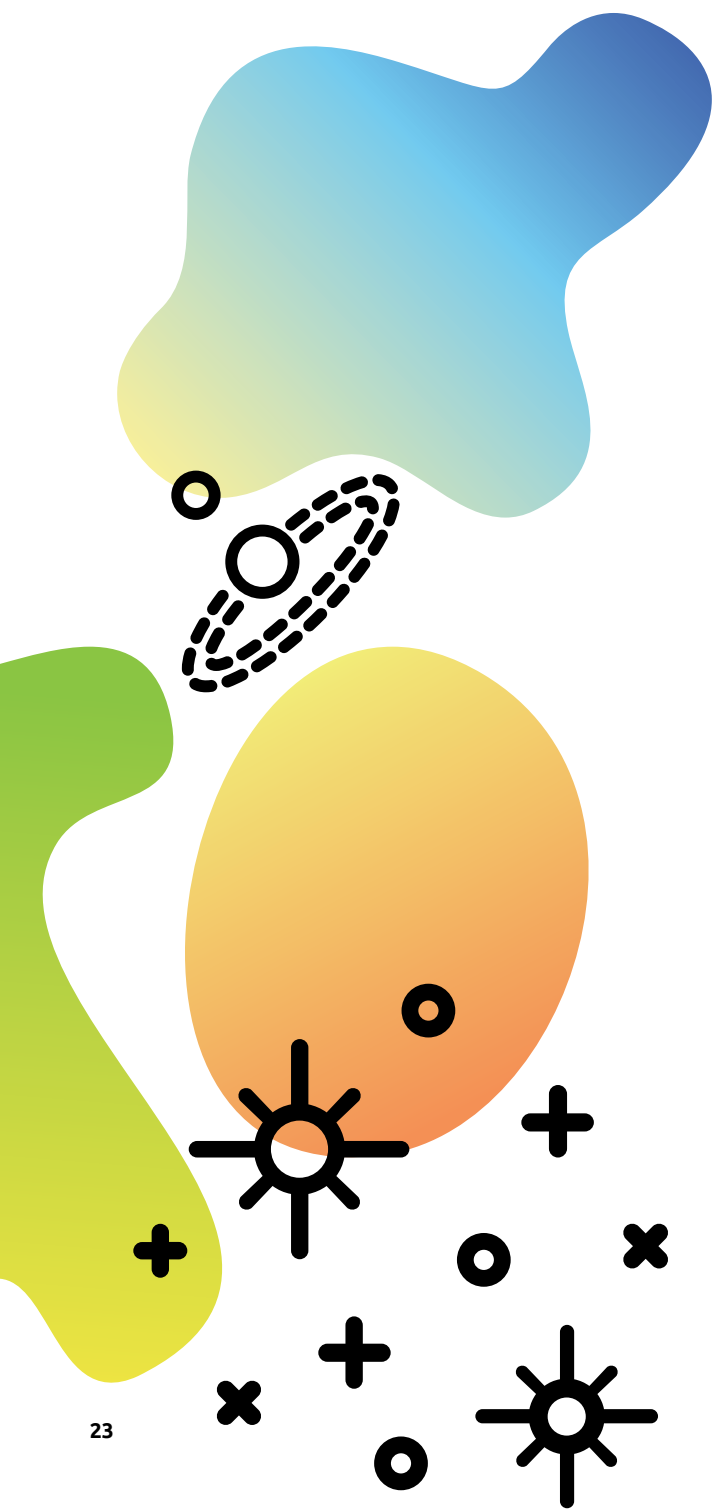
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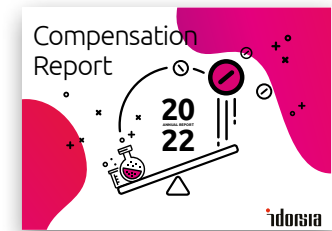
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