



P.P. CH-8866
Ziegelbrücke



A DIE POST
-PRIORITY



**CONVOCAATION OF THE 24TH ANNUAL SHAREHOLDERS' MEETING OF POLYPHOR LTD ON
TUESDAY, APRIL 6, 2021**

Dear Shareholder

We hereby convene the 24th Annual Shareholders' Meeting of Polyphor.

Due to the current restrictions resulting from the Covid-19 pandemic, physical attendance to the meeting is not be possible. Only voting in written form is permitted. We therefore foresee to have an information call in advance as follows:

Information Call: March 22, 2021, 14:00 CET

please use the following dial in:

CH: +41 445806522

IT: +39 0236006663

DE: +49 69201744220

UK: +44 2030092470

FR: +33 170709502

US: +1 8774230830

PIN: 43763282#

The link for the webcast without audio (for those who called through the dial-in):

<https://www.webcast-egs.com/polyphor20210322/no-audio>

The link for the webcast for those who don't want to dial-in:

<https://www.webcast-egs.com/polyphor20210322>

Return of reply forms:

We ask all shareholders to return the signed reply form with the enclosed (pre-paid) envelope to Nimbus AG (address indicated on the top of the reply form) or to register for online voting as indicated in the reply form **prior to March 30, 2021**.

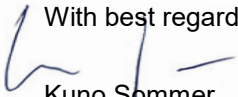
The annual report 2020 is available for download on our website: <https://www.polyphor.com/investor-relations/reporting/>. If you wish to receive a hard or electronic copy, please contact Ursina Ballmer at Polyphor Ltd. Tel. + 41 61 567 16 00, Fax +41 61 567 16 01, e-mail ir@polyphor.com.

The meeting will be held at the offices of the Company at Hegenheimermattweg 125, 4123 Allschwil at 2.00 p.m. CET without the physical attendance of shareholders.

With this convocation, you receive the following documents:

1. This convocation with the agenda
2. Reply form

With best regards,



Kuno Sommer
Chairman



Gökhan Batur
Chief Executive Officer

AGENDA OF THE MEETING

1. **Approval of the Management Report and the Consolidated Accounts (IFRS) for the year 2020 and the Annual Accounts (statutory) of Polyphor Ltd for the year 2020**

The Board of Directors proposes approval of the management report and the consolidated accounts (IFRS) for the year 2020 and the annual accounts (statutory) of Polyphor Ltd for the year 2020.

2. **Allocation of the Balance Sheet Result**

The Board of Directors proposes to carry forward the net loss of the year 2020 amounting to CHF 43'893'681 under Swiss statutory accounts.

3. **Discharge of the Board of Directors and Executive Management**

The Board of Directors proposes that the members of the Board of Directors and Executive Management be granted discharge for the year 2020.

4. **Share Capital Reduction through Decrease of Nominal Value of Shares***

The Board of Directors proposes to implement a share capital reduction by reducing the nominal value of all its shares from (currently) CHF 2.00 each, to CHF 0.02 each (in future) and to allocate the amount resulting from the Company's reduction in share capital to the Company's capital reserves.

Background for this proposal is to enhance flexibility in any future financing activities; in view of the fact that CHF22m in Share Capital is highly unusual for a Company the size of Polyphor; and in excess of the CHF100k legally required minimum.

The reduction in the nominal value of the Company's shares neither changes the number of shares (registered, authorized or conditional), nor creates any transfer of value. It is a technical step between two categories within the Company's equity. Hence no value or dividend will be disbursed, Shareholders' rights remain unchanged, and likewise total equity remains unchanged.

Based on the audit report pursuant to Art. 732 para. 2 of the Swiss Code of Obligations of the regulated auditing firm Ernst & Young AG, Basel, which has been provided to the General Meeting, the Board of Directors proposes to reduce the share capital of the Company as follows:

1. The share capital of CHF 22'126'414.00 shall be reduced by CHF 21'905'149.86 to CHF 221'264.14.
2. According to the audit report, the claims of the company's creditors are fully covered despite the reduction of the share capital.
3. The capital reduction shall be achieved by reducing the nominal value of all 11'063'207 currently registered shares from CHF 2.00 to CHF 0.02 per registered share.
4. The total amount of share capital reduction according to clause 1 shall be increased by the reduced par value of the registered shares issued out of the authorized and conditional share capital of the Company after the Annual General Meeting.

* Numbers do not include 145'201 registered shares issued from the Company's conditional share capital in connection with the exercise of stock options and convertible bonds in 2020 but not yet registered in the commercial register. If these shares have also been registered at the date of the shareholder meeting, the numbers in this resolution will be adjusted accordingly.

5. The entire amount of share capital reduction shall be allocated to “legal reserve from capital contributions”.
6. Upon registration of the share capital reduction in the Commercial Register, paragraph 1 of each of Art. 3, Art. 3a, Art. 3b and Art. 3c of the articles of association shall be amended as follows, subject to amendments pursuant to No. 4 above:

<p>Art. 3 Share Capital and Shares</p> <p>The Share Capital of the Company is CHF 221'264.14 and fully paid-in. It is divided into 11'063'207 registered shares with a nominal value of CHF 0.02 each.</p>	<p>Art. 3 Aktienkapital und Aktien</p> <p>Das Aktienkapital der Gesellschaft beträgt CHF 221'264.14. Es ist eingeteilt in 11'063'207 Namenaktien mit einem Nennwert von je CHF 0.02. Die Aktien sind voll liberiert.</p>
<p>Art. 3a Authorized Share Capital</p> <p>The Board of Directors is authorized to increase the share capital, at any time until May 27, 2022, by a maximum amount of CHF 110'632.06 by issuing a maximum of 5'531'603 registered shares with a par value of CHF 0.02 each, to be fully paid up. An increase of the share capital (i) by means of an underwriting (ii) by a subsidiary in view of and related to any of the below mentioned transactions allowing an exclusion of the preemptive rights and (iii) in partial amounts shall be permissible.</p>	<p>Art. 3a Genehmigtes Kapital</p> <p>Der Verwaltungsrat ist ermächtigt, jederzeit bis zum 27. Mai 2022, das Aktienkapital im Maximalbetrag von CHF 110'632.06 durch Ausgabe von höchstens 5'531'603 vollständig zu liberierende Namenaktien mit einem Nennwert von je CHF 0.02 zu erhöhen. Erhöhungen des Aktienkapitals (i) auf dem Wege der Festübernahme, (ii) durch eine Tochtergesellschaft im Hinblick und im Zusammenhang mit einer nachfolgend genannten Transaktion, bei welcher der Bezugsrechtsausschluss zulässig ist sowie (iii) in Teilbeträgen sind gestattet.</p>
<p>Art. 3b Conditional Capital for Bonds and Similar Debt Instruments</p> <p>The share capital of the Company shall be increased by a maximum amount of CHF 44'252.82 through the issuance of a maximum of 2'212'641 registered shares, payable in full, each with a nominal value of CHF 0.02 through the exercise of conversion and/or option rights granted in connection with bonds or similar instruments, issued or to be issued by the Company or by subsidiaries of the Company, including convertible debt instruments.</p>	<p>Art. 3b Bedingtes Kapital für Anleiheobligationen oder ähnliche Instrumente</p> <p>Das Aktienkapital der Gesellschaft wird im Maximalbetrag von CHF 44'252.82 durch Ausgabe von höchstens 2'212'641 vollständig zu liberierenden Namenaktien mit einem Nennwert von CHF 0.02 je Aktie erhöht durch die Ausübung von Wandlungs- und/oder Optionsrechten, welche im Zusammenhang mit von der Gesellschaft oder ihren Tochtergesellschaften emittierten oder noch zu emittierenden Anleiheobligationen oder ähnlichen Instrumenten eingeräumt wurden oder werden, einschliesslich Wandelanleihen.</p>
<p>Art. 3c Conditional Share Capital for Employee Benefit Plans</p> <p>The share capital of the Company shall be increased by an amount not exceeding CHF 16'992.16 through the issue of a maximum of</p>	<p>Art. 3c Bedingtes Aktienkapital für Mitarbeiterbeteiligungspläne</p> <p>Das Aktienkapital kann durch die Ausgabe von höchstens 849'608 voll zu liberierenden Namenaktien im Nennwert von je CHF 0.02 um höchstens</p>

<p><i>849'608 registered shares, payable in full, each with a nominal value of CHF 0.02, in connection with the exercise of option rights granted to any employee of the Company or a subsidiary, and any consultant, members of the Board of Directors, or other person providing services to the Company or a subsidiary.</i></p>	<p><i>CHF 16'992.16 durch Ausübung von Optionsrechten erhöht werden, welche Mitarbeitenden der Gesellschaft oder ihrer Tochtergesellschaften, Personen in vergleichbaren Positionen, Beratern, Verwaltungsratsmitgliedern oder anderen Personen, welche Dienstleistungen zu Gunsten der Gesellschaft erbringen, gewährt wurden.</i></p>
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Article 733 of the Swiss Code of Obligations requires the Board to formally give notice of the share capital reduction after resolution at the Annual General Meeting by publishing it three times in the Swiss Official Gazette of Commerce. After expiry of the legally prescribed two-month waiting period, the capital reduction will be carried out, entered in the Commercial Register and becomes effective as of the date of entry in the Commercial Register.

5. Increase of Conditional Share Capital for Employee Benefit Plans*

The Board of Directors proposes to increase the conditional share capital for employee benefit plans by 100'000 registered shares with a nominal value of CHF 2.00 each and to amend article 3c paragraph 1 of the articles of association to read as follows:

<p>Art. 3c Conditional Share Capital for Employee Benefit Plans</p> <p><i>The share capital of the Company shall be increased by an amount not exceeding CHF 1'899'216.00 through the issue of a maximum of 949'608 registered shares, payable in full, each with a nominal value of CHF 2.00, in connection with the exercise of option rights granted to any employee of the Company or a subsidiary, and any consultant, members of the Board of Directors, or other person providing services to the Company or a subsidiary.</i></p>	<p>Art. 3c Bedingtes Aktienkapital für Mitarbeiterbeteiligungspläne</p> <p><i>Das Aktienkapital kann durch die Ausgabe von höchstens 949'608 voll zu liberierenden Namenaktien im Nennwert von je CHF 2.00 um höchstens CHF 1'899'216.00 durch Ausübung von Optionsrechten erhöht werden, welche Mitarbeitenden der Gesellschaft oder ihrer Tochtergesellschaften, Personen in vergleichbaren Positionen, Beratern, Verwaltungsratsmitgliedern oder anderen Personen, welche Dienstleistungen zu Gunsten der Gesellschaft erbringen, gewährt wurden.</i></p>
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6. Election to the Board of Directors

The Board of Directors proposes to re-elect Kuno Sommer as chairman and member of the Board, to re-elect Bernard Bollag, Silvio Inderbitzin and Andreas Wallnöfer as members of the Board and to elect Hugh O'Dowd as new member of the Board, each for the term until the next Annual Shareholders' Meeting:

* Numbers in proposed new article 3c do not yet take into account registered shares issued from the Company's conditional share capital in connection with the exercise of stock options in 2020 but not yet registered in the commercial register. If these shares have also been registered at the date of the shareholder meeting, the numbers in this resolution will be adjusted accordingly.

- 6.a Re-Election of Kuno Sommer as chairman and member of the Board**
- 6.b Re-Election of Bernard Bollag as member of the Board**
- 6.c Re-Election of Silvio Inderbitzin as member of the Board**
- 6.d Re-Election of Andreas Wallnöfer as member of the Board**
- 6.e Election of Hugh O'Dowd as new member of the Board**

Hugh O'Dowd currently serves as independent Non-executive Chairman on the Board of ONK Therapeutics, an innovative natural killer (NK) cell therapy company and as Non-executive Director on the Board of Puma Biotechnology, Inc (NASDAQ: PBYI), an oncology company. Until its acquisition by BioNTech SE in May 2020, he served for four years as President, Chief Executive Officer, and a member of the Board of Directors of Neon Therapeutics, Inc. (NASDAQ: NTGN), a clinical-stage immuno-oncology company that developed neoantigen-based therapeutics.

Prior to Neon Therapeutics, Hugh O'Dowd spent more than 20 years in a variety of senior leadership roles at Novartis Pharmaceuticals Corporation including his role as Chief Commercial Officer of Novartis Oncology from 2011 to 2015. During this time, he was responsible for the oncology portfolio strategy for the world's then second-largest oncology / hematology organization, including global brand leadership, business development/licensing, and commercialization.

7. Election of the auditors

The Board of Directors proposes to re-elect the current auditors, Ernst & Young AG, for the term until the next Annual Shareholders' Meeting.

8. Election of the Independent Proxy

The Board of Directors proposes to re-elect lic. iur. Marius Meier, Attorney at Law and Public Notary, Lautengartenstrasse 7, CH-4052 Basel, Switzerland, as independent proxy for the term until the next Annual Shareholders' Meeting.

9. Election of the Members of the Compensation Committee

The Board of Directors proposes to elect Silvio Inderbitzin, Kuno Sommer and Andreas Wallnöfer as the members of the compensation committee, each for the term until the next Annual Shareholders' Meeting.

- 9.a Election of Silvio Inderbitzin**
- 9.b Election of Kuno Sommer**
- 9.c Election of Andreas Wallnöfer**

10. Compensation for the Members of the Board of Directors and the Executive Management

The Board of Directors proposes to hold the following separate votes on the non-performance related and the variable compensation of the Board of Directors and the Executive Management:

10.a Vote on Total Fixed (Non-Performance-Related) Compensation for Members of the Board of Directors until the next Annual Shareholders' Meeting

The Board of Directors proposes that shareholders approve the total maximum amount of fixed (non-performance-related) compensation for the members of the Board of Directors for the period until the next Annual Shareholders' Meeting of CHF 265'250 including a maximum of CHF 20'000 for additional consultancy services by Board members and including the related social security costs.

10.b Vote on Equity Based Compensation for Members of the Board of Directors until the next Annual Shareholders' Meeting

The Board of Directors proposes that shareholders approve the grant of a maximum of 35'500 options for the members of the Board of Directors for the period until the next Annual Shareholders' Meeting, with a current maximum value of all options of CHF 266'352, a quarterly vesting ending at the next shareholders' meeting plus the related social security costs (estimate based on current value: CHF 16'256).

10.c Vote on Cash Compensation for Members of the Executive Management payable in 2022

The Board of Directors proposes that shareholders approve the total maximum amount of cash compensation for the five members of the Executive Management payable 2022 of CHF 2'500'000 (including the related social security costs) of which a maximum of CHF 1'750'000 is for fixed (non-performance-related) compensation and a maximum of CHF 750'000 is variable (performance-related) compensation.

10.d Vote on Equity Based Compensation for Members of the Executive Management for 2022

The Board of Directors proposes that shareholders approve the grant of a maximum of 130'000 options for the five members of the Executive Management for the year 2022, with a current maximum value of all options of CHF 990'000 with quarterly vesting over four years plus the related social security costs (estimate based on current value: CHF 59'530).

Shareholder:

Polyphor AG
Aktienregister
c/o Nimbus AG
Ziegelbrückstrasse 82
8866 Ziegelbrücke
Switzerland

REPLY FORM

Annual Shareholders' Meeting of Polyphor Ltd, April 6, 2021

Instruction

I authorize the independent proxy lic. iur. Marius Meier, Attorney at Law and Notary Public, Lautengartenstrasse 7, CH-4052 Basel, Switzerland, or another person authorized by him to represent me at the Annual Shareholders' Meeting and to cast my votes in accordance with my instructions on the back of this form. In the absence of any specific instructions on the instruction form, I hereby authorize the independent proxy to cast my votes in support of the proposals by the Board of Directors.

Electronic proxy voting and instructions to the independent voting rights representative

You have the possibility to cast a proxy voting to the independent voting rights representative electronically (online). You can register yourself under <https://polyphor.shapp.ch> with your personal login details:

Login:

Password:

With my / our signature, I / we also confirm to be the shareholder according to the details on the back of this form and to be able to validly sign this form.

Date: _____

Signature: _____

Date: _____

Signature*: _____

* The second signature is mandatory if required by legal persons for a valid authorization.

Please return this Reply Form with enclosed envelope prior to March 31, 2021 to the address indicated on the top of this reply form, thank you. The enclosed envelope is pre-paid, so it is not necessary to add a postal stamp.

INSTRUCTIONS FOR THE INDEPENDENT PROXY

General Instruction

Yes No Abstention

This general instruction relates to all agenda items in the convocation. By checking Yes you support the proposal of the Board of Directors. If you wish to deviate from this for a specific agenda item, then please mark a different instruction in such agenda item below

Proposals (according to agenda):

Yes No Abstention

- | | | | | |
|------|--|--------------------------|--------------------------|--------------------------|
| 1. | Approval of the Management Report and the Consolidated Accounts (IFRS) for the year 2020 and the Annual Accounts (statutory) of Polyphor Ltd for the year 2020 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Allocation of the Balance Sheet Result | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | Discharge of the Board of Directors and Executive Management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | Share Capital Reduction through Decrease of Nominal Value of Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | Increase of Conditional Share Capital for Employee Benefit Plans | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. | Election to the Board of Directors | | | |
| 6.a | Re-election of Kuno Sommer (chairman and member) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.b | Re-election of Bernard Bollag (member) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.c | Re-election of Silvio Inderbitzin (member) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.d | Re-election of Andreas Wallnöfer (member) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.e | Election of Hugh O'Dowd (member) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. | Election of the auditors: Re-election of Ernst & Young AG | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. | Election of the Independent Proxy | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. | Election of the Members of the Compensation Committee | | | |
| 9.a | Election of Silvio Inderbitzin | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9.b | Election of Kuno Sommer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9.c | Election of Andreas Wallnöfer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. | Compensation for the Members of the Board of Directors and the Executive Management | | | |
| 10.a | Vote on Total Fixed (Non-Performance-Related) Compensation for Members of the Board of Directors until the next Annual Shareholders' Meeting | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.b | Vote on Equity Based Compensation for Members of the Board of Directors until the next Annual Shareholders' Meeting | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.c | Vote on Cash Compensation for Members of the Executive Management payable in 2022 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.d | Vote on Equity Based Compensation for Members of the Executive Management for 2022 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

In the event of new agenda items or other proposals during the Annual Shareholders' Meeting the Independent Proxy shall vote as proposed by the Board