

Minutes of the 24th Annual Shareholders' Meeting of Polyphor AG, Allschwil (hereinafter the "Company")

Date & Time: April 6, 2021, 14:00 local time

Place: Hegenheimermattweg 125, 4123 Allschwil

Present: Dr. Andreas Wallnöfer, Vice-Chairman
Elisa Alfieri, E&Y
Marius Meier, independent proxy
Hernan Levett, CFO
Dr. Matthias Staehelin, Minutes and Notary

Constitution

Dr. Andreas Wallnöfer opens the meeting. He states that the shareholders were duly invited to the General Assembly. The invitation to the shareholders has been published in the Swiss Official Gazette of Commerce on 15 March 2021 and sent to the shareholders registered in the share register. The invitation included the agenda items and the proposals of the Board of Directors. Due to the current restrictions resulting from the Covid-19 pandemic voting must be carried out by an independent proxy. The General Assembly has been convened properly in the statutory form and in compliance with legal and statutory deadlines with the announcement of the agenda and the proposals of the Board of Directors.

According to Article 12 of the Articles of Association, Dr. Andreas Wallnöfer as Vice-Chairman of the Board of Directors assumes the chair of the General Assembly. He appoints Dr. Matthias Staehelin as secretary, vote counter and notary public of the meeting. Dr. Matthias Staehelin will take-up a separate protocol for agenda items no. 4 and 5 in German with English translation in a separate public deed, which needs to be filed with the commercial register.

Polyphor's auditor Ernst & Young AG, Basel, is represented at this meeting by Elisa Alfieri; Marius Meier, attorney at law and public notary in Basel, acts as independent proxy.

Dr. Matthias Staehelin reports that of a total of 11'224'816 shares, incl. 161'609 from exercised options not yet reflected in the commercial register 5'355'195 are represented by the independent proxy today. If all shareholders vote yes or not, then the absolute majority is 2'677'598 shares. The two third majority required for agenda item 4 and 5 hereinafter is 3'570'130. Thus, the General Assembly is duly constituted. No objections are raised against this statement.

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.

://: The Shareholders' Meeting resolves by majority to approve 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.

://: The Shareholders' Meeting resolves by majority to approve the proposed allocation of the balance sheet result.

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 will be granted discharge for the year 2020. The Members of the Board and the Management do not vote on this item.

://: The Shareholders' Meeting grants by majority discharge to the Board of Directors and the Executive Management 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.

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 dated 26 March 2021 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.
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, Art. 3, paragraph 1 of each of 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.

Numbers do not include registered shares issued from the Company's conditional share capital in connection with the exercise of stock options and convertible bonds in 2020 (two thousand and twenty) 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.

<p>"Art. 3 Share Capital and Shares</p> <p><i>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."</i></p>	<p>"Art. 3 Aktienkapital und Aktien</p> <p><i>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."</i></p>
<p>"Art. 3a Authorized Share Capital</p> <p><i>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."</i></p>	<p>"Art. 3a Genehmigtes Kapital</p> <p><i>Der Verwaltungsrat ist ermächtigt, jederzeit bis zum 27. Mai 2022, das Aktienkapital im Maximalbetrag von 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."</i></p>
<p>"Art. 3b Conditional Capital for Bonds and Similar Debt Instruments</p> <p><i>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."</i></p>	<p>"Art. 3b Bedingtes Kapital für Anleiheobligationen oder ähnliche Instrumente</p> <p><i>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."</i></p>

<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 16'992.16 through the issue of a maximum of 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>"Art. 3c Bedingtes Aktienkapital für Mitarbeiterbeteiligungspläne</p> <p><i>Das Aktienkapital kann durch die Ausgabe von höchstens 849'608 voll zu liberierenden Namenaktien im Nennwert von je CHF 0.02 um höchstens 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.

://: The Shareholders' Meeting resolves by majority to approve the proposed share capital reduction.

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. durch Ausübung von Optionsrechten erhöht werden, welche Mitarbeitenden der Gesellschaft oder ihrer Tochtergesellschaften, Personen in vergleichbaren Positionen, Beratern, Verwaltungsratsmitgliedern oder anderen Personen, welche Dienstleistungen</i></p>
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	zu Gunsten der Gesellschaft erbringen, gewährt wurden."
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://: The Shareholders' Meeting does not approve the proposal as the required majority of two thirds of the votes represented to not approve the proposed increase of the conditional share capital for employee benefit plans and the corresponding change of the Articles of Association.

6. Election to the Board of Directors

According to the Articles of Association, the Members of the Board of Directors have to be elected or re-elected every year.

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

Dr. Matthias Staehelin leads through the vote which is performed individually for each candidate:

6.a Re-Election of Kuno Sommer as chairman and member of the Board

://: The Shareholders' Meeting by majority re-elects Kuno Sommer as chairman and member of the Board of Directors for a term until the next Annual Shareholders' Meeting.

6.b Re-Election of Bernard Bollag as member of the Board

://: The Shareholders' Meeting by majority re-elects Bernard Bollag as member of the Board of Directors for a term until the next Annual Shareholders' Meeting.

6.c Re-Election of Silvio Inderbitzin as member of the Board

://: The Shareholders' Meeting by majority re-elects Silvio Inderbitzin as member of the Board of Directors for a term until the next Annual Shareholders' Meeting.

6.d Re-Election of Andreas Wallnöfer as member of the Board

://: The Shareholders' Meeting by majority re-elects Andreas Wallnöfer as member of the Board of Directors for a term until the next Annual Shareholders' Meeting.

6.e Election of Hugh O'Dowd as member of the Board

://: The Shareholders' Meeting by majority elects Hugh O'Dowd as member of the Board of Directors for a term until the next Annual Shareholders' Meeting.

Hugh O'Dowd shall accept his election by signing the commercial register application.

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.

://: The Shareholders' Meeting re-elects by majority Ernst & Young as auditors for a 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.

://: The Shareholders' Meeting by majority re-elects 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.

Dr. Matthias Staehelin leads through the vote which is performed individually for each candidate:

9.a Election of Silvio Inderbitzin

://: The Shareholders' Meeting elects by majority Silvio Inderbitzin as member of the Compensation Committee for a term until the next Annual Shareholders' Meeting.

9.b Election of Kuno Sommer

://: The Shareholders' Meeting elects by majority Kuno Sommer as member of the Compensation Committee for a term until the next Annual Shareholders' Meeting.

9.c Election of Andreas Wallnöfer

://: The Shareholders' Meeting elects by majority Andreas Wallnöfer as member of the Compensation Committee for a term until the next Annual Shareholders' Meeting.

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.

://: The Shareholders' Meeting approves by majority this proposal.

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 and a lock-up of three years plus the related social security costs (estimate based on current value: CHF 16'256).

://: The Shareholders' Meeting approves by majority this proposal.

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 2'600'000 (including the related social security costs) of which a maximum of CHF 1'800'000 is for fixed (non-performance-related) compensation and a maximum of CHF 800'000 is variable (performance-related) compensation.

://: The Shareholders' Meeting approves by majority this proposal.

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 145'000 options for the five members of the Executive Management for the year 2022, with a current maximum value of all options of CHF 1'100'000 with quarterly vesting over four years plus the related social security costs (estimate based on current value: CHF 42'358).

://: The Shareholders' Meeting approves by majority this proposal.

There being no general remarks or questions, the Chairman closes the meeting at 14.15 local time.

6 April 2021

For the minutes

Dr. Andreas Wallnöfer,
Chairperson

Dr. Matthias Staehelin,
Minutes