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A-PRIORITY

DIE POST 



**INVITATION TO THE 22ND ANNUAL SHAREHOLDERS' MEETING OF POLYPHOR LTD ON
FRIDAY, APRIL 12, 2019, 14:00 CET**

Venue: Grosser Hörsaal, Zentrum für Lehre und Forschung (ZLF), Universitätsspital Basel,
Hebelstrasse 20, 4031 Basel

Dear Shareholder

It is our pleasure to invite you to the 22nd Annual Shareholders' Meeting of Polyphor to be held at the Zentrum für Lehre und Forschung ZLF at the University Hospital in Basel on April 12, 2019 and will be followed by an apéro to which you are cordially invited.

With this invitation you receive the following documents:

1. This invitation with the agenda
2. Admission and voting card
3. Reply form

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) prior to April 8, 2019 even if the admission and voting card is enclosed.

The annual report 2018 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 Balmer at Polyphor Ltd. Tel. + 41 61 567 16 00, Fax +41 61 567 16 01, e-mail ir@polyphor.com.

AGENDA OF THE MEETING

1. Approval of the Management Report and the Consolidated Accounts (IFRS) for the year 2018 and the Annual Accounts (statutory) of Polyphor Ltd for the year 2018

The Board of Directors proposes approval of the management report and the consolidated accounts (IFRS) for the year 2018 and the annual accounts (statutory) of Polyphor Ltd for the year 2018.

2. Allocation of the Balance Sheet Result

The Board of Directors proposes to carry forward the net loss of the year 2018 amounting to CHF 50'109'857 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 2018.

4. Increase of Conditional Share Capital

The Board of Directors proposes to increase the conditional share capital for employee benefit plans by 335'000 registered shares with a nominal value of CHF 2 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 1'132'626 through the issue of a maximum of 566'313 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 566'313 voll zu liberierenden Namenaktien im Nennwert von je CHF 2.00 um höchstens CHF 1'132'626 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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5. Election to the Board of Directors

The Board of Directors proposes to re-elect Argeris N. Karabelas as chairman and member of the Board and Kuno Sommer, Bernard Bollag, Silvio Inderbitzin, Jean-Pierre Obrecht, Andreas Wallnöfer and Frank T. Weber as members of the Board, each for the term until the next Annual Shareholders' Meeting:

- 5.a** **Re-Election of Argeris N. Karabelas as chairman and member of the Board**
- 5.b** **Re-Election of Kuno Sommer as member of the Board**
- 5.c** **Re-Election of Bernard Bollag as member of the Board**
- 5.d** **Re-Election of Silvio Inderbitzin as member of the Board**
- 5.e** **Re-Election of Jean-Pierre Obrecht as member of the Board**
- 5.f** **Re-Election of Andreas Wallnöfer as member of the Board**
- 5.g** **Re-Election of Frank T. Weber as member of the Board**

6. 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 Board of Directors intends to introduce a new stock option plan where the exercise price of the options represents the market price of Polyphor shares at the time of grant. This plan will replace the current stock option plan with exercise price set at a fixed CHF 5.00, hence, requiring a higher number of stock options to maintain equivalent option value under the new program.

7. 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.

8. Election of the Members of the Compensation Committee

The Board of Directors proposes to elect Kuno Sommer, Argeris N. Karabelas and Frank T. Weber as the members of the compensation committee, each for the term until the next Annual Shareholders' Meeting.

8.a Election of Kuno Sommer

8.b Election of Argeris N. Karabelas

8.c Election of Frank T. Weber

9. 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:

9.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 364'175, including a maximum of CHF 50'000 for additional consultancy services by Board members and including the related social security costs.

9.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 25'250 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 189'375, a 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 12'310).

9.c Vote on Additional Compensation for Members of the Board of Directors for the period up to the Annual Shareholders' Meeting 2019

The Board of Directors proposes that shareholders approve the payment of CHF 30'000 to Andreas Wallnöfer (including the related social security costs) for additional consultancy services provided by such Board Member during the period up to the 2019 Annual Shareholders' Meeting.

9.d Vote on Cash Compensation for Members of the Executive Management payable in 2020

The Board of Directors proposes that shareholders approve the total maximum amount of cash compensation for the six members of the Executive Management payable 2020 of CHF 2'750'794 (including the related social security costs) of which a maximum of CHF 1'960'794 is for fixed (non-performance-related) compensation and a maximum of CHF 790'000 is variable (performance-related) compensation.

9.e Vote on Equity Based Compensation for Members of the Executive Management for 2020

The Board of Directors proposes that shareholders approve the grant of a maximum of 161'250 options for the six members of the Executive Management for the year 2020, with a current maximum value of all options of CHF 1'196'475 with quarterly vesting over four years plus the related social security costs (estimate based on current value: CHF 77'771).

We look forward to meeting you soon.

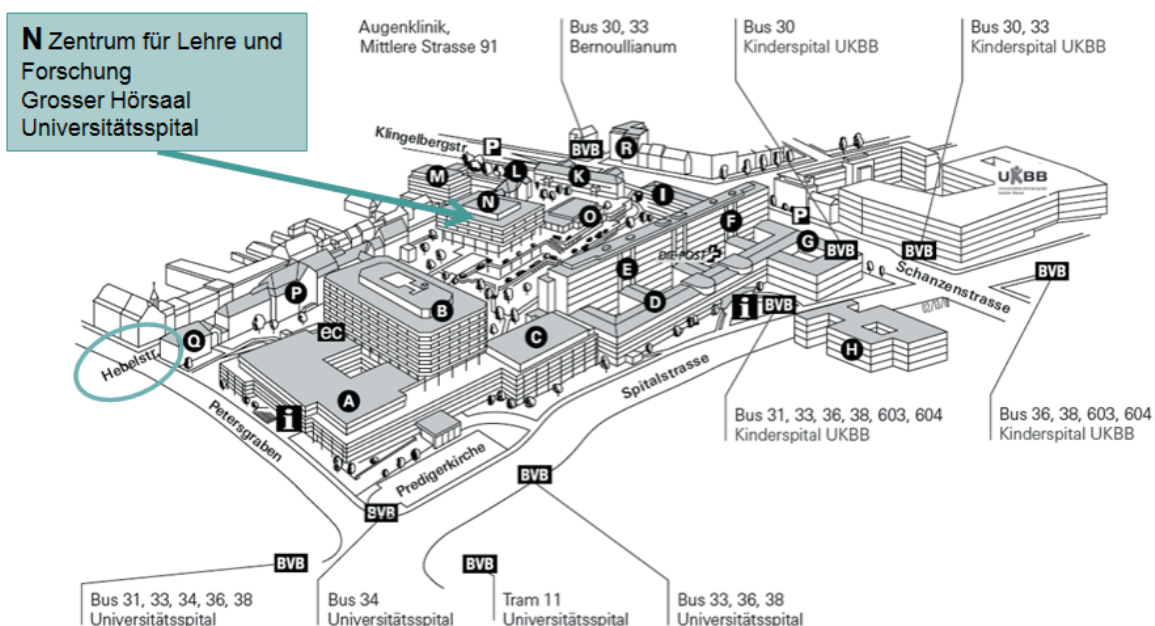
With best regards,



Jerry Karabelas, Ph.D.
Chairman



Giacomo Di Nepi
Chief Executive Officer



Shareholder:

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

REPLY FORM

Annual Shareholders' Meeting of Polyphor Ltd, April 12, 2019, 14:00 CET

Attendance

I will attend the Annual Shareholders' Meeting of Polyphor Ltd on April 12, 2019. Please send this reply form back.

I will not attend the Annual Shareholders' Meeting but 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.

I will not attend the Annual Shareholders' Meeting but will be represented by another person. Please hand the voting and admission card over to the person representing your shares together with the signed power of attorney on the back of that card.

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 April 8, 2019 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 invitation. 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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proposals (according to agenda):	Yes	No	Abstention
1. Approval of the Management Report and the Consolidated Accounts (IFRS) for the year 2018 and the Annual Accounts (statutory) of Polyphor Ltd for the year 2018	<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. Increase of Conditional Share Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Election to the Board of Directors			
5.a Re-election of Argeris N. Karabelas (chairman and member)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.b Re-election of Kuno Sommer (member)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.c Re-election of Bernard Bollag (member)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.d Re-election of Silvio Inderbitzin (member)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.e Re-election of Jean-Pierre Obrecht (member)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.f Re-election of Andreas Wallnöfer (member)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.g Re-election of Frank T. Weber (member)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Election of the auditors: Re-election of Ernst & Young AG	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Election of the Independent Proxy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Election of the Members of the Compensation Committee			
8.a Election of Kuno Sommer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.b Election of Argeris N. Karabelas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.c Election of Frank T. Weber	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Compensation for the Members of the Board of Directors and the Executive Management			
9.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"/>
9.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"/>
9.c Vote on Additional Compensation for Members of the Board of Directors for the period up to the Annual Shareholders' Meeting 2019	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.d Vote on Cash Compensation for Members of the Executive Management payable in 2020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.e Vote on Equity Based Compensation for Members of the Executive Management for 2020	<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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Admission and Voting Card / Power of Attorney for the 22nd Annual Shareholders' Meeting of Polyphor Ltd on Friday, April 12, 2019, 14:00

If you participate personally: Please bring this form to the Annual Shareholders' Meeting

If you wish that a person designated by you participates: Please hand this form over to the person representing your shares together with the signed power of attorney on the back of this form.

If you wish that the independent proxy votes your shares: Please return the instruction form sent to you back to Nimbus AG (address on the instruction form) prior to April 8, 2019.

*Voting Card for the 22nd Annual Shareholders' Meeting
of Polyphor Ltd on Friday, April 12, 2019, 14:00*

YES

NO

Abstention

Grant of power of attorney to another person

*(this needs **not** be completed if you participate or if you delegate the voting to the independent proxy)*

I / We hereby authorize

Name: _____

Address: _____

or another person designated by above person, to represent me / us at Annual Shareholders' Meeting of Polyphor Ltd of April 12, 2019

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 bring this form to the Annual Shareholders' Meeting or forward it to the person representing you.