



# GATEMORE

February 2, 2021

Mr. Peter Cohen, Chairman of the Board  
Dr. Jessica Shen, Director  
Ms. Minnie Baylor-Henry, Director  
Mr. Willie Bogan, Director  
Dr. Jeff Dyer, Director  
Mr. Chris Nolet, Director

PolarityTE, Inc.  
123 North Wright Brothers Drive  
Salt Lake City, UT 84116

Dear Members of the Board,

As you are aware, Gatemore Capital Management LLP (“Gatemore” or “we”) manages the Gatemore Special Opportunities Fund, which today controls 3.7% of the common stock of PolarityTE, Inc. (“Polarity” or the “Company”) on a fully diluted basis.

We are writing to follow up on our letter to Mr. Cohen and the members of the Board of Directors (the “Board”), dated December 28, 2020, in which we requested that the Board take the following three actions:

1. De-classify the Board;
2. Provide Gatemore access to books and records relating to the dilutive equity financings completed in February and December of 2020; and
3. Form a strategic alternatives committee to evaluate new financing and other strategic opportunities.

While we were pleased to see the Board announce the formation of a strategic alternatives committee on January 11, we were disappointed that you did not take any action to de-classify the Board and eliminate your staggered elections. Furthermore, in response to our request for access to books and records, you flatly denied our request, writing to us, “Polarity will not produce any documents in response to the Demand.”

This stunning lack of transparency or reasonable accommodation to your stockholders is, unfortunately, part of a broader pattern of poor corporate governance at Polarity. Below is a list of, in our view, completely unnecessary defensive entrenchment provisions in the governing documents that, taken together, portrays a Board which ignores best practices and suppresses basic stockholder rights, particularly at a time of significant stockholder value deterioration.

<b>PolarityTE</b>	<b>Best Practice</b>
Maintains a classified board with only a subset of directors up for re-election each year, with each director serving three (3) year terms.	Declassified board with all directors serving one-year terms.
Bars stockholders from acting by written consent.	Stockholders may act by written consent to approve all actions which may be approved by stockholders at a stockholder meeting.
Requires 25% of outstanding shares to call a special meeting of the stockholders.	Any stockholder may call a special meeting.
Permits the removal of directors only “for cause”, and only by a 67% supermajority of the stockholders.	Any director may be removed with or without cause by holders of a simple majority of the outstanding shares.
Stockholders may not fill vacancies on the Board.	Both the Board and stockholders may fill vacancies on the Board, whether caused by director removal or a newly created director set.
Requires a 67% supermajority of the stockholders to amend the Company’s charter or bylaws.	Permits stockholders to approve amendments to the Company’s charter and bylaws by holders of a simple majority of the outstanding shares.

Further to the significant flaws in the governing documents of the Company that must be rectified, at the very least, to come into line with appropriate practice for public companies in the market, the Company has abused its nearly unfettered right to issue dilutive equity without any stockholder consent. We, therefore, call for appropriate curbs on the Board’s right to approve equity issuances without the consent of the stockholders.

But perhaps the most egregious corporate governance issue is the seeming free pass that the Board has granted to the Chief Executive Officer of the Company, who has overseen the protracted and precipitous decline of stockholder value. As you all know, David Seaburg and Peter Cohen are close, long-time friends, having worked together for nine years at Cowen Group. Mr. Seaburg has no experience whatsoever in running a healthcare enterprise or guiding a company through a bet-the-company regulatory approval process. It is past time for this Board to hold the Company’s senior executive management to account for the direction of the Company. Instead of meeting its fiduciary duty to oversee the executive team and an unqualified CEO, the Board has rewarded Mr. Seaburg with large share grants.

In addition to Gatemore, a significant number of your largest stockholders are similarly appalled by the corporate governance practices at Polarity. If the Board continues to show disregard for stockholders through inappropriate entrenchment policies, dilutive issuances and inadequate oversight of its senior executive management team, then we will be forced to take further action.



Thank you for your attention.

Sincerely,

A handwritten signature in black ink that reads "Liad Meidar". The signature is written in a cursive style with a prominent initial 'L'.

Liad Meidar  
Managing Partner