

POLARITYTE, INC.  
Form DEF 14A  
August 17, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

Filed by the Registrant  [X]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[X] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material Pursuant to Rule Sec.240.14a-12

**PolarityTE, Inc.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

PolarityTE, Inc.

1960 S. 4250 West

Salt Lake City, UT 84104

(385) 237-2279

Dear Stockholder,

You are cordially invited to attend the 2018 Annual Meeting (the “Annual Meeting”) of stockholders of PolarityTE, Inc. to be held at 2:00 p.m., MDT on Thursday, September 20, 2018, at the law offices of Parsons Behle & Latimer, 201 South Main Street, Suite 1800, Salt Lake City, Utah 84111. The attached notice of Annual Meeting and proxy statement describe the matters to be presented at the Annual Meeting and provide information about us that you should consider when you vote your shares.

We hope you will be able to attend the Annual Meeting. Whether you plan to attend the Annual Meeting or not, it is important that your shares are represented. Therefore, when you have finished reading the proxy statement, you are urged to complete, sign, date and return the enclosed proxy card promptly in accordance with the instructions set forth on the card. This will ensure your proper representation at the Annual Meeting, whether or not you can attend.

Sincerely,

*Dr. Denver Lough*  
*Chief Executive Officer, Chairman*

**YOUR VOTE IS IMPORTANT. PLEASE RETURN YOUR PROXY PROMPTLY.**

PolarityTE, Inc.

1960 S. 4250 West

Salt Lake City, UT 84104

(385) 237-2279

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be Held September 20, 2018

To the Stockholders of PolarityTE, Inc.:

NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Stockholders (the “Annual Meeting”) of PolarityTE, Inc., a Delaware corporation (the “Company”), will be held at 2:00 p.m., MDT on Thursday, September 20, 2018, or such later date or dates as such Annual Meeting date may be adjourned, at the law offices of Parsons Behle & Latimer, 201 South Main Street, Suite 1800, Salt Lake City, Utah 84111, for the following purposes:

1. Elect as Class I directors the nominees named in the proxy statement;
2. Approve, by a non-binding advisory vote, the compensation of our named executive officers;
3. Approve the Company’s 2019 Employee Stock Purchase Plan
4. Approve the Company’s 2019 Equity Incentive Plan;
5. Ratify the appointment of EisnerAmper LLP as our independent public accountant for the fiscal year ending October 31, 2018; and
6. Transact such other business as may be properly brought before the Annual Meeting and any adjournments thereof.

The Board of Directors has fixed the close of business on August 9, 2018 as the record date for determination of stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. Only holders of Common Stock of record at the close of business on that date will be entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. Each of the items of business listed above is more fully described in the proxy statement that accompanies this notice. In the event there are not sufficient shares to be voted in favor of any of the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned to permit further solicitation of proxies.

The Board of Directors of PolarityTE, Inc., recommends that you vote: “FOR” the election of the Class I director nominees as directors of PolarityTE, Inc.; “FOR” the proposal to approve, by a non-binding advisory vote, the

compensation of our named executive officers; “FOR” the proposal to approve the Company’s 2019 Employee Stock Purchase Plan; “FOR” the proposal to approve the Company’s 2019 Equity Incentive Plan; and, “FOR” the proposal to ratify the appointment of EisnerAmper LLP as the Company’s independent registered public accounting firm;

By Order of the Board of Directors of PolarityTE, Inc.,

*/s/ Dr. Denver Lough*  
*Chief Executive Officer, Chairman*

**Your vote at the Annual Meeting is important.** For information on how to vote your shares, please see the instruction from your broker or other fiduciary, as applicable, as well as “About the Meeting - Questions and Answers” in the proxy statement that accompanies this notice. We urge you to review the accompanying materials carefully and to vote as promptly as possible, even if you plan to attend the Annual Meeting. If you have questions about voting your shares, please contact our Corporate Secretary at PolarityTE, Inc., at 1960 S. 4250 West, Salt Lake City, Utah 84104, telephone number (385) 237-2279. If you decide to change your vote, you may revoke your proxy at any time before it is voted in the manner described in the proxy statement that accompanies this notice.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON SEPTEMBER 20, 2018 AT 2:00 P.M. MDT.**  
**The Notice of Annual Meeting of Stockholders, our Proxy Statement and our 2017 Annual Report to Stockholders are available at:**  
**<https://www.equitystock.com/shareholders/proxy-voting/polarityte>**

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POLARITYTE, INC.

**1960 S. 4250 West**

**Salt Lake City, UT 84104**

**(385) 237-2279**

PROXY STATEMENT

Annual Meeting of Stockholders to be Held on September 20, 2018

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of PolarityTE, Inc. (the “Company”, “our”, “us” or “we”) for use at the Annual Meeting of Stockholders of the Company to be held on Thursday, September 20, 2018, at 2:00 p.m. MDT at the law offices of Parsons Behle & Latimer, 201 South Main Street, Suite 1800, Salt Lake City, Utah 84111, and any adjournments or postponements thereof (the “Annual Meeting”). At the Annual Meeting, the stockholders of the Company will be asked to consider and vote upon:

1. The election of two Class I directors, nominated by the Board of Directors (the “Board” or “Board of Directors”), for a three-year term, such term to continue until the annual meeting of stockholders in 2021 and until such Director’s successor is duly elected and qualified or until his earlier resignation or removal;
2. Approval, by a non-binding advisory vote, of the compensation of our named executive officers;
3. Approval of the Company’s 2019 Employee Stock Purchase Plan;
4. Approval of the Company’s 2019 Equity Incentive Plan;
5. The ratification of the appointment of EisnerAmper LLP as our independent public accountant for the fiscal year ending October 31, 2018; and

6. The transaction of such other business as may be properly brought before the Annual Meeting and any adjournments thereof.

The Notice of Annual Meeting of Stockholders, this Proxy Statement, the proxy card, and our 2017 Annual Report to Stockholders are first being mailed to stockholders of record on or about August 17, 2018, in connection with the solicitation of proxies for the Annual Meeting. The Board of Directors has fixed the close of business on August 9, 2018 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting (the "Record Date"). Only holders of Common Stock, par value \$0.001 per share, of the Company (the "Common Stock") of record at the close of business on the Record Date will be entitled to notice of, and to vote at, the Annual Meeting.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on Thursday, September 20, 2018: The Notice of Annual Meeting of Stockholders, Proxy Statement, and 2017 Annual Report to Stockholders are available at:**

**<https://www.equitystock.com/shareholders/proxy-voting/polarityte>**



## ABOUT THE MEETING – QUESTIONS AND ANSWERS

### Why Did You Send Me This Proxy Statement?

We sent you this proxy statement in connection with the solicitation by the Board of Directors of the Company of proxies, in the accompanying form, to be used at the Annual Meeting to be held at 2:00 p.m., MDT on Thursday, September 20, 2018, at the law offices of Parsons Behle & Latimer, 201 South Main Street, Suite 1800, Salt Lake City, Utah 84111, and any adjournments thereof. This proxy statement along with the accompanying Notice of Annual Meeting of Stockholders summarizes the purposes of the Annual Meeting and the information you need to know to vote at the Annual Meeting.

### How Many Votes Do I Have and Who Can Vote?

Each holder of Common Stock is entitled to one vote per share of Common Stock. As of the Record Date, there were 21,315,370 shares of Common Stock outstanding and entitled to vote at the Annual Meeting, and there were approximately 110 stockholders of record. From September 9, 2018, through September 19, 2018, you may inspect a list of stockholders eligible to vote. The list of stockholders will be made available at our offices during normal business hours. If you would like to inspect the list, please contact our Corporate Secretary at PolarityTE, Inc., at 1960 S. 4250 West, Salt Lake City, Utah 84104, telephone number (385) 237-2279, to arrange a visit to our offices. In addition, the list of stockholders will be available for viewing by stockholders at the Annual Meeting.

### How Do I Vote?

Whether you plan to attend the Annual Meeting or not, we urge you to vote by proxy. All shares represented by valid proxies that we receive through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card or as instructed via Internet or telephone. You may specify whether your shares should be voted for or against each nominee for director, and whether you desire to vote your shares for or against or abstain from voting with respect to each of the other proposals. Except as set forth below, if you properly submit a proxy without giving specific voting instructions, your shares will be voted in accordance with the Board's recommendations as noted below. Voting by proxy will not affect your right to attend the Annual Meeting. If your shares are registered directly in your name through our stock transfer agent, Equity Stock Transfer, or you have stock certificates, you may vote:

**By mail.** Complete and mail the enclosed proxy card in the enclosed postage prepaid envelope. Your proxy will be voted in accordance with your instructions. If you sign the proxy card, but do not specify how you want your shares voted, they will be voted as recommended by the Board.

**By Internet.** You can use the Internet to vote up until 7:00 p.m., EDT, on September 19, 2018, by going to [www.proxyvote.equitystock.com](http://www.proxyvote.equitystock.com), and following the instructions on your proxy card and the website.

**By Fax:** Mark, sign and date the proxy card and return it by fax to (646) 201-9006, Attn: Shareholder Services. If you sign the proxy card, but do not specify how you want your shares voted, they will be voted as recommended by the Board.

**In person at the meeting.** If you attend the meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the Annual Meeting.

If your shares are held in “street name” (held in the name of a bank, broker or other nominee), you must provide the bank, broker or other nominee with instructions on how to vote your shares and can do so as follows:

**By Internet or by telephone.** Follow the instructions you receive from your broker to vote by Internet or telephone.

**By mail.** You will receive instructions from your broker or other nominee explaining how to vote your shares by mail.

**In person at the meeting.** Contact the broker or other nominee who holds your shares to obtain a broker’s proxy card and bring it with you to the meeting. You will not be able to attend the Annual Meeting unless you have a proxy card from your broker.

How Does the Board Recommend That I Vote on the Proposals?

The Board recommends that you vote as follows:

**FOR** the election of the Board nominees as Class I directors;

**FOR** approval, by a non-binding advisory vote, of the compensation of our named executive officers as set forth in this proxy statement;

**FOR** approval of the Company's 2019 Employee Stock Purchase Plan; and

**FOR** approval of the Company's 2019 Equity Incentive Plan; and

**FOR** ratification of the selection of EisnerAmper LLP as our independent public accountant for our fiscal year ending October 31, 2018.

If any other matter is presented, the proxy card provides that your shares will be voted by the proxy holder listed on the proxy card in accordance with his or her best judgment. At the time this proxy statement was printed, we knew of no matters that needed to be acted on at the Annual Meeting, other than those discussed in this proxy statement.

May I Change or Revoke My Proxy?

If you give us your proxy, you may change or revoke it at any time before the Annual Meeting. You may change or revoke your proxy in any one of the following ways:

signing a new proxy card and submitting it as instructed above;

if your shares are held in street name, re-voting by Internet or by telephone as instructed above — only your latest Internet or telephone vote will be counted;

if your shares are registered in your name, notifying the Company's Secretary in writing before the Annual Meeting that you have revoked your proxy; or

attending the Annual Meeting in person and voting in person. Attending the Annual Meeting in person will not in and of itself revoke a previously submitted proxy unless you specifically request it.

#### What If I Receive More Than One Proxy Card?

You may receive more than one proxy card or voting instruction form if you hold shares of our Common Stock in more than one account, which may be in registered form or held in street name. Please vote in the manner described under "How Do I Vote?" on the proxy card for each account to ensure that all your shares are voted.

#### Will My Shares Be Voted If I Do Not Return My Proxy Card?

If your shares are registered in your name or if you have stock certificates, they will not be voted if you do not return your proxy card by mail or vote at the Annual Meeting as described above under "How Do I Vote?" If your broker cannot vote your shares on a particular matter because it has not received instructions from you and does not have discretionary voting authority on that matter, or because your broker chooses not to vote on a matter for which it does have discretionary voting authority, this is referred to as a "broker non-vote." The New York Stock Exchange ("NYSE") has rules that govern brokers who have record ownership of listed company stock (including stock such as ours that is listed on The Nasdaq Capital Market) held in brokerage accounts for their clients who beneficially own the shares. Under these rules, brokers who do not receive voting instructions from their clients have the discretion to vote uninstructed shares on certain matters ("routine matters"), but do not have the discretion to vote uninstructed shares as to certain other matters ("non-routine matters"). Under NYSE interpretations, Proposal 1 (election of Class I directors), Proposal 2 (advisory vote to approve executive compensation), Proposal 3 (approval of the Company's 2019 Employee Stock Purchase Plan), and Proposal 4 (approval of the Company's 2019 Equity Incentive Purchase Plan) are considered non-routine matters, and Proposal 5 (the ratification of our independent public accountant) is considered a routine matter.

If your shares are held in street name and you do not provide voting instructions to the bank, broker or other nominee that holds your shares as described above under “How Do I Vote?,” the bank, broker or other nominee has the authority, even if it does not receive instructions from you, to vote your unvoted shares for Proposal 5 (the ratification of our independent public accountant), but does not have authority to vote your unvoted shares on any of the other proposals submitted to stockholders for a vote at the Annual Meeting. We encourage you to provide voting instructions. This ensures your shares will be voted at the Annual Meeting in the manner you desire.

What Vote is Required to Approve Each Proposal and How are Votes Counted?

**Proposal 1: Election of Class I Directors.** The nominees for Class I director who receive the most votes (also known as a plurality) will be elected. You may vote either FOR all the nominees, WITHHOLD your vote from all the nominees or WITHHOLD your vote from any one of the nominees. Votes that are withheld will not be included in the vote tally for the election of directors. Brokerage firms do not have authority to vote customers’ unvoted shares held by the firms in street name for the election of directors. As a result, any shares not voted by a beneficial owner will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.

**Proposal 2: Approval, by a non-binding advisory vote, of the compensation of our named executive officers.** The advisory vote to approve the compensation of our executive officers will be approved if the votes cast in favor of the proposal exceed the votes cast against the proposal. Abstentions and broker non-votes will not be counted as votes either for nor against this proposal. While the results of this advisory vote are non-binding, the Compensation Committee of the Board and the Board values the opinions of our stockholders and will consider the outcome of the vote, along with other relevant factors, in deciding whether any actions are necessary to address the concerns raised by the vote and when making future compensation decisions for executive officers. Brokerage firms do not have authority to vote customers’ unvoted shares held by the firms in street name for this proposal. As a result, any shares not voted by a beneficial owner will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.

**Proposal 3: Approval of the Company’s 2019 Employee Stock Purchase Plan.** The affirmative vote of a majority of the votes cast for this proposal is required to approve the Company’s 2019 Employee Stock Purchase Plan. Brokerage firms do not have authority to vote customers’ unvoted shares held by the firms in street name for this proposal. As a result, any shares not voted by a beneficial owner will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.

**Proposal 4: Approval of the Company’s 2019 Equity Incentive Plan.** The affirmative vote of a majority of the votes cast for this proposal is required to approve the Company’s 2019 Equity Incentive Plan. Brokerage firms do not have authority to vote customers’ unvoted shares held by the firms in street name for this proposal. As a result, any shares not voted by a beneficial owner will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.

**Proposal 5:** Ratification of the Appointment of EisnerAmper LLP as Our Independent Public Accountant. The affirmative vote of a majority of the votes cast for this proposal is required to ratify the appointment of the Company's independent public accountant. Brokerage firms have authority to vote customers' unvoted shares held by the firms in street name on this proposal. If a broker does not exercise this authority, such broker non-votes will have no effect on the results of this vote. We are not required to obtain the approval of our Stockholders to appoint the Company's independent accountant, and approval of this proposal does not limit the ability of the Audit Committee of the Board to replace our independent public accounting firm at any time. If our Stockholders do not ratify the appointment of EisnerAmper LLP as the Company's independent public accountant for the fiscal year ending October 31, 2018, the Audit Committee of the Board may reconsider its appointment.

What Constitutes a Quorum for the Annual Meeting?

The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. Votes of stockholders of record who are present at the Annual Meeting in person or by proxy, abstentions, and broker non-votes are counted for purposes of determining whether a quorum exists.

Who is paying for this proxy solicitation?

The Company is paying all costs of soliciting proxies for the Annual Meeting. In addition to mailed proxy materials, our directors, officers and employees may solicit proxies in person, by telephone, or by other means of communication. We will not pay our directors, officers and employees any additional compensation for soliciting proxies. We may reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

When are stockholder proposals due for next year's annual meeting?

At our annual meeting each year, our Board of Directors submits to stockholders its nominees for election as directors. In addition, the Board of Directors may submit other matters to the stockholders for action at the annual meeting.

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, stockholders may present proper proposals for inclusion in the Company's proxy statement for consideration at the 2019 annual meeting of stockholders by submitting their proposals to the Company in a timely manner. These proposals must meet the stockholder eligibility and other requirements of the Securities and Exchange Commission (the "SEC"). To be considered for inclusion in next year's proxy materials, you must submit your proposal in writing by December 30, 2018, to our Corporate Secretary, PolarityTE, Inc., 1960 S. 4250 West, Salt Lake City, Utah 84104, telephone number (385) 237-2279.

What Interest Do Officers and Directors Have in Matters to Be Acted Upon?

Members of the Board of Directors and executive officers of the Company do not have any interest in any proposal that is not shared by all other stockholders of the Company except for Proposal 1 (nominees to our Board of Directors will be elected), Proposal 2 (members of our Board of Directors and our executive officers will receive the approved

compensation), Proposal 3 (our executive officers may be eligible to participate in the 2019 Employee Stock Purchase Plan), and Proposal 4 (our executive officers and directors are eligible to participate in the 2019 Equity Incentive Plan).

#### Householding of Annual Disclosure Documents

The SEC adopted a rule concerning the delivery of annual disclosure documents. The rule allows us or brokers holding shares on your behalf to send a single set of our annual report and proxy statement to any household at which two or more of our stockholders reside, if either we or the brokers believe that the stockholders are members of the same family. This practice, referred to as “householding,” benefits both stockholders and us. It reduces the volume of duplicate information received by you and helps to reduce our expenses. The rule applies to our annual reports, proxy statements, and information statements. Once stockholders receive notice from their brokers or from us that communications to their addresses will be “household,” the practice will continue until stockholders are otherwise notified or until they revoke their consent to the practice. Each stockholder will continue to receive a separate proxy card or voting instruction card.

Those stockholders who either (i) do not wish to participate in “householding” and would like to receive their own sets of our annual disclosure documents in future years or (ii) who share an address with another one of our stockholders and who would like to receive only a single set of our annual disclosure documents should follow the instructions described below:

stockholders whose shares are registered in their own name should contact our transfer agent, Equity Stock Transfer, and inform them of their request by calling them at 212-575-5757 or writing them at 237 W. 37th Street, Suite 601, New York, New York 10018; and

stockholders whose shares are held by a broker or other nominee should contact such broker or other nominee directly and inform them of their request, stockholders should be sure to include their name, the name of their brokerage firm and their account number.



## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of the Common Stock of the Company as of August 9, 2018 by (i) each person known to the Company to be the beneficial owner of more than 5% of the Company's Common Stock, (ii) each of the Company's current directors and nominees for director, (iii) each individual named in the Executive Compensation table, below, and (iv) all directors and executive officers of the Company on August 9, 2018 as a group. The number of shares of common stock beneficially owned by each person is determined under rules promulgated by the SEC. Under such rules, beneficial ownership includes any shares as to which the person has sole or shared voting power or investment power, and also includes any shares that the person has the right to acquire within 60 days of the date as of which the beneficial ownership determination is made. Applicable percentages are based upon 21,315,370 voting shares issued and outstanding as of August 9, 2018 and treating any shares that the holder has the right to acquire within 60 days as outstanding for purposes of computing their percent ownership. Except as otherwise indicated, each of the stockholders listed below has sole voting and investment power over the shares beneficially owned, subject to community property laws where applicable, and addresses are c/o PolarityTE, Inc., 1960 S. 4250 West, Salt Lake City, Utah 84104.

	<b>Number of Shares of Common Stock Beneficially Owned</b>	<b>Percentage of Common Stock</b>	
Executive Officers and Directors (1):			
Denver Lough	8,133,333	36.3	%
Edward Swanson	818,725	3.7	%
John Stetson	569,813	2.7	%
Cameron Hoyler	171,250	*	
Steve Gorlin	96,665	*	
Jon Mogford	96,665	*	
Jeff Dyer	142,855	*	
Willie C. Bogan	-0-	0	%
Peter A. Cohen	50,000	*	
Rainer Erdtmann (2)	152,513	*	
David Seaburg	10,000	*	
Executive Officers and Directors as a Group (11 persons)	10,241,819	43.3	%
Greater than 5% Holders:			
Barry Honig (3)			
	1,927,388	9.0	%
555 S. Federal Hwy, #450, Boca Raton, FL 33432			
Michael Brauser (4)			
	1,431,638	6.7	%
4400 Biscayne Blvd., Suite 850, Miami, FL 33137			

\* Less than 1%

(1) Includes the following number of shares of options that were exercisable and/or restricted share awards expected to vest within 60 days of August 9, 2018: Dr. Lough, 1,083,333; Dr. Swanson 817,166; Mr. Stetson, 130,000; Mr. Hoyer, 81,250; Mr. Gorlin, 41,665, Dr. Mogford, 41,665; Mr. Dyer, 116,333; and Mr. Erdtmann 8,333.

(2) Includes 94,180 shares owned by Point Sur Investors Fund I. Mr. Erdtmann is Managing Director and General Partner of Point Sur Investors LLC, the general partner of Point Sur Investors Fund I, and as a result may be deemed to have shared voting and investment control over the shares held by Point Sur Investors Fund I.

(3) Mr. Honig is also named in the Executive Compensation table, below. The stock information for Mr. Honig is based on information contained in an amendment to Schedule 13G filed with the Securities and Exchange Commission on July 23, 2018, reflecting the stockholder's beneficial ownership as of July 23, 2018.

(4) Based on information contained in an amendment to Schedule 13G filed with the Securities and Exchange Commission on June 28, 2018, reflecting the stockholder's beneficial ownership as of June 27, 2018.

## PROPOSAL NO. 1 ELECTION OF DIRECTORS

Our Board currently consists of eight members: Denver Lough, Steve Gorlin, Jeff Dyer, Jon Mogford, Willie C. Bogan, Peter A. Cohen, Rainer Erdtmann, and David Seaburg. The Board is divided into three classifications: Class I directors, whose term expires at this Annual Meeting (Mr. Dyer and Dr. Mogford), Class II Directors, whose term expires at the 2019 Annual Meeting of Stockholders (Messrs. Gorlin, Bogan and Seaburg), and Class III Directors, whose term expires at the 2020 Annual Meeting of Stockholders (Dr. Lough, Mr. Cohen, and Mr. Erdtmann). The recommended slate of two directors to be elected at this Annual Meeting to serve as Class I directors consists of Mr. Dyer and Dr. Mogford. The Nominating and Corporate Governance Committee and Board have unanimously approved the nomination of Mr. Dyer and Dr. Mogford as Class I directors. If elected, Mr. Dyer and Dr. Mogford will serve until the 2021 Annual Meeting of Stockholders and until a successor is named and qualified, or until his earlier resignation or removal.

Unless otherwise indicated by the stockholder, the accompanying proxy will be voted for the election of the two persons nominated for election. Although the Company knows of no reason why any nominee could not serve as a director, if any nominee shall be unable to serve, the accompanying proxy will be voted for a substitute nominee. Our nominees for Class I Directors are:

Name of Nominee	Age	Positions with the Company	Director Since
Jeff Dyer	59	Class I Director	2017
Jon Mogford	50	Class I Director	2017

Jeff Dyer was appointed to our Board of Directors on March 2, 2017. Mr. Dyer has served as the Horace Beesley Professor of Strategy at Brigham Young University since September 1999. From August 1993 until September 1999 he served as an Assistant Professor at Wharton School, University of Pennsylvania, and from July 1984 until September 1988 he served as Management Consultant and Manager of Bain & Company. Mr. Dyer received his Bachelor of Science degree in psychology and MBA from Brigham Young University and his PhD in management from University of California, Los Angeles. Mr. Dyer is qualified to serve as a member of the Company's Board because of his extensive business and management expertise and knowledge of capital markets.

Dr. Jon Mogford was appointed to our Board of Directors on February 8, 2017. Dr. Mogford has served in various capacities for the Texas A&M University System ("Texas A&M"). Since May 2013, Dr. Mogford has served as the Vice Chancellor for Research, from August 2012 until April 2013 he served as the Chief Research Officer and from November 2011 until August 2012 he served as Associate Vice Chancellor for Strategic Initiatives at Texas A&M. Prior to joining Texas A&M in 2011, from February 2010 until October 2011, Dr. Mogford served as Deputy Director of the Defense Sciences Office (DSO) of the Defense Advanced Research Projects Agency (DARPA) in the U.S. Department of Defense. From July 2005 until January 2009, Dr. Mogford served as Program Manager of DSO of DARPA. In addition, since November 2016, Dr. Mogford has served as a member of the board of directors of

Medovex Corp. Dr. Mogford is the recipient of the Secretary of Defense Medal for Outstanding Public Service. Dr. Mogford obtained his bachelor's degree in Zoology from Texas A&M University and doctorate in Medical Physiology from the Texas A&M University Health Science Center, College Station, Texas. His research in vascular physiology continued at the University of Chicago as a Postdoctoral fellow from 1997 until 1998. Dr. Mogford transitioned his research focus to the field of wound healing at Northwestern University, both as a Research Associate and also as a Research Assistant Professor from 1998 until 2003. He then served as a Life Sciences Consultant to DARPA on the Revolutionizing Prosthetics program from December 2003 until June 2005. Dr. Mogford is qualified to serve as a member of the Company's Board because of his experience and research in regenerative medicine.

#### Vote Required

The nominees for Class I director who receive the most votes (also known as a plurality) will be elected. You may vote either FOR all the nominees, WITHHOLD your vote from all the nominees or WITHHOLD your vote from any one of the nominees. Votes that are withheld will not be included in the vote tally for the election of directors. Brokerage firms do not have authority to vote customers' unvoted shares held by the firms in street name for the election of directors. As a result, any shares not voted by a beneficial owner will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.

**THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF THE NOMINEES NAMED ABOVE AS CLASS I DIRECTORS, AND PROXIES SOLICITED BY THE BOARD WILL BE VOTED IN FAVOR THEREOF UNLESS A STOCKHOLDER HAS INDICATED OTHERWISE ON THE PROXY.**

Information about the Board of Directors and Committees

Independence of Directors

Our Board is currently comprised of eight members. The Board has reviewed the materiality of any relationship that each of our directors has with the Company, either directly or indirectly. Based upon this review, the Board has determined that Jeff Dyer, Steve Gorlin, Dr. Jon Mogford, Willie C. Bogan, Peter A. Cohen, and Rainer Erdtmann are “independent directors” as defined by the rules of The NASDAQ Stock Market.

Board Leadership Structure

The Board believes that the Company’s stockholders are best served if the Board retains the flexibility to adapt its leadership structure to applicable facts and circumstances, which necessarily change over time. Accordingly, the Board may combine or separate the roles of the CEO and chairman, as it deems advisable and in the best interests of the Company and its stockholders.

The independent directors have concluded that the most effective leadership structure for the Company at the present time is for Dr. Lough to serve as both our CEO and Chairman. The Board made this determination in light of Dr. Lough’s experience with the Company, which allows him to bring to the Board a broad and uniquely well-informed perspective on the Company’s product development and launch, as well as insight into the trends and opportunities that can affect the Company’s future. In adopting the structure, the Board also concluded that the independent membership of the Board and its standing committees ensures effective communication between the directors and members of management, and that the overall leadership structure is effective in providing the Board with a well-informed and current view of the Company’s products and opportunities that enhances its ability to address strategic considerations, as well as focus on the opportunities and risks that are of greatest importance to the Company and its stockholders. The Board believes this structure has served the Company well.

The Board has the flexibility to modify or continue the leadership structure, as it deems appropriate. As part of its ongoing evaluation of the most effective leadership structure for the Company, the independent directors decided to appoint a lead director. The independent directors believe that having a lead director enhances the Board’s independent

oversight of management by further providing for strong independent leadership; independent discussion among directors; and independent evaluation of, and communication with, senior management of the Company. Dr. Mogford currently serves as lead director and has since 2017. The independent directors unanimously approved Dr. Mogford to be lead director based on his experience and knowledge of governance practices, strategic considerations, and the Company's business.

Specific duties of the lead director include:

presiding at meetings of the independent directors;

serving as a liaison between the chairman and the independent directors;

consulting on meeting agendas;

working with management to assure that meeting materials are fulfilling the needs of directors;

consulting on the meeting calendar and schedules to assure there is sufficient time to discuss all agenda items;

calling meetings of the independent directors, including at the request of such directors;

presiding at Board meetings when the chairman is not present;

working with the independent directors to respond to stockholder inquiries involving the Board; and

performing such other duties as the Board may from time to time delegate.

## Director Attendance at Board, Committee, and Other Meetings

Directors are expected to attend Board meetings and meetings of the committees on which they serve, with the understanding that on occasion a director may be unable to attend a meeting. The Board does not have a policy on director attendance at the Company's annual meeting.

The non-management directors (who also constitute all the independent directors) meet in executive sessions in connection with regularly scheduled Board meetings and at such other times as the non-management directors deem appropriate.

In fiscal year 2017, the Board held four regular and special meetings, the non-management directors held four regular and special executive sessions, the Audit Committee held four regular and special meetings, the Compensation Committee held two regular and special meetings, and the Nominating and Corporate Governance Committee held two regular and special meetings. Each director attended 75% or more of the regular and special meetings of the Board and of the committees on which he or she served that were held during his or her term of office. Each of the non-management (and independent) directors attended 75% or more of the regular and special executive sessions that were held during his or her term of office.

## Board Role in Risk Oversight

One of the Board of Director's key functions is informed oversight of the Company's risk management process. The Board of Directors does not have a standing risk management committee, but rather administers this oversight function directly through the Board of Directors as a whole, as well as through various Board of Directors standing committees that address risks inherent in their respective areas of oversight. In particular, our Board of Directors is responsible for monitoring and assessing strategic risk exposure, including a determination of the nature and level of risk appropriate for the Company. The Audit Committee considers and discusses with management the Company's major financial risk exposures and related monitoring and control of such exposures as well as compliance with legal and regulatory requirements. The Nominating & Governance Committee monitors the effectiveness of our corporate governance guidelines. The Compensation Committee assesses and monitors whether our compensation policies and programs have the potential to encourage excessive risk-taking. Any findings regarding material risk exposure to the Company are reported to and discussed with the Board of Directors.

## Committees of the Board

Our Board has three standing committees: Audit, Compensation, and Nominating and Corporate Governance. Each of the committees is solely comprised of and chaired by independent directors, each of whom the Board has affirmatively determined is independent pursuant to the rules of The NASDAQ Stock Market. Each of the committees operates pursuant to its charter. Each of the committees annually reviews its committee charter. As appropriate, each committee may propose revisions to its charter, which are coordinated through the Nominating and Corporate Governance Committee and then submitted for consideration by the Board. The responsibilities of each committee are described in more detail below. The charters for the three committees are available on the Company's website at <http://www.polarityte.com/> by following the link to "Investor Relations" and then to "Corporate Governance."

#### Audit Committee

The Audit Committee, among other things, is responsible for:

appointing, approving the compensation of, overseeing the work of, assessing the independence, qualifications, and performance of, and determining the retention of the independent auditors;

representing and assisting the Board in its oversight responsibilities regarding the Company's accounting and financial reporting processes and the audits of the Company's financial statements, including the integrity of the financial statements;

reviewing the internal audit function, including its independence, plans, budget, and determining whether to retain or dismiss the Company's principal internal auditor;



oversee the preparation of the report required by SEC rules for inclusion in the Company's annual proxy statement;

approving, in advance, audit and any permissible non-audit services performed by our independent auditor;

reviewing the adequacy and effectiveness of our internal controls, including periodically receiving reports from the Company's independent auditors, CEO, and CFO regarding the Company's system of internal controls;

approving related person transactions; and

reviewing and discussing the Company's practices with respect to risk assessment and risk management.

The Board has affirmatively determined that each member of the Audit Committee meets the additional independence criteria applicable to audit committee members under SEC rules and the rule of the NASDAQ Stock Market. The Board of Directors has adopted a written charter setting forth the authority and responsibilities of the Audit Committee. The Audit Committee consists of Jeff Dyer, Steve Gorlin, and Jon Mogford. The Board has determined that each member of the Audit Committee is financially literate, and Mr. Jeff Dyer meets the qualifications of an Audit Committee financial expert as defined in Item 407 of Regulation S-K.

#### Compensation Committee

The Compensation Committee is responsible for establishing and administering our executive compensation policies. The role of the Compensation Committee is to (i) formulate, evaluate and approve compensation of the Company's directors, executive officers and key employees, (ii) oversee all compensation programs involving the use of the Company's stock, and (iii) produce, if required under the securities laws, a report on executive compensation for inclusion in the Company's proxy statement for its annual meeting of stockholders. The duties and responsibilities of the Compensation Committee, among other things, include:

assisting the Board to develop a proper system of long-term and short-term compensation that provides incentives to attract and retain management;

assisting the Board in discharging its responsibilities relating to compensation of the Company's executive officers;

assisting the Board in evaluating whether compensations plans are appropriate and competitive and, as appropriate, properly reflect the objectives and performance of management and the Company;

reviewing and approving corporate goals and objectives relevant to CEO and executive officer compensation, and evaluating the CEO's and executive officers' performance in light of the established goals and objectives;

reviewing and making periodic recommendations to the Board as to the Company's incentive compensation and equity-based plans;

reviewing and recommending employment agreements and severance arrangements for executive officers, including change-in-control provisions, plans or agreements;

reviewing and approving or recommending to the Board, as applicable, compensation and benefits policies, plans and programs and amendments thereto, and determining eligible employees and the type, amount, and timing of such compensation and benefits. and

reviewing and discussing with management the Company's Compensation Discussion and Analysis section and related disclosures that SEC rules require be included in the Company's annual report and proxy statement and overseeing the preparation of the compensation committee report required by SEC rules for inclusion in the Company's annual report and proxy statement.

When appropriate, the Compensation Committee may, in carrying out its responsibilities, form and delegate authority to subcommittees. The Chief Executive Officer plays a role in determining the compensation of our other executive officers by evaluating the performance of those executive officers. The Chief Executive Officer's evaluations are then reviewed by the Compensation Committee. This process leads to a recommendation for any changes in salary, bonus terms and equity awards, if any, based on performance, which recommendations are then reviewed and approved by the Compensation Committee.

The Compensation Committee has the authority, at the Company's expense, to select, retain, terminate and set the fees and other terms of the Company's relationship with any outside advisors who assist it in carrying out its responsibilities, including compensation consultants or independent legal counsel.

The Board has adopted a written charter setting forth the authority and responsibilities of the Compensation Committee. The Compensation Committee consists of Jeff Dyer, Steve Gorlin, and Jon Mogford. The Board has affirmatively determined that each member of the Compensation Committee meets the additional independence criteria applicable to compensation committee members under SEC rules and the rules of the NASDAQ Stock Market.

#### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee, among other things, is responsible for:

assisting the Board in determining the desired experience, mix of skills and other qualities to provide for appropriate Board composition, taking into account the current Board members and the specific needs of the Company and the Board;

conducting candidate searches, interviewing prospective candidates and conducting programs to introduce candidates to the Company, its management and operations, and confirming the appropriate level of interest of such candidates;

advising the Board regarding the size and composition of the Board and its committees;

coordinating matters among committees of the Board;

overseeing the performance of the Board and its Committees;

conducting an annual review of the performance of the CEO in conjunction with the Compensation Committee;

proposing to the Board the slate of corporate officers of the Company and reviewing the succession plans for the executive officers;

recommending to the Board and monitoring matters with respect to governance of the Company;

overseeing the Company's compliance program, including the Company's codes of conduct and the Company's policies and procedures for monitoring compliance; and

recommending ways to enhance services to and improve communications and relations with the Company's stockholder.

The Board of Directors has adopted a written charter setting forth the authority and responsibilities of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee consists of Jeff Dyer, Steve Gorlin, and Jon Mogford.

## Consideration of Director Nominees

We seek directors with the highest standards of ethics and integrity, sound business judgment, and the willingness to make a strong commitment to the Company and its success. The Nominating and Corporate Governance Committee works with the Board on an annual basis to determine the appropriate and desirable mix of characteristics, skills, expertise, and experience for the full Board and each committee, taking into account both existing directors and all nominees for election as directors, as well as any diversity considerations and the membership criteria reflected in the Corporate Governance Principles. The Nominating and Corporate Governance Committee and the Board, which do not have a formal diversity policy, consider diversity in a broad sense when evaluating board composition and nominations; and they seek to include directors with a diversity of experience, professions, viewpoints, skills, and backgrounds that will enable them to make significant contributions to the Board and the Company, both as individuals and as part of a group of directors. The Board evaluates each individual in the context of the full Board, with the objective of recommending a group that can best contribute to the success of the business and represent stockholder interests through the exercise of sound judgment. In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee also considers the director's attendance at meetings and participation in and contributions to the activities of the Board and its committees.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders, and its process for considering such recommendations is no different than its process for screening and evaluating candidates suggested by directors, management of the Company, or third parties.

## Corporate Governance Matters

We are committed to maintaining strong corporate governance practices that benefit the long-term interests of our stockholders by providing for effective oversight and management of the Company. Our governance policies, including our Code of Conduct and Business Ethics, and Committee Charters can be found on our website at <http://www.polarityte.com/> by following the link to "Investor Relations" and then to "Corporate Governance."

The Nominating and Corporate Governance Committee regularly reviews our corporate governance policies, Code of Conduct, and Committee Charters to ensure that they take into account developments at the Company, changes in regulations and listing requirements, and the continuing evolution of best practices in the area of corporate governance. The Board conducts an annual self-evaluation to assess whether the directors, the committees, and the Board are functioning effectively.

## Code of Conduct

Our Code of Conduct and Business Ethics (the “Code”), which was amended and restated as of August 11, 2017, applies to the Company’s employees, directors, officers, contractors, consultants, and persons performing similar functions (“Covered Persons”). This includes our CEO and Chairman, our Chief Financial Officer (“CFO”), and our Chief Operating Officer (“COO”), among others. We require that they avoid conflicts of interest, comply with applicable laws, protect Company assets, and conduct business in an ethical and responsible manner and in accordance with the Code. The Code prohibits employees from taking unfair advantage of our business partners, competitors, and employees through manipulation, concealment, misuse of confidential or privileged information, misrepresentation of material facts, or any other practice of unfair dealing or improper use of information. The Code requires employees to comply with all applicable laws, rules, and regulations wherever in the world we conduct business. This includes applicable laws on privacy and data protection, anti-corruption and anti-bribery, and trade sanctions. Our Code was amended and restated in 2017 to better reflect our expanding operations and diverse employee base, enhance its clarity and general readability, and to make other stylistic changes to more closely align the Code with our overall brand. Our Code is publicly available and can be found on our website at <http://www.polarityte.com/> by following the link to “Investor Relations” and then to “Corporate Governance.”

If we make substantive amendments to the Code, or grant any waiver, including any implicit waiver, from a provision of the Code to our CEO and Chairman, CFO, controller/treasurer, and any of our other officers, financial professionals, and persons performing similar functions, we will disclose the nature of such amendment or waiver on our website or in a report filed with the SEC on Form 8-K.

#### Communications with the Board of Directors

Stockholders and other parties may communicate directly with the Board of Directors or the relevant board member by addressing communications to:

PolarityTE, Inc.

c/o Corporate Secretary

1960 S. 4250 West

Salt Lake City, Utah 84104

All stockholder correspondence will be compiled by our corporate secretary and forwarded as appropriate.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, executive officers, and stockholders who own more than 10% of the Company's stock to file forms with the SEC to report their ownership of the Company's stock and any changes in ownership. The Company assists its directors and executives by identifying reportable transactions of which it is aware and preparing and filing the forms on their behalf. All persons required to file forms with the SEC must also send copies of the forms to the Company. We have reviewed all forms provided to us. Based on that review and on written information given to us by our executive officers and directors, we believe that all Section 16(a) filings during the past fiscal year were filed on a timely basis and that all directors, executive officers and 10% beneficial owners have fully complied with such requirements during the past fiscal year.

#### Executive Officers

The following persons are our executive officers and hold the offices set forth opposite their names.

Name	Position(s)
Denver Lough	Chief Executive Officer, Chief Scientific Officer, Chairman and Class III Director
Edward Swanson	Chief Operating Officer
Paul E. Mann	Chief Financial Officer
John Stetson	Chief Investment Officer
Cameron Hoyler	General Counsel

The following is a summary of the background of each of our executive officers.

**Dr. Denver Lough, 36**, was appointed our Chairman, Chief Executive Officer and Chief Scientific Officer on December 1, 2016 and has continued to serve in this capacity throughout 2018. Prior to this appointment served both clinical and research roles at multiple institutions. From 2012 until 2016 Dr. Lough was a Plastic & Reconstructive Surgery House Staff Officer at Johns Hopkins University School of Medicine, Department of Plastic & Reconstructive Surgery. Dr. Lough also founded PolarityTE, LLC, PolarityTE NV and Lough & Associates LLC which are engaged in the business of developing biomedical intellectual property and related fields. Dr. Lough has received numerous accolades and awards by national societies related to basic and translational science applications in tissue engineering, regenerative medicine, and immunology as well as within solid organ and reconstructive transplantation. We believe that Dr. Lough is qualified to serve as a member of our Board because of his experience in

clinical medicine, surgery, research as well as the development and innovation of technologies related to regenerative medicine and related patent applications and intellectual property which the Company has reviewed for potential development. Dr. Lough holds an M.D. and PhD in Biochemistry, Molecular and Cell Biology from Georgetown University, which he earned in 2012. Dr. Lough has served within the Department of Surgery and Institute for Plastic Surgery Southern Illinois University School of Medicine and Translational Research Director at Laboratory for Regenerative Medicine and Applied Sciences. He has served within the Laboratories for Craniomaxillofacial Regenerative Medicine at the Johns Hopkins Hospital Department of Plastic and Reconstructive Surgery. In addition, Dr. Lough was a lead research associate in the Vascularized Composite Allotransplantation Laboratory at the Johns Hopkins Hospital Department of Plastic and Reconstructive Surgery and has been a research consultant to the Johns Hopkins Hendrix Burn Research Center. He has also served within the Brady Urological Institute at the Johns Hopkins School of Medicine. Dr. Lough was assembled as a member among other burn experts as a Taiwanese presidential disaster response team following the largest civilian burn disaster in 2015.



From 2012 until 2016 Dr. Lough was a Plastic & Reconstructive Surgery House Staff Officer at Johns Hopkins University School of Medicine, Department of Plastic & Reconstructive Surgery. Dr. Lough also founded PolarityTE, LLC, PolarityTE NV and Lough & Associates LLC which are engaged in the business of developing intellectual property related to regenerative medicine and related fields. Dr. Lough has received numerous accolades and awards by national societies related to basic and translational science applications in tissue engineering, regenerative medicine, and immunology as well as within solid organ and reconstructive transplantation. We believe that Dr. Lough is qualified to serve as a member of our Board because of his experience in clinical medicine and surgery as well as the development and innovation of technologies related to regenerative medicine and related patent applications and intellectual property which the Company has reviewed for potential development. Dr. Lough holds an M.D. and PhD in Biochemistry, Molecular and Cell Biology from Georgetown University, which he earned in 2012.

**Dr. Edward Swanson, 33**, was appointed as Chief Operating Officer and Director of the Company on December 1, 2016. Following completion of his undergraduate degree in Applied Sciences in Biomedical Sciences at the School of Engineering and Applied Sciences at the University of Pennsylvania, Dr. Swanson received his medical degree from Harvard Medical School, where he attended as a student from August 2008 to May 2012, graduating with honors for his thesis researching surgical outcomes within craniofacial and plastic surgery. From July 2012 until December 2016, Dr. Swanson was a Surgical Resident in Plastic & Reconstructive Surgery in the Department of Plastic and Reconstructive Surgery at The Johns Hopkins University School of Medicine. During his time at Johns Hopkins, he served in a leadership role within the residency, sitting on the Program Evaluation Committee from July 2015 to December 2016, and The Johns Hopkins Hospital House staff Patient Safety and Quality Council from July 2014 to June 2015. Dr. Swanson has extensive experience in basic and translational biomedical research, including as a research associate in Wound Healing in the Division of Plastic Surgery at the Brigham and Women's Hospital and Harvard Medical School from May 2004 to August 2004, thesis student in Traumatic Brain Injury at the University of Pennsylvania from August 2006 to May 2007, research fellow in Pancreatic Cancer Cellular Biology at the Brigham and Women's Hospital and Harvard Medical School from July 2007 to July 2008, research fellow in Nanomedicine at Harvard Medical School and MIT from May 2008 to August 2008, and research fellow in Vascularized Composite Allotransplantation at the Massachusetts General Hospital and Harvard Medical School during his final year of medical school. In addition, Dr. Swanson directed large animal translational research as a lead research associate in the Vascularized Composite Allotransplantation Laboratory in the Department of Plastic and Reconstructive Surgery at The Johns Hopkins University School of Medicine from July 2014 to June 2015, overseeing experimental projects funded by multimillion dollar grants. Furthermore, Dr. Swanson has demonstrated national and international leadership throughout the field of plastic and reconstructive surgery at a young age, with greater than 40 peer-reviewed publications, five book chapters, and 30 national/international conference presentations. We believe that Dr. Swanson is qualified to serve as a member of our Board because of his experience in technology related to regenerative medicine and related technologies and their clinical applications, which the Company has reviewed for potential development.

**Paul E. Mann, age 42**, served as the Healthcare Portfolio Manager for Highbridge Capital Management from August 2016 until he joined the Company as Chief Financial Officer in June 2018. From August 2013 to March 2016, Mr. Mann served as an analyst with Soros Fund Management. Prior to joining Soros Fund Management, Mr. Mann was an analyst and portfolio manager with Lodestone Natural Resources and UBS. Prior to moving to the buy-side, Mr. Mann spent 11 years as a sell-side analyst at Morgan Stanley and Deutsche Bank. He started his career as a research scientist at Proctor and Gamble and he has an MA (Cantab) and an MEng in Chemical Engineering from Cambridge University. Mr. Mann is a CFA charter holder.

**John Stetson, 33**, has served as our Chief Investment Officer since June 20, 2018. He served as our Chief Financial Officer, Executive Vice President and Secretary from September 2015 to June 2018, and served as a director from December 2016 through June 2018. Mr. Stetson has been the Managing Member of HS Contrarian Investments LLC, a private investment firm with a focus on early stage companies since 2010. In addition, Mr. Stetson served as Executive Vice President, Chief Financial Officer, and Director of Marathon Patent Group, Inc. (MARA), a NASDAQ listed patent monetization company from June 2012 to February 2015. Mr. Stetson was President & Co-Founder of Fidelity Property Group, Inc. from April 2010 to July 2014, a real estate development group focused on acquisition, rehabilitation, and short-term disposition of single family homes. Mr. Stetson received his BA in Economics from the University of Pennsylvania.

**Cameron Hoyler, 34**, was appointed General Counsel in April 2017. Prior to joining the Company, Mr. Hoyler was an attorney at King & Spalding LLP, where he practiced in the Life Sciences and Product Liability groups. Mr. Hoyler represented and counseled clients involved in disputes and transactions in a variety of settings, including product liability, employment, commercial, trademark, real estate, and insurance coverage. While at King & Spalding LLP, Mr. Hoyler devoted the vast majority of his practice to representing clients in the pharmaceutical and medical device industries, including Bristol-Myers Squibb Company, AstraZeneca Pharmaceuticals LP, and McKesson Corporation, in addition to working for clients in other highly-regulated industries, such as Chevron U.S.A. Inc. and Monsanto Company. He earned his Bachelor of Arts from the University of Pennsylvania, and his Juris Doctor from the University of San Francisco School of Law.

Key Personnel

The following persons are our key personnel and hold the offices set forth opposite their names.

Name	Position(s)
Stephen Milner	Chief Clinical Officer
Michael Neumeister	Chief Medical Officer
Jennifer Burdman	Chief Intellectual Property Officer and Deputy General Counsel

The following is a summary of the background of each of our key personnel

**Dr. Stephen Milner, 68**, was appointed Chief Clinical Officer in March 2017. Dr. Milner is a former director of the Johns Hopkins Burn Center and professor of Reconstructive Surgery, Pediatrics, and Public Health at Johns Hopkins. Dr. Milner has also served as director of the Michael D. Hendrix Burn Research Center, as adjunct professor at the Uniformed Services University of the Health Sciences and as Honorary Civilian Consultant Advisor to the British Army in Plastic Surgery and Burns. Dr. Milner is a graduate of Guy’s Hospital Medical and Dental Schools. He trained in general surgery in London and at the Massachusetts General Hospital. After service as lieutenant colonel in the Royal Army Medical Corps, where he served on active duty in Operation Desert Storm, he completed a plastic surgery residency through the University of Texas and the Shriner’s Burn Institute in Galveston, Texas. In 2010 he was awarded an Honorary Doctorate of Science from the University of Glamorgan, UK in recognition for his work in burns. Dr. Milner was awarded the Humanitarian Award from the James R. Jordan Foundation in 2012 and the Sushruta-Guha Lectureship and medal in Plastic Surgery and Wound Healing from the Royal College of Surgeons of Edinburgh in 2013.

**Dr. Michael Neumeister, 56**, was appointed Chief Medical Officer on December 15, 2016. Dr. Neumeister has been associated with the Southern Illinois University School of Medicine in various positions since 1997, to wit: Chairman of Department of Surgery (2012- present); Chairman of the Institute of Plastic Surgery (2006-present); Professor at the Institute of Plastic Surgery (2005-present); Elvin G. Zook Endowed Chair of the Institute of Plastic Surgery (2008-present); Director-Hand/Micro Surgery Fellowship Program at Institute of Plastic Surgery (2007-present); Chief, Microsurgery and Research at Institute of Plastic Surgery (1999-present); Director-Plastic Surgery Residency Program at Institute of Plastic Surgery (1998-2008); Associate Professor at Institute of Plastic Surgery (2000-2005); and Assistant Professor at Institute of Plastic Surgery (1997-2000). Dr. Neumeister began his residency at Dalhousie University in Halifax, Nova Scotia in general surgery and went on to complete his plastic surgery residency at the University of Manitoba. He continued his training as a microsurgery fellow at Harvard University’s Brigham & Women’s Hospital in Boston and completed a one-year hand and microsurgery fellowship at Southern Illinois University School of Medicine. Dr. Neumeister is board certified in plastic surgery by the Royal College of Surgeons of Canada and the American Board of Plastic Surgery. He has also received his Certificate in (SOTH) Surgery of The Hand. Dr. Neumeister has received awards for presentations given regionally, nationally and internationally, has over 150 book chapters and articles, and has multiple research interests in tissue engineering and regenerative medicine.

Dr. Neumeister is the Editor in Chief of the official AAHS journal HAND. He is the past President of the American Society of Reconstructive Microsurgery, American Association for Hand Surgery, The Plastic Surgery Foundation (The Research Body of The American Society of Plastic Surgeons), Plastic Surgery Research Council, and the Midwest Association of Plastic Surgeons. Dr. Neumeister received his Doctor of Medicine from the University of Toronto in 1988 and his Bachelor of Science (Physiology/Pharmacology) from the University of Western Ontario in 1984.

**Jennifer Burdman, 42**, was appointed Chief Intellectual Property Officer and Deputy General Counsel in August 2017. Ms. Burdman was a partner at King & Spalding LLP before joining PolarityTE, specializing in intellectual property procurement, protection, and enforcement. An experienced trial lawyer, she has successfully represented clients at the trial and appellate levels in complex, high-stakes litigations in patent infringement, trade secret misappropriation, and contractual matters involving IP rights. Noteworthy wins include a jury verdict of patent infringement resulting in over \$34 million in damages, a jury verdict of willful misappropriation of trade secrets with damages of over \$900 million, and the successful defense of a university against a patent licensee seeking expanded rights relating to its sponsored research and license agreements. Ms. Burdman was named to Benchmark Litigation's 2016 and 2017 Under 40 Hot Lists and was profiled as a "Law360 Rising Star" in 2016. Ms. Burdman graduated from Dartmouth College with an A.B. in biochemistry and molecular biology and received her J.D. from Fordham University School of Law and has been registered to practice before the United States Patent and Trademark Office since 1999.

## Directors

<b>Name</b>	<b>Age</b>	<b>Position</b>
Denver Lough	36	Chairman, Chief Executive Officer, Chief Scientific Officer, Class III Director
Steve Gorlin	80	Class II Director
Jeff Dyer	59	Class I Director
Jon Mogford	50	Class I Director
Willie C. Bogan	69	Class II Director
Peter A. Cohen	71	Class III Director
Rainer Erdtmann	54	Class III Director
David Seaburg	47	Class II Director

The following is a summary of the background of each of our directors, except for:

Denver Laugh and Edward Swanson, which are presented above under the section “**Executive Officers**” and

Jeff Dyer and Jon Mogford, which are presented above under the caption “**PROPOSAL NO. 1 ELECTION OF DIRECTORS.**”

**Steve Gorlin** joined the Board in February 2017. Mr. Gorlin helped found several biotechnology and pharmaceutical companies over the past 40 years, including Hycor Biomedical, Inc. (acquired by Agilent), Theragenics Corporation (NYSE: TGX), CytRx Corporation (NASDAQ: CYTR), Medicis Pharmaceutical Corporation (acquired by Valeant), EntreMed, Inc. (NASDAQ: ENMD), MRI Interventions, DARA BioSciences, Inc. (NASDAQ: DARA), MiMedx Group, Inc. (NASDAQ: MDXG), and Medivation, Inc. (NASDAQ: MDVN). Since December 2014, Mr. Gorlin has served as a director of Catasys, Inc. and Co-Chairman of the board of directors of Medovex, Inc., and since May 2011 he has served on the board of directors of NTC China, Inc. In addition, since 2011, Mr. Gorlin has served as a member of the board of directors of DemeRX, Inc. (“DemeRX”) and from 2011 until 2012 he served as Chairman of the board of DemeRX. Since July 2015, he has also served as Vice Chairman of the board of NantKwest, Inc. and from July 2013 until May 2015 he served on various executive committees and the board of directors of Conkwest, Inc., a private company, which is now NantKwest, Inc. From November 2006 until June 2013, Mr. Gorlin served as a member of the board of directors of MiMedx Group, Inc. From 2010 until 2014 Mr. Gorlin served on the Business Advisory Council to the Johns Hopkins School of Medicine, from 2011 until 2013 he served on The Johns Hopkins BioMedical Engineering Advisory Board and from 2007 until 2011 he served on the Board of the Andrews Institute. He is presently a member of the Research Institute Advisory Committee (RIAC) of Massachusetts General Hospital. Mr. Gorlin founded a number of non-medical related companies, including Perma-Fix, Inc., Pretty Good Privacy, Inc. (sold to Network Associates), Judicial Correction Services, Inc. (sold to Correctional Healthcare) and NTC China, Inc. He started The Touch Foundation, a nonprofit organization for the blind and was a principal financial contributor to the founding of Camp Kudzu for diabetic children. Mr. Gorlin is qualified to serve as a member of the Company’s Board because of his experience in regenerative medicine and pharmaceutical drug and medical device research and development.

**Willie C. Bogan** joined the Board in April 2018. Mr. Bogan served as Associate General Counsel and Corporate Secretary of McKesson Corporation (“McKesson”), a San Francisco-based healthcare services and information technology company currently ranked 6th on the Fortune 500, from July 2009 until his retirement from McKesson in November 2015. He joined McKesson in November 2006 as Associate General Counsel and Assistant Secretary. Before joining McKesson, Mr. Bogan held senior advisory positions at the following public companies in the San Francisco Bay Area: Bank of America; Safeway; Charles Schwab; and Catellus Development Corporation, a real estate development company. Prior to becoming in-house counsel, he was a partner at Steinberg, Miller Bogan & Goldstein in Manhattan Beach, California. He started his law career as a law firm associate in Los Angeles, California. Mr. Bogan graduated Phi Beta Kappa and Summa Cum Laude from Dartmouth College where he majored in Spanish. He received an M.A. degree in Politics and Economics from Oxford University where he studied as a Rhodes Scholar. He earned his J.D. degree from Stanford Law School. Mr. Bogan is qualified to serve as a member of the Board because of his knowledge of the healthcare industry and his experience as an advisor to public companies and their boards of directors on securities law and corporate governance matters.

**Peter A. Cohen** joined the Board in June 2018. Mr. Cohen has served as Vice Chairman of the Board of Scientific Games Corporation since September 2004. Mr. Cohen was Chairman of Cowen Inc. (formerly known as Cowen Group, Inc.), a diversified financial services company, from 2009 through June 2018, and served as Chief Executive Officer from 2009 through December 2017. Mr. Cohen was a founding partner and principal of Ramius LLC, a private investment management firm formed in 1994 that was combined with Cowen in late 2009. Mr. Cohen served as a member of the board of directors of Chart Acquisition Corp. (which, because of a business combination, is now known as Tempus Applied Solutions Holdings, Inc.) from 2013 to 2015. From November 1992 to May 1994, Mr. Cohen was Vice Chairman of the Board and a director of Republic New York Corporation, as well as a member of its executive management committee. Mr. Cohen was Chairman and Chief Executive Officer of Shearson Lehman Brothers from 1983 to 1990. Mr. Cohen is currently a Trustee of Mount Sinai Medical Center and has served on its board for approximately thirty years. Mr. Cohen is qualified to serve as a member of the Board because of his knowledge of the capital markets and corporate finance, and his experience as a public company director.

**Rainer Erdtmann** joined the Board in August 2018. He has 26 years of experience in finance and investment banking. For the past two and a half years Mr. Erdtmann has been a portfolio manager and general partner of Point Sur Investors LLC, specializing in identifying innovative biotech companies. Prior to Point Sur Investors, from February 2009 until September 2015, Mr. Erdtmann was with Pharmacyclics, Inc., a Nasdaq-listed company. He began as Vice President, Finance & Administration, Corporate Secretary and acted as the Principal Financial and Accounting Officer. In that capacity he was responsible for accounting, SEC reporting, audits, and investor relations. He built and had operational responsibility for Finance, IT, HR, Legal, Facilities, and Events. He later served as Executive Vice President of Corporate Affairs including Corporate Communications. Additionally, he structured and administered the international revenue for Pharmacyclics into a swiss-based subsidiary. Mr. Erdtmann began his career at Commerzbank, Germany, where he was an investment banker and portfolio manager for institutional international accounts. Mr. Erdtmann earned the Diplom Kaufmann degree, with honors, in Finance and Banking from the Westfaelische Wilhelms Universitaet, Muenster, Germany. Mr. Erdtmann is qualified to serve as a member of the Board because of his knowledge of the biotech industry, his deep experience in capital markets and finance, and his knowledge of commercial and business practices in Europe and North America.

**David Seaburg** joined the Board in August 2018. David Seaburg is a Managing Director and Head of Sales Trading at Cowen & Company, a diversified financial services company. Over the course of his 20+ year career at Cowen in both Equity Sales Trading and Trading, Mr. Seaburg has advanced to increasingly senior level roles at the firm. In 2006, Mr. Seaburg was named Head of Sales Trading and appointed to the firm's Equity Operating Committee. Mr. Seaburg is a CNBC Fast Money Contributor and provides regular on-air market commentary for the network. Mr. Seaburg holds a Bachelor of Arts degree in Business Finance and Economics from Northeastern University. Mr. Seaburg is qualified to serve as a member of the Board because of his knowledge of financial management, marketing, investor relations, acquisition transactions, and capital markets.

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The following Summary Compensation Table sets forth summary information as to compensation paid or accrued during the last two fiscal years ended October 31, 2017 and October 31, 2016.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (1) (\$)	Option Awards (2) (\$)	Total (\$)
<b>Denver Lough</b> <i>Chairman of the Board, Chief Executive Officer, Chief Scientific Officer</i>	2017	315,000	100,000	-0-	2,121,250(10)	2,536,250
<b>Barry Honig (3)</b> <i>Former Chief Executive Officer and Former Co-Chairman of the Board</i>	2017	-0-	-0-	393,750(5)	-0-	393,750
	2016	55,385	-0-	451,500(6)	293,125 (11)	800,010
<b>Edward Swanson</b> <i>Chief Operating Officer</i>	2017	270,000	100,000	-0-	1,794,578(12)	2,164,578
<b>John Stetson (4)</b> <i>Chief Financial Officer</i>	2017	168,000	-0-	551,250(7)	-0-	719,250
	2016	151,385	-0-	451,500(8)	293,125 (13)	896,010
<b>Cameron Hoyler</b> <i>General Counsel</i>	2017	145,000	10,000	722,000(9)	762,594 (14)	1,639,594



(1) Represents the aggregate grant date fair value for restricted stock awards granted during fiscal years 2016 and 2017, respectively, computed in accordance with FASB ASC Topic 718. See Note 9 to our consolidated financial statements reported in our Annual Report on Form 10-K for our fiscal year ended October 31, 2017 for details as to the assumptions used to determine the grant date fair value of the restricted stock awards.

(2) Represents the aggregate grant date fair value for option awards granted during fiscal years 2016 and 2017, respectively, computed in accordance with FASB ASC Topic 718. See Note 9 to our consolidated financial statements reported in our Annual Report on Form 10-K for our fiscal year ended October 31, 2017 for details as to the assumptions used to determine the grant date fair value of the option awards.

(3) Mr. Honig's service as an officer and director of the Company terminated on December 1, 2016.

(4) Mr. Stetson's service as Chief Financial Officer ended June 20, 2018, when Paul E. Mann became Chief Financial Officer. Mr. Stetson now serves as Chief Investment Officer.

(5) Represents 125,000 shares at a grant date fair value of \$3.15 per common share.

(6) Represents 87,500 shares at a grant date fair value of \$5.16 per common share.

(7) Represents 175,000 shares at a grant date fair value of \$3.15 per common share.

(8) Represents 87,500 shares at a grant date fair value of \$5.16 per common share.

(9) Represents 50,000 shares at a grant date fair value of \$14.44 per common share.

(10) Represents stock options to purchase 1,000,000 common shares at an exercise price of \$3.15 per common share.

(11) Represents stock options to purchase 87,500 common shares at an exercise price of \$4.80 per common share.

(12) Represents stock options to purchase 846,000 common shares at an exercise price of \$3.15 per common share.

(13) Represents stock options to purchase 87,500 common shares at an exercise price of \$4.80 per common share.

(14) Represents stock options to purchase 75,000 common shares at an exercise price of \$13.12 per common share.

#### Narrative Disclosure to Summary Compensation Table

##### Denver Lough's Employment Agreement

On December 1, 2016, the Company entered into an employment agreement with Dr. Denver Lough. Pursuant to the terms of the agreement, Dr. Lough will serve as Chairman of the Board of Directors and as Chief Executive Officer and Chief Scientific Officer of the Company for a term of one year which shall be automatically renewed for

successive one-year periods thereafter unless earlier terminated. Pursuant to the agreement, the Company shall pay Dr. Lough (i) a one-time signing bonus of \$100,000, (ii) an annual base salary of \$350,000, (iii) an annual discretionary bonus, as determined by the Board of Directors, in an amount up to 100% of Dr. Lough's then current base salary and (iv) 10 year options to purchase up to 1,000,000 shares of the Company's Common Stock at an exercise price of \$3.15 per share (equal to 100% of the market price as defined by The NASDAQ Capital Market) which options shall vest in 24 equal installments commencing on the one month anniversary of the agreement. The options were granted pursuant to the 2017 Plan. At the time the employment agreement was entered into the Company paid to Dr. Lough a cash inducement bonus of \$100,000.

On November 10, 2017, the Company entered into a new executive employment agreement (the "Lough Agreement") with Dr. Lough, providing for the continuation of his role as the Chief Executive Officer and Chief Scientific Officer of the Company for a term of three years, which term shall be automatically renewed for successive one year periods thereafter unless either party provides the other party with written notice of his or its intention not to renew the Lough Agreement at least three months prior to the expiration of the initial term. Pursuant to the Lough Agreement and in consideration for his services to the Company, Dr. Lough received a \$150,000 continuation bonus and will receive a base salary of \$530,000 per annum in accordance with the Company's regular payroll practices. For each fiscal year during the term of employment, Dr. Lough shall be eligible to receive a bonus in the amount of 100% of annual salary, if any, as may be determined from time to time by the Board of Directors in its discretion and shall be eligible to participate in any equity- based incentive compensation plan or program adopted by the Company. Dr. Lough, if terminated while not in material breach of the Lough Agreement, shall also have the right to participation payments paid to the Company (or any affiliate) from commercial transactions associated with U.S. Patent Application No. 14/954,335 and PCT International Patent Application No. PCT/US2015/063114 and any and all patents and patent applications, whether domestic or foreign, claiming priority thereto or arising therefrom (including all divisionals, continuations, reissues, reexaminations, renewals, extensions, and supplementary protection certificates of any such patents and patent application) and intellectual property rights associated with the patents (sales or licenses to third parties). The terms of the Lough Agreement supersede any prior employment agreement or arrangement between Dr. Lough and the Company.

*Edward Swanson's Employment Agreement*

On December 1, 2016, the Company entered into an employment agreement with Edward Swanson. Pursuant to the terms of the agreement, Dr. Swanson will serve as Chief Operating Officer of the Company for a term of one year which shall be automatically renewed for successive one-year periods thereafter unless earlier terminated. Pursuant to the agreement, the Company shall pay Dr. Swanson (i) a one-time signing bonus of \$100,000, (ii) an annual base salary of \$300,000, (iii) an annual discretionary bonus, as determined by the Board of Directors, in an amount up to 100% of Dr. Swanson's then current base salary and (iv) 10 year options to purchase up to 846,000 shares of the Company's Common Stock pursuant to the 2017 Plan at an exercise price equal to 100% of the market price as defined by The NASDAQ Capital Market which options shall vest in 24 equal installments commencing on the one month anniversary of the agreement. At the time the employment agreement was entered into the Company paid to Dr. Swanson a cash inducement bonus of \$100,000.

On November 10, 2017, the Company entered into a new executive employment agreement (the "Swanson Agreement") with Dr. Swanson, providing for the continuation of his role as the Chief Operating Officer and Chief Translational Medicine Officer of the Company for a term of two years, which term shall be automatically renewed for successive one year periods thereafter unless either party provides the other party with written notice of his or its intention not to renew the Swanson Agreement at least three months prior to the expiration of the initial term. Pursuant to the Swanson Agreement and in consideration for his services to the Company, Dr. Swanson received a \$100,000 continuation bonus and will receive a base salary of \$400,000 per annum in accordance with the Company's regular payroll practices. For each fiscal year during the term of employment, Dr. Swanson shall be eligible to receive a bonus in the amount of 100% of annual salary, if any, as may be determined from time to time by the Board of Directors in its discretion and shall be eligible to participate in any equity-based incentive compensation plan or program adopted by the Company. The terms of the Swanson Agreement supersede any prior employment agreement or arrangement between Dr. Swanson and the Company.

*Paul E. Mann's Employment Agreement*

Mr. Mann's employment agreement (the "Mann Agreement") provides for an annual base salary of \$400,000 and a discretionary annual bonus up to 100% of his base salary as determined at the discretion of the board of directors. Mr. Mann was granted under the Company's 2017 Equity Incentive Plan an option to purchase 350,000 shares of Company common stock at a price equal to fair value as determined under the Plan exercisable over a period of 10 years, which vests subject to continued employment in 24 equal monthly installments beginning one month after the effective date of his engagement, and a restricted stock award equivalent to 100,000 shares of Company common stock that vests, subject to continued employment, in four installments every six months beginning on the date six months following the effective date of his engagement. At the discretion of the Board, Mr. Mann may be granted additional equity compensation awards. Mr. Mann is also entitled to certain payments and benefits if the Company terminates his employment without "cause" or he terminates his employment for "good reason". Benefits are also provided if Mr. Mann is terminated in connection with a change in control. The benefit levels under the employment agreements generally include continued payment of base salary, a bonus for the year of termination, accelerated vesting of equity awards

and continued welfare benefits, and are described in more detail under the “Potential Payments Upon Termination or Change-In-Control” below. Mr. Mann is entitled to participate in the Company’s insurance and benefit plans on the same basis as other employees of the Company.

#### John Stetson’s Employment Agreement

Mr. Stetson’s employment agreement provides for an annual base salary of \$168,000 and a discretionary bonus to be determined by the Compensation Committee. Pursuant to the terms of the employment agreement, Mr. Stetson would be entitled to certain payments and benefits if the Company terminated the executive’s employment without “cause” or the executive terminated his employment for “good reason”. Benefits are also provided if the executive is terminated in connection with a change in control. The benefit levels under the employment agreements generally include continued payment of base salary, a bonus for the year of termination, accelerated vesting of equity awards and continued welfare benefits, and are described in more detail under the “Potential Payments Upon Termination or Change-In-Control” below.

On November 10, 2017, the Company entered into a new executive employment agreement (the “Stetson Agreement”) with Mr. Stetson, providing for the continuation of his role as the Chief Financial Officer of the Company for a term of two years, which term shall be automatically renewed for successive one year periods thereafter unless either party provides the other party with written notice of his or its intention not to renew the Stetson Agreement at least three months prior to the expiration of the initial term. In June 2018, his title changed to Chief Investment Officer. Pursuant to the Stetson Agreement and in consideration for his services to the Company, Mr. Stetson received a continuation bonus of 7,500 shares of restricted Common Stock, which vested immediately. His base salary is now \$325,000 per annum and is paid in accordance with the Company’s regular payroll practices. For each fiscal year during the term of employment, Mr. Stetson shall be eligible to receive a bonus in the amount of 100% of annual salary, if any, as may be determined from time to time by the Board of Directors in its discretion and shall be eligible to participate in any equity-based incentive compensation plan or program adopted by the Company. The terms of the Stetson Agreement supersede any prior employment agreement or arrangement between Mr. Stetson and the Company.

*Cameron Hoyler’s Employment Agreement*

On November 10, 2017, the Company entered into a new executive employment agreement (the “Hoyler Agreement”) with Mr. Hoyler, providing for the continuation of his role as General Counsel of the Company for a term of two years, which term shall be automatically renewed for successive one year periods thereafter unless either party provides the other party with written notice of his or its intention not to renew the Hoyler Agreement at least three months prior to the expiration of the initial term. Pursuant to the Hoyler Agreement and in consideration for his services to the Company, Mr. Hoyler received a \$50,000 continuation bonus and will receive a base salary of \$385,000 per annum in accordance with the Company’s regular payroll practices. For each fiscal year during the term of employment, Mr. Hoyler shall be eligible to receive a bonus in the amount of 100% of annual salary, if any, as may be determined from time to time by the Board of Directors in its discretion and shall be eligible to participate in any equity-based incentive compensation plan or program adopted by the Company. The terms of the Hoyler Agreement supersede any prior employment agreement or arrangement between Mr. Hoyler and the Company.

Potential Payments Upon Termination or Change-In-Control

We have entered into agreements that require us to make payments and/or provide benefits to certain of our executive officers in the event of a termination of employment or a change of control. The following summarizes the potential payments to each named executive officer for which we have entered into such an agreement assuming that one of the events identified below occurs.

Denver Lough, Chief Executive Officer and Chief Scientific Officer

If Dr. Lough terminates the Lough Agreement for Good Reason (as defined in the Lough Agreement) or a Change of Control (as defined in the Lough Agreement) or the Company terminates the Lough Agreement without Cause (as defined in the Lough Agreement), then Dr. Lough shall be entitled to receive (i) the sum of his then base salary from the date of termination, (ii) reasonable expenses incurred by Dr. Lough in connection with the performance of his duties, (iii) accrued but unused vacation time through the date of termination, (iv) the sum of this then annual bonus and (v) all Share Awards (as defined in the Lough Agreement) earned and vested prior to the date of termination. In addition, Dr. Lough shall have the right to Participation Payments (as defined in the Lough Agreement) from commercial transactions associated with the Patents (as defined in the Lough Agreement) and intellectual property rights associated with such Patents. If the Company terminates the Lough Agreement for Cause, the Company will have no further obligations or liability to Dr. Lough except for the obligation to (i) pay Dr. Lough his then annual salary through the date of termination, (ii) unpaid annual bonus pursuant to the terms of the Lough Agreement, (iii) reasonable expenses incurred by Dr. Lough in connection with the performance of his duties and (v) accrued but unused vacation time through the date of termination.

Edward Swanson, Chief Operating Officer

If Dr. Swanson terminates the Swanson Agreement for Good Reason (as defined in the Swanson Agreement) or a Change of Control (as defined in the Swanson Agreement) or the Company terminates the Swanson Agreement without Cause (as defined in the Swanson Agreement), then Dr. Swanson shall be entitled to receive (i) the sum of his then base salary from the date of termination, (ii) reasonable expenses incurred by Dr. Swanson in connection with the performance of his duties, (iii) accrued but unused vacation time through the date of termination, (iv) the sum of this then annual bonus and (v) all Share Awards (as defined in the Swanson Agreement) earned and vested prior to the date of termination. If the Company terminates the Swanson Agreement for Cause, the Company will have no further obligations or liability to Dr. Swanson except for the obligation to (i) pay Dr. Swanson his then annual salary through the date of termination, (ii) unpaid annual bonus pursuant to the terms of the Swanson Agreement, (iii) reasonable expenses incurred by Dr. Swanson in connection with the performance of his duties and (v) accrued but unused vacation time through the date of termination.

*Peter E. Mann, Chief Financial Officer*

If Mr. Mann terminates the Mann Agreement for Good Reason (as defined in the Mann Agreement) or a Change of Control (as defined in the Mann Agreement) or the Company terminates the Mann Agreement without Cause (as defined in the Mann Agreement), then Mr. Mann shall be entitled to receive (i) the sum of his then base salary from the date of termination, (ii) reasonable expenses incurred by Mr. Mann in connection with the performance of his duties, (iii) accrued but unused vacation time through the date of termination, (iv) the sum of this then annual bonus and (v) all Share Awards (as defined in the Mann Agreement) earned and vested prior to the date of termination. If the Company terminates the Mann Agreement for Cause, the Company will have no further obligations or liability to Mr. Mann except for the obligation to (i) pay Mr. Mann his then annual salary through the date of termination, (ii) unpaid annual bonus pursuant to the terms of the Mann Agreement, (iii) reasonable expenses incurred by Mr. Mann in connection with the performance of his duties and (v) accrued but unused vacation time through the date of termination.

John Stetson, Chief Investment Officer

If Mr. Stetson terminates the Stetson Agreement for Good Reason (as defined in the Stetson Agreement) or a Change of Control (as defined in the Stetson Agreement) or the Company terminates the Stetson Agreement without Cause (as defined in the Stetson Agreement), then Mr. Stetson shall be entitled to receive (i) the sum of his then base salary from the date of termination, (ii) reasonable expenses incurred by Mr. Stetson in connection with the performance of his duties, (iii) accrued but unused vacation time through the date of termination, (iv) the sum of this then annual bonus and (v) all Share Awards (as defined in the Stetson Agreement) earned and vested prior to the date of termination. If the Company terminates the Stetson Agreement for Cause, the Company will have no further obligations or liability to Mr. Stetson except for the obligation to (i) pay Mr. Stetson his then annual salary through the date of termination, (ii)

unpaid annual bonus pursuant to the terms of the Stetson Agreement, (iii) reasonable expenses incurred by Mr. Stetson in connection with the performance of his duties and (v) accrued but unused vacation time through the date of termination.

*Cameron Hoyler, General Counsel*

If Mr. Hoyler terminates the Hoyler Agreement for Good Reason (as defined in the Hoyler Agreement) or a Change of Control (as defined in the Hoyler Agreement) or the Company terminates the Hoyler Agreement without Cause (as defined in the Hoyler Agreement), then Mr. Hoyler shall be entitled to receive (i) the sum of his then base salary from the date of termination, (ii) reasonable expenses incurred by Mr. Hoyler in connection with the performance of his duties, (iii) accrued but unused vacation time through the date of termination, (iv) the sum of this then annual bonus and (v) all Share Awards (as defined in the Hoyler Agreement) earned and vested prior to the date of termination. If the Company terminates the Hoyler Agreement for Cause, the Company will have no further obligations or liability to Mr. Hoyler except for the obligation to (i) pay Mr. Hoyler his then annual salary through the date of termination, (ii) unpaid annual bonus pursuant to the terms of the Hoyler Agreement, (iii) reasonable expenses incurred by Mr. Hoyler in connection with the performance of his duties and (v) accrued but unused vacation time through the date of termination.



## Outstanding Equity Awards at Fiscal Year-End

The following table shows grants of stock options and grants of unvested stock awards outstanding on the last day of the fiscal year ended October 31, 2017, to each of the then executive officers named in the Summary Compensation Table.

Name	Option Awards				Option Expiration Date	Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)			Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)
Denver Lough	458,333(2)	541,667	(2) \$ 3.15		Nov. 30, 2026	-	\$-
Edward Swanson	387,750(2)	458,250	(2) \$ 3.15		Nov. 30, 2026	-	\$-
John Stetson	87,500 (2)	-0-	\$ 4.80		Apr. 24, 2026	-	\$-
Cameron Hoyler	18,750 (2)	56,250	(2) \$ 13.12		Apr. 6, 2027	37,500(2)	\$970,125
Barry Honig	-0-	-0-	—		—	-0-	-0-

(1) Market value based on closing stock price of \$25.87 on October 31, 2017.

(2) Vests monthly, at a rate of 1/24 of such shares per month.

## Director Compensation

The following table shows the total compensation paid or accrued during the fiscal year ended October 31, 2017 to each of our directors, current and former.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	All Other Compensation (\$)	Total (\$)
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Steve Gorlin	5,000	237,000(3)	158,688(5)	—	400,688
Jon Mogford	5,000	237,000(3)	158,688(5)	—	400,688
Jeff Dyer	5,000	—	287,699(6)	—	292,699
Michael Beeghley (7)	5,000	47,250 (4)	—	—	52,250

(1) Represents the aggregate grant date fair value for stock awards granted by us in fiscal year 2017 computed in accordance with FASB ASC Topic 718. See Note 9 to our consolidated financial statements reported in our Annual Report on Form 10-K for fiscal year ended October 31, 2017 for details as to the assumptions used to determine the fair value of the stock awards.

(2) Represents the aggregate grant date fair value for options granted by us in fiscal year 2017 computed in accordance with FASB ASC Topic 718. See Note 9 to our consolidated financial statements reported in our Annual Report on Form 10-K for fiscal year ended October 31, 2017 for details as to the assumptions used to determine the fair value of the option awards.

(3) Represents 50,000 shares at a grant date fair value of \$4.74 per common share.

(4) Represents 15,000 shares at a grant date fair value of \$3.15 per common share.

(5) Represents stock options to purchase 50,000 common shares at an exercise price of \$4.72 per common share.

(6) Represents stock options to purchase 141,000 common shares at an exercise price of \$3.12 per common share.

(7) Mr. Beeghley's term as a director of the Company expired on October 18, 2017.

*Non-employee Director Compensation Policy*

During the fiscal year ended October 31, 2017, our directors were compensated in accordance with the following terms. Each non-employee director received an annual cash retainer of \$5,000, other than the Chair of the Company's Audit Committee, who received \$6,000. In addition, the Chairman of the Board of Directors received an additional annual cash retainer of \$10,000.

Each non-employee director was also entitled to receive 5-year options to purchase shares of the Company's Common Stock valued at \$10,000, calculated by dividing \$10,000 by the closing stock price on the date the award was granted. The options vest in full six months after the grant date, provided the applicable director is still serving on the Board of Directors.

Each non-employee director was entitled to a fee of \$2,500 for each Board meeting at which the director was present in person, and each member of our Board committees was entitled to a fee of \$800 for each committee meeting at which the director was present in person. Each non-employee director was entitled to a fee of \$300 for each teleconference called by either the Chairman of the Board of Directors, the President of the Company or the Chairman of a Board committee.



On November 10, 2017, the Board of Directors approved a new Director Compensation Policy. At this time our non-employee directors participating under the Director Compensation Policy are Steve Gorlin, Jon Mogford, Jeff Dyer, Willie C. Bogan, Peter A. Cohen, and Rainer Erdtmann. Under the new policy, our directors will be compensated in accordance with the following terms.

Each non-employee director receives a quarterly cash retainer of \$10,000. The Company's Audit Committee Chairman receives a \$15,000 annual Service Fee, the Compensation Committee Chairman receives a \$10,000 annual service fee, and the Nominating and Corporate Governance Committee Chairman receives an \$8,000 annual service fee.

Each non-employee director is entitled to receive 10-year options under the Company equity incentive plan to purchase that number of shares of the Company's Common Stock valued at \$150,000, calculated by dividing \$150,000 by the Black-Scholes value of the stock options based on the closing stock price the day the stock options are awarded.

Each non-employee director is entitled to a fee of \$1,500 for each Board of Directors meeting at which the director is present in person, and each member of our Board committees is entitled to a fee of \$800 for each committee meeting at which the director is present in person. Each non-employee director is entitled to a fee of \$500 for each teleconference called by either the Chairman of the Board of Directors, the President of the Company or the Chairman of a Board of Directors committee.

#### *David Seaburg*

In August 2018 David Seaburg was elected by the Board of Directors to serve as a director of the Company. Subsequently the Company entered into a written consulting agreement with Mr. Seaburg pursuant to which he will provide investor relations and other services to the Company over a period of two years for a fee consisting of (i) quarter-annual cash payment of \$10,000, (ii) 60,000 restricted stock units issued under the Company equity incentive plan that vest in four equal installments every six months during the term of the agreement subject to continued service, and (iii) an annual award under the Company equity incentive plan of options exercisable over a term of 10 years to purchase common stock in number equal to the number of shares of common stock with a value of \$150,000 at the time of the award based on a Black-Scholes calculation.

#### Report of Audit Committee

The members of the Audit Committee at October 31, 2017, were Messrs. Dyer and Gorlin.

The Audit Committee of the Board, which consists entirely of directors who meet the required independence and experience requirements of Rule 10A-3 promulgated under the Securities Exchange Act of 1934 and the rules of the Nasdaq Stock Market, has furnished the following report:

The Audit Committee assists the Board in overseeing and monitoring the integrity of the Company's financial reporting process, its compliance with legal and regulatory requirements and the quality of its internal and external audit processes. The role and responsibilities of the Audit Committee are set forth in a written charter adopted by the Board, which is available on our website at [www.polarityte.com](http://www.polarityte.com). The Audit Committee is responsible for selecting, retaining and determining the compensation of our independent public accountant, approving the services they will perform, and reviewing the performance of the independent public accountant. The Audit Committee reviews with management and our independent public accountant our annual financial statements on Form 10-K and our quarterly financial statements on Forms 10-Q. The Audit Committee reviews and reassesses the charter annually and recommends any changes to the Board for approval. The Audit Committee is responsible for overseeing our overall financial reporting process. In fulfilling its responsibilities for the financial statements for fiscal year 2017, the Audit Committee took the following actions:

reviewed and discussed the audited financial statements for the fiscal year ended October 31, 2017 with management and EisnerAmper LLP ("EisnerAmper"), our independent public accountant;

discussed with EisnerAmper the matters required to be discussed in accordance with the rules set forth by the Public Company Accounting Oversight Board (“PCAOB”), relating to the conduct of the audit; and

received written disclosures and the letter from EisnerAmper regarding its independence as required by applicable requirements of the PCAOB regarding EisnerAmper’s communications with the Audit Committee and the Audit Committee further discussed with EisnerAmper its independence. The Audit Committee also considered the status of pending litigation, taxation matters and other areas of oversight relating to the financial reporting and audit process that the Audit Committee determined appropriate.

Based on the Audit Committee’s review of the audited financial statements and discussions with management and EisnerAmper, the Audit Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2017, for filing with the SEC.

**THE AUDIT COMMITTEE:**

Jeff Dyer (Chair)  
Steve Gorlin

PROPOSAL NO. 2

**ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

The Dodd-Frank Wall Street Reform and Consumer Protection Act requires the Company’s stockholders to have the opportunity to cast a non-binding advisory vote regarding the approval of the compensation disclosed in this Proxy Statement of the Company’s executive officers who are named in the Summary Compensation Table (the “Named Executive Officers”). The Company has disclosed the compensation of the Named Executive Officers pursuant to rules adopted by the SEC.

We believe that our compensation policies for the Named Executive Officers are designed to attract, motivate and retain talented executive officers and are aligned with the long-term interests of the Company’s stockholders. This advisory stockholders’ vote, commonly referred to as a “say-on-pay vote,” gives you as a stockholder the opportunity to approve or not approve the compensation of the Named Executive Officers that is disclosed in this Proxy Statement by voting for or against the following resolution (or by abstaining with respect to the resolution):

RESOLVED, that the stockholders of the Company approve all the compensation of the Company’s executive officers who are named in the Summary Compensation Table of the Company’s 2018 Proxy Statement, as such compensation

is disclosed in the Company's 2018 Proxy Statement pursuant to Item 402 of Regulation S-K, which disclosure includes the Proxy Statement's Summary Compensation Table and other executive compensation tables and related narrative disclosures.

Because your vote is advisory, it will not be binding on either the Board of Directors or the Company. However, the Company's Compensation Committee will take into account the outcome of the stockholder vote on this proposal at the Annual Meeting when considering future executive compensation arrangements. In addition, your non-binding advisory votes described in this Proposal 4 will not be construed: (1) as overruling any decision by the Board of Directors, any board committee or the Company relating to the compensation of the Named Executive Officers, or (2) as creating or changing any fiduciary duties or other duties on the part of the Board of Directors, any board committee or the Company.

#### Vote Required

The advisory vote to approve the compensation of our executive officers will be approved if the votes cast in favor of the proposal exceed the votes cast against the proposal. Abstentions and broker non-votes will not be counted as either votes cast for or against this proposal. While the results of this advisory vote are non-binding, the Compensation Committee of the Board and the Board values the opinions of our stockholders and will consider the outcome of the vote, along with other relevant factors, in deciding whether any actions are necessary to address the concerns raised by the vote and when making future compensation decisions for executive officers

**THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE APPROVAL OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTED OFFICER, AS STATED IN THE ABOVE NON-BINDING RESOLUTION, AND PROXIES SOLICITED BY THE BOARD WILL BE VOTED IN FAVOR THEREOF UNLESS A STOCKHOLDER HAS INDICATED OTHERWISE ON THE PROXY.**

PROPOSAL NO. 3

APPROVAL OF THE COMPANY'S 2019 EMPLOYEE STOCK PURCHASE PLAN

On May 22, 2018, the Board adopted, subject to the approval of our stockholders, the PolarityTE, Inc., 2019 Employee Stock Purchase Plan (the "ESPP"). We believe that the adoption of the ESPP will benefit us by providing employees with an opportunity to acquire shares of our common stock and will enable us to attract, retain and motivate valued employees.

Based solely on the closing price of our common stock reported on the NASDAQ Capital Market on August 14, 2018, the maximum aggregate market value of the 500,000 shares of common stock that could potentially be issued under the ESPP is \$11.9 million. Please see the dilution analysis under Proposal No. 4, below, for information regarding the potential dilutive impact in relation to the proposal to approve the PolarityTE, Inc. 2019 Equity Incentive Plan.

Summary of the Material Provisions of the ESPP

The following description of certain provisions of the ESPP is intended to be a summary only. The summary is qualified in its entirety by the full text of the ESPP, a copy of which is attached hereto as Appendix A. It is our intention that the ESPP qualify as an "employee stock purchase plan" under Section 423 of the Code.

*Shares Subject to the Plan.* An aggregate of 500,000 shares will be reserved and available for issuance under the ESPP. If our capital structure changes because of a stock dividend, stock split or similar event, the number of shares that can be issued under the ESPP will be appropriately adjusted.

*Plan Administration.* The ESPP will be administered by the Compensation Committee, which will have full authority to make, administer and interpret such rules and regulations regarding the ESPP as it deems advisable.



*Eligibility.* Any employee of the Company or its U.S. subsidiaries is eligible to participate in the ESPP so long as the employee is employed for more than 20 hours a week and has completed at one year of employment on the first day of the applicable offering period. No person who owns or holds, or as a result of participation in the ESPP would own or hold, common stock or options to purchase common stock, that together equal to 5% or more of the total combined voting power or value of all classes of stock of the Company is entitled to participate in the ESPP. No employee may exercise an option granted under the ESPP that permits the employee to purchase common stock of the Company having a value of more than \$25,000 (determined using the fair market value of the stock at the time such option is granted) in any calendar year.

*Participation; Payroll Deductions.* Participation in the ESPP is limited to eligible employees who authorize payroll deductions equal to a whole percentage of base pay to the ESPP. Employees may authorize payroll deductions, with a minimum of 1% of base pay and a maximum of 15% of base pay. There are currently approximately 80 employees who will be eligible to participate in the ESPP. Once an employee becomes a participant in the ESPP, that employee will automatically participate in successive offering periods, as described below, until such time as that employee withdraws from the ESPP, becomes ineligible to participate in the ESPP, or his or her employment ceases.

*Offering Periods.* Unless otherwise determined by the Compensation Committee, each offering of common stock under the ESPP will be for a period of six months, which we refer to as an “offering period.” The first offering period under the ESPP will begin on November 1, 2018 and end on April 30, 2019. Subsequent offerings under the ESPP will generally begin on the first business day occurring on or after each November 1 and May 1, and will end on the last business day occurring on or before the following April 30 and October 31, respectively. Shares are purchased on the last business day of each offering period, with that day being referred to as a &ld