

NOTICE OF FARON PHARMACEUTICALS LTD'S EXTRAORDINARY GENERAL MEETING

Shareholders of Faron Pharmaceuticals Ltd (the “**Company**”) are invited to attend the Extraordinary General Meeting to be held on 25 October 2019 at 10.00 a.m. (Finnish time) at the BioCity building, meeting room Manu at Tykistökatu 6, 20520 Turku, Finland. The registration of attendees and the distribution of voting slips will commence at the meeting venue at 9.00 a.m. (Finnish time).

The Company’s Annual Report 2018, the half-yearly report for the six months ended 30 June 2019 and the statement by the Board of Directors on events after the preparation of the half-yearly report with a material effect on the Company are available to view and download on the Company’s website at <https://www.faron.com/> (link on the homepage).

A. MATTERS ON THE AGENDA OF THE EXTRAORDINARY GENERAL MEETING

- 1. Opening of the meeting**
- 2. Calling the meeting to order**
- 3. Election of persons to scrutinise the minutes and to supervise the counting of votes**
- 4. Recording the legality of the meeting**
- 5. Recording the attendance at the meeting and adoption of the list of votes**
- 6. Measures to remedy equity shortfall and authorising the Board of Directors to decide on the issuance of shares, options or other special rights entitling to shares**

The Company is exploring possibilities for raising further capital in order to strengthen the financial position of the Company. The Board of Directors proposes that the Extraordinary General Meeting authorise the Board of Directors to resolve by one or several decisions on issuances of shares, options or other special rights entitling to shares referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act, which authorisation contains the right to issue new shares or dispose of the shares in the possession of the Company. The authorisation would consist of up to 7,871,000 shares in the aggregate (including shares to be received based on options or other special rights), which corresponds to approximately 20 per cent of the existing shares and votes in the Company.

The authorisation would not exclude the Board of Directors’ right to decide on the issuance of shares, options or other special rights entitling to shares in deviation from the shareholders’ pre-emptive rights. The authorisation is proposed to be used for material arrangements from the Company’s point of view, such as financing or implementing business arrangements, investments or for other such purposes determined by the Board of Directors in which case a weighty financial reason for issuing shares, options or other special rights entitling to shares and possibly deviating from the shareholders’ pre-emptive rights, would exist.

The Board of Directors would be authorised to resolve on all other terms and conditions of the issuance of shares, options or other special rights entitling to shares.

The authorisation will be effective until 30 June 2020. The proposed authorisation shall replace the authorisation for up to 7,095,000 shares in the aggregate granted by the Company’s Annual General Meeting held on

28 May 2019 (the “**2019 AGM**”) concerning the issuance of shares, options or other special rights entitling to shares. The proposed authorisation shall not replace the authorisation for up to 2,000,000 shares in the aggregate granted by the 2019 AGM concerning issuances of options or other special rights entitling to shares referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act.

7. Closing of the meeting

B. DOCUMENTS OF THE EXTRAORDINARY GENERAL MEETING

The above-mentioned proposals to the Extraordinary General Meeting, the Company’s Annual Report 2018 including the financial statements, the Report of the Board of Directors and the Auditor’s Report, the half-yearly report for the six months ended 30 June 2019, the statement by the Board of Directors on events after the preparation of the half-yearly report with a material effect on the Company and this notice are available on the Company’s website at <https://www.faron.com/> (link on the homepage) as of the date of publication of this notice. The Board proposals and the other above-mentioned documents will also be available at the Extraordinary General Meeting. Copies of these documents and of this notice will be sent to shareholders upon request. The minutes of the Extraordinary General Meeting will be available to be viewed on the Company’s website from 8 November 2019 at the latest.

C. INSTRUCTIONS FOR THE PARTICIPANTS

1. The right to participate and registration

Each shareholder who on the record date of the Extraordinary General Meeting, being 15 October 2019, is registered in the Company’s shareholders’ register held by Euroclear Finland Ltd has the right to participate in the Extraordinary General Meeting. A shareholder whose shares are registered on their personal book-entry account is registered in the Company’s shareholders’ register.

A shareholder who is registered in the Company’s shareholders’ register and who wants to participate in the Extraordinary General Meeting should register for the meeting by no later than 4 p.m. (Finnish time) on Tuesday, 22 October 2019 by giving a prior notice of participation:

- by email to virve.nurmi@faron.com; or
- by mail to Faron Pharmaceuticals Ltd, attn. Virve Nurmi, Joukahaisenkatu 6, FI-20520 Turku, Finland.

When registering, a shareholder shall state their name, personal identification number / business identity code, address, telephone number and the name of a possible proxy representative or assistant and the personal identification number of the proxy representative. The personal data given by shareholders to the Company are used only in connection with the Extraordinary General Meeting and the necessary processing of related registrations.

Shareholders, and their authorised representatives or proxy representatives should, when necessary, be able to prove their identity and/or right of representation.

2. Proxy representative and powers of attorney

Shareholders may participate in the Extraordinary General Meeting and exercise their rights at the meeting by way of proxy representation. A proxy representative must present a dated power of attorney or other reliable proof of their authority to represent the shareholder.

A shareholder may participate in the Extraordinary General Meeting by means of several proxy representatives, who represent the shareholder with shares held on different book-entry accounts. In such case, the shares represented by each proxy representative shall be identified when registering for the Extraordinary General Meeting.

Possible proxy documents should be sent in originals to Faron Pharmaceuticals Ltd, attn. Virve Nurmi, Joukahaisenkatu 6, FI-20520 Turku, Finland before the end of registration period.

3. Holder of nominee-registered shares (including depositary interest holders)

A holder of nominee-registered shares (including depositary interest holders) has the right to participate in the Extraordinary General Meeting by virtue of such shares based on which the holder would be entitled to be registered in the Company's shareholders' register held by Euroclear Finland Ltd on the Extraordinary General Meeting's record date of 15 October 2019.

Additionally, participation requires that the holder of nominee-registered shares is temporarily registered in the Company's shareholders' register held by Euroclear Finland Ltd by 10 a.m. (Finnish time) on Tuesday, 22 October 2019. Temporary registration in the shareholders' register shall be deemed to be a registration for the Extraordinary General Meeting.

Holders of nominee-registered shares are advised to request the necessary instructions regarding the temporary registration in the shareholders' register, the issuing of proxy documents and registration for the General Meeting from their custodian bank without delay. The account management organisation of the custodian bank shall notify a holder of nominee-registered shares who wants to participate in the Extraordinary General Meeting to be temporarily entered into the Company's shareholders' register by the above-mentioned time.

4. Other instructions and information

Pursuant to chapter 5, section 25 of the Finnish Limited Liability Companies Act, shareholders who are present at the Extraordinary General Meeting are entitled to request information regarding the matters addressed by the meeting.

On the date of this notice, 4 October 2019, the total number of shares and votes in the Company is 39,355,247.

The Extraordinary General Meeting shall be held in Finnish and in English.

Turku, 4 October 2019

FARON PHARMACEUTICALS LTD

Board of Directors