

## **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 7 July 2022 at 9:00 a.m. (Finnish time) at the Radisson Blu Marina Palace Hotel, meeting room “Meri” at Linnankatu 32, 20100 Turku, Finland. The registration of attendees and the distribution of voting slips will commence at the meeting venue at 8:30 a.m. (Finnish time).

The Board has summoned the Extraordinary General Meeting in order to resolve on authorising the Board to decide on the issuance of shares, options or other special rights entitling to shares. Due to the nature of the Company’s line of business and also taking into account the debt funding arrangement with IPF Partners announced on 28 February 2022, the authorisation to decide on the issuance of shares, options or other special rights entitling to shares provides the Company with customary and necessary means of raising capital in order to finance its business operations.

The Company operates in a global industry, is listed on two stock exchanges and has been raising capital from international markets. The increasingly competitive capital markets require the Company to conduct its capital raises in a manner that fit the changing market demands. In equity raises the common practice on international capital markets is “delivery-versus-payment” (DVP) settlement, where the investors pay for the shares at the same moment they receive the shares.

To further facilitate DVP without outside interim financing in the Finnish corporate law environment observing the demands of the international markets, the Company’s Board proposes an authorization to enable a two-step share issuance mechanism, where the Company may first issue shares to itself without consideration (treasury shares) and then convey such treasury shares to investors against payment. As Finnish corporate law defines both the issuance of new shares and the conveyance of existing treasury shares as share issuances, this mechanism requires an authorization for both steps. Therefore, the Board technically needs to propose the same size authorization twice. The proposal would result in a maximum dilution of twenty (20) per cent. Therefore, the proposed authorisation is proportionally the same size as the Company’s Board’s outstanding authorisation to decide on the issuance of shares, options or other special rights entitling to shares, resolved upon by the Annual General Meeting on 23 April 2021.

The Company’s Annual Report 2021 and the statement by the Board of Directors on events after the preparation of the financial statements with a material effect on the Company are available to view and download on the Company’s website at <https://www.faron.com/>.

### **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. Authorising the Board of Directors to decide on the issuance of shares, options or other special rights entitling to shares**

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 Company's own shares in the possession of the Company. The authorisation would consist of up to eleven million (11,000,000) new shares in the aggregate (including shares to be received based on options or other special rights), which corresponds to approximately twenty (20) per cent of the existing shares and votes in the Company, as well as the conveyance of up to the same maximum number (eleven million (11,000,000)) of treasury shares in the possession of the Company.

In practise, the above authorisation includes that the Board may first resolve on one or several share issues (up to the maximum number of eleven million (11,000,000) new shares) without consideration to the Company itself and then further convey such treasury shares (up to the maximum number of eleven million (11,000,000) shares) against consideration.

The authorisation would not exclude the Board's 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 (including, without limitation, issuance of warrants under the funding agreement with IPF Partners announced on 28 February 2022) or implementing business arrangements, investments or for other such purposes determined by the Board 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.

For the sake of clarity, it is noted that in no circumstances can the total number of new shares to be registered under this authorisation exceed eleven million (11,000,000) new shares in aggregate.

The Board 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 would be effective until 30 June 2023.

## **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 2021 including the financial statements, the Report of the Board of Directors and the Auditor's Report, and the statement by the Board of Directors on events after the preparation of the financial statements with a material effect on the Company and this notice are available on the Company's website at <https://www.faron.com/> as of the date of publication of this notice. The Board's 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 on the Company's website from 21 July 2022 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 27 June 2022, is registered in the Company's shareholders register held by Euroclear Finland Oy has the right to participate in the Extraordinary General Meeting. A shareholder whose shares are registered on their personal Finnish book-entry account is registered in the Company's shareholders register. If you do not have a Finnish book-entry account, see section C3 "*Holder of nominee-registered shares (including depositary interest holders)*".

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 4:00 p.m. (Finnish time) on Monday, 4 July 2022 by giving a prior notice of participation:

- by email to [general.meeting@faron.com](mailto:general.meeting@faron.com) or
- by mail to Faron Pharmaceuticals Ltd, attn. Kaisa Kyttä, 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 by email to [general.meeting@faron.com](mailto:general.meeting@faron.com) and in originals to Faron Pharmaceuticals Ltd, attn. Kaisa Kyttä, 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 Oy on the Extraordinary General Meeting's record date of 27 June 2022.

Additionally, participation requires that the holder of nominee-registered shares is temporarily registered in the Company's shareholders' register held by Euroclear Finland Oy by 10:00 a.m. (Finnish time) on Monday, 4 July 2022. 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. A holder of nominee-registered shares shall note that custodian banks may apply deadlines for the registration and advance voting of holders of nominee-registered shares. 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, 16 June 2022, the total number of shares and votes in the Company is 53,257,032.

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

Turku, 16 June 2022

FARON PHARMACEUTICALS LTD

Board of Directors