

NOTICE OF FARON PHARMACEUTICALS LTD'S ANNUAL GENERAL MEETING

Shareholders of Faron Pharmaceuticals Ltd (the “**Company**”) are notified of the Annual General Meeting (the “**AGM**”) to be held on 21 March 2025 at 10:00 a.m. EET (Finnish time) at Biocity, meeting room “Presidentti” at Tykistökatu 6, FI-20520 Turku, Finland. The registration of attendees and the distribution of voting slips will commence at the meeting venue at 9:30 a.m. EET (Finnish time).

The Company’s Annual Report 2024 is available for review and downloading on the Company’s website at <https://www.faron.com/>.

A. MATTERS ON THE AGENDA OF THE ANNUAL 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. Presentation of the financial statements, the report of the Board of Directors and the auditor’s report for 2024**

Review by the CEO.

- 7. Adoption of the financial statements**
- 8. Resolution on the use of the profit shown on the balance sheet and the payment of dividend**

The Board of Directors (the “**Board**”) proposes that no dividend for the financial year 2024 will be paid and that the losses of the Company for the financial year, amounting to EUR 26.0 million (IFRS), will be carried forward to the reserve for invested unrestricted equity.

- 9. Resolution on the discharge of the members of the Board and the CEO of the Company from liability**
- 10. Resolution on the remuneration of the members of the Board**

The Shareholders’ Nomination Board proposes that the annual remuneration of the members of the Board remain unchanged and that EUR 35,000 will be paid to the Board members, in addition to which an annual remuneration of EUR 35,000 will be paid to the chair of the Board. In addition, a further annual remuneration of EUR 11,000 will be paid to the chair of the audit committee, a further annual remuneration of EUR 9,000 will be paid to the chair of the remuneration committee and a further annual remuneration of EUR 6,000 will be paid to the chair of the nomination committee. In addition, a further annual remuneration of EUR 6,000 will be paid to the audit committee members, a further annual remuneration of EUR 5,000 will be paid to the remuneration committee members and a further annual remuneration of EUR 3,000 will be paid to the nomination committee members.

The Shareholders' Nomination Board furthermore proposes that meeting fees will be paid to the Board members as follows:

- a meeting fee of EUR 1,000 will be paid to Board members per Board meeting where the Board member was physically present, and which was held on another continent than the member's place of residence; and
- no meeting fees will be paid to Board members who were attending a Board meeting but not physically present or for Board meetings held on the same continent as the member's place of residence.

In addition, it is proposed that all reasonable and properly documented expenses incurred in the performance of duties of the members of the Board would be compensated.

The Shareholders' Nomination Board also proposes that no remuneration will be paid based on the Board membership of the CEO of the Company or a person serving the Company under a full-time employment or service agreement, if such person is elected by the Annual General Meeting.

11. Resolution on the number of members of the Board

The Shareholders' Nomination Board proposes to the Annual General Meeting, that six (6) members be elected to the Board.

12. Election of members of the Board

The Shareholders' Nomination Board proposes to the Annual General Meeting, that John Poulos, Markku Jalkanen, Tuomo Pätsi, Christine Roth and Marie-Louise Fjällskog be re-elected, and that Juho Jalkanen be elected as a new member to the Board for a term that ends at the end of the next AGM.

All proposed Board member candidates have given their consent for the election. The proposed Board members have informed the Company that in the event they are elected, they intend to elect Tuomo Pätsi as chair of the Board.

Information on the Board member candidates are available on the Company's website at <https://faron.com>.

13. Resolution on the remuneration of the auditor

The Board proposes, on the basis of the proposal of the audit committee, that the auditor be remunerated in accordance with the invoice approved.

14. Election of the auditor

The Board proposes, on the basis of the proposal of the audit committee, that PricewaterhouseCoopers Oy ("PwC"), a firm of authorised public accountants, be re-elected as the Company's auditor.

PwC has informed the Company that it will appoint Panu Vänskä, authorised public accountant (KHT), as the key audit partner.

15. Resolution on the amendment of the option programme 2019

The Company's AGM has on 28 May 2019 decided to authorise the Board to resolve on issuances of options or other special rights entitling to shares referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act, and the terms and conditions have later been amended by the decisions of the Company's AGM on 18 May 2020 and 24 March 2023 (the "**Share Option Plan 2019**").

In accordance with the Share Option Plan 2019 the granted options will lapse latest on the fifth anniversary of the grant date. The Board proposes that the AGM would resolve to amend the terms and conditions of the Share Option Plan 2019, so that the validity period of the options granted under the Share Option Plan 2019 is extended by one (1) year, i.e. the granted options will lapse latest on the sixth anniversary of the grant date. For the sake of clarity, it is noted that the proposal applies to all options granted under the Share Option Plan 2019. The Board deems that the proposed amendment will enhance the usability of the options and thereby significantly increase the desired benefits of the incentivisation system for the management and personnel of the Company.

Furthermore, the Board proposes that the AGM would resolve to amend the terms and conditions of the Share Option Plan 2019, so that a maximum of two hundred thousand (200,000) options (before the amendment one hundred and twenty-five thousand (125,000) options) could be offered to each member of the Board (excluding the chair of the Board and the Chief Executive Officer and the Chief Financial Officer if they would be considered as members of the Company's Board herein). The maximum number of options offered under the Share Option Plan 2019 to the chair of the Board, the Chief Executive Officer, the Chief Financial Officer and to any other non-employee person as determined by the Board, would remain unchanged.

Excluding the proposed amendments presented above, the terms and conditions of the option programme remain otherwise unchanged. The consolidated terms and conditions of the Share Option Plan 2019, incorporating the amendments proposed herein, are attached hereto as Annex 1.

The maximum number of options granted to each member of the Board (excluding the chair of the Board and the Chief Executive Officer and the Chief Financial Officer if they would be considered as members of the Company's Board herein) would increase by seventy-five thousand (75,000) options, representing an increase of 60 per cent over the current maximum totals.

16. Resolution on the amendment of the Articles of Association

The Board proposes that Article 17 (Notification on the Change of Holdings in the Company) of the Articles of Association of the Company be amended such that a new Article 17.1 is added. The purpose of the amendment is to clarify the situation with regards to the provisions applicable to the Company and its shareholders regarding notifications of shareholdings and voting rights in light of the Company's dual listing of shares on Nasdaq First North Growth Market Finland and AIM. Article 17, as currently in force, partly deviates from the applicable provisions under the Finnish Securities Markets Act now directly applicable on the Company and its shareholders. However, due to the AIM listing, the shareholders are also

required to comply with the provisions set out in the Articles of Association in order to satisfy their, and the Company being able to satisfy its, obligations under the AIM Rules related to changes of holdings.

The proposed new Article 17.1 would read as follows:

“17.1 Applicability

For as long as the Company is listed on AIM, the procedure described in this Article 17 will be adhered to. In addition, the relevant legislation concerning notifications of holdings and proportions of voting rights from time to time in force shall be taken into account.”

The Board further proposes that Article 18 (Obligation to Purchase Shares) of the Articles of Association of the Company be removed.

The proposal is based on the changes to takeover rules in the Finnish Securities Markets Act. Due to the change, the provisions concerning takeover bids will apply to shares admitted to trading on a multilateral trading facility. As the Company's shares are listed on Nasdaq First North Growth Market Finland, which is a multilateral trading facility, it is proposed that the article contradicting applicable legislation is removed.

It is proposed that the Articles of Association remain unchanged in other respects.

17. Authorising the Board to decide on the issuance of shares, option rights or other special rights entitling to shares

The Board proposes that the AGM authorise the Board to resolve by one or more decisions on issuances of shares, option rights or other special rights entitling to shares as 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 treasury shares held by the Company. The authorisation would consist of up to thirty million (30,000,000) new shares in the aggregate (including shares to be received based on option rights or other special rights), which corresponds to approximately twenty-seven (27) per cent of the existing shares and votes in the Company (as of the date of this notice), as well as the conveyance of up to the same maximum number (thirty million (30,000,000)) of treasury shares held by the Company. Further, should the Board resolve to issue option rights or other special rights entitling to treasury shares held by the Company, the same authorisation could be used to issue the afore-mentioned up to thirty million (30,000,000) new shares in the aggregate to the Company itself without consideration (to be further issued as shares to be received based on such option rights or other special rights).

In practise, the above authorisation includes that the Board may first resolve on one or more share issues (up to the maximum number of thirty million (30,000,000) new shares) without consideration to the Company itself and then further convey such treasury shares (up to the maximum number of thirty million

(30,000,000) shares) against consideration (including as shares to be received based on option rights or other special rights issued based on the same authorisation).

The authorisation would not exclude the Board's right to decide on the issuance of shares, option rights 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, option rights 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 thirty million (30,000,000) new shares in aggregate.

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

The authorisation would be effective until 30 June 2026. This authorisation does not cancel the authorisation given to the Board by the Annual General Meeting on 5 April 2024 to resolve on issuances of shares, option rights or other special rights entitling to shares.

18. Closing of the meeting

B. DOCUMENTS OF THE ANNUAL GENERAL MEETING

The above-mentioned resolution proposals to the AGM, the Company's Annual Report 2024 including the financial statements, the report of the Board of Directors and the auditor's report and this notice are available on the Company's website at <https://www.faron.com/investors> 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 AGM. Copies of these documents and of this notice will be sent to shareholders upon request. The minutes of the AGM will be available on the Company's website as of 4 April 2025 at the latest.

C. INSTRUCTIONS FOR THE PARTICIPANTS OF THE ANNUAL GENERAL MEETING

1. The right to participate and registration

Each shareholder who on the record date of the AGM, being 11 March 2025 is registered in the Company's shareholders' register held by Euroclear Finland Oy has the right to participate in the AGM. 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 C.3 "*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 AGM should register for the meeting by no later than 10:00 a.m. EET (Finnish time) on Tuesday, 18 March 2025 by giving a prior notice of participation. The notice must be received before the end of the registration period. Notice of participation can be given:

- by email to general.meeting@faron.com or
- by mail to Faron Pharmaceuticals Ltd, attn. Kaisa Kytä, 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, legal representative or assistant and the personal identification number of the proxy representative or legal representative. The personal data given by shareholders to the Company are used only in connection with the AGM and the necessary processing of related registrations.

Shareholders, and their authorised representatives or proxy representatives should be able to prove their identity and/or right of representation at the meeting venue upon request.

2. Proxy representative and powers of attorney

Shareholders may participate in the AGM 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.

If a shareholder participates in the AGM by means of several proxy representatives, who represent the shareholder with shares held in different book-entry accounts, the shares represented by each proxy representative shall be identified when registering for the AGM.

The Company offers the possibility for shareholders to designate Paavo Koivisto, Director, IR&Funding, as their proxy representative, to represent them at the AGM in accordance with shareholder's voting instructions. Authorizing the designated proxy representative will not accrue any costs for the shareholder, excluding possible postal fees for proxy documents.

Possible proxy documents should be sent by email to general.meeting@faron.com and in originals to Faron Pharmaceuticals Ltd, attn. Kaisa Kytä, Joukahaisenkatu 6, FI-20520 Turku, Finland before the end of registration period by which time the proxy documents must be received.

In addition to providing proxy documents, the shareholder or their proxy representative must take care of registering for the AGM in the manner described in this notice.

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 AGM 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 AGM's record date of 11 March 2025.

Additionally, participation requires that the holder of nominee-registered shares is on the basis of such shares temporarily registered in the Company's shareholders' register held by Euroclear Finland Oy by 10:00 a.m. EET (Finnish time) on Tuesday, 18 March 2025. As regards nominee-registered shares, this constitutes due registration for the AGM.

A holder of nominee-registered shares is advised to request the necessary instructions regarding temporary registration in the shareholders' register, issuing of proxy documents and registration for the AGM from their custodian bank without delay. A holder of nominee-registered shares shall note that custodian banks may apply deadlines for the registration and the providing of voting instructions of holders of nominee-registered shares. The account management organisation of the custodian bank must register a holder of nominee-registered

shares who wants to participate in the AGM 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 AGM are entitled to request information regarding the matters on the agenda of the AGM.

Changes in shareholding occurred after the record date of the AGM do not affect the right to participate in the AGM or the number of votes held by a shareholder.

On the date of this notice, 28 February 2025, the total number of shares and votes in the Company is 111,601,608.

The AGM shall be held in Finnish, partially translated into English.

Turku, 28 February 2025

FARON PHARMACEUTICALS LTD

Board of Directors