

**Faron Pharmaceuticals Ltd ("Faron" or the "Company")**

**COMPANY ANNOUNCEMENT, MARCH 25, 2022 AT 11:00 AM (EET) / 09:00 AM (GMT) / 05:00 AM (EDT)**

**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 22 April 2022 at 12:00 p.m. EEST (Finnish time). The meeting venue is Event Venue Eliel, Töölönlahdenkatu 2, Helsinki, Finland. The shareholders of the Company may participate in the AGM and exercise their shareholder rights only by voting in advance, by submitting counterproposals in advance and asking questions in advance in accordance with the instructions given in this notice and otherwise by the Company. It is not possible to participate in the AGM at the meeting venue.

The Board of Directors (the "**Board**") has resolved on exceptional meeting procedures based on the temporary legislative act (375/2021, "**Temporary Act**") approved by the Finnish parliament on 7 May 2021. In order to prevent the spread of the COVID-19 pandemic, the AGM will be held without shareholders' and their proxy representatives' presence at the meeting venue. This is necessary in order to ensure the health and safety of the shareholders, employees and other stakeholders of the Company as well as to organize the AGM in a predictable way allowing equal means for shareholders to participate while also ensuring compliance with the restrictions set by the authorities from time to time. For these reasons, shareholders and their proxy representatives can participate in the AGM and use shareholder rights only by voting in advance, by submitting counterproposals in advance and by asking questions in advance. Further instructions can be found in part C of this notice (*Instructions for the Participants*).

The AGM can be followed on the Company's website. Persons following the meeting in this manner are not considered participants in the AGM. Accordingly, shareholders will not have the possibility to address the meeting or participate in any vote, among other things, during the meeting. The webcast will be arranged only if it can be arranged in compliance with all regulatory rules and restrictions imposed by the authorities due to the COVID-19 pandemic.

The CEO of the Company will attend the meeting. The Chairman of the Board, the members of the Board, other management of the Company and the auditor will not attend the AGM.

**A. MATTERS ON THE AGENDA OF THE AGM**

**1. Opening of the meeting**

**2. Calling the meeting to order**

Attorney-at-law Riikka Rannikko shall act as the Chairman of the meeting. If due to weighty reasons Riikka Rannikko is not able to act as Chairman, the Board shall appoint another person it deems most suitable to act as Chairman.

### **3. Election of persons to scrutinize the minutes and to supervise the counting of votes**

The Company's Corporate Counsel Kaisa Kyttä shall scrutinize the minutes and supervise the counting of the votes. In case Kaisa Kyttä would not be able to act as the person to scrutinize the minutes and to supervise the counting of the votes due to weighty reasons, the Board shall appoint another person it deems most suitable to act in that role.

### **4. Recording the legality of the meeting**

### **5. Recording the attendance at the meeting and adoption of the list of votes**

The shareholders who have voted in advance and who have the right to participate in the meeting pursuant to Chapter 5, Sections 6 and 6a of the Finnish Limited Liability Companies Act (624/2006, as amended; the "Companies Act") will be recorded to have been represented at the meeting. The list of votes will be adopted according to the information provided by Euroclear Finland Oy ("Euroclear") and Innovatics Ltd ("Innovatics").

### **6. Presentation of the financial statements, the Board's report and the auditor's report for 2021**

As shareholders can only participate in the AGM by voting in advance, the financial statements, the Board's report and the auditor's report for 2021, published by the Company on 25 March 2022 and which have been made available on the Company's website at <https://www.faron.com/investors/general-meetings>, will be deemed to have been presented to the AGM.

### **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 proposes that no dividend for the financial year 2021 will be paid and that the losses of the Company for the financial year, amounting to EUR 21.2 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 Board proposes, on the basis of the proposal of the remuneration committee, 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 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 Board also proposes, on the basis of the proposal of the remuneration committee, 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.

#### **11. Resolution on the number of members of the Board**

The Board proposes, on the basis of the proposal of the nomination committee, that seven (7) members be elected to the Board.

#### **12. Election of members of the Board**

The Board proposes, on the basis of the proposal of the nomination committee, that Frank Armstrong, Gregory Brown, John Poulos, Leopoldo Zambelletti, Markku Jalkanen and Anne Whitaker be re-elected to the Board for a term that ends at the end of the next AGM. In addition, the Board proposes, on the basis of the proposal of the nomination committee, that Erik Ostrowski be elected as a new member to the Board for a term that ends at the end of the next AGM.

Erik Ostrowski (born 1972), citizen of the U.S., holds no other board memberships at the moment. He is independent of the Company and its significant shareholders. Information on the proposed new Board member is available on the Company's website at <https://www.faron.com/investors/general-meetings>.

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 Frank Armstrong as chair of the Board.

Information on the Board member candidates proposed to be re-elected are available on the Company's website at <https://www.faron.com/faron/leadership/board-directors>.

#### **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 presented.

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

The Board proposes that the AGM authorise the Board 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 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 ten million six hundred thousand (10,600,000) 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.

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 February 28, 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.

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.

#### **16. Authorising the Board to decide on the issuance of shares without consideration to the Company**

The Board proposes that the AGM authorise the Board to resolve by one or several decisions on a share issue without consideration to the Company itself. The authorisation would consist of up to ten million six hundred thousand (10,600,000) shares in the aggregate, which corresponds to approximately twenty (20) per cent of the existing shares and votes in the Company.

The authorisation would not exclude the Board’s right to decide on the issuance of shares in deviation from the shareholders’ pre-emptive rights. The Board would be authorised to resolve on all other terms and conditions of the issuance of shares, including the right to issuances without consideration. Issuances without consideration require that there is an especially weighty financial reason for doing so from the Company’s point of view and observing the interests of all the shareholders of the Company.

The authorisation would be effective until 30 June 2023. The proposed authorisation does not revoke the share issue authorisations granted to the Board otherwise during this AGM.

#### **17. Closing of the meeting**

## **B. DOCUMENTS OF THE AGM**

The proposals of the Board to the AGM and this notice are available on the Company's website at <https://www.faron.com/investors/general-meetings>. The financial statements, the Board's report and the auditor's report for 2021 are available on the above-mentioned website no later than on 25 March 2022. Copies of these documents and of this notice will be sent to shareholders upon request. The minutes of the AGM will be available to be viewed on the Company's website from 6 May 2022 at the latest.

## **C. INSTRUCTIONS FOR THE PARTICIPANTS**

In order to prevent the spread of the COVID-19 pandemic, the AGM will be organized so that the shareholders and their proxy representatives are not allowed to be present at the meeting venue. The shareholders and their proxy representatives can participate in the meeting and use their shareholder rights only by voting in advance, by submitting counterproposals in advance and asking questions in advance in the manner described below. Proxy representatives shall also vote in advance in the manner described below.

### **1. The right to participate**

Each shareholder who on the record date of the AGM, being 8 April 2022, is registered in the Company's shareholders' register held by Euroclear 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.4 (*Holder of nominee-registered shares (including depositary interest holders)*) for all instructions on participating and voting in advance.

A shareholder may only participate in the meeting by voting in advance or by way of proxy representation and by submitting counterproposals and asking questions in advance in accordance with the instructions below.

### **2. Registration and advance voting**

Registration for the AGM and advance voting will begin on 4 April 2022 at 12:00 noon EEST (Finnish time) when the deadline for submitting counterproposals has passed. A shareholder entered in the Company's shareholders' register who wishes to participate in the AGM by voting in advance must register and vote in advance at the latest on 19 April 2022 at 10:00 a.m. EEST (Finnish time), by which time the registration shall be completed and votes need to be received.

A shareholder whose shares are registered on their Finnish book-entry account can register and vote in advance on certain items on the agenda of the AGM from 12:00 noon EEST (Finnish time) on 4 April 2022 until 10:00 a.m. EEST (Finnish time) on 19 April 2022 by the following means:

#### **a) Through the Company's website**

The Finnish personal identity code or business ID as well as strong identification with Finnish or Swedish banking codes or mobile certificate is needed for electronic registration and advance voting. The terms and

other instructions concerning electronic voting are available on the Company's website at <https://www.faron.com/investors/general-meetings>.

b) By mail or email

The advance voting form and instructions relating to the advance voting will be available on the Company's website at <https://www.faron.com/investors/general-meetings> no later than on 4 April 2022 at 12:00 noon EEST (Finnish time). A shareholder may send the advance voting form available on the aforementioned website or corresponding information to Innovatics by regular mail to Innovatics Ltd, Annual General Meeting / Faron Pharmaceuticals Ltd, Ratamestarinkatu 13 A, FI-00520 Helsinki, Finland or by email to [agm@innovatics.fi](mailto:agm@innovatics.fi). If the shareholder participates in the meeting by sending the votes in advance by mail or email to the above-mentioned addresses, this constitutes registration for the AGM, provided that the above-mentioned information required for registration is provided. Additional information is also available through email at [general.meeting@faron.com](mailto:general.meeting@faron.com).

In connection with the registration, a shareholder or a proxy representative is required to provide the requested personal information such as the shareholder's name, personal ID/date of birth and email address and/or phone number. The personal data given to the Company and Innovatics by shareholders and proxy representatives is only used in connection with the AGM and with the processing of related necessary registrations.

Additional information on the registration and advance voting is available during the registration period by telephone at +358 10 2818 909 on business days during 9:00 a.m. until 12:00 noon and from 1:00 p.m. until 4:00 p.m. (EEST).

### **3. Proxy representative and powers of attorney**

A shareholder may participate in the AGM and exercise their rights at the meeting by way of proxy representation. Also the proxy representative of a shareholder may only participate by voting in advance in the manner instructed above. Shareholders who do not vote in advance are requested, due to the COVID-19 pandemic, to exercise shareholders' rights through a centralized proxy representative designated by the Company by authorizing attorney-at-law Anniina Järvinen from Hannes Snellman Attorneys Ltd, or a person appointed by her, to represent them at the AGM in accordance with the shareholder's voting instructions. Authorizing the designated proxy representative will not accrue any costs for the shareholder, excluding possible postal fees for proxy documents. Further information on the designated proxy representative is available at the following website: [www.hannessnellman.com/people/all/anniina-jaervinen/](http://www.hannessnellman.com/people/all/anniina-jaervinen/).

Shareholders may also participate in the AGM and exercise their rights at the meeting by way of another proxy representative. Proxy representatives must use strong electronic authentication when registering for the meeting and voting in advance online, after which they can register and vote in advance on behalf of the shareholder they represent. A proxy representative shall present a dated proxy document or otherwise in a reliable manner demonstrate their right to represent the shareholder at the AGM. Statutory right of representation may be demonstrated by using the suomi.fi e-Authorisations service which is in use in the online registration service. When a shareholder participates in the AGM by means of several proxy representatives representing the shareholder with shares at different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration for the AGM.

Proxy and voting instruction templates are available on the Company's website at <https://www.faron.com/investors/general-meetings> on 4 April 2022 at the latest. The proxy representative of a shareholder shall deliver duly populated and signed proxy documents together with the signed and duly populated advance voting form in accordance with the instructions set out in the form primarily as an attachment in connection with the electronic registration and advance voting or alternatively through email to [general.meeting@faron.com](mailto:general.meeting@faron.com) or as originals to the address Faron Pharmaceuticals Ltd, attn. Virve Nurmi, Joukahaisenkatu 6, FI-20520 Turku, Finland before the end of the registration period, by which time the proxy documents must be received.

If a shareholder delivers a proxy to the Company in accordance with the applicable instructions before the expiry of the registration and advance-voting period, this constitutes due registration for the AGM, provided that all required information is included in the proxy documents. In addition, proxy representatives must also vote in advance in the manner described in this notice.

Further information is available on the Company's website at <https://www.faron.com/investors/general-meetings>.

#### **4. 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 maintained by Euroclear on the AGM's record date of 8 April 2022. The right to participate in the AGM requires, in addition, that the shareholder on the basis of such shares has been registered into the temporary shareholders' register maintained by Euroclear by 19 April 2022 at 10:00 a.m. EEST (Finnish time), at the latest. As regards nominee-registered shares this constitutes due registration for the AGM.

A holder of nominee-registered shares is advised to request necessary instructions regarding the registration in the temporary shareholders' register of the Company, the issuing of proxy documents and registration for the AGM from their custodian bank in good time. 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 has to register a holder of nominee-registered shares into the temporary shareholders' register of the Company at the latest by the time stated above and see to the voting in advance on behalf of a holder of nominee-registered shares.

Further information on holders of nominee-registered shares is available on the Company's abovementioned website.

#### **5. Other instructions and information**

Shareholders who hold at least one hundredth (1/100) of all the shares in the Company have the right to pose counterproposals concerning the matters on the agenda of the AGM to be placed for a vote. Such counterproposals shall be delivered to the Company by email to [general.meeting@faron.com](mailto:general.meeting@faron.com) by no later than 1 April 2022 at 4:00 p.m. EEST (Finnish time), by which time the counterproposals must be received by the Company.

The shareholders shall in connection with the counterproposal present adequate evidence of their shareholding in the Company. The counterproposal is admissible for consideration at the AGM if the shareholders who have made the counterproposal have the right to attend the meeting and on the record date of the AGM represent at least one hundredth (1/100) of all shares in the Company. If a counterproposal will not be taken up for consideration at the AGM, the votes given in favour of the counterproposal will not be taken into account. The Company will publish possible counterproposals to be put to a vote on the Company's website at <https://www.faron.com/investors/general-meetings> by no later than 4 April 2022.

A shareholder has the right to ask questions referred to in Chapter 5, Section 25 of the Companies Act with respect to the matters to be considered at the AGM. Such questions may be delivered by email to [general.meeting@faron.com](mailto:general.meeting@faron.com) or by regular mail to Faron Pharmaceuticals Ltd, attn. Virve Nurmi, Joukahaisenkatu 6, FI-20520 Turku, Finland by no later than 8 April 2022, by which time the questions must have been received.

Such questions by shareholders, the Company's management's answers as well as other counterproposals than those admissible for voting will be available on the Company's website at <https://www.faron.com/investors/general-meetings> on 13 April 2022 at the latest. In connection with asking questions, shareholders are required to provide adequate evidence of shareholding.

The AGM can be followed on the Company's website. Persons following the meeting in this manner are not considered participants in the AGM. Accordingly, shareholders will not have the possibility to address the meeting pursuant to Chapter 5, Section 25 of the Companies Act or participate in any vote, among other things, during the meeting. The attendance list of the AGM and voting results are determined solely based on the advance votes. Shareholders cannot thus exercise their voting rights when following the meeting through the webcast, i.e., votes must be cast in advance.

Changes in the share ownership following the record date of the AGM do not have an impact on the right to participate in the AGM nor on the number of votes of the shareholder.

On the date of this notice, 25 March 2022, the total number of shares and votes in the Company is 53,232,032.

Turku, 25 March 2022

FARON PHARMACEUTICALS LTD

Board of Directors

**For more information please contact:**

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**About Faron Pharmaceuticals Ltd**

Faron (AIM: FARN, First North: FARON) is a clinical stage biopharmaceutical company developing novel treatments for medical conditions with significant unmet needs caused by dysfunction of our immune system. The Company currently has a pipeline based on the receptors involved in regulation of immune response in oncology, organ damage and bone marrow regeneration. Bexmarilimab, a novel anti-Clever-1 humanized antibody, is its investigative precision immunotherapy with the potential to provide permanent immune stimulation for difficult-to-treat cancers through targeting myeloid function. Currently in Phase I/II clinical development as a potential therapy for patients with untreatable solid tumors, bexmarilimab has potential as a single-agent therapy or in combination with other standard treatments including immune checkpoint molecules. Traumakine is an investigational intravenous (IV) interferon beta-1a therapy for the treatment of acute respiratory distress syndrome (ARDS) and other ischemic or hyperinflammatory conditions. Traumakine is currently being evaluated in global trials as a potential treatment for hospitalized patients with COVID-19 and with the 59th Medical Wing of the US Air Force and the US Department of Defense for the prevention of multiple organ dysfunction syndrome (MODS) after ischemia-reperfusion injury caused by a major trauma. Faron is headquartered in Turku, Finland with additional offices in Zürich, Switzerland and US operations in Boston, Massachusetts. Further information is available at [www.faron.com](http://www.faron.com).