



Notice of Annual General Meeting

Factor Therapeutics Limited ACN 101 955 088

Notice of Annual General Meeting

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Time	1.00pm (AEST)
Date	Friday 28 May 2021
Virtual Meeting	https://agmlive.link/FTT21

Notice is given that the Annual General Meeting of Factor Therapeutics Limited ACN 101 955 088 (**Company**) is due to be held on Friday 28 May 2021 commencing at 1:00pm (AEST).

Due to the continuing developments in relation to the COVID-19 situation, including travel and border restrictions and public health concerns, this year the AGM will be held as a virtual meeting. Shareholders and proxyholders are advised that attendance in person at the AGM is not possible as there will not be a physical meeting.

Shareholders and proxyholders will be able to participate in the AGM, including hearing the presentations, asking questions and voting on resolutions by accessing the above link.

To login to the virtual meeting platform, you will need your full name, email address and company name (if applicable). To obtain a voting card or lodge a question, shareholders will need their Securityholder Reference Number (SRN) or Holder Identification Number (HIN). Proxyholders will need their proxy code, which Link Market Services will provide via email on the day prior to the AGM. Further details of how to attend the virtual Annual General Meeting can be accessed at <https://factor-therapeutics.com/investors/agm>.

Ordinary Business

Financial Statements and Reports

To consider and receive the financial report, the Directors' report and the auditor's report for the year ended 31 December 2020.

Directors' Remuneration Report

To consider and, if in favour, pass the following resolution in accordance with section 250R(2) of the Corporations Act:

- 1 *'That the Remuneration Report be adopted.'*

Note: This resolution shall be determined under section 250R(2) of the Corporations Act. Votes must not be cast on this resolution by Key Management Personnel and Closely Related Parties in contravention of section 250R or 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this resolution.

Election of Melanie Farris

To consider and, if in favour, pass the following resolution as an ordinary resolution:

- 2 *'That Melanie Farris, who retires in accordance with Listing Rule 14.4 and rule 19.2(b) of the Constitution, and being eligible, be elected as a Director of the Company.'*

Note: Information about the candidate appears in the Explanatory Memorandum.

The Directors (with Ms Farris abstaining) unanimously recommend that you vote in favour of this resolution.

Special Business

Approval of additional 10% capacity to issue shares under Listing Rule 7.1A

To consider and, if in favour, to pass the following as a special resolution:

- 3 'That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, at a price no less than that determined pursuant to Listing Rule 7.1A.3 from the date of the Annual General Meeting and expiring on the first to occur of the following:
- (a) the date which is 12 months after the date of this Annual General Meeting;
 - (b) the time and date of the Company's next Annual General Meeting; and
 - (c) the time and date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

and otherwise on the terms and conditions set out in the Explanatory Memorandum.'

The Directors unanimously recommend that you vote in favour of this resolution.

Dated: 28 April 2021

By order of the Board



Melanie Farris
Company Secretary

Voting Exclusion Statement

Corporations Act

Resolution 1 – A vote on resolution 1 must not be cast:

- by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member, regardless of the capacity in which the vote is cast; or
- by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on Resolution 1, and:

- either the person is appointed as a proxy that specifies the way the proxy is to vote on this resolution; or
- the person is the chair and the appointment of the chair as proxy does not specify the way the proxy is to vote on this resolution, but expressly authorises the chair to exercise the proxy even if this resolution is connected with the remuneration of a member of the Key Management Personnel.

Listing Rules

In accordance with the Listing Rule 14.11, the Company will disregard votes cast in favour of the following resolutions by or on behalf of:

Resolution 3 - Approval of additional 10% capacity to issue shares under Listing Rule 7.1A

Any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit

solely by reason of being a holder of ordinary securities in the Company), or an associate of such person.

In accordance with Listing Rule 14.11.1 and the relevant note under that rule concerning Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.

However, for the purposes of Listing Rule 14.11, the Company will not disregard a vote cast in favour of the resolution if it is cast by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote on the resolution, in accordance with a direction to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluding from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Notes

- (a) Terms used in this Notice of Meeting which are defined in the Explanatory Memorandum have the meaning given to them in the Explanatory Memorandum.
- (b) Subject to the Corporations Act, including sections 250R and 250BD, a Shareholder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (c) The proxy need not be a Shareholder of the Company. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (d) If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached** proxy form to the Company's share registry Link Market Services Limited:

ONLINE www.linkmarketservices.com.au

BY MAIL Factor Therapeutics Limited
C/- Link Market Services Limited
Locked Bag A14, Sydney South NSW 1235 Australia

BY FAX +61 2 9287 0309

BY HAND Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138

- (e) To be effective, the proxy must be received at the share registry of the Company no later than 1.30pm (Brisbane time) on Wednesday 26 May 2021 (48 hours before the commencement of the meeting).
- (f) A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (g) The Company has determined under regulation 7.11.37 Corporations Regulations that for the purpose of voting at the meeting or adjourned meeting, securities are taken to be held by those persons recorded in the Company's register of Shareholders as at 7:00pm (Brisbane time) on Wednesday 26 May 2021.
- (h) If you have any queries, please contact the Company Secretary at m.farris@factor-therapeutics.com.

Explanatory Memorandum

Factor Therapeutics Limited ACN 101 955 088 (**Company**)

This Explanatory Memorandum has been prepared to help Shareholders understand the items of business at the forthcoming Annual General Meeting.

Ordinary Business

Financial Statements and Reports

- 1 The *Corporations Act 2001* (Cth) (**Corporations Act**) requires that the report of the Directors, the auditor's report and the financial report be laid before the Annual General Meeting.
- 2 Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the financial statements and reports.
- 3 Shareholders will be given a reasonable opportunity at the meeting to raise questions and make comments on these reports.
- 4 In addition to asking questions at the meeting, Shareholders may address written questions to the Chairman about the management of the Company or to the Company's auditor, PKF Brisbane (Audit), if the question is relevant to:
 - (a) the content of the auditor's report; or
 - (b) the conduct of its audit of the annual financial report to be considered at the meeting.

Note: Under section 250PA(1) of the Corporations Act, a Shareholder must submit the question to the Company no later than the fifth business day before the day on which the Annual General Meeting is held.

- 5 Written questions for the auditor must be delivered by 5:00pm on Friday 21 May 2021. Please send any written questions for PKF Brisbane (Audit) to:

The Company Secretary
C/- Company Matters Pty Limited
Level 21, 10 Eagle Street
Brisbane QLD 4000
or via email to: m.farris@factor-therapeutics.com

Resolution 1: Remuneration Report

- 6 The Remuneration Report is contained in the Financial Report for the year ended 31 December 2020. A copy is available on the Company's website.
- 7 The Corporations Act requires that the Remuneration Report be put to a vote of Shareholders.
- 8 The resolution of Shareholders is advisory only and not binding on the Company. The Board will take the discussion at the meeting into consideration when determining the Company's remuneration policy and appropriately respond to any concerns Shareholders may raise in relation to remuneration issues.
- 9 The Remuneration Report:
 - (a) reports and explains the remuneration arrangements in place for non-executive Directors, executive Directors and senior management; and
 - (b) explains Board policies in relation to the nature and value of remuneration paid to non-executive Directors, executives and senior managers within the Company.

- 10 Where a resolution on the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director, if any) who were in office at the date of approval of the applicable Directors' report must vacate office but may stand for re-election should they wish to do so.
- 11 At the Company's 2020 Annual General Meeting, a "first strike" was not recorded in respect of the Remuneration Report. Accordingly, a Spill Resolution is not relevant for this Meeting.
- 12 The Chairman will give Shareholders a reasonable opportunity to ask questions about, or to make comments on, the Remuneration Report.

Directors' Recommendation

- 13 As the resolution relates to matters including the remuneration of the Directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act, makes no recommendation regarding this resolution.
- 14 The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

Resolution 2: Election of Melanie Farris

- 15 Ms Farris was appointed as a Non-Executive Director on 20 April 2021 pursuant to rule 19.2(a) of the Constitution.
- 16 Listing Rule 14.4 and rule 19.2(b) of the Constitution stipulate that a director appointed as an addition to the Board as a casual vacancy must not hold office (without re-election) past the Company's next annual general meeting. Accordingly, Ms Farris being eligible, stands for election.
- 17 Melanie Farris is an experienced governance and corporate operations professional and non-executive director with over 13 years' experience in listed life sciences companies, as well as extensive experience in the planning, management and delivery of strategic corporate activities including IPO and M&A due diligence and integration.
- 18 Ms Farris previously served as Non-Executive Director and Company Secretary for Invion Limited (ASX: IVX); and Chairperson of Synapse Australia Limited. She is currently Chief Governance and Risk Officer and Group Company Secretary for Telix Pharmaceuticals Limited (ASX:TLX). Melanie holds a Bachelor of Communication (Public Relations), and a Graduate Diploma in Applied Corporate Governance. She is a Fellow of the Governance Institute of Australia, a Fellow of the Chartered Governance Institute (UK) and a Graduate of the Australian Institute of Company Directors.
- 19 Ms Farris has acted as Company Secretary of Factor Therapeutics Limited since September 2016.

Directors' Recommendation

- 20 The Directors (with Ms Farris abstaining), unanimously recommend the election of Ms Farris to the Board.
- 21 The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 2.

Special Business

Resolution 3: Approval of additional 10% capacity under Listing Rule 7.1A

- 22 Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12 month period without requiring Shareholder approval. In accordance with Listing Rule 7.1A, eligible entities (companies that are outside the S&P/ASX 300 index and that also have a market capitalisation of \$300 million or less) can issue a further 10% of the Company's share capital over a 12 month period following the Annual General Meeting (provided Shareholder approval is obtained at the Annual General Meeting) on a non-pro rata basis.
- 23 The Company falls within the eligibility criteria required by Listing Rule 7.1A. For illustrative purposes, the Company's market capitalisation was \$5.21 million based on the Company's share price (at the time of suspension on 24 July 2020) of \$0.005.

24 The Company is accordingly seeking Shareholder approval by way of a special resolution to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Shares without Shareholder approval (**10% Placement Facility**). The number of shares that may be issued (if Shareholder approval is obtained at the Annual General Meeting) will be determined in accordance with the following formula prescribed in Listing Rule 7.1A.2:

(A x D) – E

A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity, being the number of fully paid shares on issue 12 months before the date of issue or agreement:

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2, other than exception 9, 16 or 17;
- plus the number of fully paid ordinary shares issued in the 12 months on the conversion of convertible securities within rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the 12 months; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved under rule 7.1 or rule 7.4;
- plus the number of fully paid ordinary shares issued in the 12 months under an agreement to issue securities within rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% capacity pursuant to Listing Rule 7.1 without Shareholder approval;
- plus the number of partly paid shares that become fully paid in the 12 months; and
- less the number of fully paid shares cancelled in the 12 months.

D is 10%.

E is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.4.

25 The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.3 upon the issue of any Shares.

26 Additional disclosure obligations are imposed when the special resolution is proposed, when securities are issued and when any further approval is sought. For the purposes of Listing Rule 7.3A the Company provides the following information:

Minimum price at which the equity securities may be issued	<p>Shares issued under rule 7.1A.2 must be issued for cash consideration not less than 75% of the volume weighted average price for the Shares trading on ASX calculated over the 15 trading days on which trades in that class were recorded immediately before:</p> <p>(a) the date on which the price at which the securities are to be issued is agreed between the Company and the recipient of the Shares; or</p> <p>(b) if the securities are not issued within 10 trading days of the date in paragraph (a), the date on which the securities are issued.</p>
Risk of economic and voting dilution	<p>An issue of shares under Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include:</p> <p>(a) the market price for Shares may be significantly lower on the issue date than on the date of the approval under Listing rule 7.1A; and</p> <p>(b) the equity securities may be issued at a price that is at a discount to the market price for the Shares on the issue date.</p> <p>In accordance with Listing Rule 7.3A, a table describing the notional possible dilution, based upon various assumptions as stated, is set out below.</p>
Date by which the Company may issue the securities	<p>The period commencing on the date of the Annual General Meeting at which approval is obtained and expiring on the first to occur of the following:</p> <p>(a) the date which is 12 months after the date of this Annual General Meeting;</p> <p>(b) the time and date of the Company's next annual general meeting; and</p> <p>(c) the time and date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).</p>
Purposes for which the equity securities may be issued, including whether the Company may issue them for non-cash consideration	<p>It is the Board's current intention that any funds raised pursuant to an issue of securities will be applied towards working capital and runway to source, investigate, negotiate and execute a potential transaction.</p> <p>The Company may only issue Shares under Listing Rule 7.1A for cash consideration.</p>
Details of the Company's allocation policy for issues under approval	<p>The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to Listing Rule 7.1A. The identity of the allottees will be determined on a case-by-case basis having regard to the factors including but not limited to the following:</p> <p>(a) the methods of raising funds that are available to the Company including but not limited to, rights issues or other issues in which existing security holders can participate;</p> <p>(b) the effect of the issue of the Listing Rule 7.1A shares on the control of the Company;</p> <p>(c) the financial situation and solvency of the Company; and</p> <p>(d) advice from corporate, financial and broking advisers (if applicable).</p> <p>The allottees under the Listing Rule 7.1A facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.</p>
Previous approvals under Listing Rule 7.1A	<p>Approval was previously obtained at the Company's 2020 annual general meeting held 30 July 2020.</p>

Information under Listing Rule 7.3A.6:

27 The table below shows the total number of equity securities the Company has issued, or agreed to issue, in the past 12 months preceding the date of the Annual General Meeting and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

Equity securities on issue at the commencement of the 12 month period	1,048,085,633 equity securities (comprised of 1,042,835,633 fully paid ordinary shares and 5,250,000 options)
Equity securities issued in the prior 12 month period	Nil
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	N/A

- 28 The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at its annual general meeting held 30 July 2020. No equity securities have been issued in the last 12 months or since that meeting.

Information under Listing Rule 7.3A.2

- 29 The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of fully paid ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

- 30 The table also shows:

- (a) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of fully paid ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (b) two examples of where the issue price of fully paid ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0025 50% decrease in Issue Price	\$0.005 Issue Price	\$0.010 100% increase in Issue Price
Current Variable A* 1,042,835,633 Shares	10% Voting Dilution	104,283,563 shares	104,283,563 shares	104,283,563 shares
	Funds raised	\$260,709	\$521,418	\$1,042,836
50% increase in current Variable A* 1,564,253,449 Shares	10% Voting Dilution	156,425,344 shares	156,425,344 shares	156,425,344 shares
	Funds raised	\$391,063	\$782,127	\$1,564,253
100% increase in current Variable A* 2,085,671,266 Shares	10% Voting Dilution	208,567,126 shares	208,567,126 shares	208,567,126 shares
	Funds raised	\$521,418	\$1,042,836	\$2,085,671

*Note: Current Variable A refers to the calculation required by Listing Rule 7.1A.2 which, in the Company's case, equates to the current issued share capital of the Company.

- 31 The table has been prepared on the following assumptions:

- (a) the Company issues the maximum number of Shares available under the 10% Listing Rule 7.1A approval;
- (b) no options are exercised to convert into Shares before the date of the issue of the Shares available under Listing Rule 7.1A;

- (c) the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
 - (d) the table does not show an example of dilution that may be caused to a particular Shareholder by reason of a share issue under Listing Rule 7.1A, based on that Shareholder's holding at the date of the Annual General Meeting;
 - (e) the table shows only the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
 - (f) the issue of Shares under Listing Rule 7.1A consists only of Shares; and
 - (g) the issue price is \$0.005 being the closing price of the Shares on ASX (at the time of suspension on 24 July 2020) of \$0.005.
- 32 As at the date of the Notice of Meeting, the Company has on issue 1,042,835,633 Shares. Subject to Shareholder approval being obtained for resolution 3 the Company will have capacity to issue the following equity securities as at the date of the Annual General Meeting:
- (a) 156,425,344 Shares (under Listing Rule 7.1); and
 - (b) 104,283,563 Shares (under Listing Rule 7.1A).¹
- 33 Listing Rule 7.1A requires resolution 3 to be passed as a special resolution. A special resolution needs approval by at least 75% of the votes cast by members entitled to vote on the resolution.
- 34 A voting exclusion statement is included in the Notice of Meeting for resolution 3.
- 35 At the date of this Notice of Meeting, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Meeting.
- 36 If resolution 3 is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.
- 37 If resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

Directors' recommendation

- 38 The Directors unanimously recommend that you vote in favour of this resolution.
- 39 The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3.

¹ The actual number of Shares the Company will have capacity to issue under Listing Rule 7.1A may vary and will be determined at the date of issue in accordance with Listing Rule 7.1A.2 (as illustrated in the table above).

Glossary

Factor Therapeutics Limited ACN 101 955 088

Annual General Meeting or Meeting	means the Company's annual general meeting the subject of this Notice of Meeting.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Board	means the board of directors of the Company.
Closely Related Party	has the meaning given in section 9 of the Corporations Act.
Company	means Factor Therapeutics Limited ACN 101 955 088.
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	means the <i>Corporations Regulations 2001</i> (Cth).
Directors	means the directors of the Company.
Explanatory Memorandum	means the explanatory memorandum attached to the Notice of Meeting.
Financial Report	means the financial report of the Company for the year ended on 31 December 2020.
Key Management Personnel	means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
Listing Rules	means the listing rules of ASX.
Notice of Meeting or Notice	means the notice of meeting and includes the Explanatory Memorandum.
Remuneration Report	means the section of the Directors' report for the year ended on 31 December 2020, that is included under section 300A(1) of the Corporations Act.
Shares	means the existing fully paid ordinary shares in the Company.
Shareholder	means a person who is the registered holder of Shares.
Strike	has the meaning given in paragraph 10.