

FARON PHARMACEUTICALS LTD'S ANNUAL GENERAL MEETING

Time	Friday 22 April 2022 at 12:00 p.m. (EEST)
Place	Event Venue Eliel, Töölönlahdenkatu 2, Helsinki, Finland
Present	<p>The Board of Directors of Faron Pharmaceuticals Ltd has resolved, pursuant to Section 2(3) of Act 375/2021, that the Company's shareholders or their proxy representatives may participate in the Annual General Meeting and exercise their shareholder rights only through advance voting and by submitting counterproposals and asking questions in advance.</p> <p>The shareholders set out in the list of votes (Appendix 1) adopted at the meeting were represented at the meeting.</p> <p>The Company's CEO and Board member Markku Jalkanen, the Chairman of the Annual General Meeting Riikka Rannikko, the Company's CFO Toni Hänninen and Corporate Counsel Kaisa Kytä and technical personnel were present at the meeting.</p>

1 § Opening of the meeting

Frank Armstrong, Chairman of the Board of Directors, opened the meeting via remote connection and welcomed all shareholders following the meeting via the webcast.

2 § Calling the meeting to order

Attorney at Law Riikka Rannikko acted as the Chairman of the Annual General Meeting in accordance with the notice to the Annual General Meeting. The Chairman recorded the minutes of the meeting as well.

The Chairman explained the procedures for addressing the matters on the agenda of the meeting. It was recorded that the meeting was live streamed as a webcast to shareholders. It was recorded that shareholders following the meeting in this manner were not considered as participants in the Annual General Meeting. Accordingly, such shareholders did not have the possibility to address the meeting or participate in any vote pursuant to the Finnish Limited Liability Companies Act via the webcast. It was noted that the meeting will be generally held in Finnish (the official language of the meeting) and partly in English.

It was recorded that the proposals to the Annual General Meeting had been published by a company release and in their entirety on the Company's website on 25 March 2022. No shareholders' counterproposals subject to voting were received by the deadline of 1 April 2022 at 4:00 p.m. (EEST). No shareholders' questions were received by the deadline of 8 April 2022.

It was recorded that a shareholder or their proxy representative could only attend the Annual General Meeting by voting in advance and that all items on the agenda have thus been voted on. It was also recorded that, pursuant to the temporary legislation, all matters on the agenda could be opposed without submitting a counterproposal.

3 §

Election of persons to scrutinize the minutes and to supervise the counting of votes

The Company's Corporate Counsel Kaisa Kyttä acted as the scrutinizer of the minutes and the supervisor of the counting of the votes in accordance with the notice to the Annual General Meeting.

4 §

Recording the legality of the meeting

It was noted that, according to the Articles of Association, the notice of the Annual General Meeting shall be announced on the Company's website and through a regulatory information service approved by the London Stock Exchange not earlier than two months before the record date of the meeting and no later than three weeks prior to the date of the meeting but, however, always at least nine days prior to the record date for the meeting.

It was noted that the notice of the Annual General Meeting had been published on the Company's website and through the regulatory information service on 25 March 2022. It was noted that the documents required pursuant to the Finnish Limited Liability Companies Act in relation to the meeting had been available to shareholders on the Company's website at the latest as of 25 March 2022.

It was noted that the Annual General Meeting had been summoned in accordance with the Articles of Association, the Finnish Limited Liability Companies Act and Act 375/2021, which allows for temporary deviations from certain provisions of the Finnish Limited Liability Companies Act, and that the meeting had a quorum.

The notice of the Annual General Meeting and the agenda were attached to the minutes (Appendices 2 and 3).

5 §

Recording the attendance at the meeting and adoption of the list of votes

It was recorded that the Annual General Meeting had approved the meeting arrangements.

A list of shareholders who had voted in advance during the advance voting period and who have the right to attend the meeting pursuant to Chapter 5, Sections 6 and 6a of the Finnish Limited Liability Companies Act was presented. It was recorded

that 10 shareholders had participated in the advance voting representing 8,325,837 shares and votes.

It was recorded that Innovatics Ltd had prepared a list of registered shareholders who had voted in advance during the advance voting period based on information provided by Euroclear Finland Oy. The Company had not become aware of any technical or other problems regarding the advance voting. The shareholders' right to participate in the meeting and the correctness of the vote count had thus been reliably verified.

The list of attendees and the list of votes was adopted and was attached to the minutes ([Appendix 1](#)).

6 §

Presentation of the financial statements, the Board's report and the auditor's report for 2021

It was noted that since a shareholder or their proxy representative has only been able to attend the Annual General Meeting through advance voting, the financial statement documents for the period from 1 January to 31 December 2021, consisting of the Company's financial statements and the auditor's report, published by the Company on 25 March 2022 and available on the Company's website, have been presented to the Annual General Meeting.

The financial statement documents were attached to the minutes ([Appendix 4](#)).

CEO Markku Jalkanen presented the CEO's review. In connection with the CEO's review, Toni Hänninen, CFO, presented the financial information of the previous financial year. The review was recorded, and the recording will be available on the Company's website after the meeting.

The Chairman read the auditor's report's opinion section. The auditor's report was attached to the minutes ([Appendix 5](#)).

7 §

Adoption of the financial statements

It was recorded that 8,325,837 shares were represented in this item, representing approximately 15.6 per cent of all shares and votes in the Company.

The adoption of the financial statements was supported by 8,325,837 votes, representing 100 per cent of the total votes cast. The adoption of the financial statements was opposed by 0 votes, representing 0 per cent of the total votes cast. The number of shares that cast no votes, i.e. abstained, was 0.

Based on the result of the vote, the Annual General Meeting resolved to adopt the financial statements for the period from 1 January to 31 December 2021.

8 §

Resolution on the use of the profit shown on the balance sheet and the payment of dividend

It was noted that the Board of Directors had proposed 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.

It was recorded that 8,325,837 shares were represented in this item, representing approximately 15.6 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 8,325,837 votes, representing 100 per cent of the total votes cast. The Board of Directors' proposal was opposed by 0 votes, representing 0 per cent of the total votes cast. The number of shares that cast no votes, i.e. abstained, was 0.

Based on the result of the vote, the Annual General Meeting resolved, in accordance with the Board of Directors' proposal, 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 of Directors and the CEO of the Company from liability

It was recorded that 5,074,060 shares were represented in this item, representing approximately 9.5 per cent of all shares and votes in the Company.

The discharge from liability was supported by 5,074,060 votes, representing 100 per cent of the total votes cast. The discharge from liability was opposed by 0 votes, representing 0 per cent of the total votes cast. The number of shares that cast no votes, i.e. abstained, was 0.

Based on the result of the vote, the Annual General Meeting resolved to discharge the members of the Board of Directors and the CEO from liability for the financial period from 1 January to 31 December 2021.

10 §

Resolution on the remuneration of the members of the Board of Directors

It was noted that the Board of Directors had proposed, on the basis of the proposal of the remuneration committee, that the annual remuneration of the members of the Board of Directors remain unchanged and that EUR 35,000 will be paid to the members of the Board of Directors, in addition to which an annual remuneration of EUR 35,000 will be paid to the chair of the Board of Directors. 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 of Directors had furthermore proposed that meeting fees will be paid to the members of the Board of Directors as follows:

- a meeting fee of EUR 1,000 will be paid to the members of the Board of Directors per Board meeting where the member of the Board of Directors 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 members of the Board of Directors 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 was proposed that all reasonable and properly documented expenses incurred in the performance of duties of the members of the Board of Directors would be compensated.

The Board of Directors had also proposed, 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.

It was recorded that 8,325,837 shares were represented in this item, representing approximately 15.6 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 8,325,837 votes, representing 100 per cent of the total votes cast. The Board of Directors' proposal was opposed by 0 votes, representing 0 per cent of the total votes cast. The number of shares that cast no votes, i.e. abstained, was 0.

Based on the result of the vote, the Annual General Meeting resolved to approve the remuneration of the members of the Board of Directors in accordance with the proposal by the Board of Directors.

11 §

Resolution on the number of members of the Board of Directors

It was noted that the Board of Directors had proposed, on the basis of the proposal of the nomination committee, that seven (7) members be elected to the Board of Directors.

It was recorded that 8,325,837 shares were represented in this item, representing approximately 15.6 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 8,325,837 votes, representing 100 per cent of the total votes cast. The Board of Directors' proposal was opposed by 0 votes, representing 0 per cent of the total votes cast. The number of shares that cast no votes, i.e. abstained, was 0.

Based on the result of the vote, the Annual General Meeting resolved that seven (7) members be elected to the Board of Directors in accordance with the proposal by the Board of Directors.

12 §

Election of members of the Board of Directors

It was noted that the Board of Directors had proposed, 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 of Directors for a term that ends at the end of the next Annual General Meeting. In addition, the Board of Directors had proposed, on the basis of the proposal of the nomination committee, that Erik Ostrowski be elected as a new member to the Board of Directors for a term that ends at the end of the next Annual General Meeting.

It was recorded that the proposed members of the Board of Directors had informed the Company that in the event they are elected, they intend to elect Frank Armstrong as chair of the Board of Directors.

It was recorded that 8,325,837 shares were represented in this item, representing approximately 15.6 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 8,325,837 votes, representing 100 per cent of the total votes cast. The Board of Directors' proposal was opposed by 0 votes, representing 0 per cent of the total votes cast. The number of shares that cast no votes, i.e. abstained, was 0.

Based on the result of the vote, the Annual General Meeting resolved to re-elect Frank Armstrong, Gregory Brown, John Poulos, Leopoldo Zambelletti, Markku Jalkanen and Anne Whitaker as members of the Board of Directors and elect Erik Ostrowski as a new member of the Board of Directors in accordance with the proposal by the Board of Directors.

13 §

Resolution on the remuneration of the auditor

It was noted that the Board of Directors had proposed, on the basis of the proposal of the audit committee, that the auditor be remunerated in accordance with the invoice presented.

It was recorded that 8,325,737 shares were represented in this item, representing approximately 15.6 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 5,693,352 votes, representing 100 per cent of the total votes cast. The Board of Directors' proposal was opposed by 0 votes, representing 0 per cent of the total votes cast. The number of shares that cast no votes, i.e. abstained, was 2,632,385.

Based on the result of the vote, the Annual General Meeting resolved to approve the proposal by the Board of Directors.

14 §

Election of the auditor

It was noted that the Board of Directors had proposed, on the basis of the proposal of the audit committee, that PricewaterhouseCoopers Oy, a firm of authorised public accountants, continue to act as the Company's auditor.

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

It was recorded that 8,325,837 shares were represented in this item, representing approximately 15.6 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 8,325,837 votes, representing 100 per cent of the total votes cast. The Board of Directors' proposal was opposed by 0 votes, representing 0 per cent of the total votes cast. The number of shares that cast no votes, i.e. abstained, was 0.

Based on the result of the vote, the Annual General Meeting resolved to re-elect PricewaterhouseCoopers Oy, a firm of authorised public accountants, to act as the Company's auditor in accordance with the proposal by the Board of Directors.

15 §

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

It was noted that the Board of Directors had proposed that the Annual 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 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 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 (including, without limitation, issuance of warrants under the funding agreement with IPF Partners announced on February 28 February 2022) 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 would be effective until 30 June 2023.

It was recorded that 8,325,737 shares were represented in this item, representing approximately 15.6 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 5,693,352 votes, representing approximately 68.4 per cent of the total votes cast and approximately 68.4 per cent of the represented shares. The Board of Directors' proposal was opposed by 2,632,385 votes, representing approximately 31.6 per cent of the total votes cast and approximately 31.6 per cent of the represented shares. The number of shares that cast no votes, i.e. abstained, was 0.

Pursuant to Section 14 of the Articles of Association of the Company, if the Board of Directors proposes that the General Meeting of shareholders makes a resolution on a share issue authorisation that does not exclude the right of the Board of Directors to resolve on a share issue in deviation from the shareholders' pre-emptive rights, such resolution shall be made by a qualified majority of three quarters (3/4) of the shares represented and votes cast at the General Meeting of shareholders.

Based on the result of the vote, a sufficient qualified majority of three quarters (3/4) of the shares represented and votes cast did not support the Board of Directors' proposal and the Annual General Meeting resolved not to authorise the Board of Directors to decide on the issuance of shares, options or other special rights entitling to shares in accordance with the proposal by the Board of Directors.

16 §

Authorising the Board to decide on the issuance of shares without consideration to the Company

It was noted that the Board of Directors had proposed that the Annual General Meeting authorise the Board of Directors 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 of Directors' right to decide on the issuance of shares in deviation from the shareholders' pre-emptive rights. The Board of Directors 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 of Directors otherwise during the Annual General Meeting.

It was recorded that 8,325,737 shares were represented in this item, representing approximately 15.6 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 5,693,352 votes, representing approximately 68.4 per cent of the total votes cast and approximately 68.4 per cent of the represented shares. The Board of Directors' proposal was opposed by 2,632,385 votes, representing approximately 31.6 per cent of the total votes cast and

approximately 31.6 per cent of the represented shares. The number of shares that cast no votes, i.e. abstained, was 0.

Pursuant to Section 14 of the Articles of Association of the Company, if the Board of Directors proposes that the General Meeting of shareholders makes a resolution on a share issue authorisation that does not exclude the right of the Board of Directors to resolve on a share issue in deviation from the shareholders' pre-emptive rights, such resolution shall be made by a qualified majority of three quarters (3/4) of the shares represented and votes cast at the General Meeting of shareholders.

Based on the result of the vote, a sufficient qualified majority of three quarters (3/4) of the shares represented and votes cast did not support the Board of Directors' proposal and the Annual General Meeting resolved not to authorise the Board of Directors to resolve by one or several decisions on a share issue without consideration to the Company itself.

17 §

Closing of the meeting

The Chairman stated that all issues included in the meeting agenda had been concluded and that the minutes of the Annual General Meeting would be available on the Company's website as well as at the Company's head office as of 6 May 2022 at the latest.

The Chairman closed the meeting at 12:48 p.m. (EEST).

[Signature page to follow]

In Fidem

RIIKKA RANNIKKO

Riikka Rannikko
Chairman

Reviewed and confirmed

KAISA KYTTÄ

Kaisa Kyttä
Examiner of the minutes

Appendices

1. List of attendees and the list of votes
2. Notice of the Annual General Meeting
3. Agenda of the Annual General Meeting
4. Financial statements
5. Auditor's report