

FARON PHARMACEUTICALS LTD'S ANNUAL GENERAL MEETING

Time	Friday 23 April 2021 at 2:00 p.m. (EEST)
Place	The premises of Inderes Oy at Itämerentori 2, FI-00180 Helsinki, Finland
Present	<p>The Board of Directors of Faron Pharmaceuticals Ltd has resolved, pursuant to Section 2(2) of Act 677/2020, 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 General Counsel Pessi Honkasalo and technical personnel were present at the meeting.</p>

1 § Opening of the meeting

Markku Jalkanen, CEO and Board member, opened the meeting and welcomed all shareholders following the meeting via the webcast. Dr Jalkanen introduced the Chairman of the Board of Directors, Frank Armstrong, who addressed the meeting via remote connection.

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. The CEO's review was recorded, and the recording will be available on the Company's website after the meeting.

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 2021. No shareholders' counterproposals subject to voting were received by the deadline of 30 March 2021 at 4:00 p.m. (EEST). No shareholders' questions were received by the deadline of 9 April 2021.

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 General Counsel Pessi Honkasalo 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 2021. 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 2021.

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 677/2020, 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 15 shareholders had participated in the advance voting representing 5,047,760 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 2020

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 2020, consisting of the Company's financial statements and the auditor's report, published by the Company on 25 March 2021 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, using remote connection, presented the financial information and measures taken due to the situation in accordance with Article 13 of the Articles of Association. Mr Hänninen explained that the Company's equity had been strengthened in the spring of 2021 with a directed share issue under the share issue authorisation of the Board of Directors and that the management holds that no other measures are necessary. It was recorded that the account had been given.

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 5,047,760 shares were represented in this item, representing approximately 10.0 per cent of all shares and votes in the Company.

The adoption of the financial statements was supported by 5,047,760 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 2020.

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 2020 will be paid and that the losses of the Company for the financial year, amounting to EUR 16,946,216.84 (IFRS), will be carried forward to the reserve for invested unrestricted equity.

It was recorded that 5,047,760 shares were represented in this item, representing approximately 10.0 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 5,047,760 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 2020 will be paid and that the losses of the Company for the financial year, amounting to EUR 16,946,216.84 (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 1,821,083 shares were represented in this item, representing approximately 3.6 per cent of all shares and votes in the Company.

The discharge from liability was supported by 1,617,083 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 204,000.

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 2020.

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 5,047,760 shares were represented in this item, representing approximately 10.0 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 5,047,760 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 5,047,760 shares were represented in this item, representing approximately 10.0 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 3,921,648 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 1,126,112.

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 Zambeletti, Markku Jalkanen and Matti Manner 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 Anne Whitaker 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 and Matti Manner as vice-chair of the Board of Directors.

It was recorded that 5,047,760 shares were represented in this item, representing approximately 10.0 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 5,047,760 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 Zambeletti, Markku Jalkanen and Matti Manner as members of the Board of Directors and elect Anne Whitaker 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 5,047,760 shares were represented in this item, representing approximately 10.0 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 4,958,688 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 89,072.

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 5,047,760 shares were represented in this item, representing approximately 10.0 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 4,847,760 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 200,000.

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 §

Resolution on the amendment of the Option Plan 2015

It was noted that the Company's Extraordinary General Meeting has on 15 September 2015 adopted the terms and conditions of an option plan which has later been amended by the decisions of the Annual General Meetings held on 16 May 2017 and 18 May 2020 (the "**Option Plan 2015**"). The subscription period for shares based on options is currently scheduled to end on 30 September 2021. The Board of Directors had proposed that the Annual General Meeting resolves to amend the terms and conditions of the Option Plan 2015 so that the subscription period for shares based on the options is extended by two (2) years, i.e. until 30 September 2023. For the sake of clarity, it is noted that the proposal applies to all options under the Option Plan 2015 (A options, B options, C options and D options). The Board of Directors 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.

It was recorded that 5,047,760 shares were represented in this item, representing approximately 10.0 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 4,758,688 votes, representing approximately 98.2 per cent of the total votes cast and approximately 94.3 per cent of the represented shares. The Board of Directors' proposal was opposed by 89,072 votes, representing approximately 1.8 per cent of the total votes cast and approximately 1.8 per cent of the represented shares. The number of shares that cast no votes, i.e. abstained, was 200,000.

Based on the result of the vote, the Annual General Meeting resolved to amend the Option Plan 2015 in accordance with the proposal by the Board of Directors.

16 §

Amendment of the Articles of Association

It was noted that the Board of Directors had proposed that Article 13 (regarding the reduction of equity of the company) be removed from the Articles of Association as the rules applicable to the Company are directly based on the Finnish Limited Liability Companies Act.

It was recorded that 5,047,760 shares were represented in this item, representing approximately 10.0 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 5,047,760 votes, representing 100 per cent of the total votes cast and 100 per cent of the represented

shares. The Board of Directors' proposal was opposed by 0 votes, representing 0 per cent of the total votes cast and 0 per cent of the represented shares. 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 amend the Articles of Association of the Company in accordance with the proposal by the Board of Directors.

17 §

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 (10,000,000) 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 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 2022. This authorisation shall not replace the authorisation relating to item 15 of this meeting.

It was recorded that 5,047,760 shares were represented in this item, representing approximately 10.0 per cent of all shares and votes in the Company.

The Board of Directors' proposal was supported by 4,958,688 votes, representing approximately 98.2 per cent of the total votes cast and approximately 98.2 per cent of the represented shares. The Board of Directors' proposal was opposed by 89,072 votes, representing approximately 1.8 per cent of the total votes cast and approximately 1.8 per cent of the represented shares. 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 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.

18 §

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 7 May 2021 at the latest.

The Chairman closed the meeting at 2:50 p.m. (EEST).

[Signature page to follow]

In Fidem

RIIKKA RANNIKKO

Riikka Rannikko
Chairman

Reviewed and confirmed

PESSI HONKASALO

Pessi Honkasalo
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