

PROPOSALS OF THE BOARD OF DIRECTORS OF FARON PHARMACEUTICALS LTD TO THE EXTRAORDINARY GENERAL MEETING CONVENING ON 25 OCTOBER 2019

Measures to remedy equity shortfall and authorising the Board of Directors to decide on the issuance of shares, options or other special rights entitling to shares

The Board of Directors proposes that the Extraordinary 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 7,871,000 shares in the aggregate (including shares to be received based on options or other special rights), which corresponds to approximately 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 will be effective until 30 June 2020. The proposed authorisation shall replace the authorisation for up to 7,095,000 shares in the aggregate granted by the Company's Annual General Meeting held on 28 May 2019 (the "2019 AGM") concerning the issuance of shares, options or other special rights entitling to shares. The proposed authorisation shall not replace the authorisation for up to 2,000,000 shares in the aggregate granted by the 2019 AGM concerning issuances of options or other special rights entitling to shares referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act.

Turku, 4 October 2019

FARON PHARMACEUTICALS LTD

Board of Directors