

PROPOSALS OF THE BOARD OF DIRECTORS OF FARON PHARMACEUTICALS LTD TO THE EXTRAORDINARY GENERAL MEETING CONVENING ON 7 JULY 2022

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 Company's own shares in the possession of the Company. The authorisation would consist of up to eleven million (11,000,000) new 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, as well as the conveyance of up to the same maximum number (eleven million (11,000,000)) of treasury shares in the possession of the Company.

In practise, the above authorisation includes that the Board may first resolve on one or several share issues (up to the maximum number of eleven million (11,000,000) new shares) without consideration to the Company itself and then further convey such treasury shares (up to the maximum number of eleven million (11,000,000) shares) against consideration.

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 28 February 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.

For the sake of clarity, it is noted that in no circumstances can the total number of new shares to be registered under this authorisation exceed eleven million (11,000,000) new shares in aggregate.

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.

Turku, 16 June 2022

FARON PHARMACEUTICALS LTD

Board of Directors