

FARON PHARMACEUTICALS OY

RULES

of the

SHARE OPTION PLAN 2019

Approved by the Board of the
Company on 20 November 2019
and amended on 19 March 2020, 24 March 2023 (and 21 March 2025)

TABLE OF CONTENTS

Page

1.	INTERPRETATION.....	1
2.	GRANT OF OPTIONS.....	3
3.	EXERCISE CONDITION	3
4.	GRANT LIMITS	4
5.	EXERCISE OF OPTIONS	4
6.	MANNER OF EXERCISE OF OPTIONS	5
7.	TERMINATION OF EMPLOYMENT OR ENGAGEMENT	6
8.	MALUS AND CLAWBACK	7
9.	LAPSE OF OPTIONS	9
10.	TAKEOVERS AND LIQUIDATIONS	9
11.	EXCHANGE OF OPTIONS.....	11
12.	VARIATION OF SHARE CAPITAL	11
13.	RIGHTS IN CERTAIN CORPORATE SITUATIONS	11
14.	TAX LIABILITIES	12
15.	RELATIONSHIP WITH EMPLOYMENT CONTRACT OR TERMS OF ENGAGEMENT	12
16.	NOTICES.....	13
17.	ADMINISTRATION AND AMENDMENT	14
18.	THIRD PARTY RIGHTS.....	15
19.	DATA PROTECTION.....	15
20.	GOVERNING LAW.....	15
21.	JURISDICTION	15

FARON PHARMACEUTICALS OY

SHARE OPTION PLAN 2019

RULES

1. INTERPRETATION

The following definitions and rules of interpretation apply in the Plan.

1.1 Definitions

“**Accounting Act**” means the Finnish Accounting Act (1336/1997, as amended).

“**Board**” means the board of directors of the Company or a committee of directors appointed by the board to carry out any of its functions under the Plan.

“**Companies Act**” means the Finnish Limited Liability Companies Act (624/2006, as amended).

“**Company**” means Faron Pharmaceuticals Oy incorporated and registered in Finland with business identity code 2068285-4.

“**Control**” has the meaning given in chapter 1, section 5 of the Accounting Act.

“**Eligible Person**” means any individual who is an employee or director of a Group Company (including any non-executive members of the Board) and any person who provides services to a Group Company.

“**Employer Company**” means, for the definition of Tax Liability and for the purposes of rule 14, the Participant’s employer or former employer as applicable.

“**Exercise Condition**” means a condition that must be satisfied before Options may be exercised, which complies with rule 3 and is specified in the Option Certificate under rule 2.3.

“**Exercise Notice**” means a document in a form approved by the Board that the Participant must sign and return to the Company in order to exercise Options.

“**Exercise Price**” means the price at which an Option may be exercised, which may not be less than the market value of a Share at the Grant Date as determined by the Board. In determining such market value, if Shares are traded on Nasdaq Helsinki and/or on the AIM market of the London Stock Exchange, the Board shall have regard to the average price per Share at which Shares have been so traded over a period of 90 days immediately preceding the Grant Date. The Exercise Price will be determined so as to create a sufficient incentive for the recipients of Options.

“**General Meeting**” means the ordinary general meeting or the extraordinary general meeting of the Company.

“**Grant Date**” means the date on which an Option is granted under the Plan.

“**Group Company**” means any one of the Company and any Subsidiary from time to time.

“**Option**” means a right granted under the Plan to subscribe for one new Share or a Share held in treasury.

“Option Certificate” means a certificate setting out the terms of Options, in accordance with rule 2.3.

“Participant” means an individual who holds Options or, where applicable, that individual’s personal representatives.

“Personal Data” means any personal information which could identify a Participant, including any Options held under the Plan.

“Plan” means the Company’s Share Option Plan 2019 constituted and governed by these rules, as amended from time to time.

“Rollover Period” means the period during which Options may be exchanged for options over shares in another company under rule 11.

“Shares” means ordinary shares in the capital of the Company (subject to rule 12).

“Subsidiary” means a subsidiary as defined in chapter 1, section 6 of the Accounting Act.

“Tax Liability” means the total of any income tax and employee social security contributions (or their equivalents in any jurisdiction) for which any Employer Company is or may be liable to account (or reasonably believes it is or may be liable to account) as a result of any Taxable Event.

“Taxable Event” means any event or circumstance that gives rise to a liability for the Participant to pay income tax and social security contributions or either of them (or their equivalents in any jurisdiction) in respect of:

- (a) Options, including their exercise or the receipt of any benefit in connection with them;
- (b) any Shares (or other securities or assets) acquired on exercise of Options; or
- (c) any amount due under any tax and social security withholding obligations of an Employer Company in respect of securities or assets within (a) and (b) above.

- 1.2 Unless the context otherwise requires, a reference to one gender shall include a reference to other genders, and words in the singular shall include the plural and vice versa.
- 1.3 A **“person”** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.4 A reference to a **“company”** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.5 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.6 A reference to **“writing”** includes fax and email.
- 1.7 Any words following the terms **“including”** or **“include”** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.8 A reference to the Plan or to any other agreement or document referred to in the Plan is a reference to the Plan or such other agreement or document as varied or novated (in each case, other than in breach of the provisions of the Plan) from time to time.

1.9 Rule headings shall not affect the interpretation of the rules.

1.10 References to “**rules**” are to rules of the Plan.

2. GRANT OF OPTIONS

2.1 Subject to the rules, the Company (acting through the Board) may grant Options to any Eligible Person it chooses. There is a material financial reason for the Company to grant Options because the Options are an integral part of the incentivisation system for the management and personnel of the Group Companies.

2.2 The Company may not grant Options at any time when that grant would be prohibited by, or in breach of, any law or regulation with the force of law.

2.3 The Company shall grant Options by executing and delivering to each Participant an Option Certificate in a form approved by the Board. Each Option Certificate shall (without limitation):

- (A) specify the Grant Date of the Options;
- (B) specify the number of Options granted;
- (C) specify the Exercise Price;
- (D) specify any Exercise Conditions;
- (E) specify the date when the Options will lapse, assuming that no event occurs to cause them to lapse earlier. This date may not be later than the sixth anniversary of the Grant Date; and
- (F) include a statement that the Options are subject to the rules (which shall be incorporated in the Option Certificate by reference).

2.4 No amount shall be paid by an Eligible Person for the grant of Options.

3. EXERCISE CONDITION

3.1 On the Grant Date of any Options, the Board may specify one or more Exercise Conditions for the Options. An Exercise Condition may be specified to apply only to some of such Options.

3.2 The Board may vary or waive any Exercise Condition, provided that any varied Exercise Condition shall be (in the reasonable opinion of the Board):

- (A) a fairer measure of performance than the original Exercise Condition, as judged at the time of the variation, if the original Exercise Condition relates to a measure of performance; and
- (B) no more difficult to satisfy than the original Exercise Condition was at the Grant Date.

3.3 The Board shall determine whether, and to what extent, Exercise Conditions have been satisfied. If the Board considers that an Exercise Condition has become incapable of being satisfied, in whole or in part, the relevant Options, or the appropriate proportion of them, shall lapse forthwith.

3.4 If Options are subject to any Exercise Condition, the Board shall notify the Participant within a reasonable time after the Board becomes aware of the relevant information:

- (A) whether (and, if relevant, to what extent) the Exercise Condition has been satisfied;
 - (B) when that Exercise Condition has become incapable of being satisfied, in whole or in part; and
 - (C) any waiver or variation of that Exercise Condition under rule 3.2.
- 3.5 For the avoidance of doubt, rule 3.2 permits the Board to make a general waiver of Exercise Conditions:
- (A) on cessation of employment;
 - (B) on the occurrence of any event permitting the exercise of Options under rule 10 and rule 13; or
 - (C) on the release of Options in exchange for new options under rule 11.

4. GRANT LIMITS

- 4.1 The maximum aggregate number of Options that may be granted under the Plan is 4,350,000 (four million three hundred fifty thousand).
- 4.2 The Board shall determine individual grant limits provided that no Eligible Person shall be granted Options over Shares with an aggregate market value at the Grant Date exceeding three times that Eligible Person's base salary (in the case of an employee or executive director) or more than 70,000 Options per annum (in the case of any other person) as reasonably determined by the Board.
- 4.3 Notwithstanding rule 4.2, the maximum number of Options to be granted to the members of the Company's management and the Board shall be as follows:
- (A) to the chair of the Board, a maximum of 250,000 Options;
 - (B) to each member of the Board (excluding the chair of the Board and the Chief Executive Officer and the Chief Financial Officer if they would be considered as members of the Board), a maximum of 200,000 Options;
 - (C) to the Chief Executive Officer, a maximum of 495,000 Options; and
 - (D) to the Chief Financial Officer, a maximum of 180,000 Options.

5. EXERCISE OF OPTIONS

- 5.1 Subject to rule 7, rule 10 and rule 13.4:
- (A) a Participant may not exercise Options before the earliest date on which they may be exercised as set out in the Option Certificate; and
 - (B) a Participant may not exercise Options before any Exercise Condition relating to those Options have been satisfied.
- 5.2 A Participant may not exercise Options at a time when their exercise is prohibited by, or would be a breach of, any law or regulation with the force of law, or other rule, code or set of guidelines (such as a share dealing code adopted by the Company in relation to Shares).
- 5.3 Subject to rule 5.4, a Participant may not exercise Options at any time:

- (A) while subject to ongoing disciplinary proceedings by any Group Company;
- (B) while any Group Company is investigating the Participant's conduct and may, as a result, begin disciplinary proceedings;
- (C) where the Participant is an employee of a Group Company, while there is a breach of the Participant's employment contract that is a potentially fair reason for his dismissal;
- (D) where the Participant provides services to a Group Company, while there is a breach of the Participant's terms of engagement that may justify termination of that engagement;
- (E) while in breach of a fiduciary duty owed to any Group Company; or
- (F) after ceasing to be an Eligible Person, if there was a breach of the Participant's employment contract or terms of engagement, as applicable, or fiduciary duties that (in the reasonable opinion of the Board) would have prevented the exercise of Options had the Company been aware (or fully aware) of that breach, and of which the Company was not aware (or not fully aware) until after both:
 - (1) the Participant ceased to be an Eligible Person; and
 - (2) the time (if any) when the Board decided to permit the Participant to exercise the Option.

5.4 The Company shall not unfairly frustrate a valid exercise of Options by the inappropriate application of any provision of rule 5.3.

5.5 A Participant may not exercise Options without having signed the Exercise Notice and made any arrangements, or entered into any agreements, that may be required and are referred to in rule 14.

6. MANNER OF EXERCISE OF OPTIONS

6.1 The Participant shall exercise Options by giving an Exercise Notice to the Company setting out the number of Options which the Participant wishes to exercise. If that number exceeds the number of Options that may be validly exercised at the time, the Company shall:

- (A) treat the Exercise Notice as notice of exercise only in respect of that lesser number; and
- (B) refund any excess amount paid to exercise the Options, if any, or use the excess to meet any Tax Liability.

6.2 An Exercise Notice shall be accompanied by payment of an amount equal to the Exercise Price multiplied by the number of Options specified in the Notice, plus any payment required under rule 14, to the bank account nominated in writing by the Company, unless the Participant has entered into binding alternative arrangements to secure the payment of those amounts which are satisfactory to the Board.

6.3 An Exercise Notice shall contain or be accompanied by any documents relating to arrangements or agreements required under rule 14.

6.4 Any Exercise Notice shall be invalid:

- (A) to the extent that it is inconsistent with the Participant's rights under these rules and the Option Certificate; or

- (B) if any of the requirements of rule 6.1 or rule 6.2 are not met.

The Company may permit the Participant to correct any defect referred to in this rule 6.4 (but shall not be obliged to do so). The date of any corrected Exercise Notice shall be the date of the correction rather than the original notice date for all other purposes of the Plan.

- 6.5 The Company shall allot and issue Shares to the Participant within 30 days after the valid exercise of Options, subject to the other rules of the Plan.
- 6.6 Shares allotted and issued in satisfaction of the exercise of Options shall rank equally in all respects with the other shares of the same class in issue at the date of allotment after the Shares have been registered in the Finnish trade register and recorded in the Company's shareholders' register, except for any rights determined by reference to a date before the date of allotment.
- 6.7 If the Shares are listed or traded on any stock exchange, the Company shall apply to the appropriate body for any newly issued Shares allotted on exercise of Options to be listed or admitted to trading on that exchange.

7. TERMINATION OF EMPLOYMENT OR ENGAGEMENT

- 7.1 Subject to rule 7.6, a Participant who gives or receives notice of termination of employment or engagement (whether or not lawful), as applicable, may not exercise Options under any rule of the Plan at any time while the notice remains effective.
- 7.2 A Participant who ceases to be an Eligible Person (whether or not following notice) may not exercise Options at any time after ceasing to be an Eligible Person under any rule unless:
- (A) the employment or engagement terminates for one of the reasons set out in rule 7.3;
 - (B) the Board permits the exercise under rule 7.4; or
 - (C) rule 7.6 applies.
- 7.3 A Participant who ceases to be an employee or director of any Group Company because of any of the following reasons, as applicable:
- (A) death;
 - (B) injury;
 - (C) ill health;
 - (D) disability;
 - (E) retirement;
 - (F) redundancy based on financial or production-related grounds for termination;
 - (G) the Participant's employer (or person to whom services are provided) ceasing to be a Group Company; or
 - (H) the transfer of the business that employs or engages the Participant to a person that is not a Group Company,

may exercise such Options as the Board may specify during such period (not to be shorter than 14 days) as the Board may specify. If a Participant dies, the Participant's personal representatives may so exercise the relevant Options.

7.4 The Board may permit a Participant who ceases to be an Eligible Person for any reason other than the reasons set out in rule 7.3 before:

(A) the earliest date on which Options may be exercised as set out in the Option Certificate; or

(B) any Exercise Condition relating to those Options has been satisfied,

to exercise such Options as the Board may specify during such period (not to be shorter than 14 days) as the Board may specify.

7.5 The Board shall notify the relevant Participant of any decision made under rule 7.4, including any decision not to permit the exercise of Options, within a reasonable time after making it.

7.6 A Participant who gives or receives notice of termination of employment or engagement or who ceases to be an Eligible Person:

(A) for any reason other than termination grounds related to the employee's person within the meaning of chapter 7, section 2 of the Finnish Employment Contracts Act (55/2001, as amended);

(B) on or after the earliest date on which Options may be exercised as set out in the Option Certificate; and

(C) after any Exercise Condition relating to those Options has been satisfied,

may exercise such Options during such period (not to be shorter than 14 days) as the Board may specify.

7.7 A Participant shall not be regarded as ceasing to be an Eligible Person until he is no longer an employee or director of or engaged by any Group Company.

8. MALUS AND CLAWBACK

8.1 The malus and clawback provisions in this rule 8 will apply to Options if the Board, at its discretion, determines that any of the following circumstances exist:

(A) the Participant was responsible for or participated in conduct which resulted in significant losses to a Group Company;

(B) the Participant has failed to meet appropriate standards of fitness and propriety;

(C) the Company has reasonable evidence of fraud or material dishonesty by the Participant;

(D) the Company has become aware of any material wrongdoing on the part of the Participant;

(E) the Participant has acted in any manner which in the opinion of the Board has brought or is likely to bring any Group Company into material disrepute or is materially adverse to the interests of any Group Company;

- (F) where the Participant is an employee of a Group Company, there is a breach of the Participant's employment contract that is a potentially fair reason for dismissal;
- (G) where the Participant provides services to a Group Company, there is a breach of the Participant's terms of engagement that may justify termination of that engagement;
- (H) the Participant is in breach of a fiduciary duty owed to any Group Company;
- (I) a Participant who has ceased to be an Eligible Person was in breach of his employment contract or terms of engagement, as applicable, or fiduciary duties in a manner that would have prevented the exercise of the Option had the Company been aware (or fully aware) of that breach, and of which the Company was not aware (or not fully aware) until after both:
 - (1) the Participant ceased to be an Eligible Person; and
 - (2) the time (if any) when the Board decided to permit the exercise of Options;
- (J) there was a material error in assessing the extent to which any Exercise Condition was satisfied;
- (K) any Group Company materially misstated any financial information (whether or not audited) for any part of a financial year of the Company that was taken into account in determining the extent to which any Exercise Condition was satisfied; or
- (L) a Group Company or business unit that employs or employed the Participant or engages or engaged the Participant, as applicable, or for which the Participant is or was responsible, has suffered a material failure of risk management.

8.2 This rule 8.2 applies to Options to which rule 8.1 applies:

- (A) if any of the events in rule 8.1 occur before the exercise of Options, the Board may determine to cancel such Options as the Board considers to be fair and reasonable, taking account of all circumstances that the Board considers to be relevant;
- (B) if any of the events in rule 8.1 occur after exercise of Options, the Board may determine a "**Clawback Amount**", being an amount that the Board considers to be fair and reasonable taking account of all circumstances that the Board considers to be relevant, but subject to the Clawback Amount not being more than the greater of:
 - (1) the market value of the Shares on the date the Options were exercised; and
 - (2) the market value of the Shares on the date of determination by the Board, minus the aggregate Exercise Price,

provided that the Board must make a determination under this rule 8.2 within two years of its becoming aware of the circumstances mentioned in rule 8.1.

8.3 If the Participant has paid or is liable to pay any Tax Liability in relation to the Shares which cannot be recovered from or repaid by a relevant tax authority (whether directly or indirectly), the Board may, in its discretion acting fairly and reasonably, reduce the Clawback Amount to take account of this amount. In deciding whether to reduce the Clawback Amount, the Board shall take account of such factors as it thinks fit, including without limitation market practice, corporate governance rules and guidelines, and the expectations of shareholders.

- 8.4 The Participant shall reimburse the Company for the Clawback Amount on or as soon as possible after the Board determines the Clawback Amount, in such manner as is reasonably acceptable to the Board. If the Participant fails to reimburse the Company within 30 days after the determination, the Company shall obtain reimbursement from the Participant in any (or any combination) of the following ways:
- (A) by reducing or cancelling any cash bonus payable to the Participant by any Group Company;
 - (B) by cancelling any Options that the Participant has not exercised;
 - (C) by requiring the Participant to make a cash payment to a Group Company; or
 - (D) by reducing the Participant's basic salary.
- 8.5 If the Participant participates in another employees' share scheme or bonus scheme operated by a Group Company, and that other scheme contains a provision that has a similar effect to this rule 8, the Board may give effect to that provision by cancelling any Options that the Participant has not exercised.
- 8.6 It is a condition of the exercise of any Options that the Participant agrees irrevocably in writing to the terms of this rule 8.

9. LAPSE OF OPTIONS

- 9.1 A Participant may not transfer or assign or create any charge or other security interest over any Options (or any right arising under them) unless the conditions to exercise such Options have been fulfilled under this Plan and the Participant immediately informs the Company of the execution of any such act. Options shall lapse if the Participant attempts to do any of those things in violation of this rule 9.1, but this rule 9.1 does not prevent the transmission of Options to a Participant's personal representatives on the death of the Participant.
- 9.2 Options shall lapse on the earliest of the following:
- (A) any attempted action by the Participant falling within rule 9.1;
 - (B) where the Board so decides in accordance with rule 3.3, to the extent that an Exercise Condition has become wholly or partly incapable of being met;
 - (C) any date on which the Options shall lapse as specified in the Option Certificate;
 - (D) if rule 7.2 applies, and the Board decides under rule 7.4 that it will not permit the Participant to exercise the Options, the date the Board decides;
 - (E) if rule 7.2 applies, and the Board makes no decision under rule 7.4, 90 days after the Participant ceases to be an Eligible Person;
 - (F) if rule 7.3, rule 7.4 or rule 7.6 applies, the end of the period determined by the Board under those rules;
 - (G) if any part of rule 10 applies, the time specified for the lapse of Options under that part;
 - (H) if any part of rule 13 applies, the time specified for the lapse of Options under that part; or

- (I) if the Company is declared bankrupt under the Finnish Bankruptcy Act (120/2004, as amended) or is similarly affected under laws of any jurisdiction that correspond to those provisions.

10. TAKEOVERS AND LIQUIDATIONS

10.1 If a person (in this rule 10, the “**Acquirer**”):

- (A) makes an offer to acquire the whole of the issued share capital of the Company, which is made on a condition such that, if it is satisfied, the Acquirer will have Control of the Company; or
- (B) makes an offer to acquire all the shares in the Company which are of the same class as the Shares,

the Board may in its absolute discretion direct that the Participant may exercise all his Options (notwithstanding that any Exercise Conditions have not been met) within a reasonable period to be specified by the Board for that purpose and ending immediately before the change of Control. Unless rule 10.3 applies, if Options are exercisable under this rule 10.1, any Options not exercised at the end of the period specified by the Board shall lapse.

10.2 If a person (in this rule 10.2, the “**Controller**”) obtains Control of the Company as a result of:

- (A) making an offer to acquire the whole of the issued share capital of the Company;
- (B) making an offer to acquire all the shares in the Company which are of the same class as the Shares,

the Participant may exercise all his Options (notwithstanding that any Exercise Conditions have not been met) within 90 days after the time when the Controller has obtained Control of the Company. Unless rule 10.3 applies, the Options shall lapse at the end of the 90 day period.

10.3 If a change of Control occurs, and the Acquirer offers (at any time up to ten days following the date of the change of Control) to grant replacement options in consideration for the release of Options under rule 11.1, Options shall continue to exist until the earlier of the following:

- (A) the time when the Participant releases the Options under that exchange of options; and
- (B) the latest date on which the Rollover Period expires,

when they shall lapse.

10.4 Any Options to which rule 10.3 applies shall not be capable of exercise under any rule after they cease to be capable of exercise under rule 10.2.

10.5 The Board, in its discretion, may determine that any event which would trigger the exercise of Options under rule 10.1 or rule 10.2 shall not do so if:

- (A) that event takes place in the course of any corporate reconstruction or reorganisation under which the ultimate beneficial ownership of the business of the Group Companies will remain substantially the same; and
- (B) appropriate provisions are made for either the replacement of Options under rule 11, or other compensation for the loss of Options that the Board, in its reasonable opinion, considers to be fair.

The Board, in its discretion, may determine that Options shall lapse if the Participant does not exchange them or accept the compensation within a reasonable period.

- 10.6 In rule 10 and rule 11, a person shall be deemed to have obtained Control of a company if that person, and others acting in concert with that person, have obtained Control of it together. The term ‘persons acting in concert’ has the meaning given to it in Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids.
- 10.7 If the shareholders of the Company receive notice of a resolution for the voluntary winding up of the Company, a Participant may exercise his Options in full (notwithstanding that any Exercise Conditions have not been met) at any time before that resolution is passed, conditional upon the passing of that resolution, and if the Participant does not exercise the Options, they shall lapse when the winding up begins.
- 10.8 The Board shall notify Participants of any event that is relevant to Options under this rule 10 within a reasonable period after the Board becomes aware of it.

11. EXCHANGE OF OPTIONS

- 11.1 A company that acquires Control of the Company may offer to grant new options in exchange for Options on terms that it considers appropriate. A Participant may accept such an offer within the applicable Rollover Period.
- 11.2 The Rollover Period shall be the period starting with the date that the Company acquires Control and ends 90 days after that date.

12. VARIATION OF SHARE CAPITAL

- 12.1 If there is any variation of the share capital of the Company (whether by way of a share issue against payment or a share issue without payment or otherwise) that affects (or may affect) the value of Options to Participants, the Board shall adjust the number of Options or the Exercise Price in a manner that the Board considers to be fair and reasonable, provided that the total amount payable on exercise of any such Options in full shall not be increased.
- 12.2 The Company shall notify all affected Participants of any decision made under rule 12.1 within a reasonable time.

13. RIGHTS IN CERTAIN CORPORATE SITUATIONS.

- 13.1 If the Company, before the exercise of Options, issues rights referred to in chapter 10 of the Companies Act, this shall not affect the terms and conditions of such Options or their exercise, and the number of Options and the Exercise Prices shall remain unchanged.
- 13.2 In a distribution of the Company’s assets under chapter 13, section 1(1) of the Companies Act:
- (A) Options shall not be taken into consideration;
 - (B) Options shall not entitle Participants to participate in such distribution of assets; and
 - (C) such distribution of assets shall not affect the right of a Participant to exercise Options in accordance with the Plan.
- 13.3 In a requisition of rights under chapter 10 of the Companies Act, a Participant shall be treated equally in relation to other Participants and other holders of rights referred to in chapter 10 of the Companies Act. If there are, in addition to the Options issued under the Plan, other rights

referred to in chapter 10 of the Companies Act, one Option shall be deemed equal to one such other right referred to in chapter 10 of the Companies Act.

- 13.4 In a merger or demerger of the Company, the Participant shall, in addition to what is stated in the Companies Act in respect of the right of the holder of rights referred to in chapter 10 of the Companies Act to redemption, have the right to exercise such Options as the Board may specify within a reasonable period of time set by the Board, before the merger or demerger. Thereafter, the Options will lapse.
- 13.5 In a redemption of minority shares under chapter 18 of the Companies Act:
- (A) Options shall not be taken into consideration in the calculation of shares and votes referred to in chapter 18, section 1 of the Companies Act;
 - (B) the Participant shall have the right to demand redemption of his Options and such right shall *mutatis mutandis* be similar to the right of a minority shareholder to demand redemption of his shares at the redemption price (see (D) below);
 - (C) a person entitled to redeem the shares of minority shareholders shall also have the right to redeem the Options at the redemption price (see (D) below); and
 - (D) as regards determination of the redemption price, redemption procedures, solving of disputes regarding the redemption price and execution of the redemption, the provisions of chapter 18 of the Companies Act shall apply *mutatis mutandis*.
- 13.6 Changing the Company from a private limited company to a public limited company shall not affect the terms and conditions of the Options or their exercise.

14. TAX LIABILITIES

- 14.1 The Participant shall indemnify the Employer Company in respect of any Tax Liability.
- 14.2 Options may not be exercised unless the Participant:
- (A) agrees in writing to pay the Tax Liability to the Employer Company; and
 - (B) has made arrangements satisfactory to the Company or Employer Company to pay the Tax Liability.
- 14.3 If a Participant does not pay the Tax Liability within seven days of any Taxable Event, the Company or Employer Company, as appropriate, may:
- (A) if the relevant Taxable Event is the exercise of Options, and the Shares are readily saleable at the time, retain and sell such number of Shares on behalf of the Participant as is necessary to meet the Tax Liability, and any costs of sale; or
 - (B) deduct the amount of any Tax Liability from any payments of remuneration made to the Participant on or after the date on which the Tax Liability arose.

The Participant's obligations under rule 14.1 shall not be affected by any failure of the Company or Employer Company to withhold shares or deduct from payments of remuneration under this rule 14.3.

- 14.4 The Exercise Notice shall include a power of attorney appointing the Company as the Participant's agent and attorney for the purposes of rule 14.

15. RELATIONSHIP WITH EMPLOYMENT CONTRACT OR TERMS OF ENGAGEMENT

- 15.1 The rights and obligations of any Participant under the terms of an office, employment or engagement with any Group Company or former Group Company shall not be affected by being a Participant.
- 15.2 The value of any prospective benefit or any benefit realised under the Plan by Participants shall not be taken into account in determining any pension or similar entitlements.
- 15.3 Participants and Eligible Persons shall have no rights to compensation or damages on account of any loss in respect of Options or the Plan where this loss arises (or is claimed to arise), in whole or in part, from:

- (A) termination of office, employment or engagement with; or
- (B) notice to terminate office, employment or engagement given by or to,

any Group Company or any former Group Company. This exclusion of liability shall apply however termination of office, employment or engagement, or the giving of notice, is caused, and however compensation or damages are claimed.

- 15.4 Participants and Eligible Persons shall have no rights to compensation or damages from any Group Company or any former Group Company on account of any loss in respect of Options or the Plan where this loss arises (or is claimed to arise), in whole or in part, from:

- (A) any company ceasing to be a Group Company; or
- (B) the transfer of any business from a Group Company to any person that is not a Group Company.

This exclusion of liability shall apply however the change of status of the relevant Group Company, or the transfer of the relevant business, is caused, and however compensation or damages are claimed.

- 15.5 An Eligible Person shall not have any right to receive Options, whether or not the Eligible Person has previously been granted any, and any grant of Options is subject to the Board's determination at its absolute discretion in accordance with these rules.

16. NOTICES

- 16.1 Except as maintained in rule 16.3, any notice or other communication given under or in connection with the Plan shall be in writing and shall be:

- (A) delivered by hand or by prepaid first-class post or other next working day delivery service at the “**Appropriate Address**”, and for the purposes of this rule 16.1, the Appropriate Address means:
 - (1) the Company's registered office, provided the notice is marked for the attention of Legal;
 - (2) a Participant's home or other registered address; and
 - (3) if the Participant has died, and notice of the appointment of personal representatives is given to the Company, any contact address specified in that notice;

- (B) sent by fax to the fax number notified in writing by the recipient to the sender; or
- (C) sent by email to the “**Appropriate Email Address**”, and for the purposes of this rule 16.1, Appropriate Email Address means:
 - (1) in the case of the Company, legal@faron.com; and
 - (2) in the case of a Participant who is permitted to access personal emails at work, the work email address.

16.2 Any notice or other communication given under this rule 16 shall be deemed to have been received:

- (A) if delivered by hand, on signature of a delivery receipt, or at the time the notice is left at the appropriate address;
- (B) if sent by prepaid first-class post or other next working day delivery service, at 9.00 am on the second Business Day after posting, or at the time recorded by the delivery service;
- (C) if sent by fax, at 9.00 am on the next Business Day after transmission; and
- (D) if sent by email, at 9.00 am on the next Business Day after sending,

and for the purposes of this rule 16.2, “**Business Day**” means a day other than a Saturday, Sunday or public holiday in Finland.

16.3 This rule does not apply to:

- (A) the service of any Exercise Notice; and
- (B) the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

17. ADMINISTRATION AND AMENDMENT

17.1 The Board shall administer the Plan.

17.2 The Board may amend the Plan from time to time, subject to rule 17.3, but the Board may not amend the Plan if the amendment:

- (A) applies to Options granted before the amendment was made; and
- (B) materially adversely affects the interests of Participants,

except that a Participant whose Options would be adversely affected may consent to the application of the amendment to those Options.

17.3 While Shares are traded on the AIM market of the London Stock Exchange or any other recognised exchange, the Board may not make any amendment to the material advantage of Participants if that amendment relates to:

- (A) the definition of Eligible Person in rule 1;
- (B) rule 4 (Grant Limits);

(C) rule 12 (Variation of Share Capital);

(D) this rule 17.3,

without the prior approval of the shareholders of the Company in general meeting (except for minor amendments to benefit the administration of the Plan, to take account of a change in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or for a Group Company).

17.4 In deciding on a grant of Options, as authorised by the General Meeting under the Plan, the Board may provide for such special terms for awards to Eligible Persons or Participants as the Board may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. The Board may approve such supplements to the Plan as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of the Plan as in effect for any other purpose. Any such special terms approved by the Board may be attached as exhibits to the Plan.

17.5 The Board shall determine any question of interpretation and settle any dispute arising under the Plan, including determining whether anything is material. In these matters, the Board's decision shall be final. In making any decision or determination, or exercising any discretion under the rules, the Board shall act fairly and reasonably and in good faith.

17.6 The Company shall not be obliged to notify any Participant:

(A) if Options are due to lapse; or

(B) when Options are due to, or have, become exercisable.

17.7 The Company shall not be obliged to provide Participants with copies of any materials sent to the holders of Shares.

18. THIRD PARTY RIGHTS

18.1 A person who is not a party to a grant of Options shall not have any rights under or in connection with Options except where these rights arise under any rule of the Plan for any Employer Company that is not a party to such grant of Options.

18.2 The rights of the parties to surrender, terminate or rescind Options, or agree any variation, waiver or settlement of them, are not subject to the consent of any person that is not a party to such grant of Options.

19. DATA PROTECTION

19.1 The collection, holding, processing and transfer of any Personal Data by any Group Company for all purposes connected with the operation of the Plan shall be carried out in accordance with all applicable privacy and data protection laws.

19.2 The purposes of the Plan referred to in rule 19.1 include, but are not limited to:

(A) holding and maintaining details of the Participant's Options;

(B) transferring the Participant's Personal Data to the Company's registrars or brokers or any administrators of the Plan; and

(C) transferring the Participant's Personal Data under rule 19.2(B) to a person who is resident in a country or territory outside the European Economic Area that may not provide

the same statutory protection for the information as countries within the European Economic Area.

20. GOVERNING LAW

The Plan and any dispute or claim arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the substantive law of Finland.

21. JURISDICTION

21.1 Any dispute or claim arising out of or in connection with the Plan or its subject matter or formation shall be finally settled by arbitration in accordance with the Rules for Expedited Arbitration of the Finland Chamber of Commerce. The seat of arbitration shall be Helsinki, Finland.

21.2 Each party irrevocably consents to any process in any legal action or proceedings under rule 21.1 being served on it in accordance with the provisions of the Plan relating to service of notices. Nothing contained in the Plan shall affect the right to serve process in any other manner permitted by law.