

Faron Pharmaceuticals Oy

("Faron or the "Company")

Results of the Annual General Meeting and Decisions of the Board of Directors

Company announcement, March 24, 2023 at 15.30 (EET) / 13.30 PM (GMT) / 09.30 AM (EDT)

TURKU, FINLAND / BOSTON, MA - The annual general meeting ("AGM") of Faron Pharmaceuticals Oy (AIM: FARN, First North: FARON) took place at BioCity, meeting room "Ministeri" in Turku, Finland today, March 24, 2023. The AGM approved all the proposals of the Board of Directors ("Board") and its committees, set out in the notice of the AGM published on March 3, 2023.

Decisions of the AGM

The AGM adopted the financial statements of the Company and resolved to discharge the members of the Board and the CEO of the Company from liability for the financial year 2022.

No dividend for the financial year 2022 will be paid, and the losses of the Company for the financial year, amounting to EUR 28.7 Million (IFRS), will be carried forward to the reserve for invested unrestricted equity.

Composition and remuneration of the Board

The number of members of the Board was confirmed as seven. Frank Armstrong, John Poulos, Leopoldo Zambeletti, Markku Jalkanen, Anne Whitaker and Erik Ostrowski were re-elected to the Board and Tuomo Pätsi was elected as a new member to the Board for a term that ends at the end of the next AGM.

The AGM resolved that the annual remuneration of the members of the Board remain unchanged and that EUR 35,000 will be paid to the Board members, in addition to which an annual remuneration of EUR 35,000 will be paid to the chair of the Board. 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.

Meeting fees will be paid to the Board members as follows:

- a meeting fee of EUR 1,000 will be paid to Board members per Board meeting where the Board member 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 Board members who were attending a Board meeting but not physically present or for Board meetings held on the same continent than the member's place of residence.

In addition, all reasonable and properly documented expenses incurred in the performance of duties of the members of the Board would be compensated.

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.

Auditor

Audit firm PricewaterhouseCoopers Oy ("PwC") was re-elected as the Company's auditor. PwC has appointed Panu Vänskä, authorized public accountant (KHT), as the key audit partner. It was decided that the auditor be remunerated in accordance with the invoice approved.

Amendment of the Articles of Association

The AGM resolved to amend the articles of association of the Company, to enable holding a General Meeting entirely without a meeting venue, as a so-called remote meeting, in addition to the Company's domicile and London. The amended clause reads as follows:

"11§ Meeting venue

A General Meeting may in addition to the Company's domicile be held in the city of London, United Kingdom, based on a resolution of the Board of Directors. In addition, the Board of Directors may decide that the General Meeting of the Shareholders be held without a meeting venue so that the shareholders exercise their power of decision in full in real time during the meeting using a telecommunications connection and technical means (remote meeting)."

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

The Board was authorized 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 authorization contains the right to issue new shares or dispose of the Company's own shares in the possession of the Company. The authorization consists of up to twelve million five hundred thousand (12,500,000) 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 (twelve million five hundred thousand (12,500,000)) of treasury shares in the possession of the Company.

The Board was authorized to resolve on all other terms and conditions of the issuance of shares, options or other special rights entitling to shares.

The authorization is effective until June 30, 2024.

Resolution on the amendment of the option programme and authorising the Board to decide on the issuance of options or other special rights entitling to shares

The Board was authorized to resolve on issuances of options or other special rights entitling to shares referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act, and the terms and conditions have later been amended by the decision of the Company's AGM on May 18, 2020 (the "Share Option Plan 2019"). The AGM decided to amend the terms and conditions of the Share Option Plan 2019, so that a maximum total of four million three hundred and fifty thousand (4,350,000) options can be offered under said terms and conditions as follows:

- to the chair of the Board, a maximum of two hundred and fifty thousand (250,000) options (before the amendment one hundred and eighty thousand (180,000) options);
- 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 Company's Board herein), a maximum of one hundred and twenty-five thousand (125,000) options (before the amendment ninety thousand (90,000) options);
- to the Chief Executive Officer, a maximum of four hundred and ninety-five thousand (495,000) options (before the amendment three hundred and sixty thousand (360,000) options);
- to the Chief Financial Officer, a maximum of one hundred and eighty thousand (180,000) options (before the amendment one hundred and thirty thousand (130,000) options); and
- for any other non-employee person as determined by the Board, a maximum of seventy thousand (70,000) options (before the amendment fifty thousand (50,000) options).

Excluding the addition concerning the listing on Nasdaq Helsinki and the extension of the duration of the authorization, the terms and conditions of the option program remain otherwise unchanged.

The amendment increases the maximum total number of options under the Share Option Plan 2019 by two million three hundred and fifty thousand (2,350,000) options. This increases the aggregate per centage of shares that can be subscribed for based on options from 3.1 per cent. to 6.9 per cent. of all shares registered at the date of the AGM Notice. The maximum number of options granted to the chair of the Board increases by seventy thousand (70,000) options, representing an increase of approximately 38.9 per cent., the maximum number of options granted 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 Company's Board herein) increases by thirty five thousand (35,000) options, representing an increase of approximately 38.9 per cent., the maximum number of options granted to the Chief Executive Officer increases by one hundred and one hundred and thirty five thousand (135,000) options, representing an increase of 37.5 per cent., the maximum number of options granted to the Chief Financial Officer increases by fifty thousand (50,000) options, representing an increase of approximately 38.5 per cent. And the maximum number of options granted to other non-employee persons as determined by the Board increases by twenty thousand (20,000) options, representing an increase of 40.0 per cent., over the current maximum totals.

The AGM authorized the Board to resolve by one or several decisions on issuances of options or other special rights entitling to shares referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act. The authorization consists of up to two million four hundred seventy-three thousand and eighty-four (2 473 084) shares, options or other special rights entitling to shares in the aggregate, which corresponds to approximately 3.9 per cent. of the existing shares and votes in the Company.

The authorization does not exclude the Board's right to decide on the issuance of options or other special rights entitling to shares in deviation from the shareholders' pre-emptive rights. The authorization will be used for implementing an option plan for the employees and directors of, and persons providing services to, the group, substantially in the form of the amended Share Option Plan 2019 attached to the Notice of the AGM available of the Company's website. There is a weighty financial reason for issuing options, as options are an integral part of the incentivization system for the management and personnel of the Company.

The exercise of options will be subject to fulfilment of certain criteria to be resolved by the Board (the "Exercise Conditions"). Subject to fulfilment of the Exercise Conditions, the options may be exercised at the exercise price, which may not be less than the market value of a share at the grant date, as determined by the Board (the "Exercise Price"). 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 traded over a period of 90 days immediately preceding the grant date. The Exercise Price will be determined to create a sufficient incentive for the recipients of options. The Exercise Price shall be recorded in the Company's reserve for invested unrestricted equity.

The Company's Board was authorized to resolve on all other terms and conditions of the issuance of options or other special rights entitling to shares referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act.

The authorization will be effective until June 30, 2026. This authorization shall not replace other authorizations granted to the Board (but for the sake of clarity, replaces the authorization granted in 2019 relating to the Share Option Plan 2019).

Decisions of the Board

At the meeting of the Board held following the AGM, Frank Armstrong was re-elected Chair of the Board.

In addition, the Board elected the Chairs and other members to the Board committees from among its members as follows:

- Erik Ostrowski was elected the Chair of the Audit Committee and Leopoldo Zambeletti and Tuomo Pätsi were elected as members of the Audit Committee.
- Frank Armstrong was elected the Chair of the Nomination Committee and Anne Whitaker and Tuomo Pätsi were elected as the other members of the Nomination Committee.
- Anne Whitaker was elected as the Chair of the Remuneration Committee and Frank Armstrong, John Poulos and Leopoldo Zambeletti were elected as the other members of the Remuneration Committee.

Minutes of the AGM

The minutes of the AGM will be available on the Company's website on April 6, 2023 at the latest.

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About Faron Pharmaceuticals Oy

Faron Pharmaceuticals Oy (AIM: FARN, First North: FARON) together with its subsidiaries, is a clinical stage biopharmaceutical group focused on building the future of immunotherapy by harnessing the power of the immune system to tackle cancer and inflammation. *Bexmarilimab*, a novel anti-CLEVER-1 humanized antibody, is its investigative precision immunotherapy with the potential to provide permanent immune stimu-



lation for difficult-to-treat cancers through targeting myeloid function. Currently in Phase I/II clinical development as a potential therapy for patients with hematological cancers and untreatable solid tumors, *bexmarlimab* has potential as a single-agent therapy or in combination with other standard treatments including immune checkpoint molecules. In terms of other pipeline assets, Traumakine® is an investigational intravenous (IV) interferon beta-1a therapy for the treatment of hyperinflammatory conditions. Faron is headquartered in Turku, Finland. Further information is available at www.faron.com.