



Faron Pharmaceuticals Ltd.
("Faron or Company")

The Board of Directors of Faron Has Resolved on a Warrant Program and an Issuance of 319,944 Warrants to IPF Partners

Company announcement, February 28, 2022 - 07:45 PM (EET) / 05:45 PM (GMT) / 12:45 PM (EST)

TURKU, FINLAND / BOSTON, MA - Faron Pharmaceuticals Ltd. (AIM: FARN, First North: FARON), a clinical stage biopharmaceutical company focused on building the future of immunotherapy by harnessing the power of the immune system to tackle cancer and inflammation, announced today, February 28, 2022, that it had entered into a secured debt agreement (the "Funding Agreement") with IPF Partners ("IPF"). As part of the arrangement relating to the Funding Agreement, Faron has committed to granting IPF special rights entitling them to subscribe for ordinary shares of the Company against payment ("Warrants").

In accordance with the Funding Agreement, the Board of Directors of the Company has on Monday February 28 2022, based on an authorization granted to the Board by shareholders at the Company's Annual General Meeting held on April 23, 2021, resolved upon a warrant program directed to IPF. Pursuant to the warrant program, the Warrants are issued without consideration. The Warrants are issued as a part of Funding Agreement and therefore, from the Company's point of view, there is a weighty financial reason for the program and the issuance of Warrants thereunder.

Pursuant to the warrant program, the Warrants are issued at the date of each drawdown under the Funding Agreement. The maximum total number of warrants to be granted under the current warrant program agreed on Monday February 28, 2022 is 600,000, under the authorization granted to the Board by shareholders at the Company's Annual General Meeting held on April 23, 2021. Each warrant entitles its holder to subscribe for one new share in the Company. The subscription price per share on the basis of the Warrants will equal the 30-day volume-weighted average price of an ordinary share of Faron on the Nasdaq Helsinki First North exchange immediately preceding the drawdown date of the respective tranche. The Warrants may be exercised for a period of seven years following the drawdown of each tranche under the Funding Agreement, except for the first drawdown, for which the subscription period will commence on March 25, 2022 and end on the date falling seven years after such date. The terms and conditions of the Warrants will be available on the Company's website at: <https://www.faron.com/investors/aim-rule-26>.

As announced on Monday February 28, 2022, the Company has pursuant to the warrant program resolved to issue 319,944 Warrants to IPF in relation to the first tranche utilized on Monday, February 28, 2022. The subscription price per share with respect to Warrants issued in respect of the drawdown of the first tranche is, in accordance with the above, EUR 3.126 per share (subject to adjustment in accordance with the terms and conditions of the Warrants).

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About Faron Pharmaceuticals Ltd

Faron (AIM: FARN, First North: FARON) is a clinical stage biopharmaceutical company developing novel treatments for medical conditions with significant unmet needs caused by dysfunction of our immune system. The Company currently has a pipeline based on the receptors involved in regulation of immune response in oncology, organ damage and bone marrow regeneration. *Bexmarilimab*, a novel anti-Cleaver-1 humanized antibody, is its investigative precision immunotherapy with the potential to provide permanent immune stimulation for difficult-to-treat cancers through targeting myeloid function. Currently in Phase I/II clinical development as a potential therapy for patients with untreatable solid tumors, *bexmarilimab* has potential as a single-agent therapy or in combination with other standard treatments including immune checkpoint molecules. Traumakine is an investigational intravenous (IV) interferon beta-1a therapy for the treatment of acute respiratory distress syndrome (ARDS) and other ischemic or hyperinflammatory conditions. Traumakine is currently being evaluated in global trials as a potential treatment for hospitalized patients with COVID-19 and with the 59th Medical Wing of the US Air Force and the US Department of Defense for the prevention of multiple organ dysfunction syndrome (MODS) after ischemia-reperfusion injury caused by a major trauma. Faron is based in Turku, Finland. Further information is available at www.faron.com.

Forward Looking Statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "expect", "hope", "seek", "envisage", "estimate", "intend", "may", "plan", "potentially", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

A number of factors could cause actual results to differ materially from the results and expectations discussed in the forward-looking statements, many of which are beyond the control of the Company. In particular, the early data from initial patients in the MATINS trial may not be replicated in larger patient numbers and the outcome of clinical trials may not be favourable or clinical trials over and above those currently planned may be required before the Company is able to apply for marketing approval for a product. In addition, other factors which could cause actual results to differ materially include the ability of the Company to successfully licence its programmes within the anticipated timeframe or at all, risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets or other sources of funding, reliance on key personnel, uninsured and underinsured losses and other factors. Although any forward-looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Subject to any continuing obligations under applicable law or any relevant AIM Rule requirements, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.