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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE EU REGULATION 596/2014 ("MAR") AND ARTICLE 7 OF MAR AS INCORPORATED INTO UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("UK MAR").**

**Faron Pharmaceuticals Ltd**  
("Faron" or the "Company")

**Announcement of the Results of Placing, the Issue Price, PDMR dealing and registration of New Shares with the Trade Register**

*Capitalised terms used in this announcement have the meanings given to them in the announcement made on 13 October 2022 regarding the proposed issue of new ordinary shares in the Company to the Company itself without consideration and placing of treasury shares in the Company (the "**Launch Announcement**"), unless the context provides otherwise.*

**Company announcement, 14 October 2022 at 7:00 a.m. BST / 9:00 a.m. EEST**  
**Inside information**

**TURKU, FINLAND / BOSTON, MA** – Faron Pharmaceuticals Ltd (First North: FARON, AIM: FARN), 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, announces today that the Bookbuild, announced on 13 October 2022, is now closed. The Placing comprises of the issuance of 3,229,930 Treasury Shares to Faron itself without consideration, which have today been registered in the Trade Register, and subsequent conveyance of these Treasury Shares together with 1,311,800 treasury shares already held by the Company, in total 4,541,730 Placing Shares, to investors at the Issue Price of EUR 1.85 per Placing Share. 4,414,460 Placing Shares are conveyed to investors in the main tranche of the Placing organised by Swedbank, and in a separate tranche without the involvement of Swedbank, 6,270 Placing Shares are conveyed by the Company directly to the Chairman of the Board and the remaining 121,000 Placing Shares to certain other investors, at the same terms and conditions as the main tranche. The Issue Price represents a 5.5 % discount to the close price on 13 October 2022 on NASDAQ Helsinki First North Growth. The payment and settlement (delivery against payment of the Issue Price in full) of the Placing Shares is expected to be completed on or about 18 October 2022.

The Placing Shares conveyed to investors amount to approximately 8.0 % of the issued shares and votes in the Company, immediately prior to the Placing. The Company has raised aggregate gross proceeds of EUR 8.4 million in the Placing. The Placing was supported by existing shareholders as well as new investors. With these proceeds and the current level of activities the Company has sufficient working capital further into Q1 2023.

“We are extremely pleased with the results of this Placing and the interest we received from investors.” said Toni Hänninen, Chief Financial Officer of Faron. “These funds allow us to accelerate our *bexmarilimab* pipeline further, including the continuation of our BEXMAB study, preparation for the MATINS FDA EOP (end of phase) meeting and the initiation of our BEXCOMBO study in 2023. Additionally, we are further strengthening our presence and building the team in the US as previously communicated.”

**Use of Proceeds and registration of Treasury Shares in the Trade Register**

The primary reason for conducting the Placing was to accelerate and expand the clinical development of the Company's main drug candidate, *bexmarilimab*. Some of the proceeds will also be used to expand manufacturing capabilities, to support general corporate purposes and to strengthen the Company's balance sheet.

A total of 3,229,930 Treasury Shares have been issued and registered in the Trade Register today on 14 October 2022. Following the issuance, the aggregate number of ordinary shares in the Company is 59,805,383. As a part of the Placing, the 3,229,930 Treasury Shares are further conveyed to investors as Placing Shares together with the 1,311,800 treasury shares already held by the Company, with payment and settlement (delivery against payment of the Issue Price in full) expected to be completed on or about 18 October 2022. The Placing Shares confer a right to dividends and other shareholder rights from the payment and settlement to investors. One Placing Share entitles to one vote in the general meeting of the Company. Following, and subject to, the completion of the settlement in full, the Company will have no shares in treasury and therefore, the total number of voting rights in Faron will be 59,805,383 (the "**New Number of Shares and Votes**"). This figure may be used by shareholders as the denominator for the calculations by which they will determine whether they are required to notify an interest in, or a change to their interest in, the New Number of Shares and Votes of the Company.

Trading in the Treasury Shares (and the Placing Shares) is expected to commence on First North and AIM latest on or about 18 October 2022.

#### **Related Party Transaction and PDMR Dealing**

Timo Syrjälä, an existing shareholder in the Company, has subscribed for 1,400,000 Placing Shares in aggregate, for an aggregate subscription value of EUR 2.6 million at the Issue Price. Following the Placing, Mr. Syrjälä's total holding in the Company's shares, which includes his indirect holding through Acme Investments SPF Sarl ("**Acme**"), an entity wholly owned by Mr. Syrjälä, will be 12,306,957 shares, representing 20.6 % of the New Number of Shares and Votes. Mr Syrjälä is a "Substantial Shareholder" in the Company for the purposes of the AIM Rules for Companies (the "**AIM Rules**"). His subscription for Placing Shares pursuant to the Placing is a related party transaction for the purposes of the AIM Rules, the First North Rulebook and the Finnish Limited Liability Companies Act. The Directors of the Company, all of whom are independent of Mr Syrjälä, having consulted with Cairn Financial Advisers LLP, the Company's nominated adviser for the purposes of the AIM Rules, consider the terms of the participation by Mr. Syrjälä in the Placing to be fair and reasonable insofar as shareholders are concerned.

In addition, Frank Armstrong, director of the Company has subscribed for 6,270 shares respectively to be conveyed by the Company directly in a separate tranche without the involvement of Swedbank. The beneficial interest in the issued shares and votes of the Company is set out below:

Director	Before the Placing		Number of Placing Shares subscribed for	Following the Placing	
	Number of ordinary shares held	% of issued shares and votes		Number of ordinary shares held	% of issued shares and votes
Frank Armstrong	64,792	0.1	6,270	71,062	0.1

The participation of Frank Armstrong ("**Director Participation**") in the Placing constitutes a related party transaction. The independent directors for the purpose of the Director Participation, being all other members of the Board, having consulted with Cairn Financial Advisers LLP, the Company's nominated adviser for the purposes of the AIM Rules, consider the terms of the Director Participation in the Placing to be fair and reasonable insofar as shareholders are concerned.

Notification of a Transaction pursuant to Article 19(1) of Regulation (EU) No. 596/2014						
<b>1 Details of the person discharging managerial responsibilities/person closely associated</b>						
a.	Name	Frank Armstrong				
<b>2 Reason for notification</b>						
a.	Position/Status	Directors				
b.	Initial notification/ Amendment	Initial Notification				
<b>3 Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor</b>						
a.	Name	Faron Pharmaceuticals Oy				
b.	LEI	7437009H31TO1DC0EB42				
<b>4 Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted</b>						
a.	Description of the financial instrument, type of instrument  Identification Code	Ordinary shares  ISIN: FI4000153309				
b.	Nature of the transaction	Purchase of ordinary shares				
c.	Price(s) and volume(s)	<p style="text-align: center;">Average</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Price(s)</th> <th>Volume(s)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.85</td> <td style="text-align: center;">6 270</td> </tr> </tbody> </table>	Price(s)	Volume(s)	1.85	6 270
Price(s)	Volume(s)					
1.85	6 270					
d.	Aggregated information  - Aggregated Volume  - Price	 6 270  1.85				

e.	Date of the transaction	14 October 2022
f.	Place of the transaction	Nasdaq First North Growth Market

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**THIS ANNOUNCEMENT IS ONLY DIRECTED AT PERSONS IN THE UNITED KINGDOM THAT ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(E) OF REGULATION 2017/1129/EU AS INCORPORATED INTO UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 THAT ARE ALSO (I) INVESTMENT PROFESSIONALS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER") AND/OR (II) HIGH NET WORTH ENTITIES, AND OTHER PERSONS TO**

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THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THERE IS NO INTENTION TO REGISTER THE PLACING SHARES IN THE UNITED STATES OR TO MAKE A PUBLIC OFFERING IN THE UNITED STATES. ANY SALE OF THE PLACING SHARES IN THE UNITED STATES WAS MADE SOLELY TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A IN RELIANCE ON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

#### **About *Bexmarilimab***

*Bexmarilimab* is Faron's wholly-owned, investigative precision immunotherapy with the potential to provide permanent immune stimulation for difficult-to-treat cancers through targeting myeloid cell function. A novel anti-Clever-1 humanised antibody, *bexmarilimab* targets Clever-1 positive (Common Lymphatic Endothelial and Vascular Endothelial Receptor 1) tumour associated macrophages (TAMs) in the tumour microenvironment, converting these highly immunosuppressive M2 macrophages to immune stimulating M1 macrophages. In mouse models, *bexmarilimab* has successfully blocked or silenced Clever-1, activating antigen presentation and promoting interferon gamma secretion by leukocytes. Additional pre-clinical studies have proven that Clever-1, encoded by the Stabilin-1 or STAB-1 gene, is a major source of T cell exhaustion and involved in cancer growth and spread. Observations from clinical studies to date indicate that Clever-1 has the capacity to control T cell activation directly, suggesting that the inactivation of Clever-1 as an immune suppressive molecule could be more broadly applicable and more important than previously thought. As an immuno-oncology therapy, *bexmarilimab* has potential as a single-agent therapy or in combination with other standard treatments including immune checkpoint molecules in both solid tumors and hematologic malignancies. Beyond immuno-oncology, it offers potential in infectious diseases, vaccine development and more.

#### **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-Clever-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 solid tumors and hematologic malignancies, *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 by 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](http://www.faron.com).

#### **IMPORTANT INFORMATION**

### **Market Abuse Regulation**

Market soundings, as defined in Regulation (EU) No 596/2014 ("**MAR**"), were taken in respect of the proposed Placing with the result that certain persons became aware of inside information, as permitted by MAR. That inside information in relation to the Placing is set out in this announcement and has been disclosed as soon as possible in accordance with paragraph 7 of article 17 of MAR. Therefore, those persons that received inside information in such market sounding are no longer in possession of inside information relating to the Company and its securities.

This announcement contains inside information for the purposes of Article 7 of MAR and Article 7 of UK MAR.

### **MiFID II**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of: (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties (each as defined in MiFID II); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the offer.

### **Caution regarding 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", "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 addition, other factors which could cause actual results to differ materially include the ability of the Company to successfully licence its programmes, 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.