

Faron Pharmaceuticals Oy

(“Faron” or the “Company”)

Exercise of options**Issue of equity**

Company announcement, 20 November 2020 at 9.00 (EET)

TURKU, FINLAND – Faron Pharmaceuticals Oy (AIM: FARN, First North: FARON), the clinical stage biopharmaceutical company, announces that it has received notifications from option holders to exercise D options over 82,000 ordinary shares in the Company at an exercise price of EUR 1.09 (approx. GBP 0.97) per share under the Company’s 2015 Option Plan (“New Ordinary Shares”). The terms and conditions of the 2015 Option Plan are available on the Company’s website at https://www.faron.com/sites/default/files/Option%20Plan%202015_Terms%20and%20Conditions_20200518.pdf.

Included in the number of New Ordinary Shares are 80,000 D options exercised by Dr Markku Jalkanen, Faron’s CEO.

Applications will be made to the London Stock Exchange and Nasdaq Helsinki to admit the New Ordinary Shares to trading on AIM and Nasdaq First North Growth Market, respectively. Admission of the New Ordinary Shares is expected to occur on or around 1 December 2020 following issue and registration of the New Ordinary Shares on or around 30 November 2020 (“Registration”). The New Ordinary Shares will rank *pari passu* with existing ordinary shares.

Faron’s enlarged issued number of shares immediately following Registration will be 46,896,747 ordinary shares with voting rights attached. The Company has no shares in treasury; therefore upon, and subject to, Registration, the total number of voting rights in Faron will be 46,896,747. 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 issued shares and votes of the Company.

For more information please contact:**Faron Pharmaceuticals Oy**

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Faron (AIM: FARN, First North: FARON) is a clinical stage biopharmaceutical company developing novel treatments for medical conditions with significant unmet needs. The Company currently has a pipeline based on the receptors involved in regulation of immune response in oncology and organ damage. Clevegen® (*bexmarilimab*), its investigative precision immunotherapy, is a novel anti-Clever-1 antibody with the ability to switch immune suppression to immune activation in various conditions, with potential across oncology, infectious disease and vaccine development. Currently in phase I/II clinical development as a novel macrophage checkpoint immunotherapy for patients with untreatable solid tumours, Clevegen® has potential as a single-agent therapy or in combination with other standard treatments including immune checkpoint molecules. Traumakine®, the Company's pipeline candidate to prevent vascular leakage and organ failures is currently being tested in several phase III studies around the world against COVID-19. Traumakine® is intravenous IFN beta-1a, which is a strong anti-viral and anti-inflammatory agent. Faron is based in Turku, Finland. Further information is available at www.faron.com.

Notification of a Transaction pursuant to Article 19(1) of Regulation (EU) No. 596/2014		
1 Details of the person discharging managerial responsibilities/person closely associated		
a.	Name	Markku Jalkanen

2 Reason for notification						
a.	Position/Status	Person discharging managerial responsibilities				
b.	Initial notification/ Amendment	Initial notification				
3 Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor						
a.	Name	Faron Pharmaceuticals Oy				
b.	LEI	7437009H31TO1DC0EB42				
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						
a.	Description of the financial instrument, type of instrument Identification Code	Options over ordinary shares ISIN: FI4000153309				
b.	Nature of the transaction	Exercise of options made pursuant to the Faron Option Plan 2015 exercisable at €1.09 per ordinary share				
c.	Price(s) and volume(s)	<table border="1"> <thead> <tr> <th>Price(s)</th> <th>Volume(s)</th> </tr> </thead> <tbody> <tr> <td>€1.09</td> <td>80,000</td> </tr> </tbody> </table>	Price(s)	Volume(s)	€1.09	80,000
Price(s)	Volume(s)					
€1.09	80,000					
d.	Aggregated information - Aggregated Volume - Price	80,000 €1.09				
e.	Date of the transaction	19 November 2020				
f.	Place of the transaction	Turku, Finland				

The logo graphic consists of a series of radiating lines in shades of blue, yellow, and orange, creating a sunburst or starburst effect.

FARON