

THIS ANNOUNCEMENT AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA, SINGAPORE, HONG KONG OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014 ("MAR") AND ARTICLE 7 OF MAR AS IT FORMS PART OF UK DOMESTIC LAW IN THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("UK MAR").

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

Inside Information: Announcement of the Results of Placing, the Issue Price and registration of Placing Shares with the Trade Register

*Capitalised terms used in this announcement have the meanings given to them in the announcement made on 26 October 2023 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, 27 October 2023 at 7:00 a.m. GMT / 9:00 a.m. EEST
Inside information

TURKU, FINLAND / BOSTON, MA – Faron Pharmaceuticals Ltd (First North: FARON, AIM: FARN), a clinical stage biopharmaceutical company pioneering macrophage reprogramming for effective anticancer immunotherapies, announces today that the Bookbuild, announced on 26 October 2023, is now closed. The Placing comprises of the issuance of 2,491,998 Placing Shares to Faron itself without consideration, which have today been registered in the Finnish Trade Register, and subsequent conveyance of these Placing Shares, to investors at the Issue Price of EUR 2.85 per Placing Share. The Issue Price represents a 14.8% discount to the close price on 26 October 2023 on NASDAQ Helsinki First North Growth and a 11.8% premium to the last share issue completed on 29 June 2023. 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 31 October 2023. Carnegie Investment Bank AB (publ), Finland Branch ("**Carnegie**") acted as sole bookrunner and lead manager in the Placing.

The Placing Shares conveyed to investors amount to approximately 3.8% of the issued shares and votes in the Company, immediately prior to the Placing. The Company has raised aggregate gross proceeds of approximately EUR 7,1 million in the Placing. The Placing was supported by new investors and existing shareholders such as local long-only institutional investors and family offices, and Mr. Timo Syrjälä. With these proceeds and the current level of activities the Company has sufficient working capital into Q2 2024.

"This fundraising is pivotal and comes at an exciting time for Faron. As we enter a new phase of the BEXMAB clinical trial, it was important to raise funds to provide a cash runway into the second quarter of 2024." said Jim O'Brian, Chief Financial Officer of Faron. "We would like thank our investors for their continued support in developing this novel immunotherapy".

Use of Proceeds and registration of Placing 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*. The proceeds will also be used to advance *bexmarilimab* commercial scale production, to support general corporate purposes and other pipeline development, and to strengthen the Company's

balance sheet. Raising of at least EUR 3.0 million was also required to secure that the Company meets all its financial and operational covenants by 27 October 2023, as per agreed waivers with IPF Partners.

A total of 2,491,998 Placing Shares have been issued and registered in the Finnish Trade Register today on 27 October 2023. Following the issuance, the aggregate number of ordinary shares in the Company is 68,738,520. As a part of the Placing, the 2,491,998 Placing Shares are further conveyed to investors with payment and settlement (delivery against payment of the Issue Price in full) expected to be completed on or about 31 October 2023. The Placing Shares confer a right to dividends and other shareholder rights from the payment and settlement to investors. One Placing Share entitles the holder 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 68,738,520 (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 Placing Shares is expected to commence on First North and AIM on or about 30 October 2023.

Related Party Transaction

Timo Syrjälä, an existing shareholder in the Company, has subscribed for 350,000 Placing Shares in aggregate, for an aggregate subscription value of EUR 997,500 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 13,410,336 shares, representing 19.5 % 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.

For more information please contact:

Investor Contact

LifeSci Advisors

Daniel Ferry
Managing Director
daniel@lifesciadvisors.com
+1 (617) 430-7576

Faron Pharmaceuticals

Yrjö Wichmann
VP, Investor Relations and Funding
yrjo.wichmann@faron.com
Phone: +358 (0) 40 5868 979

Cairn Financial Advisers LLP, Nominated Adviser

Sandy Jamieson, Jo Turner
Phone: +44 (0) 207 213 0880

Sisu Partners Oy, Certified Adviser on Nasdaq First North

Juha Karttunen
Phone: +358 (0)40 555 4727
Jukka Järvelä
Phone: +358 (0)50 553 8990

ICR Consilium

Mary-Jane Elliott, David Daley, Lindsey Neville
faron@consilium-comms.com
Phone: +44 (0)20 3709 5700

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 IN THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 WHO ARE ALSO (I) INVESTMENT PROFESSIONALS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER") OR (II) HIGH NET WORTH ENTITIES, AND OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED, FALLING WITHIN ARTICLE 49(2)(A) TO (E) OF THE ORDER (EACH SUCH PERSON BEING REFERRED TO AS A "RELEVANT PERSON"). ACCORDINGLY, THIS ANNOUNCEMENT AND ITS CONTENTS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. PERSONS INTO WHOSE POSSESSION THIS ANNOUNCEMENT COMES ARE REQUIRED TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THIS ANNOUNCEMENT IS NOT FOR PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA. THIS ANNOUNCEMENT IS NOT AN OFFER OF SECURITIES FOR SALE INTO THE UNITED STATES. 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, investigational immunotherapy designed to overcome resistance to existing treatments and optimize clinical outcomes, by targeting myeloid cell function and igniting the immune system. *Bexmarilimab* binds to Clever-1, an immunosuppressive receptor found on macrophages leading to tumor growth and metastases (i.e. helps cancer evade the immune system). By targeting the Clever-1 receptor on macrophages, *bexmarilimab* alters the tumor microenvironment, reprogramming macrophages from an immunosuppressive (M2) state to an immunostimulatory (M1) one, upregulating interferon production and priming the immune system to attack tumors and sensitizing cancer cells to standard of care.

About Faron Pharmaceuticals Ltd.

Faron (AIM: FARN, First North: FARON) is a global, clinical-stage biopharmaceutical company, focused on tackling cancers via novel immunotherapies. Its mission is to bring the promise of immunotherapy to a broader population by uncovering novel ways to control and harness the power of the immune system. The Company's lead asset is *bexmarilimab*, a novel anti-Clever-1 humanized antibody, with the potential to remove immunosuppression of cancers through targeting myeloid cell function. *Bexmarilimab* is being investigated in Phase I/II clinical trials as a

potential therapy for patients with hematological cancers in combination with other standard treatments. Further information is available at www.faron.com.

IMPORTANT INFORMATION

Market Abuse Regulation

Market soundings, as defined in (i) Regulation (EU) No 596/2014 ("**MAR**") and (ii) MAR as it applies to domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**UK MAR**"), were taken in respect of the proposed Placing with the result that certain persons became aware of inside information, as permitted by MAR and UK 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 article 17 of MAR AND UK 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.

EEA product governance

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 Placing.

UK product governance

Solely for the purposes of the product governance requirements contained within of Chapter 3 of the FCA Handbook Production Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of investors who meet the criteria of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in paragraph 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all distribution channels (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors (for the purposes of UK Product Governance Requirements) should note that: (a) the price of the Placing Shares may decline and investors could lose all or part of their investment; (b) the Placing Shares offer no guaranteed income and no capital protection; and (c) an investment in the Placing Shares 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 Placing.

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.