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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014 ("MAR") AND ARTICLE 7 OF MAR TRANSFORMS 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 the Significantly Oversubscribed 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 5 February 2025 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, 6 February 2025 at 7:00 a.m. GMT / 9:00 a.m. EET

Inside information

TURKU, FINLAND Faron Pharmaceuticals Ltd. (AIM: FARN, First North: FARON), a clinical-stage biopharmaceutical company focused on tackling cancers via novel immunotherapies, announces that the Bookbuild, announced on 5 February 2025, is now closed. The Placing was oversubscribed 1.8 times and thus the Board decided to upsize the offering and raise gross proceeds of EUR 12 million.

The Placing comprises of the issuance of 6,976,744 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 1.72 per Placing Share. The Issue Price represents a 10.3 % discount to the close price on 5 February 2025 on NASDAQ Helsinki First North Growth. The settlement (delivery against payment of the Issue Price in full) of the Placing Shares is expected to be completed on or about 10 February 2025. Carnegie Investment Bank AB (publ), Finland Branch ("Carnegie"), Bryan, Garnier & Co Ltd. and Bryan Garnier Securities SAS (together with Bryan, Garnier & Co Ltd., **Bryan Garnier**) acted as joint bookrunners in the Placing.

The Placing Shares conveyed to investors amount to approximately 6.67 per cent of the issued shares and votes in the Company, immediately prior to the Placing. The Company has raised aggregate gross proceeds of approximately EUR 12 million in the Placing. The Placing primarily targeted long-term institutional and other qualified investors due to their capability of offering substantial investments cost-effectively, at attractive terms and was supported by existing shareholders, including long-only institutional investors and family offices, as well as new investors. As the Issue Price was determined through the Bookbuild, it is the Board's assessment that the Issue Price has been determined on market terms, reflecting current market conditions and investor demand. With these proceeds and the current level of activities the Company has sufficient working capital until December 2025 and be able to meet its financial covenants into September 2025.

"This fundraising is pivotal and comes at an exciting time for Faron. As we will soon see topline data from the Phase II of the BEXMAB clinical trial, it was important to raise funds to provide a cash runway into December 2025", said Yrjö Wichmann, Chief Financial Officer of Faron. "The investor interest has been stronger than anticipated which demonstrates that the market shares our strong belief in the Company and bexmarilimab. We would like to thank all 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 strengthen the Company's financial position ahead of its upcoming BEXMAB Phase II trial topline readout, which is expected in April 2025. The proceeds will be used for the continuation of the BEXMAB Phase II trial, mainly to produce follow-up data (duration of response and survival) and prepare the package for end of Phase II FDA meeting and to enhance the Company's balance sheet. The Company will continue to evaluate further business transactions such as licensing agreements as well as other financing alternatives (e.g. equity, convertible or debt instruments) in order to achieve the best commercial outcome to its shareholders. The Placing improves the Company's negotiation position ahead of the BEXMAB Phase II efficacy and safety readout, while also ensuring compliance with the financial covenants.

A total of 6,976,744 Placing Shares have been issued and registered in the Finnish Trade Register today on 6 February 2025. Following the issuance, the aggregate number of ordinary shares in the Company is 111,601,608. As a part of the Placing, the 6,976,744 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 10 February 2025. 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 111,601,608 (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 10 February 2025.

Applications have been made for the admission to trading of the Placing Shares on the Nasdaq First North Growth Market Finland (**"First North"**) maintained by Nasdaq Helsinki Ltd (**"Nasdaq Helsinki"**) under the current trading code **"FARON"**, and on AIM (**"AIM"**), the market of that name operated by London Stock Exchange plc (the **"LSE"**) under the trading code **"FARN"**. It is expected that the admission of the Placing Shares to trading on First North and AIM will become effective at 10:00 a.m. EEST / 8:00 a.m. BST on 10 February 2024. Trading in the Placing Shares is expected to commence on 10 February 2025 subject to the admission of the New Shares to trading on First North and AIM.

Related Party Transaction

Timo Syrjälä, an existing shareholder in the Company, has subscribed through Acme Investments SPF Sarl (**"Acme"**) for 930,232 Placing Shares in aggregate, for an aggregate subscription value of EUR 1,599,999.04 at the Issue Price. Mr. Syrjälä held more than 10% of all shares in the Company prior to the Placing, which includes his indirect holding through Acme, an entity wholly owned by Mr. Syrjälä, and has been allocated more than 10% of the Placing Shares. Following the Placing, Mr. Syrjälä's total holding in the Company's shares, which includes his indirect holding through Acme, will be 16,903,396 shares, representing 15.15 % 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 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.

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About BEXMAB

The BEXMAB trial is an open-label Phase I/II clinical trial investigating *bexmarilimab* in combination with standard of care (SoC) in the aggressive hematological malignancies of acute myeloid leukemia (AML) and myelodysplastic syndrome (MDS). The primary objective is to determine the safety and tolerability of *bexmarilimab* in combination with SoC (azacitidine) treatment. Directly targeting Clever-1 could limit the replication capacity of cancer cells, increase antigen presentation, ignite an immune response, and allow current treatments to be more effective. Clever-1 is highly expressed in both AML and MDS and associated with therapy resistance, limited T cell activation and poor outcomes.

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 reprogramming

and other hematologic diseases, and the potential to remove immune suppression of cancers through reprogramming 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.

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