

Turku, Finland – Faron Pharmaceuticals Ltd. (AIM: FARN, First North: FARON), a clinical-stage biopharmaceutical company developing novel immunotherapies, announces that the Company has approved the exercise of 453,979 special rights entitling to 453,979 existing treasury shares, for an aggregate subscription price of EUR 846,943.22, in connection with an advanced amortisation payment of the First Tranche Bonds (as defined below), which will occur latest on 12 January 2026.

The Company announced on 3 April 2025 that it had entered into a convertible bond arrangement for up to EUR 35 million with an entity managed by Heights Capital Management, Inc. (â€œHCMâ€) and resolved upon the issuance of amortising senior unsecured convertible bonds with an aggregated principal amount of EUR 15 million (the â€œFirst Tranche Bondsâ€) due 2 April 2028 to HCM, convertible into new and/or existing shares in the Company (the â€œSharesâ€). On 11 December 2025 the Company has resolved upon the issuance of EUR 10 million of Second Tranche Bonds, due 2 December 2028, to HCM, convertible into new and/or existing Shares in the Company. HCM (or any future holders of the majority of the First Tranche Bonds) may, at any time between scheduled amortisations, exercise their right to bring forward up to two (2) additional amortisation payments (an â€œAccelerated Amortisationâ€) of the First Tranche Bonds to be paid in advance, with a limit of no more than nine (9) Accelerated Amortisations in the first year of the term of the First Tranche Bonds. As previously announced, the Board of Directors of Faron has resolved to make amortisations and interest payments by converting the relevant amounts due into Shares (â€œShare Settlement Optionâ€), unless it separately decides to make payments in cash. The exercise of the Companyâ€™s Share Settlement Option is effected by the bondholders exercising special rights entitling into Shares, as referred to in Chapter 10 of the Finnish Companies Act (â€œSpecial Rightsâ€), issued in connection with the issuance of the First Tranche Bonds.

The Company has on 8 January 2026 received an amortised payment advancement notice related to First Tranche Bonds from the bondholder for an aggregate amortised payment amount (including accrued interest) of EUR 846,943.22. As the Company has exercised its Share Settlement Option, the subscription price for the Shares subscribed for by the bondholder is EUR 1.8656 per Share, corresponding to 90 per cent of the lowest of (i) the volume weighted average price (â€œVWAPâ€) of a Share on the relevant payment date, and (ii) the lowest of the VWAPs of a Share on each of the five consecutive dealing days ending on (and including) the dealing day immediately preceding the relevant payment date. Therefore, the Company has approved the exercise of 453,979 Special Rights entitling to 453,979 existing treasury Shares, for an aggregate subscription of EUR 846,943.22. The subscription price for the Shares subscribed for pursuant to the Special Rights is paid by setting off the Companyâ€™s debt to pay relevant amounts due under the First Tranche Bonds and recorded into the reserve for invested unrestricted equity. The new Maturity Date of the Bond is 2 August 2027.

The 453,979 Shares subscribed for rank *pari passu* in all respects with the existing shares of the Company and are admitted to trading on Nasdaq First North Growth Market Finland (â€œFirst Northâ€) maintained by Nasdaq Helsinki Ltd (â€œNasdaq Helsinkiâ€) and on AIM (â€œAIMâ€), the market of that name operated by London Stock Exchange plc (the â€œLSEâ€).

Following the issuance, the aggregate number of ordinary shares in issue in the Company remains 118,563,143. Shares held in treasury by the Company do not confer a right to dividends or other shareholder rights. Following the issuance, the Company will have 3,688,699 shares in treasury and therefore, the total number of voting rights in Faron will be 114,874,444 (the â€œNumber of Shares and Votesâ€). 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 Number of Shares and Votes of the Company.

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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 Companyâ€™s lead asset isÂ bexmarilimab, a novel anti-Clever-1 humanized antibody, with the potential to remove immunosuppression of cancers through reprogramming myeloid cell function.Â BexmarilimabÂ 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 atÂ www.faron.com.