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Faron Pharmaceuticals Oy

("Faron" or the "Company")

Admission to AIM and first day of dealings £10 million fundraise to progress Phase III clinical trial

17 November 2015 - Faron Pharmaceuticals Oy ("Faron"), the clinical stage biopharmaceutical company, is pleased to announce the commencement of dealings in its Ordinary Shares on the AIM market of the London Stock Exchange with effect from 8.00 a.m. today under the ticker FARN and the ISIN number FI4000153309. This follows a successful placing and subscription for 3,846,154 new Ordinary Shares, raising £10.0 million at a price of 260p per ordinary share (the "Fundraising").

Dr Markku Jalkanen, CEO of Faron, said: "Faron's fundraising and admission to AIM is an important landmark for the Company. We believe that the support shown by both new and existing shareholders demonstrates a strong understanding of the value of our late stage product Traumakine®, in development for the treatment of acute respiratory distress syndrome (ARDS). Currently there are no approved pharmacological treatments for this life threatening medical condition.

"Admission to AIM provides a great opportunity to strengthen our business and support our objective of progressing our lead programme through a pan-European Phase III trial, and the development of our pre-clinical cancer immunotherapy candidate, Clevegen. We look forward to reporting on the Company's continuing progress as an AIM-quoted company and would like to welcome and thank our investors for their involvement."

Admission and Fundraising Statistics

Number of ordinary shares of no par value in issue immediately following Admission	23,111,704
Gross proceeds of the Fundraising	£10.0 million
Issue Price per Ordinary Share	260 pence
Market capitalisation of the Company on Admission at the Issue Price	£60.1 million

Cairn Financial Advisers LLP is acting as Nominated Adviser to the Company. Whitman Howard Limited is acting as broker and bookrunner to the Company. Rx Securities Limited is acting as equity adviser to the Company.

Unless the context otherwise requires, defined terms shall have the meaning ascribed to them in the Admission Document available on the Company's website: www.faronpharmaceuticals.com

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Faron Pharmaceuticals Oy

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Background Information

Company Highlights

Late stage product Traumakine® targeting significant unmet medical need

- Faron's lead drug Traumakine® is in Phase III development for treatment of acute respiratory distress syndrome ("ARDS").
- ARDS is a severe, life threatening medical condition characterised by widespread capillary leakage and inflammation in the lungs, most often as a result of sepsis, pneumonia or significant trauma.
- Currently there are no approved pharmacological treatments for ARDS, an orphan disease, with a mortality rate of approximately 30 - 45 per cent.
- Faron completed a Phase I/II trial in respect of Traumakine® in 2011 where treatment with Traumakine® was associated with an 81 per cent. reduction in the 28 day mortality rate in patients with ARDS. These data were published in The Lancet Respiratory Medicine, a leading medical journal.
- Pivotal initial pan-European Phase III trial for Traumakine® (called INTEREST) with first patient recruitment expected to commence in Q4 2015.
- A consortium coordinated by Faron has been granted approximately €6 million pursuant to a European FP7 Grant for the development of Traumakine®.

Strong market position with clear regulatory pathway

- Traumakine® has been granted Orphan Drug Designation in Europe which allows a period of 10 years market exclusivity following regulatory marketing approval.
- Patents granted in several major markets.

Agreements with leading pharmaceutical companies in Japan and the Greater China

Area

- Faron entered into an agreement with a Japanese pharmaceutical company, Maruishi Pharmaceutical Co., Ltd, in 2011 to develop and commercialise Traumakine® in Japan.

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- In May 2015, Faron entered into license and asset transfer agreements with A&B (HK) Company Limited and CMS Pharma Co. Ltd in mainland China, Hong Kong, Macau and Taiwan (the “Greater China Area”).
- Agreements provide for a combination of upfront payments, milestone payments, ongoing royalty payments and supply pricing.
- Faron retains rights in all other territories.

Pipeline includes novel cancer immunotherapy

- Pre-clinical immunotherapy candidate Clevegen is targeting conversion of the immune environment around a tumour from being immune suppressive to immune stimulating, by reducing the number of tumour-associated macrophages (TAMs).
- The Directors believe that Clevegen is well differentiated from competing immunotherapy products through its specific targeting of M2 tumour-associated macrophages (“TAMs”) which facilitate tumour growth, while leaving intact the M1 TAMs which support immune activation against tumours.
- Faron has recently entered into an agreement with Swiss-based Selexis SA to facilitate the continued preclinical development of Clevegen as it moves towards clinical development. Under the agreement, Faron will have access to the Selexis SUREtechnology Platform™ and SURE CHO-M Cell Line™ for the production of high-expressing and stable clonal cell lines for use in the development and production of Clevegen (“Selexis Project”).

Experienced leadership team

- Faron is led by an experienced management team with a proven track record in the drug development industry.
- Between 1996 and 2002, CEO of Faron, Dr Markku Jalkanen was the founding CEO and President of BioTie Therapies Corp which has since become the first publically traded Finnish biotech company to have listed on NASDAQ New York.
- Strong international board led by Dr Frank Armstrong, who has a long standing career in the industry having held Chief Executive roles with five biotechnology companies (public and private).

Use of Proceeds

The net proceeds of the Placing and Subscription of £8.3 million (“Net Proceeds”) will be used primarily to fund the Company’s initial pan-European Phase III clinical trial in respect of Traumakine®.

The clinical site activations are ongoing and the Company expects to have recruited the first patients during Q4 2015. The planned recruitment time for 300 patients is expected to be approximately 12 to 18 months from first patient treatment.

The Net Proceeds will also enable the Company to begin to advance the Clevegen Selexis Project (although further funding will likely be required to complete the project). The Company will consider all options available to it to advance the clinical development of its products, including the continued development Clevegen. This may include raising further equity investments or may be in the form of licensing deals or grant funding.

Board of Directors

Dr Frank Armstrong – Non-executive Chairman, aged 58

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Dr Armstrong has held Chief Executive roles with five biotechnology companies (both public and private) including Fulcrum Pharma PLC (AIM). He led Medical Science and Innovation at Merck Serono and was previously Executive Vice President of Product Development at Bayer and Senior Vice President of Medical Research and Communications at Zeneca. Dr Armstrong is currently the Chairman of Xceleron Inc, Summit Therapeutics (AIM and NASDAQ) and Redx Pharma (AIM) and a Non-executive Director of Actino Pharma, Juniper Therapeutics (NASDAQ) and Mereo Pharma.

Dr Armstrong is a physician and a Fellow of the Royal College of Physicians (Edinburgh). He is also a member of the Scientific Advisory Board of Healthcare Royalty Partners. He was appointed as a Non-executive Director of the Company in September 2015.

Matti Manner LL.M. – Non-executive Vice-Chairman, aged 62

Mr Manner was appointed as a partner of Brander & Manner Attorneys Ltd in 1980 having previously sat as a junior judge at Turku Appeal Courts. Mr Manner has significant experience in national and international business deals, corporate law and mergers and acquisitions having held a number of board memberships throughout his career. Mr Manner joined the board of the Company as Chairman in 2007 having previously been the Chairman of Faron Ventures Oy from 2002. He is currently Chairman of Turun Osuuskauppa and Ruissalo Foundation and a member of the board of Marva Media Ltd, Satatuote Ltd, YH VS-Rakennuttaja Ltd and Kauppakeskus Mylly Ltd.

Mr Manner has experience of several trustee posts including the Presidency of the Finnish Bar (Lawyers) Association during the period of 1998 to 2004. Mr Manner obtained a Master of Laws from the University of Turku. He became an honorary Chief Justice in Finland in 2013.

Dr Markku Jalkanen – Chief Executive Officer, aged 60

Dr Jalkanen has more than 25 years of experience within biomedical research, biotech development and the biopharmaceutical industry. He was a founding member of the Company and is the Company's CEO. In addition to his role as CEO of the Company, Dr Jalkanen is an advisor for the only active Finnish life sciences fund – Inveni Capital. Between 1996 and 2002, Dr Jalkanen was the founding CEO and President of BioTie Therapies Corp which has since become the first publically traded Finnish biotech company to have listed on NASDAQ.

Dr Jalkanen has published over 130 peer reviewed scientific publications in various highly ranked international journals.

Dr Jalkanen has held several board memberships for both public and private companies including Inveni Capital Management, Meddia Ltd and Priaxon AG.

Dr Jalkanen obtained a Masters in Medical Biochemistry from the University of Kuopio and subsequently received a PhD in Medical Biochemistry from the University of Turku. He completed a side-laudatur examination in Molecular Biology from the University of Turku and completed his post-doctoral training at Stanford University, California between 1983 and 1986. Dr Jalkanen obtained the position of docent in Biochemistry from the University of Helsinki and the same qualification in Molecular and Cell Biology from the University of Turku. He became a Professor at the University of Turku in 1992.

Yrjö E K Wichmann M.Sc (econ.) – Chief Financial Officer, aged 57

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Mr Wichmann has a career spanning over 20 years in financing and investment banking. He was appointed as Chief Financial Officer of the Company in March 2014. Prior to his appointment at the Company, Mr Wichmann has held a number of senior positions within the life sciences and biotechnology sector, most recently at IP Finland Oy, Biohit Oyj (NASDAQ OMX Helsinki), Capman Oyj, FibroGen Europe Oyj (NASDAQ) and D. Carnegies & Co AB. Whilst carrying out these roles Mr Wichmann has participated in healthcare IPOs on the London, Stockholm and Helsinki stock exchanges as both an investment banker and as a member of the board.

Mr Wichmann is a member of the Investment Committee at Dasos Timberland Fund I and II and a member of the Innovation Board of Helsinki University, which advises the rector and the board of the university in research commercialisation. The Innovation Board also oversees the venture capital portfolio of Helsinki University Funds valued at approximately €30 million. Mr Wichmann is also a member of the board of Bioretec Oy.

Mr Wichmann obtained a Masters in Economics from Helsinki University. He was appointed as an Executive Director of the Company in September 2015.

Dr Huaizheng Peng – Non-executive Director, aged 52

Dr Peng is a General Manager of China Medical System Holdings, a specialty pharmaceutical company listed on the Hong Kong Stock Exchange. He is in charge of international operations for the Company, including pharmaceutical asset acquisition/product licensing-in/out, international business development, outbound investment and asset management among others. Dr Peng served as an independent Non-executive Director of China Medical System Holdings Ltd for three years, and the Company was admitted to trading on AIM (between 2007 and 2010).

Dr Peng was a partner of Northland Bancorp, a private equity firm. Before that, he worked as a head of life sciences and as a director of corporate finance at Seymour Pierce, a London-based investment bank and stockbroker. In addition, he was a Non-executive Director of China Medstar, an AIM listed medical device company. Earlier in his career Dr Peng was a senior portfolio manager, specialising in global life science and Asian technology investment at Rebourne Technology Investment Management Limited.

Dr Peng received his Bachelor's degree in medicine from Hunan Medical College (now Central South University Siangya School of Medicine) in Changsha, Hunan Province, China and he subsequently obtained a Master's degree in medicine from Hunan Medical College. Dr Peng was awarded his PhD in molecular pathology from University College London (UCL) Medical School and subsequently practiced as a clinical lecturer there. Dr Peng was appointed as a Non-executive Director of the Company in September 2015.

Dr Jonathan Knowles – Non-executive Director, aged 67

Dr Jonathan Knowles has a career spanning over 40 years in the biotech industry. Dr Knowles held a number of research and teaching positions in the early part of his career before founding the molecular biology group within the Biotechnical Laboratory, Helsinki in 1980.

Dr Jonathan Knowles is currently the Chairman of Adaptimmune Therapeutics PLC (NASDAQ) and Immunocore Ltd and serves on the boards of a number of biotech companies in Europe and the USA. He is a trustee of CRUK and Chairman of the Genomics England Access committee. Jonathan Knowles is a visiting Professor at the University of Oxford, a Research Director at FIMM University of Helsinki (20010-2014 FiDiPro Distinguished Professor), and Professor Emeritus at EPFL, Lausanne. He is a member of EMBO and a member of the Board of A*Star in Singapore.

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Dr Knowles was appointed as the President of Global Research at F. Hoffman-La Roche Ltd and subsequently the President of Group Research. He was a member of the Genentech Board for 12 years and a member of the Chugai Board for seven years. He was also the Chairman of the Corporate Governance Committee of Genentech. Under his leadership, the company developed and implemented a strategy of highly effective therapies based on personalised healthcare. Dr Knowles retired from his position at F. Hoffman-La Roche Ltd at the end of 2009. Prior to joining Roche, Dr Knowles was the Head of the Glaxo Institute for Molecular Biology in Geneva and subsequently the Research Director for Glaxo Wellcome Europe.

Dr Knowles was, for 5 years, the Chairman of the Hever Group and the Chairman of the Research Directors' Group of EFPIA (European Federation of Pharmaceutical Industry Associations) and was the first Chairman of the Board of the Innovative Medicines Initiative, a unique public-private partnership between 28 pharmaceutical companies and the European Commission with the participation of over 200 academic institutions in Europe with a budget of more than 5 billion euros over ten years.

Dr Knowles obtained a Bachelor of Science in Biological Sciences from the University of East Anglia, Norwich in 1969 and subsequently received a PhD in Mitochondrial Genetics from the University of Edinburgh in 1973. Dr Knowles was appointed as a Non-executive Director of the Company in September 2015.

Dr Juho Jalkanen – Non-executive Director, aged 37

Dr Jalkanen is currently a consultant in vascular surgery at Turku University Hospital, having previously held positions as Resident in Surgery at the Hospital District of Southwest Finland, General Hospitals of Raisio and Salo and at Turku University Hospital.

For the period 2009 to 2012 Dr Jalkanen was a board member of Duodecim Medical Association of Southwest Finland and subsequently joined the board of the Company in 2013.

Dr Jalkanen obtains degrees from both business and medicine. He has a Master's degree in Economics, a Medical Doctor's degree from the University of Turku and subsequently became a fully licensed General Practitioner. At the moment Dr Jalkanen is conducting his PhD on the molecular mechanisms of atherosclerosis. He has published six articles in various publications including the International Journal of Biotechnology and Circulation Research.

Leopoldo Zambeletti – Non-executive Director, aged 47

During a 19 year career as an investment banker, Mr Zambeletti led the European Healthcare Investment team at JP Morgan for eight years before taking up the same position at Credit Suisse for a further five years. Since 2013 he has been an independent strategic advisor to life science companies on merger and acquisitions, out-licensing deals and financing strategy. He is a Non-executive Director at Advanced Accelerator Applications, Qardio, Summit Therapeutics PLC (NASDAQ and AIM) and Nogra Pharma. Mr Zambeletti started his career at KPMG as an auditor.

Mr Zambeletti received a BA in Business from Bocconi University in Milan, Italy. He serves as a trustee to Barts and the London Charity, which helps to fund the hospitals of the Barts NHS Trust including St Bartholomew, the Royal London and the London Chest Hospitals. He is the founder of the cultural initiative 5x15 Italy. Mr Zambeletti was appointed as a Non-executive Director of the Company in September 2015.

NOTES TO EDITORS

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About Faron Pharmaceuticals Oy

Faron is a drug discovery and development company focused on creating novel treatments for medical conditions with significant unmet needs. The Company is based in Turku, Finland. The Company currently has a pipeline of clinical stage products focusing on acute organ traumas, cancer immunotherapy and vascular damage. The Company's lead candidate Traumakine®, has been developed to treat acute respiratory distress syndrome ("ARDS"), a rare, severe, life threatening medical condition characterised by widespread inflammation in the lungs. There is currently no approved pharmaceutical treatment for ARDS. Traumakine® is now in a pan-European pivotal Phase III study (INTEREST). Besides Traumakine®, Faron's pipeline consists of early stage assets including a pre-clinical anti-Cleaver-1 antibody named Clevegen. Clevegen is focused on converting the immune environment around a tumour from being immune suppressive to immune stimulating. Further information is available at www.faronpharmaceuticals.com.

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