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Faron Pharmaceuticals Oy

("Faron" or the "Company")

Intention to Float on AIM

TURKU – FINLAND, 7 September 2015 - Faron Pharmaceuticals Oy ("Faron"), the clinical stage biopharmaceutical company, announces today its intention to raise new funds through a placing and offer for subscription (the "Placing and Subscription") and to apply for admission of its ordinary shares to trading on the AIM market of the London Stock Exchange ("Admission").

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 pharmacological treatments for ARDS, an orphan disease with a high, 30–45% mortality rate
- Traumakine® Phase I/II data were highly encouraging, where treatment with Traumakine® was associated with an 81% reduction in the odds of 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 (called INTEREST) for Traumakine® with first patient expected in Q4 2015
- A consortium coordinated by Faron has been granted a €6 million European FP7 Grant for 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 has entered into an agreement with a Japanese pharmaceutical company, Maruishi Pharmaceutical Co., Ltd, to develop and commercialise Traumakine® in Japan



- 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, blocks Clever-1 function on the surfaces of endothelial cells and tumour associated macrophages (TAMs)
- Clevegen, an anti-Clever-1 antibody, uses a unique mechanism compared to other immune cancer treatments in development, converting the immune environment around a tumour from being immune suppressive to immune stimulating by reducing the number of tumour-associated macrophages (TAMs)

Experienced leadership team

- Faron is led by an experienced management team with a proven track record in the drug development industry
- CEO, Dr Markku Jalkanen was the founding CEO and President of BioTie Therapies Corp, the first publically traded biotech company in Finland, which is listed on NASDAQ New York and Helsinki
- Strong international board to be 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). The majority of current shareholders have agreed to support the new board

Overview of the proposed fundraising

- The net proceeds of the Placing and Subscription will be used primarily to fund the Company’s initial pan-European Phase III INTEREST trial in respect of Traumakine® and to provide working capital
- It is expected that Admission will take place in October 2015

Dr Markku Jalkanen, CEO of Faron Pharmaceuticals, said: “ARDS is a severe, life threatening medical condition for which there is currently no approved pharmaceutical treatment. There are approximately 170,000 annual ARDS patients in Europe and nearly 200,000 in the US, with a mortality rate of approximately 30-45%. We believe that Traumakine® presents a significant opportunity for those suffering from ARDS, the hospitals which treat them and societies covering the recovery of ARDS patients.

“Faron is at a very exciting stage in its development, and the Placing, Subscription and Admission to AIM are important milestones for the Company. They will strengthen our business and support our objectives of progressing our lead programme into a Phase III Study and the development of our pre-clinical cancer immunotherapy candidate, Clevegen.”

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

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NOTES TO EDITORS

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. www.faronpharmaceuticals.com

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