THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised for the purposes of FSMA who specialises in advising on the acquisition of shares and other securities if you are in the UK, or another appropriately authorised financial adviser if you are in a territory outside of the United Kingdom.

The distribution of this document and/or any accompanying documents into a jurisdiction other than the United Kingdom may be restricted by law or regulation and therefore such documents should not be distributed, forwarded to or transmitted in or into the United States of America, Canada, Australia, New Zealand, the Republic of South Africa or Japan, nor in or into any other jurisdiction where the extension of the UK Open Offer would breach any applicable law or regulation.

The UK Open Offer does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA. This document does not constitute a prospectus for the purposes of the Prospectus Regulation Rules made by the FCA pursuant to sections 73A(1) and (4) of FSMA and accordingly this document has not been, and will not be, approved by the FCA, the London Stock Exchange, any securities commission or any other authority or regulatory body nor has it been approved for the purposes of section 21 of FSMA. The number of UK Open Offer Shares and the REX Retail Offer Shares, in aggregate, has been limited to ensure that the aggregate gross proceeds of the UK Open Offer and the REX Retail Offer do not exceed the GBP equivalent of €8.0 million so as not to trigger the requirement to publish a prospectus approved by the FCA under the UK Prospectus Regulation. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.

The Company and the Directors, whose names are set out on page 3 of this document, accept responsibility, both collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

FARON

FARON PHARMACEUTICALS LTD

(incorporated and registered in Finland with registration number 2068285-4)

UK Open Offer of up to 5,765,368 UK Open Offer Shares at 85 pence per UK Open Offer Share

Nominated Adviser
Cairn Financial Advisers LLP

Sole Broker
Peel Hunt LLP

Cairn Financial Advisers LLP, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser to the Company in connection with the matters described in this document. Persons receiving this document should note that Cairn Financial Advisers LLP will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cairn Financial Advisers LLP or for advising any other person on the arrangements described in this document. Cairn Financial Advisers LLP has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Cairn Financial Advisers LLP for the accuracy of any information or opinion contained in this document or for the omission of any information.

Peel Hunt LLP, which is authorised and regulated in the United Kingdom by the FCA, is acting as sole broker to the Company in connection with the matters described in this document. Persons receiving this document should note that Peel Hunt LLP will not be responsible to anyone other than the Company for providing the protections afforded to clients of Peel Hunt LLP or for advising any other person on the arrangements described in this

document. Peel Hunt LLP has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Peel Hunt LLP for the accuracy of any information or opinion contained in this document or for the omission of any information.

Application will be made to the London Stock Exchange for the UK Open Offer Shares to be admitted to trading on AIM and to Nasdaq Helsinki Ltd for the UK Open Offer Shares to be admitted to trading on First North. It is expected that Admission will become effective, and dealings for normal settlement in the UK Open Offer Shares will commence, at 8.00 a.m. on 24 June 2024. The UK Open Offer Shares will not be admitted to trading on any other investment exchange. The UK Open Offer Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and the other New Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA (acting as competent authority for the purposes of Part V of FSMA). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the FCA has examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List of the FCA. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the UK Open Offer Shares to the Official List of the FCA.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 of this document and to the Risk Factors set out in Part 2 of this document.

Copies of this document will be available on the Company's website at www.faron.com/UK-open-offer from 4 June 2024.

UK Open Offer: Qualifying DI Holders

Qualifying DI Holders (who will have received a letter from Computershare informing them of the UK Open Offer) will receive a credit to their appropriate stock accounts in CREST in respect of the UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements which will be enabled for settlement on 5 June 2024.

Applications under the UK Open Offer may only be made by the Qualifying DI Holder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Ordinary Shares prior to the date on which the Ordinary Shares were marked "ex" the entitlement by the London Stock Exchange. Qualifying DI Holders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the UK Open Offer.

The latest time for acceptance and payment under the UK Open Offer for Qualifying DI Holders through CREST is 11.00 a.m. on 18 June 2024. Further details on the procedure for application are set out in Part 6 of this document.

Please note that any UK resident holders of Ordinary Shares not held in CREST in the form of DIs will not be eligible to participate in the UK Open Offer or the Finnish Public Offering. Such holders may be able to participate in the Institutional Offering if, *inter alia*, they are "qualified investors" as defined in the UK Prospectus Regulation and otherwise in accordance with the terms and conditions of the Institutional Offering. UK resident holders of Ordinary Shares that are not "qualified investors" as defined in the UK Prospectus Regulation should contact their broker or wealth manager to see if they may be able to participate in the REX Retail Offer.

None of the UK Open Offer, this document or any other document connected with the UK Open Offer have been or will be approved by the US Securities and Exchange Commission or by any state or other jurisdiction of the United States or any other regulatory authority, nor have any of the foregoing authorities or any securities commission passed comment upon or endorsed the merits of the offering of the UK Open Offer and/or UK Open Offer Entitlements and/or Excess UK Open Offer Entitlements or Excess CREST UK Open Offer Entitlements, or the accuracy or adequacy of this document or any other document connected with the UK Open Offer. Any representation to the contrary is a criminal offence. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this come should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions.

The UK Open Offer Shares have not been, and will not be, registered under the Securities Act or under the applicable securities laws of any state or other jurisdiction of the United States or any other Restricted Jurisdiction. In the opinion of the Directors, there is a significant risk of civil, regulatory or criminal exposure to the Company and its Directors were the UK Open Offer or the REX Retail Offer to be made into any of the Restricted Jurisdictions. The UK Open Offer Shares may not be offered, sold, taken up, resold, transferred or delivered, directly or indirectly, within, into or in the United States, or any other Restricted Jurisdiction, or to any U.S. person (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of, or any corporation, partnership or other entity created or organised under the laws of, any Restricted Jurisdiction, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any relevant state or other jurisdiction of the United States and any relevant Restricted Jurisdiction. The UK Open Offer Shares are being offered and sold outside the United States in offshore transactions within the meaning of and in accordance with Regulation S under the Securities Act or another applicable exemption therefrom. There will be no public offer of the UK Open Offer Shares in the United States.

It is the responsibility of any person receiving a copy of this document outside the United Kingdom to satisfy himself or herself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or other taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving this document should not, in connection with the UK Open Offer, distribute or send it into any jurisdiction when to do so would, or might, contravene local securities laws or regulations.

For the avoidance of doubt, this document relates only to the UK Open Offer and any references to the Finnish Public Offering, the Institutional Offering and/or the REX Retail Offer are for descriptive purposes only in the context of the Capital Raise, taken as a whole.

Forward-looking statements

Some of the statements in this document, particularly all statements regarding the future under "Letter From the Chairman", "Risk Factors" and "Business of the Company" and elsewhere in this document include forward-looking statements that reflect management's current views and understanding with respect to the Company's financial condition, business strategy, and management's plans and objectives of future operations and goals. These statements may include forward-looking statements both with respect to the Company and the sector and industry in which it operates. Statements that include words "aim", "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "project", "target", "will", "would" and similar statements identify forward-looking statements.

All forward-looking statements address matters that involve risks, uncertainties and assumptions relating to the Company's business, results of operations, investment strategy and liquidity, as a result of which the Company's actual result or results of operations may differ materially from those indicated in the forward-looking statements. These risks and uncertainties include, but are not limited to, those described in section "Risk Factors", which should be read together with the other cautionary statements included in this document. Any forward-looking statements in this document are unaudited and reflect the current views of the Company's management with respect to future events. Accordingly, no assurance can be given that any particular expectation will be met and prospective investors are cautioned not to place undue reliance on any forward-looking statements.

These forward-looking statements reflect only the current views as at the date of this document. Subject to any obligations under the applicable laws and regulations, the Company undertakes no obligation to update or review any forward-looking statements, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or individuals acting on behalf of the Company are qualified in their entirety by this section.

Currency and exchange rate presentation

Unless otherwise indicated in this document, references to pounds sterling, sterling, pounds, pence, p or £ are to the lawful currency of the United Kingdom, references to Euros, EUR or € are to the lawful currency of the Eurozone and references to U.S. dollar", "USD", or "$" are to the lawful currency of the United States of America.

Market, economic and industry data

Information provided in this document on the market environment, market developments, growth rates, market trends and on the competitive situation in the markets and regions in which the Company operates, is obtained from one or more designated sources or derived from various industry and other independent sources. The market data contained in this document is based on statistics and information from industry associations, different

organisations and market data providers, internal financial and operational information supplied by, or on behalf of, the Company, and publicly available information from other sources, applying certain supplementary assumptions, where necessary. Certain of the estimates and forecasts contained in this document are based on the analysis by the Company based on its own information and information derived from third-party sources concerning the factors affecting the growth of the markets and their forecasted development.

Third-party information

Where certain information contained in this document concerning the Company has been derived from a third-party source, such a source has been identified herein. The Company confirms that such third-party information has been accurately reproduced in the document and that as far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information misleading or inaccurate.

Website information

The Company will publish this document on its website at www.faron.com/investors. Other contents of the Company's website or any other website do not form part of this document unless that information is incorporated by reference into this document and prospective investors should not rely on such information in making their decision to invest in securities.

Historical financial information

The historical financial information included in this document has been derived from the audited consolidated financial statements of the Company as at and for the years ended 31 December 2023 and 31 December 2022 prepared in accordance with IFRS Accounting Standards. The financial information included in the tables of this document has been indicated to be audited when the information has been derived from the audited consolidated financial statements.

The Company's consolidated financial statements as at and for the years ended 31 December 2023 and 31 December 2022 have been audited by PricewaterhouseCoopers Oy, Authorised Public Accountants, with Panu Vänskä, Authorised Public Accountant, as the auditor with the principal responsibility.

Rounding

Certain data in this document, including financial, statistical and operating information, has been rounded. As a result of rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages have also been rounded and accordingly may not add up to 100 per cent.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS FOR THE UK OPEN OFFER

Record Date for the UK Open Offer	Close of business on 3 June 2024
Announcement of the UK Open Offer	4 June 2024
Ex-entitlement Date of the UK Open Offer	8:00 a.m. on 4 June 2024
UK Open Offer Entitlements and Excess UK Open Offer Entitlements credited to CREST stock accounts of Qualifying DI Holders	8:00 a.m. on 5 June 2024
Latest time and date for acceptance of the UK Open Offer by Qualifying DI Holders through CREST	11:00 a.m. on 18 June 2024
Announcement of the result of the UK Open Offer	20 June 2024
Admission of the UK Open Offer Shares to trading on First North and commencement of dealings	8:00 a.m. on 24 June 2024
Admission of the UK Open Offer Shares to trading on AIM and commencement of dealings	8:00 a.m. on 24 June 2024
Expected date for CREST accounts to be credited in respect of UK Open Offer Shares in uncertificated form	24 June 2024

Notes

(1) *Each of the times and dates set out in the above timetable and mentioned in this document is subject to change by the Company, in which event details of the new times and dates will be notified to the London Stock Exchange and the Company will make an appropriate announcement via a Regulatory Information Service.*

(2) *References to times in this document are to London time unless otherwise stated.*

(3) *In order to subscribe for UK Open Offer Shares under the UK Open Offer, Qualifying DI Holders will need to follow the applicable procedure set out in Part 6 of this document. If Qualifying DI Holders have any queries on the procedure for acceptance and payment, they should contact the Receiving Agent, Computershare.*

KEY STATISTICS

Number of Existing Ordinary Shares	72,007,497
Issue Price per Ordinary Share under the UK Open Offer and the REX Retail Offer	85 pence

UK OPEN OFFER STATISTICS

Number of UK Open Offer Shares	Up to 5,765,368
UK Open Offer Shares as a percentage of the Enlarged Share Capital[1]	c.5.6 per cent.
Basic entitlement under the UK Open Offer	3 UK Open Offer Shares for every 7 Existing DIs

OVERALL CAPITAL RAISE STATISTICS

Enlarged Share Capital following the Capital Raise[1]	102,722,089
Maximum gross proceeds from the Finnish Public Offering and the Institutional Offering (without exercise of the Upsize Option)	c.€27 million[2, 5]
Maximum gross proceeds from the UK Open Offer and the REX Retail Offer	c.£6.8 million[3, 5]
Market capitalisation of the Company immediately following the Capital Raise at the Issue Price	c.£87.3 million[1,4]
ISIN of the Ordinary Shares	FI4000153309
ISIN UK Open Offer Entitlements	FI4000571849
ISIN Excess UK Open Offer Entitlements	FI4000571856

[1] On the assumption that 30,714,592 New Ordinary Shares are issued in aggregate in the Capital Raise (meaning that the Upsize Option is not exercised) and that no other new Ordinary Shares are issued (including the Free Shares)

[2] On the assumption that the Finnish Public Offering and the Institutional Offering are fully subscribed and the Upsize Option is not exercised (for the avoidance of doubt, excluding the subscription price to be paid by converting the Capital Loans) and that no New Ordinary Shares are issued under the UK Open Offer and/or the REX Retail Offer

[3] On the assumption that the UK Open Offer is fully subscribed and that £1.9 million is raised in the REX Retail Offer

[4] Based on an exchange rate of GBP 1 to EUR 1.1714

[5] Note that proceeds raised in the UK Open Offer and the REX Retail Offer will reduce the proceeds to be raised through the Finnish Public Offering and the Institutional Offering accordingly

DIRECTORS, SECRETARY, REGISTERED

OFFICE AND ADVISERS

Directors	Tuomo Pätsi, *Non-Executive Chairman* Dr Markku Jalkanen, *Non-Executive Director* Marie-Louise Fjällskog, *Non-Executive Director* Christine Roth, *Non-Executive Director* John Poulos, *Non-Executive Director*
Registered Office	Joukahaisenkatu 6, FI-20520, Turku, Finland
Website	www.faron.com
Nominated Adviser on AIM	**Cairn Financial Advisers LLP** 107 Cheapside London EC2V 6DN UK
Certified Adviser on First North	**Sisu Partners Oy** Aleksanterinkatu 44, 4th Floor FI-00100 Helsinki, Finland
Broker	**Peel Hunt LLP** 100 Liverpool Street London EC2M 2AT
English Solicitors to the Company	**Cooley (UK) LLP** 22 Bishopsgate London EC2N 4BQ UK
Finnish Counsel to the Company	**Hannes Snellman Attorneys Ltd** Eteläesplanadi 20 00130 Helsinki Finland
English Solicitors to the Broker	**Bird & Bird LLP** 12 New Fetter Lane London EC4A 1JP
Public Relations	**Consilium Strategic Communications** 41 Lothbury London EC2R 7HG UK
Depositary	**Computershare Investor Services PLC** The Pavilions Bridgwater Road Bristol BS13 8AE UK

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"2022 Strike Price"	the 2022 Warrants agreed subscription price per share being originally the lower of EUR 1.85 or the subscription price per share in any subsequent share offering undertaken by the Company
"2024 Strike Price 1"	the 2024 Warrants 1 exercise price equal to the volume-weighted average price of the Company's share during the three trading days preceding the date of the Waiver, being the lower of either EUR 1.63 or the subscription price per share in the contemplated Capital Raise undertaken by the Company
"2024 Strike Price 2"	the 2024 Warrants 2 exercise price being the lower of either EUR 1.50 or the subscription price per share in the contemplated Capital Raise undertaken by the Company
"2022 Warrants"	the warrants issued by the Company to IPF pursuant to the Warrantholder Agreement, relating to Tranche A of the Facilities Agreement
"2024 Warrants 1"	the warrants issued by the Company to IPF as a part of the Waiver
"2024 Warrants 2"	the warrants issued by the Company to IPF pursuant to the Waiver extension obtained from IPF on 8 May 2024
"Admission"	(i) admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules and (ii) admission of the New Ordinary Shares to trading on First North becoming effective in accordance with the rules of First North, as the context may require, expected to be on or around 24 June 2024
"Admission Document"	the Company's AIM admission document dated 11 November 2015
"AGC"	AGC Biologics A/S
"AIM"	the AIM market operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies as published by the London Stock Exchange from time to time
"Board" or **"Directors"**	the board of directors of the Company as at the date of this document
"Broker" or **"Peel Hunt"**	Peel Hunt LLP
"Business Finland"	the Finnish governmental organisation for innovation funding and trade, travel and investment promotion
"Capital Loans"	convertible capital loans amounting to EUR 3.2 million which the Company received from its Capital Loan Lenders in March 2024

"Capital Loan Lenders"	certain existing shareholders of the Company from which the Company received from the Capital Loans
"Capital Raise"	the Finnish Public Offering, the Institutional Offering, the UK Open Offer and the REX Retail Offer, taken together
"Company" or **"Faron"**	Faron Pharmaceuticals Oy, a limited liability company incorporated in Finland with registered number 2068285-4
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations), which facilitates the transfer of title to shares in uncertificated form
"CREST member"	a person who has been admitted to CREST as a system-member (as defined in the CREST Regulations)
"CREST participant"	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
"CREST participant ID"	shall have the meaning given in the CREST Manual issued by Euroclear
"CREST payment"	as such term is defined in the CREST Manual issued by Euroclear
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
"CREST sponsor"	a CREST participant admitted to CREST as a CREST sponsor
"CREST sponsored member"	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
"Depositary"	Computershare Investor Services PLC, in its capacity as depositary for the DIs
"DI"	the depository interest representing entitlements to Ordinary Shares
"DI Holders"	the holders of DIs from time to time
"Due Date"	30 June 2024, being the date whereby the Capital Loans are automatically converted into New Ordinary Shares at a price of EUR 1.50 per share in the event that the subscription price in an Investment Round exceeds EUR 1.50 per share
"EEA"	the European Economic Area
"EMA"	the European Medicines Agency
"enabled for settlement"	in relation to the UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements credited to Qualifying DI Holders, enabled for the limited purpose of settlement of claim transactions and unmatched stock event transactions (each as

	described in the CREST Manual issued by Euroclear)
"Enlarged Share Capital"	the issued Ordinary Share capital of the Company immediately after Admission, assuming that 30,714,592 New Ordinary Shares are issued in aggregate in the Capital Raise (meaning that the Upsize Option is not exercised) and that no other new Ordinary Shares are issued (including the Free Shares)
"EU"	the European Union
"Euroclear"	Euroclear UK & International Limited
"Excess Application Facility"	the arrangement pursuant to which Qualifying DI Holders may apply for additional UK Open Offer Shares in excess of their UK Open Offer Entitlement in accordance with the Terms and Conditions
"Excess CREST UK Open Offer Entitlements"	in respect of each Qualifying DI Holder who has taken up their UK Open Offer Entitlement in full, the Excess UK Open Offer Entitlements credited to his or her stock account in CREST
"Excess UK Open Offer Entitlements"	in respect of each Qualifying DI Holder, the entitlement (in addition to his or her UK Open Offer Entitlement) to apply for UK Open Offer Shares pursuant to the Excess Application Facility, subject to the Terms and Conditions
"Excess Shares"	UK Open Offer Shares in addition to the UK Open Offer Entitlement for which Qualifying DI Holders may apply under the Excess Application Facility
"Ex-entitlement Date"	the date on which the Existing DIs are marked "ex" for entitlement under the UK Open Offer, being 8.00 a.m. on 4 June 2024
"Existing Ordinary Shares"	the 72,007,497 Ordinary Shares in issue on the Last Practicable Date
"Existing DIs"	the 13,452,526 DIs in issue as of the Record Date
"Exit Fee"	the fee which the Company has undertaken to pay to IPF upon termination of the IPF Facilities Agreement, in a total of three separate termination fees as follows: (i) an Exit Fee of EUR 1 million, of which will be reduced an equivalent amount by which IPF has subscribed for the Company's Ordinary Shares under the 2022 Warrants, (ii) an Exit Fee of EUR 1 million, of which will be reduced an equivalent amount by which IPF has subscribed for the Company's Ordinary Shares under the 2024 Warrants 1, and (iii) an Exit Fee of EUR 0.5 million, of which will be reduced an equivalent amount by which IPF has subscribed for the Company's Ordinary Shares under the 2024 Warrants 2
"Facilities Agreement"	the facilities agreement dated 28 February 2022 between the Company and IPF as lender, as amended from time to time

"FCA"	the Financial Conduct Authority
"FDA"	the United States Food and Drug Administration
"Final Due Date"	31 December 2024 being the date the Capital Loan will automatically be extended until, if a Capital Loan Lender elects not to exercise its conversion right on the Due Date (such option being only available if there has not been any Investment Round)
"Finnish Companies Act"	the Finnish Limited Liability Companies Act (624/2006, as amended)
"Finnish Public Offering"	the public offering of Ordinary Shares to private individuals and legal entities in Finland
"Finnish Public Offering Shares"	the Ordinary Shares offered by the Company in the Finnish Public Offering
"First North"	the Nasdaq First North Growth Market Finland maintained by Nasdaq Helsinki Ltd
"Free Shares"	1,600,153 Shares to be issued to investors who participated in the private placement announced on 4 April 2024, details of which is set out in the paragraph headed "*Free Shares relating to the Directed Share Issue*" in Part 8 of this document
"FSMA"	the Financial Services and Market Act 2000 (as amended)
"HMRC"	His Majesty's Revenue and Customs
"IFRS Accounting Standards"	IFRS Accounting Standards of the International Accounting Standards Board (IASB) as adopted by the European Union
"ITA 2007"	Income Tax Act 2007
"IPF"	IPF Fund II SCA, SICAV-FIAR
"Institutional Offering"	the institutional offering of Ordinary Shares to institutional investors in the EEA and elsewhere
"Institutional Offering Shares"	the Ordinary Shares offered by the Company in the Institutional Offering
"Intermediaries"	any intermediary financial institution that is appointed by the Company in connection with the REX Retail Offer after the date of the Placing Agreement pursuant to an Intermediaries Agreement and "Intermediary" shall mean any one of them
"Intermediaries Agreements"	the master intermediary agreements entered into between each of the Intermediaries, Peel Hunt and the Company and the intermediary agreements in the agreed form between the Intermediaries, the Company and Peel Hunt relating to the REX Retail Offer containing the terms and conditions in the agreed form of subscription by the relevant Intermediary under the REX Retail Offer

"Investment Round"	the next investment round where shares or other equity securities are issued by the Company to existing shareholders and/or new third-party investors, with a minimum size of EUR 8 million, which will be the Capital Raise assuming it meets this minimum size requirement
"Issue Price"	85 pence per UK Open Offer Share and/or REX Retail Offer Share as the context requires
"ISIN"	International Securities Identification Number
"Last Practicable Date"	31 May 2024, being the latest practicable date prior to the publication of this document
"London Stock Exchange"	London Stock Exchange plc
"Member Account ID"	the identification code or number attached to any member account in CREST
"Money Laundering Regulations"	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and obligations in connection with money laundering under the Criminal Justice Act 1993 and the Proceeds of Crime Act 2002, the Terrorism Act 2002 and the Terrorism Act 2006
"New Ordinary Shares"	the Finnish Public Offering Shares (including on the exercise of Upsize Option), the Institutional Offering Shares (including on the exercise of Upsize Option), the UK Open Offer Shares and the REX Retail Offer Shares
"Option Plan 2015"	the Company's option plan initially approved at the Company's extraordinary general meeting held on 15 September 2015, as amended at the Company's annual general meetings held on 16 May 2017, 18 May 2020 and 23 April 2021 and at the Company's extraordinary general meeting held on 22 September 2023
"Option Plan 2019"	the Company's option plan was initially approved at the meeting of the Company's Board of Directors on 20 November 2019 following the relevant authorisation by the Company's annual general meeting held on 28 May 2019, as amended at the Company's annual general meetings held on 18 May 2020 and on 24 March 2023
"Options Plans"	the Option Plan 2015 and Option Plan 2019
"Official List"	the Official List of the FCA
"Ordinary Shares"	ordinary shares in the capital of the Company from time to time
"Overseas Shareholders"	DI Holders with registered addresses outside the United Kingdom or who are citizens or residents of countries outside the United Kingdom
"Placing Agreement"	the placing agreement dated 3 June 2024 between the Company, Carnegie Investment Bank AB (publ),

	Finland Branch and Peel Hunt, relating to the Capital Raise
"Qualifying DI Holders"	holders of Existing DIs in uncertificated form on the register of DI holders of the Company at the Record Date (other than certain Overseas Shareholders and all U.S. persons as defined in Regulation S under the Securities Act)
"Receiving Agent" or "**Computershare**"	Computershare Investor Services PLC, in its capacity as receiving agent for the UK Open Offer
"Record Date"	close of business on 3 June 2024
"Regulatory Information Service"	has the meaning given in the AIM Rules
"Restricted Jurisdictions"	the United States of America, Canada, Australia, New Zealand, the Republic of South Africa or Japan and any jurisdiction where the extension or availability of the UK Open Offer (and any other transaction contemplated thereby) would breach any applicable laws or regulations and "**Restricted Jurisdictions**" shall mean any of them
"REX Platform"	Peel Hunt's Retail Capital Markets Platform
"REX Retail Offer"	the offer of up to 8,034,629 REX Retail Offer Shares at the Issue Price to retail investors in the UK by the Company through Intermediaries using the REX Platform and on the basis of the terms and conditions set out in the REX Retail Offer Announcement and the Intermediaries Agreements
"REX Retail Offer Announcement"	the announcement to be published on 5 June 2024 giving details, *inter alia*, of the REX Retail Offer
"REX Retail Offer Shares"	up to 8,034,629 New Ordinary Shares to be issued for cash at the Issue Price pursuant to the REX Retail Offer, or up to 8,034,629 DIs representing such New Ordinary Shares, as the context requires
"Securities Act"	the US Securities Act of 1933 (as amended)
"Shareholders"	the persons who are registered as holders of Ordinary Shares and, for the purpose of this document unless specified otherwise, the persons who are registered as DI Holders
"stock account"	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
"Subordination Agreement"	the subordination agreements each dated on or about 7 March 2024 entered into between the Company, IPF and the Capital Loan Lenders
"Subscription Commitments"	the commitments received by the Company from certain existing shareholders of the Company and other investors to subscribe for Finnish Public Offering Shares and/or Institutional Offering Shares for an aggregate total amount of approximately EUR 6.2 million
"Subscription Guarantees"	the guarantees provided by certain subscription guarantors to the Company to subscribe for the

	unsubscribed Finnish Public Offering Shares and/or Institutional Offering Shares in an amount up to EUR 8.8 million
"Terms and Conditions"	the terms and conditions of the UK Open Offer set out in Part 6 of this document
"Tranche A"	the committed Euro term loan facility up to EUR 10 million under the Facilities Agreement, which was drawn down in 2022
"UK Open Offer"	the conditional invitation made to Qualifying DI Holders to apply to subscribe for the UK Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in Part 6 of this document
"UK Open Offer Entitlement"	in respect of each Qualifying DI Holder, the entitlement to apply for the number of UK Open Offer Shares pro rata to their holding of Existing DIs pursuant to the UK Open Offer as described in Part 6 of this document
"UK Open Offer Shares"	up to 5,765,368 new Ordinary Shares to be issued under the UK Open Offer being made available to Qualifying DI Holders pursuant to the UK Open Offer, or up to 5,765,368 DIs representing such new Ordinary Shares, as the context requires
"UK Prospectus Regulation"	Regulation (EU) 2017/1129 which forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018
"uncertificated" or "in uncertificated form"	in relation to a share or other security, recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred through CREST
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States", "United States of America" or "US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all areas subject to its jurisdiction
"Upsize Option"	the option, exercisable at the discretion of the Board, to increase the number of Finnish Public Offering Shares and the Institutional Offering Shares offered in the Finnish Public Offering and the Institutional Offering by a maximum of 8,000,000 Finnish Public Offering Shares and/or the Institutional Offering Shares, as applicable
"Waiver"	the waiver letter dated 3 March 2024 between the Company and IPF relating to the IPF Facilities Agreement, as amended from time to time
"Warrants"	the 2024 Warrants 1, the 2024 Warrants 2 and the 2022 Warrants
"Warrantholder"	IPF

"Warrantholder Agreement"	the Warrantholder agreement entered into between the Company and IPF originally dated 28 February 2022, as amended and restated from time to time

GLOSSARY OF TECHNICAL AND SCIENTIFIC TERMS

The following technical and scientific terms apply throughout this document, unless the context requires otherwise:

AML……	Acute myeloid leukemia – a cancer of the of the myeloid line of blood cells characterised by the rapid growth of abnormal cells that build up in the bone marrow and blood and interfere with normal blood cell production
Antigen……..	A substance causing the body to produce antibodies or that activates cell mediated immune response
AOC3 inhibitor……	Amine oxidase, copper containing 3 inhibitor – reduces leukocyte recruitment and is predicted to decrease the production of reactive oxygen species useful in the treatment of a variety of diseases
ARDS……	Acute respiratory distress syndrome – a type of respiratory failure characterised by rapid onset of widespread inflammation in the lungs
Azacytidine……..	A medication used for the treatment of specific haematological malignancies
B cells……..	A type of white blood cell responsible for antibody production mediating the adaptive immune system
BEXMAB……..	The BEXMAB trial is an open-label Phase I/II clinical trial investigating *bexmarilimab* in combination with standard of care in the aggressive hematological malignancies of acute myeloid leukemia and myelodysplastic syndrome
Biologics License Application……..	the FDA application used to request permission to introduce, or deliver a biologic product into interstate commerce
Biomarker……	A measurable indicator, either predictive, diagnostic or prognostic of a biological state or condition
Biomedical…….	Branch of medical science that applies biological and physiological principles to clinical practice
Biopharmaceutical……	Any pharmaceutical drug product manufactured in, extracted from, or semisynthesised from biological sources
Biotechnology……..	The use of biological systems and organisms to solve problems and make useful products

Blasts…….	Partially differentiated, immature cells
CAR-T therapy…….	A type of cancer treatment that utilises a patients' own, engineered T cells
CD47……	A transmembrane protein expressed widely in human cells and involved in a range of cellular processes
CD47-SIRPα-axis……	The CD47-SIRPα axis refers to the interaction between CD47 on one cell and the SIRPα protein on another cell. This interaction can inhibit the immune response and prevent immune cells from attacking and destroying the target cell
CD8+T-cells……	Cluster of Differentiation 8 positive T cells – Cytotoxic T cells, part of immune defence against intracellular pathogens, including viruses and bacteria, and for tumour surveillance
Checkpoint inhibitor……	A form of cancer immunotherapy that blocks immune checkpoint proteins, leading to enhanced immune responses
Chemotherapy……..	Common cancer treatment used to destroy cancer cells and prevent tumor growth
Chronic…….	An illness persisting for a long time or constantly recurring
Clever-1……	An immunosuppressive cell receptor involved in scavenging, angiogenesis and cell adhesion
Clinical development……	Human testing (healthy volunteers and patients) of a (potential) pharmaceutical product
CMC…….	Chemistry, manufacturing and controls
Cytokine…….	A broad category of important cell signalling proteins
Cytokine release syndrome……..	An acute systemic inflammatory syndrome characterised by fever and multiple organ dysfunction
GMP……..	Good manufacturing practice
GxP requirements……	A collection of quality guidelines and regulations created to ensure that bio/pharmaceutical products are safe, meet their intended use, and adhere to quality processes during manufacturing, control, storage and distribution

Hematological cancer……..	Cancer that begins in blood-forming tissue, such as the bone marrow, or in the cells of the immune system
HMA……..	Hypomethylating agents – a form of chemotherapy used as the standard of care for treating certain types of blood cancers, such as higher-risk myelodysplastic syndrome. They work by inhibiting DNA methylation
HMA-failed……	Refers to a situation where MDS -patient does not respond to treatment with hypomethylating agents or the disease returns after the treatment
HR……	High-Risk – Classification of risk according to risk factors affecting the outlook of disease
Humanised antibody……	Antibodies from non-human species modified to increase their similarity to antibody variants produced naturally in humans
Hyperinflammatory conditions …….	Diseases or disorders characterised by excessive inflammation
IFNγ……..	Interferon gamma – a cytokine that plays an important role in inducing and modulating an array of immune responses
IL-10 ……..	Interleukin-10 – An anti-inflammatory cytokine
IL-4……..	Interleukin-4 – A immunoregulatory cytokine
Immune response……..	Immune system's reaction to an antigen
Immunological……	Relating to the structure and function of the immune system
Immunosuppression……..	Reduction of the activation or efficacy of the immune system
Immunotherapy…….	A type of cancer treatment that utilises the patients' immune system to fight cancer
IND…….	Investigational New Drug Application – A request to obtain authorisation from the FDA to administer an investigational drug or biological product to humans
Inflammatory……	Relating to or causing inflammation, the immune system's response to harmful stimuli, of a part of the body
Interferon beta-1a……	An immunomodulating cytokine
Intratumoral……..	Occurring within a tumor

Intravenous…….	Administered into, a vein or veins
Leukemia……..	A broad term for cancer of the body's blood-forming tissues, including the bone marrow and the lymphatic system
Lyophilised formulation……..	Sterile powder for injection made by freeze-drying method
M1 macrophage……..	A classically activated, pro-inflammatory macrophage
M2 macrophage……	An alternatively activated, immune-suppressive macrophage
Macrophage……	Specialised cells involved in the detection, phagocytosis and destruction of bacteria and other harmful organisms
MATINS……..	The MATINS trial is an open label Phase I/II adaptive clinical trial in selected metastatic or inoperable solid tumours to investigate the safety and efficacy of *bexmarilimab*
Medical biochemistry……..	Study of the chemical processes and substances within living organisms
Metastasis……..	Cancer that has spread from the initial or primary site to a different or secondary site within the body
Monoclonal antibody…….	A type of protein that is made in the laboratory and can bind to certain targets in the body, such as antigens on the surface of cancer cell
Monomyelocytic…….	Refers to blood cells that have the characteristics of both monocytes and granulocytes
Monocyte……..	Defence cell present in blood stream, which transforms into a macrophage once entering a tissue. Monocytes participate in observing bacteria, and other harmful organisms, phagocytosis and presenting antigens
Myelodysplastic syndrome (MDS)……..	A group of bone marrow disorders characterised by abnormal production of blood cells
Myeloid cells……	A heterogeneous population of cells derived from the bone marrow
Myeloid malignancies…….	A group of diseases that affect the blood and bone marrow, characterised by the overproduction of abnormal white blood cells known as myeloid cells

Oncology……..	Branch of medicine that deals with the prevention, diagnosis, and treatment of cancer
Organic chemistry……..	Branch of chemistry that deals with the structure, properties, and reactions of organic compounds
Overall response rate (ORR) ……..	The proportion of treated patients who have a partial or complete response to therapy
Pathogen…….	Organism or substance that can cause disease
PD-1 / Anti-PD-1……	Protein found on the surface of immune cells that helps regulate the immune response. Anti-PD-1 refers to drugs that block the PD-1 protein, allowing the immune system to attack cancer cells
Pharmacology…….	Study of the effects of drugs and chemicals on living organisms
Phase I clinical trial…….	A clinical trial which assesses the safety of a drug and usually includes a small number of volunteers. The trial is designed to determine the effects of a drug in humans including how it is absorbed, metabolised, and excreted. This phase also investigates the side effects that occur as dosage levels are increased
Phase I/II clinical trial……	In a Phase I/II trial a drug is first time administered to real patients. The first study phase is usually referred as Phase I/II if a trial can provide information not only on safety and tolerability, but also efficacy in that indication, automatically expanding to a Phase II study to determine preliminary efficacy so as to achieve a clinical proof of concept in an expedited manner
Phase II clinical trial……..	A clinical trial with a small number of patients (usually 20–30) to determine safety and efficacy of a new medicine and the nature of any side effects
Phase III clinical trial……	The final stage of clinical trials prior to seeking regulatory approval. The trial is designed to determine efficacy and safety of a drug in a large number of patients (usually several hundred)
Preclinical development……..	Stage of drug development that occurs before testing in humans
Receptor……	Proteins either inside a cell or on its surface which receive signals

Refractory cancer/tumor……	Cancer/tumor that is not responding to treatment
Relapsed/refractory AML……	Relapsed/Refractory AML – Leukemia that has come back after treatment and remission
Remission……	The recovery phase of a disease, i.e. the temporary cessation or significant reduction of symptoms in an incurable disease
R&D..……	Research and development
Single nucleotide polymorphism…….	A variation at a single position in a DNA sequence
Solid tumor……..	Tumor that forms a solid mass of tissue
Specialist medical doctor……..	Physician who has completed additional training and certification in a specific area of medicine
TAM……	Tumor-associated macrophages
Target molecules…….	Molecules that are the focus of a drug or treatment
TNFα……...	Tumor Necrosis Factor alpha – A cytokine that has a role in the regulation of immune cells
Tumor……	Abnormal growth of cells that can be benign (not cancerous) or malignant (cancerous)
Tumor-associated macrophage……	Type of white blood cell, that are found in and around tumors. TMAs can either help the immune system fight the tumor or support the growth and spread of the tumor
VAP-1……	Vascular Adhesion Protein 1, also known as AOC3
Venetoclax……	A Bcl-2 inhibitor used to treat certain types of haematological malignancies

PART 1

LETTER FROM THE CHAIRMAN

FARON PHARMACEUTICALS LTD

(incorporated and registered in Finland with registration number 2068285-4)

Registered office:
Joukahaisenkatu 6
FIN-20520
Turku, Finland

4 June 2024

Dear Shareholder

UK Open Offer of up to 5,765,368 UK Open Offer Shares at 85 pence per share

1. Introduction

The purpose of this document is to invite Qualifying DI Holders to participate in the UK Open Offer. The UK Open Offer is an invitation by the Company to Qualifying DI Holders to apply to acquire, in aggregate, 5,765,368 UK Open Offer Shares at a price of 85 pence per UK Open Offer Share. The UK Open Offer is being made on the basis of 3 UK Open Offer Shares for every 7 Existing DIs at the Issue Price.

As explained in more detail in paragraph 2 below, UK resident holders of DIs and Ordinary Shares are not able to participate in the Finnish Public Offering nor, subject to certain limited exceptions for persons that are "qualifying investors" as defined in the UK Prospectus Regulation, the Institutional Offering.

Accordingly, the UK Open Offer is being made in order to give DI Holders the opportunity to participate in the Capital Raise. The Company is also making the REX Retail Offer through Intermediaries via the REX Platform to provide retail investors with an opportunity to participate in the Capital Raise.

The number of UK Open Offer Shares and the REX Retail Offer Shares, in aggregate, will be limited to 8,034,629 to ensure that the aggregate gross proceeds of the UK Open Offer and the REX Retail Offer do not exceed €8.0 million, calculated by reference to the number of UK Open Offer Shares and/or REX Retail Offer Shares at the Issue Price at the prevailing foreign exchange rate on the Last Practicable Date, so as not to trigger the requirement to publish a prospectus approved by the FCA under the UK Prospectus Regulation. Allocations under the REX Retail Offer and the Excess Application Facility will be scaled back, as necessary, to ensure that the total aggregate consideration under the UK Open Offer and the REX Retail Offer will not exceed the GBP equivalent of €8.0 million in any circumstances.

The Issue Price is at a discount of approximately 54 per cent. to the closing price of 185 pence per existing Ordinary Share on AIM on the Last Practicable Date.

The UK Open Offer Shares will be allotted following the end of the UK Open Offer acceptance period conditional only upon Admission. Admission is expected to occur on or around 8.00 a.m. on 24 June 2024 and/or such later time and/or date as the Company and Peel Hunt may agree.

The UK Open Offer Shares are being issued pursuant to the share authorities granted at the Annual General Meeting held on 5 April 2024.

The purpose of this document is to provide Qualifying DI Holders with background to the Capital Raise, the details of the UK Open Offer, and the terms and conditions applicable to it.

2. Background to and reasons for the UK Open Offer

The UK Open Offer is being carried out alongside the other elements of the Capital Raise. The Capital Raise also comprises (i) the Finnish Public Offering (being a public offering to private individuals and legal entities in Finland), (ii) the Institutional Offering (being an offering to institutional investors in the EEA and elsewhere) and (iii) the REX Retail Offer (being an offering to retail investors in the UK through Intermediaries using the REX Platform and on the basis of the terms and conditions set out in the REX Retail Offer Announcement and Intermediaries Agreements). The subscription price of each New Ordinary Share in the Finnish Public Offering and the Institutional Offering is EUR 1.00 (the equivalent to the Issue Price based on an exchange rate of GBP 1 to EUR 1.1714 on the Last Practicable Date). The Finnish Public Offering and the Institutional Offering are conditional upon the Company raising at least EUR 15 million in gross proceeds. In the Finnish Public Offering, the subscription price shall be paid in cash. In the Institutional Offering, the subscription price shall be paid in cash and/or by way of setting off the principal, any accrued and unpaid interest and any unpaid arrangement fees relating to convertible capital loan instruments issued by the Company to certain investors in March 2024.

The Company announced on 4 March 2024 that it expects to require EUR 35 million in financing to complete the enrolment of patients for the BEXMAB Phase II trial with interim and final readouts and to obtain regulatory feedback from the FDA regarding the path to regulatory approval in the US. Earlier this year, the Company raised financing totalling EUR 8 million (including the EUR 3.2 million convertible capital loans announced on 4 March 2024, and paid to the Company on 8 March 2024, and the EUR 4.8 million directed share issue, the completion of which was announced on 4 April 2024) to secure continued compliance with the minimum cash covenant agreed in the Waiver with IPF. Thereafter, the Company has assessed preconditions for arranging a larger financing round and now the Company aims, based on an assessment of various alternatives, to conclude the Capital Raise described in this document.

Due to the admission of the Company's Ordinary Shares to trading on AIM and the number of DIs (representing Ordinary Shares) held by DI Holders in the United Kingdom, arranging a rights issue in a post-Brexit regulatory environment would involve separate regulatory approval processes in Finland and the UK. Arranging a rights issue in the UK would be challenging, time consuming and expensive and not feasible in the Company's current financial situation. On 5 April 2024, the Company's Annual General Meeting granted an authorisation for a directed share issue with broad discretion for the Board of Directors to allow flexibility for the Company to arrange the contemplated offering in a manner involving the Company's shareholders, in a timely manner and at the most beneficial terms available. Hence, the now contemplated financing round is structured as (i) a public offering of shares in Finland (being the Finnish Public Offering) with private placements in the EEA and elsewhere (being the Institutional Offering), (ii) the UK Open Offer to current holders of DIs and (iii) the REX Retail Offer to retail investors through Intermediaries using the REX Platform, with (ii) and (iii) capped at a total consideration of less than EUR 8 million. In the Capital Raise, the current shareholders of the Company do not receive subscription rights, but they have the right to participate in the Capital Raise and subscribe for New Ordinary Shares in accordance with the terms and conditions of the Capital Raise.

The Company aims to raise sufficient funding with the planned Capital Raise, approximately EUR 30.7 million to deliver on all of its targeted key milestones for the year 2024. At the same time as the Finnish Public Offering and the Institutional Offering, the Company is arranging the UK Open Offer and the REX Retail Offer, pursuant to which the Company may raise part of the proceeds sought. Therefore, the proceeds raised through the UK Open Offer and the REX Retail Offer may reduce the proceeds to be raised through the Finnish Public Offering and the Institutional Offering accordingly. In addition, approximately EUR 3.7 million of the proceeds sought in the Institutional Offering will be paid by converting the Company's Capital Loans.

The Company has applied for and received a statement from the Market Practice Board of the Finnish Securities Market Association (Decision Recommendation 1/2024) on the compliance of the Finnish Public Offering and the Institutional Offering with good securities market practice. In its decision recommendation, the Market Practice Board has concluded that, in the circumstances described in the application, the planned directed share issue described in the application is in accordance with good

securities market practice, provided that the subscription price in the share issue is determined on market terms.

The objective of the Capital Raise is to strengthen the Company's cash position so that the Company would have sufficient funding to reach its key milestones for the year 2024, i.e. a significant commercial partnership agreement and to finance its product development costs described below until the latter half of March 2025. The product development costs mainly include the production and research costs in respect of the Company's lead program *bexmarilimab*, i.e. costs related to the completion of enrolment of the patients for the BEXMAB Phase II trial, treatment of patients and publication of readouts as well as obtaining regulatory feedback from the FDA regarding measures required to obtain regulatory approval in the U.S. By the end of 2024, the Company is also aiming to conclude a global partnership agreement to fund Phase III clinical research and to commercialise *bexmarilimab*, and it believes that the better the Company is financed the better its position is to conclude such a transaction. If the Company succeeds in completing the planned Capital Raise of approximately EUR 30.7 million, the Company believes it would have sufficient resources to execute its core business and deliver on its key milestones for the year 2024 under the current business plan and in compliance with the financial covenants of the IPF Facilities Agreement until the latter half of March 2025.

3. Use of Proceeds

The Company aims to raise through the Capital Raise a total of approximately EUR 30.7 million, of which amount approximately EUR 3.7 million will be paid by converting the Company's Capital Loans and related arrangement fees and interests into Shares, gross proceeds of approximately EUR 27 million, and net proceeds of approximately EUR 23 million. The Company estimates to use approximately two-thirds of the net proceeds of the Capital Raise towards product development costs included in its key milestones for the year 2024, i.e. the continuation of the BEXMAB Phase II trial, including site and patient enrolment expenses and the drug's CMC related drug product costs, which result from its preparation for Phase III. The Company will also incur costs from an investigator-initiated study to generate data with anti-PD-1 combinations in solid tumors. The balance of the net proceeds will be used for financing costs and repayments of its existing financing agreements (IPF Facilities Agreement, loan agreement with Business Finland and the Company's lease agreements), general and administrative expenses, working capital and general corporate purposes of the Company. The Company intends to use approximately EUR 3.0 million in total of the net proceeds towards repayments under the financing agreements mentioned above during the period between June 2024 and February 2025.

The Company will likely complete the Capital Raise even though its targeted amount would not be reached. In such situation, the Company's funding would not be sufficient to deliver on all of the Company's key milestones for the year 2024 in accordance with the current business plan and the Company would have to seek additional funding earlier than currently planned to fulfil its current financing needs and financial covenants included in the IPF Facilities Agreement. The following is an estimate of the sufficiency of the gross proceeds to be received from the Capital Raise (including the UK Open Offer and the REX Retail Offer) in different situations. The Capital Raise is conditional upon the Company raising at least EUR 15 million in gross proceeds and the Subscription Guarantees received by the Company are limited to the unsubscribed New Ordinary Shares up to this minimum amount of the Capital Raise:

- With the EUR 15 million gross proceeds, the Company's funding could be sufficient until it receives regulatory feedback from the FDA regarding measures required to obtain regulatory approval in the U.S. The Company would have some more time to obtain further clinical results from the current patients as well as recruit some additional patients. The Company would target and focus primarily on achieving a licensing or partnership agreement as soon as possible. With the EUR 15 million gross proceeds (approximately EUR 12 million net proceeds) the Company expects that it is able to comply with its current financial covenants until the end of September 2024. If the Company conducts negotiations with the vendors of accounts payable and achieves a favourable outcome, and agrees on changes to the payment schedules, the Company would be able to comply with its current financial covenants until the end of the year 2024.

- If the gross proceeds received from the Capital Raise would be at least EUR 23 million, the Company would pursue the completion of Phase II of the BEXMAB clinical trial and the Company estimates that it would be able to comply with its current financial covenants until the beginning of January 2025. The Company would have the opportunity to devote more time and resources to negotiating and concluding a licensing or partnership agreement before the beginning of January 2025.

- If the gross proceeds received from the Capital Raise would be EUR 27 million, the Company would pursue readiness to proceed to Phase III clinical trial, which would, in the Company's opinion, improve its negotiating position in future partnership negotiations, and the Company estimates that it would be able to comply with its current financial covenants until the latter half of March 2025. The Company could have sufficient clinical results and time to improve its negotiating position significantly in negotiating and concluding a commercial partnership agreement.

The Company will not necessarily be able to conclude a licensing or partnership agreement on favourable terms, or at all.

If the Company succeeds in raising more funds through the Capital Raise than the total targeted amount of EUR 27 million in gross proceeds, the Company could achieve the above-mentioned objectives and it would have a stronger balance sheet to conduct commercial negotiations. The proceeds received with the potential Upsize Option would be used to strengthen the Company's balance sheet, as well as to prepare for the Phase III clinical trial.

4. Description of the Company

Faron Pharmaceuticals Ltd is a clinical stage biopharmaceutical company, focused on developing treatment of cancers via novel immunotherapies which aim to reprogram myeloid cells to create a more comprehensive immuniactivation against cancer than what is achieved with current treatments. The Company's Ordinary Shares have been admitted to trading on AIM since 17 November 2015 and the Company's Ordinary Shares have been admitted to trading on First North since 3 December 2019. The Company is headquartered in Turku, Finland, and has an office in Boston, Massachusetts in the United States.

The Company's main drug development program focuses on *bexmarilimab*, a novel anti-Clever-1 humanised antibody which is being investigated for the treatment of multiple cancers, with the potential to remove immunosuppression of cancers through reprogramming myeloid cell function. *Bexmarilimab* is being investigated in Phase I/II clinical trials (MATINS and BEXMAB, as described in more detail below) as a potential stand-alone therapy for patients with solid tumors and in combination with other standard treatments for patients with hematological cancers. The Company's main focus is to first develop *bexmarilimab* for the treatment of relapsed or refractory higher-risk myelodysplastic syndrome, a deadly form of blood cancer, for which the only standard of care is a form of chemotherapy called hypomethylating agents that have limited efficacy. The Company is currently running a Phase II clinical trial in this patient population. Success in this trial would allow the Company to obtain resources to broaden the development of *bexmarilimab* to various cancers with broad market potential. The Company is also progressing plans to investigate *bexmarilimab* in combination with anti-PD-1 therapy in selected advanced solid tumors. In terms of other pipeline assets, Traumakine is an investigational intravenous interferon beta-1a therapy planned to be used for the prevention of complications that arise from cytokine release syndrome, or hyperinflammatory conditions.

For a more detailed description of the Company and its activities, please refer to Part 3 (*Business of the Company*) of this document.

5. Details of the UK Open Offer

The Company is proposing to raise up to approximately £4.9 million before expenses by the issue of up to 5,765,368 UK Open Offer Shares under the UK Open Offer at the Issue Price, payable in full on acceptance. Any entitlements to UK Open Offer Shares not subscribed for by Qualifying DI Holders will be available to Qualifying DI Holders under the Excess Application Facility.

Qualifying DI Holders should note that the UK Open Offer is not a rights issue and therefore the UK Open Offer Shares which Qualifying DI Holders do not apply for will not be sold in the market for the benefit of Qualifying DI Holders who do not apply for UK Open Offer Shares.

Qualifying DI Holders may apply for UK Open Offer Shares under the UK Open Offer at the Issue Price *pro rata* to their holdings of Existing DIs on the Record Date on the basis of:

3 UK Open Offer Shares for every 7 Existing DIs

Entitlements of Qualifying DI Holders will be rounded down to the nearest whole number of UK Open Offer Shares. Fractional entitlements which would otherwise arise will not be issued to Qualifying DI Holders but will be aggregated and made available under the Excess Application Facility. Not all DI Holders will be Qualifying DI Holders. Shareholders who are located in, or are citizens of, or have a registered office in, a Restricted Jurisdiction will not qualify to participate in the UK Open Offer. The attention of Overseas Shareholders is drawn to paragraph 6 of Part 6 of this document.

Subject to availability, the Excess Application Facility enables Qualifying DI Holders to apply for Excess Shares up to the maximum number of UK Open Offer Shares available less their UK Open Offer Entitlement. Further details of the UK Open Offer and the Excess Application Facility are given in Part 6 of this document.

Valid applications by Qualifying DI Holders will be satisfied in full up to their UK Open Offer Entitlements. Applicants can apply for less or more than their entitlements under the UK Open Offer, but the Company cannot guarantee that any application for Excess Shares under the Excess Application Facility will be satisfied, as this will depend, in part, on the extent to which other Qualifying DI Holders apply for less than or more than their own UK Open Offer Entitlements. The Company may satisfy valid applications for Excess Shares in whole or in part but reserves the right not to satisfy any application above any UK Open Offer Entitlement. The Board may scale back applications made in excess of UK Open Offer Entitlements on such basis as it reasonably considers to be appropriate.

Application has been made for the UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements to be admitted to CREST. It is expected that such UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements will be credited to CREST on 5 June 2024. The UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements will be enabled for settlement in CREST until 11.00 a.m. on 18 June. Applications through the CREST system may only be made by the Qualifying DI Holders originally entitled or by a person entitled by virtue of *bona fide* market claims. The UK Open Offer Shares must be paid in full on application. The latest time and date for receipt of CREST applications by Qualifying DI Holders and payment in respect of the UK Open Offer is 11.00 a.m. on 18 June 2024.

Qualifying DI Holders will receive a credit of UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements to their CREST stock account. Please refer to paragraph 3.4 and paragraphs 3 to 11 of Part 6 of this document and also to the CREST Manual for further information on the CREST procedures referred to below.

Further details of the UK Open Offer to Qualifying DI Holders and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part 6 of this document. This document sets out the terms and conditions of the UK Open Offer to Qualifying DI Holders. The UK Open Offer Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares and the New Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for the admission of the UK Open Offer Shares to trading on AIM and to Nasdaq Helsinki Ltd for the UK Open Offer Shares to be admitted to trading on First North. It is expected that Admission will occur, and that dealings in the UK Open Offer Shares

subscribed for pursuant to the UK Open Offer on AIM will commence, at 8.00 a.m. on 24 June 2024, at which time it is also expected that the UK Open Offer Shares will be enabled for settlement in CREST.

6. Overseas Shareholders

The attention of Qualifying DI Holders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Existing DIs for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document to such persons, is drawn to the information which appears in paragraph 6 of Part 6 of this document.

Qualifying DI Holders who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom (including, without limitation, the United States), should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements under the UK Open Offer.

7. Effect of the Capital Raise

Upon Admission, and assuming 30,714,592 New Ordinary Shares are issued in aggregate in the Capital Raise (meaning that the Upsize Option is not exercised) and that no other new Ordinary Shares are issued (including the Free Shares), the Enlarged Share Capital is expected to be 102,722,089 Ordinary Shares. On this basis, the UK Open Offer Shares will represent approximately 5.6 per cent. of the Enlarged Share Capital.

8. Risk Factors and Additional Information

The attention of Shareholders is drawn to the risk factors set out in Part 2 and the information contained in Parts 3 to 8 (inclusive) of this document, which provide additional information on the Company and the UK Open Offer.

9. Action to be taken in respect of the UK Open Offer

If you are a Qualifying DI Holder you will receive a credit to your appropriate stock account in CREST in respect of the UK Open Offer Entitlements representing your entitlement under the UK Open Offer and Excess CREST UK Open Offer Entitlements. You should refer to the procedure for application and payment set out in paragraph 3.4 of Part 6 of this document.

The relevant CREST instructions must have settled in accordance with the instructions in paragraph 3.4 of Part 6 of this document by no later than 11.00 a.m. on 18 June 2024.

Qualifying DI Holders should refer to their CREST sponsors regarding the action to be taken in connection with this document and the UK Open Offer.

Yours faithfully

Tuomo Pätsi

Non-Executive Chairman

PART 2

RISK FACTORS

An investment in the UK Open Offer Shares is subject to a number of risks. The investment offered in this document may not be suitable for all of its recipients. An investment in the Company is only suitable for investors who are capable of evaluating, or who have been advised of the risks and merits of, such investments and who have sufficient resources to bear any loss which might result from such investment. No assurance can be given that Shareholders will realise a profit or avoid a loss on their investment. The risks described below do not purport to be exhaustive and are not set out in any order of priority. Additional risks and uncertainties which are not presently known to or are currently deemed immaterial by the Directors may also have an adverse effect on the Company's business, financial condition or results of operations and prospects could suffer, in which case investors could lose all or part of their investment.

Potential investors should review this document carefully, and in its entirety, and are recommended to obtain independent financial advice from an adviser authorised under FSMA (or another appropriately authorised independent professional adviser) who specialises in advising upon investments before making any investment in the Company. The Company's performance may be materiality and adversely affected by legal regulatory requirements, the results of clinical trials and changes in market and changes in market and economic conditions. If any of the following risks occur, the Company's business, financial position and/or operating results could be materially and adversely affected.

In addition to the other relevant information set out in this document, the Directors consider that the following specific risk factors, which are not set out in any particular order of priority, should be considered when evaluating whether to make an investment in the Company:

Financial Risks

As at the date of this document, Faron's working capital is estimated to be sufficient until 27 June 2024 and the Company is highly dependent on equity financing, R&D grants and loans and debt financing, it has due accounts payables, and it may not be able to raise additional funding on favourable terms or at all, risking disruptions in the operations of the Company or a general insolvency and bankruptcy

The Company's financial situation in terms of the amount of available cash has weakened during the year 2024, because the Company has not been able to raise adequate funds it needs for its business and compliance with its financial covenants, and it has had to resort to numerous temporary measures in order to continue its operations. As at the date of this document, Faron estimates that its current working capital is sufficient until 27 June 2024. This means, that the Company must prior to this succeed in obtaining additional financing through the Capital Raise or otherwise, to be able to secure the continuity of its operations. If the Company succeeds in completing the Capital Raise in a total targeted amount of EUR 30.7 million, the Company believes that it would have sufficient resources to execute its core business and deliver on its key milestones of the year 2024 under the current business plan and in compliance with the financial covenants of the IPF Facilities Agreement the latter half of March 2025. Even if the Company succeeds in completing the Capital Raise in the targeted amount, the working capital available to the Company will not be sufficient to cover its needs for the next 12 months after the date of this document. To ensure adequate working capital to execute its current business plan after the latter half of March 2025, the Company has to acquire the needed amount of additional financing through equity or debt financing and, if necessary, adjust its operations significantly through cost savings and development programs. In addition, if the Capital Raise is completed in a smaller amount than targeted, the Company would have to adjust and reduce its operations and seek additional financing earlier than currently planned to meet its financing needs and to comply with the financial covenants of the IPF Facilities Agreement. Various scenarios concerning the sufficiency of the Company's assets are described in Part 1 of this document.

The lack of commercialisation, collaboration and licensing agreements and the significant resources needed for funding of the Company's current and future drug development requires the Company to

gain access to funding from different sources of financing, in capital markets or elsewhere. There is no certainty that such funding will be available on favourable terms, if at all. If the Company is unable to raise funding, it will have insufficient financing for its product development, including future clinical development, for its operations and for taking care of its current liabilities, including trade payables, towards the Company's vendors. The Group's total accounts payable amounted on 30 April 2024 to approximately EUR 11.8 million in total, of which EUR 9.7 million was either included in the payment plans agreed with vendors that had not yet been invoiced from the Company or was not due. The amount of due accounts payable was EUR 2.1 million. Due to insufficient funding, the Company has also had to and could in the future have to delay or cancel the ordering of certain necessary services in order to manage its cash position and to negotiate amendments to the conditions and repayment schedules of contracts and financing arrangements, such as the IPF Facilities Agreement, in force. The vendors may also start to require advance payments, cease providing services or make demands or claims relating to contract compliance, in case payments are not made in time. If the Company is not able to comply with the conditions or commitments of its contracts or loan arrangements or to negotiate the amendments needed to them, this could have an adverse effect on the Company's ability to conduct its business or it could cause additional expenses. This could result in delays, amendments or elimination of the Company's development programmes or commercialisation, as well as the consideration of other strategic alternatives.

Repayment of the Company's R&D loans and loans under the IPF Facilities Agreement has already commenced and the Company must ensure continuous compliance with the repayment schedule and other loan terms, and especially the financial covenants under the IPF Facilities Agreement, to be able to ensure uninterrupted continuation of its business. Without adequate funding to finance its existing operations, liabilities and accounts payable, the Company could face general insolvency and be forced to file for bankruptcy to terminate its operations. Even if the Company was not to face general insolvency, be forced to file for bankruptcy or to terminate its operations, the Company being unable to raise adequate funding could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

Difficulties in complying with financial covenants or other loan conditions included in the Company's loan arrangements or accessing additional financing may have an adverse effect on the Company's business, financial position, future prospects and the value of the Shares.

The Facilities Agreement entered into between the Company and IPF contains financial covenants (minimum cash and gross gearing) and other undertakings that the Company should comply with at all times and the Company's intellectual property rights, business mortgage notes and bank accounts have been pledged to IPF as security for the obligations under the Facilities Agreement. Non-compliance with the terms of the Facilities Agreement may lead to an event of default under the Facilities Agreement entitling IPF to demand immediate prepayment of any outstanding loans, block the use of the bank accounts of the Company that have been pledged as collateral for the obligations under the Facilities Agreement and to take any other enforcement action agreed in the Facilities Agreement, such as realisation of the pledged intellectual property rights and collecting its receivable out of their sale proceeds. Loss of patents or other intellectual property rights critical for the Company's business as a result of realisation could complicate or prevent the conducting of the Company's business. There can be no assurance that the Company will be able to comply with the provisions of the loan arrangements in the future, including complying with the financial covenants of the IPF Facilities Agreement, which are often revisited in the short term, to make the required interest and loan capital repayments in time in accordance with the due dates under the Facilities Agreement, or to meet its other debt service obligations under the Facilities Agreement. Failure to comply with the Company's financing terms could have a material adverse effect on the Company's business, financial position, results of operations and future prospects as well as on the ability to obtain additional financing, which in turn could result in general insolvency and bankruptcy of the Company.

The Company continuously needs funds for its business and product development, and a decrease in the Company's cash resources below the required level of the minimum cash covenant at any given time will lead to the breach of the covenant. The Company's gross gearing covenant is tied to the Company's share price, the changes of which are not under the Company's control, as they may be related to changes in the general macroeconomic environment, the Company's operating environment or, for example, its competitive situation, and the development of these factors cannot be predicted

with certainty. The Company announced on 19 February 2024 that it had breached several financial covenants and other commitments agreed in the IPF Facilities Agreement. The Company has previously negotiated with IPF on changes and waivers to the Facilities Agreement several times, when the Company has not been able or has anticipated that it will not be able to comply with the required covenant levels and other commitments, including during spring 2024. The Company has also already agreed in advance with IPF a deviation to the required level of the minimum cash covenant until the end of October 2024. Changes made to the financial covenants or other terms of the Facilities Agreement may lead to an obligation to make various additional payments to IPF, grant more warrants to IPF or comply with other additional conditions under the Facilities Agreement. Failure to comply with the Waiver agreed with IPF, financial covenants and other contractual obligations also exposes the Company to other sanctions in accordance with the Facilities Agreement, such as freezing of bank accounts, realisation of collateral and maturing of loans.

If the Company needs additional financing as the amount of funds received in the Capital Raise would be lower than expected or costs originated from business would increase or otherwise, and after the latter half of March 2025 at the latest, there is no certainty that the additional financing will be available from the equity or debt financing markets on terms favourable to the Company, or at all, as many factors such as financial market conditions, the general availability of financing and the Company's credit rating may affect the availability of financing. The Company's inability to raise additional funding may result in lack of funds, which in turn may lead to breach of the minimum cash covenant. Inability to raise the additional financing needed or negotiate the needed amendments in the conditions of the Facilities Agreement or other financing arrangements could have a material adverse effect on the Company's business, financial position, results of operations and future prospects, which in turn could lead to general insolvency and bankruptcy of the Company.

The Company has incurred, and it expects to incur, losses for the foreseeable future and does not have any approved products or revenue from collaboration or licensing agreements

The Company has incurred significant operating losses since its inception and does not currently have any revenue from approved products or revenue from collaboration or licensing agreements. The Company expects to incur losses for the foreseeable future, and there is no certainty that the business will generate a profit. The historical losses have arisen mainly from the costs incurred in R&D, clinical trials and general administrative costs. The Company aims to manage the spend on clinical trials and general administrative costs. Costs of clinical trials depend on the locations where the clinical trials take place as well as the number of patients enrolled to each clinical trial. The Company may not be successful in developing products which will generate revenue in future. Even if the Company would be able to achieve profitability for its business in the future, there is no certainty that the profitability can be maintained. Failure to develop commercially viable products in the future could result in the Company losing access to additional funding, resulting in a general insolvency and bankruptcy of the Company.

The Company may be affected by adverse macroeconomic changes

A broader economic downturn or recession can lead to reduced investor confidence, decreased availability of funding, and reduced consumer spending on healthcare products. This can make it harder for the Company to secure necessary financing and to attract investors which could seriously damage the Company's financial position as the Company is currently dependent on recurring external capital injections. The equity capital markets are often influenced by general investor sentiment and market trends. Changes in sentiment can lead to fluctuations in stock prices and reduced interest from investors, making it challenging for the Company to raise equity capital.

In addition to the equity capital markets, credit markets typically tighten during periods of economic uncertainty, making it more difficult for companies to access debt financing. This can limit the Company's ability to raise funds through loans or bonds, affecting its liquidity and growth prospects. Changes in interest rates can impact the cost of debt for the Company. If interest rates rise, as they have done in recent years, it could increase the Company's interest expenses on existing debt and make it more expensive to secure new debt, putting additional strain on the Company's financial resources. Inflation increases the Company's operating costs, including R&D expenses, salaries, and

other overhead costs. Unfavourable macroeconomic developments could result in a material adverse effect for the Company's business, financial position, results of operations and/or future prospects.

Risks Relating to Research and Development

Faron's two most important drug candidates are in clinical development and their development may not be successful or may be delayed, and the Company may not be able to develop approved or marketable products in the planned timeline or at all

The Company's main drug product candidates, *bexmarilimab* and Traumakine®, are in clinical development and may therefore be subject to clinical failure. The third pipeline product candidate of the Company, Haematokine®, is still in the pre-clinical phase. As such, the safety and efficacy of the Company's products have not yet been fully established and may not result in commercially viable products, whether over a period of many years or at all. Furthermore, there is a risk that safety issues may arise when the testing of the products moves forward. Conversion of cutting-edge scientific research into new clinical drug development programmes where there is a limited amount of guidance and previous examples, involves a high degree of uncertainty. This uncertainty could result in situations where the Company needs to make rapid alterations to its development projects without full visibility of all the consequences, which may result in additional costs.

Bexmarilimab is currently being studied in a Phase I/II open-label trial, named BEXMAB. The earlier first clinical trial with *bexmarilimab,* named MATINS, on solid tumours ended in 2023 and showed that the drug candidate is safe and well tolerated in addition to which promising efficacy results were obtained. Whilst the Company believes that the results from these trials are encouraging, there is a risk that the early results seen cannot be replicated in the current or future clinical trials and that insufficient clinical benefit to obtain a regulatory approval is demonstrated. In addition, a similar risk exists with the Company's Traumakine product which did not meet the endpoint in the Phase III trial on acute respiratory distress syndrome in 2018, and is now under development for a different indication.

If a drug candidate is subject to clinical failure, the Company may not be able to develop an approved marketable drug but still incurs significant development costs. As is common to all pharmaceutical companies, the Company's experience indicates that there may be a very high incidence of delay or failure to produce scientific results that could result in a viable product being developed. Failure to develop commercially viable products could lead to the Company losing the opportunity to generate revenues from its product portfolio, resulting in a material adverse effect for the Company's business, financial position, results of operations and/or future prospects.

The manufacturing of the Company's drug candidates could become impossible and there can be no assurance that the drug candidates can be manufactured in sufficient quantities, quality and standards, in compliance with regulatory requirements, and at an acceptable cost and within an appropriate timeframe, which could have a material adverse effect on the Company's clinical development and ability to complete required trials.

There can be no assurance that the drug candidates being developed by the Company will be capable of being manufactured in sufficient quantities, quality and standards, in compliance with regulatory requirements, and at an acceptable cost and within an appropriate timeframe for further clinical trials or commercial purposes. *Bexmarilimab* has already been produced in commercially significant quantities, but there are always uncertainties involved as the production process relies on living organisms. In the event that the Company is not able to utilise the master cell bank or for some reason the final production process, that is still subject to validation on the date of this document, did not operate as expected, it would lead to disruptions in the Company's operations, consequently resulting in a material adverse effect for the Company's business, financial position, results of operations and/or future prospects. Furthermore, destruction of a production batch, or part of it, could adversely affect the Company's operations by delaying completion of on-going trials or by affecting the availability of drug candidate for trials to be run in the future.

The Company's drug candidates may cause side effects that could halt their clinical development and result in other severe negative consequences

The novelty of the Company's current or future drug candidates implies a risk of unknown effects associated with human clinical use. Unexpected and unacceptable side effects could cause delays or termination of the clinical studies and adversely impact the probability of obtaining marketing authorisation for the product. In the event that the product has already reached a marketing authorisation approval, adverse reactions related to the product could have severe consequences such as withdrawal of market approval. The slowing of the clinical studies or approval processes would affect the planned timetable for Faron's product development, and delays in the timetable could incur significant additional costs for Faron. In addition, adverse drug reactions caused by the Company's drug candidates, or claims of such reactions or other deficiencies, could also lead to indirect costs due to reputational damage arising from such adverse reactions. Should Faron's reputation among its partners be damaged this could affect the planned timetable for Faron's product development, the Company's ability to obtain partnering opportunities in accordance with its strategy and later on demand for Faron's products and consequently on the Company's financial position. Delays or termination of the clinical studies of Faron, withdrawal of marketing approvals of its current or potential future drug candidates, to the extent obtained, or Faron's exposure to significant reputational risks could result in a material adverse effect for the Company's business, financial position, results of operations and/or future prospects.

Risks Relating to Markets for Pipeline Products

The pharmaceutical industry is highly competitive with many larger actors than Faron, and subject to rapid technological change. Competitor products could render the Company's drug candidates less competitive or obsolete

The pharmaceutical industry in general is a highly competitive industry in nature, and in the long-term, the Company expects competition for its products which are currently under development. Competitors in the industry include major multinational pharmaceutical companies, biotechnology companies and research institutions, many of which have substantially greater financial, technical, and operational resources, such as larger research and development resources and staff. Competitors may succeed in developing and commercialising competing products and receive regulatory approvals before the Company or may succeed in developing products that are more effective or economically viable than products developed by the Company. As a result, the Company's competitors may be able to implement more effective sales and marketing programmes and therefore restricting the Company's potential future commercial opportunities. In addition, the biopharmaceutical industry and pharmaceutical industry are subject to rapid technological change which could affect the commercial viability of the Company's drug candidates. Research and discoveries by others may result in medical insights or breakthroughs which render the Company's drug candidates less competitive or obsolete. Failure to effectively respond to the competitive pressure of the industry could result in a material adverse effect for the Company's business, financial position, results of operations and/or future prospects.

There can be no certainty that the Company will be able to monetise the value of its intellectual property rights or knowhow through licensing or other commercial partnership

The Company's strategy includes seeking partners for the development and commercialisation of certain of its drug candidates in certain geographic territories. Related partnership agreements may provide important funding to the Company through signature and milestone payments and fees and potentially funding of additional trials required in certain territories. At the moment the Company does not have any significant licensing deals or partnerships concerning its core business and markets. In addition, based on the Facilities Agreement with IPF, the Company must obtain IPF's consent for the sale and licensing of its intellectual property rights. The Company may be unable to establish commercial arrangements on favourable terms within targeted timeframes, or at all, and any such arrangement may not succeed. If the Company is unable to establish commercial arrangements or, following negotiations with the relevant partners, terminates an agreement, there can be no certainty that the Company will be able to pursue the development and commercialisation of the respective product in certain territories. Failure in the Company's partnership strategy could result in a material

adverse effect for the Company's business, financial position, results of operations and/or future prospects.

Risks Relating to Dependence on Key Persons

The Company's success is highly dependent on the expertise and experience of the Company's Board of Directors, the key management, personnel, and key collaborators

The Company's success is highly dependent on the expertise, experience and continued service of the Board of Directors, key management, personnel and key collaborators. Whilst the Company has entered into employment and other agreements with each of these key persons, the retention of such persons cannot be guaranteed. Should key persons leave or should agreements or collaborators with the Company terminate and the Company is unable to find persons to replace them, the Company's business prospects, financial conditions and/or results of operations may be materially adversely affected. To develop new products and commercialise its current pipeline, the Company relies, in part, on the recruitment of appropriately qualified personnel, including personnel with a high level of scientific and technical expertise. There is currently a shortage of such persons in the pharmaceutical industry, meaning that the Company is likely to face significant competition in recruitment. The Company may be unable to find a sufficient number of appropriately highly trained individuals to satisfy its needs, which could affect its ability to develop as planned. In addition to its Board of Directors, management and employees, the Company has a strong network of external advisors acting as members of the Scientific Advisory Board, that advises the Company in its research operations, and various committees related to the Company's trials. The Company is also dependent on the continued service of such individuals. Furthermore, the Company's current financial situation and uncertainties related thereto may cause concerns in its key personnel and require savings measures resulting in reduction or layoffs of employees, which may further complicate the Company's ability to retain key persons. The loss of any of the members of the Board of Directors or other key persons as well as the costs of recruiting replacements and possible reductions or layoffs of employees due to savings measures may have a material adverse effect on the Company and its commercial and financial performance and therefore reduce the value of an investment in the shares of the Company.

Risks Relating to the Regulatory Environment

The Company operates in a highly regulated environment and there can be no certainty that the Company or its collaborators will be able to comply with all applicable regulations and reporting requirements applicable to drug development or its business otherwise, and obtain necessary drug development related regulatory approvals, which could result in inability to successfully commercialise the drug candidates or in a possible breach of or change in the regulations applicable to the Company having an adverse effect on the Company.

The Company will need to obtain various regulatory approvals, including from the FDA and the EMA, and there is no certainty that the products of the Company will be able to achieve the necessary regulatory approvals. The extent of clinical trials required to test the safety and efficacy of the Company's products will vary depending on the product, the treatment being evaluated, the trial results and regulations applicable to the particular drug candidate. The results of clinical trials to date of the Company's drug candidates do not necessarily predict the results of later stage clinical trials. These drug candidates in the later stages of clinical trials may fail to show the desired safety and efficacy in the later stages of clinical trials despite having progressed through initial clinical trials. There can be no assurance that the data collected from clinical trials of the Company's drug candidates will be sufficient to support obtaining regulatory approvals.

The Company cannot accurately predict when the planned clinical development work will be completed, if at all. The Company's drug candidates may produce unexpected side effects or serious adverse events which could interrupt, delay, or halt clinical trials of the drug candidate and could result in regulatory authorities denying approval of the product for any or all the targeted treatments. Furthermore, an independent safety monitoring board, a regulatory authority or the Company itself may suspend or terminate trials at any time. There can be no certainty that any of the Company's drug candidates will ultimately prove to be safe for human use. The Company's clinical trials could also be delayed or terminated in the event that the candidate being tested is in the same class of drug as a marketed

product that is revealed to cause side effects. Furthermore, the time required to receive regulatory feedback, or delays in receiving regulatory feedback, could impact the Company's ability to expand clinical trials as planned. Failure in complying with regulations applicable to drug development by the Company or its collaborators and obtaining the necessary regulatory approvals could result in inability to commercialise the drug candidates under development. In addition, failure in complying with regulations otherwise applicable to the Company's business may cause financial losses for the Company, weaken the Company's business opportunities and harm the Company's reputation. The matters described above could result in a material adverse effect for the Company's business, financial position, results of operations and/or future prospects.

The Company may not be able to maintain its regulatory approvals to the extent obtained, or it may be required to incur significant costs in obtaining or maintaining its regulatory approvals

The clinical trials of products developed by the Company and its ongoing R&D are subject to regulations by governments and regulatory agencies in countries where the Company or any of its potential licensees or collaborators intend to test, manufacture or market products. Even if a regulatory approval is obtained, the products and their manufacturing are subject to continuous review and there can be no assurance that such approval will not be withdrawn or restricted, or that the Company will not incur unsustainable costs in obtaining or maintaining such approvals. Furthermore, changes in the legislation or regulatory policies or practices or the discovery of unexpected side effects or other problems with the products or their manufacturing may result in the imposition of restrictions on the products or their manufacturing, requirement to withdraw the drug from the market, voluntary or mandatory drug recalls, government investigations, and the imposition of penalties. Failures in the ability to maintain the necessary regulatory approvals for the Company's products with acceptable costs could result in suspension, delay or interruption of sales and thus could have a material adverse effect for the Company's business, financial position, results of operations and/or future prospects. The Company is also exposed to a risk of failing to execute clinical trials in accordance with regulatory and quality requirements imposed by, for example, regulatory agencies and ethical committees. Such failure could delay or put the Company's clinical trial on hold which could lead to results being delayed which, in turn, could have an adverse effect on the Company's business and results of operations.

The Company may become involved in legal or administrative proceedings or other disputes brought by authorities, patients or other third parties or by the Company itself

Several general risks and uncertainties present in pharmaceutical development and manufacturing as well as in the treatment of patients expose the Company to various kinds of claims. As Faron has ongoing clinical trials and it regularly operates with various co-operation partners and regulatory authorities, the risk of legal and administrative proceedings exists. The Company may be adversely affected by judgments, settlements, unanticipated costs or other effects of legal and administrative proceedings or from investigations by regulatory bodies or administrative agencies. In addition, Faron may become subject to claims related to employments being terminated as a result of cooperation procedures or other employee termination procedures. The Company's current or former employees may present claims that such employments have not been terminated in accordance with applicable legislation or that they have not been paid remuneration in accordance with applicable agreements. The Company may also have contractual or statutorily established liability towards third parties if individual employees or collaborators breach legal requirements, contractual agreements or internal guidelines.

In some proceedings, the claimant, including a person participating in the Company's clinical trial, may seek damages and other remedies, which, if reinforced, would require expenditures by the Company. The Company may incur costs relating to these proceedings that could exceed the Company's financial resilience or insurance coverage. In addition, should legal proceedings be decided in the claimant's favour, the Company may incur fines or other remedies, which may be significant. Even if the Company's management, officers, employees or collaborators are ultimately not found to be liable, defending claims or lawsuits could be expensive and time consuming, divert management resources as well as damage the Company's reputation. Any of these events could result in a material adverse effect for the Company's business, financial position, results of operations and/or future prospects.

The Company processes special categories of personal data and failure to process the data appropriately could lead to adverse consequences

During the clinical trials, the Company collects and processes personal data from the persons participating in the trials of the Company. Most of such personal data is regarded as special category of personal data as it is a persons' health information or genetic information. Even though the Company aims to protect the privacy of the participants, including by only using coded, pseudonymised personal data, there can be no certainty that no data breaches will occur or that the Company will not unintentionally violate applicable privacy and data protection regulations. As the Company and many of its partners process especially sensitive personal data and operate under multiple different jurisdictions with their own differing personal data regulation regimes, the Company is exposed to close scrutiny by several regulators and different kinds of potential legal claims. Also, transfers of personal data from actor to actor creates and increases vulnerability, which may result in breaches of confidentiality. Further, any loss, alteration or destruction of data, stolen data, unauthorised access of an employee or a representative of a vendor to the Company's systems, or a collapse of the Company's systems could affect integrity of the data, and thus expose the Company to various risks related to processing of personal data. Additionally, potential human errors when data is manually entered and transferred between systems may pose a threat to integrity of data. Even though the Company aims to secure privacy of personal data processed with contractual obligations and to agree with its partners on the terms of processing that is allowed, there can be no certainty that no processing that would be against what has been agreed will happen.

If the Company fails in processing the personal data appropriately, the Company could face significant regulatory sanctions, disruptions to its business operations, and reputational damage. For example, the Company could have to allocate significant financial and administrative resources and time to defend itself against criminal and/or civil lawsuits or administrative proceedings targeting the Company alleged mishandling of personal data. Ultimately, the Company could be required to pay significant penalties or damages, face restrictions for its operations, or suffer serious reputational damage if found liable for breaking applicable personal data regulations. Such failures could result in a material adverse effect for the Company's business, financial position, results of operations and/or future prospects.

Risks Relating to Intellectual Property

There is no certainty that the scope of any patent protection will be sufficient, that any of the Company's patents will be held valid if challenged, or that third parties will not claim, attempt to copy, obtain, or use proprietary rights held by the Company

There can be no certainty that the scope of any patent protection will exclude competitors or provide competitive advantages to the Company, that any of the Company's patents will be held valid if challenged, or that third parties will not claim rights in, or ownership of, the patents and other proprietary rights held by the Company. There can be no certainty that others have not developed or will not develop similar products, attempt to duplicate the Company's drug candidates or design around patents held by the Company. Third parties may hold or be granted patents which can be claimed having a scope that covers products developed by the Company, whether or not patents are held by or issued to the Company.

In addition, the Company's patents only prevent a competitor from copying but not from independently developing competing products for the treatment of the same disease. There is no certainty that others will not independently develop or otherwise acquire substantial equivalent techniques or products not infringing the Company's rights or gain access to the Company's unpatented technology or disclose such technology or that the Company can ultimately protect its rights to such unpatented technology. Insufficient patent protection with regard to the Company's key products could lead to the Company being unable to generate future revenues from its product portfolio, resulting in a material adverse effect for the Company's business, financial position, results of operations and/or future prospects.

There is no certainty that any currently pending or future patent applications will result in patents being granted on a timely basis or at all

The Company relies upon a combination of patents, trade secrets and confidentiality agreements to protect the intellectual property related to its drug candidates. The commercial success of the Company will depend to a great extent on its ability to secure and maintain patent protection for its products, to preserve the confidentiality of its knowhow and to operate without infringing the rights of third parties. There is no certainty that any pending or future patent applications will result in granting of patents. Additionally, any pending or future patent applications may encounter unexpected delays from the Company's and/or the competent regulator's part, causing uncertainty to the Company's business and its ability to generate cash flows in the future. Failure to secure and maintain commercially significant patents could lead to the Company being unable to generate future revenues from its product portfolio, resulting in a material adverse effect for the Company's business, financial position, results of operations and/or future prospects.

Should the Company be required to assert its intellectual property rights against third parties, or be forced to defend itself, for example in the event that the Company has infringed, or been alleged to have infringed, rights held by third parties, it can lead to a patent litigation that can be both costly and time consuming

Filing, prosecuting and defending patents in all countries throughout the world is expensive. However, patents are central to the Company's business and the Company has also committed in the Facilities Agreement with IPF to defend its intellectual property rights. Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favour the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for the Company to stop the infringement of its patents or marketing of competing products in violation of its rights generally. The Company may not prevail in any lawsuits that it initiates, and the damages or other remedies awarded, if any, may not be commercially meaningful or represent sufficient compensation. Accordingly, the Company's efforts to enforce its intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that it develops or licenses to strategic partners. In addition, the Company cannot be aware of all third-party intellectual property even though the Company searches and reviews publicly available resources to keep abreast of developments in the field. As a result, the Company may infringe, or be alleged to have infringed, rights held by third parties which can result in costly litigation against the Company. Failures in enforcing the Company's intellectual property rights or significant associated costs, as well as potential substantial litigation costs could result in a material adverse effect for the Company's business, financial position, results of operations and/or future prospects.

Other Risks Relating to the Operations and Management of the Company

The Company is dependent on third party vendors for manufacturing its drug candidates, running its clinical trials and analysis of its clinical data, and the loss of, or inability to attract, such vendors in the future as well as possible disputes or legal proceedings with contractual partners would adversely affect the Company's operations

In accordance with industry practice the Company has engaged third-party vendors for all of its operational activities – for example for manufacturing its drug candidates, running its clinical trials and analysis of its clinical data. Limited internal staff resources increases dependency from external resources. As Faron's operations are dependent on a good network of collaborators and third-party vendors, the Company's ability to continue its operations in an uninterrupted way and to comply with regulatory requirements is dependent on its ability to attract and retain third party vendors at its service who support Faron's operations. The Company is also dependent on third-party vendors' compliance with the regulatory requirements that are applicable on the services provided by such vendors. Even though the Company is able to change its vendors, any changes to vendors are resource-consuming and cause additional costs, as well as may cause risks to, for example, the integrity of the data collected or uninterrupted provision of services affecting, for example, the conduct of a trial. If disagreements arise from the interpretation of agreements made with vendors or the Company is unable to comply with the conditions of the agreements made with the vendors or to negotiate the necessary changes to them,

the Company may become involved in legal proceedings or other disputes, which may result in additional costs or adverse effect on the Company's ability to conduct its business. Failure to attract and retain reliable, validated, third-party vendors and disagreements with vendors could lead to disruptions in the Company's operations, resulting in a material adverse effect for the Company's business, financial position, results of operations and/or future prospects.

Failures in the Company's critical information technology infrastructure could materially disrupt the Company's operations

As information technology is critical for the Company's operations, situations where electronic systems utilised by the Company in its operations would collapse or clinical data collected would be destroyed or its integrity compromised, could materially affect the Company's ability to continue its operations without significant disruption. Operating with multiple vendors and other external parties means that the Company regularly delivers and receives information and data, including sensitive personal data, trade secrets and otherwise confidential information through multiple channels. As the Company is subject to and operates under GxP requirements, these requirements pose many obligations to the Company, and for example the computerised systems used in clinical trials must be qualified and validated. The Company needs to secure compliance of the information technology it uses in order to be able to conduct its business. Material deviations would affect or risk the Company's ability to run clinical trials. External threats, like cyber-attacks, service outages and thefts, may take place irrespective of any mitigation measures conducted by the Company. Failures or vulnerabilities in the Company's information technology environment may cause disruptions in the Company's operations, financial damages or fines, privacy breaches, reputational damages, and affect the legal and regulatory compliance of the operations. The factors described above could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

The Company's business involves the risk of liability claims if, for example, the use of Faron's drug candidates results in injury or death

Specific to its business, Faron faces a risk of product liability claims or other liability claims as a result of the clinical testing or use of its current or potential future drug candidates. If Faron's insurance coverage would not cover possible incidents or it otherwise cannot successfully defend itself against product liability claims it may incur substantial liabilities or be required to limit the commercialisation of its drugs. Even a successful defence against such claims may require significant resources and costs.

The materialisation of any clinical study risks may result in the delay or termination of a project or an increase in a project's expenses, or lead to a personal injury, death, damage to property and damage claims against the Company. The realisation of such risks could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

Risks Relating to the UK Open Offer Shares, AIM and the UK Open Offer

It may be difficult to realise an investment on AIM. The market price of the Ordinary Shares may fluctuate widely in response to different factors and investors may lose all or part of their investment.

The UK Open Offer Shares will be quoted on AIM rather than the Official List. The AIM Rules are less demanding than those of the Official List and an investment in a share that is traded on AIM may carry a higher risk than an investment in shares listed on the Official List. The share price of publicly traded companies can be highly volatile.

It may be more difficult for an investor to realise his or her investment in the Company than to realise an investment in a company whose shares or other securities are listed on the Official List or other similar stock exchange. Shares held on AIM are perceived to involve higher risks. AIM has been in existence since 1995 and is a market designed for small and growing companies but its future success and liquidity as a market for the Ordinary Shares cannot be guaranteed. The Company may also in the future evaluate which market venues are appropriate for the Company for the public trading of its Shares.

The price at which the Ordinary Shares are traded and the price at which investors may realise their investment are influenced by a large number of factors, some specific to the Company and its operations and some which may affect quoted companies generally. Admission to AIM does not imply that there will be a liquid market for the Ordinary Shares. Consequently, the price of Ordinary Shares may be subject to fluctuation on small volumes of shares, and the Ordinary Shares may be difficult to sell at a particular price. As a result, the Company's shareholders may incur losses in respect of their investment in the Company and investors may lose all or part of their investment or be unable to sell their Ordinary Shares at a given time due to a limited number of willing buyers.

In addition, the Company cannot guarantee investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange (including the Nasdaq First North Growth Market). If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition to or as an alternative to AIM (or the Nasdaq First North Growth Market), the level of liquidity of the Ordinary Shares traded on AIM could decline.

Risks relating to UK Open Offer Entitlements

To the extent that Qualifying DI Holders do not take up their UK Open Offer Entitlement, their proportionate ownership and voting interest in the Company will be reduced. In addition, Qualifying DI Holders' proportionate ownership and voting will be further reduced pursuant to the Finnish Public Offering, the Institutional Offering, the REX Retail Offer and to the extent UK Open Offer Shares are issued pursuant to the Excess Application Facility.

The UK Open Offer is not a rights issue. UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements may not be traded in the market and UK Open Offer Shares not applied for by Qualifying DI Holders under the UK Open Offer will not be sold in the market for the benefit of those who do not apply in the UK Open Offer.

Future issuances of Ordinary Shares and share subscriptions of options and warrants may dilute current shareholders' ownership share in the Company and lower the share price of the Company

The Company is currently dependent on external financing to finance its operations, and therefore it is possible that the Company will need to raise new equity in the future (after completion of the Capital Raise and even if the Capital Raise is completed in full). The Company may also issue new equity-linked securities, such as options or warrants, which, if exercised, increase the total amount of Ordinary Shares in the Company by way of share subscriptions made based on them. As at the date of this document, the Company has issued a total of 1,320,343 Warrants to IPF and will, following the completion of the Capital Raise, issue 499,601 Warrants to IPF, which entitle IPF to subscribe for the same number of Ordinary Shares and to certain persons a total of 3,884,816 options, which entitle to subscribe for the same number of Ordinary Shares and of which a total of 2,536,648 options were exercisable in accordance with the terms of the relevant Option Plans. In addition, in accordance with the terms and conditions relating to the private placement announced by the Company on 4 April 2024, the investors who participated in the private placement will be compensated the difference in the issue price of EUR 1.50 per share in such private placement and the subscription price of EUR 1.00 per share in the Finnish Public Offering and the Institutional Offering by granting such investors new Ordinary Shares in the Company free of charge.

Any future share issue or rights issue to which existing shareholders are unwilling or unable to participate in pro rata to their existing ownership share may dilute the affected shareholders' relative share of Ordinary Shares and votes. The issuance or sale of a significant number of Ordinary Shares could also have an adverse effect on the market price of the Ordinary Shares and on the Company's ability to raise funds through share issues in the future.

Interests of certain larger shareholders of the Company may differ from the interests of other shareholders

As at the date of this document, the largest shareholders of the Company include, *inter alia*, Timo Syrjälä with an ownership share of approximately 18.65 per cent in the Company, Tom-Erik Lind with an ownership share of approximately 5.06 per cent in the Company, and A&B (HK) Company Limited with an ownership share of approximately 4.73 per cent in the Company. The Company has also received an irrevocable Subscription Commitment from Tom-Erik Lind, to subscribe for additional Ordinary Shares in the Finnish Public Offering. As such, the largest shareholders may continue to have significant ownership in the Company after completion of the Capital Raise, and thus, hold significant influence over key decision-making in the Company, relating to, *inter alia*, composition of the Board of Directors of the Company and distribution of funds. There can be no assurance that the interests of such shareholders, or other larger shareholders, will be in line with those of the Company's other shareholders, which may have an adverse effect on the value and liquidity of the Ordinary Shares.

Additionally, the Company may be involved in strategic transactions in which the Company would divest its entire business or a part of it, and/or gain new majority shareholders, thereby potentially weakening the Company's current shareholders' influence over the Company. Such events could misalign the interests of the Company's current shareholders with those of its new owners, which may have an adverse effect on the value and liquidity of the Ordinary Shares.

The Company may not be able to pay dividends to its shareholders, and the amount of any dividends potentially to be paid by the Company in any future financial year is uncertain, and if the Company does not pay any dividends, investors' potential return could depend solely on the future development of the share price

The Company has not distributed any dividends since it began its operations. There can be no assurance as to the level of future dividends, if any. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Board of Directors and will depend upon, inter alia, the Company's earnings, financial position, liquidity and availability of distributable funds as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time. At the date of this document the Company does not have any distributable equity from which dividends could be paid. At least as long as the Company has negative equity or no distributable equity in accordance with the Finnish Companies Act, it is not able to pay any dividends in which event investors' potential return would depend solely on the future development of the share price. In addition, the Company is not allowed to pay dividends or make any other distributions to its shareholders pursuant to the terms of the IPF Facilities Agreement, until the loans under the IPF Facilities Agreement have been repaid in full. The loans are due to be repaid in accordance with the terms of the IPF Facilities Agreement by 30 June 2027 at the latest.

The Capital Raise can be completed even if it is not subscribed in full, in which case the Company's funding would not be sufficient to deliver on the Company's key milestones for the year 2024 in accordance with the current business plan and it would have to adjust and reduce its operations and negotiate changes to its terms of payment or negotiate new amendments to its financial covenants and seek additional funding earlier than currently planned. Agreeing on changes to terms of payment or financial covenants and accessing possible additional funding is uncertain. The Capital Raise is conditional upon the Company raising at least EUR 15 million in gross proceeds and the Subscription Guarantees received by the Company are limited to this minimum amount of the Capital Raise.

There can be no assurance that the Company will be able to raise in the Capital Raise the total proceeds of approximately EUR 30.7 million that it is aiming for. Considering that the Company's current working capital is estimated to be sufficient until the end of June 2024, and, as announced on 30 April 2024, IPF has set securing subscriptions or guarantees for the Capital Raise in the amount of EUR 10 million by 11 June 2024 as a condition for the extension of the Waiver and the Company has, as at the date of this document, received Subscription Commitments and Subscription Guarantees of EUR 15 million in aggregate, the Company is likely to complete the Capital Raise, even if its targeted total amount is not

reached. The Capital Raise is, however, conditional upon the Company raising at least EUR 15 million in gross proceeds and that this amount has been confirmed prior to the publication of this document through the Subscription Commitments in the aggregate amount of EUR 6.2 million and Subscription Guarantees in the aggregate amount of EUR 8.8 million. However, the Subscription Guarantees will only be realised to the extent that the subscriptions made in the Finnish Public Offering and the Institutional Offering (together with the Subscription Commitments) do not reach the minimum gross proceeds of EUR 15 million. If the minimum gross proceeds of EUR 15 million are reached without guarantors, no New Ordinary Shares will be subscribed based on the Subscription Guarantees. Thus, the size of the Capital Raise cannot increase beyond the minimum gross proceeds of EUR 15 million through Subscription Guarantees. With EUR 15 million in gross proceeds (approximately EUR 12 million net proceeds), the Company expects that it is able to comply with its current financial covenants until the end of September 2024. If the Company conducts negotiations with the vendors of accounts payable and achieves a favourable outcome, and agrees on changes to the payment schedules, the Company would, with the EUR 15 million gross proceeds, be able to comply with its current financial covenants until the end of the year 2024. In a situation where the Capital Raise is completed but its targeted total amount is not reached, the Company's funding would not be sufficient to deliver on the Company's key milestones for the year 2024 in accordance with the current business plan and it would be required to adjust and reduce its operations and negotiate changes to its terms of payment or negotiate new amendments to its financial covenants and seek additional financing earlier than currently planned in order to fulfil its current financing. If the Company is unable to agree on changes in terms of payment or financial covenants or to obtain additional financing, it could be forced to apply for insolvency proceedings, and shareholders could lose their investment in the Company.

Certain Shareholders may not be able to participate in the UK Open Offer and/or other aspects of the Capital Raise

Overseas Shareholders may not be able to participate in the UK Open Offer. Please see paragraph 6 of Part 6 ("Terms and Conditions of the UK Open Offer") for more details. In addition, the Finnish Public Offering is restricted to shareholders who are resident in Finland and participation in the Institutional Offering is only open to institutional investors in the EEA and elsewhere in accordance with the terms and conditions of that offering. In order to participate in the REX Retail Offer, shareholders will need to have been set up appropriately with their broker or wealth manager. To the extent that shareholders are not able to participate in the Capital Raise, their ownership will be diluted accordingly.

The investment offered in this document may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser, who is authorised under FSMA and who specialises in investments of this kind before making a decision to invest.

To the extent that Qualifying DI Holders do not take up their entitlement to UK Open Offer Shares, their proportionate ownership and voting interest in the Company will be reduced. In addition, Qualifying DI Holders' proportionate ownership and voting will be further reduced pursuant to other aspects of the Capital Raise and to the extent UK Open Offer Shares are issued pursuant to the Excess Application Facility.

The risks above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

PART 3
BUSINESS OF THE COMPANY

Overview of the Company

Faron Pharmaceuticals Ltd is a clinical stage biopharmaceutical company focused on developing treatment of cancers via novel immunotherapies by pursuing to reprogram myeloid cells to create a more comprehensive immune activation against cancer than what is achieved with current treatments. The Company's Shares, as DIs representing entitlements to Shares, have been admitted to trading on AIM since 17 November 2015 and the Company's Shares have been admitted to trading on First North since 3 December 2019. The Company is headquartered in Turku, Finland, and has an office in Boston, Massachusetts in the United States.

The Company's main drug development program focuses on *bexmarilimab*, a novel anti-Clever-1 humanised antibody which is being investigated for the treatment of multiple cancers, with the potential to remove immunosuppression of cancers through reprogramming myeloid cell function. *Bexmarilimab* is being investigated in Phase I/II clinical trials (MATINS and BEXMAB, as described in more detail below) as a potential stand-alone therapy for patients with solid tumors and in combination with other standard treatments for patients with hematological cancers. The Company's main focus is to first develop *bexmarilimab* for the treatment of relapsed or refractory higher-risk myelodysplastic syndrome (or MDS), a deadly form of blood cancer, for which the only standard of care is a form of chemotherapy named hypomethylating agents (or HMA) with limited efficacy. The Company is currently running a Phase II clinical trial in this patient population. Success in this trial would enable the Company to obtain resources to broaden the development of *bexmarilimab* to various cancers allowing a broad market potential. The Company is also progressing plans to investigate *bexmarilimab* in combination with anti-PD-1 therapy in selected advanced solid tumors. In terms of other pipeline assets, Traumakine is an investigational intravenous interferon beta-1a therapy planned to be used for the prevention of complications that arise from cytokine release syndrome, or hyperinflammatory conditions. The Company commenced trials in ARDS indication with Traumakine in 2009.

The pharmaceutical market is global by its nature, but as the Company does not yet have approved drug products it has not yet entered any specific geographic markets. The Company's strategy is to maximise the potential of its pipeline of drug candidates and to progress the drug development programs. The Company collaborates with its strategic partners in research, manufacturing and drug development with a view to bringing new pharmaceutical products to market in a timely and cost-effective manner and has further formed an advisory team of scientists specialised in diseases arising from immunological receptors. The Company has established a cooperation network with leading laboratories and clinics around Europe and the United States, and major research collaboration is exercised with the University of Turku in Finland.[1]

The Company monitors and evaluates potential commercial opportunities for its drug candidates and its technologies and will consider how to maximise value for the Company's shareholders. These potential commercial opportunities may include both partial or full licensing of its products providing additional resources for pipeline expansion and making the Company less dependent on equity financing. Possible licensing may include holding rights in key strategic territories for as long as it is feasible or, in certain circumstances, up to the marketing authorisation stage. However, it is possible that the Company will license the commercial rights to a leading pharmaceutical company in the field being able to commercialise the drug candidate successfully. In the near future, the Company plans to discuss the next steps for *bexmarilimab* development with the FDA, such as feedback on design of a pivotal trial (Phase IIII in drug development, see the table below), and the Company is also aiming to advance partnership negotiations in respect of *bexmarilimab*. The Company aims to have dialogue with the FDA to refine the 2025 plans related to drug development during the second half of 2024. The Company will announce the progress of the process as the situation develops.

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[1] BEXMAB: https://clinicaltrials.gov/study/NCT05428969?term=bexmab&rank=1 and MATINS: https://clinicaltrials.gov/study/NCT03733990?term=matins&rank=.

Phases of drug development	Description
Basic research and drug development.....	Early research to discover potential drug candidates. The phase typically lasts 2-4 years.
Pre-clinical phase	A phase in which effects of a drug candidate are observed using cell models and animal tests.
Phase I.....	A phase in which safety of a drug candidate is being researched and to which a small number of volunteers usually participate in. In cancer research, the Phase I is started with patients. The purpose of this phase is to observe effects of a drug candidate in human, including how it is absorbed, metabolised and excreted by a human body. Also side effects caused by increasing dose levels are being examined during this phase. The phase typically lasts 1-2 years.
Phase II.....	A phase in which a small number of patients (typically 20-30) participate in. The most critical phase for drug development and commercialisation. The aim of this phase is to define a dose for a new drug, its safety and efficacy and the nature of possible side effects. The phase typically lasts 2-3 years.
Phase III.....	The last phase before a marketing approval is being applied. The aim is to determine the efficacy and safety of the drug with a significant number of patients (typically hundreds of patients). The phase typically lasts 2-3 years.
Marketing approval	Process leading to a marketing approval from regulatory authorities for the drug. The phase typically lasts 1 year.
Research and monitoring after marketing approval, Phase IV	The safety of the drug is being monitored throughout the life span of a drug. Data on use, efficacy and possible side effects are being collected until the drug is no longer sold on the market. Possible additional studies by the authorities.

Trend Information

The Company's Core Environment and Market

Faron's drug development activities focus on *bexmarilimab*, which is currently Phase II clinical BEXMAB-trial for patients with MDS for which the HMA treatment has failed. Blood cancers are the fifth most common cancer type globally – in practice this means that globally every 25 seconds someone gets a blood cancer diagnosis and that in total each year 1.3 million new blood cancers are diagnosed[2]. One in every 16 men and one in every 22 women will develop blood cancer in their lifetime.[3] With the

[2] Worldwide Cancer Research.
[3] Blood Cancer UK

current standard of care, around 30% of blood cancer patients are not alive five years after the diagnosis[4]. There are many different types of blood cancers. There is no solid tumor formation in blood cancers. Instead, cancer cells develop in the bone marrow and are released into the bloodstream. Of all blood cancers, MDS is one of the cancers leading earliest to the death of a patient[5]. Currently around 180,000 – 510,000 persons globally live with an MDS diagnosis[6]. The number of MDS patients is also increasing as the population ages. The disease causes significant costs to healthcare and affects the quality of the life of the patients and they suffer, among other things, from anaemia, infections, repeated hospitalisations and they require recurring blood transfusions. Around half of MDS patients have high-risk MDS and the other half have low-risk MDS, and approximately 30-40% of the low-risk MDS patients' MDS progress to high-risk MDS[7]. On average the life expectancy of high-risk MDS patients who do not respond to treatment is 5-6 months (median)[8], and only 10-15% of patients live more than 2 years from the diagnosis[9]. Only a few MDS-patients are eligible to receive a bone marrow transplant.[10]

For almost two decades the standard treatment for MDS patients has been the HMA treatment, i.e. azacytidine, which was a highly profitable drug before patent expiry.[11,12] The HMA treatment results in hematological improvements in 25–50% of patients with frontline, high risk MDS and complete response in 10–20% with a better survival rate compared to supportive care. Although these results have been an important advance, they have remained static for two decades, and approximately 50% of patients do not respond to treatment and most responders (80%)[13] have disease progression within 1–2 years despite the treatment.[14,14] The life expectancy after failure of HMA treatment is generally poor, and there is no standard salvage treatment. Despite significant international efforts for nearly two decades to improve azacytidine treatment of MDS (leading HMA drug), there has still not been any success in randomised trials leading to results better than azacytidine and no approved treatment exists for MDS patients that have failed HMA treatment.[15,16] The options after failed HMA treatment are: trying another HMA treatment, chemotherapy, an IDH inhibitor, or participating in a clinical trial. *Bexmarilimab* represents a novel treatment option that focuses especially on overcoming resistance to HMA through the reprogramming of blasts and myeloid cells. *Bexmarilimab* antibody impacts the cells by binding to Clever-1 receptors present on the surfaces of the cells and also through weakening the energy production of these cells.

Due to promising clinical results, from Phase I of the BEXMAB trial (as announced by Faron on 18 March 2024, Faron has since the end of financial year 2023, focused its clinical development efforts on Phase II of the BEXMAB trial (as further described below) where *bexmarilimab* is administered to patients with a HMA -failed or -relapsed MDS. This has resulted in more targeted use of resources and related costs. However, the savings from more targeted operations have been, to some extent, counterweighted by the costs of more advanced clinical trials. In addition the development of the production process and the pre-commercial stage production of *bexmarilimab* has continued and the preparations of placing *bexmarilimab* on the market require continuous investments in both the production process and clinical pre-development. With further Phase II data and validation of the early encouraging data, the Company believes that the additional resources required at a later stage can be obtained through partnering with or attracting specialist investors that have the capability to finance the placement of *bexmarilimab* on the market. Obtaining these additional resources would allow the Company to expand the development program of *bexmarilimab* to a number of different cancer types

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4 Leukemia & Lymphoma Society.
5 Zeidan et al 2019 .
6 Rollison et al. 2008 Epidemiology of myelodysplastic syndromes and chronic myeloproliferative disorders in the United States, 2001-2004, using data from the NAACCR and SEER programs; Bejar & Steensma 2014 Recent developments in myelodysplastic syndromes.
7 Jain et al. 2024 Patterns of lower risk myelodysplastic syndrome progression: factors predicting progression to high-risk myelodysplastic syndrome and acute myeloid leukemia.
8 Prébet, et al. 2011 Outcome of high-risk myelodysplastic syndrome after azacitidine treatment failure.
9 Prébet, et al. 2011 Outcome of high-risk myelodysplastic syndrome after azacitidine treatment failure.
10 Awada et al. 2023 What's Next after Hypomethylating Agents Failure in Myeloid Neoplasms? A Rational Approach.
11 Santini et al. 2019.
12 Evaluate Pharma 2024, Summary: Worldwide Sales.
13 Awada et al. 2023 What's Next after Hypomethylating Agents Failure in Myeloid Neoplasms? A Rational Approach.
14 Fenaux et al. 2021.
15 Bewersdorf, Carraway & Prebet 2020.
16 Santini et al. 2019.

and new market opportunities.

The statements set forth above include forward-looking statements and are not guarantees of Faron's financial development in the future. Faron's actual result of operations and financial position could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, those described in "Risk Factors" and "Forward Looking Statements". Undue reliance should not be placed on these forward-looking statements.

Key Market Drivers and Developments

The global burden of cancer is growing: over 35 million new cancer cases are predicted in 2050, a 77 per cent increase from the estimated 20 million cases in 2022. The rapidly growing global cancer burden reflects both population ageing and growth, as well as changes to people's exposure to risk factors, several of which are associated with socioeconomic development.[17] Tobacco, alcohol, and obesity are key factors behind the increasing incidence of cancer, with air pollution still a key driver of environmental risk factors.[18] The increase in the cancer burden is accompanied by continued growth in medicine spending, driven by more patients getting treated with novel medicines with better clinical outcomes.[19]

The global cancer drug therapeutics market size is estimated at USD 217 billion in 2024 and is expected to reach USD 321 billion by 2028, growing at a compound annual growth rate (or CAGR) of approximately 10 per cent between 2024-2028.[20] The factors driving the market's growth include the rising prevalence of cancer worldwide due to ageing, increasing treatment rates through patient assistance programs and patient proactiveness, government initiatives for cancer awareness, vital R&D initiatives from key players, and the increasing demand for personalised medicine.[21,22] According to the Management of the Company, the average costs of immune-oncology cancer therapy are approximately EUR 100,000 per patient per year. The cancer therapeutics market growth is largely driven by immune checkpoint inhibitors,[23] currently reaching well over USD 40 billion in sales.[24] The first approved anti-PD-1 checkpoint inhibitor Keytruda is projected to be the world's top-selling drug in 2028, reaching sales of over USD 30 billion.[25,26] While the arrival of checkpoint inhibitors has been one of the most exciting breakthroughs in cancer treatment, their low response rate in most tumor types continues to hinder their clinical application.[27] The checkpoint inhibitor refractory cancer treatment market's estimated value in 2033 is USD 112 billion[28] and represents part of the target market for the Company's anti-Clever-1 drug candidate, *bexmarilimab*. Constraints to the growth include clinical trial failures and patent expiry.

Emerging biopharmaceutical companies are driving innovation. Biotechnology companies, defined as those with less than USD 500 million in annual sales and R&D spending less than USD 200 million per year, are responsible for 71 per cent of treatments currently under development for cancers, an increase from 51 per cent in 2017.[29] Respectively, large pharmaceutical companies, i.e. those with greater than USD 10 billion in annual sales, have seen a declining share of the oncology pipeline since 2017.[30] The market dynamic is primarily that the smaller innovative companies make new discoveries and do early-stage development, which are licensed or purchased by the larger commercial pharmaceutical companies at the later stage of the development. This way larger pharmaceutical companies have access to new products.

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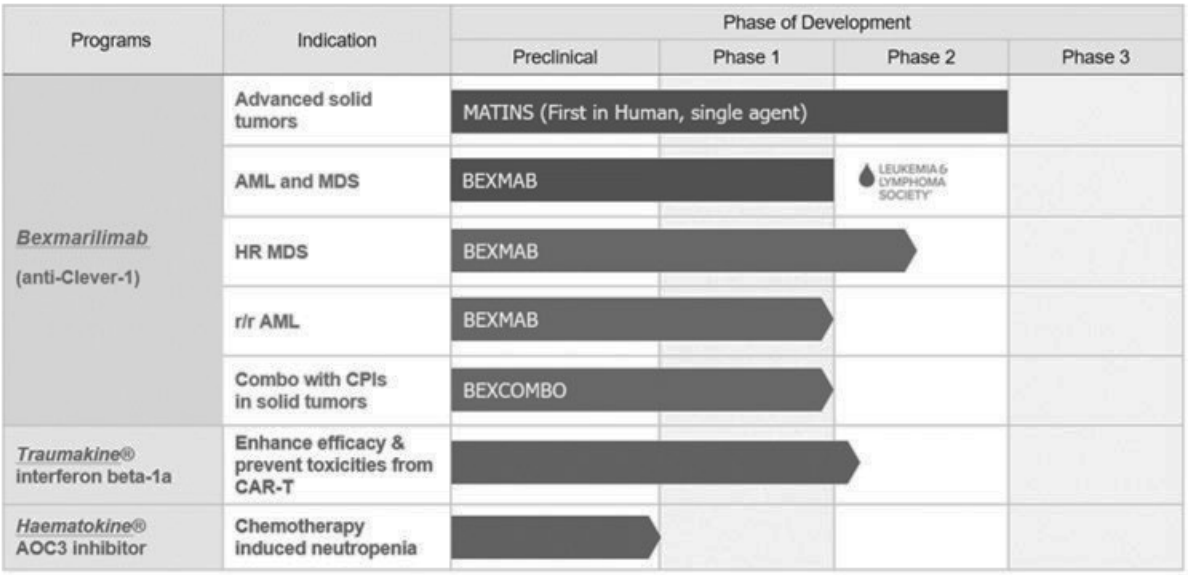
17 WHO 2024, Global cancer burden growing, amidst mounting need for services.
18 WHO 2024, Global cancer burden growing, amidst mounting need for services.
19 IQVIA The Global Use of Medicines 2024 – Outlook through 2028. Press Release.
20 Evaluate Pharma 2024, Sales by Indication.
21 WHO 2024, Global cancer burden growing, amidst mounting need for services.
22 IQVIA, Global Oncology Trends 2023.
23 Dhasmana et al. 2023.
24 Evaluate Ltd. 2024. Long-term Outlook 2023–2028.
25 Alexander 2016
26 Evaluate Pharma WORLD PREVIEW 2022. Outlook to 2028: Patents and Pricing
27 He & Xu 2020.
28 Future Market Insights Report - Checkpoint Inhibitor Refractory Cancer Market Snapshot (2023 to 2033).
29 IQVIA, Global Trends in R&D 2023.
30 IQVIA, Global Oncology Trends 2023.

The Company's Business Operations

Pipeline



A summary of the Company's drug development programs, their indications and phases at the end of 2023.

The Company focuses on developing *bexmarilimab*, a humanised monoclonal antibody that binds to Clever-1, an immunosuppressive receptor found on macrophages leading to cancer tumor growth and metastases, and a novel target for checkpoint inhibitor drug development. Macrophages and monocytes in blood stream (will transfer into macrophages after entering the tissue) are immune system's defence cells, and one of their main tasks is to present cancer to the immune system. Many malignant cancers utilise these cells by programming them to transfer into immunosuppressive cells. This will give a possibility to cancer cells to hide from the immune system and to alter the tumor's microenvironment to support tumor growth. If *bexmarilimab* binds on the surface of a macrophage, the macrophage will instead strengthen the immune defence.

Due to promising results from Phase I of the BEXMAB trial (as announced by Faron on 18 March 2024) Faron has focused its clinical development efforts solely on Phase II of the BEXMAB Trial. Faron aims to manage its spend on clinical trials, mainly through recruitment costs and general administrative costs. Costs of clinical trials depends on the locations where the clinical trials take place as well as the number of patients enrolled to each clinical trial. Faron's financial situation can be adjusted by increasing or decreasing patient enrolment and clinical trial costs. Much of the Company's yearly spend is also tied to CMC costs related to the drug candidate bexmarilimab. The GMP-status of any drug batch produced will at all times be secured, but the timing of CMC activity spending may be adjusted.

The Company's investigational intravenous interferon beta-1a therapy, Traumakine, is currently being developed in collaboration with the Fred Hutchinson Cancer Center in Seattle, Washington, United States, for the development of neurotoxicity related to cytokine release syndrome associated with CAR-T therapy.[31]

The Company's investigational AOC3 inhibitor, Haematokine, targeting VAP-1, a target discovered by the Company's scientific founders, is undergoing IND-enabling studies. The invention was granted its first patent in Finland in February 2024.[32]

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[31] Poster at American Society of Hematology conference in December 2023. (Link: https://ash.confex.com/ash/2023/webprogram/Paper173152.html).

[32] Finnish patent no 130749. https://patenttitietopalvelu.prh.fi/fi/patent/20205073/.

Bexmarilimab

Bexmarilimab is the Company's wholly owned, precision immunotherapy, currently in study phase, which attempts to activate the immune system of a patient. It is dosed to the patient intravenously in a hospital, and the blood stream of the patient circulates the drug into other parts of the body. To date, the drug has been dosed to over 250 patients without any safety challenges.

Tumor-associated macrophages (or TAM) are considered a key source of resistance to current standards of care. *Bexmarilimab* is a novel humanised anti-Clever-1 antibody, that targets a subpopulation of TAMs, and converts the highly immunosuppressive TAMs to immune activators. And as *the* TAMs already are located within the tumor, the tumor's microenvironment will change through *bexmarilimab* treatment, as the immune defence activates against cancer cells. By targeting and inhibiting Clever-1 *bexmarilimab* stimulates TAMs to activate tumor killing of CD8+ T-cells which will start killing the tumor cells. Simultaneously the formation of new colonies of B cells starts. *Bexmarilimab* works by reprogramming TAMs from antigen hiding to antigen presenting and immune cell activating macrophages. Macrophages detect, engulf and digest engulfed pathogens and unwanted self-matter such as cancer, and present the remaining antigens, i.e. digested products, to the immune system.[33] When recruited to a tumor environment they adopt a 'healing' rather than 'defensive' role that does not present antigens, but hides them, dampens immune responses and favors tumor growth.[34, 35] Macrophages that elicit these pro-tumor effects do so in response to anti-inflammatory signals and are referred to as alternatively activated M2 macrophages. Conversely, classically activated pro-inflammatory M1 macrophages respond to pathogens and unwanted self-matter (cancer) and boost immune activation not only against viruses and bacteria, but also against cancer cells. Clever-1 has been proven to be a profound immune switch in turning IL-4 and IL-10 secreting M2 macrophages into IFNγ and TNFα secreting M1 macrophages.[36] *Bexmarilimab* targets Clever-1-positive TAMs and re-differentiates them away from a pro-tumoral (M2) state to an anti-tumoral (M1) state.[37]

Clever-1 is also highly expressed by malignant myeloid leukemia cells which the disease has transformed from normal blood cells into malignant cells on their surface, i.e. blasts, in various hematological malignancies that originate from myeloid cells, such as acute myeloid leukemia (AML), MDS and chronic monomyelocytic leukemia. It has been observed that in these hematological malignancies, *bexmarilimab* enters the bone marrow and activates the immune system while simultaneously reducing the viability of leukemic blasts through impairing the energy production of these blasts. This sensitises cancer cell to drugs used for treating these cancers, like the HMA, which can then destroy the cells that are weakened by bexmarilimab.

Clinical development of bexmarilimab

MATINS was a Phase I/II clinical trial (clinical trial ID: NCT03733990) which began in 2018 and studied the safety, tolerability, and early efficacy of *bexmarilimab* in patients with selected advanced or metastatic solid tumors. The trial lasted until 2023 and the clinical results were published during the years of the trial. MATINS was the first clinical study with *bexmarilimab*. The basket trial approach of MATINS enabled the Company to identify responding tumor types and biomarkers related to the response. The patients that responded favourably to *bexmarilimab* had low baseline systemic inflammatory cytokine levels and higher numbers of intratumoral Clever-1 positive macrophages. From pre- and post-*bexmarilimab*-treatment biopsy samples it was shown that the response coincided with intratumoral macrophage conversion and induction of adaptive immune responses indicating that *bexmarilimab* could possibly overcome resistance to market leading checkpoint inhibitors. This led to the planning of the BEXCOMBO trial. The Phase II BEXCOMBO trial will study *bexmarilimab* with PD-1 blockade in head and neck, bladder, and non-small cell lung cancers. This combination treatment aims to increase the number of patients responding to PD-1 inhibitor treatment by inducing an immune response needed for PD-1 inhibitors to work.

BEXMAB is a Phase I/II clinical trial (clinical trial ID: NCT05428969) started in 2022 that runs in the

[33] Hirayama, Iida & Nakase 2017.
[34] Gonzalez, Hagerling & Werb 2018.
[35] Kim & Cho 2022.
[36] Mantovani & Bonecchi 2019.
[37] Hollmen et al. 2022.

United States and Finland and studies *bexmarilimab* in combination with standard of care in patients with HMAs- failed or -relapsed MDS, an aggressive myeloid leukemia, both of which have very few treatment options. Phase II of the BEXMAB trial is underway following positive results from Phase I which showed a significant overall response in both high-risk frontline diseases, as well as HMA-failed MDS patients. In May 2024, the Company announced additional preliminary results, in accordance with which 79 % of the patients treated with a combination of *bexmarilimab* and azacytidine, showed response to the treatment (11 patients out of 14 patients). The Phase I MDS' patients with prior HMA failure,estimated median overall survival time is approximately 13 months on the date of the announcement, compared to the historical life expectancy of 5-6 months.[38] Two patients had been successfully moved on to receive bone marrow transplantation. The ongoing, randomised Phase II part of the trial is enrolling HMA-failed MDS patients at two parallel dose levels selected in accordance with the FDA's Project Optimus initiative. Project Optimus aims to reform the paradigm of dose optimisation and selection in oncology drug development. Patients are being randomised 1:1 between the doses before moving into a Phase II/III trial expansion.

Commercial opportunities of bexmarilimab

The level of unmet need for therapies in HR MDS is vast. Therapies can mitigate symptoms and prolong survival especially in patient groups that are difficult to treat. No approved therapy exists for MDS once HMAs fail, aside from the IDH1-mutation targeted drug, ivosidenib, which highlights the substantial unmet medical therapies in this area.[39] The mutation in question only occurs in 3 per cent of MDS-patients.[40] Responses to HMAs are usually short-lived and the majority of patients relapse or are refractory to HMAs. This need for new therapies in addition to HMAs has been evident for a number of years and thus far the late-stage pipeline has barely addressed this need.[41]

As the overall burden of cancer increases with the aging population, so does the number of patients with HR MDS.[42] The overall MDS market, including low-, mid- and high-risk patients, was estimated at USD 1.4 billion in 2023, with a forecast CAGR of approximately 26 per cent and is expected to reach USD 4.5 billion in 2028.[43] North America dominates the global MDS treatment market with increasing disease prevalence, early adoption of novel treatments, high novel development R&D investments, and the presence of sophisticated healthcare infrastructure.[44,45] In the US alone, approximately 20,000 new cases of MDS are reported every year, making MDS one of the most common blood cancers. The prevalence of MDS is harder to assess partly due to high mortality, but at the moment it is estimated that there are 60,000 – 170,000 MDS patients in the US.[46] *Bexmarilimab* aims to become the first novel treatment approved in 20 years, which is suitable for a wide range of MDS-patients. As a new effective treatment on this field and due to limited competition, *bexmarilimab*, is expected to gain a significant share of the MDS market. In order to commercialise *bexmarilimab*, the most likely scenario is that the Company will license the commercial rights to a leading company in the field, in which case the Company's income would consist of sales royalties and various milestone payments depending on the success of the product.

The completion of Phase II and readiness for Phase III have historically increased the value of biotechnology companies significantly; the mean value of company acquisitions completed between the years 2005-2020 increased from USD 354 million in Phase I to USD 683 million in Phase II and USD 1,761 million in Phase III[47]. Since the Company aims for a global partnership agreement by the end of 2024 in order to finance Phase III and commercialise *bexmarilimab*, it is in the best interest of the Company to increase the company value before the agreement. The Company believes that it is in a

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38 Prébet, et al. 2011, Outcome of high-risk myelodysplastic syndrome after azacitidine treatment failure.

39 U.S. Food and Drug Administration. (2023, October 24): "FDA approves ivosidenib for myelodysplastic syndromes". https://www.fda.gov/drugs/resources-information-approved-drugs/fda-approves-ivosidenib-myelodysplastic-syndromes.

40 Sallman et al. 2022, Ivosidenib in patients with IDH1-mutant relapsed/refractory myelodysplastic syndrome (R/R MDS): Updated enrollment and results of a phase 1 dose-escalation and expansion substudy.

41 Rodriguez-Sevilla et al. 2023.

42 Zeidan et al. 2019.

43 Evaluate Pharma 2024, Sales by Indication.

44 Zeidan et al. 2019.

45 Evaluate Pharma 2024, Sales by Indication.

46 LLS webpage, https://www.lls.org/research/myelodysplastic-syndrome-mds-research-funded-lls.

47 Michaeli et al 2022.

better position to enter into a partnership, the better the Company is financed.

Competition

Bexmarilimab is a market leading macrophage checkpoint inhibitor drug candidate. In the space of HMA-failed MDS, *bexmarilimab* has limited competition, as there are only a small number of competing drugs trialled for this specific indication. The Company believes *bexmarilimab* to be the only novel drug candidate in Phase II development for HMA-failed MDS, as other candidates are mutation specific or existing AML drugs.[48] The development of these AML drugs in the MDS indication is currently only taking place in researcher-initiated trials, meaning that companies are not actively pursuing this indication for their drug.[49]

The competition in the HR MDS market is limited. The most advanced treatment in development for frontline HR MDS is the combination of azacytidine with venetoclax, which is in a Phase III study. This treatment combination comes with a high rate of serious adverse events, which contribute to increasing the need for new well-tolerated treatment options. Assets targeting the CD47-SIRPα -axis have also faced toxicity issues along the way and have mostly moved past myeloid malignancies. In addition to second-generation standard-of-care agents, there are a number of mutation-driven assets in late-stage pipeline, which only serve a subgroup of patients with a specific mutation.[50] In contrast, *bexmarilimab* has the potential to treat all subgroup mutations, and *bexmarilimab* can possibly be combined with a large number of both targeted therapies and standard-of-care treatments, thus serving a larger group of patients. The Company believes that *bexmarilimab* is the first anti-Clever-1 antibody in its class tested in clinical trials, which has a highly differentiated biology compared to other agents being developed for MDS and AML.

Key Strengths

The Company believes that its key strengths are, in particular, the following factors:

Strong preliminary Phase I and II data with novel investigational treatment

The BEXMAB Phase I results have already indicated a high ORR of 87.5% (7 patients out of 8) amongst HMA-failed MDS patients treated with a combination of *bexmarilimab* and azacitidine, as announced by the Company on 18 March 2024. There are now a total of 14 HMA-failed MDS patients treated in both Phase I & II with this novel combination. On 20 May 2024, the Company reported an ORR of 79% (11 patients out of 14) in this population. The treatment has been well tolerated, without any dose-limiting toxicity. The current true remission rate is 64% (9 patients out of 14). Similar size patient cohorts treated with existing alternatives have reported 0-20% ORR, without deep and durable remissions. The median estimated overall survival time in Phase I patients of BEXMAB has also increased to 13.4 months, compared to a historical reference of 5-6 months.[51] This median may still change as the study progresses.

Large addressable market of cancers that are difficult to treat, with focus on MDS unresponsive to treatment

The MDS market represents a large and growing indication with projected sales of USD 4.5 billion in 2028.[52] Among the different blood cancer types, MDS is one of the earliest fatal cancers,[53] for which there is no approved treatment[54,55]: 50% of patients will not respond to HMA treatment and of the 50% who respond, 80%[56] will relapse within 1-2 years.[57] If drug development is successful, the Company

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48 Citeline Pharmaprojects 2024.
49 ClinicalTrials.gov, National Library of Medicine (US).
50 Citeline Pharmaprojects 2024.
51 Prébet, et al. 2011, Outcome of high-risk myelodysplastic syndrome after azacitidine treatment failure.
52 Evaluate Pharma 2024, Sales by indication.
53 Surveillance, Epidemiology and End Results (SEER) 2022.
54 Bewersdorf, Carraway & Prebet 2020.
55 Santini et al. 2019.
56 Awada et al. 2023, What's Next after Hypomethylating Agents Failure in Myeloid Neoplasms? A Rational Approach.
57 Fenaux et al. 2021.

expects *bexmarilimab* to take a large share of the addressable market, as a new potentially effective treatment. *Bexmarilimab* has also been preliminarily tested in the MATINS study, which focused on solid, non-operable tumours, which showed that the drug candidate is safe and well tolerated, with promising efficacy results. The Company is advancing plans to study the use of *bexmarilimab* in combination with anti-PD-1 therapy in selected advanced solid tumors.

The Company aims to reach key milestones by the end of Q1 2025

If the Company succeeds in raising the funds sought through the Capital Raise, the Company is aiming to complete the BEXMAB Phase II trial patient recruitment, announce interim and final results and to obtain regulatory feedback from the FDA regarding required actions for regulatory approval in the U.S in order to be ready to move to Phase III.

Potential for future value creation with strong patent protection and committed management

More than 250 patients have already been treated with *bexmarilimab* without any safety challenges. The Company is aiming to enter into a global partnership agreement by the end of 2024 to commercialise *bexmarilimab* and fund Phase III of the clinical trial. The Company's business is based on a foundation of nearly 20 years of pioneering academic research and drug development at Faron with highly experienced scientists, clinical experts and a management team. *Bexmarilimab* also has extensive and long-term patent protection to support its development, where, for example, patents protecting the drug candidate are valid until 2037.

Cash flows, R&D Expenses and Losses and Investments

The Company operates on a loss and its future economic success will be dependent on progression and completion of the clinical development programs and successful commercialisation of its current drug development pipeline portfolio. Net cash flow in each of the years ended 31 December 2023 and 31 December 2022 was essentially flat. Net cash used in operating activities in 2023 was EUR 23.8 million compared to 2022 of EUR 23.0 million. Net cash flow from financing activities in 2023 was EUR 24.0 million compared to 2022 of EUR 23.5 million.

R&D costs were EUR 19.5 million in 2023 compared to EUR 20.7 million in 2022, a decrease of EUR 1.2 million. These costs are attributable to advancing the Company's clinical programs including completion of BEXMAB Phase I and the initiation of Phase II. Clinical trial costs include the costs of patient care and hospital fees, Contract Research Organisation ("**CRO**") service costs including monitoring fees, researcher fees, and compensation and benefits for personnel directly responsible for R&D activities, and product supply costs of the developed drugs. The costs of outsourced clinical trial services included in the total R&D costs were EUR 4.0 million in 2023 compared to EUR 5.1 million in 2022. Costs for R&D related personnel were EUR 3.2 million in 2023 and EUR 5.2 million in 2022 and included share-based compensation expense of EUR 0.7 million and EUR 0.3 million in 2023 and 2022, respectively.

The loss for the financial period 2023 was EUR 30.9 million compared to EUR 28.7 million in 2022, which represents a loss of EUR 0.48 per share and EUR 0.52 per share in 2023 and 2022, respectively.

During the period from 1 January 2024 to the date of this document the Company has continued its inputs to R&D activities under clinical development programs according to plan and obtained new short-term debt and equity financing to carry on these activities. Other than described above, the Company has not made any material investments during the period from 1 January 2024 to the date of this document which would be in progress and no firm commitments have been made for such investments.

Intellectual Property Rights

The Company's intellectual property portfolio consists of a combination of patents, patent applications, trademarks and trade secrets in relation to its drug candidates and target molecules. The Company continuously works to optimise its intellectual property portfolio to secure its development projects in the best possible way. Patents are applied for worldwide and in the most important markets for the pharmaceutical industry. The Company also actively monitors new patent and trademark applications filed by other companies and other stakeholders with the aim to observe possible infringements of its

intellectual property rights early and to be aware of the most recent developments in the field. The Company's intellectual property rights, business mortgages and bank accounts are pledged as security for obligations under the IPF's Facilities Agreement.

The Company uses the services of a patent agent, Berggren Oy, to make patent and trademark applications on its behalf and ensure that the Company's current patents and trademarks are adequately maintained.

Patents and trade secrets

The Company's core intellectual property portfolio comprises 23 active patent families. These patents and patent applications cover certain methods associated with the Company's technology, composition of matter patents which protect the Company's drug candidates, as well as biomarkers, diagnostic methods and uses.

Patents and patent applications related to *bexmarilimab* protect the humanised antibody and composition of matter, macrophage activation, patient selection, formulation and use, as well as treatment and related biomarkers that can be used to guide patient selection and treatment. For the most important patents the geographical scope of protection is wide, covering the EU, the United States, Canada, China, Japan, Australia, Eurasia, Hong Kong Special Administrative Region of the People's Republic of China, Korea, Brazil, Mexico, South Africa and India. The current set of valid patents provide protection for the drug candidate until 2037 and supporting patents (including pending applications) currently up to 2042. The Company actively endeavours to extend the scope of protection with additional inventions.

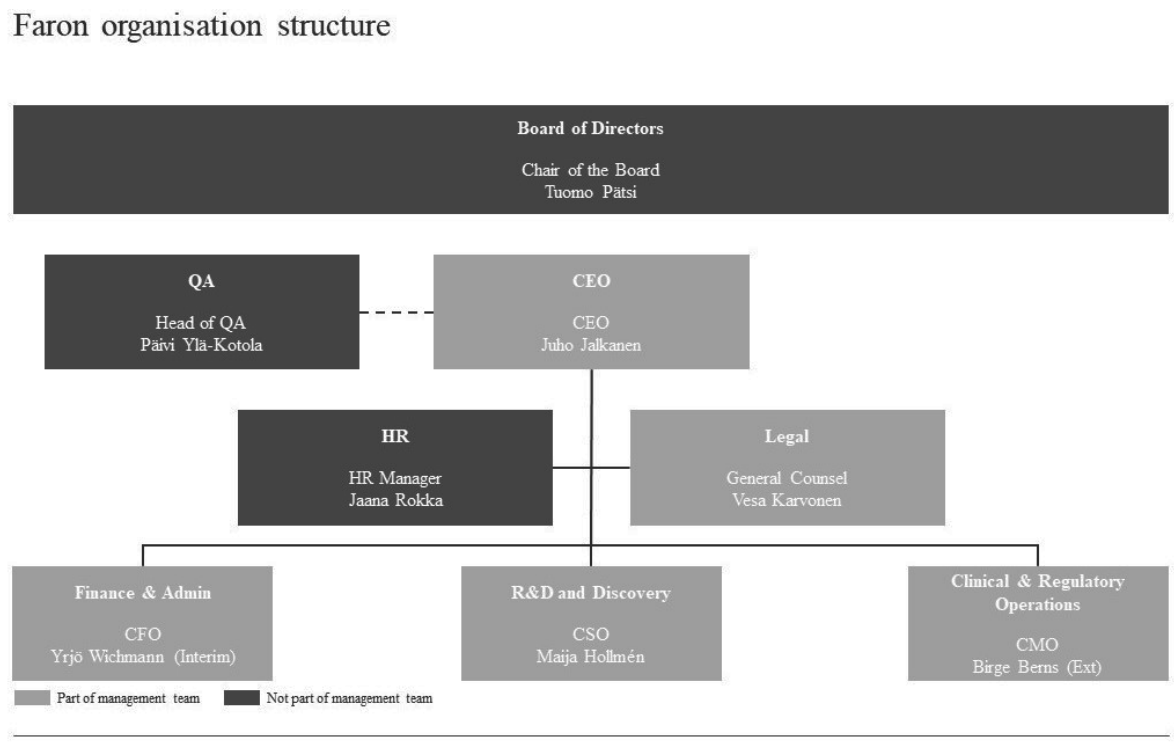
Valid Traumakine-related patents and patent applications protect the lyophilised formulation of the interferon drug product for intravenous use and patient selection for interferon treatment based on a single nucleotide polymorphism as well as biomarkers for ARDS diagnostics. The patented inventions are protected in the main pharmaceutical markets, being the EU, USA, Japan, China, Hong Kong Special Administrative Region of the People's Republic of China and Australia.

In addition to patents, trade secrets form an important part of the Company's strategy to enhance and protect its technological advantage within the pharmaceutical industry. The Company intends to maintain the critical features of its technology as trade secrets meaning the Company's patent portfolio alone is insufficient for the purpose of a competitor using the portfolio as a basis for reconstructing the Company's drug candidates and development pipeline.

Trademarks and domains

The Company has actively proceeded with protecting the contemplated future tradenames for its drug candidates to have such names reserved and protected in case of successful clinical development. The Company has two name candidates for both *bexmarilimab* and Traumakine for all of which protection has been applied worldwide. Simultaneously when protecting the planned tradenames, the most relevant domains have been reserved.

Organisation and Personnel



High-level organisation structure of the Company.

The Company's headcount at the end of the year 2023 was 34 (2022: 40). The Company's staff consists of experienced specialists in biomedical research and development, pharmaceutical development, and finance and administration. Most of the Company's staff have an academic degree (Bachelor of Science, Master of Philosophy, Doctor of Philosophy) in a field closely related to the Company's core operations and/or business management. Three (3) of the Management Team members are highly competent in biopharma, a majority of them holding Doctor of Philosophy degrees in medical biochemistry, pharmacology and organic chemistry or chemical biology, respectively. Two of them are also specialist medical doctors. The Company's organisation structure is lean, and the roles of each department and staff are clearly defined.

Material Agreements

The Company collaborates with its strategic partners in research, manufacturing and drug candidate development with the aim of bringing new pharmaceutical products to the market in a timely and cost-effective manner. The Company outsources the manufacturing of its drug candidates to third parties and collaborates with CRO**s** to carry out the clinical development programmes.

Placing Agreement

On 3 June 2024, Faron, Carnegie Investment Bank AB (publ), Finland Branch and Peel Hunt have entered into a placing agreement, which sets out Carnegie's and Peel Hunt's duties within the Capital Raise.

Manufacturing

On 25 November 2019, the Company entered into one of its most important agreements, namely, the Development and Manufacturing Agreement with a global contract development and manufacturing organisation, AGC. The arrangement covers optimisation and development of production processes and production of the drug substance of the Company's drug candidates, *bexmarilimab* and Traumakine, at AGC's production site in Copenhagen, Denmark. At the end of 2019 the parties entered into the

master agreement, and in spring 2020 the parties agreed on production of the first 500 litre bioreactor batch of *bexmarilimab* to be manufactured under requirements for good manufacturing practise (or GMP). In spring 2022 parties agreed on the first 2000 litre GMP bioreactor batch production of *bexmarilimab* and related development work. As at the date of this document the first 2000 litre batch has been produced. From the *bexmarilimab* drug substance produced by AGC, aseptically filled *bexmarilimab* vials to be used in clinical trials are being manufactured by Patheon Italia S.p.A.

In autumn 2020, the Company and AGC agreed on development of the production process also for Traumakine i.e. interferon beta-1a. Since then, a master cell bank for Traumakine has been created, and the development of upstream and downstream processes has been started, but active development is halted as at the date of this document, because the resources have been focused on the development of *bexmarilimab*.

The earlier development of *bexmarilimab* from a scientific finding to human use drug candidate was made by Abzena (Cambridge) Limited located in the United Kingdom, who created the first humanised anti-Clever antibody. Pre-clinical development was finished in 2016. Abzena (San Diego) Inc, an affiliate located in the United States, developed the master cell bank for *bexmarilimab* and produced the first GMP batches of the drug substance in 2017. The first animal tests with *bexmarilimab* were done during the same year. Selexis SA had developed a high-expressing and stable clonal cell line utilising Selexis SA's SUREtechnology Platform™ and SURE CHO-M CellLine™ for the cell bank. Under the development agreement entered into with Selexis SA, the Company has contingent contractual liability to pay milestone payments, of which three are still outstanding – first related to application of the BLA, second to the approval of the first marketing approval and third to sales. Milestone payments vary between 200,000 and 2,000,000 Swiss Francs. The Company has also agreed to pay royalties to Abzena based on the net sales of the final product the payment being 0.5-1.0 % of the net sales depending on the volume of sales.

Clinical development

The Company utilises various vendors in its clinical development and for running its clinical trials. The Company has engaged two CROs to manage the clinical trials sponsored by the Company, and multiple vendors provide various services for the trial, such as central laboratory services. The trials are conducted in hospitals and clinics in the EU and the United States, with which the Company has written clinical trial agreements in place.

Funding arrangements

Loans and Warrant agreements with IPF

The Company has received debt financing from IPF pursuant to the terms of the IPF Facilities Agreement entered into on 28 February 2022. The IPF Facilities Agreement contains the Tranche A facility. The Company is obliged to repay the loans raised under Tranche A on a quarterly basis in accordance with the repayment schedule agreed in the IPF Facilities Agreement. The outstanding loans drawn under Tranche A are due for repayment in full by 30 June 2027 if the loans have not otherwise been repaid to IPF prior to the said date in accordance with the terms of the IPF Facilities Agreement. Other facilities under the Facilities Agreement are no longer available for the Company. The Company has granted Warrants to IPF as a part of the Facilities Agreement, based on the terms of the Warrantholder Agreement. The said Warrants are special rights entitling to shares of the Company as referred to in Chapter 10 of the Companies Act.

Tranche A of EUR 10 million was drawn down upon signing the agreements in 2022. The Company pays interest in cash on drawn amounts of the above facilities plus a pay-in-kind interest ("**PIK**") for drawn amounts in Tranche A. The rate of interest paid in cash on the loans drawn under the Tranche A was 9 per cent plus Euribor until 18 November 2022 and thereafter 7 per cent plus Euribor. The PIK margin for the Tranche A was 2.25 per cent until 18 November 2022 and thereafter 4.25 per cent. In addition, the Company has paid a structuring fee of the committed facility on the utilisation date of the Tranche A. Tranche A has been measured at amortised cost using the effective interest method. The carrying amount of the Tranche A was EUR 9.4 million at the end of 2023. With respect to the availability of additional funding from IPF, the respective term allowing the Company to draw on the other tranches has expired. The Company does not anticipate, at this time, having the ability to draw further funding

from IPF. The interest on the Tranche A facility amounted to EUR 1,874 thousand during 2023. As of 31 May 2024, the outstanding principal and interest of the Company's loans under the Facilities Agreement was EUR 9.0 million.

The Facilities Agreement contains financial covenants and other undertakings that the Company has to comply with. Non-compliance with such terms may lead to an event of default under the Facilities Agreement entitling IPF to demand immediate repayment of any outstanding loans, block the use of the bank accounts of the Company that have been pledged as collateral for the Facilities Agreement and to take any other enforcement action agreed in the Facilities Agreement. The financial covenants included in the Facilities Agreement are minimum cash covenant and gross gearing covenant. The covenants measure the gearing ratio and cash runway. The financial covenants are to certain extent dependent on external events, as they are linked to market capitalisation (i.e., the value of the Company calculated on the basis of the last available closing price of the shares in circulation on First North). For example, the gross gearing covenant (which may not exceed 25 per cent at any time) is calculated as the ratio of borrowings to market capitalisation and when determining the “borrowings”, the aggregate principal amount of the financial indebtedness of the group will be taken into account save for any financial indebtedness owed by a member of the group to another member of the group or R&D loans to Business Finland. The level of the minimum cash covenant is linked to the level of the gross gearing covenant so that it is determined on the basis of the gross gearing being either the three-month or six-month cash burn rate, historically or on forward looking basis.

The Company’s intellectual property rights, business mortgage notes and bank accounts have been pledged to IPF. If the Company fails to comply with the terms of the Facilities Agreement in a manner that will constitute an event of default under the terms of the Facilities Agreement, this will entitle the lender to, amongst other things, demand immediate repayment of any outstanding loans, block the use of the Company’s bank accounts and to take any other agreed enforcement action under the Facilities Agreement, such as sell the collateral and take a claim on the purchase price of the collateral. As was announced on 19 February 2024, the Company was in breach of several undertakings agreed in the Facilities Agreement, including the minimum cash covenant, as a result of which, IPF froze the bank accounts of the Company which were pledged to IPF. The Company and IPF entered into the Waiver and on 8 March 2024 the Company gained funds of EUR 3.2 million in convertible Capital Loans, which enabled the Company to continue its business and active endeavours to secure additional funding. As was announced on 30 April 2024, the Company and IPF have agreed on an extension to the Waiver so that the minimum cash covenant would be lowered first to 6 million euros until 20 May 2024 and thereafter, subject to continued clinical success with the BEXMAB trial, decreased to 5.5 million euros on 21 May 2024 and to 4.5 million euros on 12 June 2024 until a minimum Offering of EUR 10 million has been completed by the Company and until 27 June 2024 at maximum. The extension of the Waiver has been agreed on in a separate letter regarding the extension of the Waiver on 8 May 2024. The Company has also already agreed in advance with IPF a deviation to the required level of the minimum cash covenant until the end of October 2024.

As part of the Facilities Agreement and in accordance with the terms of the Warrantholder Agreement, the Company has issued the 2022 Warrants at the 2022 Strike Price. Each 2022 Warrant entitles IPF the right to subscribe for one share per 2022 Warrant at the subscription price. The 2022 Warrants are exercisable for a period of seven years that commenced on 25 March 2022. The 2022 Warrants were issued in connection with the Company entering into the Facilities Agreement with IPF in 2022 for no consideration paid and have been treated as a separate financial instrument. The maximum total number of 2022 Warrants relating to the Tranche A reserved to IPF under the terms of the Warrantholder Agreement was 600,000 and to the date of this document, in total 319,944 2022 Warrants have been issued to IPF. The number of 2022 Warrants relating to the Tranche A will be adjusted in accordance with the anti-dilutive protection and adjustment mechanisms agreed in the Warrantholder Agreement.
As a part of the Waiver obtained from IPF on 3 March 2024, the Company issued to IPF 2024 Warrants 1 at the 2024 Strike Price 1. The number of the 2024 Warrants primarily issued to IPF is calculated by dividing EUR 1 million (i.e. 10% of the original loan amount of EUR 10 million under Tranche A) by the 2024 Strike Price 1, subject to certain adjustments in accordance with the terms of the Warrantholder Agreement. The 2024 Warrants are exercisable for shares for a period of seven years. The 2024 Warrants 1 were issued without consideration. Pursuant to the Warrantholder Agreement, tentatively 613,496 2024 Warrants were issued to IPF on 27 March 2024. Following the Company's directed share issue on 3 April 2024 at a price of EUR 1.50 per share, the price of the 2024 Warrants was reduced to

EUR 1.50 per 2024 Warrant 1 and an additional 53,570 2024 Warrants were granted to IPF in accordance with the terms of the 2024 Warrants 1 on 3 April 2024. The maximum total number of 2024 Warrants 1 that may be granted pursuant to the Warrantholder Agreement is 1,500,000. The number of 2024 Warrants 1 will be adjusted in accordance with the anti-dilutive protection agreed in the Warrantholder Agreement. The Board of Directors has, having received the needed authorisation by the Company's Annual General Meeting held on 5 April 2024, approved the terms and conditions of the remaining 832,934 2024 Warrants 1 that may be issued to IPF in accordance with the Warrantholder Agreement.

Further, as a part of the Waiver extension obtained from IPF on 8 May 2024, the Company issued to IPF the 2024 Warrants 2 at the 2024 Strike Price 2. The number of the 2024 Warrants 2 primarily issued to IPF is calculated by dividing EUR 500,000 (i.e. 5 per cent of the original loan amount of EUR 10 million under Tranche A) by the 2024 Strike Price 2, subject to certain adjustments in accordance with the terms of the Warrantholder Agreement. The 2024 Warrants 2 are exercisable for shares for a period of seven years from 17 May 2024. The 2024 Warrants 2 have been issued without consideration. Pursuant to the Warrantholder Agreement, IPF subscribed for 333,333 2024 Warrants 2 on 20 May 2024. The maximum total number of 2024 Warrants 2 that may be granted pursuant to the Warrantholder Agreement is 750,000. The number of 2024 Warrants 2 will be adjusted in accordance with the anti-dilutive protection agreed in the Warrantholder Agreement.

Pursuant to the terms of the Facilities Agreement and the Waiver, the Company has undertaken to pay to IPF certain fees upon termination of the Facilities Agreement and in the event the loan is repaid early before the actual maturity date specified in the Facilities Agreement. In addition, upon the agreement of the Waiver, the Company has undertaken to pay IPF a Waiver fee in the amount of EUR 500,000 payable in cash, which has already been paid in full to IPF and, upon the extension of the Waiver, a separate Waiver fee in the amount of EUR 250,000 payable in cash, which will be due on 27 June 2024. In addition, should the Company decide on an early repayment of the loan before the actual maturity date specified in the Facilities Agreement before three years have lapsed from the withdrawal of the loan, the Company shall pay compensation for the interests not received in accordance with the Facilities Agreement.

Capital loans

As was announced by the Company on 19 February 2024, the Company was in breach of several undertakings agreed in the Facilities Agreement with IPF, including the minimum cash covenant. The Company received EUR 3.2 million convertible capital loans from its existing shareholders (the "**Capital Loan Lenders**") (the "**Capital Loans**", in Finnish pääomalaina) to secure immediate financing needs in March 2024 after which the Company obtained the required Waiver from IPF and regained control of its bank accounts. The Capital Loans are capital loans within the meaning set out in Chapter 12 of the Finnish Companies Act, meaning that any repayment of principal or payment of interest under the Capital Loans may only take place in compliance with the mandatory provisions of Chapter 12 of the Finnish Companies Act. The Capital Loans are also fully contractually subordinated to the Facilities Agreement in accordance with the terms of the Subordination Agreement. This means that the Capital Loans may be repaid only if permitted by the terms of the Subordination Agreement and the provisions of Chapter 12 of the Finnish Companies Act.

The Capital Loans shall be converted to new shares in the Company as a part of (and at the Subscription Price of) the next Investment Round, which will be the Capital Raise assuming that at least EUR 8 million is raised. In the event that the subscription price in such Investment Round exceeds EUR 1.50 per share, the conversion of the Capital Loans shall be postponed until the Due Date. In the event that there is no Investment Round by the Due Date and the Capital Loan has not been otherwise repaid prior to the Due Date (subject to the terms of the Subordination Agreement), then the Capital Loan shall be, at the request of a Capital Loan Lender, converted into new shares in the Company in connection with the Due Date. In such case, the subscription price per share shall be EUR 1.50 per share. However, if then a Capital Loan Lender decides not to exercise its conversion right on the Due Date, (such option being only available if there has not been any Investment Round), the Due Date of the Capital Loan will automatically be extended until the Final Due Date. On such Final Due Date, the Capital Loan shall be either repaid in full in cash (if permitted by the provisions of Chapter 12 of the Finnish Companies Act), subject to the terms of the Subordination Agreement, or converted into new shares in the Company with the subscription price of EUR 1.50 per share, subject to a valid share issue authorisation being in place.

In case a Capital Loan is converted to shares before the Due Date, each Capital Loan Lender is entitled to an arrangement fee of 15 per cent of its respective Capital Loan amount. If conversion has not taken place prior to the Due Date, the arrangement fee will be 30 per cent of each Capital Loan Lender's respective Capital Loan amount. The arrangement fee shall be primarily paid in connection with the conversion of the Capital Loan by converting the unpaid arrangement fee into new shares in the Company and any payment of arrangement fee in cash shall be subject to the terms and conditions of the Subordination Agreement and provisions of Chapter 12 of the Finnish Companies Act. No interest shall be payable on the Capital Loan if a conversion takes place before 30 May 2024, and thereafter the interest will be 12 per cent + 3-months Euribor and paid subject to the terms of the Subordination Agreement and the provisions of Chapter 12 of the Finnish Companies Act.

Upon completion of the Capital Raise, the Capital Loans and related arrangement fees and interest, totalling approximately EUR 3.7 million, will be converted into Ordinary Shares in the Company in accordance with the above terms and conditions.

Business Finland R&D Loans

The Company has R&D loans from Business Finland, a Finnish government organisation for innovation funding and trade, travel and investment promotion, in the amount of EUR 3.5 million on 31 December 2023. Business Finland R&D loans are granted to a defined product development project and cover a contractually defined portion of the underlying development projects' R&D expenses. The below-market interest rate for these loans is the base rate set by the Finnish Ministry of Finance minus three (3) percentage points, subject to a minimum rate of 1 per cent. The interest on Business Finland R&D loans amounted to EUR 329 thousand during 2023. Repayment of principal will be made in equal instalments over a 5-year period, unless otherwise agreed with Business Finland. Repayment of one of the loans has been initiated in 2024. As of 31 May 2024, the amount of Business Finland's R&D loans and accrued unpaid interest was EUR 3.9 million.

Legal Proceedings

As at the date of this document, the Company is not, and has not been within the past 12 months, party to any administrative, legal or arbitration proceedings, which may have or have had significant effects on the Company's or the Group's financial position or profitability. Neither is the Company aware of any such proceedings being pending or threatened. However, the Company is, from time to time, in the ordinary course of business, party to, and may become involved in further disputes, litigation, arbitration, regulatory or administrative proceedings and out-of-court disputes in Finland and other jurisdictions, including, for example, litigation or arbitration proceedings with contractual counterparties, employees, or other third parties.

PART 4

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables present selected consolidated financial information for the Company as at and for the years ended 31 December 2023 and 31 December 2022. The selected consolidated financial information presented below has been derived from the Company's audited consolidated financial statements as at and for the years ended 31 December 2023 and 31 December 2022, prepared in accordance with IFRS Accounting Standards, all of which are incorporated by reference into this document.

The selected financial information provided herein should be read together with the Company's audited consolidated financial statements as at and for the years ended 31 December 2023 and 31 December 2022 incorporated by reference into this document.

Consolidated Statement of Comprehensive Income

In EUR thousand, unless otherwise indicated	1 January to 31 December 2023	1 January to 31 December 2022
	(audited)	
Revenue	**-**	**-**
Other operating income	-	803
Research and development expenses	(19,542)	(20,730)
General and administrative expenses	(9,026)	(7,498)
Operating loss	**(28,568)**	**(27,426)**
Financial income	233	96
Financial expenses	(2,609)	(1,400)
Loss before tax	**(30,944)**	**(28,730)**
Tax expense	-	-
Loss for the period	**(30,944)**	**(28,730)**
Other comprehensive income (loss)	2	17
Total comprehensive loss for the period	**(30,942)**	**(28,713)**
Loss per ordinary share		
Basic and diluted loss per share, EUR	**(0.48)**	**(0.52)**

Consolidated Balance Sheet

In EUR thousand	As at 31 December 2023	As at 31 December 2022
	(audited)	
ASSETS		
Non-current assets		
Machinery and equipment	6	13
Right-of-use-assets	198	314
Intangible assets	1,088	1,154
Prepayments and other receivables	60	60
Total non-current assets	**1,352**	**1,541**
Current assets		
Prepayments and other receivables	1,992	2,740
Cash and cash equivalents	6,875	6,990
Total current assets	**8,868**	**9,730**
TOTAL ASSETS	**10,220**	**11,271**
EQUITY AND LIABILITIES		
Capital and reserves attributable to the equity holders of Faron		
Share capital	2,691	2,691
Reserve for invested unrestricted equity	154,352	129,544

In EUR thousand	As at 31 December 2023	2022
	(audited)	
Accumulated deficit	(172,208)	(143,713)
Translation difference	4	2
Total equity	**(15,160)**	**(11,476)**
Provisions		
Other provisions	0	158
Total provisions	**0**	**158**
Non-current liabilities		
Borrowings	9,423	11,102
Lease liabilities	50	163
Other liabilities	895	853
Total non-current liabilities	**10,369**	**12,118**
Current liabilities		
Borrowings	3,475	1,851
Lease liabilities	163	153
Trade payables	8,971	6,014
Accruals and other current liabilities	2,403	2,453
Total current liabilities	**15,012**	**10,471**
Total liabilities	**25,380**	**22,748**
TOTAL EQUITY AND LIABILITIES	**10,220**	**11,271**

Consolidated Statement of Cash Flows

In EUR thousand	1 January to 31 December 2023	2022
	(audited)	
Cash flow from operating activities		
Loss before tax	(30,944)	(28,730)
Adjustments for:		
Received grants	(33)	(803)
Depreciation and amortisation	346	300
Change in provision	(158)	(158)
Financial items	2,376	1,304
Share-based compensation	2,450	1,297
Operating cash flows before movements in working capital	(25,963)	(26,790)
Change in net working capital:		
Prepayments and other receivables	300	2,864
Trade payables	2,994	719
Other liabilities	(50)	1,183
Cash used in operations	(22,719)	(22,023)
Transaction costs related to loans and borrowings	-	(165)
Interest received	243	11
Interest paid	(1,330)	(816)
Net cash used in operating activities	**(23,806)**	**(22,993)**
Cash flow from investing activities		
Payments for intangible assets	(123)	(385)
Net cash used in investing activities	**(123)**	**(385)**
Cash flow from financing activities		
Proceeds from issue of shares	26,031	13,445
Share issue transaction cost	(1,190)	(365)
Proceeds from borrowings	64	10,389
Repayment of borrowings	(861)	(105)
Transaction and structuring fees of borrowings	(400)	-
Proceeds from grants	481	231
Payment of lease liabilities	(142)	(116)

In EUR thousand	1 January to 31 December 2023	2022
	(audited)	
Net cash from financing activities	**23,983**	**23,478**
Net increase (+) / decrease (-) in cash and cash equivalents	**(114)**	**137**
Effect of exchange rate changes on cash and cash equivalents	(168)	37
Cash and cash equivalents at 1 January	6,990	6,853
Cash and cash equivalents at 31 December	**6,876**	**6,990**

Key Figures

In EUR thousand, unless otherwise indicated	1 January to 31 December 2023	2022
	(audited)	
Financial key figures		
Other operating income	-	803
Research and Development expenses	(19,542)	(20,730)
General and Administrative expenses	(9,026)	(7,498)
Loss for the period	(30,944)	(28,730)
Loss per share EUR	(0.48)	(0.52)
Total number of shares outstanding at 31 December (pcs)	68,786,699	59,805,383
Weighted average number of shares in issue (pcs)	65,055,036	55,229,835

In EUR thousand	31 December 2023	2022
	(audited)	
Financial key figures		
Cash and cash equivalents	6,875	6,990
Total equity	(15,160)	(11,476)
Balance sheet total	**10,220**	**11,271**

Significant change in the Company's financial performance or financial position

The financial status of the Company as in amount of cash available has deteriorated during the year 2024 as the Company has not been able to raise the funds it needs for its business and compliance with its financial covenants, and it has been forced to a number of temporary measures to continue its operations. During the period from 1 January 2024 to the date of this document, the Company has been in breach of several financial covenants and other undertakings agreed in its Facilities Agreement with IPF and, as a result, entered into the Waiver with IPF and agreed on amendments to the level of the financial covenants, issued new warrants to IPF, secured the Company's short-term cash needs by issuing Capital Loans of EUR 3.2 million and by completing a directed share issue of EUR 4.8 million, initiated a cost saving program and limited all of its business activities as well as concentrated its R&D expenditure on HMA-failed MDS patients. The cost saving program implemented by the Company in 2024 has reduced operating expenses by almost 20% compared to the previous two years, including a reduction of more than 25% in employee related expenditure. In addition to the above-mentioned events and arrangements, there has not been any significant change in the Company's financial performance or position between 1 January 2024 and the date of this document.

Additional information in the auditor's report

The Company's auditor has in the Auditor's Report of the Company's financial statements as at and for the year ended 31 December 2023 drawn attention to material uncertainty related to going concern as follows: "We draw attention to note 2.2 Going concern in the financial statements. Because the additional finance was not committed at the date of issuance of the financial statements, this fact together with other matters stated in the notes, indicated that a material uncertainty existed that may

cast significant doubt on the Group's and the parent company's ability to continue as a going concern. Our auditor's opinion had not been modified in respect of this matter."

The Company's auditor has in the Auditor's Report of the Company's financial statements as at and for the year ended 31 December 2022 drawn attention to material uncertainty related to going concern as follows: "We draw attention to note 2.2 Going concern in the financial statements. Because the additional finance was not committed at the date of issuance of the financial statements, this fact together with other matters stated in the notes, indicated that a material uncertainty existed that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. Our auditor's opinion had not been modified in respect of this matter."

PART 5

CAPITALISATION AND INDEBTEDNESS

The following table presents the Company's (i) capitalisation and indebtedness as at 31 March 2024 on an actual basis derived from the Company's unaudited accounting records as at 31 March 2024 prepared on a basis consistent with the accounting principles applied in the Company's consolidated financial statements and (ii) capitalisation and indebtedness as adjusted to reflect the estimated net proceeds of approximately EUR 23 million from the Capital Raise, assuming that the Capital Raise will be completed in the amount of approximately EUR 30.7 million, and of this amount the convertible Capital Loans and related arrangement fees and interest of approximately EUR 3.7 million will be fully converted in connection with the Capital Raise, with net proceeds of EUR 4.1 million from the private placement carried out in April 2024 and the impact of 2024 Warrants 1 and 2024 Warrants 2 issued and financing transactions completed in, April and May 2024 assuming that the events presented as adjustments would have occurred on 31 March 2024. With regard to the Capital Raise, it should be noted that the realisation of the proceeds from the Capital Raise is not certain. The Capital Raise is conditional upon the Company raising at least EUR 15 million in gross proceeds. The Subscription Guarantees received by the Company are limited to covering the unsubscribed New Ordinary Shares up to the above mentioned minimum amount and the Capital Raise may be completed even if it is not subscribed in full, in which case the Company's financing would not be sufficient to deliver on the above-mentioned objectives and the Company would have to adjust and reduce its operations or seek additional financing earlier than planned (different scenarios concerning the sufficiency of the Company's funds are described in Part 1 of this document.

The following table should be read in conjunction with Part 4, "Selected Consolidated Financial Information" and the historical financial information of the Company incorporated by reference into this document.

Capitalisation **In EUR thousand**	**As at 31 March 2024** **(unaudited)**	**As at 31 March 2024 (Adjusted)** **(unaudited)**
Current interest-bearing liabilities (including current portion of non-current interest-bearing liabilities)		
Guaranteed / Secured[1),2)]	3,354	3,298[9), 10)]
Unguaranteed / Unsecured	4,306	993[6)]
Total	**7,660**	**4,291**
Non-current interest-bearing liabilities (excluding current portion of non-current interest-bearing liabilities)		
Guaranteed / Secured[1), 2)]	8,378	9,485[8), 10)]
Unguaranteed / Unsecured	2,433	2,433
Total	**10,811**	**11,918**
Interest-bearing liabilities, total	**18,471**	**16,209**
Equity		
Share capital	2,691	2,691
Reserve for invested unrestricted equity	154,398	185,200[5),6), 7)]
Accumulated loss	(180,068)	(181,983)[6),8),9),10)]
Translation difference	9	9
Total equity	**(22,970)**	**5,917**
Equity and interest-bearing liabilities, total	**(4,499)**	**22,127**
Net indebtedness **In EUR thousand**		
Liquidity (A)		
Cash[3)]	5,214	31,601[5), 6), 7), 9)]
Total	**5,214**	**31,601**
Current interest-bearing liabilities (B)		
Current interest-bearing liabilities (including debt instruments, but excluding current portion of non-current interest-bearing liabilities)	3,563	250[6), 9), 10)]
Current portion of non-current interest-bearing liabilities[1), 2)]	4,097	4,041
Total	**7,660**	**4,291**
Current net indebtedness (C = B − A)	**2,447**	**(27,309)**

Non-current interest-bearing liabilities (D)		
Non-current interest-bearing liabilities (excluding current portion and debt instruments) [1), 2)]	9,709	9,972[10)]
Debt instruments[4)]	1,102	1,946[8)]
Total	**10,811**	**11,918**
Net indebtedness (C + D)	**13,257**	**(15,391)**

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[1)] Includes the IPF Facilities Agreement and related warrant agreements. The Company's IPR, business mortgages and bank accounts are pledged to IPF as a lender under the IPF Facilities Agreement.
[2)] Includes non-current lease liabilities of EUR 50 thousand and current lease liabilities of EUR 138 thousand.
[3)] The use of Cash and cash equivalents is restricted by minimum cash covenant as defined in IPF Facilities Agreement. If the Company is in breach of the terms of the IPF Facilities Agreement in a manner that constitutes an event of default under the terms of the Facilities Agreement, this entitles the lender to, among other things, block the Company's bank accounts and to take any other agreed enforcement action under the Facilities Agreement. Please refer to section headed "*Funding arrangements – Loans and Warrant agreements with IPF*" in Part 3 of this document.
[4)] Includes the Facilities Agreement and related warrant agreements with IPF.
[5)] The Company aims to raise approximately EUR 30.7 million through the Capital Raise, of which amount approximately EUR 3.7 million will be paid by converting the Company's Capital Loans and related arrangement fees and interest into Ordinary Shares (see adjustment 6 below), gross proceeds of approximately EUR 27 million and net proceeds of approximately EUR 23 million. If realised, the net proceeds of EUR 23 million targeted through the Capital Raise will improve the Company's capital structure and have been adjusted to increase the reserve for invested unrestricted equity and cash of the Company.
[6)] The convertible Capital Loans received by the Company in March 2024 from its current shareholders and the related arrangement fees and accrued interest are expected to be converted in their entirety into shares in connection with the Capital Raise. The expected carrying value of the items convertible into shares at the time of conversion EUR 3.7 million will increase the reserve for invested unrestricted equity, reduce the short-term liabilities, and the difference between the conversion date and the value recognised in the balance sheet on 31 March 2024 increases the loss for the period included in accumulated loss by EUR 0.4 million. In addition, the costs related to the Capital Loan of EUR 0.4 million are assumed to have been paid and deducted from cash, and the costs of EUR 0.2 million recognised after March increase the loss for the period included in accumulated loss.
[7)] The Company carried out a private placement in April 2024 and received proceeds totalling EUR 4.8 million (before expenses). These proceeds net of the costs from the private placement of EUR 0.7 million (totalling EUR 4.1 million) have been adjusted to increase the reserve for invested unrestricted equity and cash of the Company.
[8)] As part of the Waiver received by the Company from IPF on 3 March 2024, an additional 53,570 Warrants were granted to IPF pursuant to the Warrant Agreement on 3 April 2024 and as part of the Waiver Extension received from IPF on 8 May 2024, the Company granted on 17 May 2024 to IPF a total of 333,333 Warrants entitling IPF to subscribe for new shares in the Company. The fair value of these Warrants at the grant date, totalling EUR 0.8 million, has been adjusted to increase the Company's interest-bearing long-term liabilities and to increase the loss for the period included in accumulated loss.
[9)] The Waiver fee of EUR 0.25 million related to the Waiver received in March 2024, paid in April 2024, has been adjusted for cash and deducted from current interest-bearing liabilities. The EUR 0.25 million Waiver fee related to the waiver extension received in April 2024 and payable by the Company on 27 June 2024 has been adjusted to increase the Company's short-term interest-bearing debt and increase the loss for the period included in accumulated loss.
[10)] As part of the waiver extension received from IPF on 8 May 2024, the Company undertook to pay a new Exit fee of EUR 0.5 million upon termination of the Facilities Agreement. The adjustment related to this fee increased the carrying value of the Company's IPF loan and the loss for the period included in accumulated loss by a total of EUR 0.2 million.

Information on the Company's contingent contractual liabilities as of 31 December 2023 is presented in the Note 23 to the Company's Audited Consolidated Financial Statements as at and for the year ended 31 December 2023 incorporated by reference into this document. Apart from what has been presented above, there have not been any material changes in the Company's capitalisation and indebtedness since 31 March 2024 up until the date of this document.

Working Capital Statement

According to the estimate of the Company, the working capital available to the Company is not sufficient to cover its needs for the next 12 months following the date of this document.

As at the date of this document, the Company estimates that its working capital would run out on 27 June 2024, when taking into account the financing needs under its current business plan and the financial covenants of the IPF Facilities Agreement. The shortfall in the working capital for the 12-month period following the date of this document is EUR 31.2 million under the current business plan and taking into account the financial covenants of the current IPF Facilities Agreement.

The objective of the Capital Raise to strengthen the Company's cash position so that the Company would have sufficient funding to reach its key milestones for the year 2024, i.e. to reach a significant commercial partnership agreement and to finance its product development costs described below until the latter half of March 2025. The product development costs mainly include the production and research costs in respect of the Company's lead program *bexmarilimab*, i.e. costs related to the completion of enrolment of the patients for the BEXMAB Phase II trial, treatment of patients and

publication of readouts as well as obtaining regulatory feedback from the FDA regarding measures required to obtain regulatory approval in the U.S. By the end of 2024, the Company is also aiming to conclude a global partnership agreement to fund Phase III clinical research and to commercialise *bexmarilimab*, and it believes that the better the Company is financed the better its position is to conclude a partnership.

If the Company succeeds in completing the Capital Raise of approximately EUR 30.7 million in total, and thus raises net proceeds of approximately EUR 23 million, the Company believes it would have sufficient working capital (together with other cash resources available to the Company) to execute its core business and deliver on its key milestones for the year 2024 under the current business plan and in compliance with the financial covenants of the IPF Facilities Agreement until the latter half of March 2025. In order to secure sufficient working capital for the execution of its current business plan after the latter half of March 2025 and during the 12-month period from the date of this document, the Company needs to obtain additional financing to the extent required through equity or debt financing, and if necessary, adjust significantly its operations through cost reductions and development programs. The completion of the Capital Raise is conditional, among other things, upon the Company's Board of Directors resolving to complete the Capital Raise and upon the Company raising gross proceeds of at least EUR 15 million. The Company has received from certain investors Subscription Commitments of approximately EUR 6.2 million and Subscription Guarantees of up to EUR 8.8 million, i.e. for a total amount of EUR 15 million. The Subscription Guarantees are limited to covering any unsubscribed New Ordinary Shares up to the minimum gross proceeds of EUR 15 million of the Capital Raise. If the minimum gross proceeds of EUR 15 million are reached without guarantors, no New Ordinary Shares will be subscribed based on the Subscription Guarantees. Thus, the size of the Capital Raise cannot increase beyond the minimum gross proceeds of EUR 15 million through Subscription Guarantees. The Company believes that the better it is financed and the better it has succeeded in delivering on its key milestones of the year 2024, the better its position is to raise further funding. If the Company was not successful in raising additional financing, the Capital Raise may still be completed even if it is not subscribed in full, in which case the Company's financing would not be sufficient to deliver all of the above-mentioned objectives. The Company could face serious financial difficulties and the continuity of its operations would be imperilled (different scenarios concerning the sufficiency of the Company's funds are described in Part 1 of this document).

PART 6

TERMS AND CONDITIONS OF THE UK OPEN OFFER

1. Introduction

1.1 As explained in the letter from the Chairman set out in Part 1 of this document, the Company is undertaking the Finnish Public Offering and the Institutional Offering, in which holders of DIs and Ordinary Shares who are resident in the United Kingdom are not entitled to participate (subject to limited exceptions in respect of the Institutional Offering for persons who are "qualified investors" as defined in the UK Prospectus Regulation). Therefore, the Company is making the UK Open Offer of the UK Open Offer Shares at the Issue Price to Qualifying DI Holders. The Company is also making the REX Retail Offer through Intermediaries via the REX Platform to provide retail investors with an opportunity to participate in the Capital Raise.

1.2 The purpose of this Part 6 is to set out the terms and conditions of the UK Open Offer to Qualifying DI Holders. Up to 5,765,368 UK Open Offer Shares will be issued through the UK Open Offer. Qualifying DI Holders are being offered the right to subscribe for UK Open Offer Shares in accordance with the terms of the UK Open Offer as set out in this document. The UK Open Offer has not been underwritten, although to the extent that less than 5,765,368 New Ordinary Shares (representing £4.9 million gross proceeds in aggregate) are subscribed for in the UK Open Offer, such unsubscribed New Ordinary Shares may be included in the Finnish Public Offering and the Institutional Offering and/or the Rex Retail Offer.

1.3 The Record Date for entitlements under the UK Open Offer for Qualifying DI Holders is close of business on 3 June 2024.

1.4 Subject to availability, the Excess Application Facility will enable Qualifying DI Holders to apply for Excess Shares. Further details in relation to the Excess Application Facility are set out in Part 7 "Questions and Answers about the UK Open Offer" in this document.

1.5 This document contains the formal terms and conditions of the UK Open Offer. Your attention is drawn to paragraph 3 of this Part 6 "Terms and Conditions of the UK Open Offer" which gives details of the procedure for application and payment for the UK Open Offer Shares and any Excess Shares applied for pursuant to the Excess Application Facility.

1.6 The UK Open Offer Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares and the other New Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

1.7 Any Qualifying DI Holder who has sold or transferred all or part of his or her registered holding(s) of Ordinary Shares represented by DIs prior to the Ex-entitlement Date is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for UK Open Offer Shares under the UK Open Offer may be a benefit which may be claimed from him or her by the purchasers under the rules of the London Stock Exchange.

2. The UK Open Offer

2.1 Subject to the terms and conditions set out below, Qualifying DI Holders are being given the opportunity under the UK Open Offer to subscribe for UK Open Offer Shares at the Issue Price, payable in full on application. The Issue Price represents a discount of 54 per cent. to the closing price of 185 pence per Existing Ordinary Share on AIM on 31 May 2024 (being the Last Practicable Date). The Issue Price is equivalent to the per Ordinary Share price in Euros in the Finnish Public Offering and the Institutional Offering, based on an exchange rate of GBP 1 to EUR 1.1714 on the Last Practicable Date.

2.2 Qualifying DI Holders have basic entitlements of:

3 UK Open Offer Shares for every 7 Existing DIs

registered in their name on the Record Date. Entitlements under the UK Open Offer will be rounded down to the nearest whole number of UK Open Offer Shares, with fractional entitlements being aggregated and made available under the Excess Application Facility.

2.3 By its nature, the UK Open Offer will allow Qualifying DI Holders the opportunity to take up their pro rata entitlements under the UK Open Offer. However, the Board may scale back applications made in excess of UK Open Offer Entitlements on such basis as it considers to be appropriate. In any event, the aggregate gross proceeds of the UK Open Offer and the REX Retail Offer will not exceed the GBP equivalent of €8.0 million in any circumstances.

2.4 Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the UK Open Offer, as will holdings under different designations and in different accounts.

2.5 If you are a Qualifying DI Holder your Existing DIs are held in CREST and you will receive a credit of UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements to your (or your nominee's) CREST stock account. Please refer to paragraph 3.4 of this Part 6 and also to the CREST Manual for further information on the CREST procedures referred to below.

2.6 Subject to availability, the Excess Application Facility will enable Qualifying DI Holders, provided they have taken up their UK Open Offer Entitlement in full, to apply for further UK Open Offer Shares in excess of their UK Open Offer Entitlement. Further details in relation to the Excess Application Facility are set out in paragraph 3 of this Part 6 and in Part 7 "Questions and Answers about the UK Open Offer".

2.7 If applications under the Excess Application Facility are received for more than the total number of UK Open Offer Shares available following take up of UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements, such applications may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying DI Holders will be met in full or at all.

2.8 **Qualifying DI Holders should be aware that the UK Open Offer is not a rights issue. Qualifying DI Holders should note that although the UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the UK Open Offer may only be made by the Qualifying DI Holder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. UK Open Offer Shares not applied for by Qualifying DI Holders under the UK Open Offer will not be sold in the market for the benefit of those who do not apply in the UK Open Offer. The UK Open Offer has not been underwritten, although to the extent that less than 5,765,368 New Ordinary Shares (representing £4.9 gross proceeds in aggregate) are subscribed for in the UK Open Offer, such unsubscribed New Ordinary Shares may be included in the Finnish Public Offering and the Institutional Offering and/or the REX Retail Offer.**

2.9 **The attention of Overseas Shareholders is drawn to paragraph 6 of this Part 6**

2.10 The Existing Ordinary Shares are admitted to trading on AIM and First North. Application will be made for the UK Open Offer Shares to be admitted to trading on AIM and First North. It is expected that Admission will become effective and that dealings in the UK Open Offer Shares and the other New Ordinary Shares on AIM will commence at 8.00 a.m. on 24 June 2024.

2.11 The Existing DIs are already admitted to CREST. No further application for admission to CREST is accordingly required for the UK Open Offer Shares; all of such UK Open Offer Shares, when issued and fully paid, may be held and transferred by means of CREST.

2.12 The UK Open Offer Shares are not being made available in whole or in part to the public except under the terms of the UK Open Offer.

2.13 The UK Open Offer is conditional, amongst other things, on (a) the Placing Agreement becoming or being declared unconditional in all respects and not terminated in accordance with its terms prior to Admission, (b) completion of the Finnish Public Offering and the Institutional Offering and, as applicable, the REX Retail Offer and (c) Admission becoming effective. If these conditions are not satisfied or waived (where capable of waiver), the UK Open Offer will not proceed and the UK Open Offer Shares will not be issued and all monies received by Computershare will be returned to the applicants (at the applicants' risk and without interest) as soon as possible thereafter.

2.14 No temporary documents of title will be issued in respect of UK Open Offer Shares.

2.15 The UK Open Offer Shares are expected to be credited to the stock accounts of Qualifying DI Holders maintained in CREST on or about 24 June 2024.

2.16 If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will notify the London Stock Exchange and make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

3. Procedure for application and payment

3.1 Qualifying DI Holders will be allotted UK Open Offer Shares in uncertificated form.

3.2 CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the UK Open Offer in respect of the UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the UK Open Offer in respect of their UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

3.3 Qualifying DI Holders who do not want to apply for the UK Open Offer Shares under the UK Open Offer should take no action and should not send a USE message through CREST.

3.4 **If you have UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements credited to your stock account in CREST in respect of your entitlements under the UK Open Offer:**

(a) *General*

(i) Subject as provided in paragraph 6 of this Part 6 in relation to certain Overseas Shareholders, each Qualifying DI Holder will receive a credit to his or her stock account in CREST of his or her UK Open Offer Entitlements for which he or she is entitled to apply under the UK Open Offer and a separate credit of Excess CREST UK Open Offer Entitlements equal to the maximum number of UK Open Offer Shares available through the UK Open Offer. A Qualifying DI Holder may apply for more or less UK Open Offer Shares than he or she is entitled to should he or she wish to do so. If applications under the Excess Application Facility are received for more than the total number of UK Open Offer Shares available following take-up of UK Open Offer Entitlements and Excess UK Open Offer Entitlements, such applications will be scaled back by the Board on the basis as it reasonably considers to be appropriate.

(ii) The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing DIs held on the Record Date by the Qualifying DI Holder in respect of which the UK Open

Offer Entitlements and Excess CREST UK Open Offer Entitlements have been allocated.

(iii) CREST members who wish to apply for some, all or more than their entitlements to UK Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Computershare using the contact details set out in paragraph (c)(ii) below. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for UK Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) *Market claims*

Each of the UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements may only be made by the Qualifying DI Holder originally entitled or by a person entitled by virtue of a bona fide market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the UK Open Offer Entitlement and Excess CREST UK Open Offer Entitlements will generate an appropriate market claim transaction and the relevant UK Open Offer Entitlement(s) will thereafter be transferred accordingly. Excess CREST UK Open Offer Entitlement(s) will not be transferred.

(c) *Excess Application Facility*

(i) Qualifying DI Holders at the Record Date who wish to make applications for additional UK Open Offer Shares (in excess of their basic entitlement) should follow the instructions below for submitting a USE (as defined below) in respect of the Excess Application Facility.

(ii) All enquiries in connection with the procedure for application should be addressed to Computershare at The Pavilions, Bridgwater Road, Bristol, BS13 8AE or on +44 (0)370 702 0000. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open from 8.30 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Please note Computershare cannot provide advice on the merits of the UK Open Offer or as to whether applicants should take up their UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements or give any financial, legal or tax advice.

(d) *USE Instructions*

(i) CREST members who wish to apply for UK Open Offer Shares in respect of some, all or more than their UK Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event ("**USE**") instruction to Euroclear which, on its settlement, will have the following effect:

(1) The crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of UK Open Offer Entitlements and number of shares applied for under the Excess Application Facility corresponding to the number of UK Open Offer Shares applied for; and

(2) The creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of UK Open Offer Shares referred to in (1) above.

(e) *Content of USE Instructions in respect of UK Open Offer Entitlements*

(i) The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(1) the number of UK Open Offer Shares for which application is being made (and hence the number of the UK Open Offer Entitlement(s) being delivered to the Receiving Agent);

(2) the ISIN of the UK Open Offer Entitlement. This is FI4000571849;

(3) the CREST participant ID of the accepting CREST member;

(4) the CREST member account ID of the accepting CREST member from which the UK Open Offer Entitlements are to be debited;

(5) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 3RA31;

(6) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is FARONOO;

(7) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of UK Open Offer Shares referred to in (1) above;

(8) the intended settlement date. This must be on or before 11.00 a.m. on 18 June 2024; and

(9) the Corporate Action Number for the UK Open Offer. This will be available by viewing the relevant corporate action details in CREST.

(ii) In order for an application under the UK Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 18 June 2024.

(iii) In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

(1) a contact name and telephone number (in the free format shared note field); and

(2) a priority of at least 90.

(iv) In the event that the UK Open Offer does not become unconditional by 8.00 a.m. on 24 June 2024 or such later time and date as the Company may determine, the UK Open Offer will lapse, the UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying

DI Holder by way of a CREST payment, without interest, within 14 days thereafter. The interest earned on such monies will be retained for the benefit of the Company.

(f) *Content of USE Instructions in respect of the Excess Application Facility*

(i) The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(1) the number of Excess Shares for which application is being made (and hence the number of the Excess CREST UK Open Offer Entitlement(s) being delivered to the Receiving Agent);

(2) the ISIN of the Excess Application Facility. This is FI4000571856;

(3) the participant ID of the accepting CREST member;

(4) the CREST member account ID of the accepting CREST member from which the Excess CREST UK Open Offer Entitlements are to be debited;

(5) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 3RA31;

(6) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is FARONOO;

(7) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of UK Open Offer Shares referred to in paragraph (1) above;

(8) the intended settlement date. This must be on or before 11.00 a.m. on 18 June 2024; and

(9) the Corporate Action Number for the UK Open Offer. This will be available by viewing the relevant corporate action details in CREST.

(ii) In order for an application under the UK Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 18 June 2024.

(iii) In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

(1) a contact name and telephone number (in the free format shared note field); and

(2) a priority of at least 90.

(iv) In the event that the UK Open Offer does not become unconditional by 8.00 a.m. on or about 24 June 2024 or such later time and date as the Company may, in its absolute discretion, elect, the UK Open Offer will lapse, the UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying DI Holder by way of a CREST payment, without interest, within

14 days thereafter. The interest earned on such monies will be retained for the benefit of the Company.

(g) *Validity of Application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 18 June 2024 will constitute a valid application under the UK Open Offer.

(h) *CREST Procedures and Timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the UK Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his or her CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 18 June 2024. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) *Incorrect or Incomplete Applications*

(i) If a USE instruction includes a CREST payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

(1) to reject the application in full and refund the payment to the CREST member in question;

(2) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of UK Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question; and

(3) in the case that an excess sum is paid, to treat the application as a valid application for all the UK Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question.

(j) *Effect of Valid Application*

(i) A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

(1) give the representations, warranties, covenants, agreements and acknowledgements set out in paragraph 11 of this Part 6;

(2) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application); and

(3) request that the UK Open Offer Shares to which he will become entitled be issued to him or her on the terms set out in this document and subject to the Articles.

(k) *Company's discretion as to Rejection and Validity of Applications*

(i) The Company may in its sole discretion:

(1) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 6;

(2) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;

(3) treat a properly authenticated dematerialised instruction (in this sub-paragraph the first instruction) as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or, thereafter, either the Company or Receiving Agent have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

(4) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for UK Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

4. Money Laundering Regulations

4.1 If you hold your UK Open Offer Entitlement in CREST and apply for UK Open Offer Shares in respect of some or all of your UK Open Offer Entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, Computershare is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Computershare before sending any USE Instruction or other instruction so that appropriate measures may be taken.

4.2 Submission of a USE Instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to Computershare such information as may be specified by Computershare as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Computershare as to identity, who may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the UK Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time,

then the application for the UK Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

5. Admission, settlement and dealings

5.1 The result of the UK Open Offer is expected to be announced on 20 June 2024. Applications will be made to the London Stock Exchange and to Nasdaq Helsinki Ltd for the UK Open Offer Shares and the other New Ordinary Shares to be admitted to trading on AIM and First North, respectively. Subject to the UK Open Offer becoming unconditional in all respects (save only as to Admission), it is expected that Admission will become effective and that dealings in the UK Open Offer Shares and the other New Ordinary Shares will commence on AIM at 8.00 a.m. on 24 June 2024.

5.2 The Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the UK Open Offer Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

5.3 CREST is a computerised share transfer and settlement system. The CREST system allows shares and other securities to be held in electronic form rather than paper form, although a Shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

5.4 Trading through CREST using Depositary Interests

Shares in non-UK companies cannot be held and transferred directly into the CREST system. Shareholders who wish to hold and transfer Ordinary Shares in uncertificated form may do so pursuant to a Depositary Interest arrangement established by the Company in conjunction with Computershare Investor Services PLC.

Further details of the depositary arrangements are set out in the Company's Admission Document available on the Company's website. Information regarding the depositary arrangement and the holding of Ordinary Shares in the form of Depositary Interests is available from the Depositary, Computershare Investor Services PLC. The Depositary may be contacted at The Pavilions, Bridgwater Road, Bristol, BS13 8AE, or by telephone on +44 (0)370 702 0003. For more information concerning CREST, Shareholders should contact their stockbroker or Euroclear UK & International Limited at 33 Cannon Street, London, EC4M 5SB or by telephone on +44 (0)20 7849 0000.

5.5 If the condition(s) to the UK Open Offer described above are satisfied, UK Open Offer Shares will be issued in uncertificated form to those Qualifying DI Holders who validly applied for UK Open Offer Shares.

5.6 No temporary documents of title will be issued and, transfers will be certified against the UK share register of the Company. All documents or remittances sent by, to, from or on behalf of applicants, or as they may direct, will (in the latter case) be sent through the post and will (in both cases) be at the risk of the applicant. For more information as to the procedure for application, Qualifying DI Holders are referred to paragraph 3 above.

6. Overseas Shareholders

The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

General

6.1 **The distribution of this document and the making or acceptance of the UK Open Offer to or by persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdictions. It is the responsibility of those persons to consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for UK Open Offer Shares under the UK Open Offer.**

6.2 No action has been or will be taken by the Company and Peel Hunt or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials relating to the UK Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. Receipt of this document will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document must be treated as sent for information only and should not be copied or redistributed.

6.3 No person receiving a copy of this document in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her unless in the relevant territory, such an invitation could lawfully be made to him or her. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document must be treated as sent for information only and should not be copied or redistributed.

6.4 It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for UK Open Offer Shares under the UK Open Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

6.5 None of the Company and Peel Hunt, nor any of their respective representatives, is making any representation to any offeree or purchaser of the UK Open Offer Shares regarding the legality of an investment in the UK Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

6.6 Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document in connection with the UK Open Offer or otherwise, should not distribute or send this document in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for UK Open Offer Shares in respect of the UK Open Offer unless the Company and Peel Hunt determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part 6 "Terms and Conditions of the UK Open Offer" and specifically the contents of this paragraph 6.

6.7 The Company reserves the right to treat as invalid any application or purported application for UK Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or another Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it

provides an address for delivery of the share certificates of the UK Open Offer Shares in the United States or another Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates.

6.8 Notwithstanding any other provision of this document, the Company and Peel Hunt reserve the right to permit any person to apply for UK Open Offer Shares in respect of the UK Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

6.9 Overseas Shareholders who wish, and are permitted, to apply for UK Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts. Due to restrictions under the securities laws of the United States and the other Restricted Jurisdictions, and subject to certain exceptions, Qualifying DI Holders who are U.S. persons as defined in Regulation S under the Securities Act or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the UK Open Offer. No public offer of UK Open Offer Shares is being made by virtue of this document into the United States or any Restricted Jurisdiction. Receipt of this document will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document must be treated as sent for information only and should not be copied or redistributed.

United States

6.10 The UK Open Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from 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.

6.10 Accordingly, the Company is not extending the UK Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, this document does not constitute, and will not constitute, an offer or an invitation to apply for or an offer or an invitation to acquire any UK Open Offer Shares in the United States. Subject to certain exceptions, this document will not be sent to any Qualifying DI Holder with a registered address in the United States. All persons acquiring UK Open Offer Shares and wishing to hold such UK Open Offer Shares in registered form must provide an address for registration of the UK Open Offer Shares issued upon exercise thereof outside the United States.

6.11 Any person who acquires UK Open Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document and delivery of the UK Open Offer Shares, that they are not, and that at the time of acquiring the UK Open Offer Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States.

6.12 The Company will not be bound to allot or issue any UK Open Offer Shares to any person with an address in, or who is otherwise located in, the United States in whose favour any UK Open Offer Shares may be transferred. In addition, until 45 days after the commencement of the UK Open Offer, an offer, sale or transfer of the UK Open Offer Shares within the United States by a dealer (whether or not participating in the UK Open Offer) may violate the registration requirements of the Securities Act.

Restricted Jurisdictions

6.13 Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exemptions, DI Holders who have registered addresses in, or who are resident or ordinarily

resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the UK Open Offer. The UK Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

6.14 No offer or invitation to apply for UK Open Offer Shares is being made by virtue of this document into any Restricted Jurisdiction.

Other overseas territories

6.15 Qualifying DI Holders in jurisdictions other than the United States or the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up UK Open Offer Shares under the UK Open Offer in accordance with the instructions set out in this document. Qualifying DI Holders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any UK Open Offer Shares in respect of the UK Open Offer.

Waiver

6.16 The provisions of this paragraph 6 and of any other terms of the UK Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific DI Holders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the UK Open Offer inconsistent herewith. References in this paragraph 6 to DI Holders shall include references to the person or persons participating in the UK Open Offer.

7. Times and Dates

7.1 The Company shall, in agreement with Peel Hunt and after consultation with its financial and legal advisers, be entitled to amend or extend the latest date for acceptance under the UK Open Offer and all related dates set out in this document and in such circumstances shall notify the London Stock Exchange and make an announcement on a Regulatory Information Service but Qualifying DI Holders may not receive any further written communication.

7.2 If a supplementary circular is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the UK Open Offer specified in this document, the latest date for acceptance under the UK Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

8. Taxation

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the UK Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

9. Further information

Your attention is drawn to the further information set out in this document.

10. Governing law and jurisdiction

10.1 The terms and conditions of the UK Open Offer as set out in this document and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law.

10.2 The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the UK Open Offer or this document. By taking up UK Open Offer Shares, by way of their UK Open Offer Entitlement and the Excess Application Facility (as applicable), in accordance with the instructions set out in this document, Qualifying DI Holders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

11. Warranties

Each Qualifying DI Holder applying for UK Open Offer Shares represents, warrants, covenants, agrees and acknowledges as follows:

11.1 the Company and others will rely upon the truth and accuracy of its representations, warranties, covenants, agreements and acknowledgements set forth herein, and it agrees to notify the Company promptly in writing if any of its representations, warranties, covenants, agreements or acknowledgements ceases to be accurate and complete;

11.2 it has read and understood and accepted the terms and conditions of the UK Open Offer contained in this document and its application for UK Open Offer Shares shall be on and subject to the Terms and Conditions in this document;

11.3 it agrees that all applications, and contracts resulting therefrom, and all non-contractual claims under the UK Open Offer shall be governed by, and construed in accordance with, the laws of England;

11.4 it is a Qualifying DI Holder originally entitled to UK Open Offer Entitlements or if it has received some or all of its UK Open Offer Entitlements from a person other than the Company, it is entitled to apply under the UK Open Offer in relation to such UK Open Offer Entitlements by virtue of a *bona fide* market claim;

11.5 it may lawfully acquire the UK Open Offer Shares to be subscribed by it pursuant to the UK Open Offer and has the capacity and authority and is entitled to enter into and perform its obligations as a subscriber for UK Open Offer Shares and will honour such obligations;

11.6 it agrees that its obligations under the UK Open Offer shall not be capable of rescission or termination by it in any circumstance;

11.7 in agreeing to acquire the UK Open Offer Shares, it is relying on the information contained in this document and any announcement made by or on behalf of the Company through a Regulatory Information Service and it is not relying on any information given or representation, warranty, undertaking, agreement or statement made at any time by the Company and Peel Hunt or any of their officers, directors, agents, employees or advisers, or any other person in relation to the Company and Peel Hunt or any of their subsidiary undertakings, the UK Open Offer or the UK Open Offer Shares, and neither the Company nor any other person will be liable for any Qualifying DI Holder's decision to participate in the UK Open Offer based on any other information, representation, warranty, undertaking, agreement or statement which Qualifying DI Holders may have obtained or received. In addition, it has neither received nor relied on any confidential price-sensitive information. Nothing in this paragraph shall exclude the liability of any person for fraud;

11.8 it is entitled to acquire the UK Open Offer Shares under the terms of the UK Open Offer and the laws of all relevant jurisdictions which apply to it (the "**Applicable Securities Laws**") and it

has fully observed such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has not taken any action or omitted to take any action which will or may result in the Company or any of their officers, directors, agents, employees or advisers acting in breach of any law or regulatory requirement of any territory or jurisdiction in connection with the UK Open Offer or its entitlement;

11.9 it is not, nor is it applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for UK Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that it is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome) and the Qualifying DI Holder is not applying with a view to re-offering, re-selling, transferring or delivering any of the UK Open Offer Shares which are the subject of its application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for UK Open Offer Shares is or may be prevented by law (except where proof satisfactory to the Company has been provided to the Company that the Qualifying DI Holder is able to accept the invitation by the Company pursuant to an applicable exemption and free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor such person otherwise prevented by legal or regulatory restrictions from applying for UK Open Offer Shares under the UK Open Offer;

11.10 it is not a U.S. person, as defined in Regulation S under the Securities Act and are not acquiring the UK Open Offer Shares for the account or benefit of any U.S. person; it was outside the United States at the time it first expressed an interest in acquiring the UK Open Offer Shares and is currently outside the United States; the offer by the Company to sell the UK Open Offer Shares to it was directed to it outside the United States;

11.11 it irrevocably appoints any director of the Company as its agent for the purpose of executing and delivering to the Company and/or the Receiving Agent any documents on its behalf necessary to enable it to be registered as the holder of UK Open Offer Shares;

11.12 it is not, and nor is it applying for UK Open Offer Shares as nominee or agent for, a person who is or may be liable to notify and account for stamp duty or stamp duty reserve tax at any of the increased rates referred to in sections 67 to 72 inclusive and sections 93 to 97A inclusive of the Finance Act 1986 (Depositary Receipts and Clearance Services) and, in the event of any breach of this warranty, it agrees that neither the Company nor any other person will have any liability to it or other persons in respect of such duty or tax;

11.13 the Applicable Securities Laws do not require the Company to make any filings or seek any approvals of any kind whatsoever from any regulatory authority of any kind in connection with the UK Open Offer in the jurisdiction in which it is resident;

11.14 the purchase by it of UK Open Offer Shares does not trigger in the jurisdiction in which it is resident: (i) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; (ii) any disclosure reporting obligation of the Company; (iii) any registration or other obligation on the part of the Company; or (iv) the requirement for the Company to take any other action;

11.15 the offer and sale to it of UK Open Offer Shares was not made through an advertisement of the UK Open Offer Shares in printed media of general and regular paid circulation, radio or television or any other form of advertisement;

11.16 it and any person acting on its behalf is aware of the obligations in connection with money laundering under the Money Laundering Regulations to the extent applicable to it and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Money Laundering Regulations;

11.17 it agrees to be bound by the terms of the articles of association of the Company in force immediately following Admission;

11.18 it will not deal or cause or permit any other person to deal in all or any of the UK Open Offer Shares unless and until Admission becomes effective;

11.19 it has not received a prospectus or admission document or, save for this document, any other offering document in connection with the UK Open Offer, and no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the UK Open Offer Shares or the fairness or suitability of the investment in the UK Open Offer Shares nor have such authorities passed upon or endorsed the merits of the offering of the UK Open Offer Shares;

11.20 it acknowledges that the Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the "**Exchange Information**"), and that it is able to obtain or access the Exchange Information without undue difficulty;

11.21 neither the Company nor Peel Hunt nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person;

11.22 if it is acquiring any UK Open Offer Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, covenants, agreements and acknowledgements on behalf of each such account;

11.23 it acknowledges that the UK Open Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from 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;

11.24 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document (or any part thereof) to or within the United States, nor will it do any of the foregoing;

11.25 it is purchasing the UK Open Offer Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the UK Open Offer Shares in any manner that would violate the Securities Act or any other applicable securities laws, and it does not have a present arrangement to effect any distribution of the UK Open Offer Shares to or through any person or entity;

11.26 it is not acquiring any UK Open Offer Shares for resale in the United States and it has not and will not deliver or forward any advertisement or other offering material in relation to the UK Open Offer Shares in or into the United States;

11.27 it will indemnify and hold the Company and Peel Hunt and each of their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, agreements and covenants in this document. All representations, warranties, agreements and covenants given by it in this document are given to the Company and Peel Hunt and will survive completion of the UK Open Offer;

11.28 it is acquiring the UK Open Offer Shares in an offshore transaction meeting the requirements of Regulation S under the Securities Act;

11.29 at the time it received the offer to purchase the UK Open Offer Shares it was not in the United States;

11.30 it understands and acknowledges that the offering and sale of the UK Open Offer Shares are not being, and will not be, made, directly or indirectly, in or into, or by the use of the mails or any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States; and

11.31 it is not acquiring the UK Open Offer Shares as a result of or due to, and will not engage in, any "directed selling efforts" (as defined in Regulation S under the Securities Act) in the United States in respect of the UK Open Offer Shares, which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the UK Open Offer Shares, including placing an advertisement in a publication with a general circulation in the United States, nor has it seen or been aware of any activity that, to its knowledge, constitutes directed selling efforts in the United States.

PART 7

QUESTIONS AND ANSWERS ABOUT THE UK OPEN OFFER

The questions and answers set out in this Part 7 "Questions and Answers about the Open Offer" are intended to be in general terms only and, as such, if you are a Qualifying DI Holder you should read Part 6 "Terms and Conditions of the UK Open Offer" of this document for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the FSMA if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you are an Overseas Shareholder, you should read paragraph 6 of Part 6 "Terms and Conditions of the UK Open Offer" of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your UK Open Offer Entitlement.

The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

1. What is an open offer?

An open offer is a way for companies to raise money. Companies usually do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings. In this instance Qualifying DI Holders will also be offered the opportunity to apply for additional shares in excess of their entitlement to the extent that other Qualifying DI Holders do not take up their entitlement in full.

The UK Open Offer is an invitation by the Company to Qualifying DI Holders to apply to acquire up to an aggregate of 5,765,368 UK Open Offer Shares at a price of 85 pence per share. If you are a Qualifying DI Holder and hold Existing DIs on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a DI Holder with a registered address or located in the United States or another Restricted Jurisdiction, you will be entitled to buy UK Open Offer Shares under the UK Open Offer.

The UK Open Offer is being made on the basis of 3 UK Open Offer Shares for every 7 Existing DIs held by Qualifying DI Holders on the Record Date. If your entitlement to UK Open Offer Shares is not a whole number, you will not be entitled to buy a fraction of a UK Open Offer Share and your entitlement will be rounded down to the nearest whole number. The Issue Price of 85 pence per UK Open Offer Share represents discount of 54 per cent. to the closing price quotation of 185 pence per Ordinary Share on AIM on the Last Practicable Date.

The Excess Application Facility allows Qualifying DI Holders to apply for Excess Shares in excess of their UK Open Offer Entitlement. Applications made under the Excess Application Facility may be allocated in such manner as the Directors may determine in their absolute discretion, if applications are received from Qualifying DI Holders for more than the available number of UK Open Offer Shares, no assurance can be given that excess applications by Qualifying DI Holders will be met in full or in part or at all.

Unlike in a rights issue, entitlements under the UK Open Offer are not negotiable and neither they nor UK Open Offer Entitlements nor Excess CREST UK Open Offer Entitlements can themselves be traded.

2. How do I know I am eligible to participate in the UK Open Offer and how many UK Open Offer Shares I am entitled to take up?

Qualifying DI Holders should be informed by the CREST member through which they hold their Existing DIs of: (i) the number of UK Open Offer Shares which they are entitled to acquire under their UK Open Offer Entitlement; and (ii) how to apply for UK Open Offer Shares in excess of their UK Open Offer Entitlement under the Excess Application Facility provided they choose to take up their UK Open Offer Entitlement in full and should contact them should they not receive this information.

Subject to certain exceptions, if you are not a holder with a registered address or located in the United States or any other Restricted Jurisdiction then you should be eligible to participate in the UK Open Offer as long as you have not sold all of your Existing DIs before 8:00 a.m. on 4 June 2024 (the time when the Existing DIs are expected to be marked "ex entitlement" by the London Stock Exchange).

3. I hold Ordinary Shares rather than DIs. Can I participate in the UK Open Offer?

For practical reasons, only holders of DIs can participate in the UK Open Offer.

If you are a UK resident holder of Ordinary Shares, rather than DIs, you will not be eligible to participate in the UK Open Offer. You may be able to participate in the Institutional Offering if, amongst other things, you are a "qualified investor" as defined in the UK Prospectus Regulation and otherwise in accordance with the terms and conditions of the Institutional Offering. UK resident holders of Ordinary Shares that are not "qualified investors" as defined in the UK Prospectus Regulation should contact their broker or wealth manager to see if they may be able to participate in the REX Retail Offer.

4. I acquired my Existing DIs prior to the Record Date. What if my CREST account is not credited with UK Open Offer Entitlements?

If you are a DI Holder and your CREST account is not credited with your UK Open Offer Entitlement, this probably means that you are not eligible to participate in the UK Open Offer.

If your CREST account is not credited with your UK Open Offer Entitlement but you think that you should have received them, please contact Computershare via the shareholder helpline on +44 (0)370 702 0000. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Please note Computershare cannot provide financial or taxation advice or comment on the merits of the UK Open Offer or as to whether applicants should take up their UK Open Offer Entitlement.

5. Can I trade my UK Open Offer Entitlement?

Qualifying DI Holders should be aware that the UK Open Offer is not a rights issue. UK Open Offer Entitlements, Excess UK Open Offer Entitlements and Excess CREST UK Open Offer Entitlements will not be tradable or listed and applications in respect of the UK Open Offer may only be made by the Qualifying DI Holder originally entitled or by a person entitled by virtue of a *bona fide* market claim. UK Open Offer Shares for which an application has not been made under the UK Open Offer will not be sold in the market for the benefit of those who do not apply under the UK Open Offer and Qualifying DI Holders who do not apply to take up their UK Open Offer Entitlement will have no rights under the UK Open Offer or receive any proceeds from it. The UK Open Offer Shares are not underwritten.

6. What if I change my mind?

Once you have submitted your USE instruction, you cannot withdraw your application or change the number of UK Open Offer Shares for which you have applied, except in the very limited circumstances which are set out in this document.

7. What if the number of UK Open Offer Shares to which I am entitled is not a whole number: am I entitled to fractions of UK Open Offer Shares?

If the number is not a whole number, you will not receive a fraction of a UK Open Offer Share and your entitlement will be rounded down to the nearest whole number.

8. What should I do if I have sold some or all of my Existing DIs?

If you hold Existing DIs in the Company directly and you sell some or all of your Existing DIs before the Record Date, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for UK Open Offer Shares under the UK Open Offer. If you sell any of your Existing DIs on or after the Record Date, you may still take up and apply for UK Open Offer Shares according to your UK Open Offer Entitlement.

9. Will the Existing DIs that I hold now be affected by the UK Open Offer?

If you decide not to apply for any of the UK Open Offer Shares to which you are entitled under the UK Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced.

10. When do I have to decide if I want to apply for UK Open Offer Shares?

Computershare must receive the USE instruction by no later than 11.00 a.m. 18 June 2024, after which time USE Instructions will not be valid.

11. If I buy Existing DIs after the Record Date, will I be eligible to participate in the UK Open Offer?

If you bought your Existing DIs after the Record Date, you will not be able to participate in the UK Open Offer in respect of such Ordinary Shares.

12. Will I be taxed if I take up my entitlements?

Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser immediately.

13. What should I do if I live outside the United Kingdom?

Your ability to apply to acquire UK Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your UK Open Offer Entitlement. Shareholders with registered addresses or who are located in the United States or any other Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the UK Open Offer. Your attention is drawn to the information in paragraph 6 of Part 6 “Terms and Conditions of the UK Open Offer” of this document.

14. Further assistance

Should you require further assistance please call the shareholder helpline on +44 (0)370 702 0000. Please note that, for legal reasons, the shareholder helpline is only able to provide information contained in this document and information relating to the Company’s register of members and is unable to give advice on the merits of the UK Open Offer or to provide legal, business, accounting, tax, investment or other professional advice.

PART 8

ADDITIONAL INFORMATION

1. General Information

1.1 The registered business name of the Company is Faron Pharmaceuticals Oy in Finnish and Faron Pharmaceuticals Ltd in English, and it is domiciled in Turku, Finland. The registered office is located at Joukahaisenkatu 6, FI-20520 Turku, Finland, its telephone number is +358 24695151, and its website address www.faron.com. The Company is a Finnish limited liability company incorporated in and subject to the laws of Finland and, with regard to the admission to trading on AIM, the applicable laws of the United Kingdom. The Company is registered in the Trade Register under business identity code 2068285-4, its LEI is 7437009H31TO1DC0EB42 and its accounting period is the calendar year.

1.2 The Company was registered with the Trade Register on 24 October 2006.

1.3 According to Article 2 of the Company's Articles of Association, the line of business of the Company is to produce products as well as consulting and research services related to the biotechnology sector and to make commercial use of them, product development in the biotechnology sector, and marketing, export and domestic trade as well as professional services and training related to the sector. The Company may also own and acquire shares and other securities as well as properties.

2. Shares and Share Capital

2.1 As at the date of this document, the Company's registered share capital amounts to EUR 2,691,292.50 and the total number of shares in the Company is 72,007,497. The shares in the Company have no nominal value, they are denominated in euro and all shares issued have been paid in full and issued in accordance with Finnish laws. The Company has one series of shares with ISIN code FI4000153309. All shares carry one vote and have equal voting rights at the General Meetings of Shareholders, and all shares provide equal rights to dividend. There are no voting or transferability restrictions related to the Ordinary Shares.

2.2 The Ordinary Shares are admitted to trading on AIM and First North. However, the Company may in the future assess which marketplaces are appropriate to the Company for the public trading of its Ordinary Shares. The trading code of the shares in the Company is "FARON" on First North and "FARN" on AIM. The Ordinary Shares were entered in the book-entry securities system of Euroclear Finland on 17 June 2015.

2.3 Trading and settlement on AIM is facilitated through DIs with each DI representing one Ordinary Share of the Company. The DIs may be traded in uncertificated form through the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by Euroclear UK & International Limited, a United Kingdom based computerised share transfer and settlement system. The DIs are issued by Computershare Investor Services PLC, which holds one Ordinary Share of the Company for each DI issued. The shares are held on a nominee account by a custodian bank on behalf of Computershare. As Finnish residents are not allowed to hold shares of a Finnish company on a nominee account, they are not allowed to hold the Company's DIs. Thus, Finnish residents who wish to sell the Ordinary Shares on AIM must first convert their shares held on their Finnish book-entry account into DIs through the custodian chain. When buying the Ordinary Shares they must convert the acquired DIs back into shares held on a Finnish book-entry account.

2.4 The total number of options issued, warrants issued and warrants available for issue by the Company on 3 June 2024 was 6,454,760. Further information on options, warrants and their terms is set out in the section "Options and Warrants" below. In addition, in connection with the Capital Raise, the Company's Capital Loan will be converted into 3,714,592 New Ordinary

Shares. Further information on the terms and conditions of the Capital Loans is presented in the Section headed "Funding arrangements - Capital Loans" in Part 3 of this document.

2.5 As at the date of this document, the Company does not hold its own shares in treasury.

3. Options and Warrants

Option Plans

3.1 At the date of this document, the Company has two active Option Plans, initially established in 2015 (the Option Plan 2015) and the Option Plan 2019, respectively. The Option Plans have been amended since their initial establishment, and certain key terms of the Option Plans, as currently in force, relating to, among others, the administration of the Option Plans, certain change of control events, and exercise of options granted under the Option Plans, are set out in the below summaries. The summaries further include certain key figures relating to the Option Plans, including the number of outstanding and exercisable options under each of the Option Plans.

Option Plan 2015

3.2 The Option Plan 2015 was initially approved at the Company's Extraordinary General Meeting held on 15 September 2015. The terms and conditions of Option Plan 2015 have later been amended at the Company's Annual General Meetings held on 16 May 2017, 18 May 2020 and 23 April 2021 and at the Company's Extraordinary General Meeting held on 22 September 2023.

3.3 The options granted under Option Plan 2015 are granted to the members of the Board of Directors, the management team and other management and employees against no consideration. At the time of establishment of the Option Plan 2015, the maximum number of options that could be granted under the Option Plan 2015 was 1,800,000 in four different tranches (the "A Options", "B Options", "C Options" and "D Options", respectively).

3.4 Due to an increase in the number of Group employees and members of the Board of Directors, the Company's Annual General Meeting held on 16 May 2017 resolved to amend the Option Plan 2015 so that a maximum of 500,000 C Options and a maximum of 500,000 D Options may be offered under the Option Plan 2015. The Company's Annual General Meeting held on 18 May 2020 resolved to amend the Option Plan 2015 so that the options may be transferred or pledged after the conditions for share subscription have been fulfilled. The Company's Annual General Meeting held on 23 April 2021 resolved to amend the Option Plan 2015 so that the subscription period for shares based on the options was extended by two (2) years until 30 September 2023. The Company's Extraordinary General Meeting held on 22 September 2023 resolved to amend the terms and conditions of the Option Plan 2015 so that the subscription period for shares based on the options is further extended by two (2) years until 30 September 2025.

3.5 The Option Plan 2015 is administered by the Board of Directors, which may decide on the distribution of the options in accordance with the Option Plan 2015, resolve all questions related to the options or share subscriptions for which no provisions exist in the Option Plan 2015 and otherwise manage the Option Plan 2015.

3.6 The options have a service condition, and should the option holder's employment with, or service to, the Company terminate, the option holder must offer any options, for which the period for share subscription has not yet begun, to the Company or its assignee, unless the Board of Directors in its sole discretion decides otherwise. After the commencement of the share subscription period, any vested options may be freely transferred or exercised. Grant dates for the options may vary depending on the date when the Company and the option holders agree to the key terms and conditions of the Option Plan 2015. Each option entitles its holder to subscribe for one share of the Company.

3.7 Certain corporate events, such as events leading to a change of control or relating to a restructuring of the Company, may have an impact on options granted under the Option Plan 2015. If a binding offer is made to purchase all shares issued by the Company, the option holders are given the opportunity to exercise all their options or, should the Board of Directors of the Company so decide, exchange their options to option rights issued by another company before the expiration of the purchase offer as decided by the Board of Directors. In a merger or demerger of the Company, an option holder has the right to exercise their options within a reasonable period before the merger or demerger as specified by the Board of Directors. In case of redemption of shares owned by minority shareholders as set out in Chapter 18 of the Finnish Companies Act, an option holder has the right to demand redemption of their options and a person entitled to redeem the shares of minority shareholders has the right to redeem options at the redemption price. The provisions of Chapter 18 of the Finnish Companies Act are applied when determining the redemption price, redemption procedures, solving of disputes regarding the redemption price and execution of the redemption. In the event of a distribution of the Company's assets as set out in Chapter 13 of the Finnish Companies Act, options granted under the Option Plan 2015 are not taken into consideration and do not entitle to participate in such distribution. Such distribution further does not affect an option holder's right to exercise their options in accordance with the Option Plan 2015.

3.8 The exercise price for shares based on A Options is euro equivalent to the Company's share subscription price in the Company's initial public offering on AIM on 17 November 2015. The exercise price for shares based on B Options, C Options and D Options is euro equivalent to the exercise price determined based on the Company's average share price on AIM during the period 1 July to 30 September 2016, 1 July to 30 September 2017 and 1 July to 30 September 2018, as applicable.

3.9 The subscription price and the share amount to be subscribed for based on an option granted under the Option Plan 2015 are adjusted if the Company increases the number of shares in the Company through a free share issue to all shareholders before the end of the subscription period of the shares.

3.10 Key figures of Option Plan 2015 are summarised in the table below.

Key figures	**Option Plan 2015**			
	A Options	**B Options**	**C Options**	**D Options**
Maximum number of options	400,000	400,000	500,000	500,000
Number of outstanding options, 31 December 2023	385,000	338,400	500,000	170,000
Number of exercisable options, 31 December 2023	385,000	338,400	500,000	170,000
Exercise price, EUR	3.71	2.90	8.39	1.09
Dividend adjustment	No	No	No	No
Grant date	16 September 2015	18 November 2016	16 November 2017	21 May 2019
Beginning of subscription period	2 November 2015	8 October 2016	8 October 2017	8 October 2018
End of subscription period	30 September 2025[1)]	30 September 2025[1)]	30 September 2025[1)]	30 September 2025[1)]
Vesting conditions	Service until the beginning of the subscription period			

[1)] The Extraordinary General Meeting, held on 22 September 2023, resolved to amend the terms and conditions of the Option Plan 2015 so that the subscription period for shares based on the options is extended by two (2) years, i.e., until 30 September 2025.

Option Plan 2019

3.11 The Option Plan 2019 was initially approved at the meeting of the Company's Board of Directors on 20 November 2019 following the relevant authorisation by the Company's Annual General Meeting held on 28 May 2019. The terms and conditions of Option Plan 2019 have later been amended at the Company's Annual General Meetings held on 18 May 2020 and on 24 March 2023.

3.12 The options granted under Option Plan 2019 are granted to the members of the Board of Directors, the management and employees and to any person who provides services to the Company against no consideration. At the time of establishment of the Option Plan 2019, the maximum number of options that could be granted under the Option Plan 2019 was 2,000,000.

3.13 The Annual General Meeting held on 18 May 2020 resolved to amend the Option Plan 2019 so that the options may be transferred or pledged after the conditions for share subscription have been fulfilled. The Annual General Meeting held on 24 March 2023 resolved to amend the terms and conditions of the Option Plan 2019 so that a maximum total of 4,350,000 options may be granted under Option Plan 2019.

3.14 The Option Plan 2019 is administered by the Board of Directors, which may decide on the distribution of the options in accordance with the Option Plan 2019, interpret its terms and conditions and otherwise manage the Option Plan 2019.

3.15 The options have a service condition, and should the option holder's employment with, or service to, the Company terminate (other than due to the option holder's death, injury or ill health), the option holder is, unless the Board of Directors in its sole discretion decides otherwise, not allowed to exercise their options and may, without compensation, forfeit all options. After the beginning of the share subscription period, any vested options may be freely transferred or exercised. A specific option holder (CEO, CFO, Chair or a member of the Board and non-employee person) may receive only a certain maximum number of options. Each share option entitles its holder to subscribe for one share of the Company.

3.16 Certain corporate events, such as events leading to a change of control or relating to a restructuring of the Company, may have an impact on options granted under the Option Plan 2019. If an offer to acquire (i) the whole of the issued share capital of the Company, which is made on a condition such that, if it is satisfied, the acquirer will have control of the Company, or (ii) all shares in the capital of the Company is made, the Board of Directors may allow option holders to exercise all their options prior to the change of control. In any case, option holders have the right to exercise their options within 90 days of the change of control. In a merger or demerger of the Company, an option holder has the right to exercise options specified by the Board of Directors within a reasonable period, as set by the Board of Directors, before the merger or demerger. In case of redemption of shares owned by minority shareholders as set out in Chapter 18 of the Finnish Companies Act, an option holder has the right to demand redemption of their options and a person entitled to redeem the shares of minority shareholders has the right to redeem options at the redemption price. The provisions of Chapter 18 of the Finnish Companies Act are applied when determining the redemption price, redemption procedures, solving of disputes regarding the redemption price and execution of the redemption. In the event that the Company's Board of Directors decides to propose to the shareholders' meeting of the Company that the Company be placed in liquidation, option holders may exercise their options in full at any time before such resolution is passed. In the event of a distribution of the Company's assets as set out in Chapter 13 of the Finnish Companies Act, options granted under the Option Plan 2019 are not taken into consideration and do not entitle to participate in such distribution. Such distribution further does not affect an option holder's right to exercise their options in accordance with the Option Plan 2019.

3.17 The exercise price for shares based on options granted under the Option Plan 2019 is euro equivalent of the average share price on AIM for the past 90 or 30 days prior to the grant date. For the GBP to EUR price conversion, the exchange rate of the European Central Bank on the grant date is used.

3.18 The Company's Board of Directors may, in a manner that the Board of Directors considers to be fair and reasonable, adjust the number of options or the exercise price in case of any variation of the Company's share capital that affects or may affect the value of the options granted under the Option Plan 2019. The total amount payable on exercise of any options granted under the Option Plan 2019 is not increased following such adjustment.

3.19 Key figures of the Option Plan 2019 are listed in the table below.

Key figures	**Option Plan 2019**
Maximum number of options	4,350,000
Number of outstanding options, 31 December 2023	2,613,666
Number of exercisable options, 31 December 2023	904,040
Exercise price, EUR	2.09–4.47 (2.38–4.04 under US plan)
Dividend adjustment	No
First grant date	23 July 2020
Last grant date	9 November 2023
Beginning of first subscription period	23 July 2021
End of last subscription period	9 November 2028
Vesting conditions	Service until the beginning of each subscription period

Warrants

3.20 As was announced on 28 February 2022, as part of the Warrantholder Agreement relating to the Facilities Agreement, the Company originally issued to the Warrantholder a total of 319,944 2022 Warrants of the maximum total amount of 600,000 2022 Warrants that may be granted to the Warrantholder in respect of Tranche A under the terms of the Warrantholder Agreement (the unissued difference of 280,056 2022 Warrants being referred to as the "2022 Remaining Warrants") against no consideration. At the date of this document, the Strike Price of the 2022 Warrants is EUR 1.50 (for a description of the Facilities Agreement as well as certain pricing-related terms and conditions relating to the 2022 Warrants.

3.21 The number of shares in the Company may be increased by a maximum of 319,944 shares as a result of the exercise of the 2022 Warrants issued to the Warrantholder, and, should the 2022 Remaining Warrants be issued to the Warrantholder, may further be increased by 280,056 shares (totalling a maximum increase of 600,000 shares) as a result of the exercise of the 2022 Remaining Warrants. Each of the 2022 Warrants entitles its holder to subscribe for one new share in the Company and is exercisable for a period of seven years calculated from 25 March 2022.

3.22 Certain corporate events, such as events relating to a restructuring of the Company, may have an impact on the 2022 Warrants as set out in the Warrantholder Agreement. In a merger or demerger of the Company, the Warrantholder will receive corresponding 2022 Warrants in the new or surviving entity, as applicable, with similar terms and same economic benefit. In the event that the Company's Board of Directors decides to propose to the shareholders' meeting of the Company that the Company be placed in liquidation, the Warrantholder may elect to be treated as if they had exercised their 2022 Warrants or a portion thereof immediately before the date of the liquidation resolution. Should the Company decide to acquire or redeem its own shares or other securities entitling to shares in accordance with the pre-emptive rights, the Warrantholder has the right to subscribe for shares prior to such acquisition or redemption. Such Warrantholder further has the right to have a corresponding portion of the shares subscribed by the Warrantholder acquired or redeemed. Further, if the Company issues any shares or any securities or other instruments convertible, exchangeable or redeemable into shares (other than any excluded issuance) at an issuance price which is below the 2022 Strike Price, the Company shall adjust the 2022 Strike Price in respect of each 2022 Warrant held by the Warrantholder by amending the 2022 Strike Price to a price equal to the price per new share issued in connection with such adjustment event.

3.23 Taking into account the adjustment mechanism for the 2022 Warrants described above, upon completion of the Capital Raise, the 2022 Strike Price will be adjusted so that it corresponds to the per share subscription price of the shares issued in the said Capital Raise, meaning that upon completion of the Capital Raise at the Issue Price of EUR 1.00 per Ordinary Share, the adjusted 2022 Strike Price will be EUR 1.00. Pursuant to the terms of the Warrantholder Agreement entered into between the Company and the Warrantholder, the 2022 Strike Price and the number of the shares to be subscribed on the basis of the 2022 Warrants may, upon and subject to agreed adjustment events, be amended in accordance with the following formula: 2022 Strike Price x (outstanding number of shares previously issued + number of shares issuable for the amount raised at the 2022 Strike Price) ÷ (outstanding number of shares previously issued + number of shares at the issuance price).

3.24 Pursuant to the Waiver regarding certain events of default under the Facilities Agreement, the Company has further agreed to grant a maximum total amount of 1,500,000 2024 Warrants 1 to the Warrantholder, entitling it to subscribe for new shares in the Company at the 2024 Strike Price 1 as set out in the Warrantholder Agreement.

3.25 The Company has on 27 March and 3 April 2024 issued a total of 667,066 2024 Warrants 1 to the Warrantholder, and the Board of Directors has, having received the needed authorisation by the Company's Annual General Meeting held on 5 April 2024, approved the terms and conditions of the remaining 832,934 2024 Warrants 1 that may be issued to the Warrantholder in accordance with the Warrantholder Agreement.

3.26 Each of the 2024 Warrants 1 entitles its holder to subscribe for one new share in the Company. The number of shares in the Company may be increased by a maximum of 667,066 shares as a result of the exercise of the 2024 Warrants 1 issued to the Warrantholder, and, should the remaining 2024 Warrants 1 be issued to the Warrantholder in accordance with the Warrantholder Agreement, may further be increased by 832,934 shares (totalling a maximum increase of 1,500,000 shares) as a result of the exercise of the remaining 2024 Warrants 1. The 2024 Warrants 1 may be exercised for a period of seven years calculated from 27 March 2024.

3.27 Certain corporate events, such as events relating to a restructuring of the Company, may have an impact on the 2024 Warrants 1 as set out in the Warrantholder Agreement. In a merger or demerger of the Company, the Warrantholder will receive corresponding 2024 Warrants 1 in the new or surviving entity, as applicable, with similar terms and same economic benefit. In the event that the Company's Board of Directors decides to propose to a general meeting of the Company that the Company be placed in liquidation, the Warrantholder may elect to be treated as if they had exercised their 2024 Warrants 1 or a portion thereof immediately before the date of the liquidation resolution. Should the Company decide to acquire or redeem its own shares or other securities entitling to shares in accordance with the pre-emptive rights, the Warrantholder has the right to subscribe for shares prior to such acquisition or redemption. Such Warrantholder further has the right to have a corresponding portion of the shares subscribed by the Warrantholder acquired or redeemed. Further, if the Company issues any shares or securities or other instruments convertible into, exchangeable for or redeemable for shares (other than any excluded issuance) at an issuance price below the 2024 Strike Price 1, the Company shall adjust the 2024 Strike Price 1 in respect of each 2024 Warrant 1 held by the Warrantholder by amending the 2024 Strike Price 1 to a price equal to the price per new share issued in connection with such adjustment event. Taking into account the adjustment mechanism for the 2024 Warrants 1 described above, upon completion of the Capital Raise, the 2024 Strike Price 1 will be adjusted so that it corresponds to the per share subscription price of the shares issued in the Capital Raise, meaning that upon completion of the Capital Raise at the Issue Price of EUR 1.00 per Ordinary Share, the adjusted 2024 Strike Price 1 will be EUR 1.00.

3.28 Pursuant to the terms of the Warrantholder Agreement entered into between the Company and the Warrantholder, the number of 2024 Warrants 1 to be issued to the Warrantholder may, upon and subject to agreed adjustment events, be further increased so that the total number of new shares in the Company as a result of the exercise of the 2024 Warrants 1, multiplied by the

adjusted 2024 Strike Price1 , is equal to EUR 1,000,000 (less any amounts already paid). Taking into account the adjustment mechanism for the 2024 Warrants 1 described above, upon completion of the Capital Raise at the Issue Price of EUR1.00 per Ordinary Share, the number of 2024 Warrants 1 will be increased by a total of 332,934 new warrants.

3.29 In addition, as a result of the extension of the Waiver, the Company agreed to grant a maximum total amount of 750,000 2024 Warrants 2 to the Warrantholder, entitling it to subscribe for new shares in the Company at the 2024 Strike Price 2 as set out in the Warrantholder Agreement. On 17 May 2024, the Company issued to the Warrantholder a total of 333,333 2024 Warrants 2.

3.30 Each of the 2024 Warrants 2 entitles its holder to subscribe for one new share in the Company. The number of shares in the Company may be increased by a maximum of 333,333 shares as a result of the exercise of the 2024 Warrants 2 issued to the Warrantholder, and, should the remaining 2024 Warrants 2 be issued to the Warrantholder in accordance with the Warrantholder Agreement, may be further increased by 416,667 shares (totalling a maximum increase of 750,000 shares) as a result of the exercise of the remaining 2024 Warrants 2. The 2024 Warrants 2 may be exercised for a period of seven years calculated from 17 May 2024.

3.31 Certain corporate events, such as events relating to a restructuring of the Company, may have an impact on the 2024 Warrants 2 as set out in the Warrantholder Agreement. In a merger or demerger of the Company, the Warrantholder will receive corresponding 2024 Warrants 2 in the new or surviving entity, as applicable, with similar terms and same economic benefit. In the event that the Company's Board of Directors decides to propose to a General Meeting of the Company that the Company be placed in liquidation, the Warrantholder may elect to be treated as if they had exercised their 2024 Warrants 2 or a portion thereof immediately before the date of the liquidation resolution. Should the Company decide to acquire or redeem its own shares or other securities entitling to shares in accordance with pre-emptive rights, the Warrantholder has the right to subscribe for shares prior to such acquisition or redemption. Such Warrantholder further has the right to have a corresponding portion of the shares subscribed by the Warrantholder acquired or redeemed. Further, if the Company issues any shares or securities or other instruments convertible into, exchangeable for or redeemable for shares (other than any excluded issuance) at an issuance price below the 2024 Strike Price 2, the Company shall adjust the 2024 Exercise Price 2 in respect of each 2024 Warrant 2 held by a Warrantholder by amending the 2024 Strike Price 2 to a price equal to the price per new share issued in connection with such adjustment event. Taking into account the adjustment mechanism for the 2024 Warrants 2 described above, upon completion of the Capital Raise, the 2024 Strike Price 2 will be adjusted so that it corresponds to the per share subscription price of the shares issued in the Capital Raise, meaning that upon completion of the Capital Raise at the Issue Price of EUR 1.00 per Ordinary Share, the adjusted 2024 Strike Price 2 will be EUR 1.00.

3.32 Pursuant to the terms of the Warrantholder Agreement entered into between the Company and the Warrantholder, the number of 2024 Warrants 2 to be issued to the Warrantholder may, upon and subject to the agreed adjustment events, be further increased so that the total number of new shares in the Company as a result of the exercise of the 2024 Warrants 2 multiplied by the adjusted 2024 Exercise Price 2 is equal to EUR 500,000 (less any amounts already paid). Taking into account the adjustment mechanism for the 2024 Warrants 2 described above, upon completion of the Capital Raise at the Issue Price of EUR 1.00 per Ordinary Share, the number of 2024 Warrants 2 will be increased by a total of 166,667 new warrants.

3.33 Key figures of the Warrants are listed in the table below.

Warrantholder	Maximum number of Warrants	Number of Warrants issued	Date of issuance	Valid until	Date of subscription	Strike Price, EUR
IPF Fund II SCA, SICAV-FIAR	600,000	319,944	28 February 2022	25 March 2029	28 February 2022	1.50
		613,496	27 March 2024	27 March 2031	27 March 2024	1.50
IPF Fund II SCA, SICAV-FIAR	1,500,000	53,570	3 April 2024	3 April 2031	3 April 2024	1.50
IPF Fund II SCA, SICAV-FIAR	750,000	333,333	17 May 2024	17 May 2031	20 May 2024	1.50

4. Free Shares relating to the Directed Share Issue

The Company has committed to issue investors who participated in the private placement announced on 4 April 2024 new shares primarily through a free issue ("**Free Shares**"), so that the subscription price of the private placement (EUR 1.50 per share) would be equal to the subscription price of a public offer or other share issue that may have been completed before with a lower subscription price (or that it will make a corresponding compensation in another way). As the Subscription Price in the Finnish Public Offering and the Institutional Offering is EUR 1.0 per Ordinary Share, the Company would issue 1,600,153 Free Shares in total. The Board of Directors intends to resolve on the issuance of Free Shares within the scope of the authorisation granted by the Annual General Meeting on 5 April 2024 as soon as practicable in connection with or after the completion of the Capital Raise, estimated during June 2024.

5. Current Authorisations

Authorisation regarding the Capital Raise

5.1 On 5 April 2024, the annual general meeting of shareholders of the Company authorised the Board of Directors of the Company to resolve on a directed share issue pursuant to, or in deviation from, the shareholders' pre-emptive rights, by one or several decisions. The shares to be issued under the authorisation are new shares or treasury shares held by the Company.

5.2 The authorisation consists of up to of 30,000,000 new shares in the aggregate, as well as the conveyance of up to the same maximum number of 30,000,000 of treasury shares held by the Company. The Board of Directors is authorised to issue shares without consideration to the Company itself or otherwise, as well as to further convey treasury shares held by the Company. The Board is authorised to resolve on all other terms and conditions of the issuance of shares.

5.3 The authorisation may be used, inter alia to repay short-term financing obligations of the Company, to strengthen the balance sheet as well as the capital structure of the Company and to continue financing the Company's operations for the year 2024 as set out below.

5.4 The authorisation is effective until the close of the next Annual General Meeting of Shareholders to be held in 2025 and can only be used for the purposes of the Capital Raise and the Company's existing bridge financing needs (i.e. converting the Company's Capital Loans and issuing Free Shares). The authorisation does not cancel the remaining authorisation given to the Board of Directors by the Annual General Meeting on 24 March 2023 to resolve on issuances of shares, option rights or other special rights entitling to shares, nor the other authorisation granted to the Board of Directors by the same annual general meeting of the Company described below under Section "Authorisation regarding issuance of shares as well as the issuance of options and other rights entitling to shares granted to the Board of Directors by the annual general meeting of the Company held on 5 April 2024".

Authorisation regarding issuance of shares as well as the issuance of options and other rights entitling to shares granted to the Board of Directors by the annual general meeting of the Company held on 5 April 2024

5.5 On 5 April 2024, the annual general meeting of shareholders of the Company authorised the Board of Directors of the Company to resolve with one or more decisions, pursuant to, or in deviation from, the shareholders' pre-emptive rights on issuances of shares, option rights or other special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Companies Act, which authorisation contains the right to issue new shares or dispose of the Company's treasury shares held by the Company. The authorisation consists of up to 20,000,000 new shares in the aggregate (including shares to be received based on option rights or other special rights), as well as the conveyance of up to the same maximum number 20,000,000 of treasury shares held by the Company.

5.6 The authorisation may be used for material arrangements from the Company's point of view, such as financing (including, without limitation, issuance of 2024 Warrants 1 under the facilities agreement with IPF Partners announced on 28 February 2022) or implementing business arrangements, investments or for other such purposes determined by the Board of Directors in which case a weighty financial reason for issuing shares, option rights or other special rights entitling to shares, and possibly deviating from the shareholders' preemptive rights, would exist.

5.7 The authorisation is effective until 30 June 2025 and it does not cancel the authorisation given to the Board of Directors of the Company by the Annual General Meeting on 24 March 2023 to resolve on issuances of shares, option rights or other special rights entitling to shares.

5.8 On 4 April 2024, the Company announced that it will issue 53,570 2024 Warrants 1 entitling to a total of 53,570 shares. The issuance was made on the basis of the authorisation granted on 5 April 2024 and in the connection thereto, the Board of Directors of the Company approved the terms and conditions of a total of 886,504 2024 Warrants 1. Therefore, within the remaining authorisation, a total of 19,113,496 shares, option rights or other special rights entitling to shares may be issued.

Authorisation regarding issuance of shares as well as the issuance of options and other rights entitling to shares granted to the Board of Directors by the annual general meeting of the Company held on 24 March 2023

5.9 On 24 March 2023, the annual general meeting of shareholders of the Company authorised the Board of Directors of the Company to resolve by one or several decisions on issuances of shares, option rights or other special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act, which authorisation contains the right to issue New Shares or dispose of the Company's own shares in the possession of the Company. The authorisation consists of up to 12,500,000 new shares in the aggregate (including shares to be received based on options or other special rights), which corresponds to approximately 20 per cent of the existing shares and votes in the Company, as well as the conveyance of up to the same maximum number 12,500,000 of treasury shares in the possession of the Company.

5.10 The authorisation is effective until 30 June 2024.

5.11 On 29 June 2023, 26 October 2023 and 4 April 2024, the Board of Directors of the Company resolved to issue a total of 2,601,510, a total of 2,491,998 and a total of 3,200,298 new Ordinary Shares in the Company, respectively, within the aforementioned authorisation. As was announced on 28 March 2024, the Board of Directors of the Company resolved to issue 2024 Warrants 1 entitling to shares of the Company in a total of 613,496 within the aforementioned authorisation, and as was announced on 17 May 2024, the Board of Directors of the Company resolved to issue 2024 Warrants 2 entitling to shares of the Company in a total amount of 333,333 2024 Warrants 2 within the aforementioned authorisation. Therefore, within the outstanding authorisation, a total of 2,842,698 shares, option rights or other special rights entitling to shares may still be issued or the same maximum amount of 2,842,698 treasury shares held by the Company may be conveyed.

6. Shareholders' Rights

Shareholders' Pre-Emptive Subscription Rights

6.1 Pursuant to the Finnish Companies Act, the shareholders of a Finnish limited liability company have a pre-emptive right to subscribe for the company's shares in proportion to the number of shares in the company they already hold unless otherwise provided in the resolution of the General Meeting or the Board of Directors on such issue. Pursuant to the Finnish Companies Act, a resolution by the General Meeting that deviates from the shareholders' pre-emptive rights must be approved by at least two thirds of all votes cast and shares represented at the General Meeting. In addition, pursuant to the Finnish Companies Act, such a resolution requires that the company has a weighty financial reason to deviate from the pre-emptive rights of shareholders. In deviation from the Finnish Companies Act, pursuant to the Articles of Association of the Company, if the Board of Directors proposes that the General Meeting makes a resolution on a share issue, or issue of option rights, or special rights entitling to shares in deviation from the shareholders' pre-emptive rights or on a share issue authorisation that does not exclude the right of the Board of Directors to resolve a share issue in deviation from the shareholders' pre-emptive rights, such resolution shall be made by a qualified majority of three quarters (3/4) of the shares represented and votes cast at the General Meeting. In addition, pursuant to the Finnish Companies Act, a resolution on a share issue without payment deviating from the shareholders' pre-emptive rights also requires that there is an especially weighty financial reason for the company and considering the interest of all its shareholders.

6.2 Certain shareholders who reside in or have a registered address in certain jurisdictions other than Finland may not be able to exercise pre-emptive rights in respect of their shareholdings unless a registration statement, or an equivalent thereof under the applicable securities laws of their respective jurisdictions, is effective or an exemption from any registration or similar requirements under the applicable laws of their respective jurisdictions is available.

General Meetings

6.3 Pursuant to the Finnish Companies Act, shareholders exercise their decision-making power at General Meetings which must be held in the municipality of the company's registered office, unless the articles of association provide for a different municipality. Holding the meeting elsewhere requires a very weighty reason. The Board of Directors may also decide that a shareholder may participate in the aforementioned General Meeting in such a way that the shareholder fully exercises his/her decision-making power by means of telecommunications and technical means during the meeting, unless the Articles of Association restrict or prohibit such. According to the Finnish Companies Act, the Board of Directors may also decide that the General Meeting will be held without a physical meeting venue in such a way that the shareholders fully exercise their decision-making power in real time by means of a telecommunications connection and technical means during the meeting. The prerequisite is that, according to the Articles of Association, the General Meeting must or can be held in this way.

6.4 Pursuant to the Articles of Association of the Company a General Meeting may be held in the city of London, United Kingdom in addition to the Company's domicile, on the basis of a resolution of the Board of Directors. In addition, the Board of Directors may decide that the General Meeting be held without a meeting venue so that the shareholders exercise their power of decision in full in real time during the meeting using a telecommunications connection or technical means (remote meeting).

6.5 Pursuant to the Articles of Association of the Company and the Finnish Companies Act, the Annual General Meeting is to be held annually within six (6) months of the end of the financial year. Pursuant to the Finnish Companies Act and the Company's Articles of Association, the Annual General Meeting must resolve on, among other things, the following matters:

a) adoption of the financial statements, which in a parent company also means the adoption of the consolidated financial statements,

b) use of the profit shown on the balance sheet,

c) granting of discharge from liability to the members of the Board of Directors and the CEO,

d) election and remuneration of the members of the Board of Directors, and

e) election of auditors.

6.6 Furthermore, an authorisation for the Board of Directors to resolve on a share issue or issue of other special rights entitling to shares and amendments to the Articles of Association also require the resolution of the General Meeting. In addition to Annual General Meetings, Extraordinary General Meetings may also be held if required. Depending on the nature of the matter to be resolved, the provisions of the Finnish Companies Act regarding qualified majority, as described below, are applied. The General Meeting handles the matters required by the Finnish Companies Act or the Articles of Association or presented to it by the Board of Directors. As a general rule, the General Meeting is convened by the Board of Directors. If a shareholder or shareholders of a company controlling at least ten (10) per cent of the shares or the company's auditor requests in writing that a certain matter be handled at the General Meeting, the Board of Directors must convene the General Meeting within two weeks from the arrival of the request. Under the Finnish Companies Act, a shareholder may submit a written request to the Board of Directors to include on the agenda for the next General Meeting any matter falling within the competence of the General Meeting, provided that the request is submitted in good time so that it can be included in the notice to the meeting.

6.7 A proposal by the Nomination Board for the composition of the Board of Directors is included in the notice to the General Meeting. A proposal by the Board of Directors for the auditors of the Company is published in connection with the notice to the General Meeting.

6.8 Pursuant to the Company's Articles of Association, the notice to the General Meeting must be delivered to shareholders not earlier than two (2) months before the Record Date (as defined below) of the General Meeting and no later than three (3) weeks prior to the date of the General Meeting but, however, always at least nine (9) days prior to the Record Date (as defined below) of the General Meeting. Shareholders shall be convened to a General Meeting, as determined by the Board of Directors, by the delivery of a notice to the shareholders, with such notice to be published on the Company's website and whilst the Company is admitted to trading on AIM, through a regulatory information service approved by the London Stock Exchange for the distribution of public announcements, or otherwise in compliance with any relevant AIM Rules and/or the requirements of the London Stock Exchange in force from time to time. In order to attend a General Meeting, a shareholder shall notify the Company on or before the last registration date stated in the notice of meeting, which shall not be earlier than ten (10) days prior to the meeting.

6.9 Pursuant to the Finnish Companies Act, only the shareholders who have been entered in the company's shareholders' register maintained by Euroclear Finland eight working days before a General Meeting (the "Record Date") have the right to attend the General Meeting. A holder of nominee-registered shares (including DI Holders) has the right to participate in the General Meeting by virtue of such shares based on which they would, on the Record Date, be entitled to be registered in the shareholders' register of the company held by Euroclear Finland. In addition, the right of a holder of nominee-registered shares to participate in the General Meeting requires that the shareholder has been registered on the basis of such shares in the temporary shareholders' register of the company held by Euroclear Finland. The notification of temporary entry into the shareholders' register must be submitted no later than on the date specified in the notice to the General Meeting, which must be after the Record Date.

6.10 Pursuant to the Finnish Companies Act, a shareholder may participate in the General Meeting in person or by way of proxy representation. A proxy representative must produce a dated proxy document or otherwise in a reliable manner demonstrate their right to represent a shareholder at the General Meeting. When a shareholder participates in the General Meeting by means of several proxy representatives representing the shareholder based on shares in different securities accounts, the shares based on which each proxy representative represents the

shareholder must be identified in connection with the registration for the General Meeting. In addition, each shareholder or proxy representative may have an assistant present at the General Meeting.

6.11 A shareholder has the right to participate in the General Meeting only by means of a telecommunications connection or technical means, if he or she has announced that he or she will participate in this way and the notice mentions the binding nature of such a method of participation to be notified to the company.

Voting Rights

6.12 A shareholder may attend and vote at a General Meeting personally or by using an authorised proxy. Each share of the Company entitles its holder to cast one (1) vote at the General Meeting. If a holder of nominee-registered shares (including DI Holders) wishes to attend the General Meeting and exercise the voting rights attached to such share, the holder must register for a temporary entry in the Company's shareholders' register. A notification for the temporary entry into the shareholders' register must be submitted no later than on the date specified in the notice to the General Meeting, which must be after the Record Date. There are no quorum requirements for the General Meetings in the Finnish Companies Act or the Company's Articles of Association.

6.13 At the General Meeting, pursuant to the Finnish Companies Act resolutions generally require the approval of the majority of the votes cast. However, certain resolutions, such as amending the Articles of Association and a directed share issue require a majority of two thirds of the votes cast and of the shares represented at the General Meeting. However, a majority decision is sufficient for an amendment to the Articles of Association if, on the basis of the amendment, the shareholder must be offered the opportunity to fully exercise his or her decision-making power by means of a telecommunications connection or technical means during the meeting. In addition, certain resolutions, such as a mandatory redemption of the shares in deviation from the shareholdings of the shareholders, require the consent of all shareholders. The Company's Articles of Association include certain majority requirements which have been described under section "Shareholders' Pre-Emptive Subscription Rights" above and section "Acquisition and Redemption of a Company's Own Shares" below. In addition, pursuant to the Company's Articles of Association, if the Company wishes the London Stock Exchange to cancel the admission of the Ordinary Shares to listing on AIM, the matter must be submitted to be decided by the General Meeting and the resolution by the General Meeting shall be made by a qualified majority of three quarters (3/4) of the shares represented and votes cast at the General Meeting. The Company may in the future assess which marketplaces are appropriate to the Company for the public trading of its Ordinary Shares, and as a result of this assessment, the General Meeting could also amend the Company's Articles of Association in respect of the provisions relating to trading on AIM.

Dividends and Other Distribution of Funds

6.14 Under the Finnish Companies Act, dividends on shares of a Finnish company may only be paid after the General Meeting has resolved on the distribution of dividend. As a general rule, the General Meeting may not decide to distribute assets in excess of what the Board of Directors has proposed or approved. Pursuant to the Finnish Companies Act, the distribution of dividends must be based on the most recently adopted and audited financial statements. The payment of dividends requires the approval of the majority of the votes cast at the General Meeting. The General Meeting may also authorise the Board of Directors to decide on the distribution of dividend.

6.15 Pursuant to the Finnish Companies Act, equity is divided into restricted and unrestricted equity. The division between restricted equity and unrestricted equity is relevant in the determination of distributable funds. Share capital and revaluation surplus, fair value reserve, and revaluation reserve as defined in the Finnish Accounting Act are restricted equity. The share premium reserve and legal reserve established prior to the entry into force of the Finnish Companies Act are restricted equity as provided by the Finnish Act on the Implementation of the Companies

Act (625/2006, as amended, the "Finnish Act on the Implementation of the Companies Act"). Unrestricted equity consists of other reserves and the profit of the current and previous financial periods. The amount of any dividend or other distribution of assets is limited to the amount of distributable funds. However, no funds may be distributed if at the time of deciding on the distribution it is known or it should be known that the company is insolvent or that the distribution would result in insolvency. Distributable funds include the profit for the financial year, retained earnings from previous years, and other unrestricted equity, less reported losses and the amount required by the Company's Articles of Association to be left undistributed. The distributable funds must be adjusted as appropriate by the amount of foundation, research, and certain development costs capitalised in the balance sheet pursuant to the Finnish Act on the Implementation of the Companies Act.

6.16 A dividend or other distribution of assets may not exceed the amount proposed or approved by the Board of Directors unless requested at the Annual General Meeting by shareholders representing at least ten (10) per cent of the issued shares of a company. If such a request is presented, and sufficient distributable funds are available as described above, the dividend paid must equal at least one half of a company's profit for the financial year, less the amount required by the Company's Articles of Association to be left undistributed. The shareholders may request dividend for a maximum amount of eight per cent of the total equity of a company. The possible distributions of profit for the financial period before the General Meeting are subtracted from the amount to be distributed.

6.17 Dividend and other distributions are paid to shareholders or their nominees who are included in the shareholders' register on the relevant record date. The shareholders' register of a company whose shares have been entered into the book-entry system is maintained by Euroclear Finland through a relevant book-entry account operator. Under the Finnish book-entry securities system, dividends are paid by account transfers to the accounts of the shareholders appearing in the registry. All shares of the Company provide their holders equal rights to dividend and other distributions of the Company (including in an event of dissolution of the Company). The date of expiry of the dividend is usually three years from the payment date of the dividend.

Acquisition and Redemption of a Company's Own Shares

6.18 Under the Finnish Companies Act a company may acquire or redeem its own shares. Decisions on the acquisition or redemption of a company's own shares must be made by the General Meeting. Under the Company's Articles of Association, the acquisition (buy back) or redemption by the Company of the Company's own shares or the acceptance by the Company of own shares as pledge requires a resolution by a General Meeting supported by more than two thirds (2/3) of the votes cast and the shares represented in a General Meeting. The General Meeting may also authorise the Board of Directors to decide on an acquisition of the Company's own shares using the unrestricted equity for a specific period of time, which cannot exceed 18 months. A company may acquire its own shares in a proportion other than that of the shares held by the shareholders only if there is a weighty financial reason for the company to do so. As a general rule, a company may redeem its own shares in a proportion other than that of the shares held by the shareholders only by the consent of all shareholders.

Notifications on the Change of Holdings in the Company pursuant to the Company's Articles of Association

6.19 Provisions of the Finnish Securities Markets Act relating to the notification of major holdings and proportions of voting rights, apply to securities subject to trading on First North with the amendments that entered into force on 19 April 2024. Additionally, Article 17 of the Company's Articles of Association sets out specific provisions regarding notification on the change of holdings in the Company, which are complied with in addition to the provisions of the Finnish Securities Markets Act regarding the notification of holdings and proportions of voting rights when a shareholder's holding reaches, exceeds or falls below the holding threshold set out in Article 17 of the Company's Articles of Association. Article 17 has been included in the Company's Articles of Association in connection with the Company's admission to trading on

AIM. As a result of legislative amendments that have entered into force, the Company will consider the need to update its Articles of Association.

6.20 Under Article 17.1 of the Company's Articles of Association, a shareholder (including, for the avoidance of doubt, a DI Holder) shall notify the Company of any holdings that he may have in the voting rights attaching to issued shares in the Company, whether directly or indirectly (including, for the avoidance of doubt, holdings of DIs or any other financial instruments as defined in the AIM Rules time to time in force in respect of such shares), when such holdings reach, exceed or decrease below three per cent (3%), and each one per cent (1%) threshold thereafter up to 100 per cent of the total voting rights in the shares in the Company registered at the Finnish Trade Register (a "Notification").

6.21 Under Article 17.2 of the Company's Articles of Association, in the calculation of holdings of a shareholder such holdings shall also comprise holdings of any Subsidiary Undertakings (as defined below) of the shareholder and any third parties if the exercise of voting rights attached to such holdings of any third parties may be resolved by the shareholder either alone or together with such third party on the basis of an agreement or another arrangement ("Controlled Entities").

"**Subsidiary Undertakings**" shall include any undertaking in relation to which a shareholder:

a) holds a majority of the voting rights; or

b) is a shareholder (or any of its subsidiary undertakings is a shareholder, or a person acting on behalf of the shareholder or any of its subsidiary undertakings is a shareholder) and has the right to appoint or remove a majority of its board of directors; or

c) has the right to exercise a dominant influence, either by virtue of provisions contained in the undertaking's articles or by virtue of a control contract; or

d) is a shareholder (or any of its subsidiary undertakings is a shareholder, or a person acting on behalf of the shareholder or any of its subsidiary undertakings is a shareholder) and controls alone, pursuant to an agreement with other shareholders a majority of the voting rights; or

e) has the power to exercise, or actually exercises, dominant influence or control.

6.22 Under Article 17.3 of the Company's Articles of Association, no Notification obligation shall arise in respect of Ordinary Shares that may be held by a person through his role as the Company's Depositary. "**Company's Depositary**" means a custodian or other person (or a nominee of such custodian or other person) appointed under contractual arrangements with the Company or other arrangements approved by the Board of Directors whereby such custodian or other person or nominee holds shares of the Company or rights in shares of the Company and issues securities or other documents of title or otherwise evidencing the entitlement of the holder thereof to receive such shares or rights.

6.23 Under Article 17.4 of the Company's Articles of Association, the Notification shall be made as soon as possible, but not later than four trading days, the first of which shall be date on which the person:

a) learns of the acquisition or disposal or the possibility of exercising voting rights, or on which, having regard to the circumstances, should have learned of it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect; or

b) is informed about any event triggering a change in the breakdown of voting rights which would lead to an obligation to disclose pursuant to Article 17.1 above.

6.24 For the purposes of Article 17.4 a) above, a person shall, in relation to a transaction to which he is a party or which he has instructed, be deemed to have knowledge of the acquisition, disposal or possibility to exercise voting rights no later than two trading days following the

transaction in question or where a transaction is conditional upon the approval by public authorities of the transaction or on a future uncertain event the occurrence of which is outside the control of the parties to the agreement, the parties are deemed to have knowledge of the acquisition, disposal or possibility of exercising voting rights only when the relevant approvals are obtained or when the event happens.

6.25 Notwithstanding the time limits for disclosure set out above, the Company is required by Rule 17 of the AIM Rules to announce via a Regulatory Information Service, all the information contained in any vote holder notification ”without delay”.

6.26 When a Notification is made to the Company or the Company otherwise becomes aware of the reaching, exceeding or decreasing below any of above-mentioned thresholds the Company shall without delay publish information on the change of holdings in the Company and deliver such information to the markets in the Finnish and/or English language(s) and in compliance with the relevant requirements of the AIM Rules and/or the London Stock Exchange from time to time in force.

6.27 Under Article 17.5 of the Company’s Articles of Association, the Notification shall comprise following information:

a) The grounds for making the Notification.

b) The point of time when the holdings have reached, exceeded or decreased below any of the thresholds above.

c) The exact portion of the Ordinary Shares in the Company held either directly or indirectly by the shareholder.

d) The number of the Ordinary Shares concerned.

e) The complete name of the shareholder and trade register number or equivalent identification number.

f) The complete name and trade register number or equivalent identification number of each of the Controlled Entities.

g) A report on the division of the holdings between the shareholder and each of the Controlled Entities.

h) The chain of Controlled Entities through which Ordinary Shares and voting rights attached to such Ordinary Shares are held.

6.28 The Company’s website includes template forms of Notification.

6.29 The shareholder shall make the Notification in Finnish or English language at the sole discretion of the shareholder.

6.30 Under Article 17.6 of the Company’s Articles of Association, the Board of Directors may serve a notice (a “Disclosure Notice”) on any shareholder or other person whom the Company knows or has reasonable cause to believe to have holdings in Ordinary Shares in accordance with the Article 17.2 asking them to make a Notification of their holdings.

6.31 If any person fails to respond to the Board of Directors’ Disclosure Notice with the information required under Article 17.5 within three (3) business days of such Disclosure Notice, then the Board of Directors may, in its absolute discretion (and after consultation with the Company’s Nominated Adviser), serve a further notice (a “**Default Notice**”) on such person stating that such person shall be liable to pay a penalty fee to the Company (the “**Non-Disclosure Penalty Fee**”) equal to EUR 5,000.

6.32 The Board of Directors may also in its absolute discretion resolve to set off the Non-Disclosure Penalty Fee against any dividends or other distribution of funds payable to such person. Any such Non-Disclosure Penalty Fee shall be refunded (without any liability to pay interest thereon) to such person after a Notification has been made to the satisfaction of the Board of Directors.

6.33 If the Board of Directors resolves that it has reasonable cause to believe that a person has or may own Ordinary Shares, and that they have made reasonable enquiries to establish whether a person owns such Ordinary Shares, then such person shall, for the purposes of Article 17 be deemed to hold such Ordinary Shares, from the date of such resolution until any such time as the Board of Directors may otherwise resolve.

6.34 Any resolution or determination of, or exercise of any discretion or power by the Board of Directors or any member of the Board of Directors acting in good faith under or pursuant to the provisions of Article 17 shall be final and conclusive and anything done by, or on behalf of, or on the authority of, the Board of Directors or any member of the Board of Directors acting in good faith pursuant to the provisions of Article 17 shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to its validity or otherwise on any ground whatsoever. The Board of Directors shall not be required to give any reasons for any resolution or determination taken or made in accordance with Article 17.

Tender Offers

6.35 Provisions of the Finnish Securities Markets Act relating to the takeover bids apply to securities subject to trading on First North with the amendments that entered into force on 19 April 2024. Additionally, Article 18 of the Company's Articles of Association sets out specific provisions regarding the takeover bid targeting the Company, the application of which the Board of Directors of the Company is authorised to decide on, pursuant to Article 18.6 of the Articles of Association, as described below, to the extent that they do not conflict with the provisions of the Finnish Securities Markets Act. The Article in question has been included in the Company's Articles of Association in connection with the Company's admission to trading on AIM. As a result of the legislative amendments that have entered into force, the Company will consider the need to update its Articles of Association.

6.36 Under Article 18.1 of the Company's Articles of Association, except with the consent of the Board of Directors (in consultation with the Company's Nominated Adviser), for so long as the Company is listed on AIM, when:

a) any person acquires, whether by a series of transactions over a period of time or not, holdings in the voting rights attached to Ordinary Shares, whether directly or indirectly, that (taken together with the voting rights of another person referred to in 18.2 below) represent thirty per cent (30%) or more of the voting rights of the Company; or

b) any person, together with a person referred to in 18.2 below, has a holding in the voting rights attached to Ordinary Shares that in the aggregate represent not less than thirty per cent (30%) of the voting rights of the Company, but not more than fifty per cent (50%) of such voting rights, and such person (or any person referred to in 18.2 below) acquires additional interests which will increase his, her or its per centage share of voting rights in the Company (each of 18.1.a) and 18.1.b), a "**Relevant Acquisition**"),

then such person and any persons referred to in Article 18.2 below (each such person referred to herein as the "**Offeror**") shall be obliged to make an offer ("**Offer**") to purchase all the other Ordinary Shares in the Company, or options or other special rights which entitle the holder to new Ordinary Shares in the Company, from the other shareholders or holders of such options or other special rights ("**Offerees**").

6.37 The obligation to make an Offer under Article 18 shall not arise if the Board of Directors resolve otherwise. However, in the event that any member of the Board of Directors makes a Relevant Acquisition pursuant to Article 18.1, such member of the Board of Directors shall not be entitled to vote in any resolution of the Board of Directors regarding any waiver of the obligation to make an Offer under Article 18.

6.38 Under Article 18.2 of the Company's Articles of Association, in calculating the voting rights of a person for the purpose of Article 18, the following Ordinary Shares that belong to the following parties shall also be taken into account:

a) Ordinary Shares held by the Offeror, as well as Subsidiary Undertakings of the Offeror and pension foundations and pension funds under the control of the said parties.

b) Ordinary Shares held by the Offeror and his or her spouse or registered partner, a minor whose guardian the Offeror is, or another family member of the Offeror who has lived in the same household with the Offeror for at least one year.

c) Ordinary Shares held by any other private persons and entities who are acting in concert (as defined in the City Code on Takeovers and Mergers) with the Offeror in order to acquire Control in the Company.

d) Ordinary Shares held by the Offeror or any other party under subsection (a) to (c) above together with any third parties.

e) Ordinary Shares, the proportion of voting rights attached to which the shareholder is entitled to use or direct under a contract or other arrangement.

6.39 For the purpose of Article 18, "Control" means an interest, or interests, in shares carrying in aggregate thirty per cent (30%) or more of the voting rights (as defined below) of a company, irrespective of whether such interest or interests give de facto control.

6.40 Any person acting as the Company's Depositary shall not be deemed to be an Offeror for the purposes of Article 18 and its holdings shall be deemed to be excluded for the purposes of sub-paragraphs a) to e) above.

6.41 In calculating the voting rights of a person, any restrictions on the exercise of the voting rights in an agreement to which the person is a party or provisions of applicable law shall not be taken into account.

6.42 Ordinary Shares held by the Company or any entity under the Control of the Company shall not be taken into account in the determining of total voting rights attached to all the Ordinary Shares in the Company.

6.43 In the event that a Relevant Acquisition has occurred:

a) solely as a result of activities of the Company or another person; or

b) as a result of or pursuant to any stock borrowing arrangement which has been approved by the Board of Directors,

a person shall not be obliged to make an Offer until he purchases, subscribes for or in any other manner increases his holdings in the voting rights of the Company.

6.44 Under Article 18.3 of the Company's Articles of Association, the purchase price ("**Price**") payable by the Offeror shall be a fair market price. For the purposes of Article 18.3, fair market price shall mean:

a) the highest price paid per Share by the Offeror or any person or entity referred to in the sub-paragraphs (a) to (e) in Article 18.2 above during the twelve (12) months prior to the emergence of the obligation to make an Offer, or

b) in the event no such purchases have been made, the weighted average price per Share in trading on AIM during the preceding three (3) month period, or such other price as the Board of Directors may determine (having consulted with its Nominated Adviser).

6.45 Except with the consent of the Board of Directors (in consultation with the Company's Nominated Adviser), the Price should be in cash or be accompanied by a cash alternative. In the event that any member of the Board of Directors makes a Relevant Acquisition pursuant to Article 18.1, such member of the Board of Directors shall not be entitled to vote or participate in any resolution of the Board of Directors regarding any waiver of the obligation to make an Offer in cash or accompanied by a cash alternative.

6.46 If an acquisition to be deemed to have influence on the Price is denominated in a currency other than the Pound Sterling of the United Kingdom, in which the Ordinary Shares of the Company are traded, the conversion value of such acquisition currency to the trading currency shall be calculated through the official rates of the European Central Bank for the currencies in question seven (7) days prior to the date on which the Board of Directors notified the shareholders of the Offer.

6.47 Under Article 18.4 of the Company's Articles of Association, the Offeror shall be obliged to treat all Offerees equally and pay the same price per share/DI to all Offerees willing to sell their Ordinary Shares to the Offeror on the basis of the Offer irrespective of the identity of the Offeree, number of the Ordinary Shares held by the Offeree or point of time when the Offeree sells his Ordinary Shares to the Offeror.

6.48 In the event that the Offeror or any person or entity referred to in the subsections a) to c) in Article 18.2 above acquires Ordinary Shares in the Company under better terms and conditions than what has been offered to the Offerees in the Offer and said acquisition takes place between the date on which the obligation to make an Offer has arisen and the due date by which claims for purchase shall be made, the Offeror shall be obliged to amend the Offer to correspond to the terms of said acquisition. The procedure for the amendment of the Offer is set forth below.

6.49 In the event the Offeror or any person or entity referred to in the subsections a) to c) in Article 18.2 above acquires Ordinary Shares in the Company under better terms and conditions than what has been offered to the Offerees in the Offer (or the amended Offer, if any) and said acquisition takes place within nine (9) months after the due date by which claims for purchase were made to the Offeror, the Offeror shall be obliged to compensate the Offerees having accepted the Offer (or the amended Offer, if any) for the difference between the Price paid in the Offer (or the amended Offer, if any) and the purchase price paid in said acquisition.

6.50 Under Article 18.5 of the Company's Articles of Association, the Offeror shall upon submitting a Notification referred to in Article 17 (described above in section "Notifications on the Change of Holdings in the Company pursuant to the Company's Articles of Association") communicate the obligation to make an Offer ("**Communication**") in writing at the Company's address to the Board of Directors of the Company.

6.51 The Communication shall contain details of the number of Ordinary Shares owned by the Offeror and the number and price of the Ordinary Shares acquired during the last twelve (12) months. The Communication shall also contain the address at which the Offeror may be contacted. The Communication shall be made in the Finnish or English language at the sole discretion of the Offeror.

6.52 The Board of Directors shall notify shareholders of the arising of the obligation to make an Offer within 45 days of the receipt of the Communication or, in the absence of such Communication, or where such Communication fails to arrive within the specified period, of the date on which it otherwise became aware of such obligation to make an Offer.

6.53 The Board of Directors' notice shall contain details of the date on which the obligation to make an Offer has arisen, the basis for determination of the purchase price as far as known to the Board of Directors and the due date by which acceptances shall be made. The Offeror shall be obliged to provide the Board of Directors with all information reasonably needed by the Board of Directors for it to make its notification to the shareholders. The Board of Directors' notification shall be made in compliance with the provisions of the Articles of Association concerning notice

of a General Meeting of Shareholders (as described in section "General Meetings" above). An Offeree who wishes to accept the Offer shall do so in writing within 30 days of the Board of Directors' notification. The notification of acceptance, which shall be sent to the Company or to a party appointed by the Board of Directors, shall indicate the number of Ordinary Shares to which the acceptance relates. An Offeree who accepts the Offer shall, at the same time as making its acceptance notification, provide the Company with all necessary documentation to effect the transfer of the relevant Ordinary Shares to the Offeror upon the payment of the Price.

6.54 The Offeror shall immediately inform the Board of Directors if the Offer needs to be amended in accordance with the above provisions and provide the Board of Directors with all information reasonably needed by the Board of Directors. In the event the Offer has already been notified to the Offerees, the Board of Directors shall forthwith notify the amended Offer to the Offerees in the manner set forth above together with information on the possible extension of the offer period. Such extension shall be determined by the Board of Directors and it shall not exceed seven (7) days.

6.55 If the Offer is not accepted by an Offeree by the due date in the manner described above the Offeree shall forfeit his right to accept the Offer (or the amended Offer, if any). An Offeree shall have the right to revoke his acceptance at any time until the purchase has taken place in accordance with the terms of the Offer.

6.56 Forthwith after the due date for accepting the Offer, the Company shall notify the Offeror of the total number of acceptances of the Offer. The Offeror shall, within fourteen (14) days of receipt of such a notice, in the manner prescribed by the Company, pay the Price and complete the purchase of the Ordinary Shares, and any options over unissued Ordinary Shares, in respect of which acceptances have been received.

6.57 The Price or any part thereof which is not paid within the specified period shall accrue default interest of 20 per cent per annum as of the date on which the purchase should have been made. If the Offeror has, in addition, failed to observe the above provisions concerning an obligation to make an Offer, default interest shall be calculated as of the date on which the notification should have been made.

6.58 The Company shall make all communication relating to notices and other information published to the shareholders of the Company set forth in Article 18.5 in the Finnish and English languages.

6.59 Any provisions relating to the application and interpretation of the obligation to purchase Ordinary Shares and not explicitly stipulated in Article 18 shall be determined by applying the Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, as amended, as implemented and applied in Finland.

6.60 Under Article 18.6 of the Company's Articles of Association, the Board of Directors has full authority to determine the application of Article 18, including as to the deemed application of the whole or any part of the regulatory framework directly or analogically applicable. Such authority shall include all discretion vested in a relevant takeover panel, including, without limitation, whether the shareholding threshold has been reached, the determination of conditions and consents and the consideration to be offered.

6.61 Any resolution or determination of, or exercise of any discretion or power by the Board of Directors or any member or the Chairman of the Board of Directors of any meeting acting in good faith under or pursuant to the provisions of Article 18 shall be final and conclusive and anything done by, or on behalf of, or on the authority of, the Board of Directors or any member of the Board of Directors acting in good faith pursuant to the provisions of Article 18 shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to its validity or otherwise on any ground whatsoever. The Board of Directors shall not be required to give any reasons for any resolution, determination or declaration taken or made in accordance with Article 18.

6.62 In case one half or more of the members of the Board of Directors would have a conflict of interest or are otherwise unable to resolve on any matters relating to Article 18, the Board of Directors shall:

a) for so long as the Company's Ordinary Shares are traded on AIM, consult with the Nominated Adviser about the process to be adopted; or

b) where the Company's Ordinary Shares are not traded on AIM, appoint an independent financial adviser to undertake the role of the Board of Directors for the purposes of this Article. Any such adviser must have relevant experience and relevant background for takeover matters. Such an adviser shall then have similar powers as set forth above in this Article relating to the Board of Directors, unless the Board of Directors otherwise decides in connection with appointing such an adviser or otherwise.

Redemption Obligation

6.63 Under the Finnish Companies Act, a party holding more than nine tenths of all the shares and votes attached to the shares in a company has the right to redeem the shares of the other shareholders of the company at fair value. The Finnish Companies Act provides detailed provisions for the calculation of shares and votes attached thereto. In addition, any minority shareholder that possesses shares that may be so redeemed by a majority shareholder under the Finnish Companies Act has the right to require such majority shareholder to redeem its shares. If a shareholding constitutes the right and obligation for redemption, the company must immediately have this entered in the Trade Register. The Redemption Committee of the Finland Chamber of Commerce appoints a requisite number of arbitrators to resolve disputes related to the redemption and the redemption price. The fair price of the share before the initiation of the arbitration serves as the basis for the determination of the redemption price.

Transfer through the Finnish Book-Entry Securities System

6.64 When selling shares incorporated in the book-entry securities system, the shares are transferred by wire transfer from the seller's book-entry account to the buyer's book-entry account. For the purpose of the sale, allocation data is entered into the Infinity T2S clearing system of Euroclear Finland and, if necessary, a reservation regarding the book-entry security is entered into the book-entry account. The transaction is recorded as a pre-trade until it has been cleared and the shares have been paid, after which the buyer is automatically entered into the company's shareholder's register. Trades are normally cleared in the Infinity T2S clearing system of Euroclear Finland on the second banking day after the trade date unless otherwise agreed by the parties. If the shares are nominee registered and the shares of both the seller and the buyer are held in the same custodial nominee account, the sale of shares does not cause any entries to the book-entry system unless the custodial nominee account holder changes or the shares are transferred from the custodial nominee account as a result of a sale.

Foreign Exchange Control

6.65 The shares of a Finnish company may be purchased by non-residents of Finland without any separate Finnish exchange control consent. Non-residents may also receive dividends without separate Finnish exchange control consent, but the company is generally required to withhold tax on the transfer of assets out of Finland unless an agreement for avoiding double taxation whose provisions prevent the withholding of tax applies. Non-residents who have acquired shares in a Finnish limited liability company may receive shares pursuant to a bonus issue or through participation in a rights issue without separate Finnish exchange control consent. The shares of a Finnish company may be sold in Finland by non-residents, and the proceeds of such sales may be transferred out of Finland in any convertible currency. There are no Finnish exchange control regulations restricting the sale of shares in a Finnish company by non-residents to other non-residents.

7. Major Shareholders and Related Party Transactions

7.1 The following table presents the ten largest shareholders of the Company based on the shareholders' register maintained by Euroclear Finland as at 30 April 2024 and information otherwise obtained by the Company.

Shareholder	Number of Shares	Per cent of shares and votes
Timo Syrjälä[1),2)]	13,432,335	18.65%
Tom-Erik Lind[2)]	3,644,078	5.06%
A&B (HK) Company Limited	3,408,409	4.73%
Markku Jalkanen[2), 3)]	3,380,100	4.69%
The European Investment Council Fund, EIC[2)]	3,113,770	4.32%
Marko Salmi	2,645,079	3.67%
Varma Mutual Pension Insurance Company	2,575,482	3.58%
Fjärde AP Fonden	2,501,769	3.47%
Hargreaves Lansdown	1,619,110	2.25%
OP Finland Fund	1,322,797	1.84%
Ten largest, total	**37,642,929**	**52.28%**
Nominee-registered shareholders[4)]	**13,550,019**	**18.81%**
Total Shares in the Company	**72,007,497**	**100.0%**

[1)] Timo Syrjälä's total holding in the Company's shares, which includes indirect holding through Acme Investments SPF S.à.r.l., an entity which is wholly owned by Timo Syrjälä. In accordance with the AIM Rules, Timo Syrjälä is considered a substantial shareholder due to his total shareholding, and transactions with a related party should be disclosed in accordance with the AIM Rules.

[2)] The shareholder participated in the Company's private placement announced on 4 April 2024 for which the shareholder has the right to receive shares primarily through a free issue as compensation for the difference between the subscription price of EUR 1.50 of the directed share issue and the subscription price in the Capital Raise.

[3)] Held by Markku Jalkanen and his spouse.

[4)] Excluding those nominee-registered shareholders who are disclosed among the ten largest shareholders.

7.2 To the extent known to the Company, the Company is not, directly or indirectly, owned or controlled by any one entity.

7.3 The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the issuer.

7.4 All shares in the Company carry equal voting rights and none of the Company's shareholders have any voting rights that are different from those of the other shareholders in the Company.

8. Related Party Transactions

8.1 Related parties of Faron Pharmaceuticals Group consist of the Company's subsidiaries, members of the Board of Directors, the CEO and the Management Team as well as their close family members, and entities controlled or jointly controlled by these persons.

8.2 The following table sets forth Faron's subsidiaries:

	Country	Group holding %	Group voting %
Companies owned by the parent company			
Faron Europe GmbH	Switzerland	100	100
Faron USA LLC	USA	100	100

8.3 The Company's key management personnel consist of the members of the Board of Directors and Management Team, including the CEO.

8.4 The following table sets forth compensation of the Company's key management personnel for the financial years indicated:

In EUR thousand	1 January to 31 December	
	2023	**2022**
Compensation of key management personnel		
Salaries and other short-term employee benefits	2,929	2,374
Post-employment benefits	134	260
Share-based payments	1,409	801
Total	**4,472**	**3,435**

8.5 The Management Team has also been awarded 211,000 options during 2023 (2022: 230,000 options). At the end of 2023, the number of outstanding options and shares granted to the Management Team amounted to 888,270 options (at the end of 2022: 1,003,936 options). As for the Management Team, the option amounts here include the options held by the Company's CEO at the time and member of the Board of Directors Markku Jalkanen. The members of the Board of Directors, excluding the CEO at the time and member of the Board of Directors Markku Jalkanen, were awarded 220,000 options during 2023, (2022: 120,000 options). At the end of 2023, the number of outstanding options and shares granted to the members of the Board of Directors, excluding the CEO at the time and member of the Board of Directors Markku Jalkanen, amounted to 800,000 options (at the end of 2022: 770,000 options).

8.6 Dr. Birge Berns has served as the Company's Interim Chief Medical Officer and as part of the Company's Management Team since September 2023. A total of approximately EUR 140,000 was paid to a separate professional services entity for her services during the financial year 2023, and payments under the contract will continue also in 2024.

8.7 The following table sets forth Management and Board Shareholding on 3 June 2024:

Management shareholding[1]	**3 June 2024**
Number of shares	2,142,156
Shareholding, percentage	2.97%
Board shareholding[2), 3)]	**3 June 2024**
Number of shares	3,415,198
Shareholding, percentage	4.74%
Total number of shares outstanding at 3 June 2024	**72,007,497**

[1)] Presented information for the Management also includes the related parties of the Company's Management.
[2)] Presented information for the Board also includes the related parties of the Company's Board.
[3)] The members of the Board of Directors Tuomo Pätsi and Markku Jalkanen participated in the Company's private placement announced on 4 April 2024 for which the shareholder has the right to receive shares primarily through a free issue as a compensation for the difference between the subscription price of the directed share issue of EUR 1.50 and the subscription price in the Finnish Public Offering and the Institutional Offering. see "paragraph headed "*Free Shares relating to the Directed Share Issue*" in Part 8 of this document.

8.8 Except as set out above, there have been no other significant related party transactions and no material changes in the Company's related party transactions between 31 December 2023 and the date of this document.

9. Board of Directors, Management, and Auditors

General

9.1 The Company is a limited liability company domiciled in Turku, Finland. Pursuant to the provisions of the Finnish Companies Act, the management and governance of the Company are divided between the shareholders, the Board of Directors and the CEO. The Management Team assists the CEO in the daily management of the Company.

9.2 The shareholders of the Company exercise their decision-making power at the Company's General Meeting of Shareholders. According to the Articles of Association, the Annual General Meeting of Shareholders of the Company shall be held each year on a date determined by the Board of Directors, within six (6) months of the end of the financial period. The matters to be dealt with in the Annual General Meeting of Shareholders are defined in the Finnish Companies Act and in the Company's Articles of Association. The General Meeting of Shareholders of the Company is convened upon notice given by the Board of Directors. In addition, a General Meeting of Shareholders of the Company must be held when requested in writing by the auditor of the Company or by shareholders representing at least one-tenth of all the shares in the Company in respect of a specific matter.

9.3 The address of the members of the Board of Directors, the CEO, and the members of the Management Team, is Joukahaisenkatu 6, FI-20520 Turku, Finland.

Corporate Governance

9.4 The Company complies in all its activities with the relevant laws and regulations. The Company's governance is subject to the Company's Articles of Association and the laws of Finland, in particular the Finnish Companies Act, the Finnish Accounting Act (1336/1997, as amended, the "**Finnish Accounting Act**") and other regulations and provisions related to the governance of the Company. Furthermore, the Company's operations are guided by the Company's values and its internal operating principles.

9.5 Faron is not required to comply with the UK Corporate Governance Code by virtue of being an AIM and First North quoted company. The Board of Directors does, however, seek to apply the QCA Corporate Governance Code (as devised by the Quoted Companies Alliance in consultation with a number of significant institutional small company investors) in its updated form. After the year end 2020 and the United Kingdom leaving the European Union, the Company has to follow applicable domestic laws of the United Kingdom in addition to Finnish national and European Union legislation.

9.6 As a company with shares admitted to trading on AIM and First North, Faron complies with the Market Abuse Regulation (both European Union and United Kingdom domestic laws after year end 2020), the AIM Rules and the First North Rulebook. However, the Company may in the future assess which marketplaces are appropriate for the public trading of its shares.

9.7 The Company's certified adviser on First North is Sisu Partners Oy. The nominated adviser on AIM is Cairn Financial Advisers LLP.

Board of Directors

9.8 Pursuant to the Company's Articles of Association, the Board of Directors shall comprise of a minimum of three (3) and a maximum of twelve (12) ordinary members. The Board of Directors appoints the Chair from among its members annually. The term of office of the ordinary members of the Board of Directors shall expire upon the closing of the next Annual General Meeting of Shareholders following their election. Therefore, the term of office of the members of the Board of Directors of the Company as at the date of this document will expire at the end of the Annual General Meeting of Shareholders of the Company in 2025.

9.9 The Board of Directors is responsible to the shareholders of the Company for the proper management of the Company and meets regularly to set the overall direction and strategy of the Company, to review scientific, operational and financial performance, to review the strategy and activities of the business, and to advise on management appointments. The Board of Directors sees to the administration of the Company and the organisation of its operations, being responsible for the appropriate arrangement of the control of the Company's accounts and finances. All key operational and investment decisions are subject to full approval by the Board of Directors. The management of the Company prepares a monthly management and financial accounts pack of the Group, which is distributed to the Board of Directors every month and in advance of meetings of the Board of Directors. In individual cases the Board of Directors may decide in a matter falling within the general competence of the CEO.

9.10 The roles of CEO and the Chair of the Board of Directors are well defined and clearly separated. The Chair of the Board of Directors oversees the work of the Board of Directors, ensures that the decision-making of the Board of Directors is balanced and that the members of the Board of Directors have all relevant information on matters to be decided. The Chair of the Board of Directors sees to it that the Board of Directors meets when necessary.

9.11 As at the date of this document, the Company's Board of Directors consists of five (5) members. The members were elected by the Annual General Meeting of Shareholders of the Company on 5 April 2024. At the meeting of the Board of Directors held after the Annual General Meeting of Shareholders of the Company, Tuomo Pätsi was elected Chair of the Board of Directors.

9.12 The following table sets forth the members of the Board of Directors of the Company as at the date of this document:

	Position	**Citizenship**	**Year of Birth**
Tuomo Pätsi	Chair of the Board of Directors	Finland, Switzerland	1964
Markku Jalkanen	Member of the Board of Directors	Finland	1954
John Poulos	Member of the Board of Directors	United States	1954
Marie-Louise Fjällskog	Member of the Board of Directors	United States	1964
Christine Roth	Member of the Board of Directors	United States	1963

Name	**Background**
Tuomo Pätsi Born 1964, MSc (Pharmacology) **Chair of the Board of Directors since 2024** **Member of the Board of Directors since 2023**	*Rigi Therapeutics AG*, Co-founder, Chairperson (2023–) *Independent advisor* to biopharma companies and investors, (2022–) *Seagen Inc.*, Member of the Executive Committee, Executive Vice President, Commercial International (2020–2022) *Celgene Inc. / Bristol Myers Squibb*, Integration Lead (2019–2020), President Worldwide Markets (2017–2019) *Celgene Inc.*, President European and International Operations (2017–2017), President EMEA (2014–2017), Corporate Vice President, South Europe, Middle East and Africa (2012–2014), General Manager, Regional Vice President North Europe (2007–2010), Head of European Marketing (2006–2007) H*uman Genome Sciences Inc.*, Vice President Europe (2010–2012) *Amgen Inc.,* Director, Product Strategy Team Leader (2004–2006)

Name	Background
	Amgen Europe GmbH, European Brand Director (1999–2004) *Amgen AB sivuliike Suomessa*, Country Manager (1995–1999) **Memberships in other Boards of Directors and positions of trust** *Phi Pharma SA*, Member of the Board of Directors, Chair of the Board of Directors (2024–) *Notable Labs Inc.*, Chair of the Board of Directors (2024–), Member of the Board of Directors (2023–) *Psyon Games Oy*, Member of the Board of Directors (2023–) *Aqsens Health Oy*, Member of the Board of Directors (2023–) *Seagen International GmBH*, Member of the Board of Directors (2020–2022) *Interpharma*, *the association of Switzerland's research-based pharmaceutical industry,* Member of the Board of Directors (2017–2019) Mr. Pätsi has also acted as a non-compensated member of the Boards of Directors in several foreign group companies of Seagen and Celgene based on and related to the territorial responsibility of his executive positions in the companies.
Markku Jalkanen Born 1954, PhD, MSc **Member of the Board of Directors since 2006** **CEO 2006-2024**	*Inflames Pharma Oy*, CEO, Member of the Board of Directors (2003–) *Avoin yhtiö Ylläksen H-108*, Partner (1995–2019) **Memberships in other Boards of Directors and positions of trust** *Inveni Fund Oy*, Deputy Member of the Board of Directors (2016–) *Inveni Secondaries Management Oy*, Deputy Member of the Board of Directors (2014–) *Inveni Capital Oy*, Member of the Board of Directors (2014–) *Piedino Financing Oy*, Member of the Board of Directors (2007–)
John Poulos Born 1954, MBA, BS (Marketing) **Member of the Board of Directors since 2017**	*iSTAR Medical, SA*, Business Advisor (2024–) *Nucleome Therapeutics Limited*, Business Advisor (2023–) *Linden Capital Partners LLC*, Operating Partner (2017–2020) *GNK Advisors, Inc.*, President (2016–) *AbbVie, Inc.*, Vice President, Head of Licensing and M&A (2013–2016) *Abbott Laboratories, Inc.*, Group Vice President, Head of Pharmaceutical Licensing, M&A and Assessment, Abbott Pharmaceuticals Products Group (2005–2012) *Abbott Laboratories Inc.*, Divisional Vice President, Global Pharmaceutical Licensing, Acquisitions and New Business Development, Abbott Pharmaceuticals Products Group, (2003 –2005) *Abbott Laboratories Inc.*, Senior Director, Global Pharmaceutical Licensing, Acquisitions and New Business Development, Abbott Pharmaceuticals Products Group, (1996–2000) *Abbott Laboratories Inc.*, General Manager, Middle East, Africa and Turkey Region (1991–1996)

Name	Background
	Abbott Laboratories Inc., Area Finance Director, Japan, Pacific, Asia, Middle East, Turkey and Africa (1987–1991) *Abbott Laboratories Inc.*, Affiliate Finance Director, Middle East and Africa Region (1985–1987) *Abbott Laboratories Inc.*, Manager, Financial Analyst (1983–1985) *Abbott Laboratories Inc.*, Manager, Pricing (1981–1983) *Abbott Laboratories Inc.*, Senior Financial Analyst (1980–1981) *Abbott Laboratories Inc.*, Financial Analyst (1978–1980) **Memberships in other Boards of Directors and positions of trust** *Memgen, Inc.*, Member of the Board of Directors (2020–)
Marie-Louise Fjällskog Born 1964, PhD, MD, Associate Professor Member of the Board of Directors since 2023	*Faron Pharmaceuticals Ltd.*, Chief Medical Officer (2022–2023) *Sensei Biotherapeutics, Inc.*, Chief Medical Officer (2020–2021) *Merus N.V.*, Vice President Clinical Development (2019–2020) *Infinity Pharmaceuticals, Inc.*, Vice President Clinical Development (2018–2019) **Memberships in other Boards of Directors and positions of trust** *Lytix Biopharma AS*, Member of the Board of Directors (2021–) *Biovica International AB*, Member of the Board of Directors (2020–)
Christine Roth Born 1963, Bachelor of Science (Chemistry) Member of the Board of Directors since 2023	*Bayer AG,* Head, Global Product Strategy and Commercialisation, Member of the Executive Committee (2024–) *Bayer AG,* Global Head of Oncology, Member of the Executive Committee (2022–2024) *GSK Plc,* Global Oncology TA Head (2017–2022) *Novartis Pharmaceuticals Company*, US General Manager, Breast Cancer (2014–2017) *Novartis Pharmaceuticals Company*, Vice President, Global Disease Leader, Hematology (2014–2017) **Memberships in other Boards of Directors and positions of trust** *Vividion Therapeutics, Inc.*, Member of the Board of Directors (2022–)

Board Committees

9.13 The Board of Directors may establish permanent Committees to assist the Board of Directors in the preparation and performance of its tasks and duties, and decide on their size, composition, and duties. In conjunction with being admitted to trading on AIM, the Company established Remuneration, Audit and Nomination Committees of the Board of Directors with formally delegated duties and responsibilities. During 2023 the Board of Directors also made the decision to establish a new Business Development Committee. Committees of the Board of Directors do not, generally speaking, have a formal legal status or independent decision-making powers. The Committees provide support in the preparation of the decision-making. The responsibility for the decisions remains with the Board of Directors even if the matter has been delegated to a committee. The Board of Directors selects the members of the Committees from amongst its members.

Remuneration Committee

9.14 The Remuneration Committee has the task of advising on and making recommendations to the Board of Directors in relation to the remuneration paid to the Board of Directors and supervising the development of any other remuneration or reward systems of the Company. As of 8 April 2024 the Remuneration Committee comprises John Poulos as Chair together with Tuomo Pätsi and Christine Roth. During 2023, the Remuneration Committee held three meetings.

Audit Committee

9.15 The Audit Committee has the task of supervising and developing the internal audit of the Company and advising and making recommendations to the Board of Directors on related issues. As of 8 April 2024 the Audit Committee comprises Markku Jalkanen as Chair together with Marie-Louise Fjällskog and John Poulos. The Audit Committee meets not less than twice a year. During 2023, the Audit Committee held two meetings.

Nomination Committee

9.16 The Nomination Committee has the task, in co-operation with the Board of Directors, of advising on and making recommendations to the Board of Directors on issues relating to the composition and nomination of the Board of Directors. The Nomination Committee considers succession planning for the Board of Directors and other senior executives in the course of its work, bearing in mind the challenges and opportunities facing the Company and the skills and expertise needed on the Board of Directors in the future, and makes recommendations to the Board of Directors concerning formulating plans for succession for the members of the Board of Directors and in particular for the key roles of Chair of the Board of Directors and CEO. As of 8 April 2024 the Nomination Committee comprises Tuomo Pätsi as Chair together with Christine Roth and Markku Jalkanen. During 2023, the Nomination Committee held three meetings.

Business Development Committee

9.17 The Business Development Committee has the task of assisting the management of the Company with partnering negotiations on ad hoc basis. The Committee has been informal in its interactions with the management. As of 8 April 2024, the Business Development Committee comprises John Poulos as Chair together with Markku Jalkanen and Juho Jalkanen. The Business Development Committee did not formally convene during 2023.

Shareholder's Nomination Board

9.18 On 5 April 2024 the Annual General Meeting of Shareholders of the Company decided to establish a Shareholders' Nomination Board (the "**Nomination Board**") consisting of persons appointed by major shareholders of the Company. The main duty of the Nomination Board is to prepare the proposals on the number, composition, and remuneration of the members of the Board of Directors to the Annual General Meeting of Shareholders and, if needed, to the Extraordinary General Meeting of Shareholders. The Nomination Board has been established until further notice until otherwise decided by the General Meeting of Shareholders.

9.19 The Nomination Board consists of three (3) members, including the Chair of the Nomination Board, and the Chair of the Company's Board of Directors as an expert without being an official member. The members of the Nomination Board are elected by a meeting of the Company's five (5) largest shareholders who, on 31 August preceding the next Annual General Meeting of Shareholders, hold the largest number of votes calculated of all shares in the Company. The term of office of the members of the Nomination Board expires annually upon the appointment of the subsequent Nomination Board (to be appointed after the next Annual General Meeting of Shareholders following the appointment or otherwise in accordance with the Charter of the Nomination Board).

9.20 The election process, as well as the composition, tasks and activities of the Nomination Board are defined in more detail in the Charter of the Nomination Board.

Scientific Advisory Board

9.21 The Company has a Scientific Advisory Board, that comprises world leading immunologists and oncologists as well as industry professionals that have led significant research and development programs to successful commercialisation of products. The members of the Scientific Advisory Board are external advisors and are not part of the administrative, management and supervisory bodies or senior management of the Company. The Scientific Advisory Board provides external scientific opinions of the Company's research, including clinical trials, by reviewing the ongoing R&D activities and making proposals and recommendations especially on scientific topics related to the Company's pipeline. The members also support the Company with their wide network in their area of expertise. The Scientific Advisory Board meets regularly in its own meetings and reports to the Board of Directors.

Chief Executive Officer and Management Team

Chief Executive Officer

9.22 Pursuant to the Company's Articles of Association the Company may have a CEO appointed by the Board of Directors. The CEO is responsible for managing, supervising and controlling the business operations of the Company and implementing the strategy of the Board of Directors. The CEO is responsible for the day-to-day executive management of the Company. The CEO, reviewing the operating results regularly to make decisions about the allocation of resources and to assess overall performance, is the chief operating decision-maker in the Company.

9.23 The Company announced on 8 April 2024, that Markku Jalkanen had informed the Company of his wish to retire from his position as the CEO in spring 2024. Markku Jalkanen will continue as a member of the Company's Board of Directors. Juho Jalkanen (born 1978) has served as the CEO of the Company since 1 May 2024 and is a member of the Management Team. In accordance with the practice of AIM listed companies, Juho Jalkanen may be proposed to be appointed to the Board of Directors at the next Annual General Meeting of the Company.

Management Team

9.24 The task of the Management Team of the Company is the overall management of the Company's business. Members of the Management Team of the Company have specific authority in their individual areas of responsibility, and their duty is to develop the Company's operations in line with the targets set by the Board of Directors and the CEO.

9.25 The following table sets forth the members of the Company's Management Team as at the date of this document:

	Position	Citizenship	Year of Birth
Juho Jalkanen……..	Chief Executive Officer	Finland	1978
Yrjö Wichmann……	Interim Chief Financial Officer	Finland	1958
Birge Berns[1)]……..	Interim Chief Medical Officer	Germany, United Kingdom	1960
Maija Hollmén[2)]……	Chief Scientific Officer	Finland	1979
Vesa Karvonen……	General Counsel	Finland	1972

[1)] Birge Berns is working as a consultant part-time.

[2)] Maija Hollmén is working part-time.

Name	Background
Juho Jalkanen Born 1978, PhD, Specialist (vascular surgery), MD, MSc **CEO since 2024**	*Faron Pharmaceuticals Ltd.*, Chief Operating Officer (2022–2024) *Faron Pharmaceuticals Ltd.*, Interim Chief Medical Officer (2021–2022) *Faron Pharmaceuticals Ltd.*, Chief Development Officer (2019–2020) *Faron Pharmaceuticals Ltd*., Business Development Director (2017–2019) *Department of Vascular Surgery, Turku University Hospital*, Consultant, Vascular Surgery (2013–2017) *Department of Vascular Surgery, Turku University Hospital*, Resident, Vascular Surgery (2011–2013) *Hospital District of South-West Finland, Regional hospitals of Raisio and Salo, and Turku University Hospital*, Resident, General Surgery (2008–2011) *Municipality of Sodankylä*, General Practitioner (2007–2008) *Innomarket Research Unit, Turku School of Economics*, Analyst (2001–2005) **Memberships in other Boards of Directors and positions of trust** *Faron Pharmaceuticals Ltd*., Member of the Board of Directors (2013–2017)
Yrjö Wichmann Born 1958, MSc (Economics) **Interim Chief Financial Officer since 2024**	*Faron Pharmaceuticals Ltd., Senior Vice President, Funding (2023–2024)* *Faron Pharmaceuticals Ltd., Vice President, Funding and Investor Relations (2019–2023)* *Faron Pharmaceuticals Ltd., Chief Financial Officer (2014–2019)* *IP Finland Oy, Director (2011–2024)* *Biohit Oyj, Vice President, General Manager, Diagnostics (2010–2011)* *CapMan Oyj, Fundraising Director (2007–2009), Investment Director in the Life Science Team (2003–2007)* *FibroGen Europe Oyj, Chief Financial Officer, Member of the Global Management Team of Fibrogen Inc. Group (2000–2003)* *D. Carnegies & Co AB, Director, Corporate Finance (1996–2000)* *Postipankki Oy (Sampo plc), Manager, Equity Capital Markets (1993–1995), Credit Analyst (1991–1993)* *Motormec Oy, Managing Director (1990–1991)*

Name	Background
	Leonardo Fashion Oy, Economy Director (1983–1990) **Memberships in other Boards of Directors and positions of trust** *Nordic Science Investment Oy, Member of the Board of Directors (2024–)* *Faron Pharmaceuticals Oy, Member of the Board of Directors (2015–2019)* *Dasos Timberland Fund II, Member of Investment Committee (2013–)* *Dasos Timberland Fund I, Member of Investment Committee (2010–)* *Bioretec Oy, Member of the Board of Directors (2011–2017)* *Helsinki University, Member of the Innovation and Corporate Board (2012–2016)* *Arberet Orthopedic Oy, Chair of the Board of Directors (2012–2014)* *ChipMan Technologies Oy, Chair of the Board of Directors (2011–2014)* *Inion Oy, Deputy Member of the Board of Directors (2003–2004)* *Bluegiga Oy, Chair of the Board of Directors, Member of the Board of Directors (2000–2005)* *Intermodal Oy, Deputy Member of the Board of Directors (1991–2005)*
Birge Berns Born 1960, Fellow of the Faculty of Pharmaceutical Medicine, MSc (Oncology), MSc (Pharmaceutical Medicine), Diploma in Pharmaceutical Medicine, Member of the Royal College of Physicians, MD, MB.BS. (Medizinisches Staatsexamen) **Interim Chief Medical Officer since 2023**	*tranScript group Ltd.*, Vice President, Head of Clinical Development & Regulatory Strategy (2020–) *Janssen Cilag Ltd*, Senior Director, Global Regulatory Affairs (2010–2020) *Janssen Cilag Ltd*, Senior Director, Global Clinical Development (2005–2010)
Maija Hollmén Born 1979, Title of Docent in Tumor Immunology, PhD, MSc **Chief Scientific Officer since 2022**	*University of Turku*, Principal Investigator (2018–2027) **Memberships in other Boards of Directors and positions of trust** *Thestra Oy*, Member of the Scientific Advisory Board (2023–) *Inflames Pharma Oy*, Member of the Board of Directors (2022–) *Sirpa ja Markku Jalkasen säätiö*, Member of the Board of Directors (2021-)

Name	Background
Vesa Karvonen Born 1972, Master of Laws **General Counsel since 2022**	*Deloitte Oy*, Director (2019–2022) *Owens Corning Finland Oy*, Legal Director (2018–2019) *Paroc Group Oy*, General Counsel (2002–2018) **Memberships in other Boards of Directors and positions of trust** *Pacta sunt servanda Oy*, Member of the Board of Directors (2006–)

Information on the Members of the Board of Directors and the Management Team and the CEO

9.26 As at the date of this document, none of the members of the Board of Directors, the CEO or the members of the Management Team have in the previous five years:

- been convicted in relation to fraudulent offences or violations;
- held a managerial position, been in the executive management, been a member of the administrative, management or supervisory bodies of any company, or acted as a general partner in a limited partnership at the time of its bankruptcy, receivership, or liquidation (excluding voluntary liquidation proceedings with a purpose of dissolving the company); or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conducting the affairs of any company.

Conflicts of Interest

9.27 Provisions regarding conflicts of interest of the members of the Board of Directors are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself and the Company. In addition, pursuant to the second sentence of Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in handling a contract between the Company and a third party, if he or she may thereby receive a material benefit, which may be in conflict with the interests of the Company. The aforementioned provisions on contracts shall correspondingly apply to other transactions and court proceedings. Chapter 6, Section 4 of the Finnish Companies Act also applies to the Chief Executive Officer.

9.28 To the knowledge of the Company, except for their legal and/or beneficial interest in the shares of the Company and the issuance of Free Shares to certain members of the Board of Directors (Markku Jalkanen and Tuomo Pätsi) as a result of the Capital Raise, the members of the Board of Directors, the CEO or the members of the Management Team do not have any conflicts of interests between their duties towards the Company and their private interests and/or their other duties.

9.29 Juho Jalkanen the CEO of the Company, and Maija Hollmén, Chief Scientific Officer of the Company, are siblings, and Markku Jalkanen member of the Board of Directors, is their father. Other than stated herein, there are no family relationships between the members of the Board of Directors, the CEO and the members of the Management Team.

9.30 According to the Board of Directors' independence assessment, all directors except Markku Jalkanen are independent of the Company.

Auditors

9.31 Pursuant to the Company's Articles of Association, the Company shall have one (1) auditor, who shall be an auditing entity approved by the Finnish Patent and Registration Office. The term of office of the auditor of the Company shall expire upon the closing of the next Annual General Meeting of Shareholders following the election of the auditor. The Company has appointed PricewaterhouseCoopers Oy, Authorised Public Accountants, as its auditor for the financial period from 1 January to 31 December 2024. PricewaterhouseCoopers Oy has appointed Panu Vänskä, Authorised Public Accountant, as the auditor with the principal responsibility. PricewaterhouseCoopers Oy and Panu Vänskä are registered in the register of auditors referred to in Chapter 6, Section 9 of the Finnish Auditing Act (1141/2015, as amended).

10. Dividends and Dividend Policy

10.1 As the Company's business operations have been generating losses and are expected to do so in the near future, the Company has not confirmed and/or disclosed a dividend policy to shareholders. If the business of the Company generated enough profits so that it would have distributable equity, the Board of Directors would evaluate the Company's ability to pay dividend taking into account the future capital needs of the Company.

10.2 There can be no assurance as to the level of future dividends (if any). The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the General Meeting of Shareholders of the Company and will depend upon, inter alia, the Company's earnings, financial position, cash requirements and availability of profits as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time.

10.3 The Annual General Meeting of Shareholders of the Company held on 5 April 2024 decided in accordance with the proposal of the Board of Directors of the Company, that no dividend for the financial year 2023 will be paid. The Company has not distributed any dividends since it began its operations.

10.4 At the date of this document, the Company has no funds available for dividend distribution.

10.5 The Company is not allowed to pay dividends or make any other distributions to its shareholders pursuant to the terms of the Facilities Agreement entered into with IPF until the loans under the Facilities Agreement have been repaid in full. The loans are due to be repaid in accordance with the terms of the IPF Facilities Agreement on 30 June 2027, at the latest.

10.6 Under the Finnish Companies Act, the General Meeting of Shareholders decides on the distribution of dividends based on a proposal by the Company's Board of Directors, in addition to which the Annual General Meeting of Shareholders may demand a minority dividend pursuant to Chapter 13 of the Finnish Companies Act. Dividends are generally declared once every financial year and may be paid only after the General Meeting of Shareholders has approved the Company's financial statements. By a decision determining the maximum amount of assets to be distributed, the General Meeting of Shareholders may also authorise the Board of Directors to decide on the distribution of a dividend or of assets from reserves of unrestricted equity.