Faron Pharmaceuticals Ltd
("Faron" or "Company")

Faron Publishes Research Identifying Gene Mutation in Interferon Receptor that Contributes to Corticosteroid Response and Outcome in ARDS and COVID-19 Patients

- Single nucleotide polymorphism identified during analysis of data from Phase III INTEREST trial of Traumakine
- Gene mutation in interferon alpha/beta receptor (IFNAR2) is associated with better outcomes among intravenous interferon beta-1a treated ARDS patients, irrespective of prior treatment with glucocorticosteroids
- Analysis of COVID-19 Host Genetics Initiative database indicates mutation is associated with less hospitalization for COVID-19

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TURKU, FINLAND / BOSTON, MA – Faron Pharmaceuticals Ltd (AIM: FARN, First North: FARON), a clinical stage biopharmaceutical company focused on building the future of immunotherapy by harnessing the power of the immune system to tackle cancer and inflammation, today announces the publication of research identifying a novel disease association between a single nucleotide polymorphism (SNP) in the interferon alpha/beta receptor (IFNAR2) and the outcomes of acute respiratory distress syndrome (ARDS) and COVID-19 patients treated with corticosteroids.

The research, which is available here: https://medrxiv.org/cgi/content/short/2022.03.10.22272123v1, builds on Faron's initial 2018 findings from its completed Phase III INTEREST trial investigating the potential of the Company's investigational intravenous interferon (IFN) beta-1a therapy, Traumakine, in ARDS patients. Overall results from that trial identified a deleterious effect of glucocorticosteroids when given together with intravenous IFN beta-1a therapy. A post hoc genetic analysis by the Company found that patients receiving Traumakine and carrying the SNP rs9984273 (C/T) in subunit 2 of INFAR2 showed a substantial reduction in mortality compared to patients without the gene mutation.

The newly published research, authored by Faron and academic colleagues, details further analyses carried out to determine the effects of the SNP gene mutation on the immune status of ARDS patients when given glucocorticosteroids. The team's findings suggest that administering glucocorticosteroids to ARDS patients receiving IFN beta-1a therapy is not harmful, if they carry the mutation. However, in patients without the mutation, glucocorticosteroid use was associated with high levels of interferon gamma, an indicator of increased inflammation instead of immune suppression, which is associated with poor outcomes in ARDS and COVID-19 patients.

Using data from the COVID-19 Host Genetics Initiative database, an international human genetics research platform led by researchers from the Institute for Molecular Medicine Finland, Helsinki, the team also explored the impact of the SNP on COVID-19 disease severity and found that carrying the mutation was associated with milder disease, with less hospitalization when comparing hospitalized and non-hospitalized COVID-19 patients.

SNP rs9984273 is a relatively common polymorphism according to available data (REF: https://www.ncbi.nlm.nih.gov/snp/rs9984273#frequency_tab), carried by approximately 45% of people with African origin, 34% of Caucasians and 10% of Asians. This difference in the appearance of this SNP makes some populations much more vulnerable for steroid use.

"Endogenous interferon-beta production is one of the body's main first lines of defense against viral infection and it is widely hypothesized that dosing patients with interferon-based therapies can further strengthen this natural defense if given early enough," said Juho Jalkanen, M.D., Ph.D., Chief Operating Officer of Faron, and lead author of the newly published research. "However, our studies have shown that glucocorticosteroids can block this therapeutic effect and may have a potentially negative impact on patient survival."

"Our research also shows that a relatively common polymorphism, which until now has not been recognized as having any clinical significance, actually plays a critical role in disease states where interferons and glucocorticosteroids have an impact on mortality. These findings will support our continued research into the potential of intravenous interferon beta-1a therapy as a future treatment for ARDS and other acute settings of systemic inflammation leading to capillary leak."

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About Faron Pharmaceuticals Ltd
Faron (AIM: FARN, First North: FARON) is a clinical stage biopharmaceutical company developing novel treatments for medical conditions with significant unmet needs caused by dysfunction of our immune system. The Company currently has a pipeline based on the receptors involved in regulation of immune response in oncology, organ damage and bone marrow regeneration. *Bexmarilimab,* a novel anti-Clever-1 humanized antibody, is its investigative precision immunotherapy with the potential to provide permanent immune stimulation for difficult-to-treat cancers through targeting myeloid function. Currently in Phase I/II clinical development as a potential therapy for patients with untreatable solid tumors, *bexmarilimab* has potential as a single-agent therapy or in combination with other standard treatments including immune checkpoint molecules. Traumakine is an investigational intravenous (IV) interferon beta-1a therapy for the treatment of acute respiratory distress syndrome (ARDS) and other ischemic or hyperinflammatory conditions. Traumakine is currently being evaluated in global trials as a potential treatment for hospitalized patients with COVID-19 and with the 59th Medical Wing of the US Air Force and the US Department of Defense for the prevention of multiple organ dysfunction syndrome (MODS) after ischemia-reperfusion injury caused by a major trauma. Faron is headquartered in Turku, Finland with additional offices in Zürich, Switzerland and US operations in Boston, Massachusetts. Further information is available at www.faron.com.

Forward Looking Statements
Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as ''believe'', ''could'', "should", "expect", "hope", "seek", ''envisage'', ''estimate'', ''intend'', ''may'', ''plan'', ''potentially'', ''will'' or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

A number of factors could cause actual results to differ materially from the results and expectations discussed in the forward-looking statements, many of which are beyond the control of the Company. In particular, the early data from initial patients in the MATINS trial may not be replicated in larger patient numbers and the outcome of clinical trials may not be favourable or clinical trials over and above those currently planned may be required before the Company is able to apply for marketing approval for a product. In addition, other factors which could cause actual results to differ materially include the ability of the Company to successfully licence its programmes within the anticipated timeframe or at all, risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets or other sources of funding, reliance on key personnel, uninsured and underinsured losses and other factors. Although any forward-looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Subject to any continuing obligations under applicable law or any relevant AIM Rule requirements, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.