Faron Pharmaceuticals Oy
("Faron" or the "Company")

Faron secures U.S. rights to patent related to Traumakine

Company announcement, 14 May 2021 at 9.00 AM (EEST)

TURKU – FINLAND – Faron Pharmaceuticals Oy (AIM: FARN, First North: FARON), the clinical stage biopharmaceutical company, announces today that it has signed a sub-license agreement for the rights to U.S. patent US9,376,478, which currently extends to 2033.

The agreement clarifies Faron's intellectual property position in the U.S. ahead of any launch of Traumakine for the treatment of capillary leak and systemic inflammatory response syndromes (SIRS) including acute respiratory distress syndrome (ARDS) in the U.S. (subject to marketing approval from the U.S. Food and Drug Administration). Faron will pay a small signing-fee, as well as single-digit standard market royalties from future sales of its intravenous (IV) IFN beta-1a (Traumakine) in the U.S. This sub-licence specifically covers a manufacturing patent valid only in the U.S. (no corresponding patents exist in other countries) and adds to Faron's existing comprehensive patent portfolio for Traumakine which includes use and IV formulation patents, as well as market exclusivity in Europe as an orphan medicine.

Dr. Markku Jalkanen, Faron's CEO, said: "We are pleased to agree this sub-licence. We continue to believe in Traumakine's potential as a much-needed new treatment for respiratory failure and organ protection.

"Several recent publications have connected type 1 IFN with the severity of COVID-19 infections[1,2]. Multiple associations have been drawn across the literature including deficiency of type 1 IFN[3]; inborn errors of IFN-beta signalling[4]; and the presence of auto-antibodies that neutralise the protective effect of type 1 IFN in viral infections[5]. Patients who do not have an early IFN response appear to develop severe disease irrespective of the underlying reason for the deficiency[2,6]. The continued further evidence supports the hypothesis that COVID-19 patients may become very ill because of an impaired interferon response.

"The administration of IFN is likely to benefit patients and relieve them from the hyper-inflammatory state that leads to severe disease[3,7,8]. We believe intravenous administration of IFN-beta is the optimal route[9] to compensate for this loss of first line viral defence and, in tandem induce CD73 a critical enzyme in organ protection during severe illness[10]."

References:

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3) J. Hadjadj *et al. Science* 10.1126/science.abc6027 (2020)
4) Q. Zhang *et al. Science* 10.1126/science.abd4570 (2020)
5) P. Bastard *et al. Science* 10.1126/science.asd4585 (2020)
6) L. Walz *et al. BMC Infect Dis* 10.1186/s12879-020-05730-z (2020)
7) Z. Wang *et al. Sig Transduct Target Ther.* 10.1038/s41392-020-00306-4 (2020)
8) G. Schreiber *et al. Front. Immunol.* 10.3389/fimmu.2020.595739 (2020)
9) J. Jalkanen *et al Crit Care.* 10.1186/s13054-020-03048-5
10) Hanidziar and Robson *Am J Physiol Lung Cell Mol Physiol* 10.1152/ajplung.00304.2020 (2021)

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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 humanised antibody, is an investigative precision immunotherapy with the potential to provide permanent immune stimulation for difficult-to-treat cancers by targeting myeloid function. This programme is currently in phase I/II clinical development as a potential therapy for patients with untreatable solid tumours. Bexmarilimab has potential as a single-agent therapy or in combination with other standard treatments including immune checkpoint inhibitors. 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 clinical trials as a potential treatment for hospitalised 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 ischaemia-reperfusion injury caused by a major trauma. Faron is based in Turku, Finland. Further information is available at www.faron.com.

Caution regarding 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.