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

Molecular Cancer Therapeutics* Publishes Research on the Nonclinical Characterization of *Bexmarilimab

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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 that the American Association for Cancer Research (AACR) journal *Molecular Cancer Therapeutics* published research examining the discovery and preclinical development of *bexmarilimab*, Faron's wholly-owned investigational precision cancer immunotherapy. The paper, titled "Nonclinical characterization of bexmarilimab, a Clever-1-targeting antibody for supporting immune defense against cancers" is available online at: https://aacrjournals.org/mct/article/doi/10.1158/1535-7163.MCT-21-0840/696262/Nonclinical-characterization-of-bexmarilimab-a.

The manuscript details early research from the *bexmarilimab* program and explores the hypothesis that Clever-1, a protein that is highly expressed in a subset of immunosuppressive human tumor-associated macrophages and is associated with poor patient outcomes following treatment with currently approved checkpoint inhibitors, is a novel target for the development of next generation immunotherapies. Tumor-associated macrophages are one of the main contributors to an immunosuppressive tumor microenvironment and the inhibition of Clever-1 has been demonstrated to convert immunosuppressive M2 macrophages into immunostimulatory M1 macrophages. In the paper, the authors discuss the potential of Clever-1 as a therapeutic target and that downregulating Clever-1 could lead to T-cell activation and restoration of an immune response in cancer patients.

Reporting the humanization and nonclinical characterization steps used to determine the physicochemical properties, biological potency, and safety profile of *bexmarilimab,* the authors conclude that *bexmarilimab* could induce an immunostimulatory tumor microenvironment that leads to anti-tumor efficacy. They also state that there is a solid rationale for the continuing development of *bexmarilimab* for the treatment of difficult-to-treat cancers by providing permanent immune stimulation through targeting myeloid cell function.

"This research underlines the strength of the science behind our *bexmarilimab* program. It is widely known that tumor progression is profoundly influenced by interactions of the cells within the tumor microenvironment, which makes it a critical area of focus for the development of new immunotherapies," said Marie-Louise Fjällskog, M.D., Ph.D., Chief Medical Officer of Faron. "With *bexmarilimab*, targeting the Clever-1 protein on tumor-associated macrophages, we have an opportunity to switch their activity from being immunosuppressive to become immune-stimulating, enabling them to both mount an immune response of their own and activate other immune cells to infiltrate the tumor. Our ongoing clinical development program will enable us to further understand this potentially pioneering approach of harnessing the immune system to fight cancer".

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About *Bexmarilimab*
Bexmarilimab is Faron's wholly-owned, investigative precision immunotherapy with the potential to provide permanent immune stimulation for difficult-to-treat cancers through targeting myeloid cell function. A novel anti-Clever-1 humanised antibody, bexmarilimab targets Clever-1 positive (Common Lymphatic Endothelial and Vascular Endothelial Receptor 1) tumour associated macrophages (TAMs) in the tumour microenvironment, converting these highly immunosuppressive M2 macrophages to immune stimulating M1 macrophages. In mouse models, *bexmarilimab* has successfully blocked or silenced Clever-1, activating antigen presentation and promoting interferon gamma secretion by leukocytes. Additional pre-clinical studies have proven that Clever-1, encoded by the Stabilin-1 or STAB-1 gene, is a major source of T cell exhaustion and involved in cancer growth and spread. Observations from clinical studies to date indicate that Clever-1 has the capacity to control T cell activation directly, suggesting that the inactivation of Clever-1 as an immune suppressive molecule could be more broadly applicable and more important than previously thought. As an immuno-oncology therapy, *bexmarilimab* has potential as a single-agent therapy or in combination with other standard treatments including immune checkpoint molecules. Beyond immuno-oncology, it offers potential in infectious diseases, vaccine development and more.

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 based in Turku, Finland. 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.