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

Presentations at ESMO Immuno-Oncology Virtual Congress build case for CLEVER-1 as a new immune checkpoint target

Data from ongoing PhI/II MATINS trial showcased
Role of myeloid cells in shaping the tumour microenvironment highlighted

Company announcement, 10 December 2020 at 9.00 AM (EET)

TURKU – FINLAND – Faron Pharmaceuticals Oy (AIM: FARN, First North: FARON), the clinical stage biopharmaceutical company, today announces that two presentations at the European Society of Medical Oncology (ESMO) Immuno-Oncology Virtual Congress 2020 will showcase data from the Company's PhI/II MATINS study and explore the role of myeloid cells in shaping the tumour microenvironment (TME).

'CLEVER-1 a new immune checkpoint target with activity in GI cancers', Thursday 10 December, 15.25 CET:
The ongoing phase I/II MATINS clinical trial is investigating the tolerability, safety and efficacy of *bexmarilimab*, Faron's wholly-owned novel precision cancer immunotherapy which targets Clever-1 (Common Lymphatic Endothelial and Vascular Endothelial Receptor 1) positive tumour-associated macrophages (TAMs), converting them from being highly immunosuppressive to immune-stimulating.

Full data from Part I (dose ranging) of the MATINS trial, to be presented during an educational session by principal investigator Petri Bono, M.D., Ph.D., show *bexmarilimab* to be well tolerated and demonstrating immune activation and promising clinical anti-tumour activity. The first expansion stage (Part II) of the study across ten different hard-to-treat solid tumour types is ongoing and 87 percent currently recruited.

'The role of myeloid cells in shaping TME', Friday 11 December, 15.25 CET:
Tumour-associated myeloid cells, including TAMs, are known to promote tumour growth by favouring tumour cell proliferation and survival, thereby creating a highly immunosuppressive microenvironment. This characteristic makes them an attractive target for new immunotherapeutic approaches. During her educational session, Professor Maija Hollmén, MediCity, Turku University, Finland, will explore opportunities to overcome the undesired effects of TAMs, including the potential of an immunotherapeutic blockade of Clever-1 to switch immunosuppressive TAMs to immune-stimulating TAMs and induce T-cell activation.

Dr. Markku Jalkanen, Faron's CEO, said: "Our growing understanding of how the tumour microenvironment shields a cancer from the immune system and fuels its growth makes it a clear target for the next generation of immunotherapies. Everything we are learning about *bexmarilimab* from its rapidly advancing development programme across a broad range of cancer types gives us continued confidence in the potential of this anti-Clever-1 antibody to activate the immune system and remove T cell exhaustion."

For more information on the ESMO Immuno-Oncology Virtual Congress 2020 visit:
https://www.esmo.org/meetings/esmo-immuno-oncology-virtual-congress-2020

About *bexmarilimab*

Bexmarilimab is Faron's investigative precision immunotherapy, a novel anti-Clever-1 antibody with the ability to switch immune suppression to immune activation in various conditions, with potential across oncology, infectious disease and vaccine development. Currently in phase I/II clinical development as a novel macrophage checkpoint immunotherapy for patients with untreatable solid tumours, Clevegen has potential as a single-agent therapy or in combination with other standard treatments including immune checkpoint molecules.

About the MATINS study

The MATINS study is the first-in-human open label Phase I/II clinical trial with an adaptive design to investigate the safety and efficacy of *bexmarilimab* in ten selected metastatic or inoperable solid tumours – cholangiocarcinoma, colorectal cancer, cutaneous melanoma, ER+ breast cancer, gastric cancer, hepatocellular carcinoma, ovarian cancer, uveal melanoma, pancreatic cancer and anaplastic thyroid carcinoma – all known to host a significant number of Clever-1 positive tumour associated macrophages (TAM).

Part I of the trial dealt with tolerability, safety and dose escalation to optimise dosing. As the trial is an open label study, the Company expects to report findings as the dosing progresses. The cohort expansion during the current Part II of the trial is focused on identifying patients who show an increased number of Clever-1 positive circulating monocytes and the safety and efficacy of the treatment. During Part III, the main focus will be on assessing the efficacy of Clevegen on study subjects who show an increased number of Clever-1 positive circulating monocytes, making the treatment precisely targeted and maximizing the chances of success for efficacy.

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. The Company currently has a pipeline based on the receptors involved in regulation of immune response in oncology and organ damage. Clevegen (*bexmarilimab)*, its investigative precision immunotherapy, is a novel anti-Clever-1 antibody with the ability to switch immune suppression to immune activation in various conditions, with potential across oncology, infectious disease and vaccine development. Currently in phase I/II clinical development as a novel macrophage checkpoint immunotherapy for patients with untreatable solid tumours, Clevegen has potential as a single-agent therapy or in combination with other standard treatments including immune checkpoint molecules. Traumakine, the Company's pipeline candidate to prevent vascular leakage and organ failures is currently being tested in several Phase III studies around the world against COVID-19. Traumakine is intravenous IFN beta-1a, which is a strong anti-viral and anti-inflammatory agent. Faron is based in Turku, Finland. Further information is available at www.faron.com

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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.