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

US Department of Defense (DoD) to support TRAUMAKINE development

- *The DoD grants $6.1 million for the HIBISCUS study*
- *Faron and the US Air Force to explore Traumakine's wider potential to prevent multi-organ failure after ischemia and reperfusion*

Company announcement, 18 January 2021 at 9.00 AM (EET)
Inside information

TURKU – FINLAND – Faron Pharmaceuticals Oy (AIM: FARN, First North: FARON), the clinical stage biopharmaceutical company, today announces that the US Department of Defense ("DoD") has selected the HIBISCUS Study to receive $6.1 million of funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Phase II/III HIBISCUS trial will assess Traumakine, Faron's IV IFN beta-1a, for the treatment of hospitalized COVID-19 patients in the US.

The $6.1 million funding support for HIBISCUS requires final contracting between Faron and DoD's designated military unit, the 59th Medical Wing of the US Air Force, and is under preparation. Faron has already established a working relationship with the 59th Medical Wing and US Army Institute of Surgical Research to explore the use of Traumakine for organ protection in combat wounds leading to multi-organ failure from ischemia and reperfusion.

Dr. Markku Jalkanen, Faron's CEO, said: "*IFN beta-1a has previously demonstrated a compelling argument as the body's first line of defence against viral infection. Deficiency of either IFN beta or the activation of its receptor (IFNAR) have been associated with severe COVID-19 and poor outcome. This validation from the DoD represents important progress for both our science and intravenous IFN beta as a potential treatment for severe COVID-19 patients. We look forward to working with the DoD, 59th Medical Wing of the Air Force, University of Colorado Medical School Anschutz Campus and Harvard to fight COVID-19 and protect central organs.*"

Traumakine also continues to be investigated in the ongoing global REMAP-CAP (Randomized, Embedded, Multifactorial Adaptive Platform Trial for Community-Acquired Pneumonia) trial, which is evaluating potential treatments for community-acquired pneumonia, including in COVID-19 patients, and is currently ongoing across more than 200 sites and 19 countries.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 ("MAR").

For more information please contact:

Faron Pharmaceuticals Oy
Dr Markku Jalkanen, Chief Executive Officer
investor.relations@faron.com

Cairn Financial Advisers LLP, Nomad
Sandy Jamieson, Jo Turner, Mark Rogers
Phone. +44 207 213 0880

Panmure Gordon (UK) Limited, Broker
Rupert Dearden
Phone: +44 207 886 2500

Sisu Partners Oy, Certified Adviser on Nasdaq First North
Juha Karttunen
Phone: +358 (0)40 555 4727
Jukka Järvelä
Phone: +358 (0)50 55 38 990

Consilium Strategic Communications
Mary-Jane Elliott, David Daley, Lindsey Neville
Phone: +44 (0)20 3709 5700
E-mail: faron@consilium-comms.com

Stern Investor Relations
Julie Seidel
Phone: +1 212 362 1200
Email: julie.seidel@sternir.com

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

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.