

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

**Faron to acquire AOC3 antagonist platform technology**

*Company announcement, 02 March 2020 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 it has acquired rights for the potential new use of AOC3 inhibitors ("Agreement") covered by a recently filed patent application ("Invention").

The AOC3 enzymatic domain, a semicarbazide-sensitive amine oxidase is known to produce hydrogen peroxide, a potent inflammatory mediator. Being expressed by many inflamed vascular endothelial cells, the AOC3 overexpression has been connected with many vascular diseases. The Invention has been discovered by Faron's scientific network ("Inventors").

Faron will be responsible for the management, prosecution and maintenance of any patent applications assigned from the Inventors to Faron, as well as for the filing of new patent applications for the AOC3 protein inhibitor. Faron is also responsible for the future development of the Invention. Under the terms of the Agreement, in consideration for assignment of the Invention to Faron, the Inventors are eligible to receive low single digit royalties of net revenues of products associated with the Invention and a low single digit percentage of payments to Faron in the event of a third party license being entered into in respect of the Invention. Pre-clinical studies with humanized AOC3 mice and with ex vivo human cells in relation to the Invention are currently ongoing and further information will be provided later in the year.

**RELATED PARTY TRANSACTION**

Academician Sirpa Jalkanen, one of the Inventors, is the wife of Markku Jalkanen, Chief Executive Officer, and therefore the Agreement constitutes a related party transaction for the purposes of the AIM Rules. The Directors, Frank Armstrong, Matti Manner, Gregory Brown, John Poulos and Leopoldo Zambelletti, all of whom are independent of Mrs Jalkanen, having consulted with Panmure Gordon, the Company's nominated adviser for the purposes of the AIM Rules, consider the terms of the Agreement to be fair and reasonable insofar as Shareholders are concerned.

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

**For more information please contact:**

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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. The Company currently has a pipeline based on the receptors involved in regulation of immune response in oncology and organ damage. Clevegen, its precision immunotherapy, is a novel anti-Cleaver-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, has completed a phase III clinical trial in Acute Respiratory Distress Syndrome (ARDS). Plans for its future development are being finalised to avoid interfering steroid use together with Traumakine. Faron is based in Turku, Finland. Further information is available at [www.faron.com](http://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.