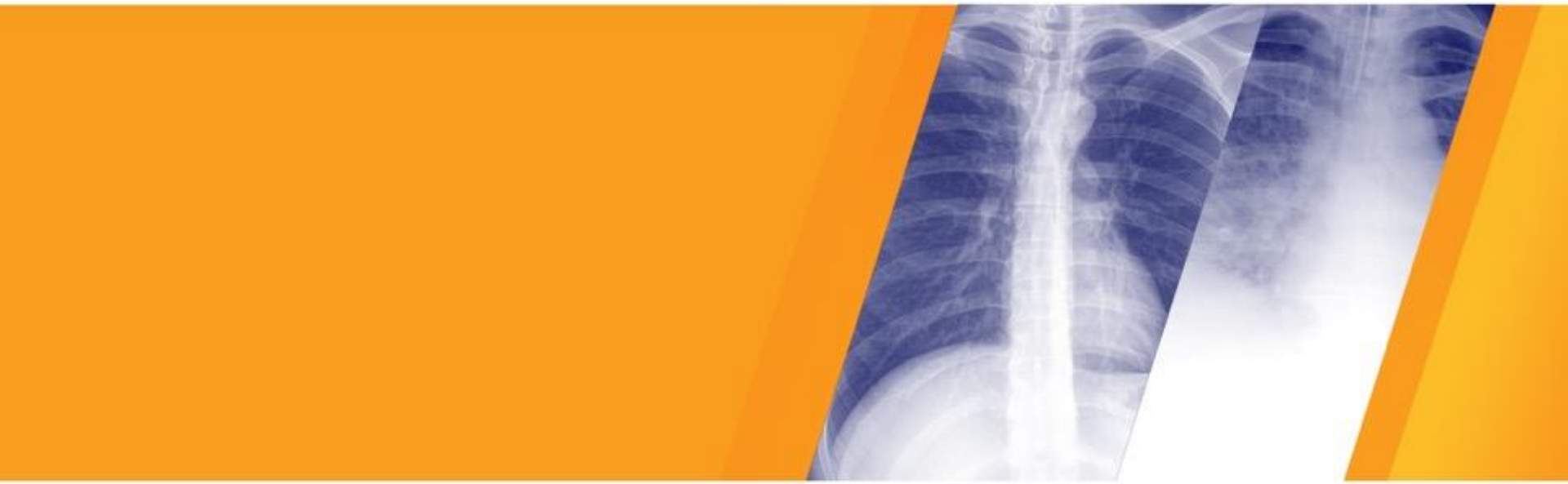

Faron Pharmaceuticals (LSE: FARN)

Annual General Meeting

31 May 2018

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WE SEE BARRIERS AS OPPORTUNITIES

Faron's pipeline is based on endothelial receptors involved in regulation of immune responses and vascular dysfunctions

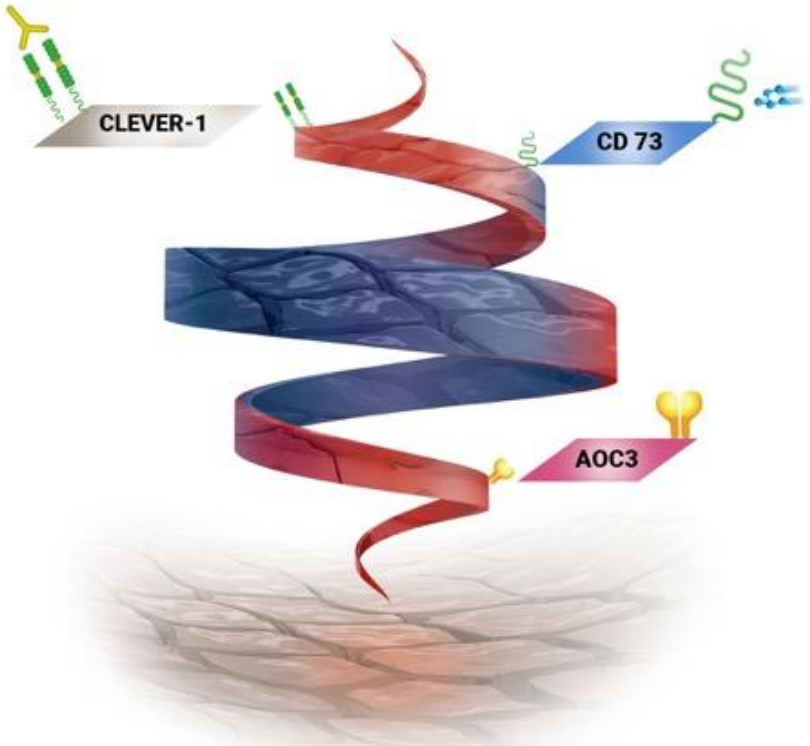
Immuno-Oncology

Clever-1 regulates tissue immune status

ARDS & Organ protection

CD73 controls capillary leakage and escalation of inflammation

AOC3 escalates inflammation and vascular damage*



*AOC3 inhibitor currently on hold

The endothelial surface of exhaustive capillary networks controls fluid and cell balance between circulation and tissues, and is a factor in many devastating diseases such as organ failures and cancer metastasis

MULTI-ASSET PIPELINE TARGETING SIGNIFICANT UNMET MEDICAL NEEDS

Product	Description	Research	Pre-clinical	Phase I/II	Phase III	MAA/BLA	LAUNCH
Traumakine® (FP-1201-lyo)	EU, ARDS						
	Japan, ARDS (Maruishi)						
	US, ARDS						
	Rupture of Abdominal Aortic Aneurysm (RAAA)						
	Single organ injury						

Product	Description	Research	Pre-clinical	Phase I/II	Phase III	MAA/BLA	LAUNCH
Clevegen® (FP-1305)	Tumour Immunity Enabling Technology (TIET-programme)						
	Hepatocellular carcinoma						
	Other solid tumours (Ovarian, Pancreas, Melanoma)						
	Anti-CD20 resistant lymphomas						
	TAM-positive Hodgkin's lymphomas						
	Chronic Infection Removal Therapy (CIRT-programme)						
	Vaccination Response Enhancement Technology (VRET-programme)						

Product	Description	Research	Pre-clinical	Phase I/II	Phase III	MAA/BLA	LAUNCH
D-ARDS							

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ANNUAL RESULTS 2017

KEY OPERATIONAL HIGHLIGHTS

(including Post Period-end)

Traumakine

- INTEREST trial for moderate and severe ARDS did not meet primary endpoint
- Japanese partner Maruishi progressed pivotal trial aiming at completion in mid 2018
- Second independent manufacturing facility established
- INFORAAA study on hold pending investigations into INTEREST trial outcome
- Approval of first intravenous formulation patent with additional applications filed
- Early analysis of certain biomarkers suggest the FP-1201-lyo treatment did not produce the expected bioactivity and Faron continues to analyse the data and investigate the possible causes (Post FY17 results)

Clevegen

- Successful completion of Clevegen manufacturing and completion of preclinical toxicology studies
- Initiation of clinical collaboration with the University of Birmingham (UK)
- MATINS adaptive protocol design discussed with UK MHRA, aiming for CTA filing in 2018

KEY FINANCIAL & CORPORATE HIGHLIGHTS

(including Post Period-end)

Financial

- Raised £5m in March 2017, £10m in October 2017 and £15m in February 2018
- Cash balance of €9.3m on 31 December 2017
- Operating loss of €21.1m (2016: €10.1m)
- Net assets of €4.7m on 31 December 2017
- Cash balance of €18.7m on 31 March 2018
- Focus on preservation of existing cash resources until INTEREST full data analysis is complete and it is agreed how best to deliver value to shareholders.

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INTERFERON-BETA TREATMENT OF ARDS AND OTHER ISCHAEMIC REPERFUSION INJURIES

TRAUMAKINE®

TRAUMAKINE

ACUTE RESPIRATORY DISTRESS SYNDROME – SIGNIFICANT OPPORTUNITY

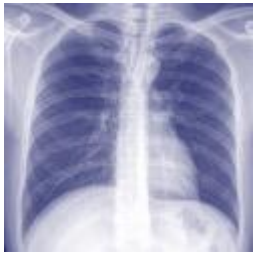
Orphan lung disease with no available drug treatment

ARDS is a rare disease characterised by vascular leakage and inflammation of the lungs and acute but persistent loss of lung function

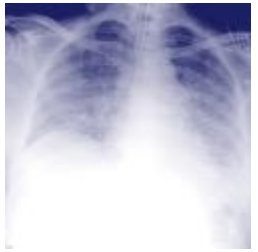
Causes include: pneumonia (bacteria/virus), sepsis, aspiration of fumes, food or stomach contents into the lung and trauma (e.g. accidents)

- ARDS is the leading cause of respiratory failure in ICU patients who require mechanical ventilation
- Annual ARDS incidence in Europe is c. 125,000 and in the US is c. 300,000 patients
- High mortality rate of 30 to 45% and survivors suffer long term mental and physical problems
- Significant unmet medical need – currently no approved drug treatment; only supportive care and non-invasive or mechanical ventilation
- Subject to regulatory approvals and other factors which may exist at the relevant time, treatment pricing is expected to be based on value creation for the patient, hospital and society
  - Saving lives of ARDS patients
  - Reducing ICU days
  - Reducing need for long term recovery support
  - Speeding up return to normal life including job continuation

Chest X-ray of ARDS patient i.e. "white lung"



Normal Lung



ARDS Patient Lung

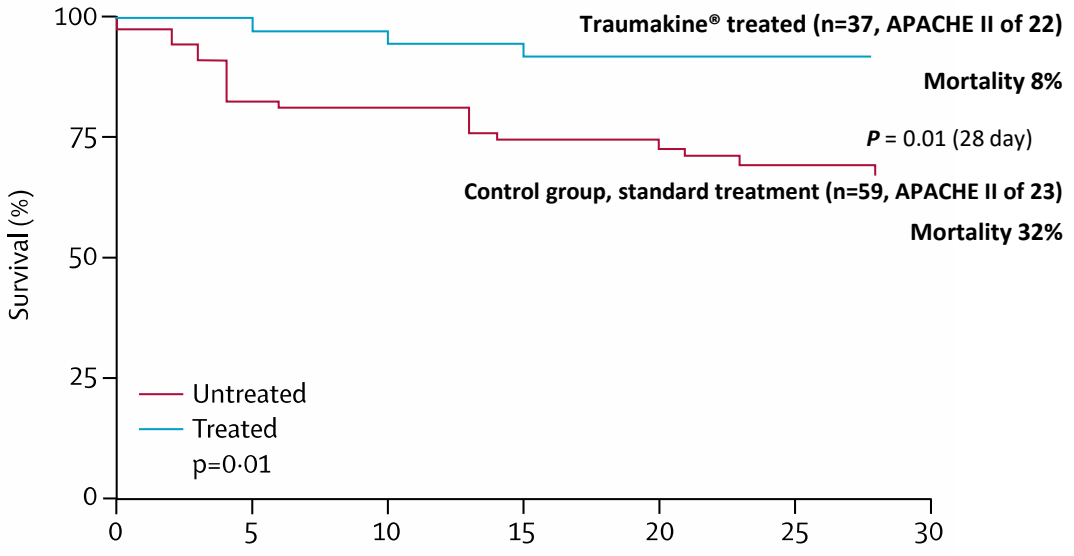
COMPELLING PHASE I/II TRIAL RESULTS

THE LANCET Respiratory Medicine

Data published below comparable to Japanese clinical trial

Reduction in ICU stay from 28 to 16 days, saving money and improving ICU capacity

Primary endpoint: significant drop in mortality*



Phase I/II trial showed a significant reduction in mortality with positive secondary endpoints

World leading peer reviewed article (Bellingan et al. (2014) The Lancet Respiratory Medicine 2: 98-107) has already reached the intensive care community

No safety issues

- Interferon Beta has good safety profile and in chronic use with MS patients worldwide
- Optimal tolerated dose established
- Short treatment period

Positive secondary endpoints

- Mortality at six months was lower than expected
- Improvement in lung function and functional assessments aligned with improvement in lung function and general dysfunction
- Efficacy improvements are consistent with a reduction in vascular leakage

*Of the 37 patients treated with Traumakine®, 32 were diagnosed with ARDS (PaO2/FiO2 ≤200 mmHg) and 5 patients were diagnosed with ALI (PaO2/FiO2 ≤300 mmHg). 30% of the treated patients were diagnosed with sepsis and 41% with pneumonia. The study was carried out in 8 ICU centers in the UK

THE INTEREST STUDY DESIGN

- A Phase III Double-blind, Randomised, Parallel-Group Comparison of the Efficacy and Safety of FP-1201-lyo (Recombinant Human Interferon Beta-1a, Traumakine) and Placebo in the Treatment of Patients with Moderate or Severe Acute Respiratory Distress Syndrome
- 300 patients in approx. 70 investigational sites located in Europe (France, UK, Spain, Italy, Finland, Belgium, Germany and Czech Republic)
- A 6 day, once daily treatment of FP-1201-lyo and a matched placebo
- Powered to detect a 50% reduction in mortality between the treatment arms*
- IDMC to meet regularly to ensure the safety of the study subjects
- EU grant FP7

The primary objective of the study:

- To demonstrate the efficacy of FP-1201-lyo in improving the clinical course and outcome based on survival and need for mechanical ventilation in patients with moderate or severe acute respiratory distress syndrome (ARDS)

*For 90% power and a two-sided Mann–Whitney U-test at the significance level of 0.05, a total of 272 patients are required.
IDMC = Independent Data Monitoring Committee

TOPLINE RESULTS: PHASE III INTEREST STUDY

INTEREST study did not meet the Day 28 (D28) primary composite endpoint of ventilator free days alive and all cause mortality with Traumakine treatment

- Treatment with Traumakine did not result in a reduced mortality rate, or an increased number of ventilator free days compared to placebo:
  - The median number of ventilator free days at Day 28, was 10 days in patients treated with Traumakine and 8.5 days in the placebo group
  - All cause mortality at Day 28, another important efficacy endpoint, was 26.4% for Traumakine and 23.0% for the placebo group
  - At Day 90 all cause mortality in the Traumakine group was 32.6% compared to 31.6% in the placebo group
  - None of these differences were statistically significant
- Safety was continually monitored throughout the study and there were no clinical concerns following the repeated administration of Traumakine
- Early analysis of certain biomarker indicators suggest that the treatment did not produce the expected interferon-beta bioactivity in the treatment group that was previously seen in Faron's Phase I/II trial for Traumakine
  - There are a number of possible causes that the Company are investigating including, inter alia, formulation, administration and deactivation
- Further detailed analysis of the data and testing of product batches still needs to be conducted

DEVELOPMENT STATUS FOR TRAUMAKINE IN RAAA

Trial to be paused pending further investigations into INTEREST outcome

Ruptured Abdominal Aortic Aneurysm (RAAA)

- Abdominal aortic aneurysm (AAA) is a potentially life-threatening condition that results from the degeneration of the arterial wall
- The most common complication of AAA is a rupture, which is observed in 25-50% of all AAAs* and requires emergency open laparotomy
- RAAA patients die from multi organ failure (MOF) similar to ARDS patients with 50% mortality 5-10 days post-surgery
- Total incidence 13.5/100,000 population with 40,000 eligible annual patients in US and Europe

Phase II/III INFORAAA - FPCLI006 (2017-19)

- A phase II/III double-blind, randomised, parallel group, placebo controlled study of efficacy and safety of Traumakine® (FP-1201-lyo) in 160 patients operated on for Rupture of Abdominal Aortic Aneurysm (RAAA)
- Post-surgery dose regimen similar to ARDS (once a day for six days)
- First patient recruited in Feb 2017 with sites open in Finland, Estonia, Lithuania and UK (early 2018)
- First recommendation by IDMC to continue the study as planned in December 2017
- INFORAAA study may assist in design of potential future Traumakine® studies for single organ failures

*Source: http://zarinslab.stanford.edu/publications/zarins_bib/zarins_pdf/2009/assar_AAA_pmj_2009.htm

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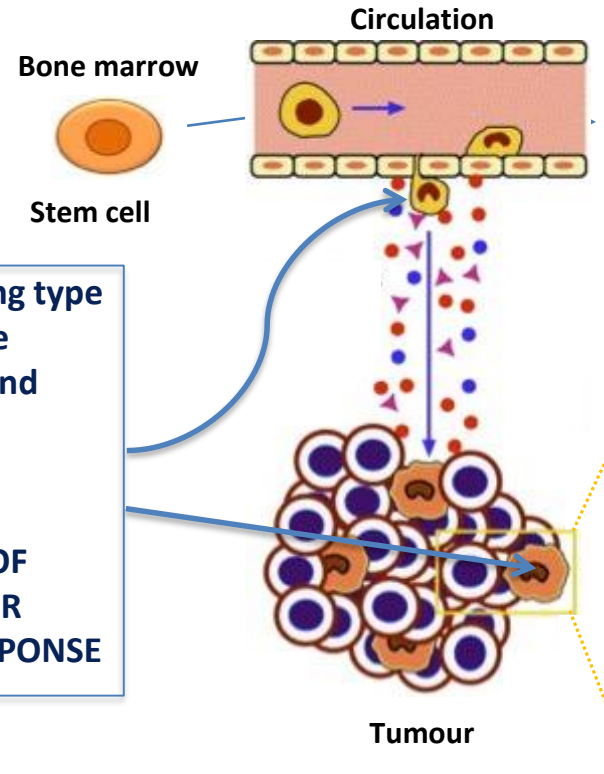
NOVEL TECHNOLOGIES TO CONTROL IMMUNE SUPPRESSION IN VARIOUS CONDITIONS

CLEVEGEN®

CANCER IMMUNOTHERAPY BASED ON TYPE II MACROPHAGE (M2) ELIMINATION

Clevegen limits the function of tumour associated type II macrophages (M2 TAM), a known immunosuppressive cell group in tumours



Faron: Blocking type II macrophage penetration and function with Clevegen*
→
ACTIVATION OF ANTI-TUMOUR IMMUNE RESPONSE

+

CURRENT LANDSCAPE

IMMUNOCORE
targeting T cell receptors

Activation of T-cells (ImmTACs), Private, est. Recent series A raised $320 million

Kite Pharma

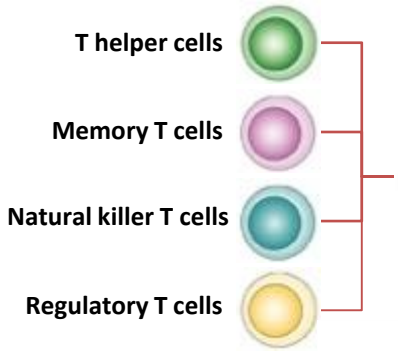
Activation of T-cells (eACT), acquired by Gilead for $11.9bn (Aug 17)

JUNO

Activation of T-cells (T-CAR), acquired by Celgene for $9bn (Jan 18)

cellectis

CAR-T technology, €875 million market cap



MERCK Roche Bristol-Myers Squibb

PD-1 inhibitors, sales and sales potential, $30.0+ billion

*Karikoski et al. (2014) Clin. Cancer Res. 20:6452-64

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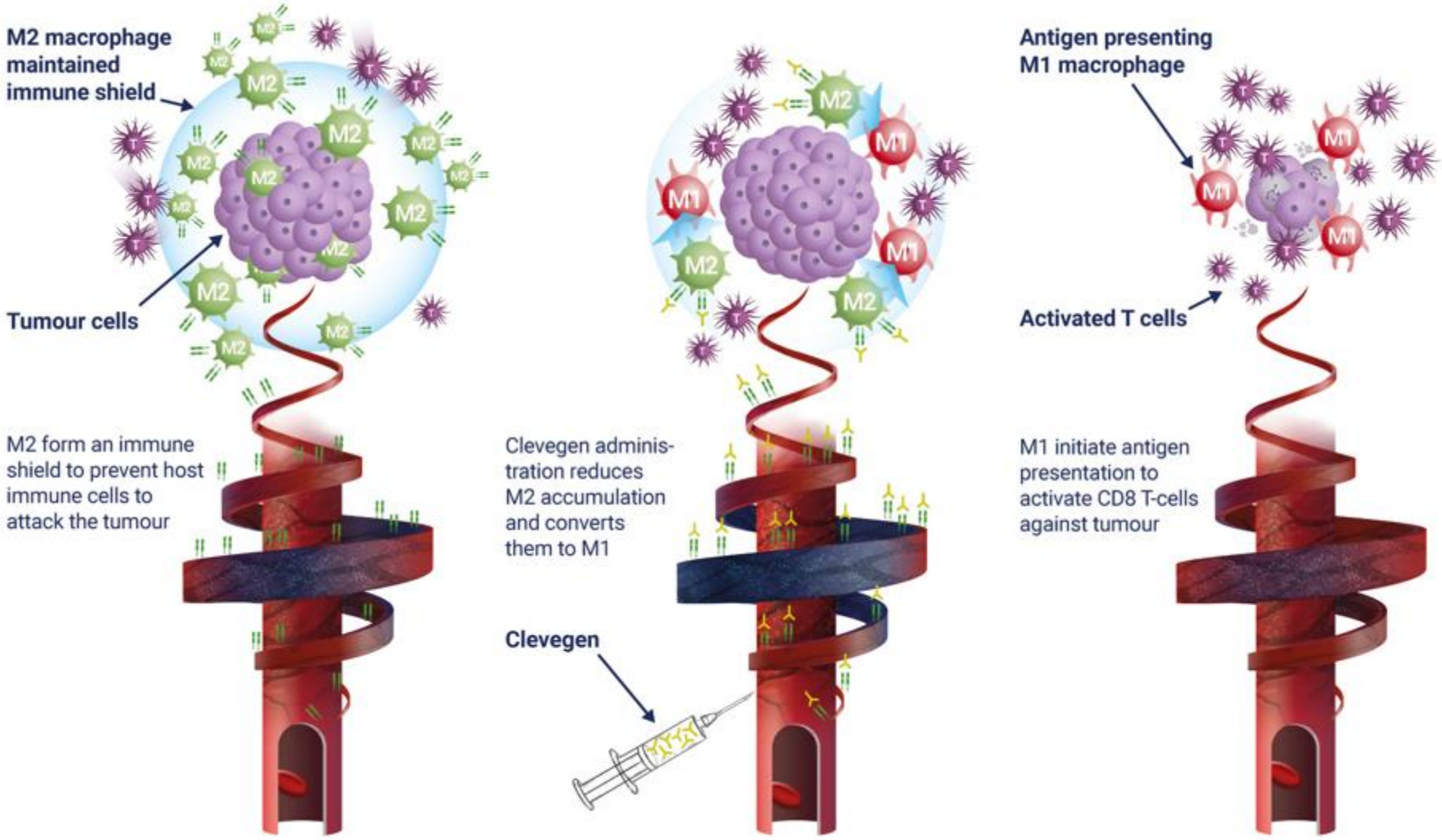
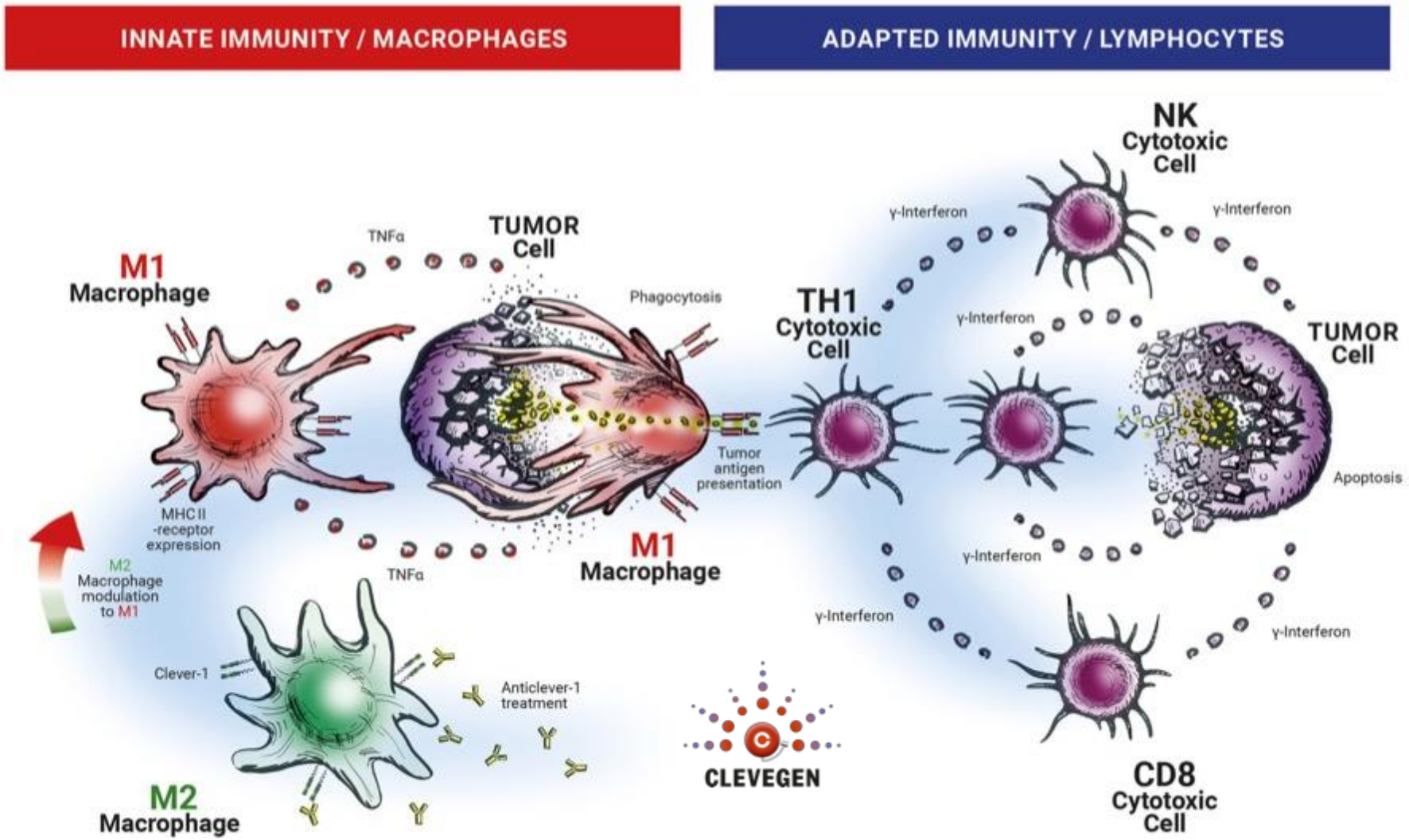
CLEVEGEN® MODE OF ACTION IN CANCER FIGHT



MACROPHAGE DEPENDENT CANCER IMMUNOTHERAPY



CLEVEGEN VALUE DRIVERS

Provides stand-alone or immune combination therapies to combat cancer

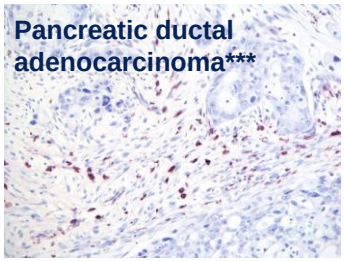
Novel mode of action to remove immune suppression around tumours

- Targets unique immune switch molecule Clever-1 on the surface of tumour associated type 2 macrophages (TAM-2)
- No expected abnormalities following *in vivo* studies due to the nature of Clevegen as a humanised antibody and the presence of Clever-1 in normal tissues and physiological processes, supported by primate tox data

Maximizing treatment success using liquid biopsy for Clever-1 positive monocytes/macrophages

Targeting Clever-1 positive cancer patient populations with significant unmet need

Cancer type		Cases/year*		Clever-1**	Potential treatments		
		US (NIH)	EU (EUCAN)		US	EU	
Liver		40,710	63,420	80%	32,568	50,736	Total number
Pancreas		53,670	103,773	70%	37,569	72,641	of treatments
Ovarian		22,440	65,550	65%	14,586	42,607	per year
Total		116,820	232,743		84,723	165,984	**250,707**



Commercial upside significant if the clinical program demonstrates better safety profile than other IO products and high efficacy in selected cancer patients

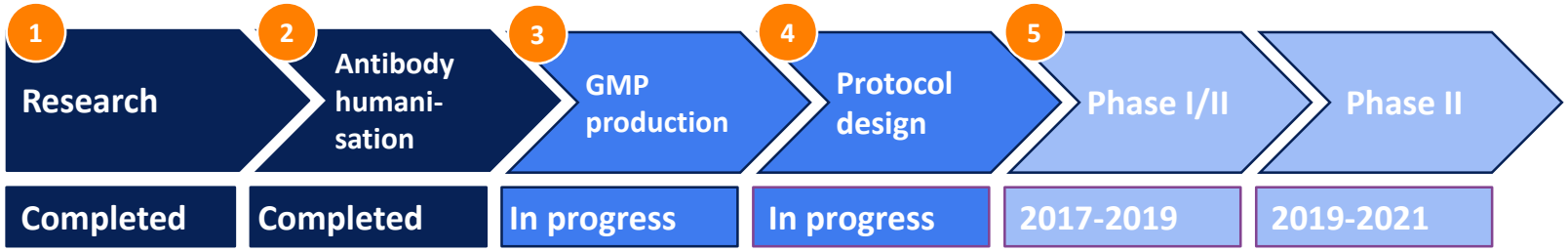
- New cancer treatments highly priced
- Verified in significant licensing deal values (e.g. Five Prime, Jounce)

*Number of new cases in Europe (2012) and USA (estimated number of new cases in 2017) (Source: NIH Cancer Institute and EUCAN European Cancer Surveillance)

**Population percentage of Clever-1 positive macrophages in human tumour samples (Source: Company information)

***Brownish stain indicates Clever-1 positive TAM's. Courtese by Dr. Shishir Shetty, The Centre for Liver Diseases, The University of Birmingham, UK

CLEVEGEN® DEVELOPMENT PATHWAY



1. Excellent IP-coverage on Clever-1 target and function blocking antibodies
2. The product is an anti-Clever-1 antibody (Clevegen®, FP-1305) humanised in collaboration with an antibody technology company Antitope (Cambridge, UK)
3. Manufactured by Abzena (San Diego, CA) in high production clones prepared by Selexis (Geneva, Switzerland)
4. Primate tox studies on going. MHRA advice expected 2018 for adaptive protocol focusing on safety and early efficacy in four solid tumours (see below)
5. Phase I/II safety and initial efficacy focused study in HCC (hepatocellular carcinoma) and other solid tumours (pancreatic and ovarian cancers as well as metastatic melanoma) is anticipated to start in 2018

MACROPHAGE CLEVER-1, A NEW IMMUNE SWITCH MOLECULE

Clever-1 Targeting Provides Significant Technology and Business Opportunities

Tumour Immunity Enabling Technology (TIET-programme)	• Removal of local immune suppression around tumours or in cancer patients • Analysis of patient immune status from blood (liquid biopsy)
Vaccination Response Enhancement Technology (VRET-programme)	• Removal of local immune suppression at vaccination sites • Priming for vaccination to increase the vaccination efficacy
Chronic Infection Removal Therapy (CIRT-programme)	• Removal of host immune suppression to activate immune system against persistent infections • Combined use with antibiotics

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SUMMARY

OUTLOOK AND UPCOMING NEWS FLOW

Current focus on cash preservation and how best to create value for shareholders

Traumakine

- Further analysis of the INTEREST trial data
- Top-line data from Phase III Japanese study in 2018
- Further update on INFORAAA in 2018
- Potentially a new commercial model for Traumakine

Clevegen

- Complete preclinical toxicology studies
- File first CTA with the UK MHRA in mid 2018
- Commence MATINS Phase I/II trial in several solid tumours in 2018
- Expansion of Clevegen use (e.g. VRET-program)


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LEADERSHIP OVERVIEW

Experienced team building internal medical and business intelligence

EXECUTIVE DIRECTORS

Dr Markku Jalkanen, Chief Executive Officer & Founder

- Over 25 years' experience in biomedical research, biotech development and the biopharmaceutical industry
- Former CEO of Biotie Therapies Corp. (formerly NASDAQ-listed life science company, currently part of Acorda Therapeutics). Adviser to Finnish Life Sciences Fund, Inveni Capital
- PhD in Medical Biochemistry and Docent (lecturer) in Biochemistry and Molecular and Cell Biology
- "One of Finland's biotechnology pioneers"*

Yrjö Wichmann, Chief Financial Officer

- Over 20 years' experience in financing and investment banking in the life science and biotechnology sector
- Member of Investment Committee at Dasos Timberland Fund I and the Innovation Board of Helsinki University which oversees the venture capital portfolio of Helsinki University Funds
- Public company experience with London (Inion), Stockholm (Pöyry) and Helsinki (several) stock exchanges. Masters in Economics

SENIOR MANAGEMENT

Dr Matti Karvonen, Chief Medical Officer

- Background in clinical neurology
- Held several positions in international pharmaceutical organisations, including Roche, Biogen Idec and Novartis

Dr Mikael Maksimow, VP Operations

- Expert in autoimmune diseases and T cell biology
- Manages Faron's operations, especially the vast vendor network and new internal or out-source initiatives

Dr Jami Mandelin Director, Research

- Expert in inflammation, immune response modulation and in immuno-oncology
- Manages Faron's scientific network and pre-clinical drug development

Dr Juho Jalkanen, VP Business Development

- Holds degrees in both business and medicine
- Expert in vascular biology and surgery
- Faron Board member between 2013 and 2017
- Partnering and in-house business development

Dr Juhana Heinonen, Chief Commercial Officer

- Expert in global marketing strategies and launches, track record of leading pharmaceutical business
- Responsible for the development and execution of a pre-launch and launch commercialisation strategy

Dr Maria Lahtinen, Director, Supplier management

- Expert in chemical analytics of clinical, pre-clinical and material samples
- Responsibilities including vendor management (manufacturers, laboratories, and packaging activities) and supply chain

* Source: Bloomberg