

LEADING THE WAY IN
BREAKTHROUGH
IMMUNE THERAPIES

**EU-rahoituksella potkua
terveysalan yritysten
strategiseen kasvuun**

Case Faron Pharmaceuticals

22.9.2022



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Faron Pharmaceuticals VERY briefly



Faron in brief

We work where current standard of care does not, providing hope for numerous cancer patients

- Faron is a clinical stage biopharmaceutical company focused on building the future of immunotherapy
- Faron has a robust pipeline of three proprietary drug candidates in immuno-oncology, organ protection and regenerative medicine
- The most advanced one, *bexmarilimab* is a strong macrophage converting immuno-oncology agent

Faron Locations

Faron Pharmaceuticals Oy, HQ, Turku, Finland

Faron Europe, Zurich, Switzerland

Faron USA, Boston, MA, USA

2006 Year of foundation

2015 & 2019 Listing to London AIM in 2015 and to First North Helsinki in 2019

Bexmarilimab Lead pipeline asset, followed by Traumakine and Hematokine. Developed for the treatment of a wide range of cancers

140 billion USD (2030) Predicted target market for bexmarilimab

16,8 % (CAGR 2020-2030) Predicted growth for target market

-21 MEUR Operating profit 2021

37 Personnel at the end of 2021,

44 Persons, August 2022, (11 PhD, 18 MSc)



Highly experienced Team

Scientific Founders



Academician **Sirpa Jalkanen**
MD PhD
Founder & Member of the SAB



Adjunct Professor **Maija Hollmen**;
PhD
Founder & Head of Discovery
Laboratory

Management



Markku Jalkanen
PhD
Founder and CEO



Toni Hänninen
MBA
CFO



Marie-Louise Fjaellskog
MD, PhD
CMO



Juho Jalkanen
MD, PhD, MSc
Founder and COO



Juuso Vakkuri
MA, MSc, EMBA
CHRO



Vesa Karvonen
LL.M.
General Counsel

Board of Directors



Frank Armstrong;
MD
Non-Executive
Chairman



Markku Jalkanen;
PhD
Founder and CEO



Greg B. Brown; MD
Non-Exec Director



John Poulos
Non-Exec Director



Leopoldo Zambelletti
Non-Exec Director



Anne Whitaker
Non-Exec Director



Erik Ostrowski; MBA
Non-Exec Director

Scientific Advisory Board



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PhD



Pr **Christophe Massard**;
MD, PhD



Professor **David Adams**;
MD



Professor **Tyler Curiel**;
MD, M.P.H.

Science, Research and Scientific Founders

from the University of Turku



**UNIVERSITY
OF TURKU**

Program Specific Advisors



Professor **Naval G. Daver**;
MD

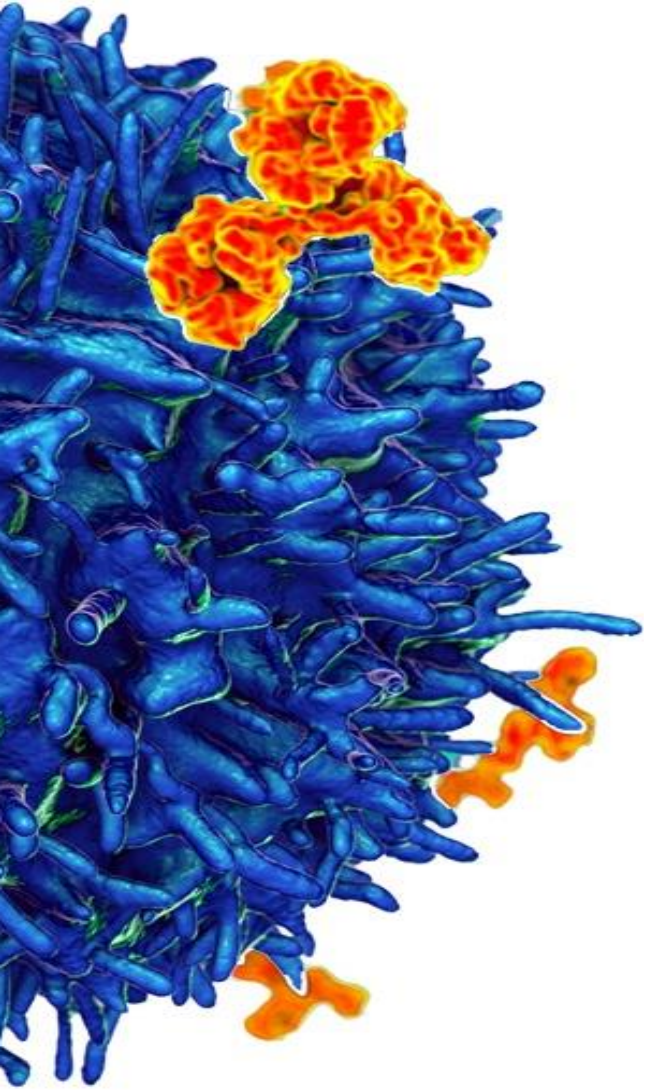


Adjunct Professor
Mika Kontro
MD, PhD



***Bexmarilimab*, a CLEVER Antibody with a Lot of Potential**

Potential to disrupt one of the biggest and fastest growing drug markets



The Market

- T-cell activating checkpoint inhibitors (namely anti-PD-1s) revolutionized cancer care because they gave a survival benefit in "un-curable cancers" (e.g. lung cancer and melanoma)
- In 2021 the worldwide sales of anti-PD-1s reached over \$ 25bn and is estimated to be \$60bn by 2028

The Need

- Across all malignant solid tumors only approx. 13% of patients respond to anti-PD-1 treatment
- Immunosuppressive tumor associated macrophages are considered a key source of resistance to anti-PD-1 treatment

The Solution

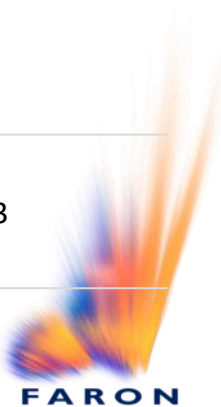
- *Bexmarilimab* (anti-CLEVER-1) is a first-in-class macrophage checkpoint inhibitor that is likely to make tumors responsive to anti-PD-1 treatment

Harness the Power of the Immune System

Modulating the immune system is key in tackling cancer and inflammation

Programs (Target)	Indication (TRIAL NAME)	Phase of Development				Anticipated Key Milestones
		Preclinical	Phase 1	Phase 2	Phase 3	
Immuno-Oncology	Solid Tumors (MATINS)	[Progress bar: Preclinical, Phase 1, Phase 2, Phase 3]				<ul style="list-style-type: none"> ▪ Additional data release in Q3-Q4 '22
Bexmarilimab (anti-CLEVER-1 mAb)	NSCLC* (BEXLUNG) <i>(Investigator Initiated)</i>	[Progress bar: Preclinical, Phase 1]				<ul style="list-style-type: none"> ▪ First-patient-in expected in Q3 '22
	Checkpoint combination in Solid Tumors (BEXCOMBO)	[Progress bar: Preclinical, Phase 1, Phase 2]				<ul style="list-style-type: none"> ▪ First-patient-in expected in Q1 '23
	Hematologic Malignancies (BEXMAB)	[Progress bar: Preclinical, Phase 1]				<ul style="list-style-type: none"> ▪ First-patient dosed June 2022 ▪ Early Phase 1 data in Q1 '23
Organ Protection Traumakine (Intravenous IFN beta-1a)	Ischemia Reperfusion Injury (TBD)	[Progress bar: Preclinical, Phase 1, Phase 2, Phase 3]				<ul style="list-style-type: none"> ▪ Trial Initiation by H1 '23
Regenerative Medicine Haematokine (AOC3 Inhibitor)	Haemopoietic Recovery	[Progress bar: Preclinical]				<ul style="list-style-type: none"> ▪ Anticipated IND submission in '23

* Non-Small Cell Lung Cancer



Funding biotechnology

Case Faron



Public Funding in Faron

Significant, multi channel source of funding

- Faron has over the years raised a total of +€160 million funding from private and public sources. €26.4 million (17%) of the funding is from public sources
- Majority, 17.9 million, of public funds are grants and loans, which represents ca. 11% of all funding during the life of the company. Of this EU has provided €8.4 million
- In addition EIC has invested €8.5 million as equity investment in Faron, which is ca. 7% of all equity raised.

€ thousands	Public Funding received				
	Equity	Grant	Loan	Grand Total	% of Public funds
EU	8 496	7 427		15 923	60,4 %
Tekes / BF		1 803	6 126	7 929	30,1 %
Finnvera			2 500	2 500	9,5 %
Grand Total	8 496	9 230	8 626	26 352	100,0 %



EU Funding Case Faron



EU FP7 –grant 1(2)

EU FP7 –grant

- Program: FP7-Health-2012-Innovation-1,
- Project: Traumakine, Interferon-beta treatment of acute respiratory distress syndrome (ARDS)

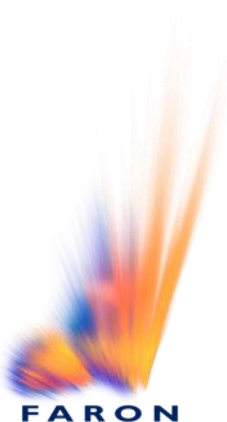
3+1 Participants:

- University College London Hospital NHS Foundation Trust
- Università Degli Studi di Torino (later Università Degli Studi di Roma “La Sapienza”)
- Turku University,
- Faron Pharmaceuticals as corporate beneficiary and project coordinator

Grant period: 1.12.2012 – 31.5.2018

Funding

- Up to 75% of eligible costs totalling max. €6.0 million of grants
- Distribution: 53% to Faron and 47% to the participating universities



EU FP7 –grant 2(2)

- Costs and contribution
 - The total costs of the consortium were €9.5 million of which EU grant covered €6.0 million,
- Project outcome(s)
 - Development of IND for Ph 2 clinical trial
 - Production scale up
 - Development of analytical methods for clinical trials
 - Running of Phase III INTEREST Trial and accompanying biomarker analyses
- Conclusion
 - The grant was essential in the development of a novel medical treatment for a devastating disease which yet has no medical treatment.
 - Essential to create pan-European network to conduct the INTEREST trial (70+ clinical sites in eleven European countries)



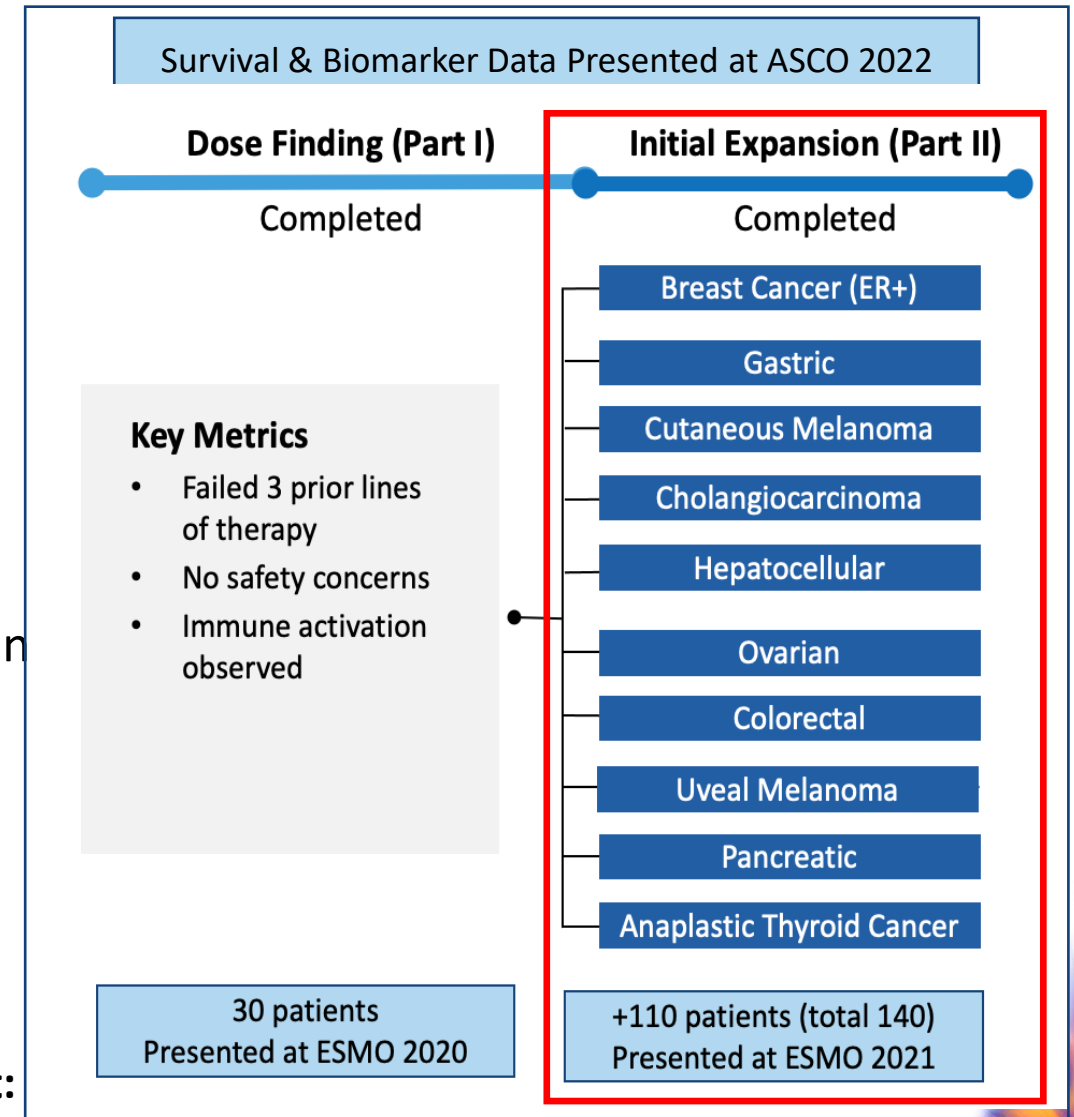
Horizon 2020 EIC Accelerator Pilot Grant for Faron

June 2020 Faron was selected for €2.5 million grant investment from EIC Accelerator pilot for MATINS study

The EIC Accelerator pilot scheme supports innovators, entrepreneurs, small companies and scientists with funding opportunities to support developing and bringing to the market new breakthrough products, services and business models that would become future drivers of economic growth for Europe.

- Faron's phase I/II MATINS clinical trial investigates the tolerability, safety and efficacy of *bexmarilimab*,
- The highly competitive grant was to support the acceleration of the MATINS Phase I/II into first expansion cohorts trial,
- In this respect the grant & investment have been highly successful

Phase I/II MATINS Trial & use of grant:



Funding gap for European Innovative Companies

Market imperfections have serious consequences

- The European venture capital market still underperforms compared to global VC – market
- At the same time there are many innovative start-ups in Europe which – due to lack of local risk funding - remain small or end up relocating elsewhere
- The serious financing gap, which innovative European companies face when they are bringing their high technology further and are approaching commercialisation stage, threatens the growth of European high tech companies or transfers the fruits of European innovations elsewhere.
- This lead to establishment of The European Innovation Council (EIC) Fund



European Innovation Council Fund

EU's first intervention in direct equity-type investments

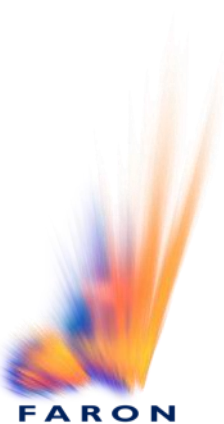
- The European Innovation Council (EIC) Fund mission is to make direct equity and quasi-equity capital investments in start-ups and SME's
- The investments range between €0.5 million and €15million
- Investments in combination with grants – part of blended financing under EIC Accelerator Pilot
- The maximum grant-equity –combination can reach €17.5 million



EIC Fund Equity Investment in Faron

February 2021, EIC Fund makes its first investment in a first publicly listed company in Faron

- Early in the planning phase of the funding round, EIC Fund gave binding and irrevocable pre-commitment to subscribe for one third of the round (min. €3 million and max. €10 million)
- This anchor commitment helped to unlock additional private investment bringing the round total to €15 million
- EIC Fund was the largest of the new investors with it's €5.0 million investment. Faron is the first publicly listed company that the EIC Fund has invested in.
- In October 2021 EIC Fund participated in another funding round in Faron with €3.5 million.



The role of EU funding in Faron's development

Important support in times when support was most needed

- Faron is a perfect example of:
 - Highly innovative European SME's that aim to solve global health problems
 - The type of companies needed to secure and advance European competitiveness in the future
 - Conversion of academic discoveries to business/product development
- EU has supported Faron in its development:
 - With substantial funding when it was needed thus unlocking private funding
 - By keeping a high standard in selecting the projects and companies

Faron – and the sector – is still missing big money from EU & locally to maintain ownership in Finland - and Europe - until data roll-out unplugs the value generated over the years from academy originated research