FARON

Faron Pharmaceuticals Ltd.

HALF-YEAR REPORT

1 JANUARY TO 30 JUNE 2026

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Half-year report, 26 August 2026 at 06:00 AM (GMT) / 09:00 AM (EEST)

Strengthened balance sheet supports advancement into randomized Phase 2b trial in higher-risk MDS

Figures in parentheses refer to the corresponding period of previous year, unless otherwise indicated. This half-year report is unaudited. The unaudited interim financial report incorporates the Company, Faron Pharmaceuticals Ltd only. Following the liquidation and closure of the Company's subsidiaries during the reporting period, the Company no longer has subsidiaries and therefore does not prepare consolidated financial information. The comparative figures have been adjusted to include only the Company's figures.

January – June 2026 in brief

- **27 January 2026** – Faron announced a significant expansion to the scope of clinical trials involving *bexmarilimab* by supporting the investigator-initiated trial (IIT) BEXAR, building evidence on the role of the Clever-1 pathway in solid tumors. The BEXAR trial evaluates Faron's lead asset, *bexmarilimab*, in combination with standard-of-care (SoC) doxorubicin for patients with metastatic soft-tissue sarcoma.
- **9 February 2026** – Faron announced that it is planning a rights issue of approximately EUR 40 million to strengthen its capital structure and to drive its lead asset *bexmarilimab* to key value-creating milestones and convened an Extraordinary General Meeting to approve the related authorization to the Board of Directors.
- **19 February 2026** – Faron announced the Phase 2 BEAM IIT, led by the Nordic AML Group, evaluating *bexmarilimab* in combination with azacitidine to prevent relapse in measurable residual disease (MRD)-positive acute myeloid leukemia (AML) after allogeneic stem cell transplantation.

- **2 March 2026** – Faron and City of Hope (US) announced the development of a Phase 2 IIT of *bexmarilimab* in combination with an oral hypomethylating agent (HMA) in relapsed/refractory (r/r) myelodysplastic syndrome (MDS).
- **26 March 2026** – Faron appointed Mr. Heikki Jouttijärvi as Chief Technical Officer (CTO) to strengthen late-stage development, manufacturing and supply chain activities.
- **9 April 2026** – Faron published the final results of its rights issue, raising gross proceeds of approximately EUR 40.1 million.
- **16 April 2026** – Faron announced a collaboration with Parexel, a global clinical research organization, to support the randomized Phase 2b BEXERA trial (FP2CLI012) in frontline, treatment-naïve higher-risk (HR) MDS, planned to start in the second half of 2026.
- **4 May 2026** – The Annual General Meeting (AGM) adopted the 2025 financial statements, re-elected the auditor, approved a new stock option plan and elected Dr. George Stanley Golumbeski as a new member of the Board of Directors.
- **15 June 2026** – Faron announced the matured BEXMAB data presented at the European Hematology Association (EHA) 2026 Congress confirming durable efficacy and bone marrow reprogramming in HR-MDS. Median duration of complete remission (CR) in treatment-naïve HR-MDS patients extended to 16.1 months with *bexmarilimab* + azacitidine.
- R&D expenses were EUR 7.6 (7.1) million.
- Operating loss for the reporting period was EUR -11.1 (-11.8) million.
- Loss per share was EUR 0.06 (0.18).
- On 30 June 2026, cash and cash equivalents were EUR 32.0 (13.5) million.
- Net assets were EUR 11.6 (-16.7) million.

Significant events after the reporting period

- **1 July 2026** – The Company' Board has confirmed the grant of a total of 2,173,000 options over ordinary shares in the Company under the Company's Share Option Plan 2026.
- **13 July 2026** – Faron provided an update on its portfolio of Investigator-Initiated Trials (IITs) evaluating *bexmarilimab,* its wholly owned anti-Clever-1 immunotherapy, in multiple oncology indications. The update covers five IITs in solid tumors and hematological malignancies, reflecting both advances and adjustments across the program.
- **27 July 2026** – Faron announced that it has conducted its first overall survival (OS) data cut from treatment-naïve higher-risk myelodysplastic syndrome (HR-MDS) patients enrolled in the BEXMAB trial. At this time, after a median follow-up of 14.9 months, the only subgroup to have hit the median is the biallelic TP53 mutated population. This subgroup, historically associated with very poor outcomes, achieved a median OS of 8.8 months, which is in line with historical data and reassuring given the complex cytogenetics within the BEXMAB biallelic patient population.
- **3 August 2026** – Faron approved the exercise of 3,657,321 special rights entitling to 3,657,321 shares in the Company, for an aggregate subscription price of EUR 1,578,499.74 in connection with the scheduled amortisation payment of the First and Second Tranche Bonds.

Key figures, IFRS

EUR '000 unless otherwise indicated	1-6/2026 (Unaudited)	1-6/2025 (Unaudited)	1-12/2025 (Audited)
Other operating income	-	-	1,308
Research and development expenses	(7,592)	(7,095)	(12,628)
General and administrative expenses	(3,510)	(4,736)	(7,570)
Operative loss for the reporting period	(11,103)	(11,831)	(18,890)
Loss per share EUR	(0.06)	(0.18)	(0.24)
Number of shares at end of period	202,881,315	111,954,597	114,420,465
Average number of shares	152,771,955	107,403,444	111,718,219
Cash and cash equivalents	31,977	13,509	12,308
Equity	11,558	(16,714)	(18,984)
Balance sheet total	35,811	16,828	17,826

Outlook for 2026

Due to the nature of Faron Pharmaceuticals' business, the Company does not provide a short-term outlook.

CEO Statement

"The first half of 2026 was a demanding period for Faron, which we successfully navigated with determination and hard work. We began the year with two main themes: advancing *bexmarilimab's* development in HR-MDS and demonstrating that our lead asset is also suitable in other indications, especially in solid tumors. I am proud to say that we made decisive progress on both of these fronts during the first half and are very enthusiastic about the future.

Successful rights issue supports Faron's lead position in HR-MDS

In April, we completed one of Finland's largest biotechnology financing rounds ever with our EUR 40.1 million rights issue. We are very pleased with the results of the rights issue, which reflect the strong commitment and trust of both our existing shareholders and new cornerstone investors. The raised funds provide a decisive foundation for our next chapter and our most important value driver: the upcoming randomized Phase 2b BEXERA trial in frontline HR-MDS.

Preparations for the BEXERA trial are well underway, and we expect the trial to begin as planned in the second half of 2026. The trial is expected to enrol 90 participants across up to 35 sites in the United States (US), Europe and the United Kingdom (UK). The objective of the trial is to select the recommended Phase 3 dose and demonstrate the efficacy and safety of combining *bexmarilimab* with SoC azacitidine in a frontline randomized, placebo-controlled setting to support future registrational filings. In April, we entered into an agreement with Parexel, a leading global clinical research organization, to support the trial. The collaboration is focused on ensuring disciplined trial execution, timely delivery and operational efficiency as the program progresses.

Bexmarilimab continues to stand out as one of the most innovative and advanced development programmes in HR-MDS. In June, we presented matured data from the BEXMAB Phase 1/2 study at the EHA 2026 Congress, further reinforcing the clinical and biological potential of *bexmarilimab* to induce haematopoiesis, activate T cells and overcome treatment resistance in the bone marrow microenvironment. In our view, *bexmarilimab* remains at the forefront of innovation in MDS, representing a novel mechanism with the potential to transform treatment outcomes. While the field is attracting increasing interest from both existing players and new entrants, most competing approaches are built on previously failed treatment methods, such as BCL-2 and CD47 inhibitors. We have adapted our trial design based on clinical learnings, including redefining the approval endpoint to CR, and are now seeing others in the field beginning to follow a similar path. With our strengthened balance sheet, we are well positioned to advance the program, generate further clinical evidence and maintain strategic flexibility while continuing partnering discussions.

Investigator-initiated trials provide evidence in solid tumors

While our primary focus remains in HR-MDS, we continue to demonstrate *bexmarilimab's* potential in solid tumors through a growing number of IITs. Last year, two articles were published in the Journal for ImmunoTherapy of Cancer, highlighting the significance of Clever-1 in solid tumors and deepening our understanding of *bexmarilimab*'s mode of action in the tumor microenvironment. These results contribute to the design of future trials.

IITs require minimal financial investment from Faron and are designed to evaluate *bexmarilimab*'s potential in overcoming treatment resistance in diseases such as lung cancer, melanoma and sarcoma. In January, we announced support for the BLAZE and BEXAR IITs, which significantly expands the range of clinical settings in which *bexmarilimab* is being investigated. The BEXAR trial evaluates *bexmarilimab* in combination with SoC doxorubicin for patients with metastatic soft-tissue sarcoma, while the BLAZE trial aims to overcome resistance to anti-PD-1 therapy in checkpoint-refractory melanoma and non-small cell lung cancer.

In addition to solid tumors, we are expanding our efforts in malignant haematology. While the BEXMAB trial primarily focuses on HR MDS, it also includes patients with AML. Insights gained from these patients have helped shape our AML development strategy and supported plans for a dedicated Phase 2 trial in AML, targeting biologically defined patient population with a differentiated competitive position. In February, we announced the Phase 2 BEAM IIT, led by the Nordic AML Group, evaluating *bexmarilimab* in combination with azacitidine to prevent relapse in measurable residual disease (MRD)-positive AML after allogeneic stem cell transplantation. This setting is supported by a strong biological rationale and represents a distinct opportunity within the AML treatment landscape. We are excited to advance these trials and generate further clinical evidence of *bexmarilimab*'s potential to overcome treatment resistance in new indications.

Looking ahead

For the second half of 2026, our priorities are clear: initiate BEXERA, continue generating evidence from our IIT portfolio, and translate this into further value creation for *bexmarilimab*. With funding in place through the completed EUR 40.1 million rights issue, we can proceed to the next major milestones.

As we move further into later stage development, we have also brought in new world-class expertise. Heikki Jouttijärvi, our new CTO appointed in March, brings decades of experience in biopharma manufacturing, supply chain management and commercial operations. Our new board member, Dr. George Stanley Golumbeski, is a highly experienced biotech business development leader, whose deep understanding of the biotechnology industry will be invaluable as we continue on our journey.

Faron is better positioned than ever to take *bexmarilimab* to the next major milestones. I want to thank our team, partners, patients and our shareholders for their continued commitment. Your support is instrumental as we work to transform the treatment landscape for patients with aggressive haematological cancers and prove the broader potential of our immunotherapy platform."

Dr. Juho Jalkanen
Chief Executive Officer

Pipeline highlights January – June 2026 in more detail

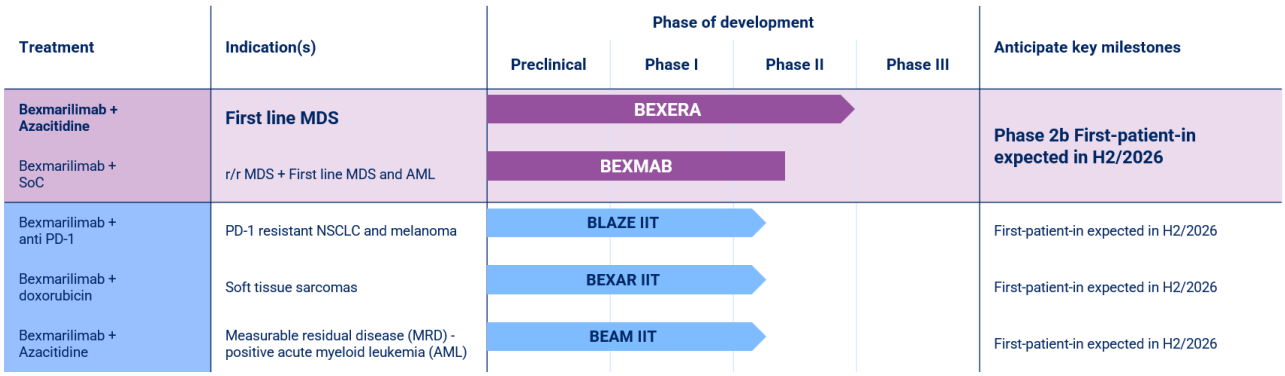
Bexmarilimab

Bexmarilimab is the Company's wholly owned precision immunotherapy currently in Phase 2b of drug development, designed to activate the immune system against cancer. To date, the drug has been dosed intravenously to 297 patients with a favorable benefit-risk profile.

Tumor-associated macrophages (TAMs) are considered a key source of resistance to current standard treatments. *Bexmarilimab* is a novel humanised anti-Clever-1 antibody, that targets a subpopulation of TAMs and converts the highly immunosuppressive TAMs to immune activators.

Clever-1 is also highly expressed on the surface of malignant blasts, the abnormal cells that arise when myeloid progenitor cells are transformed by disease. This is seen across a range of myeloid-derived hematological malignancies, including AML, MDS and chronic myelomonocytic leukemia (CMML). It has been observed that in these hematological malignancies, *bexmarilimab* enters the bone marrow and activates the immune system while simultaneously reducing the viability of leukemic blasts through impairing the energy production of these blasts. This sensitizes cancer cell to drugs used for treating these cancers, like the hypomethylating agents (HMAs), which can then destroy the cells that are weakened by *bexmarilimab*.

Pipeline



Lead clinical programs

BEXMAB

BEXMAB is a Phase 1/2 clinical trial (clinical trial ID: NCT05428969) started in 2022 and ongoing in the United States, the UK and Finland. It studies *bexmarilimab* in combination with standard of care in patients with frontline HR-MDS and HMA-failed/relapsed MDS, aggressive myeloid malignancies with very limited treatment options. At EHA 2026 Congress, updated Phase 2 data demonstrated encouraging efficacy in both frontline and HMA-failed MDS patients and showed that 85% of treatment-naïve HR-MDS patients responded to *bexmarilimab* plus azacitidine, with a 45% CR rate and median duration of CR of 16.1 months. In patients with prior HMA failure (n=34), 64% responded to treatment and median overall survival was 14.5 months, compared with a historical life expectancy of 5–6 months. Among frontline patients, 35% (7/20) and among r/r MDS patients, 18% (6/33), proceeded to stem cell transplantation. The combination of *bexmarilimab* and azacitidine has been well tolerated even with longer median follow-up of the patients, with no grade 5 *bexmarilimab*-related adverse events reported in HR-MDS patients (n=55). *Bexmarilimab* did not increase the rate of severe side effects commonly associated with azacitidine, such as anemia, neutropenia and neutropenic fever, and has demonstrated a favorable safety profile relative to other investigational therapies in HR-MDS.

BEXERA

The Company is preparing to initiate its lead program trial, BEXERA, a randomized, placebo-controlled 90-patient Phase 2b trial with *bexmarilimab* in combination with azacitidine in frontline, treatment-naïve HR-MDS, targeting the following major milestones: i) completion of the CR rate readout; ii) determination of the recommended Phase 3 dose (RP3D); iii) FDA meeting to confirm durable CR as the Phase 3 approval endpoint; and iv) potential request for Accelerated Approval in last-line MDS (r/r MDS).

Planning and preparation for the BEXERA study is progressing as planned. As the Company's lead program, BEXERA trial represents the highest priority, and the majority of current resources and efforts are dedicated to it. First-patient-in is expected in H2 2026. Country selection has been completed, and site feasibility

assessments are finalized. The study will include up to 35 sites across the US, UK, and Europe, with regulatory submissions filed in all relevant countries.

In addition, City of Hope Comprehensive Cancer Center in the US is planning to sponsor an IIT in r/r MDS patients aiming to show *bexmarilimab* efficacy with orally available HMA decitabine-cedazuridine. If successful, this single-arm r/r MDS could support an accelerated r/r MDS approval application with data from the BEXMAB trial and the new frontline Phase 2b HR-MDS randomized data.

Pipeline expansion and new clinical settings

Preparations are ongoing as planned for the initiation of proof-of-concept trials in solid tumors. In January 2026, a comprehensive review article highlighted the potential for Clever-1 inhibition with *bexmarilimab* to become the cornerstone of next-generation, multi-indication cancer immunotherapy. Results from IITs may potentially influence the design of future *bexmarilimab* trials in solid tumors.

BEXAR: BEXAR is an IIT, which is run at six Spanish hospitals and led by Vall d'Hebron Institute of Oncology (Barcelona, Spain) and sponsored by MEDSIR. The IIT aims to show that *bexmarilimab* can enhance chemotherapy efficacy in first-line metastatic soft-tissue sarcomas by turning immunologically "cold" cancers to "hot" cancers. Patients will be treated with a combination of *bexmarilimab* and SoC chemotherapy doxorubicin. First patient enrolment for BEXAR is expected in Q3/2026. In July 2026, Faron announced that the BEXAR trial has received the necessary regulatory and ethical approvals and is advancing towards first patient recruitment.

BLAZE: BLAZE is an IIT sponsored by the Institute of Cancer Research and conducted at the Royal Marsden Cancer Hospital (London, United Kingdom). The trial aims to show *bexmarilimab*'s ability to overcome resistance to PD-1 inhibitors in metastatic lung cancer and melanoma patients, which are known to commonly become resistant to immunotherapy. *Bexmarilimab* has previously shown activity in immunologically cold and PD-1 -resistant tumors both in mice studies as well as the first-in human trial MATINS. The enrolment of the first patient in the BLAZE-trial is expected to happen Q3/2026 and to have the first efficacy readout (including safety and overall response rates) from the Phase 1 dose-escalation part (n=9) approximately 12 months after IIT initiation. In July 2026, Faron announced that the investigators of the BLAZE IIT, led by The Institute of Cancer Research (ICR) and conducted at The Royal Marsden NHS Foundation Trust in London, UK, as well as other leading UK hospitals, have updated the trial's anti-PD-1 combination drug to *nivolumab* (Opdivo®), a fully approved, globally used SoC anti-PD-1 inhibitor. The trial has received the necessary regulatory and ethical approvals and is advancing towards first patient enrolment.

BEAM: BEAM is an open-label, single-arm, Phase 2 trial planned to be conducted by Nordic hospitals in co-operation with the Nordic AML Group and sponsored by Helsinki University Hospital. The IIT aims to show that combining *bexmarilimab* with azacitidine specifically at the stage of molecular recurrence after stem cell transplantation could prevent clinical AML relapse. Relapse remains the leading cause of post-transplant AML mortality. First patient enrolment is expected in H2/2026, with the first efficacy readout in 12–15 months after trial initiation. Full results are expected to be available in H1/2029.

FINPROVE: The FINPROVE trial is a Phase 2 investigator-initiated trial sponsored by Helsinki University Hospital that investigates targeted treatment approaches across multiple tumor types. Following a regulatory review by the Finnish Medicines Agency (Fimea), the proposed *bexmarilimab* cohort was considered incompatible with the FINPROVE platform trial, which focuses primarily on marketed therapies with established and approved patient selection strategies and therefore will not proceed. This outcome does not impact *bexmarilimab*'s broader development program.

Financial review January – June 2026

During the first half of 2026, Faron substantially strengthened its financial position by completing a fully covered rights issue that raised gross proceeds of approximately EUR 40.1 million (net proceeds of approximately EUR 32.8 million).

Loss before income tax and total comprehensive loss in January – June 2026 was EUR -8.5 (-19.3) million, which represents a loss of EUR 0.06 (0.18) per share. Total operating expenses for the period were EUR 11.1 (11.8) million.

Operating expenses

In January – June 2026, Faron's R&D expenses amounted to EUR 7.6 (7.1) million, year-on-year increase of EUR 0.5 million. These costs were mainly attributable to advancing our clinical programs including the completion of BEXMAB Phase 2 clinical trial and preparation costs for BEXERA Phase 2b clinical trial. Key cost components included CRO services, compensation and benefits for personnel directly involved in R&D activities, product supply costs, and CMC-related expenditure connected to the production ramp-up of *bexmarilimab*.

In January – June 2026, G&A expenses were EUR 3.5 (4.7) million.

Financial income of EUR 3.0 (0.6) million consists mainly of the non-cash decrease of the value of the IPF warrants and the fair value change of the convertible bond. The total fair value change for the two instruments combined resulted in a gain of EUR 2.9 million. Financial expenses amounted to EUR 0.8 (8.1) million consisting of non-cash HCM convertible bond interest settlements of EUR 0.6 million, and other movements including interest accruals and payments of EUR 0.2 million.

Financial position and cash flows

As of 30 June 2026, total cash and cash equivalents were EUR 32.0 (13.5) million.

In January – June 2026, cash flow from operating activities was EUR -12.6 (-10.3) million. Net cash inflow from financing activities was positive EUR 32.3 (14.4) million.

Financing

On 9 April 2026, Faron substantially strengthened its financial position by completing a fully covered rights issue that raised gross proceeds of approximately EUR 40.1 million (net proceeds of approximately EUR 32.8 million).

Going concern

The Company has prepared its interim financial statements on a going concern basis.

As at 30 June 2026, the Company had cash and cash equivalents of EUR 32.0 million.

The Company's management has reviewed the Company's forecasted cash flows, including assumptions related to clinical trial expenditure, operating costs, and timing of cash flows. Based on this assessment, the Company believes that it has adequate resources to continue its operations for at least 12 months from the date of this report.

Based on the current cash forecast, the Company's existing cash resources are expected to be sufficient to fund its planned operating activities until Q4 2027.

Accordingly, the interim financial statements have been prepared on a going concern basis. There is uncertainty regarding the Company's ability to obtain additional financing beyond Q4 2027.

Personnel

On 30 June 2026, Faron had 36 (32) employees.

Governance

Management Team

On 30 June 2026, the members of Faron's Management Team were Juho Jalkanen (CEO), Jurriaan Dekkers (CFO), Petri Bono (CMO), Maija Hollmén (CSO), Vesa Karvonen (General Counsel), Ralph Hughes (CBO) and Heikki Jouttijärvi (CTO).

Annual General Meeting

Faron Group's AGM was held on 4 May 2026. The AGM adopted the financial statements for the financial year 1 January – 31 December 2025 and resolved to discharge the members of the Board and the CEO of the Company from liability for the financial period from 1 January – 31 December 2025. The AGM approved the Board's proposal not to pay dividends, and the losses of the Company for the financial year, amounting to EUR 27.2 million (IFRS), will be carried forward to the reserve for invested unrestricted equity.

The AGM resolved that the annual remuneration of the members of the Board remains unchanged, and that EUR 35,000 will be paid to the Board members, in addition to which an annual remuneration of EUR 35,000 will

be paid to the chair of the Board. In addition, a further annual remuneration of EUR 11,000 will be paid to the chair of the audit committee, a further annual remuneration of EUR 9,000 will be paid to the chair of the remuneration committee and a further annual remuneration of EUR 6,000 will be paid to the chair of the nomination committee. In addition, a further annual remuneration of EUR 6,000 will be paid to the audit committee members, a further annual remuneration of EUR 5,000 will be paid to the remuneration committee members and a further annual remuneration of EUR 3,000 will be paid to the nomination committee members.

The AGM furthermore resolved that meeting fees will be paid to the Board members as follows:

- a meeting fee of EUR 1,000 will be paid to Board members per Board meeting where the Board member was physically present, and which was held on another continent than the member's place of residence; and
- no meeting fees will be paid to Board members who were attending a Board meeting but not physically present or for Board meetings held on the same continent as the member's place of residence.

In addition, it was resolved that all reasonable and properly documented expenses incurred in the performance of duties of the members of the Board shall be compensated. It was also resolved that no remuneration will be paid based on the Board membership of the CEO of the Company or a person serving the Company under a full-time employment or service agreement.

The AGM re-elected Tuomo Pätsi, Marie-Louise Fjällskog, Christine Roth, Colin Bond and Juho Jalkanen to the Board of Directors, and elected George Golumbeski as a new member. Tuomo Pätsi was elected as Chair of the Board.

The AGM re-elected PricewaterhouseCoopers Oy (PwC) as the Company's auditor. PwC has appointed Panu Vänskä, authorized public accountant (KHT), as the key audit partner.

The AGM resolved to issue stock options to the personnel of the Company and its subsidiaries and to the members of the Board of Directors of the Company in accordance with the terms and conditions of the stock options 2026, free of charge. In addition, the AGM authorized the Board to resolve on the implementation and administration of the stock options 2026, including the authority to interpret the Terms, adopt country-specific appendices, resolve on the allocation of stock options to personnel, and make any technical changes to the Terms as considered necessary. The maximum total number of stock options to be issued is 9,000,000, entitling their holders to subscribe for a maximum of 9,000,000 new shares in the Company or shares held by the Company.

The AGM authorized the Board to decide on the issuances of shares, option rights or other special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act, which authorization contains the right to issue new shares or dispose of the Company's treasury shares held by the Company. The authorization consists of up to forty million (40,000,000) new shares in the aggregate (including shares to be received based on option rights or other special rights), which corresponds to approximately twenty-five (25) per cent of the existing shares and votes in the Company (as of the date of this notice) and approximately twenty (20) per cent of the existing shares and votes in the Company after the completion of the rights issue in which a total of eighty million (80,000,000) new shares will be issued, as well as the conveyance of up to the same maximum number (80,000,000) of treasury shares held by the Company.

Further, should the Board resolve to issue option rights or other special rights entitling to treasury shares held by the Company, the same authorization could be used to issue the afore-mentioned up to forty million (40,000,000) new shares in the aggregate to the Company itself without consideration (to be further issued as shares from treasury or as shares to be received based on such option rights or other special rights). The authorization will not exclude the Board's right to decide on the issuance of shares, option rights or other special rights entitling to shares in deviation from the shareholders' pre-emptive rights.

The Board was authorized to resolve on all other terms and conditions of the issuance of shares, options or other special rights entitling to shares.

The authorization is effective until 30 June 2027. This authorization does not cancel the authorization granted to the Board by the Extraordinary General Meeting on 2 March 2026 or the Annual General Meeting on 21 March 2025 to resolve on issuances of shares, option rights or other special rights entitling to shares.

Shares and share capital

On 30 June 2026, Faron had 202,881,315 total number of ordinary shares with voting rights. The Company's share capital is EUR 2.7 (2.7) million. On 30 June 2026, the Company held 25,000,000 treasury shares.

Faron's shares are traded on the First North Growth Market Finland marketplace (FARON) and on the AIM market of the London Stock Exchange (FARN).

Short-term risks and uncertainties

Faron is a clinical stage biopharmaceutical Company and is subject to a number of risks and uncertainties similar to those of other development stage pharmaceutical companies.

These risks include, amongst others, generation of revenues in due course from the development portfolio and risks associated with research, development, testing and obtaining related regulatory approvals of its pipeline products, risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the attainment of profitable operations is dependent on future uncertain events which include obtaining adequate financing to fulfil Faron's commercial and development activities and generating a level of revenue adequate to support Faron's cost structure, reliance on key personnel, uninsured and underinsured losses and other factors.

Conference call

A virtual briefing and Q&A session for investors, analysts and media will be hosted by Dr. Juho Jalkanen, Chief Executive Officer, and Jurriaan Dekkers, Chief Financial Officer, today at 08:00 am (EDT) / 1:00 pm (BST) / 3:00 pm (EEST) on Wednesday, 26 August 2026.

Webcast registration link: Faron 2026 Half-Year Financial Results

The half-year report, presentation, and a replay of the webcast will be available on the Company's website at https://www.faron.com/investors.

26 August 2026
Faron Pharmaceuticals Ltd.
Board of Directors

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About *bexmarilimab*

Bexmarilimab is Faron's wholly owned, investigational immunotherapy designed to overcome resistance to existing treatments and optimize clinical outcomes, by targeting myeloid cell function and igniting the immune system. Bexmarilimab binds to Clever-1, an immunosuppressive receptor found on macrophages leading to tumor growth and metastases (i.e. helps cancer evade the immune system). By targeting the Clever-1 receptor on macrophages, bexmarilimab alters the tumor microenvironment, reprogramming macrophages from an immunosuppressive (M2) state to an immunostimulatory (M1) one, upregulating interferon production and priming the immune system to attack tumors and sensitizing cancer cells to standard of care.

About BEXMAB

The BEXMAB study is an open-label Phase 1/2 clinical trial investigating bexmarilimab in combination with standard of care (SoC) in the aggressive hematological malignancies of acute myeloid leukemia (AML) and

myelodysplastic syndrome (MDS). The primary objective is to determine the safety and tolerability of bexmarilimab in combination with SoC (azacitidine) treatment. Directly targeting Clever-1 could limit the replication capacity of cancer cells, increase antigen presentation, ignite an immune response, and allow current treatments to be more effective. Clever-1 is highly expressed in both AML and MDS and associated with therapy resistance, limited T cell activation and poor outcomes.

About Faron Pharmaceuticals Ltd.

Faron (AIM: FARN, First North: FARON) is a global, clinical-stage biopharmaceutical Company, focused on tackling cancers via novel immunotherapies. Its mission is to bring the promise of immunotherapy to a broader population by uncovering novel ways to control and harness the power of the immune system. The Company's lead asset is bexmarilimab, a novel anti-Clever-1 humanized antibody, with the potential to remove immunosuppression of cancers through reprogramming myeloid cell function. Bexmarilimab is being investigated in Phase 2 clinical trial as a potential therapy for patients with hematological cancers in combination with other standard treatments. Further information is available at www.faron.com.

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 addition, other factors which could cause actual results to differ materially include the ability of the Company to successfully commercialize its programs 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 London AIM and Helsinki First North 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.

Income Statement, IFRS

EUR '000	Unaudited 1-6/2026 6 months	Unaudited 1-6/2025 6 months	Audited 1-12/2025 12 months
Revenue	-	-	-
Other operating income	-	-	1,308
Research and development expenses	(7,592)	(7,095)	(12,628)
General and administrative expenses	(3,510)	(4,736)	(7,570)
Operating loss	**(11,103)**	**(11,831)**	**(18,890)**
Gain from liquidation of subsidiaries	427	-	-
Financial income	2,994	613	1,536
Financial expense	(828)	(8,126)	(9,832)
Loss before tax	**(8,510)**	**(19,344)**	**(27,186)**
Tax expense	-	-	(6)
Loss for the period	**(8,510)**	**(19,344)**	**(27,192)**
Other comprehensive income / (loss)	-	-	-
Total comprehensive loss for the period	**(8,510)**	**(19,344)**	**(27,192)**
Loss per ordinary share			
Basic and diluted loss per share, EUR	(0.06)	(0.18)	(0.24)

Balance Sheet, IFRS

	Unaudited	Unaudited	Audited
EUR '000	**30 June 2026**	**30 June 2025**	**31 December 2025**
Assets			
Non-current assets			
Machinery and equipment	-	1	-
Right-of-use-assets	129	249	189
Subsidiary shares	-	18	18
Intangible assets	1,101	1,110	1,117
Prepayments and other receivables	951	562	575
Total non-current assets	**2,182**	**1,940**	**1,899**
Current assets			
Prepayments and other receivables	1,652	1,379	3,619
Cash and cash equivalents	31,977	13,509	12,308
Total current assets	**33,629**	**14,888**	**15,927**
Total assets	**35,811**	**16,828**	**17,826**
Equity and liabilities			
Capital and reserves attributable to the equity holders of Faron			
Share capital	2,691	2,691	2,691
Reserve for invested unrestricted equity	240,103	197,187	201,649
Accumulated deficit	(231,236)	(216,592)	(223,324)
Total equity	**11,558**	**(16,714)**	**(18,984)**
Non-current liabilities			
Borrowings	9,228	14,464	14,213
Lease liabilities	11	138	76
Other liabilities	977	3,176	2,526
Total non-current liabilities	**10,217**	**17,778**	**16,815**
Current liabilities			
Borrowings	8,543	7,684	10,270
Lease liabilities	134	127	131
Trade payables	2,518	6,733	6,669
Accruals and other current liabilities	2,840	1,220	2,925
Total current liabilities	**14,036**	**15,764**	**19,995**
Total liabilities	**24,253**	**33,542**	**36,810**
Total equity and liabilities	**35,811**	**16,828**	**17,826**

Statement of Changes in Equity, IFRS

EUR '000	Share capital	Reserve for invested unrestricted equity	Accumulated deficit	Total equity
Balance as at 31 December 2024 (audited)	2,691	184,955	(197,955)	(10,308)
Comprehensive loss for the H1 2025	-	-	(19,344)	(19,344)
Transactions with equity holders of the Company				
Issue of ordinary shares, net of transaction costs	-	12,232	-	12,232
Share-based compensation	-	-	706	706
	-	12,232	(18,637)	(6,406)
Balance as at 30 June 2025 (unaudited)	2,691	197,187	(216,592)	(16,714)
Balance as at 31 December 2024 (audited)	2,691	184,955	(197,955)	(10,308)
Comprehensive loss for the year 2025	-	-	(27,192)	(27,192)
Transactions with equity holders of the Company				
Issue of ordinary shares, net of transaction costs	-	16,694	-	16,694
Share-based compensation	-	-	1,822	1,822
	-	16,694	(25,369)	(8,676)
Balance as at 31 December 2025 (audited)	2,691	201,649	(223,324)	(18,984)
Comprehensive loss for the H1 2026	-	-	(8,510)	(8,510)
Transactions with equity holders of the Company				
Issue of ordinary shares, net of transaction costs	-	38,454	-	38,454
Share-based compensation	-	-	598	598
	-	38,454	(7,912)	30,542
Balance as at 30 June 2026 (unaudited)	2,691	240,103	(231,236)	11,558

Cash Flow Statement, IFRS

EUR '000	Unaudited 1-6/2026 6 months	Unaudited 1-6/2025 6 months	Audited 1-12/2025 12 months
Cash flow from operating activities			
Loss before tax	(8,510)	(19,344)	(27,186)
Adjustments for:			
Depreciation and amortization	168	151	326
R&D loan forgiveness	-	-	(1,308)
Gain from liquidation of subsidiaries	(427)	-	-
Financial items	(2,166)	7,513	8,296
Share-based compensation	598	706	1,822
Adjusted loss from operations before changes in working capital	(10,336)	(10,974)	(18,050)
Change in net working capital			
Prepayments and other receivables	1,641	292	(1,961)
Trade payables	(3,086)	736	673
Other liabilities	(837)	(372)	1,443
Cash used in operations	**(12,618)**	**(10,318)**	**(17,895)**
Income tax paid	-	-	(5)
Net cash used in operating activities *	**(12,618)**	**(10,318)**	**(17,900)**
Cash flow from investing activities			
Interest received *	116	19	202
Payments for intangible assets	(93)	(101)	(222)
Net cash used in investing activities *	**23**	**(82)**	**(20)**
Cash flow from financing activities			
Proceeds from issue of shares	40,079	12,000	12,121
Share issue transaction cost	(7,231)	(676)	(815)
Proceeds from borrowings	-	13,892	25,000
Repayment of borrowings	(468)	(7,993)	(8,890)
Transaction and structuring fees of borrowings	(11)	(2,500)	(6,240)
Interest paid *	(18)	(208)	(391)
Payment of lease liabilities	(72)	(68)	(141)
Net cash from financing activities *	**32,279**	**14,447**	**20,644**
Effect of exchange rate changes on cash and cash equivalents	(15)	-	123

Net increase (+) / decrease (-) in cash and cash equivalents	**19,669**	**4,047**	**2,847**
Cash and cash equivalents at 1 January / 1 July	12,308	9,462	9,462
Cash and cash equivalents at 31 December/ 30 June	**31,977**	**13,509**	**12,308**

* Comparative figures revised according to new presentation format implemented year-end 2025

Notes to the interim financial report

1. Corporate information

Faron Pharmaceuticals Ltd (the "Company") is a clinical stage biopharmaceutical Company incorporated and domiciled in Finland, with its headquarters at Joukahaisenkatu 6, 20520 Turku, Finland. The Company has been listed on the London Stock Exchange's AIM market since November 17, 2015, with a ticker FARN, and since December 3, 2019, the Company has been listed on the Nasdaq First North Growth Market with a ticker FARON.

2. Summary of significant accounting policies

2.1. Basis of preparation

The unaudited H1 interim financial report has been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union including the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRIC). The principal accounting policies applied in the preparation of this interim financial report are the same applied in the audited 2025 financial statements. The Company has consistently applied these policies to all the periods presented, unless otherwise stated. The areas of the report involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim financial report, are disclosed in note 2.21 of the 2025 financial statements. The unaudited interim financial report incorporates the Company, Faron Pharmaceuticals Ltd only. Following the liquidation and closure of the Company's subsidiaries during the reporting period, the Company no longer has subsidiaries and therefore does not prepare consolidated financial information. The comparative figures presented for prior periods have been adjusted to include only the Company figures. All amounts are presented in thousands of euros, unless otherwise indicated, rounded to the nearest euro thousand.

2.2. Going concern

The Company has prepared its interim financial statements on a going concern basis.

As at 30 June 2026, the Company had cash and cash equivalents of EUR 32.0 million.

The Company's management has reviewed the Company's forecasted cash flows, including assumptions related to clinical trial expenditure, operating costs, and timing of cash flows. Based on this assessment, the Company believes that it has adequate resources to continue its operations for at least 12 months from the date of this report.

Based on the current cash forecast, the Company's existing cash resources are expected to be sufficient to fund its planned operating activities until Q4 2027.

Accordingly, the interim financial statements have been prepared on a going concern basis. There is uncertainty regarding the Company's ability to obtain additional financing beyond Q4 2027.

2.3. Significant events and transactions

2.3.1 Changes in Group structure

During the period, the Group completed the closure of its subsidiaries, Faron Europe GmbH and Faron USA LLC. The entities were operationally inactive. Their closure resulted in a EUR 427 thousand gain recognized in the Company's income statement in H1 2026.

2.3.2 Rights issue

During the period, the Company completed a rights issue, raising gross proceeds of EUR 40.1 million.

Transaction costs related to the rights issue amounted to EUR 7.2 million and were recorded as a deduction from equity. Net proceeds amounted to EUR 32.8 million.

As a result of the rights issue, the total number of shares increased by 80,000,000.

2.3.3 Outcome of the disciplinary hearing – decision from Nasdaq Helsinki Disciplinary Committee

In June 2026, the Nasdaq Helsinki's Disciplinary Committee imposed a fine of EUR 30 thousand on the Company for breaches of disclosure requirements regarding inside information and certain public statements made during 2024. The Committee dismissed other allegations, including a claim relating to the Company's administrative organization.

The fine does not have a material impact on the Company's operations.

2.4. Fair value measurement

In estimating the fair value of the liabilities, the Company uses market-observable data to the extent it is available. The fair value of level 1 financial instruments is based on quotations available in active markets. The fair value of level 2 financial instruments is based on prices available in the markets. The fair value of level 3 financial instruments cannot be estimated on the basis of data available in the markets.

Where level 1 inputs are not available, the Company engages third party qualified valuers to assist in preparing the valuation models.

There were no transfers between levels during the reporting period.

At 30 June 2026	Level 1	Level 2	Level 3	Total
IPF warrants	-	977	-	977
HCM Convertible bond	-	-	16,653	16,653
Total financial liabilities at FVTPL	-	977	16,653	17,630

There were no changes in valuation techniques compared to the prior reporting period

At 30 June 2025	Level 1	Level 2	Level 3	Total
IPF warrants	-	3,176	-	3,176
HCM Convertible bond	-	-	19,408	19,408
Total financial liabilities at FVTPL	-	3,176	19,408	22,584

Convertible Bond

The Company applies IFRS 9.4.3.5 paragraph and makes an irrecoverable election to measure the whole Convertible Bond at fair value through Profit or Loss. During the reporting period, EUR 5.0 million of the convertible bond liability was settled through the conversion of special rights into shares.

Subsequently, the fair value is measured using a Monte Carlo valuation model and changes in fair value are recognized in Profit or Loss. Any transaction costs related to the Convertible Bond are expensed in Profit or Loss when incurred. For the valuation, management estimates certain parameters used in the Monte Carlo simulation model, including volatility, probability for cash settlement, peer adjusted placement price multiplier, qualified equity offering rate per year and change of control probability. If these estimates vary from actual occurrence, this will impact the value of the Convertible Bond. There were no significant changes in valuation techniques or inputs. The Convertible Bond is recognized as Borrowings on the Balance Sheet.

Warrants

The IPF warrants were issued as part of the loan agreement which Faron entered into with IPF Fund II SCA (IPF) on 28 February 2022. No consideration was paid, and the warrants have been treated as a separate financial instrument. On initial recognition of the agreement, the fair value of the loan facility was reduced by the structuring fee and other fees that are integral part of the loan and by the implicit costs of the warrants. On subsequent reporting dates, the changes in fair value of warrants have been accounted separately through Profit or Loss. The warrants are classified as level 2 instruments, and their fair value is determined by using techniques whose inputs are based on observable market data.

As described in the Warrant Terms and Conditions announcement of 8 April 2024, in the event of any future share issue at a price lower than the subscription price, the subscription price of the warrants will be adjusted to that lower subsequent price. The subscription price of all warrants held by IPF is reset to EUR 0.4516 (Subscription Price) after the rights issue in April 2026. A total of 1,821,523 warrants have been issued in 2026. Following these issues, IPF will have an interest in 3,641,467 warrants. The warrants are recorded in Other non-current liabilities on the Balance Sheet.

EUR '000	Convertible bond	Warrants	Total
Balance as at 31 Dec 2025	22,931	2,526	25,457
Fair value adjustments	(1,318)	(1,549)	(2,867)
Settlements	(4,960)	-	(4,960)
Balance as at 30 Jun 2026	**16,653**	**977**	**17,630**

2.5. Share based payments

2026 Option Plan

During the period, the Company implemented a new share-based compensation plan (2026 Option plan), under which a maximum of 9,000,000 stock options may be granted to employees and members of the Board of Directors. Each option entitles the holder to subscribe for one ordinary share in the Company. The options are granted free of charge and are intended to incentivise and retain key personnel and align their interests with those of shareholders. The options are divided into tranches (2026A–2026C) with vesting conditional upon continued employment or service with the Company. The options become exercisable after the respective vesting periods of three years. If employment or service terminates before the vesting date, unvested options are generally forfeited unless otherwise determined by the Board under specific circumstances (e.g. Good Leaver conditions).

The share-based payments are accounted for as equity-settled transactions in accordance with IFRS 2. The fair value of the options granted is determined at the grant date and is recognised as an expense over the vesting period, with a corresponding increase in equity.

The Company has two active share-based payment arrangements: the 2019 Option Plan and the 2026 Option Plan. Both are accounted for as equity-settled share-based payment arrangements in accordance with IFRS 2. No changes were made to the 2019 Option Plan during the reporting period.

The total share-based payment expense recognised in the income statement for the period amounted to EUR 0.6 (0.7) million. This expense is included in Personnel costs within research and development and within general and administrative expenses.

3. Subsequent events

- 1 July 2026 – The Company' Board has confirmed the grant of a total of 2,173,000 options over ordinary shares in the Company under the Company's Share Option Plan 2026.
- 13 July 2026 – Faron provided an update on its portfolio of Investigator-Initiated Trials (IITs) evaluating *bexmarilimab,* its wholly owned anti-Clever-1 immunotherapy, in multiple oncology indications. The update covers five IITs in solid tumors and hematological malignancies, reflecting both advances and adjustments across the program.
- 27 July 2026 – Faron announced that it has conducted its first overall survival (OS) data cut from treatment-naïve higher-risk myelodysplastic syndrome (HR-MDS) patients enrolled in the BEXMAB trial. At this time, after a median follow-up of 14.9 months, the only subgroup to have hit the median is the biallelic TP53 mutated population. This subgroup, historically associated with very poor outcomes, achieved a

median OS of 8.8 months, which is in line with historical data and reassuring given the complex cytogenetics within the BEXMAB biallelic patient population.

- 3 August 2026 – Faron approved the exercise of 3,657,321 special rights entitling to 3,657,321 shares in the Company, for an aggregate subscription price of EUR 1,578,499.74 in connection with the scheduled amortisation payment of the First and Second Tranche Bonds.

FARON

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