Faron Pharmaceuticals Ltd.

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

Faron's Financial Statements Release 1 January to 31 December 2025

Financial Statements Release, 4 March 2026 at 02:00 AM (EST) / 07:00 AM (GMT) / 09:00 AM (EET)

Continued steady progress with *bexmarilimab* and solidifying position as a leading macrophage based immunotherapy under development

Figures in parentheses refer to the corresponding period of previous year, unless otherwise indicated. The figures in this financial statements release are audited unless otherwise indicated.

January–December 2025 highlights

- In 2025 Faron presented as an oral presentation the results of its BEXMAB Phase I/II trial at ASCO, EHA, ESMO and ASH congresses. Efficacy results are among the highest ever reported in HR-MDS prospective trials.
- During the spring 2025 Faron received a positive opinion on orphan drug designation for bexmarilimab for the treatment of MDS by EMA and also the FDA granted an orphan drug designation for bexmarilimab in HR MDS.
- Faron held an End of Phase 2 (EOP2) meeting with the FDA in the end of the summer and received positive and valuable feedback on its clinical development plan.
- Faron strengthened its financial position by carrying out a significantly oversubscribed private placement of newly issued treasury shares, raising gross proceeds of EUR 12 million in total in the beginning of the year 2025. April, Faron entered into an up to EUR 35 million unsecured convertible bond arrangement with Heights Capital Management Inc. ("HCM") and repaid its secured loan to IPF Partners. Faron issued first tranche of bonds with a principal amount of EUR 15 million simultaneously and in December Faron issued the EUR 10 million second tranche of the convertible bonds.
- Faron's other operating income was EUR 1.3 (0) million
- R&D expenses were EUR 12.7 (11.7) million
- Operating loss for the reporting period was EUR 19.0 (18.7) million
- Loss per share was EUR 0.24 (0.29)
- On 31 December 2025, cash and cash equivalents were EUR 12.3 (9.5) million
- Net assets were EUR -18.5 (-9.8) million
- The Companys comprehensive loss for the period was EUR 27,191,954. The Board of Directors proposes to the Annual General Meeting 2025 not to pay dividend.
- The Annual General Meeting 2025 appointed Dr. Juho Jalkanen and Mr. Colin Bond as new members to the Board of Directors of Faron Pharmaceuticals Ltd.
- Mr. Jurriaan Dekkers was appointed as the Company's Chief Financial Officer as of 1 December 2025 as the previous Chief Financial Officer, Mr. Yrjö Wichmann, will retire.

Significant events after the reporting period

- In January, the Company announced that the Board had approved the exercise of 453,979 special rights entitling to 453,979 existing treasury shares, for an aggregate subscription price of EUR 846,943.22. This exercise was linked to the advanced amortisation payment of the First

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Tranche Bonds. In February, the Company approved the exercise of 909,517 Special Rights entitling to 909,517 new Shares, for an aggregate subscription price of EUR 1,549,998.87. This exercise was linked to the scheduled amortisation of the First and Second Tranche Bonds . Following the registration, the Company continues to have 3,688,699 shares in treasury and therefore, the total number of voting rights in Faron is 115,783,961.

- On 9 February 2026, the Company announced its plan to conduct a rights issue to raise gross proceeds of approximately EUR 40 million.
- Faron held an Extraordinary General Meeting of Shareholders (EGM) on 2 March 2026.The EGM authorised the Board of Directors to issue up to 80,000,000 new shares and to resolve on all other terms and conditions of the rights offering, including the subscription and payment period and the grounds for determining the subscription price.

Consolidated key figures, IFRS

EUR '000 unless otherwise indicated	7–12/2025 (unaudited) 6 months	7–12/2024 (unaudited) 6 months	1–12/2025 (audited) 12 months	1-12/2024 (audited) 12 months
Other operating income	1,308	0	1,308	0
Research and development expenses	(5,540)	(5,082)	(12,655)	(11,744)
General and administrative expenses	(2,818)	(2,301)	(7,612)	(6,929)
Operating loss for the reporting period	(7,050)	(7,383)	(18,959)	(18,673)
Loss per share, EUR	(0.07)	(0.11)	(0.24)	(0.29)
Number of shares at end of period	114,420,465	104,624,864	114,420,465	104,624,864
Average number of shares	112,574,382	104,624,864	111,718,219	88,518,654
	Unaudited 30 June 2025	Unaudited 30 June 2024	31 December 2025	31 December 2024
Cash and cash equivalents	13,532	29,979	12,317	9,503
Equity	(16,246)	1,379	(18,507)	(9,762)
Balance sheet total	16,204	35,460	17,172	12,521

Outlook for 2026

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

CEO Statement

"In 2025, we continued to make steady progress in advancing our lead asset *bexmarilimab* and solidifying our leading position as a macrophage based immunotherapy. Throughout the year, we achieved significant clinical and regulatory milestones and presented continuously improving data from the BEXMAB trial in higher-risk myelodysplastic syndrome (HR MDS), demonstrating the potential of *bexmarilimab* to overcome treatment resistance in areas of high unmet need.

Increasingly convincing data from the bexmarilimab program

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In January 2025, we identified the final patient for the BEXMAB Phase II trial in relapsed/refractory (r/r) MDS, as well as the Phase I/II study in frontline HR MDS. Consequently, we were able to announce the topline response rate read-out in April. The readout confirmed earlier positive findings in both frontline and r/r MDS, showing a high overall response rate (ORR) and median overall survival. We were honoured to present these results at the ASCO Annual Meeting 2025 in June.

While April's data set was already one of the strongest ever seen in treatment-resistant MDS, the data only continued to improve as the year progressed. In June, we presented updated Phase II data at the EHA 2025 Congress. In October, we presented new data at ESMO 2025, highlighting *bexmarilimab's* ability to modulate the bone marrow microenvironment and clear complex cytogenetics even in low blast count patients, further strengthening the clinical profile of *bexmarilimab* in HR MDS. Finally, in December, we presented BEXMAB data at ASH 2025, showing deep and durable responses in treatment-naïve HR MDS.

The acceptance of our results for oral presentations at these prestigious events reflects the scientific progress and interest we have been able to generate toward *bexmarilimab*. This continued momentum reinforces our conviction that *bexmarilimab* holds real promise as a much-needed therapeutic option for patients with HR MDS.

Positive interaction with regulatory authorities

Our clinical results supported ongoing constructive and pivotal discussions with regulatory authorities throughout the year. In early spring, both the European Medicines Agency (EMA) and U.S. Food and Drug Administration (FDA) granted us Orphan Drug Designation for *bexmarilimab* for the treatment of MDS. These designations provide important regulatory guidance and protocol assistance for the development process. In addition, the designations offer market exclusivity after receiving marketing approval.

As the BEXMAB Phase II trial progressed as planned, we also focused on taking the data to the FDA and to fine tune the registrational approach. This interaction culminated in August, as we announced the feedback from the end-of-phase-II meeting. We were extremely encouraged by the collaborative and highly productive dialogue with the FDA, which provided a clear and actionable path for a registrational Phase II/III study of *bexmarilimab* in frontline HR MDS. Based on these discussions and the clinical data produced during the year, we are now ready to advance *bexmarilimab* to the next stages of development.

However, based on competitors' past failures in Phase III HR MDS trials, namely the VERONA trial, as well as comprehensive discussions with pharma partner candidates, physicians and regulatory experts, we believe that the best way to secure a positive Phase III and approval of *bexmarilimab* is to run the Phase II part separately and not seamlessly from the Phase III, i.e. to un-blind and thoroughly analyse the result after the Phase II part to then make the final adjustments to the confirmatory Phase III.

For us the most important thing is to get this trial right as the MDS field cannot take another failed trial. This altered approach also offers Faron's shareholders a new considerable value inflection point, which we are truly excited about.

Combination potential with solid tumours

In addition to the considerable progress of *bexmarilimab* in HR MDS, we keep advancing our research in solid tumours. In May, two articles were published in the Journal for ImmunoTherapy of Cancer,

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highlighting the significance of CLEVER-1 in solid tumours and deepening our understanding of the tumour microenvironment's influence. These results contribute to the design of future solid tumour trials.

We are already in the process of planning with certain recognized hospitals several proof-of-concept investigator initiated trials (IITs) in solid tumours – FINPROVE, BLAZE, BEXAR. These trials are designed to evaluate *bexmarilimab's* potential in the treatment of diseases such as breast cancer, lung cancer, melanoma and sarcoma. It is important to note that these trials are investigator-initiated trials, requiring minimal financial investment from Faron. In 2026, we are excited to support and advance these IITs and demonstrate *bexmarilimab's* ability to overcome treatment resistance in new indications.

Important choices ahead in 2026

I could not be prouder of our team and their accomplishments during the year. At the same time, I look ahead to 2026 with great anticipation and optimism. We begin 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 tumours. In HR MDS, we have already generated some of the best clinical data ever seen. We have adapted our clinical program to hopefully overcome all existing challenges in this space to eventually secure a positive Phase III and the long-awaited approval of a new drug for the treatment of HR MDS, subject to of course positive results.

In the broader market context, we believe that the pharmaceutical sector is poised for a resurgence. Major pharma companies are facing a patent cliff, threatening to put a significant portion of their revenues at risk through 2030. As some key patents expire, these companies face intense pressure to find new blockbuster assets. This is why it is so important for us to keep advancing *bexmarilimab* across several indications. A main theme for 2026 is to show that *bexmarilimab* is not just a drug for MDS.

As we have communicated before, we are constantly engaged in in-depth commercial discussions. I remain confident that we will find the right solution when the time is right.

The fundamentals concerning the business are solid and industry trends are in our favour: 1) *bexmarilimab* is one of the most advanced novel agents in development for HR MDS with some of the best efficacy and safety ever seen, 2) there is a profound need for new treatments in HR MDS, 3) commercial pharma companies are in need of new well selling drug candidates to overcome their patent cliffs, 4) further considerable value creation potential in solid tumours. Our time will come."

Juho Jalkanen
CEO

Pipeline highlights in 2025

Bexmarilimab is Faron's wholly owned, first-in-class investigational immunotherapy candidate designed to overcome resistance to existing treatments and improve clinical outcomes. *Bexmarilimab* binds to Clever-1, an immunosuppressive receptor found on macrophages leading to growth and metastases, and a novel immune checkpoint target for drug development.

Hematological cancers in combination with standard of care (SoC) – BEXMAB

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Faron's current priority is its Phase II BEXMAB trial, investigating *bexmarilimab* in combination with standard of care therapy azacitidine. In 2025, Faron achieved significant progress with *bexmarilimab* in myelodysplastic syndrome (MDS):

- Faron received a positive opinion on orphan drug designation for *bexmarilimab* for the treatment of HR MDS by both EMA and FDA in Q1/2025.
- On 30 May 2025 Phase I BEXMAB results were published in the prestigious Lancet Haematology.
- On 2 June 2025, for the first time Faron presented phase II data from BEXMAB Study at ASCO congress, an oral presentation. On 12 June 2025, Faron presented updated translational Phase II data from BEXMAB Study at EHA 2025 congress.
- On 18 August 2025, Faron announced positive results of the EOP2 meeting held with the FDA confirming study design and accelerated approval pathway for frontline patients with CR + CReq. On the basis of the EOP2 FDA meeting feedback, Faron started preparations for a Phase II/III frontline HR MDS study and discussing it widely with pharma partners, regulatory experts and key opinion leaders in the field.
- On 20 October 2025, Faron oral presentation at ESMO: Deeper BM target engagement in treatment-naïve patients with <5% bone marrow blasts at baseline translated to 100% ORR.
- On 8 December 2025, Faron presented strong follow-up data in an oral presentation at ASH 2025.
- Median overall survival (mOS) with *bexmarilimab* and azacitidine in relapsed/refractory (r/r) HR MDS patients reached 14.5 months, a significant improvement in a population with historically poor survival of only 5-6 months.
- 45% complete remission (CR) rate in treatment-naïve patients with higher-risk myelodysplastic syndrome (HR MDS) with duration of CR over 12 months.
- For the first time, data shows 57% of frontline patients who were transfusion-dependent at baseline achieved transfusion independence, confirming restoration of healthy bone marrow function.

Combination potential with solid tumours – and further expansion

The Company is preparing to support the initiation of certain proof-of-concept investigator-initiated trials (IITs) in in the field of metastatic melanoma, metastatic lung cancer, soft tissue sarcoma, hormone positive breast cancer (ER+ BRC) as well as in acute myeloic leukemia and r/r MDS. The Company believes that these IITs could show for example that *bexmarilimab* can overcome treatment resistance, enhance chemotherapy sensitivity and that Clever-1 positivity could be used as a patient selection method in solid tumors.

Corporate Higlights

- Faron strengthened its financial position by carrying out a significantly oversubscribed private placement of newly issued treasury shares, raising gross proceeds of EUR 12 million in total in the beginning of the year 2025.

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- In April, Faron entered into an up to EUR 35 million unsecured convertible bond arrangement with Heights Capital Management Inc. (“HCM”) and repaid its secured loan to IPF Partners. Faron issued first tranche of bonds with a principal amount of EUR 15 million simultaneously and in December Faron issued the second tranche of the convertible bonds.
- Faron strengthened its Management Team by appointing seasoned commercial development expert Ralph Hughes as Chief Business Officer, enhancing the Company’s commercial strategy, business development, and market assessment capabilities. In addition, Jurriaan Dekkers was appointed Chief Financial Officer (CFO) as of 1 December 2025. The Company’s previous CFO, Yrjö Wichmann, will be retiring after playing a key role in supporting Faron’s strategic transition and growth over several years. Mr. Wichmann will remain with the Company through the end of Q1 2026 to ensure a smooth transition.
- The Annual General Meeting 2025 appointed Dr. Juho Jalkanen and Mr. Colin Bond as new members to the Board of Directors of the Company.

Financial review January–December 2025

The financial status of the Company has remained acceptable during 2025 despite a slight increase in the expenses and loss for the financial year. In early February 2025, the Company conducted a private placement directed to a limited number of institutional and other investors raising EUR 12.0 million and in early April 2025 it made an agreement of a EUR 35 million Convertible Bond arrangement with CVI Investments Inc., an entity managed by Heights Capital Management Inc. The arrangement consists of three tranches, EUR 15 million, EUR 10 million and EUR 10 million. The first tranche was drawn down in April 2025 and the second tranche in December 2025. These actions helped the Company to strengthen its cash position by the end of the year.

Faron places a strategic emphasis on capital efficiency, a key element of efforts to extend its cash runway, without compromising the ability to advance its clinical development program. This capital efficiency has allowed the Company to achieve more with available resources, while focusing on clinical outcomes

Loss before income tax and total comprehensive loss in January–December 2025 was EUR -27.3 (-25.9) million, which represents a loss of EUR 0.24 (0.29) per share.

Operating expenses

In January–December 2025, Faron’s R&D costs were EUR 12.7 (11.7) million, a net increase of EUR 0.9 million. These costs were attributable to advancing clinical programs including completion of BEXMAB Phase I/II and preparations for Phase II/III. The main items of R&D costs are outsourced clinical trial costs, compensation and benefits for personnel directly responsible for R&D activities and legal and consulting costs. Outsourced costs include the cost of patient and site enrolment, CRO service costs including monitoring and investigator fees, and product supply costs. The costs of outsourced clinical trial services increased to EUR 5.8 million in 2025 compared to EUR 3.3 million in 2024. Compensation and benefits increased to EUR 2.8 million in 2025 from EUR 1.4 million in 2024 and included stock compensation expense of EUR 0.4 million and EUR 0.02 million in 2025 and 2024, respectively. Legal and consulting costs increased to EUR 1.5 million in 2025 from EUR 1.4 million in 2024. These increases were partially counterweighted by a EUR 0.9 million decrease in materials and services costs and analytics.

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In January–December 2025, G&A expenses were EUR 7.6 (6.9) million. The net increase of EUR 0.7 million was mainly caused by an increase of EUR 1.2 million in compensation and benefits for personnel, EUR 4.5 million in 2025 and EUR 3.3 million in 2024, and a EUR 0.7 million decrease in legal and consulting costs, EUR 1.2 million in 2025 and EUR 1.9 million in 2024.

Financial costs

Net financial costs were EUR 8.3 million in 2025 compared to EUR 7.2 million in 2024, an increase of EUR 1.0 million. The net change was due to multiple factors. Largest single contributor was warrant value change, which turned from negative EUR 2.9 million in 2024 to positive EUR 1.3 million in 2025. Other positive was a EUR 2.7 million decrease in interest expense. These were counter-weighted by a negative EUR 3.7 million change in convertible bond (CB) valuation as well as by EUR 3.6 million transaction and structuring fees of the CB.

Taxation

The Company's tax credit for the fiscal year 2025 can be recorded only after the Finnish tax authorities have approved the tax report and confirmed the amount of tax-deductible expenses. The total amount of cumulative tax losses carried forward approved by tax authorities on 31 December 2025 was EUR 57.8 million (2024: EUR 57.7 million). The Company can utilise these losses against potential taxable profits generated until 2034. In addition, the Company has EUR 131.8 million of R&D costs incurred in the financial years 2010–2024 that have not yet been deducted from taxation. This amount can be deducted over an indefinite period at the Company's discretion.

Financial position and cash flows

The Faron Group generated a net loss of EUR -27.3 million in 2025 and recorded a EUR 17.9 million cash outflow from operating activities during the year ended 31 December 2025. At the end of the financial year, it had total negative equity of EUR -18.5 million including an accumulated deficit of EUR 222.9 million. As of that date, the Group had cash and cash equivalents of EUR 12.3 million.

Net cash flow in 2025 was slightly stronger than in 2024. Cash used for operating activities in 2025 was EUR 17.9 million compared to EUR 22.3 million in 2024. Net cash inflow from financing activities in 2025 was EUR 20.6 million compared to EUR 24.8 million in 2024.

Financing

On 6 February 2025, Faron concluded an oversubscribed private placement directed to a limited number of institutional and other investors raising EUR 12.0 million.

On 3 April 2025, Faron entered into a convertible bond arrangement for up to EUR 35 million with an entity managed by Heights Capital Management, Inc. (HCM), and resolved to issue amortising unsecured convertible bonds with an aggregated principal amount of EUR 15 million with an option to issue, subject to certain conditions, two additional tranches of similar convertible bonds, each with a principal amount of EUR 10 million. The arrangement was mainly used to finance early repayment in full of the Company's outstanding senior secured loan pursuant to the facilities agreement entered with IPF Fund II SCA, SICAV-FIAR ("IPF") (the "IPF Facility") and strengthen its financial position, while increasing its financial flexibility with fewer restrictive financial commitments. After the early repayment of the outstanding loan, the restrictive cash covenants set out in the IPF Facility no longer apply, the previously restricted cash reserves were unlocked, and the Company's assets, including valuable intellectual property rights, were released from any pledges granted in favour of IPF. The

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remainder of the proceeds from the first tranche bonds were to be used for general corporate purposes and to strengthen the Company's balance sheet.

According to the convertible bond arrangement, Faron has an option to issue, subject to certain conditions, two additional tranches of similar convertible bonds, each with a principal amount of EUR 10 million. The second tranche was drawn down in December 2025.

Going concern

As part of their going concern review, the Directors have followed International Accounting Standard 1, Presentation of Financial Statements (IAS 1). The Company and its subsidiaries are subject to a number of risks similar to those of other development state 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. The subsidiaries have limited economic activities and have immaterial assets and liabilities and thus the Group's ability to continue as going concern is dependent on the Company. Ultimately, the attainment of profitable operations is dependent on future uncertain events which include obtaining adequate financing to fulfil the Group's commercial and development activities and generate a level of revenue adequate to support the Group's cost structure.

The Directors have prepared the detailed financial forecasts and cash flows looking beyond 12 months from the date of these financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions to the Company and the Group that are expected to prevail over the forecast period. The Directors estimate that the cash held by the Group with known receivables will be sufficient to support the current level of activities until Q2 2026.

Despite this, the Directors are continuing to explore sources of additional financing available, such as equity, debt financing and/or financing as a result of business development activities, and they believe they have a reasonable expectation that they will be able to secure additional sufficient cash inflows. Planned equity financing is disclosed in more detail in Note 24 in the Financial Statements. The Directors expect the additional funding to be sufficient for Faron to continue its activities for not less than 12 months from the date of approval of the Financial Statements; they have therefore prepared the Financial Statements on a going concern basis.

Because the additional financing is not committed at the date of issuance of the financial statements, these circumstances represent a material uncertainty that may cast significant doubt on Faron's ability to continue as going concern. Should Faron be unable to obtain further financing such that the going concern basis of preparation were no longer appropriate, adjustments would be required, including to reduce balance sheet values of assets to their recoverable amounts.

Shares and share capital

On 31 December 2025, Faron had 118,563,143 aggregate number of ordinary shares in the company. The Company held 4,142,678 shares in treasury and therefore, the total number of voting rights in Faron were 114,420,465 on 31 December 2025. The Company's share capital is EUR 2.69 million (EUR 2.69 million).

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). In January–December 2025, the highest price of the Company's share in First North Growth Market Finland was EUR 3.35 (3.77) and the lowest price was

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EUR 1.85 (1.05). Volume weighted average price was EUR 2.36 (1.39). Faron's share price on the last day of trading was EUR 2.45 (1.19). On 31 December 2025, Faron's market cap was EUR 286.0 (124.5) million.

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.

Proposal by the Board of Directors for the distribution of profit

The Company's comprehensive loss for the period was EUR 27,191,954 (2024: EUR 25,999,608). The Board of Directors proposes to the Annual General Meeting 2026 not to pay dividend.

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, 4 March 2026 at 4:00 AM (EST) / 9:00 AM (GMT) / 11:00 AM (EET).

Webcast registration link: Annual report for the year ended 31 December, 2025

The financial statements release, presentation, and a replay of the webcast will be available on the Company's website at https://www.faron.com/investors.

4 March 2026
Faron Pharmaceuticals Ltd.
Board of Directors

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Publication of financial information during year 2026

Faron's financial statements for full year 2025 will be published today, 3 March 2026 and will also be available on Faron's website at Reports and presentations – Faron. The half-year financial report for the period 1 January to 30 June 2026 is scheduled to be published on 26 August 2026. The Annual General Meeting is planned for 30 March 2026. A separate stock exchange notice will be issued by Faron's Board of Directors to convene the meeting.

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 I/II 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 I/II 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 license 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 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.

THE NEW SHARES ISSUED IN THE RIGHTS OFFERING WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

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Tables

Accounting principles for the financial statements release

The financial figures have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRIC). The figures in this financial statements release are audited unless otherwise indicated.

The financial statements incorporate the parent company, Faron Pharmaceuticals Ltd, and all subsidiaries (the "Group"). All amounts are presented in thousands of euros, unless otherwise indicated, rounded to the nearest euro thousand.

Consolidated Income Statement

	Unaudited	Unaudited	Audited	Audited
EUR '000	**7–12/2025 6 months**	**7–12/2024 6 months**	**1–12/2025 12 months**	**1–12/2024 12 months**
Other operating income	1,308	-	1,308	-
Research and development expenses	(5,540)	(5,082)	(12,655)	(11,744)
General and administrative expenses	(2,818)	(2,301)	(7,612)	(6,929)
Operating loss	**(7,050)**	**(7,383)**	**(18,959)**	**(18,673)**
Financial income	913	(858)	1,515	434
Financial expense	(1,695)	(3,325)	(9,811)	(7,676)
Loss before tax	**(7,832)**	**(11,566)**	**(27,255)**	**(25,915)**
Tax expense	(2)	41	(2)	(5)
Loss for the period	**(7,834)**	**(11,525)**	**(27,257)**	**(25,920)**
Translation difference	(4)	(2)	(4)	9
Total comprehensive loss for the period	(7,838)	(11,527)	(27,261)	(25,911)
Loss per ordinary share				
Basic and diluted loss per share, EUR	(0.07)	(0.11)	(0.24)	(0.29)

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Consolidated Balance Sheet

EUR '000	31 December 2025	31 December 2024
Assets		
Non-current assets		
Machinery and equipment	0	1
Right-of-use-assets	189	296
Intangible assets	1,117	1,112
Prepayments and other receivables	41	46
Total non-current assets	**1,347**	**1,456**
Current assets		
Prepayments and other receivables	3,508	1,563
Cash and cash equivalents	12,317	9,503
Total current assets	**15,825**	**11,065**
Total assets	**17,172**	**12,521**

Equity and liabilities		
Capital and reserves attributable to the equity holders of Faron		
Share capital	2,691	2,691
Reserve for invested unrestricted equity	201,649	184,955
Accumulated deficit	(222,856)	(197,421)
Translation difference	9	13
Total equity	**(18,507)**	**(9,762)**
Non-current liabilities		
Borrowings	14,203	8,088
Lease liabilities	76	186
Other liabilities	2,526	3,839
Total non-current liabilities	**16,805**	**12,113**
Current liabilities		
Borrowings	10,270	3,722
Lease liabilities	131	117
Trade payables	5,545	4,876
Accruals and other current liabilities	2,928	1,456
Total current liabilities	**18,874**	**10,171**
Total liabilities	**35,679**	**22,283**
Total equity and liabilities	**17,172**	**12,521**

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Consolidated Statement of Changes in Equity

EUR '000	Share capital	Reserve for invested unrestricted equity	Translation difference	Accumulated deficit	Total equity
Balance as at 31 December 2023	**2,691**	**154,352**	**4**	**(172,208)**	**(15,160)**
Comprehensive loss for the period	-	-	9	(25,920)	(25,911)
Transactions with equity holders of the Group					
Issue of ordinary shares, net of transaction costs	-	30,609	-	-	30,609
Share-based compensation	-	-	-	694	694
Reserve on retained earnings for legal	-	(5)	-	11	6
	-	**30,603**	**9**	**(25,215)**	**5,398**
Balance as at 31 December 2024	**2,691**	**184,955**	**13**	**(197,421)**	**(9,762)**
Comprehensive loss for the period	-	-	(4)	(27,257)	(27,261)
Transactions with equity holders of the Group					
Issue of ordinary shares, net of transaction costs	-	16,694	-	-	16,694
Share-based compensation	-	-	-	1,822	1,822
Reserve on retained earnings for legal	-	-	-	-	-
	-	**16,694**	**(4)**	**(25,435)**	**(8,745)**
Balance as at 31 December 2025	**2,691**	**201,649**	**9**	**(222,856)**	**(18,507)**

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Consolidated Cash Flow Statement

EUR '000	Unaudited 7–12/2025 6 months	Unaudited 7–12/2024 6 months	Audited 1–12/2025 12 months	Audited 1–12/2024 12 months
Cash flow from operating activities				
Loss before tax	(7,832)	(11,566)	(27,255)	(25,915)
Adjustments for:				
Depreciation and amortisation	175	156	326	314
R&D loan forgiveness	(1,308)	-	(1,308)	-
Financial items	783	4,183	8,296	7,242
Share-based compensation	1,116	325	1,822	694
Adjusted loss from operations before changes in working capital	(7,066)	(6,901)	(18,119)	(17,665)
Change in net working capital:				
Prepayments and other receivables	(2,237)	2,570	(1,941)	444
Trade payables	(89)	(9,652)	669	(4,095)
Other liabilities	1,696	(354)	1,473	(947)
Cash used in operations	**(7,696)**	**(14,337)**	**(17,918)**	**(22,263)**
Income taxes paid	(2)	109	(2)	(41)
Net cash used in operating activities*	**(7,698)**	**(14,228)**	**(17,920)**	**(22,304)**
Cash flow from investing activities				
Interest received*	183	361	202	361
Payments for intangible assets	(121)	(102)	(222)	(225)
Payments for tangible assets	-	(1)	-	(1)
Net cash used in investing activities*	**62**	**258**	**(20)**	**135**
Cash flow from financing activities				
Proceeds from issue of shares	121	0	12,121	31,850
Share issue transaction cost	(139)	(4,453)	(815)	(4,951)
Proceeds from borrowings	11,108	0	25,000	3,200
Repayment of borrowings	(897)	(1,943)	(8,890)	(3,371)
Transaction and structuring fees of borrowings	(3,740)	0	(6,240)	(750)
Interest paid*	(183)	(411)	(391)	(1,028)
Payment of lease liabilities	(91)	(78)	(141)	(162)
Net cash from financing activities*	**6,179**	**(6,885)**	**20,644**	**24,788**
Effect of exchange rate changes on cash and cash equivalents	242	379**	110	(8)

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Net increase (+) / decrease (-) in cash and cash equivalents	**(1,215)**	**(20,476)**	**2,814**	**2,627**
Cash and cash equivalents at 1 January / 1 July	13,532	29,979	9,503	6,876
Cash and cash equivalents at 31 December	**12,317**	**9,503**	**12,317**	**9,503**

* Comparative figures revised according to new presentation format implemented 2025, details in Note 2.22 in the Financial Statements.

** Effect of exchange rate changes on cash and cash equivalents for 2024 was incorrect and has been corrected.

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