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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2025
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from____ to ____

Commission File Number: 001-32295

FENNEC PHARMACEUTICALS INC.

(Exact Name of Registrant as Specified in Its Charter)

British Columbia, Canada **(State or Other Jurisdiction of Incorporation or Organization)**	**20-0442384** **(I.R.S. Employer Identification No.)**
PO Box 13628, 68 TW Alexander Drive **Research Triangle Park, North Carolina** **(Address of Principal Executive Offices)**	**27709** **(Zip Code)**

Registrant's Telephone Number, Including Area Code: (919) 636-4530

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, no par value	FENC	Nasdaq Capital Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐	Accelerated Filer ☐
Non-Accelerated Filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

As of August 11, 2025, there were 27,831,698 of the registrant's common shares outstanding.

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PART 1: FINANCIAL INFORMATION
Item 1. Financial Statements
Fennec Pharmaceuticals Inc.
Condensed Consolidated Balance Sheets
(U.S. Dollars and shares in thousands)
(Unaudited)

	June 30, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	$ 18,705	$ 26,634
Accounts receivable, net	17,502	12,884
Prepaid expenses	1,421	3,080
Inventory	2,201	1,060
Other current assets	965	466
Total current assets	40,794	44,124
Non-current assets		
Non-current accounts receivable, net	3,314	—
Other non-current assets, net of amortization	768	822
Total non-current assets	4,082	822
Total assets	$ 44,876	$ 44,946
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 5,941	$ 3,241
Accrued liabilities	2,225	3,428
Contract liability - current	248	248
Operating lease liability - current	—	2
Total current liabilities	8,414	6,919
Long-term liabilities		
Term loan	18,206	18,206
PIK interest	1,271	1,271
Debt discount	(113)	(139)
Contract liability - long-term	24,561	24,561
Total long-term liabilities	43,925	43,899
Total liabilities	52,339	50,818
Commitments and contingencies (Note 6)		
Stockholders' deficit:		
Common stock, no par value; unlimited shares authorized; 27,733 shares issued and outstanding (2024 -27,527)	146,165	145,608
Additional paid-in capital	69,127	66,958
Accumulated deficit	(223,998)	(219,681)
Accumulated other comprehensive income	1,243	1,243
Total stockholders' deficit	(7,463)	(5,872)
Total liabilities and stockholders' deficit	$ 44,876	$ 44,946

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Fennec Pharmaceuticals Inc.
Condensed Consolidated Statements of Operations
(U.S. Dollars and shares in thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue				
PEDMARK product sales, net	$ 9,652	$ 7,262	$ 18,403	$ 14,681
Licensing revenue	—	—	—	17,958
Total revenue	9,652	7,262	18,403	32,639
Operating expenses:				
Cost of product sales	967	608	1,340	1,158
Research and development	107	157	201	160
Selling and marketing	4,354	4,672	7,301	9,881
General and administrative	6,956	6,864	13,101	12,736
Total operating expenses	(12,384)	(12,301)	(21,943)	(23,935)
(Loss)/income from operations	(2,732)	(5,039)	(3,540)	8,704
Other (expense)/income				
Unrealized foreign exchange gain / (loss)	17	(17)	30	(55)
Amortization expense	(13)	(23)	(26)	(43)
Unrealized loss on securities	(1)	—	(2)	(11)
Interest income	171	570	407	767
Interest expense	(594)	(1,044)	(1,186)	(2,078)
Total other expense	(420)	(514)	(777)	(1,420)
Net (loss)/income	$ (3,152)	$ (5,553)	$ (4,317)	$ 7,284
Basic net (loss)/income per common share	$ (0.11)	$ (0.20)	$ (0.16)	$ 0.27
Diluted net (loss)/income per common share	$ (0.11)	$ (0.20)	$ (0.16)	$ 0.24
Weighted-average number of common shares outstanding basic	27,664	27,297	27,621	27,250
Weighted-average number of common shares outstanding diluted	27,664	27,297	27,621	30,354

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Fennec Pharmaceuticals Inc.
Condensed Consolidated Statements of Stockholders' Equity (Deficit)
Three and Six Months Ended June 30, 2025, and 2024
(U.S. dollars and shares in thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity (deficit)
	Shares	Amount				
Balance at December 31, 2024	27,527	$ 145,608	$ 66,958	$ (219,681)	$ 1,243	$ (5,872)
Stock-based compensation	—	—	798	—	—	798
Stock option exercise	55	371	—	—	—	371
Restricted stock release	12	—	(12)	—	—	(12)
Net loss	—	—	—	(1,165)	—	(1,165)
Balance at March 31, 2025	**27,594**	**145,979**	**67,744**	**(220,846)**	**1,243**	**(5,880)**
Stock-based compensation	—	—	1,494	—	—	1,494
Stock option exercise	52	186	—	—	—	186
Restricted stock release	87	—	(111)	—	—	(111)
Net loss	—	—	—	(3,152)	—	(3,152)
Balance at June 30, 2025	**27,733**	**$ 146,165**	**$ 69,127**	**$ (223,998)**	**$ 1,243**	**$ (7,463)**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity (deficit)
	Shares	Amount				
Balance at December 31, 2023	**27,027**	**$ 144,307**	**$ 62,073**	**$ (219,245)**	**$ 1,243**	**$ (11,622)**
Stock-based compensation	—	—	1,191	—	—	1,191
Stock option exercise	75	627	—	—	—	627
Restricted stock release	3	—	(19)	—	—	(19)
Net income	—	—	—	12,837	—	12,837
Balance at March 31, 2024	**27,105**	**144,934**	**63,245**	**(206,408)**	**1,243**	**3,014**
Stock-based compensation	—	—	925	—	—	925
Stock option exercise	147	347	—	—	—	347
Restricted stock release	77	—	(90)	—	—	(90)
Net loss	—	—	—	(5,553)	—	(5,553)
Balance at June 30, 2024	**27,329**	**$ 145,281**	**$ 64,080**	**$ (211,961)**	**$ 1,243**	**$ (1,357)**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Fennec Pharmaceuticals Inc.
Condensed Consolidated Statements of Cash Flows
(U.S. Dollars in thousands)
(Unaudited)

	Six Months Ended	
	June 30, 2025	June 30, 2024
Cash flows provided by (used in):		
Operating activities:		
Net (loss)/income	$ (4,317)	$ 7,284
Adjustments to reconcile net (loss)/income to net cash (used in)/provided by operating activities:		
Allowance for credit losses	1,222	—
Amortization of Norgine asset	51	749
Amortization of debt discount	26	43
Unrealized loss on securities	2	11
PIK interest	—	803
Stock-based compensation	2,292	2,116
Changes in operating assets and liabilities:		
Accounts receivable	(5,542)	(3,498)
Prepaid expenses	(1,659)	(1,804)
Inventory	(1,141)	12
Other current assets	(435)	(255)
Accounts payable	2,700	669
Accrued liabilities	(1,203)	(716)
Contract liability - current	—	25,246
Net cash (used in) / provided by operating activities	(8,004)	30,660
Financing activities:		
Issuance of shares, options exercise	186	974
Cash paid for taxes on restricted share release	(111)	(109)
Deferred issuance costs	—	(1,740)
Net cash provided by / (used in) financing activities	75	(875)
(Decrease) / increase in cash and cash equivalents	(7,929)	29,785
Cash and cash equivalents - Beginning of period	26,634	13,269
Cash and cash equivalents - End of period	$ 18,705	$ 43,054

The accompanying notes are an integral part of these unaudited condensed consolidated financial statement.

Fennec Pharmaceuticals Inc.
Notes to the Consolidated Financial Statements
(U.S. dollars and shares in thousands, except per share information)

1. Nature of Business and Liquidity

Fennec Pharmaceuticals Inc., a corporation existing under the laws of British Columbia ("Fennec," "the Company," "we," "us," or "our") was originally formed as a British Columbia corporation under the name Adherex Technologies Inc. and subsequently changed its name on September 3, 2014. Fennec, together with its wholly owned subsidiaries Oxiquant, Inc. and Fennec Pharmaceuticals, Inc., both Delaware corporations, Cadherin Biomedical Inc., a Canadian corporation, and Fennec Pharmaceuticals (EU) Limited, an Ireland company ("Fennec Limited"), collectively referred to herein as the "Company," is a biopharmaceutical company with one FDA, EMA and U.K. approved product developed to reduce the risk of ototoxicity associated with cisplatin in pediatric patients one month of age and older with localized, non-metastatic solid tumors. With the exception of Fennec Pharmaceuticals, Inc., all subsidiaries are inactive.

These unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP") that are applicable to a going concern which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

During the three and six-month period ended June 30, 2025, the Company experienced a net loss from operations of $(2,732) and $(3,540), respectively. On June 30, 2025, it had an accumulated deficit of $223,998, and had experienced negative cash flows from operating activities in the amount of $(8,004) for the six-month period ended June 30, 2025.

On August 1, 2022, the Company entered into a Securities Purchase Agreement (the "SPA") with Petrichor Opportunities Fund I LP (the "Petrichor") in connection with the issuance of up to $45,000 of senior secured floating rate convertible notes (the "Notes"), issuable in multiple tranches (the "Note Financing"). The notes are due in August 2027. On August 19, 2022, the Company closed on the initial tranche of $5,000 (the "First Closing Note") which has an Initial Conversion Price equal to $8.11 per share, which was calculated based on a 20% premium of the 5-day volume weighted average price of the Company's common shares as traded on the Nasdaq Capital Market (the "VWAP") immediately prior to the announcement of the SPA. In connection with the first closing, the Company repaid in full its secured indebtedness with Bridge Bank in the amount of $5,000.

On September 23, 2022, the Company closed on the second tranche of the Note Financing in the amount of $20,000 (the "Second Closing Note"), which has an Initial Conversion Price equal to $7.89 per share, which was calculated based on a 20% premium of the 5-day VWAP immediately prior to September 20, 2022, which was the date the Company obtained FDA approval of PEDMARK®.

A commitment fee of 2.0% of the Notes was payable under the SPA. Half of such fee was paid by the issuance on the first closing of warrants to purchase 55,498 Fennec common shares ("First Closing Warrant") and half was payable in cash or warrants of 55,498 Fennec common shares ("Second Closing Warrant"), at our election, on the second closing. The warrants are exercisable at a price per share of $8.11 and have a term of five years from the date of the grant. The Company elected to have all the commitment fee of the Notes payable in warrants.

On December 4, 2023, the Company closed a third tranche under the SPA in the amount of $5,000 (the "Third Closing Note"), which has an Initial Conversion Price equal to $7.89 per share, which was calculated based on a 20% premium of the 5-day VWAP immediately prior to September 20, 2022, which was the date the Company obtained FDA approval of PEDMARK®.

Also on December 4, 2023, the Company entered into a First Amendment to the Securities Purchase Agreement (the "SPA Amendment") with Petrichor, which, among other things, extend the period that the Company could draw the remaining $15,000 under the SPA from December 31, 2023, to December 31, 2024. The ability to draw the remaining $15,000 under the SPA expired on December 31, 2024.

On December 18, 2024, the Company entered into a Waiver and Redemption Agreement (the "Redemption Agreement") with Petrichor, pursuant to which the Company repurchased and redeemed Notes in an aggregate principal amount of $13,000 (consisting of approximately $11,800 of original principal balance and approximately $1,271 in Payment-in-kind ("PIK") interest) (collectively, the "Note Redemptions").

As a result of the Note Redemptions, the First and Third Closing Notes were repurchased and redeemed in full, and, as of June 30, 2025, there remains outstanding Second Closing Notes in the aggregate principal amount (inclusive of PIK interest) of approximately $19,477.

In March of 2024, the Company announced that it had secured an exclusive licensing agreement with Norgine Pharma UK Limited ("Norgine") to commercialize PEDMARQSI®, which is the branded name for PEDMARK® outside of the U.S., in Europe, Australia and New Zealand. The deal provided the Company with approximately $43,000 up front, with the potential of approximately another $230,000 in future royalties and milestone payments.

The Company believes current funds, which include funds from the upfront payment from Norgine, provide sufficient funding for the Company to carry out its planned activities, including the continuation of commercialization efforts of PEDMARK®, for at least the next twelve months.

These financial statements do not reflect the potentially material adjustments in the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if the going concern assumption were not appropriate.

2. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with US GAAP and are the responsibility of the Company's management. These unaudited interim condensed consolidated financial statements do not include all of the information and notes required by US GAAP for annual financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited condensed consolidated financial statements and notes filed with the Securities and Exchange Commission ("SEC") in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. The Company's accounting policies are consistent with those presented in the audited consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2024. These unaudited interim condensed consolidated financial statements have been prepared in U.S. dollars. All amounts presented are in thousands except for per share amounts.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expense during the reporting period. Significant estimates include revenue recognition, allowance against trade receivables, measurement of stock-based compensation and estimates of the Company's capital requirements over the next twelve months from the date of issuance of the consolidated financial statements. Actual results could differ from those estimates.

Credit Losses

The Company estimates and records a provision for its expected credit losses related to its trade receivables. The Company considers historical collection rates, the current financial status of its customers, macroeconomic factors, and other industry-specific factors when evaluating for current expected credit losses. Forward-looking information is also considered in the evaluation of current expected credit losses.

To determine the provision for credit losses for accounts receivable, the Company has disaggregated its accounts receivable by class of customer, as the Company determined that risk profile of its customers may vary based on certain characteristics such as credit history, past payment history and geography. Each class of customer component is analyzed for estimated credit losses individually. In doing so, the Company establishes a customer profile, based on the previous collections of accounts receivable by the age of such receivables, and evaluates the current and forecasted financial position of its customers, as available. Further, the Company considers macroeconomic factors and the status of the life sciences industry to estimate if there are current expected credit losses within its trade receivables based on the trends and the Company's expectation of the future status of such economic and industry-specific factors. Also, specific allowance amounts are established based on review of outstanding invoices to record the appropriate provision for customers that have a higher probability of default.

Segment and Geographic Information

Operating segments are defined as components of an enterprise engaging in business activities for which discrete financial information is available and regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one operating segment and employees support only one operating segment which is the production and commercialization of PEDMARK®.

Stock-Based Compensation

Under the Company's stock-based compensation programs, the Company periodically grants stock options and restricted stock to employees, directors and consultants. The Company also issues shares under an employee stock purchase plan. The fair value of each award is recognized in the Company's statements of operations over the requisite service period for such award.

The Company uses the Black-Scholes option pricing model to value stock option awards without market conditions, which requires the Company to make certain assumptions regarding the expected volatility of its common stock price, the expected term of the option grants, the risk-free interest rate and the dividend yield with respect to its common stock. The Company calculates volatility using its historical stock price data. Due to the lack of the Company's own historical data, the Company elected to use the "simplified" method for "plain vanilla" options to estimate the expected term of the Company's stock option grants. Under this approach, the weighted-average expected life is presumed to be the average of the vesting term and the contractual term of the option. The risk-free interest rate used for each grant is based on the United States Treasury yield curve in effect at the time of grant for instruments with a similar expected life. The Company utilizes a dividend yield of zero based on the fact that the Company has never paid cash dividends and, at present, has no intention to pay cash dividends.

In May 2025, the Board of Directors approved a performance-based unit, or PSU, grant whereby vesting depends on certain revenue performance milestones over the next year. The Company estimates the likelihood of achievement of performance milestones for all PSU awards at the end of each reporting period. To the extent those awards or portions thereof are considered probable of being achieved, such awards or portions thereof are expensed over the performance period. As of June 30, 2025, the Company deems the achievement of a portion of the performance milestones to be probable.

Inventory

Inventories are valued under a standard costing methodology on a first-in, first-out basis and are stated at the lower of cost or net realizable value. The Company capitalizes inventory costs related to products to be sold in the ordinary course of business. The Company makes a determination of capitalizing inventory costs for a product based on, among other factors, status of regulatory approval, information regarding safety, efficacy and expectations relating to commercial sales and recoverability of costs. Capitalized costs of inventories mainly include third party manufacturing, logistics and distribution costs. The Company assesses recoverability of inventory each reporting period to determine any write down to net realizable value resulting from excess or obsolete inventories.

Revenue Recognition

Under Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, the Company recognizes revenue when its customers obtain control of promised goods or services, in an amount that reflects the consideration which the Company determines it expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the Company satisfies its performance obligation(s). As part of the accounting for these arrangements, the Company must make significant judgments, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation.

License Agreements

The Company generates revenue from license or similar agreements with pharmaceutical companies for the commercialization of its product. Such agreements may include the transfer of intellectual property rights in the form of licenses. Payments made by the customers may include non-refundable upfront fees, payments based upon the achievement of defined milestones, and royalties on sales of product.

If a license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes the transaction price allocated to the license as revenue upon transfer of control of the license. All other promised goods or services in the agreement are evaluated to determine if they are distinct. If they are not distinct, they are combined with other promised goods or services to create a bundle of promised goods or services that is distinct. Optional future services where any additional consideration paid to the Company reflects their standalone selling prices do not provide the customer with a material right and, therefore, are not considered performance obligations. If optional future services are priced in a manner which provides the customer with a significant or incremental discount, they are material rights, and are accounted for as separate performance obligations.

Contingent milestones at contract inception are estimated at the amount which is not probable of a material reversal and included in the transaction price using the most likely amount method. Milestone payments that are not within the Company's control, such as regulatory approvals, are not considered probable of being achieved until those approvals are received and therefore the variable consideration is constrained. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the Company recognizes revenue as or when the performance obligations under the contract are satisfied. At the end of each reporting period, the Company re-evaluates the probability of achieving development or sales-based milestone payments that may not be subject to a material reversal and, if necessary, adjust the estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect license and other revenue, as well as earnings, in the period of adjustment.

For arrangements that include sales-based royalties, including sales-based milestone payments, and a license of intellectual property that is deemed to be the predominant item to which the royalties relate, revenue is recognized at the later of when the related sales occur or when the performance obligation to which some or all of the royalties have been allocated has been satisfied (or partially satisfied).

Costs to Obtain Contract

As the majority of the Company's contracts are short-term in nature, sales commissions are generally expensed when incurred as the amortization period would have been less than one year. These costs are recorded within selling and marketing expenses in the condensed consolidated statements of operations. For contracts that extend beyond one year, the incremental expense recognition matches the recognition of related revenue.

Net Product Revenue

On September 20, 2022, the FDA approved PEDMARK® in the United States to reduce the risk of ototoxicity associated with cisplatin in pediatric patients one month of age and older with localized, non-metastatic solid tumors. PEDMARK® became commercially available on October 17, 2022. PEDMARK® is the Company's first commercial product. Amongst the Company's customers are distributors which subsequently resell the Company's products to health care providers and patients. In addition to distribution agreements, the Company enters into arrangements with health care providers and payors that provide for government-mandated and/or privately- negotiated rebates, chargebacks and discounts with respect to the purchase of the Company's products. Revenues from product sales are recognized when the customer obtains control of the Company's product, which occurs at a point in time, typically upon delivery to the customer.

Product Sales Discounts and Allowances

The Company records revenues from product sales at the net sales price (transaction price), which includes estimates of variable consideration for which reserves are established primarily from discounts, chargebacks, rebates, co-pay assistance, returns and other allowances that are offered within contracts between the Company and its customers, health care providers, payors and other indirect customers relating to the sales of its products. These reserves are based on the amounts to be claimed on the related sales and are classified as a contra-asset or current liability. Where appropriate, these estimates take into consideration a range of possible outcomes that are probability-weighted for relevant factors such as current contractual and statutory requirements, specific known market events and trends, industry data, forecasted customer buying and payment patterns, and the Company's historical experience that will develop over time as PEDMARK and PEDMARQSI® (European branded product name) is the Company's first and only commercial product. Overall, these reserves reflect the Company's best estimates of the amount of consideration to which it is entitled based on the terms of its contracts. The amount of variable consideration that is included in the transaction price may be constrained and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. Actual amounts of consideration ultimately received may differ from the Company's estimates. If actual results in the future vary from the Company's estimates, the Company will adjust these estimates, which would affect net product revenues and earnings in the period such variances become known.

Chargebacks: Chargebacks are discounts that occur when contracted customers purchase directly from a specialty distributor. Contracted customers, which currently consist of Public Health Service institutions and Federal government entities purchasing via the Federal Supply Schedule, generally purchase the product at a discounted price. The specialty distributor, in turn, charges back to the Company the difference between the price initially paid by the specialty distributor and the discounted price paid to the specialty distributor by its contracted customer. The allowance for chargebacks is based on actual chargebacks received and an estimate of sales by the specialty distributor to its contracted customers.

Discounts for Prompt Payment: The Customers receive a discount of for prompt payment which may range from 0.5% to 2.0%. The Company expects its customers will earn 100% of their prompt payment discounts and, therefore, the Company deducts the full amount of these discounts from total product sales when revenues are recognized.

Rebates: Allowances for rebates include mandated discounts under the Medicaid Drug Rebate Program and other government programs. Rebate amounts owed after the final dispensing of the product to a benefit plan participant are based upon contractual agreements or legal requirements with public sector benefit providers, such as Medicaid. The allowance for rebates is based on statutory or contractual discount rates and expected utilization. The Company's estimates for the expected utilization of rebates are based on customer and payor data received from the specialty distributors and historical utilization rates that will develop over time, as PEDMARK is the Company's first and only commercial product. Rebates are generally invoiced by the payor and paid in arrears, such that the accrual balance consists of an estimate of the amount expected to be incurred for the current quarter's shipments to the customers, plus an accrual balance for known prior quarters' unpaid rebates. If actual future rebates vary from estimates, the Company may need to adjust its accruals, which would affect net product revenues in the period of adjustment.

Co-payment Assistance: Patients who have commercial insurance and meet certain eligibility requirements may receive co-payment assistance. The Company accrues a liability for co-payment assistance based on actual program participation and estimates of program redemption using customer data provided by the third party that administers the copay program.

Other Customer Credits: The Company pays fees to its customers for account management, data management and other administrative services. To the extent the services received are distinct from the sale of products to its customers, the Company classifies these payments in selling and marketing expenses in its condensed consolidated statements of operations.

Distribution and Other Fees: The Company pays distribution and other fees to certain customers in connection with the sales of PEDMARK. The Company records distribution and other fees paid to its customers as a reduction of revenue, unless the payment is for a distinct good or service from the customer and the Company can reasonably estimate the fair value of the goods or services received. If both conditions are met, the Company records the consideration paid to the customer as an operating expense. These costs are typically known at the time of sale, resulting in minimal adjustments subsequent to the period of sale.

The following table summarizes net product revenues for PEDMARK earned during the three and six months ended June 30, 2025, and 2024, respectively:

	Three Months Ended		Six Months Ended	
In thousands	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Product revenues:				
Gross product revenues	$ 10,941	$ 9,466	$ 21,753	$ 19,022
Discounts and allowances	(1,289)	(2,204)	(3,350)	(4,341)
Net product revenues	$ 9,652	$ 7,262	$ 18,403	$ 14,681

For the three and six months ended June 30, 2025, the Company had five and four distributors that each represented more than 10% of net sales, respectively.

The activities and ending allowance balances for each significant category of discounts and allowances for PEDMARK (which constitute variable consideration) for the six months ended June 30, 2025, were as follows:

In thousands	Chargebacks, Discounts for Prompt pay and Other allowances	Rebates, Returns, Customer Fees/Credits and Co-Pay Assistance	Totals
Balance at December 31, 2024	$ 276	$ 707	$ 983
Provision related to sales made in:			
Current period	418	224	642
Prior periods	—	—	—
Payments and customer credits issued	(328)	(61)	(389)
Balance at March 31, 2025	$ 366	$ 870	$ 1,236
Provision related to sales made in:			
Current period	553	196	749
Prior periods	—	—	—
Payments and customer credits issued	(637)	(185)	(822)
Balance at June 30, 2025	$ 282	$ 881	$ 1,163

The allowances for chargebacks, fees due to customers, rebates and discounts for prompt payment are recorded as a contra-asset to accounts receivable, while Medicaid rebates and return allowances are in accrued liabilities in the accompanying condensed consolidated balance sheets.

Trade Receivables

The Company records gross trade receivables at the time of product sale to its customers. Trade accounts receivable are recorded at the invoiced amount and are typically non-interest bearing. Amounts estimated for the associated chargebacks, cash discounts for prompt payment and any allowances for credit losses are booked as a reserve against accounts receivable and reduction of revenue. The Company determines its allowance methodology by pooling receivable balances at the customer level. The Company considers various factors, including loss history, individual credit risk associated with each customer, and the current and future condition of the general economy. These credit risk factors are monitored on a quarterly basis and updated as necessary. To the extent that any individual debtor is identified whose credit quality has deteriorated, the Company establishes allowances based on the individual risk characteristics of such a customer. For Customers that are large specialty distributors, the Company considered the risk of potential credit losses to be low. Sales to other select global distributors have the potential for losses. The Company evaluates the risk of credit losses on sales on an individual basis using the above-mentioned criteria. Accounts receivable that are expected to be received past 12 months are recorded as non-current accounts receivable. The Company has determined any financing component of non-current receivables to be immaterial. The Company had a balance in allowance for credit losses of $4,306 as of June 30, 2025.

Cost of Products Sold

Cost of products sold is related to the Company's product revenues for PEDMARK® and consists primarily of product production costs associated with finished goods inventory. Cost of products sold also consists of shipping and other third-party logistics and distribution costs for the Company’s product. As of June 30, 2025, the Company capitalized approximately $2,201 of costs as inventory on the condensed consolidated balance sheet. Of the items capitalized, $943 was capitalized as raw materials, $593 was capitalized as work in process, $665 was capitalized into finished goods.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with original maturities at the date of purchase of three months or less.

The Company places its cash and cash equivalents in investments held by highly rated financial institutions in accordance with its investment policy designed to protect the principal investment. At June 30, 2025, the Company had $18,705 in cash, savings and money market accounts ($26,634 at December 31, 2024). While the Company has not experienced any loss or write-down of its money market investments, the amounts it holds in money market accounts are substantially above the $250 amount insured by the FDIC and may lose value.

Financial Instruments

Financial instruments recognized on the balance sheets at June 30, 2025 and December 31, 2024 consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and term loans, the carrying values of which approximate fair value due to their relatively short time to maturity or interest rates that approximate market interest rates. The Company does not hold or issue financial instruments for trading.

The Company’s investment policy is to manage investments to achieve, in the order of importance, the financial objectives of preservation of principal, liquidity and return on investment. Investments, when made, are made in U.S. or Canadian bank securities, commercial paper of U.S. or Canadian industrial companies, utilities, financial institutions and consumer loan companies, and securities of foreign banks provided the obligations are guaranteed or carry ratings appropriate to the policy. Securities must have a minimum Dun & Bradstreet rating of A for bonds or R1 low for commercial paper.

The policy risks are primarily the opportunity cost of the conservative nature of the allowable investments. The Company has chosen to avoid investments of a trading or speculative nature to preserve cash.

Common Shares and Warrants

As of June 30, 2025, the Company has 150 warrants with a weighted average strike price of $7.71 outstanding to purchase common shares that have a weighted average life of 2.55 years.

Research and Development Costs and Investment Tax Credits

Research costs, including employee compensation, laboratory fees, lab supplies, and research and testing performed under contract by third parties, are expensed as incurred. Development costs, including drug substance costs, clinical study expenses and regulatory expenses are expensed as incurred.

Investment tax credits, which are earned as a result of qualifying research and development expenditures, are recognized when the expenditures are made and their realization is reasonably assured. They are applied to reduce related capital costs and research and development expenses in the year recognized.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to credit risk primarily consist of cash and cash equivalents, and accounts receivable. The Company maintains deposits in highly rated, federally-insured financial institutions in excess of federally insured limits. The Company's investment strategy is focused on capital preservation. The Company invests in instruments that meet the high credit quality standards outlined in the Company's investment policy. This policy also limits the amount of credit exposure to any one issue or type of instrument.

The Company's trade receivables includes amounts billed to customers for product sales of PEDMARK. In the U.S., the customers are a limited group of specialty distributors, and accordingly, the Company considers the risk of potential credit losses to be low. The Company also sells to a select group of global distributors. These global distributors are established companies and although the Company regards credit losses with these distributors to be remote, it does recognize the potential for credit losses with this group.

Income Taxes

The Company accounts for income taxes using the asset and liability method to compute the differences between the tax basis of assets and liabilities and the related financial amounts, using currently enacted tax rates. The Company has deferred tax assets, which are subject to periodic recoverability assessments. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount that more likely than not will be realized. As of June 30, 2025, we maintained a full valuation allowance against our deferred tax assets.

The provisions of the Financial Accounting Standards Board ("FASB") ASC 740-10, Uncertainty in Income Taxes, address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740-10, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position.

Foreign Currency Transactions

The U.S. dollar is the functional currency for the Company's consolidated operations. All gains and losses from currency transactions are included in the results of operations.

Loss Per Share

Basic net income/(loss) per share is computed by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted net income/(loss) per share is computed using the same method, except the weighted average number of common shares outstanding includes convertible debentures, stock options and warrants, if dilutive, as determined using the if-converted method and treasury methods.

Recent Accounting Pronouncements

In December 2023, the FASB issued Accounting Standards Update (ASU) No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which improves the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the effective tax rate reconciliation and income taxes paid disaggregated by jurisdiction. This guidance will be effective for annual periods beginning the year ended December 31, 2025. The Company is currently evaluating the effect the adoption of this ASU will have on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, "Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses," which requires disclosure of additional disaggregated information about significant expenses within relevant income statement captions, such as purchases of inventory, employee compensation, depreciation, amortization and depletion. The new guidance is effective for annual periods beginning after December 15, 2026, and interim periods within annual periods beginning after December 15, 2027. We are currently evaluating the impact of this standard on our consolidated financial statements.

3. Loss Per Share

Net income/(loss) per common share is presented under two formats: basic net income/(loss) per common share and diluted income/(loss) per common share. Basic net income/(loss) per common share is computed by dividing net income/(loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted income/(loss) per common share is computed by dividing net income/(loss) by the weighted average number of common shares outstanding during the period, plus the potentially dilutive impact of common shares equivalents (e.g. convertible debt, stock options and warrants). Dilutive common share equivalents consist of the incremental common shares issuable upon exercise of convertible debt, restricted stock units, stock options and warrants. The following table sets forth the computation of basic and diluted net income/(loss) per share (in thousands except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net (loss) / income	$ (3,152)	$ (5,553)	$ (4,317)	$ 7,284
Denominator:				
Weighted-average common shares, basic	27,664	27,297	27,621	27,250
Dilutive effect of stock options	—	—	—	843
Dilutive effect of restricted share units	—	—	—	445
Dilutive effect of warrants	—	—	—	11
Dilutive effect of convertible debt	—	—	—	253
Incremental dilutive shares	—	—	—	1,552
Weighted-average common shares, diluted	27,664	27,297	27,621	30,354
Net (loss) / income per share diluted	**$** (0.11)	**$** (0.20)	**$** (0.16)	**$** 0.24

The following common stock equivalents, outstanding convertible debt, options and warrants were excluded from the computation of diluted net income/(loss) per share for the periods presented because including them would have had an anti-dilutive effect:

	Diluted Earnings Per Share Three Months Ended June 30,		Diluted Earnings Per Share Six Months Ended June 30,	
	2025	2024	2025	2024
Options to purchase common shares	221	3,466	6,078	5,228
Convertible debt to purchase common shares	24	—	3,785	—
Restricted share units to purchase common shares	—	445	485	445
Performance share units to purchase common shares	100	—	100	—
Warrants to purchase common shares	—	34	150	150

4. Stockholders' Equity

Authorized Capital Stock

The Company's authorized capital stock consists of an unlimited number of common shares, no par value per share.

Warrants to Purchase Common Stock

During the three and six months ended June 30, 2025, and 2024, there were no warrants issued or exercised. Outstanding warrants have a weighted average life of 2.55 years on June 30, 2025. The following tables detail the Company's warrant activity for the three and six months ended June 30, 2025, and 2024, respectively:

Investor Warrants	Common Shares Issuable Upon Exercise of Outstanding Warrants		Weighted-Average Exercise Price
Outstanding December 31, 2024	150	$	7.71
Issued	—		—
Outstanding March 31, 2025	**150**	$	**7.71**
Issued	—		—
Outstanding June 30, 2025	**150**	$	**7.71**

Equity Incentive Plan

The Company maintains an equity incentive plan (the "Plan"), which is administered by the Compensation Committee of the Board of Directors. The Plan provides for the issuance of stock options, restricted share units ("RSUs"), and other equity-based awards to employees, directors, officers, and consultants of the Company. The Compensation Committee is responsible for determining eligible participants and approving individual award grants under the Plan.

On April 24, 2025, the Company's Board of Directors approved an amendment to the Plan to: (i) increase the number of common shares available for issuance under the Plan (excluding common shares issued prior to the date of the meeting pursuant to the exercise of options and vesting of RSUs) to 8,500 common shares, representing approximately 30.8% of the total issued and outstanding common shares as of the date of the circular; and (ii) include provisions for an employee stock purchase program. The amendment was subsequently approved by the Company's shareholders on June 3, 2025.

Prior to this amendment, the maximum number of equity instruments issuable under the Plan, together with the Company's prior stock option plan, was limited to 25% of the Company's issued and outstanding common shares. Based on the then-current outstanding share count, this equated to a maximum of 6,825 common shares available for issuance.

All stock options granted under the Plan have an exercise price equal to the fair value of the Company's common shares on the date of grant. Options generally vest over a period of up to three years and are exercisable for a period of up to ten years from the grant date. Awards under the Plan may be denominated in either U.S. or Canadian dollars.

The Company recognizes stock-based compensation expense for all share-based awards granted to employees and non-employees based on the fair value of the awards on the grant date. The following table summarizes stock-based compensation expense related to equity awards:

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	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Stock-based expense recognized	$ 1,494	$ 925	$ 2,292	$ 2,116
Total option expense recognized	**$ 1,494**	**$ 925**	**$ 2,292**	**$ 2,116**

Stock Option Activity

The following is a summary of option activity for the three and six months ended June 30, 2025.

Options	Number of Options	Weighted-Average Exercise Price
Outstanding at December 31, 2024	5,855	$ 6.22
Granted	180	6.50
Exercised	(55)	5.00
Forfeited	(123)	6.94
Outstanding at March 31, 2025	**5,857**	**6.22**
Granted	318	7.41
Exercised	(52)	5.08
Forfeited	(45)	4.23
Outstanding at June 30, 2025	**6,078**	$ **6.31**

Of the 6,078 options granted and outstanding at June 30, 2025, 4,433 are fully vested and exercisable.

The value of options issued was estimated using the Black-Scholes option pricing model using the assumptions in the table below. The expected volatility was determined using historical volatility of our stock based on the expected term of the award.

Black-Scholes Model Assumptions	Valuation Assumptions June 30, 2025	
Expected dividend	-	%
Risk free rate	3.93 - 4.19	%
Expected volatility	71.04- 161.67	%
Expected life	1.5 - 6.0	years

Performance-Based Units

In May 2025, the Board of Directors approved a performance-based unit, or PSU, grant whereby vesting depends on certain revenue performance milestones over the next year. The Company estimates the likelihood of achievement of performance milestones for all PSU awards at the end of each reporting period. To the extent those awards or portions

thereof are considered probable of being achieved, such awards or portions thereof are expensed over the performance period. As of June 30, 2025, the Company deems the achievement of a portion of the performance milestones to be probable.

The following table summarizes PSU activity under the 2020 Plan during the six months ended June 30, 2025:

	Number of Stock Units	Weighted-Average Grant Date Fair Value Per Share
Unvested balance at January 1, 2025	—	$ —
Granted	100	6.62
Vested	—	—
Forfeited	—	—
Unvested balance at June 30, 2025	100	$ 6.62

Restricted Share Units Activity

The Plan allows for the issuance of restricted share units ("RSUs"). The following is a summary of RSU activity for the three and six months ended June 30, 2025 and 2024. During the three and six months ended June 30, 2025, there were 13 and 102 RSUs released from restriction, respectively. Standard vesting of RSUs is over three years with 1/3 vesting on the first anniversary date of the grant and then 1/24 on the last day of each subsequent month. The Compensation Committee may also award RSUs with alternative vesting.

RSUs Current Periods	Number of Restricted Share Units
Outstanding at December 31, 2024	324
Awarded	283
Released	(13)
Forfeited	(5)
Outstanding at March 31, 2025	**589**
Awarded	—
Released	(102)
Forfeited	(2)
Outstanding at June 30, 2025	**485**

The value of RSUs issued was estimated using the share price on the date of the award multiplied by the number of common shares granted.

5. Fair Value Measurements

The Company has adopted ASC 820, the Fair Value Measurements and Disclosure Topic of the FASB. This Topic applies to certain assets and liabilities that are being measured and reported on a fair value basis. The Fair Value Measurements Topic defines fair value, establishes a framework for measuring fair value in accordance with US GAAP, and expands disclosure about fair value measurements. This Topic enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information

used to determine fair values. The Topic requires that financial assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

	Fair Value Measurement at June 30, 2025 and December 31, 2024							
	Quoted Price in Active Market for Identical Instruments Level 1		Significant Other Observable Inputs Level 2		Significant Unobservable Inputs Level 3		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Assets								
Cash and cash equivalents	$ 1,984 (1)	$ 2,020 (1)	$ 16,721	$ 24,614	$ —	$ —	$ 18,705	$ 26,634
Processa common shares	$ 1 (2)	$ 2 (2)	$ —	$ —	$ —	$ —	$ 1	$ 2

(1) The Company held approximately $1,984 in cash accounts as of June 30, 2025, of which approximately $442 was held in foreign currencies (translated into U.S. dollars). As of December 31, 2024, the Company held approximately $1,314 in cash of which approximately $363 was in foreign currencies (translated into U.S. dollars).
(2) The Company holds 51 unrestricted common shares of Processa Pharmaceuticals, Inc. (NASDAQ:PCSA), which it received as part of a royalty arrangement in 2020.

6. Commitments and Contingencies

Litigation

CIPLA Litigation

On December 1, 2022, we received a letter dated November 30, 2022, notifying us that CIPLA Ltd. and CIPLA USA ("CIPLA") submitted to the FDA an ANDA (ANDA No. 218028) for a generic version of PEDMARK® (sodium thiosulfate solution) that contained Paragraph IV Certifications on two of our patents covering PEDMARK®: the OHSU licensed '190 Patent, expiration date January 2038; and our US 11,291,728 Patent (the "'728 Patent"), expiration date July 2039. On January 6, 2023, we received a letter dated January 5, 2023, notifying us that CIPLA submitted to the FDA a Paragraph IV Certification on our newly issued US 11,510,984 Patent (the "'984 Patent"). These patents are listed in FDA's list of Approved Drug Products with Therapeutic Equivalence Evaluations, commonly referred to as the Orange Book, for PEDMARK®. The certifications allege these patents are invalid or will not be infringed by the manufacture, use, or sale of CIPLA's sodium thiosulfate solution.

Under the Food, Drug, and Cosmetic Act, as amended by the Drug Price Competition and Patent Term Restoration Act of 1984, as amended, after receipt of a valid Paragraph IV notice, the Company may bring a patent infringement suit in a federal district court against CIPLA within 45 days from the receipt of the Notice Letter and if such a suit is commenced within the 45-day period, the Company is entitled to a 30 month stay on the FDA's ability to give final approval to any proposed products that reference PEDMARK. In addition to the 30-month stay, because we have received Orphan Drug Exclusivity, the FDA may not approve CIPLA's ANDA for at least 7 years from PEDMARK's FDA approval date of September 20, 2022, which is September 20, 2029.

On January 10, 2023, we filed suit against the CIPLA entities in the United States District Court for the District of New Jersey (Case No. 2:23-cv-00123), for infringement of the US '190 Patent, the US '728 Patent, and the US '984 Patent. On April 20, 2023, we filed an Amended Complaint to assert infringement of the US '728 Patent and the US '984 Patent. On April 4, 2023, we were granted US 11,617,793 Patent (the "US '793 Patent") covering the formulation of the PEDMARK product, which was listed in the Orange Book on or around April 17, 2023, and has an expiration date of July 2039. On May 11, 2023, we received written notice of CIPLA's Paragraph IV Certification as to the US '793 Patent, which was dated May 10, 2023, along with an enclosed statement of alleged factual and legal bases for stating that the US '793 Patent is invalid, unenforceable, and/or will not be infringed by CIPLA's ANDA Product. On July 27, 2023, we filed a Second

Amended Complaint to assert the US ‘793 Patent. CIPLA filed an Answer to the Second Amended Complaint on August 31, 2023.

On April 23, 2024, we were granted US 11,964,018 Patent (the “US ‘018 Patent) covering a method of using our PEDMARK product to reduce ototoxicity in a patient receiving a platinum based chemotherapeutic for the treatment of a cancer, which was listed in the Orange Book on or around May 8, 2024, and has an expiration date of July 2039. On May 28, 2024, we were granted US 11,992,530 Patent (the “US ‘530 Patent”) covering a method of using our PEDMARK product to reduce ototoxicity in a patient receiving a platinum based chemotherapeutic for the treatment of a cancer, which was listed in the Orange Book on or around June 20, 2024, and has an expiration date of July 2039. On June 4, 2024, we were granted US 11,998,604 Patent (the “US ‘604 Patent”) covering a method of using our PEDMARK product to reduce ototoxicity in a patient receiving a platinum based chemotherapeutic for the treatment of a cancer, which was listed in the Orange Book on or around June 24, 2024, and has an expiration date of July 2039.

On June 13, 2024, we filed a Motion for Leave to File a Third Amended Complaint to focus the ANDA litigation against CIPLA on the US ‘018 Patent and the US ‘793 Patent only. The non-asserted patents remain listed in the Orange Book. On July 22, 2024, CIPLA filed a response indicating that they do not oppose our Motion for Leave to File a Third Amended Complaint. On July 30, 2024, the court granted us leave to file the Third Amended Complaint, which we filed on September 16, 2024.

In coordination with the Third Amended Complaint, we entered into a covenant not to sue CIPLA on the US ‘363 Patent, US ‘728 Patent, US ‘984 Patent, US ‘530 Patent, and US ‘604 Patent, subject to the limitation that such shall not apply to the extent CIPLA alters the product or formulation described in its FDA ANDA application.

On May 27, 2025, we were granted US 12,311,026 (the “US ‘026 Patent”) covering a method of using pharmaceutical compositions comprising sodium thiosulfate and specific stabilizers to reduce ototoxicity in a patient receiving a platinum based chemotherapeutic for the treatment of a cancer. The US ‘026 Patent has an expiration date of July 2039.

On May 27, 2025, we filed suit against the CIPLA entities in the United States District Court for the District of New Jersey (Case No. 2:25-cv-05709), for infringement of the US ‘026 Patent based on the Cipla entities’ ANDA filing. Subsequently, we filed a Motion to Consolidate Case No. 2:25-cv-05709 and Case No. 2:23-cv-00123.

On July 14, 2025, the court granted the Motion to Consolidate Case No. 2:25-cv-05709 with Case No. 2:23-cv-00123.
On July 14, 2025, the court issued its Order on Claim Construction on two claim terms in dispute, adopting our proposed constructions for both.

The suit is ongoing.

Executive Severance

In the event of termination of Mr. Hackman's (Chief Executive Officer) employment with the Company other than for cause, the Company will be obligated to pay him a one-time severance payment equal to twelve months of salary (currently $559). In the event of termination of Mr. Andrade’s (Chief Financial Officer) employment with the Company other than for cause, the Company will be obligated to pay him a one-time severance payment equal to nine months of salary which is equivalent to $344. Further, certain other Executive Employment Agreements generally provide that if employment is terminated without “Cause” (as defined in the applicable Executive Employment Agreement) and other conditions are satisfied, then such executive officer shall receive as severance an amount equal to their then current base salary for a period of nine (9) months, less standard withholdings for tax and social security purposes.

Leases

The Company has an operating lease in Research Triangle Park, North Carolina utilizing a small space within a commercial building. The operating lease has payments of $0.4 per month with no scheduled increases. This operating lease is terminable with 30 days’ notice and has no penalties or contingent payments due.

On January 23, 2020, the Company entered into an Office Service Agreement (the "Office Service Agreement") with Regus to lease office space in Hoboken, New Jersey. Per the terms of the Office Service Agreement, the monthly rent payments are $1. The Company was required to pay a security deposit of $2, which is the equivalent to two months of rent. The Office Service Agreement commenced on January 27, 2020, and terminated on July 31, 2020, thereafter the lease has been continuing on a month-to-month basis with either party being able to terminate the agreement by providing one month's advance written notice of termination.

On August 1, 2023, the Company entered into a second Office Service Agreement (the "Second Office Service Agreement") with Regus to lease office space in Dublin, Ireland. Per the terms of the Second Office Service Agreement, the monthly rent payments are $2. The Company was required to pay a security deposit of $5, which is the equivalent of two months rent. The Second Office Service Agreement commenced on August 1, 2023, and terminated on January 31, 2025, thereafter the lease may continue on a month-to-month basis with either party being able to terminate the agreement by providing one month's advance written notice of termination. This lease was terminated.

Employee Benefit Plan

In May 2021, the Company established the Fennec Pharmaceuticals, Inc. 401(k) Plan (the "401(k) Plan") for its employees, which is designed to be qualified under Section 401(k) of the Internal Revenue Code of 1986. Eligible employees are permitted to contribute to the 401(k) Plan within statutory and 401(k) Plan limits. As of June 30, 2025, the Company does not offer matching contributions.

7. Term Loans

On August 1, 2022, the Company entered into the SPA with the Petrichor in connection with the issuance of up to $45,000 of Notes, issuable in multiple tranches. On August 19, 2022, the Company closed on the initial tranche of $5,000, which has an Initial Conversion Price equal to $8.11 per share, which was calculated based on a 20% premium of the 5-day VWAP immediately prior to the announcement of the SPA. In connection with the first closing, the Company repaid in full its secured indebtedness with Bridge Bank in the amount of $5,000. The Notes become due on the maturity date, which is August 19, 2027.

On September 23, 2022, the Company closed on the second tranche of the Note Financing in the amount of $20,000, which has an Initial Conversion Price equal to $7.89 per share, which was calculated based on a 20% premium of the 5-day VWAP immediately prior to September 20, 2022, which was the date the Company obtained FDA approval of PEDMARK®.

A commitment fee of 2.0% of the Notes was payable under the SPA. Half of such fee was paid by the issuance on the first closing of warrants to purchase 55,498 Fennec common shares and half was payable in cash or warrants of 55,498 Fennec common shares, at our election, on the second closing. The warrants are exercisable at a price per share of $8.11 and have a term of five years from the date of the grant. The Company elected to have all the commitment fee of the Notes payable in warrants.

On December 4, 2023, the Company closed a third tranche under the SPA in the amount of $5,000, which has an Initial Conversion Price equal to $7.89 per share, which was calculated based on a 20% premium of the 5-day VWAP immediately prior to September 20, 2022, which was the date the Company obtained FDA approval of PEDMARK®.

Also on December 4, 2023, the Company entered into the SPA Amendment with the Petrichor, which, among other things, extended the period that the Company could draw the remaining $15,000 under the SPA from December 31, 2023, to December 31, 2024. The ability for subsequent draws expired on December 31, 2024.

On December 18, 2024, the Company entered into the Redemption Agreement with Petrichor, pursuant to which the Company repurchased and redeemed Notes in an aggregate principal amount of $13,000 (consisting of approximately $11,800 of original principal balance and approximately $1,271 in PIK interest).

As a result of the Note Redemptions, the First and Third Closing Notes were repurchased and redeemed in full, and, as of June 30, 2025, there remains outstanding Second Closing Notes in the aggregate principal amount (inclusive of PIK interest) of approximately $19,477.

Cash interest on outstanding principal shall accrue at a rate of prime, plus 4.5% per annum, from the date of funding (12% at June 30, 2025, and December 31, 2024, respectively). Cash interest is due on the first business day of each calendar quarter ("Interest Date"). PIK interest will commence on funding date and accrue at a rate of 3.5% per annum. PIK interest stopped accruing on August 24, 2024. All accrued PIK interest remained outstanding and was payable on each Interest Date and added to the outstanding principal amount. The Company has accrued $1,271 in PIK interest and has classified the PIK interest in long-term liabilities.

The SPA notes are convertible into fully paid, non-assessable share of common shares at any point after their issuance dates and before the maturity date. Any amount of the SPA notes may be converted into common shares so long as it does not create partial shares. The conversion rate is determined by dividing the conversion amount by the conversion price. Provisions of the PSA create legal, valid and enforceable liens on, and security interests in, all of the Company's and each of its subsidiaries' assets.

Aggregate annual payments due on the SPA as of June 30, 2025, are as follows (in thousands):

Years Ending December 31,	Amount
2025	$ —
2026	—
2027	18,206
Payment in kind interest	1,271
Total future payments	19,477
Less: unamortized debt discount	(113)
Total term loan, net of debt discount	$ 19,364

In the event of default or change of control, all unpaid principal and all accrued and unpaid interest amounts (if any) under the SPA notes become immediately due and payable. Events of default include, but are not limited to, a payment default, a material adverse change, and insolvency. The SPA facility is secured by all of the Company's assets, including all capital stock held by the Company.

Debt issuance costs of $175 were paid in cash for legal fees and to the Investor in 2022 and warrants valued at $441 were granted the Investor to secure access to the SPA. These amounts were capitalized and are being amortized over the access period of the SPA. Upon drawing tranche 1 and tranche 2, the Company recorded a debt discount of $314, which was based on a pro-rata allocation of the issue costs to secure the SPA, reducing the capitalized amount by the same amount. The debt discount is being amortized over the life of the SPA.

8. License Agreement

License Agreement with Norgine Pharma UK Limited

On March 17, 2024, the Company announced that, through its wholly-owned subsidiary, Fennec Pharmaceuticals, Inc. entered into a License and Supply Agreement (the "Agreement") with Norgine, pursuant to which Norgine is granted an exclusive license to commercialize the Company's product PEDMARQSI® (known as PEDMARK® in the United States) for all human indications in the European Economic Area, Switzerland, the United Kingdom, Australia and New Zealand (collectively, the "Territory"). On July 26, 2024, Norgine and Fennec amended the Agreement. The amended Agreement maintains all principal payment terms with the primary addition of Norgine assuming responsibility for packaging and labeling of PEDMARQSI®.

Pursuant to the terms of the Agreement, Fennec shall receive the following payments from Norgine: (i) an upfront payment in the amount of €40 million or approximately $43.2 million, which was paid to Fennec on March 15, 2024, (ii) up to €210 million (or approximately $230 million) upon the achievement of certain regulatory and commercial milestones, and

(iii) tiered royalty payments based on net sales of PEDMARQSI® in the Territory, which royalty payment range from mid-teen percent to mid-twenty percent based on the aggregate net sales of PEDMARQSI® in the Territory. The tiered royalty payments are subject to material reduction if an alternative or generic version of PEDMARQSI® becomes available in any respective country or jurisdiction within the Territory.

Subject to customary rights of each party to earlier terminate the Agreement, the term of the Agreement continues for the longer of: (i) March 15, 2034, or (ii) with respect to any particular country in the Territory, (a) the expiration of regulatory market exclusivity for PEDMARQSI® in such country, or (b) the last-to-expire of all patents for PEDMARQSI® in such country. The term of the Agreement shall be automatically renewed for additional three-year periods unless either party provides the other party written notice of its intent not to renew the Agreement at least one year prior to the applicable termination date of the Agreement.

The Company evaluated the Norgine License Agreement under ASC 606 and concluded that Norgine represents a customer in the transaction. There were two performance obligations: A license of functional IP and a material right for future supply. The Company will allocate the transaction price, including currently unrecognized variable consideration, to the two performance obligations based on estimated standalone selling price, which was estimated using projected cash flows. The initial transaction price consisted of the non-refundable upfront payment, a portion of which was allocated to and recognized as License Revenue in the first quarter of 2024 as the requirements for revenue recognition under ASC 606 were met. The portion of the transaction price associated with the material right is deferred and reflected as deferred revenue in the condensed consolidated balance sheets. Deferred revenue associated with the material right is recognized as contract liabilities under the supply arrangement are made. The remaining forms of consideration are variable because they are dependent on the achievement of sales-based or other milestones. The Company evaluated the constraint on variable consideration and concluded that the milestone payments are dependent on regulatory approvals and actions of third parties, and thus are highly susceptible to factors outside the Company's influence. Therefore, at contract inception, the milestones are not included in the transaction price as it is not probable that a significant reversal of revenue would not occur. Sales-based milestones will be recognized as revenue or deferred as part of the material right in the period when the related sales threshold is met. All other milestones will be recognized as revenue or deferred as part of the material right immediately in the period the underlying milestone is achieved. Any consideration related to sales-based royalties will be recognized as revenue or deferred as part of the material right when the related sales occur. For the six months ended June 30, 2025, the Company did not recognize any milestone payments from Norgine sales of PEDMARQSI® pursuant to the Agreement.

In conjunction with entering into the Agreement, the Company paid approximately $1,700 in incremental costs, which were capitalized and recorded within Other non-current assets. The Company amortizes the asset over the period of expected benefit using a systematic basis that reflects the pattern of transfer to Norgine. A portion that represents the license was recognized immediately and is recorded within selling and marketing expense in the consolidated statements of operations. As of June 30, 2025, $768 in incremental cost was capitalized.

9. Segment Reporting

Operating segments are defined as components of an enterprise engaging in business activities for which discrete financial information is available and regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one operating segment principally in the United States.

Fennec's chief operating decision maker is the senior executive team that includes the chief executive officer and chief financial officer. The chief operating decision maker uses net loss to evaluate income generated from segment assets (return on assets) in deciding whether to reinvest profits into the single segment or any other part of the entity, such as for acquisitions or to pay dividends.

The accounting policies of the operating segment are the same as those described in Note 2, Significant Accounting Policies. The chief operating decision maker evaluates the performance of the operating segment and allocates resources based on net loss that also is reported on the consolidated income statement as net loss. The measure of the operating segment assets is reported on the consolidated balance sheet as total assets.

The chief operating decision maker uses net loss to monitor budget versus actual results and to analyze cash flows in assessing performance of the segment and allocating resources. The significant expenses are presented in the Company's Statements of Operations.

10. Subsequent Events

Management has evaluated subsequent events through the date of this filing and concluded there are no events of significance which require disclosure.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Caution Concerning Forward-Looking Statements

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on March 26, 2025 (the "Annual Report") and our unaudited interim condensed consolidated financial statements and related notes appearing in this Quarterly Report on Form 10-Q (the "Quarterly Report"). Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, including information with respect to our plans and strategy for our business, includes forward looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," and similar terms. Forward-looking statements are not guarantees of future performance and our actual results may differ significantly from the results discussed in the forward-looking statements. As a result of many factors, including those factors set forth in Part I, Item 1A of the Annual Report under the heading "Risk Factors", our actual results could differ materially from the results described in, or implied by, the forward-looking statements contained in the following discussion and analysis.

The following discussion should be read in conjunction with our Annual Report and the condensed consolidated financial statements and accompanying notes included elsewhere in this report.

Overview

We are a commercial-stage biopharmaceutical company focused on our only product PEDMARK®. On September 20, 2022, we received approval from the FDA for PEDMARK® (sodium thiosulfate injection) to reduce the risk of ototoxicity associated with cisplatin in pediatric patients one month of age and older with localized, non-metastatic solid tumors. This approval makes PEDMARK® the first and only treatment approved by the FDA in this area of unmet medical need. On October 17, 2022, we announced commercial availability of PEDMARK® in the U.S. In addition, in January 2023, PEDMARK® was included in the National Comprehensive Cancer Network ("NCCN") clinical practice guidelines for Adolescent and Young Adult ("AYA") Oncology with a category 2A recommendation.

In June 2023, we received European Commission Marketing Authorization for PEDMARQSI® (known as PEDMARK® in the U.S.) Further, the decision included the receipt of a PUMA in the EU with up to 8 years of data exclusivity plus 2 years of market protection. In March 2024, the Company announced an exclusive licensing agreement with Norgine, which will commercialize PEDMARQSI® in Europe, Australia and New Zealand. The licensing agreement provided us with approximately $43,200 up front and may provide us with up to approximately $230,000 in milestone and royalty payments in the future. Norgine announced the launch of Germany and the U.K. in early 2025.

In the U.S., we sell PEDMARK® through an experienced field force and medical science liaisons who are helping to educate the medical communities and patients about cisplatin induced ototoxicity and our programs supporting patient access to PEDMARK®.

We received Orphan Drug Exclusivity for PEDMARK® in January 2023, which provides seven years of market exclusivity from its FDA approval on September 20, 2022, until September 20, 2029. We currently have six patents listed for PEDMARK® in the FDA Orange Book. In September 2022, the USPTO issued Patent No. 11,291,728 (the "US '728 Patent"), in December 2022, the USPTO issued Patent No. 11,510,984 ("US '984 Patent") and in April 2023, the USPTO issued Patent No. 11,671,793 ("US '793 Patent") that covers PEDMARK® pharmaceutical formulation. Further, additional issued patents included US 11,964,018 Patent (the "'US '018 Patent) and US 11,992,530 Patent (the "US '530 Patent") and US 11,998,604 Patent (the "US '604 Patent") covering methods of using our PEDMARK® product to reduce ototoxicity in a patient receiving a platinum based chemotherapeutic for the treatment of a cancer. The US '728, US '984 US '793, US '018, US'530 and US '604 patents will expire in 2039. We are also pursuing additional patent applications in both the U.S. and internationally for PEDMARK®. Additionally, on May 27, 2025, we were granted US 12,311,026 (the "US '026 Patent") covering a method of using pharmaceutical compositions comprising sodium thiosulfate and specific stabilizers to reduce ototoxicity in a patient receiving a platinum based chemotherapeutic for the treatment of a cancer. The US '026 Patent has an expiration date of July 2039.

PEDMARK® Product Overview

PEDMARK® has been studied by co-operative groups in two Phase 3 clinical studies of survival and reduction of ototoxicity, COG ACCL0431 and SIOPEL 6. Both studies have been completed. The COG ACCL0431 protocol enrolled childhood cancer patients typically treated with intensive cisplatin therapy for localized and disseminated disease, including newly diagnosed hepatoblastoma, germ cell tumor, osteosarcoma, neuroblastoma, medulloblastoma, and other solid tumors. SIOPEL 6 enrolled only hepatoblastoma patients with localized tumors.

In the United States, PEDMARK® is the first and only therapy approved to mitigate the risk of ototoxicity associated with cisplatin in pediatric patients aged one month and older with localized, non-metastatic solid tumors. Further, the National Comprehensive Cancer Network (NCCN) recommend the use of PEDMARK® to reduce the risk of cisplatin-induced ototoxicity in patients with localized, non-metastatic solid tumors (category 2A) for Adolescent and Young Adult (AYA) Oncology. As of January 2025, all medical compendia have incorporated Fennec's clinical updates, and AHFS, the largest online platform for pharmacists, has updated its content to reflect and differentiate PEDMARK® in accordance with its labeling.

PEDMARK® is the first and only FDA- and EMA-approved agent designed to reduce the risk of cisplatin-induced hearing loss (CIO) in children with localized solid tumors. The strategic imperatives driving the execution of PEDMARK®'s strategy include increasing awareness of unmet patient needs and emphasizing the importance of preventing CIO among oncologists. A key goal is to establish PEDMARK® as the standard of care (SOC) for all CIO prevention. Additionally, efforts focus on expanding adoption beyond oncologists by ensuring healthcare providers (HCPs) gain confidence in and have positive experiences with PEDMARK®. Ensuring seamless access for advocacy groups, payers, and providers is also a priority, along with activating patients and caregivers through disease education to drive demand for PEDMARK®. Key activities supporting these objectives include an expanded sales team with a strong track record in both academic and community settings, partnerships with group purchasing organizations, and specialty pharmacy offerings such as home infusions, white bag delivery, and direct billing. Furthermore, digital materials, a digital speaker bureau to engage pediatric oncologists, audiologists, nurses, and pharmacists, along with a patient access services hub and ongoing support from advocacy groups, are all integral components of the strategy.

In the U.S. and Europe, it is estimated that more than 10,000 pediatric patients may receive platinum-based chemotherapy on an annual basis. The incidence of ototoxicity depends upon the dose and duration of chemotherapy, and many of these children require lifelong hearing aids. PEDMARK® is the first and only therapy approved to mitigate the risk of ototoxicity associated with cisplatin, a form of platinum based chemotherapy, in pediatric patients aged one month and older with localized, non-metastatic solid tumors. Beyond the use of PEDMARK, only expensive, technically difficult, and sub-optimal cochlear (inner ear) implants have been shown to provide some benefit. Infants and young children that suffer ototoxicity at critical stages of development lack speech language development and literacy, and older children and adolescents lack social-emotional development and educational achievement.

The U.S. pediatric oncology landscape includes approximately 200 targeted pediatric hospital centers, such as those within the Children's Oncology Group (COG), National Cancer Institute (NCI), and National Comprehensive Cancer Network (NCCN) institutions. Around 80% of pediatric cancer patients receive treatment at these key centers.

The Adolescent and Young Adult (AYA) oncology patient is defined as an individual between the ages of 15 and 39 at the time of initial cancer diagnosis. In the U.S., Fennec estimates that approximately 20,000 cisplatin chemotherapy patients are treated annually with the primary tumor types of thyroid cancer, breast cancer, germ cell cancer and testicular cancer.

The U.S. Adolescent and Young Adult (AYA) oncology landscape is shaped by a combination of academic and community centers across the nation. Academic institutions play a critical role in establishing the treatment framework, with 72 NCI-designated academic centers treating approximately 20% of AYA oncology patients. In contrast, around 80% of patients are treated at 3,750 community centers throughout the country.

Cisplatin Induced Ototoxicity (“CIO”)

Cisplatin and other platinum compounds are essential chemotherapeutic agents for the treatment of many pediatric and adult malignancies. Unfortunately, platinum-based therapies can cause ototoxicity, or hearing loss, which is permanent, irreversible, and particularly harmful to the survivors of pediatric cancer.

The incidence of ototoxicity depends upon the dose and duration of chemotherapy, and many of these patients require lifelong hearing aids or cochlear implants, which can be helpful for some, but do not reverse the hearing loss and can be costly over time. Infants and young children that are affected by ototoxicity at critical stages of development lack speech and language development and literacy, and older children and adolescents often lack social-emotional development and educational achievement.

It is estimated that greater than 50% of pediatric patients may suffer permanent hearing loss as a result of CIO and approximately 40-80% of adult patients may suffer permanent hearing loss as a result of CIO.

European Commission Marketing Authorization

PEDMARQSI® (PEDMARK® brand name in Europe.) received European Commission Marketing Authorization in June 2023 and received U.K. approval in October 2023.

As previously noted, in March 2024, we entered into an agreement with Norgine, a leading European specialist pharmaceutical company. This is an exclusive licensing agreement under which Norgine will commercialize PEDMARQSI® in Europe, Australia and New Zealand. PEDMARQSI® is the first and only approved therapy in the EU and U.K. for the prevention of ototoxicity (hearing loss) induced by cisplatin chemotherapy in patients 1 month to < 18 years of age with localized, non-metastatic solid tumors.

In early 2025, Norgine announced the launch of PEDMARQSI in Germany and the U.K.

In addition, the U.S. and other countries have recently imposed, and may continue to impose, new tariffs. While pharmaceuticals are largely exempt from the recently imposed U.S. tariffs, such exemptions may be terminated or may not apply to any future tariffs. Additionally, pharmaceuticals are not exempt from certain tariffs recently imposed outside of the U.S. We continue to evaluate the impacts of tariffs on our business and results of operations. Based on current information, we do not believe the impact of tariffs on our business, financial condition or results of operations will be material.

Results of Operations

Three months ended June 30, 2025 versus three months ended June 30, 2024:

In thousands of U.S. Dollars	Three Months Ended June 30, 2025	%	Three Months Ended June 30, 2024	%	Change
PEDMARK product sales, net	$ 9,652		$ 7,262		$ 2,390
Operating expenses:					
Cost of product sales	967	8 %	608	5 %	359
Research and development	107	1 %	157	1 %	(50)
Selling and marketing	4,354	35 %	4,672	38 %	(318)
General and administration	6,956	56 %	6,864	56 %	92
Total operating expense	12,384	100 %	12,301	100 %	83
Loss from operations	(2,732)		(5,039)		2,307
Unrealized loss on securities	(1)		—		(1)
Amortization expense	(13)		(23)		10
Interest expense	(594)		(1,044)		450
Unrealized foreign exchange gain/(loss)	17		(17)		34
Interest income	171		570		(399)
Net loss	$ (3,152)		$ (5,553)		$ 2,401

- The Company recorded net product sales of $9,652 in the second quarter of 2025 compared to $7,262 in 2024 as the Company increased market penetration and access for PEDMARK and as the Company expanded its focus to the adolescent and young adult (AYA) population. Further, the Company recorded $243 related to the Norgine royalties in 2025.

- Selling and marketing expenses include distribution costs, logistics, shipping and insurance, advertising, wages commissions and out-of-pocket expenses. We recorded $4,354 in selling and marketing expenses for the three-month period ended June 30, 2025, as compared to $4,672 for 2024. The decrease is largely related to the elimination of European pre commercial activities in 2024 which were completed after the Norgine transaction offset by select increased commercial and marketing activities.

- There was a $92 increase in general and administrative expenses for the three-month period ended June 30, 2025 compared to 2024.

- The value of our Processa shares declined by $1 for the three-month period ended June 30, 2025.

- Amortization expense decreased by $10 for the three-month period ended June 30, 2025 as compared to the same period in 2024.

- Interest expense decreased by $450 for the three-month period ended June 30, 2025 compared to the same period in 2024. The decrease was driven mainly by lower long-term debt due to Company's debt paydown of $13,000 in December 2024.

- Interest income decreased in the three-month period ended June 30, 2025 as compared to the same period in 2024 by $399, due to lower average cash balances in money market accounts for the comparable periods.

Six months ended June 30, 2025, versus six months ended June 30, 2024:

In thousands of U.S. Dollars	Six Months Ended June 30, 2025	%	Six Months Ended June 30, 2024	%	Change
PEDMARK product sales, net	$ 18,403		$ 14,681		$ 3,722
Licensing revenue	—		17,958		(17,958)
Total revenue	18,403		32,639		(14,236)
Operating expenses:					
Cost of product sales	1,340	6 %	1,158	5 %	182
Research and development	201	1 %	160	1 %	41
Selling and marketing	7,301	33 %	9,881	41 %	(2,580)
General and administration	13,101	60 %	12,736	53 %	365
Total operating expenses	21,943	100 %	23,935	100 %	(1,992)
(Loss) / income from operations	(3,540)		8,704		(12,244)
Unrealized loss on securities	(2)		(11)		9
Amortization expense	(26)		(43)		17
Interest expense	(1,186)		(2,078)		892
Unrealized foreign exchange gain/(loss)	30		(55)		85
Interest income	407		767		(360)
Net (loss) / income	$ (4,317)		$ 7,284		$ (11,601)

- The Company recorded net product sales of $18,403 in the first half of 2025 compared to $14,681 in 2024 as the Company increased market penetration and access for PEDMARK and as the Company expanded its focus to the adolescent and young adult (AYA) population. Further, the Company recorded $17,958 in licensing revenue related to the Norgine transaction in 2024.

- Selling and marketing expenses include distribution costs, logistics, shipping and insurance, advertising, wages commissions and out-of-pocket expenses. We recorded $7,301 in selling and marketing expenses for the six-month period ended June 30, 2025, as compared to $9,881 for 2024. The decrease is largely related to the elimination of European pre commercial activities in 2024 which were completed after the Norgine transaction.

- There was a $365 increase in general and administrative expenses for the six-month period ended June 30, 2025 compared to 2024. There was an increase in the following expense categories: salaries with increased headcount; consulting and professional costs; and intellectual property expenses related to ongoing litigation.

- The value of our Processa shares declined by $2 for the six-month period ended June 30, 2025. For the same period in 2024, there was a loss of $11.

- Amortization expense decreased by $17 for the six-month period ended June 30, 2025 as compared to the same period in 2024.

- Interest expense decreased by $892 for the six-month period ended June 30, 2025 compared to the same period in 2024. The decrease was driven mainly by lower debt balance on long-term debt due to Company's debt paydown of $13,000 in December 2024.

- Interest income decreased in the six-month period ended June 30, 2025 as compared to the same period in 2024 by $360, due to lower average cash balances in money market accounts for the comparable periods.

Liquidity and Capital Resources

Selected Asset and Liability Data (thousands):	As of June 30, 2025	As of December 31, 2024
Cash and equivalents	$ 18,705	$ 26,634
Other current assets	22,089	17,490
Current liabilities	8,414	6,919
Working capital [1]	32,380	37,205
[1] [Current assets – current liabilities]		
Selected Equity:		
Common stock and additional paid in capital	215,292	212,566
Accumulated deficit	(223,998)	(219,681)
Stockholders' deficit	(7,463)	(5,872)

- There was a $7,929 net decrease in cash and cash equivalents between June 30, 2025, and December 31, 2024. The net decrease was primarily the result of seasonally higher cash operating expenses in the first half and the timing of working capital collections as the Company's net sales increased.

- The increase in other current assets of $4,599 between June 30, 2025, and December 31, 2024, primarily relates to an increase in accounts receivable from increased net product sales during the period.

- Current liabilities at June 30, 2025, increased $1,495 compared to December 31, 2024.

- Working capital decreased by $4,825 between June 30, 2025, and December 31, 2024.

The following table illustrates a summary of cash flows data for the six-month periods of June 30, 2025 and 2024:

Selected Cash Flow Data (dollars and shares in thousands)	Six Months Ended June 30, 2025	2024
Net cash (used in) / provided by operating activities	$ (8,004)	$ 30,660
Net cash provided by / (used in) financing activities	75	(875)
Net cash flow	$ (7,929)	$ 29,785

The net cash used in operating activities for the six-month period ended June 30, 2025 was approximately $8,004 as compared to $30,660 net cash provided by operating activities during the same period in 2024. There was a increase in net loss of $12,244 in the six-month period ended June 30, 2025, as compared to the same period in 2024. The comparable decrease in net cash flow is primarily a result of the proceeds received from the Norgine transaction during the first six months of 2024.

We continue to pursue various strategic alternatives including collaborations with other pharmaceutical and biotechnology companies. Our projections of further capital requirements are subject to substantial uncertainty. Our working capital requirements may fluctuate in future periods depending upon numerous factors, including: our ability to obtain additional financial resources; our ability to enter into collaborations that provide us with up-front payments, milestones or other payments; progress or lack of progress in our preclinical studies or clinical trials; unfavorable toxicology in our clinical programs; our drug substance requirements to support clinical programs; change in the focus, direction, or costs of our research and development programs; headcount expense; the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing our patent claims; competitive and technological advances; the potential need to develop, acquire or license new technologies and products; our business development activities; new regulatory requirements implemented by regulatory authorities; the timing and outcome of any regulatory review process; and commercialization activities, if any.

Outstanding Share Information

Our outstanding share data as of June 30, 2025 and December 31, 2024 was as follows (in thousands):

Outstanding Share Type	June 30, 2025	December 31, 2024	Change
Common shares	27,733	27,527	206
Warrants	150	150	—
RSUs	485	324	161
PSUs	100	—	100
Stock options	6,078	5,855	223
Total	34,546	33,856	690

Financial Instruments

We invest excess cash and cash equivalents in high credit quality investments held by financial institutions in accordance with our investment policy designed to protect the principal investment. At June 30, 2025, we had approximately $1,984 in our cash accounts and $16,721 in savings and money market accounts. While we have never experienced any loss or write down of our money market investments since our inception, the amounts we hold in money market accounts are substantially above the $250 amount insured by the FDIC and may lose value.

Our investment policy is to manage investments to achieve, in the order of importance, the financial objectives of preservation of principal, liquidity and return on investment. Investments may be made in U.S. or Canadian obligations and bank securities, commercial paper of U.S. or Canadian industrial companies, utilities, financial institutions and consumer loan companies, and securities of foreign banks provided the obligations are guaranteed or carry ratings appropriate to the policy. Securities must have a minimum Dun & Bradstreet rating of A for bonds or R1 low for commercial paper. The policy also provides for investment limits on concentrations of securities by issuer and maximum-weighted average time to maturity of twelve months. This policy applies to all of our financial resources. The policy risks are primarily the opportunity cost of the conservative nature of the allowable investments. Until we are cash flow positive from operations, we have chosen to avoid investments of a trading or speculative nature.

We classify fixed income investments with original maturities at the date of purchase greater than three months which mature at or less than twelve months as current. We carry investments at their fair value with unrealized gains and losses included in other comprehensive income (loss); however, we have not held any instruments that were classified as short-term investments during the periods presented in this Quarterly Report.

Off-Balance Sheet Arrangements

Since our inception, we have not had any material off-balance sheet arrangements.

Contractual Obligations and Commitments

None, other than the lease agreements, and severance amounts described in notes to our condensed consolidated financial statements contained elsewhere in this Quarterly Report.

Critical Accounting Policies and Estimates

A summary of our critical accounting policies and use of estimates are presented in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operation” of our Annual Report. There have been no material changes to our critical accounting policies and use of estimates during the six months ended June 30, 2025.

Credit Losses

The Company estimates and records a provision for its expected credit losses related to its trade receivables. The Company considers historical collection rates, the current financial status of its customers, macroeconomic factors, and other industry-specific factors when evaluating for current expected credit losses. Forward-looking information is also considered in the evaluation of current expected credit losses. However, because of the short time to the expected receipt of accounts receivable, the Company believes that the carrying value, net of excepted losses, approximates fair value and therefore, relies more on historical and current analysis of its trade receivables.

To determine the provision for credit losses for accounts receivable, the Company has disaggregated its accounts receivable by class of customer, as the Company determined that risk profile of its customers is consistent based on the life sciences industry. Each class of customer component is analyzed for estimated credit losses individually. In doing so, the Company establishes a customer profile, based on the previous collections of accounts receivable by the age of such receivables, and evaluates the current and forecasted financial position of its customers, as available. Further, the Company considers macroeconomic factors and the status of the life sciences industry to estimate if there are current expected credit losses within its trade receivables based on the trends and the Company's expectation of the future status of such economic and industry-specific factors. Also, specific allowance amounts are established based on review of outstanding invoices to record the appropriate provision for customers that have a higher probability of default.

Revenue Recognition

Under Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, we recognizes revenue when our customers obtain control of promised goods or services, in an amount that reflects the consideration which we determine we expect to receive in exchange for those goods or services. To determine revenue recognition for arrangements that we determine are within the scope of ASC 606, we perform the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) we satisfy our performance obligation(s). As part of the accounting for these arrangements, we must make significant judgments, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation.

License Agreements

The Company generates revenue from license or similar agreements with pharmaceutical companies for the commercialization of its product. Such agreements may include the transfer of intellectual property rights in the form of licenses. Payments made by the customers may include non-refundable upfront fees, payments based upon the achievement of defined milestones, and royalties on sales of product.

If a license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes the transaction price allocated to the license as revenue upon transfer of control of the license. All other promised goods or services in the agreement are evaluated to determine if they are distinct. If they are not distinct, they are combined with other promised goods or services to create a bundle of promised goods or services that is distinct. Optional future services where any additional consideration paid to the Company reflects their standalone selling prices do not provide the customer with a material right and, therefore, are not considered performance obligations. If optional future services are priced in a manner which provides the customer with a significant or incremental discount, they are material rights, and are accounted for as separate performance obligations.

Contingent milestones at contract inception are estimated at the amount which is not probable of a material reversal and included in the transaction price using the most likely amount method. Milestone payments that are not within the Company's control, such as regulatory approvals, are not considered probable of being achieved until those approvals are received and therefore the variable consideration is constrained. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the Company recognizes revenue as or when the performance obligations under the contract are satisfied. At the end of each reporting period, the Company re-evaluates the probability of achieving development or sales-based milestone payments that may not be subject to a material reversal

and, if necessary, adjust the estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect license and other revenue, as well as earnings, in the period of adjustment.

For arrangements that include sales-based royalties, including sales-based milestone payments, and a license of intellectual property that is deemed to be the predominant item to which the royalties relate, revenue is recognized at the later of when the related sales occur or when the performance obligation to which some or all of the royalties have been allocated has been satisfied (or partially satisfied).

Stock-based Compensation

The calculation of the fair values of our stock-based compensation plans requires estimates that require management's judgments. Under ASC 718, the fair value of each stock option is estimated on the grant date using the Black-Scholes option-pricing model. The valuation models require assumptions and estimates to determine expected volatility, expected life, expected dividends and expected risk-free interest rates. The expected volatility was determined using historical volatility of our stock based on the contractual life of the award. The risk-free interest rate assumption was based on the yield on zero-coupon U.S. Treasury strips at the award grant date. We also used historical data to estimate forfeiture experience. In valuing options granted in the periods ended June 30, 2025, we used the following weighted average assumptions:

Black-Scholes Model Assumptions	Valuation Assumptions June 30, 2025	
Expected dividend	-	%
Risk free rate	3.93 - 4.19	%
Expected volatility	71.04- 161.67	%
Expected life	1.5 - 6.0	years

Performance-Based Units

In May 2025, the Board of Directors approved a performance-based unit, or PSU, grant whereby vesting depends on certain revenue performance milestones over the next year. The Company estimates the likelihood of achievement of performance milestones for all PSU awards at the end of each reporting period. To the extent those awards or portions thereof are considered probable of being achieved, such awards or portions thereof are expensed over the performance period. As of June 30, 2025, the Company deems the achievement of a portion of the performance milestones to be probable.

Common shares and warrants

Common shares are recorded as the net proceeds received on issuance after deducting all share issuance costs and the relative fair value of investor warrants. Warrants are recorded at relative fair value and are deducted from the proceeds of common shares and recorded on the consolidated statements of shareholders' equity (deficit) as additional paid-in capital.

Newly Adopted and Recent Accounting Pronouncements

Refer to Note 2, "Significant Accounting Policies - Recent Accounting Pronouncements" to our condensed financial statements included elsewhere in this Quarterly Report on Form 10-Q for more information.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4. Controls and Procedures.

(a) ***Evaluation of Disclosure Controls and Procedures***.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of June 30, 2025. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports our files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including the our Chief Executive Officer and Chief Financial Officer, to allow for timely decisions regarding required disclosures. In designing and evaluating our disclosure controls and procedures, our management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our disclosure controls and procedures have been designed to meet reasonable assurance standards. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints that require our management to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2025, the Company's disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes to the Company's internal control over financial reporting during the quarter ended June 30, 2025, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitation on the Effectiveness of Internal Controls

The effectiveness of any system of internal control over financial reporting is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting can only provide reasonable, not absolute, assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business but cannot assure that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings.

CIPLA Litigation

On December 1, 2022, we received a letter dated November 30, 2022, notifying us that CIPLA Ltd. and CIPLA USA ("CIPLA") submitted to the FDA an ANDA (ANDA No. 218028) for a generic version of PEDMARK® (sodium

thiosulfate solution) that contained Paragraph IV Certifications on two of our patents covering PEDMARK®: the OHSU licensed '190 Patent, expiration date January 2038; and our US 11,291,728 Patent (the "'728 Patent"), expiration date July 2039. On January 6, 2023, we received a letter dated January 5, 2023, notifying us that CIPLA submitted to the FDA a Paragraph IV Certification on our newly issued US 11,510,984 Patent (the "'984 Patent"). These patents are listed in FDA's list of Approved Drug Products with Therapeutic Equivalence Evaluations, commonly referred to as the Orange Book, for PEDMARK®. The certifications allege these patents are invalid or will not be infringed by the manufacture, use, or sale of CIPLA's sodium thiosulfate solution.

Under the Food, Drug, and Cosmetic Act, as amended by the Drug Price Competition and Patent Term Restoration Act of 1984, as amended, after receipt of a valid Paragraph IV notice, the Company may bring a patent infringement suit in a federal district court against CIPLA within 45 days from the receipt of the Notice Letter and if such a suit is commenced within the 45-day period, the Company is entitled to a 30 month stay on the FDA's ability to give final approval to any proposed products that reference PEDMARK. In addition to the 30-month stay, because we have received Orphan Drug Exclusivity, the FDA may not approve CIPLA's ANDA for at least 7 years from PEDMARK's FDA approval date of September 20, 2022, which is September 20, 2029.

On January 10, 2023, we filed suit against the CIPLA entities in the United States District Court for the District of New Jersey (Case No. 2:23-cv-00123), for infringement of the US '190 Patent, the US '728 Patent, and the US '984 Patent. On April 20, 2023, we filed an Amended Complaint to assert infringement of the US '728 Patent and the US '984 Patent. On April 4, 2023, we were granted US 11,617,793 Patent (the "US '793 Patent") covering the formulation of the PEDMARK product, which was listed in the Orange Book on or around April 17, 2023, and has an expiration date of July 2039. On May 11, 2023, we received written notice of CIPLA's Paragraph IV Certification as to the US '793 Patent, which was dated May 10, 2023, along with an enclosed statement of alleged factual and legal bases for stating that the US '793 Patent is invalid, unenforceable, and/or will not be infringed by CIPLA's ANDA Product. On July 27, 2023, we filed a Second Amended Complaint to assert the US '793 Patent. CIPLA filed an Answer to the Second Amended Complaint on August 31, 2023.

On April 23, 2024, we were granted US 11,964,018 Patent (the "US '018 Patent) covering a method of using our PEDMARK product to reduce ototoxicity in a patient receiving a platinum based chemotherapeutic for the treatment of a cancer, which was listed in the Orange Book on or around May 8, 2024, and has an expiration date of July 2039. On May 28, 2024, we were granted US 11,992,530 Patent (the "US '530 Patent") covering a method of using our PEDMARK product to reduce ototoxicity in a patient receiving a platinum based chemotherapeutic for the treatment of a cancer, which was listed in the Orange Book on or around June 20, 2024, and has an expiration date of July 2039. On June 4, 2024, we were granted US 11,998,604 Patent (the "US '604 Patent") covering a method of using our PEDMARK product to reduce ototoxicity in a patient receiving a platinum based chemotherapeutic for the treatment of a cancer, which was listed in the Orange Book on or around June 24, 2024, and has an expiration date of July 2039.

On June 13, 2024, we filed a Motion for Leave to File a Third Amended Complaint to focus the ANDA litigation against CIPLA on the US '018 Patent and the US '793 Patent only. The non-asserted patents remain listed in the Orange Book. On July 22, 2024, CIPLA filed a response indicating that they do not oppose our Motion for Leave to File a Third Amended Complaint. On July 30, 2024, the court granted us leave to file the Third Amended Complaint, which we filed on September 16, 2024.

In coordination with the Third Amended Complaint, we entered into a covenant not to sue CIPLA on the US '363 Patent, US '728 Patent, US '984 Patent, US '530 Patent, and US '604 Patent, subject to the limitation that such shall not apply to the extent CIPLA alters the product or formulation described in its FDA ANDA application.

On May 27, 2025, we were granted US 12,311,026 (the "US '026 Patent") covering a method of using pharmaceutical compositions comprising sodium thiosulfate and specific stabilizers to reduce ototoxicity in a patient receiving a platinum based chemotherapeutic for the treatment of a cancer. The US '026 Patent has an expiration date of July 2039.

On May 27, 2025, we filed suit against the CIPLA entities in the United States District Court for the District of New Jersey (Case No. 2:25-cv-05709), for infringement of the US '026 Patent based on the Cipla entities' ANDA filing. Subsequently, we filed a Motion to Consolidate Case No. 2:25-cv-05709 and Case No. 2:23-cv-00123.

On July 14, 2025, the court granted the Motion to Consolidate Case No. 2:25-cv-05709 with Case No. 2:23-cv-00123. On July 14, 2025, the court issued its Order on Claim Construction on two claim terms in dispute, adopting our proposed constructions for both.

The suit is ongoing.

Item 1A. Risk Factors.

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on March 26, 2025 (the "Annual Report"), includes a detailed discussion of our risk factors under the heading "PART I, Item 1A – Risk Factors." You should carefully consider the risk factors discussed in our Annual Report, as well as other information in this Quarterly Report. Any of these risks could cause our business, financial condition, results of operations and future growth prospects to suffer. We are not aware of any material changes from the risk factors previously disclosed.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Chris Rallis, a current member of our Board of Directors, adopted a trading arrangement on May 19, 2025, which is intended to satisfy the Rule 10b5-1 affirmative defense. This trading arrangement covers the disposition of up to 18,406 shares of the Company's common shares, and will terminate on June 9, 2026, unless earlier terminated in accordance with its terms. No additional directors or officers informed us of the adoption, modification or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408.

On August 14, 2025, we issued a press release announcing our financial results for the quarter ended June 30, 2025. A copy of the news release is attached to this Quarterly Report as Exhibit 99.1. The press release is being furnished and shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, unless such subsequent filing specifically references the press release.

Item 6. Exhibits

Exhibit No.	Description
31.1	Certification of Chief Executive Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Chief Financial Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

32.1	Certification of Chief Executive Officer and Chief Financial Officer of the Company in accordance with Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
99.1	Press Release for Quarter June 30, 2025 (filed herewith).
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Fennec Pharmaceuticals Inc.

Date: August 14, 2025

By: */s/ Jeff Hackman*
Jeff Hackman
Chief Executive Officer
(principal executive officer)

Date: August 14, 2025

By: */s/ Robert Andrade*
Robert Andrade
Chief Financial Officer
(principal financial and chief accounting officer)

Exhibit 31.1

FENNEC PHARMACEUTICALS INC
CERTIFICATION

I, Jeffrey Hackman, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2025 of Fennec Pharmaceuticals Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the unaudited interim condensed consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its condensed subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2025

By: /s/ Jeffrey Hackman
Jeffrey Hackman
Chief Executive Officer

Exhibit 31.2

FENNEC PHARMACEUTICALS INC.
CERTIFICATION

I, Robert Andrade, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2025, of Fennec Pharmaceuticals Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the unaudited interim condensed consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its condensed subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2025

By: /s/ Robert Andrade
Robert Andrade
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Fennec Pharmaceuticals Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025 (the "Report"), each of the undersigned, Jeffrey Hackman, Chief Executive Officer of the Company, and Robert Andrade, Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2025

By: /s/ Jeffrey Hackman
Jeffrey Hackman
Chief Executive Officer

Date: August 14, 2025

By: /s/ Robert Andrade
Robert Andrade
Chief Financial Officer

FENNEC PHARMACEUTICALS REPORTS SECOND QUARTER 2025 FINANCIAL RESULTS AND PROVIDES BUSINESS UPDATE

~ Achieved Second Quarter 2025 Total Net Revenues of $9.7 Million ~

~ Double Digit New Accounts in the Second Quarter of 2025, Including Notable Quarter-Over-Quarter Growth in Both Large Community Practices and Academic Centers, Supported by Targeted Sales Strategy and Enhanced Patient Support Services for PEDMARK® ~

~

~Successful Initial Uptake of PEDMARQSIÒ in the United Kingdom and Germany with Additional EU Launches Planned ~

~

~Japan Clinical Trial (STS-J01) Results Expected in the Second Half of 2025 with Evaluation of Both Registration and Partnering or Licensing Expected Thereafter ~

~ Management to Host Conference Call Today at 8:30 a.m. ET ~

Research Triangle Park, NC, August 14, 2025 – Fennec Pharmaceuticals Inc. (NASDAQ:FENC; TSX: FRX), a specialty pharmaceutical company, today reported its financial results for the second quarter ended June 30, 2025 and provided a business update.

"We are pleased to have delivered three consecutive quarters of strong performance, with second quarter revenue up 33% over the same quarter in 2024. This acceleration reflects significant progress in both large community practices and academic centers – driven by a completely overhauled go-to-market approach, increased awareness of the importance of preventing cisplatin-induced ototoxicity (CIO) and expanded patient support program offerings," said Jeff Hackman, chief executive officer of Fennec Pharmaceuticals. "The results demonstrate the scalability of our model and the strong demand for PEDMARK® across key segments of the market. With the U.S. momentum for PEDMARK building, coupled with Norgine's ex-U.S. PEDMARQSI® launches and results from the investigator-initiated clinical trial STS-J01 in Japan expected in the coming months, we believe the global opportunity for both patients and Fennec shareholders is significant."

Business Highlights:

- **Continued Growth Within Key PEDMARK® Accounts**: In the second quarter, Fennec's segmentation model and data-driven target lists enhanced field execution, yielding a mix of new and repeat customers, with notable growth across both large community and academic practices.

- **A Large National Oncology Group Has Added PEDMARK® to its Formulary for Patients Under 40:** This rapidly growing group includes numerous community-based oncology practices across the U.S. This decision reflects the growing recognition of the need to protect younger patients from cisplatin-induced hearing loss and signals momentum for broader adoption in community settings.

- **NCODA PQI (Positive Quality Intervention) Issued for PEDMARK®:** This recently published PQI aims to provide pharmacists, nurses, and oncologists with clinical data and guidance on the use, administration, and timing of PEDMARK to prevent platinum-induced ototoxicity in pediatric patients and the AYA population. NCODA PQIs are designed to help multidisciplinary oncology care teams manage patients on oral and IV cancer therapies.

- **Quarter Over Quarter Growth in Enrollment in Fennec HEARS™ and Specialty Pharmacy Program**: The newly revamped patient support program offerings is delivering improved experiences through strengthened HCP and patient services, expanded payer reimbursement support, and streamlined access to home nursing resources.

- **Recent Issuance Further Strengthens Fennec's Patent Portfolio**: In May, the U.S. Patent and Trademark Office issued U.S. Patent 12,311,026 entitled "Pharmaceutical Composition Comprising Sodium Thiosulfate." The patent claims cover the use of a broad range of stabilizers or a mixture of stabilizers for the pharmaceutical composition of sodium thiosulfate to reduce ototoxicity in a pediatric patient receiving a platinum-based therapeutic. Fennec currently has six FDA Orange Book listings providing U.S. patent protection for PEDMARK® until 2039 as well as global patents issued and pending globally.

Upcoming Events:

- **Fennec to Ring the NASDAQ Stock Market Closing Bell in September:** Fennec's senior leadership team will be joined by PEDMARK patients, their families and employees to ring the closing bell of the NASDAQ Stock Market on Friday, September 5, 2025. The closing bell ceremony will take place at the NASDAQ MarketSite in Times Square, New York, NY. The live event can be viewed at https://www.nasdaq.com/marketsite/bell-ringing-ceremony.

- **H.C. Wainwright 27th Annual Global Investment Conference**: Fennec will present at the conference to be held September 8 – 10, 2025, in NYC. The management team will also host one-on-one investor meetings at the conference.

- **September is Childhood Cancer Awareness Month:** In September, we will stand in solidarity with young people, families, and care teams impacted by cancer. The gold ribbon, an internationally recognized symbol for childhood cancer, serves as a powerful reminder of the urgent need for continued innovation—not only to treat cancer effectively but also to protect children from the long-term side effects of therapy, including hearing loss. We remain committed to advancing our work to help safeguard the futures of young patients.

Financial Results for the Second Quarter 2025 Ended June 30, 2025

- **Net Product Sales –** For the second quarter of 2025, the Company recorded net product sales of approximately $9.7 million compared to $7.3 million in the second quarter of 2024. The increase in sales is attributable to the expanded focus and growth in the AYA population, as well as the successful growth and retention of existing accounts within this population.

- **Selling and Marketing Expenses** – The Company recorded $4.4 million in selling and marketing expenses in the second quarter of 2025, compared to $4.6 million in the second quarter of 2024.

- **General and Administrative (G&A) Expenses** – The Company recorded $7.0 million in G&A expenses in the second quarter of 2025 compared to $6.9 million in the second quarter of 2024. The comparable quarter increase in expenses year over year is due to increased intellectual property expenses offset by decreased consulting fees related to the European commercialization. Additionally, there was approximately $1.5 million in non-cash stock-based compensation in the second quarter of 2025 compared to $0.9 million in the comparable quarter in 2024.

- **Cash Position –** Cash and cash equivalents were $18.7 million as of June 30, 2025, compared to $22.7 million as of March 31, 2025. The decrease in cash in the second quarter is primarily due to cash operating expenses, which are seasonally higher in the first half of the Company's calendar year as a result of commercial and marketing spending patterns for 2025.

Second Quarter 2025 Conference Call Information

Date: Thursday, August 14, 2025
Time: 8:30 a.m. ET
Webcast Link: https://edge.media-server.com/mmc/p/de4jxxzj
Participant Link: https://register-conf.media-server.com/register/BI3e750b95d06c439ea560b46f60abda54

To access the live webcast link, visit www.fennecpharma.com and proceed to the News & Events/Event Calendar page under the Investors & Media section. Please connect to the company's website at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to listen to the webcast. A replay of the webcast will also be archived on www.fennecpharma.com for thirty days.

Financial Update

The selected financial data presented below is derived from our unaudited condensed consolidated financial statements, which were prepared in accordance with U.S. generally accepted accounting principles. The complete unaudited condensed consolidated financial statements for the period ended June 30, 2025, and management's discussion and analysis of financial condition and results of operations will be available via www.sec.gov and www.sedar.com. All values are presented in thousands unless otherwise noted.

Unaudited Condensed Consolidated
Statements of Operations:
(U.S. Dollars in thousands except share and per share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue				
PEDMARK product sales, net	$ 9,652	$ 7,262	$ 18,403	$ 14,681
Licensing revenue	—	—	—	17,958
Total revenue	9,652	7,262	18,403	32,639
Operating expenses:				
Cost of product sales	967	608	1,340	1,158
Research and development	107	157	201	160
Selling and marketing	4,354	4,672	7,301	9,881
General and administrative	6,956	6,864	13,101	12,736
Total operating expenses	12,384	12,301	21,943	23,935
(Loss) / income from operations	(2,732)	(5,039)	(3,540)	8,704
Other (expense)/income				
Unrealized foreign exchange (loss)/gain	17	(17)	30	(55)
Amortization expense	(13)	(23)	(26)	(43)
Unrealized loss on securities	(1)	—	(2)	(11)
Interest income	171	570	407	767
Interest expense	(594)	(1,044)	(1,186)	(2,078)
Total other expense	(420)	(514)	(777)	(1,420)
Net (loss)/income	$ (3,152)	$ (5,553)	$ (4,317)	$ 7,284
Basic net (loss)/income per common share	$ (0.11)	$ (0.20)	$ (0.16)	$ 0.27
Diluted net (loss)/income per common share	$ (0.11)	$ (0.20)	$ (0.16)	$ 0.24
Weighted-average number of common shares outstanding basic	27,664	27,297	27,621	27,250
Weighted-average number of common shares outstanding diluted	27,664	27,297	27,621	30,354

Fennec Pharmaceuticals Inc.
Balance Sheets
(U.S. Dollars and shares in thousands)

	June 30, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	$ 18,705	$ 26,634
Accounts receivable, net	17,502	12,884
Prepaid expenses	1,421	3,080
Inventory	2,201	1,060
Other current assets	965	466
Total current assets	40,794	44,124
Non-current assets	4,082	822
Total assets	$ 44,876	$ 44,946
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 5,941	$ 3,241
Accrued liabilities	2,225	3,428
Contract liability-current	248	248
Operating lease liability - current	—	2
Total current liabilities	8,414	6,919
Long-term liabilities		
Term loan	18,206	18,206
PIK interest	1,271	1,271
Debt discount	(113)	(139)
Contract liability - long-term	24,561	24,561
Total long-term liabilities	43,925	43,899
Total liabilities	52,339	50,818
Stockholders' deficit:		
Common stock, no par value; unlimited shares authorized; 27,733 shares issued and outstanding (2024 -27,527)	146,165	145,608
Additional paid-in capital	69,127	66,958
Accumulated deficit	(223,998)	(219,681)
Accumulated other comprehensive income	1,243	1,243
Total stockholders' deficit	(7,463)	(5,872)
Total liabilities and stockholders' deficit	$ 44,876	$ 44,946

About Cisplatin-Induced Ototoxicity

Cisplatin and other platinum-based chemotherapies are widely used to treat solid tumors and have been vital in improving survival rates. Unfortunately, these life-saving treatments often result in permanent, irreversible hearing loss, also known as ototoxicity.[i]

Hearing loss from cisplatin treatment is not rare. Studies show that between 60-90% of patients treated with cisplatin may develop hearing loss, depending upon the dose and duration of chemotherapy[ii]. Many of those treated with cisplatin will require lifelong hearing aids or cochlear implants, which can be helpful for some, but do not reverse the hearing loss and can be costly over time.[iii] Treatment-induced hearing loss can reduce quality of survivorship as it impacts many aspects of life, such as speech and language skills, academic performance, social-emotional development, career potential and the ability

to live independently.[iv,v] While audiologic monitoring is recommended to help manage ototoxicity, it is currently underutilized in certain cancer patient populations.

PEDMARK® (sodium thiosulfate injection)
PEDMARK® is the first and only U.S. Food and Drug Administration (FDA) approved therapy indicated to reduce the risk of ototoxicity associated with cisplatin treatment in pediatric patients 1 month of age and older with localized, non-metastatic, solid tumors. It is a unique formulation of sodium thiosulfate in single-dose, ready-to-use vials for intravenous use in pediatric patients. PEDMARK is also the first and only therapeutic agent with proven efficacy and safety data with an established dosing regimen, across two open-label, randomized Phase 3 clinical studies, the Children's Oncology Group (COG) Protocol ACCL0431 and SIOPEL 6.

Additionally, PEDMARK is recommended for the adolescent and young adult (AYA) population by the National Comprehensive Cancer Network, or NCCN, with a 2A endorsement.

Approximately 500,000 patients in the U.S. are diagnosed annually with cancers that could be treated with a platinum-based chemotherapy. The incidence of ototoxicity depends upon the dose and duration of chemotherapy, and many of those treated will require lifelong hearing aids. Until the FDA approval of PEDMARK, there were no preventative agents for this hearing loss. Patients with hearing loss resulting from cancer treatment have a statistically significant worse quality of life compared with peers who have no hearing loss.[vivii]

PEDMARK has been studied by co-operative groups in two Phase 3 clinical studies of survival and reduction of ototoxicity, COG ACCL0431 and SIOPEL 6. Both studies have been completed. The COG ACCL0431 protocol enrolled childhood cancers typically treated with intensive cisplatin therapy for localized and disseminated disease, including newly diagnosed hepatoblastoma, germ cell tumor, osteosarcoma, neuroblastoma, medulloblastoma, and other solid tumors. SIOPEL 6 enrolled only hepatoblastoma patients with localized tumors.

Indications and Usage
PEDMARK® (sodium thiosulfate injection) is indicated to reduce the risk of ototoxicity associated with cisplatin in pediatric patients 1 month of age and older with localized, non-metastatic solid tumors.

Limitations of Use
The safety and efficacy of PEDMARK have not been established when administered following cisplatin infusions longer than 6 hours. PEDMARK may not reduce the risk of ototoxicity when administered following longer cisplatin infusions, because irreversible ototoxicity may have already occurred.

Important Safety Information
PEDMARK is contraindicated in patients with history of a severe hypersensitivity to sodium thiosulfate or any of its components.

Hypersensitivity reactions occurred in 8% to 13% of patients in clinical trials. Monitor patients for hypersensitivity reactions. Immediately discontinue PEDMARK and institute appropriate care if a hypersensitivity reaction occurs. Administer antihistamines or glucocorticoids (if appropriate) before each subsequent administration of PEDMARK. PEDMARK may contain sodium sulfite; patients with sulfite sensitivity may have hypersensitivity reactions, including anaphylactic symptoms and life-

threatening or severe asthma episodes. Sulfite sensitivity is seen more frequently in people with asthma.

PEDMARK is not indicated for use in pediatric patients less than 1 month of age due to the increased risk of hypernatremia or in pediatric patients with metastatic cancers.

Hypernatremia occurred in 12% to 26% of patients in clinical trials, including a single Grade 3 case. Hypokalemia occurred in 15% to 27% of patients in clinical trials, with Grade 3 or 4 occurring in 9% to 27% of patients. Monitor serum sodium and potassium levels at baseline and as clinically indicated. Withhold PEDMARK in patients with baseline serum sodium greater than 145 mmol/L.

Monitor for signs and symptoms of hypernatremia and hypokalemia more closely if the glomerular filtration rate (GFR) falls below 60 mL/min/1.73m^2.

Administer antiemetics prior to each PEDMARK administration. Provide additional antiemetics and supportive care as appropriate.

The most common adverse reactions (≥25% with difference between arms of >5% compared to cisplatin alone) in SIOPEL 6 were vomiting, nausea, decreased hemoglobin, and hypernatremia. The most common adverse reaction (≥25% with difference between arms of >5% compared to cisplatin alone) in COG ACCL0431 was hypokalemia.

Please see full Prescribing Information for PEDMARK® at: www.PEDMARK.com.

About Fennec Pharmaceuticals
Fennec Pharmaceuticals Inc. is a specialty pharmaceutical company committed to sparing cancer patients further hardship by protecting their ears against the profound threat of cisplatin-induced hearing loss, or ototoxicity. Fennec is focused on the commercialization of PEDMARK® to reduce the risk of platinum-induced ototoxicity in cancer patients. PEDMARK received FDA approval in September 2022 and European Commission approval in June 2023 and United Kingdom (U.K.) approval in October 2023 under the brand name PEDMARQSI®.

In March 2024, Fennec entered into an exclusive licensing agreement under which Norgine Pharmaceuticals Ltd., a leading European specialist pharmaceutical company, will commercialize PEDMARQSI® in Europe, U.K., Australia and New Zealand. PEDMARQSI is now commercially available in the U.K. and Germany.

PEDMARK has received Orphan Drug Exclusivity in the U.S. and PEDMARQSI has received Pediatric Use Marketing Authorization in Europe which includes eight years plus two years of data and market protection. Further, Fennec has patents providing protection for PEDMARK until 2039 in both the U.S. and internationally.

For more information, please visit www.fennecpharma.com and follow on LinkedIn.

Forward Looking Statements
Except for historical information described in this press release, all other statements are forward-looking. Words such as "believe," "anticipate," "plan," "expect," "estimate," "intend," "may," "will," or the negative of those terms, and similar expressions, are intended to identify forward-looking

statements. These forward-looking statements include statements about our business strategy, timeline and other goals, plans and prospects, including our commercialization plans respecting PEDMARK®/PEDMARQSI®, the market opportunity for and market impact of PEDMARK®/ PEDMARQSI®, its potential impact on patients and anticipated benefits associated with its use, future commercial and regulatory milestones, Norgine's PEDMARQSI® launches and the investigator-initiated clinical trial in Japan. . Forward-looking statements are subject to certain risks and uncertainties inherent in the Company's business that could cause actual results to vary, including the risks and uncertainties that regulatory and guideline developments may change, scientific data and/or manufacturing capabilities may not be sufficient to meet regulatory standards or receipt of required regulatory clearances or approvals, clinical results may not be replicated in actual patient settings, unforeseen global instability, including political instability, or instability from an outbreak of pandemic or contagious disease, such as the novel coronavirus (COVID-19), or surrounding the duration and severity of an outbreak, protection offered by the Company's patents and patent applications may be challenged, invalidated or circumvented by its competitors, the available market for the Company's products will not be as large as expected, the Company's products will not be able to penetrate one or more targeted markets, revenues will not be sufficient to fund further development and clinical studies, our ability to obtain necessary capital when needed on acceptable terms or at all, the Company may not meet its future capital requirements in different countries and municipalities, and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission including its Annual Report on Form 10-K for the year ended December 31, 2024. Fennec disclaims any obligation to update these forward-looking statements except as required by law.

For a more detailed discussion of related risk factors, please refer to our public filings available at www.sec.gov and www.sedar.com.

PEDMARK® PEDMARQSI® and Fennec® are registered trademarks of Fennec Pharmaceuticals Inc.

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