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FRONTAGE HOLDINGS CORPORATION
方達控股公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1521)

ANNOUNCEMENT ON INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2025

FINANCIAL HIGHLIGHTS

		Six months ended June 30,		
		2025	2024	Change
		US$ million	*US$ million*	
Revenue		**126.6**	128.5	**(1.5)%**
Gross Profit		**35.3**	34.8	**1.4%**
Gross Profit Margin		**27.9%**	27.1%	
EBITDA		**27.0**	23.7	**13.9%**
EBITDA Margin		**21.4%**	18.4%	
Adjusted EBITDA(1)		**28.1**	25.8	**8.9%**
Adjusted EBITDA Margin		**22.2%**	20.1%	
Net Profit/(Loss)		**2.9**	(0.3)	
Net Profit/(Loss) Margin		**2.3%**	(0.2%)	
Adjusted Net Profit(2)		**7.7**	6.1	**26.2%**
Adjusted Net Profit Margin		**6.1%**	4.8%	
		US$	US$	
Earnings/(Loss) per share	– Basic	**0.0014**	(0.0001)	
	– Diluted	**0.0014**	(0.0001)	
Adjusted Earnings per share	– Basic	**0.0038**	0.0031	**22.6%**
	– Diluted	**0.0038**	0.0031	**22.6%**

The Board has resolved not to declare an interim dividend for the six months ended June 30, 2025.

(1) Calculation of adjusted EBITDA is modified and calculated as EBITDA for the Reporting Period, excluding the share-based compensation expenses, gain or loss arising from financial liabilities measured as fair value through profit or loss and expenses in relation to mergers and acquisitions to better reflect the Company's current business and operations.

(2) Calculation of adjusted net profit is modified and calculated as net profit for the Reporting Period, excluding the share-based compensation expenses, amortization of acquired intangible assets from mergers and acquisitions, gain or loss arising from financial liabilities measured as fair value through profit or loss and expenses in relation to mergers and acquisitions to better reflect the Company's current business and operations.

Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with the IFRSs, the Company has provided adjusted net profit, adjusted net profit margin, adjusted EBITDA, adjusted EBITDA margin and adjusted basic and diluted earnings per share (excluding the share-based compensation expenses, amortization of acquired intangible assets from mergers and acquisitions, gain or loss arising from financial liabilities measured as fair value through profit or loss and expenses in relation to mergers and acquisitions to better reflect the Company's current business and operations) as additional financial measures, which are not required by, or presented in accordance with, the IFRSs. The Company believes that the adjusted financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRSs financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRSs. The adjusted results should not be viewed on a stand-alone basis or as a substitute for results under IFRSs.

The Board of the Company is pleased to announce the unaudited condensed consolidated interim results of the Group for the Reporting Period together with comparative figures for the corresponding period in 2024 as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2025

	NOTES	**Six months ended**	
		6/30/2025	6/30/2024
		US$'000	*US$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**126,578**	128,475
Cost of services		**(91,267)**	(93,633)
Gross profit		**35,311**	34,842
Other income	*5*	**1,360**	2,019
Other gains and losses, net	*6*	**662**	202
Research and development expenses		**(2,173)**	(2,772)
Impairment losses recognized on			
– trade receivables		**(763)**	(426)
– unbilled revenue		**(53)**	(72)
Selling and marketing expenses		**(4,283)**	(4,661)
Administrative expenses		**(20,824)**	(24,507)
Share of profit of associates		**85**	67
Finance costs	*7*	**(4,215)**	(4,295)
Profit before tax	*8*	**5,107**	397
Income tax expense	*9*	**(2,184)**	(697)
Profit/(loss) for the period		**2,923**	(300)
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**3,131**	(2,673)
Total comprehensive income/(expense) for the period		**6,054**	(2,973)

	NOTES	Six months ended 6/30/2025 US$'000 (Unaudited)	6/30/2024 US$'000 (Unaudited)
Profit/(loss) for the period attributable to:			
Owners of the Company		**2,927**	(117)
Non-controlling interests		**(4)**	(183)
		2,923	(300)
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		**6,054**	(2,774)
Non-controlling interests		**–**	(199)
		6,054	(2,973)
Earnings/(loss) per share	*10*		
– Basic (US$)		**0.0014**	(0.0001)
– Diluted (US$)		**0.0014**	(0.0001)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

	NOTES	**As at 6/30/2025** ***US$'000*** **(Unaudited)**	As at 12/31/2024 *US$'000* (Audited)
Non-current Assets			
Property, plant and equipment		**124,113**	126,423
Right-of-use assets		**51,557**	54,253
Goodwill		**189,298**	187,014
Intangible assets		**26,618**	29,984
Interests in associates		**6,859**	6,747
Deferred tax assets		**9,370**	7,451
Financial assets at fair value through profit or loss ("**FVTPL**")		**3,007**	2,995
Restricted bank deposits	*14*	**300**	300
Other long-term deposits		**890**	693
		412,012	415,860
Current Assets			
Inventories		**2,967**	2,876
Trade and other receivables and prepayment	*12*	**73,814**	69,091
Unbilled revenue	*13*	**21,004**	18,889
Tax recoverable		**401**	2,401
Restricted bank deposits	*14*	**408**	385
Cash and cash equivalents	*14*	**33,662**	44,091
		132,256	137,733
Current Liabilities			
Trade and other payables	*15*	**21,142**	19,294
Advances from customers	*16*	**28,369**	30,336
Bank borrowings	*17*	**44,516**	51,228
Income tax payable		**2,036**	573
Amounts due to shareholders		**210**	210
Lease liabilities		**10,070**	9,899
		106,343	111,540
Net Current Assets		**25,913**	26,193
Total Assets less Current Liabilities		**437,925**	442,053

	NOTES	As at 6/30/2025 US$'000 (Unaudited)	As at 12/31/2024 US$'000 (Audited)
Non-current Liabilities			
Bank borrowings	*17*	**34,112**	44,442
Deferred government grant		**1,967**	1,998
Deferred tax liabilities		**12,266**	12,548
Lease liabilities		**48,145**	48,796
		96,490	107,784
Net Assets		**341,435**	334,269
Capital and Reserves			
Share capital	*18*	**20**	20
Treasury shares	*19*	**(313)**	(313)
Reserves		**340,464**	333,298
Equity attributable to owners of the Company		**340,171**	333,005
Non-controlling interests		**1,264**	1,264
Total Equity		**341,435**	334,269

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

1. GENERAL INFORMATION

Frontage Holdings Corporation (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on April 16, 2018 under the Company Law of the Cayman Islands, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since May 30, 2019. The immediate holding company of the Company is Hongkong Tigermed Co., Limited ("**Hongkong Tigermed**"), a company incorporated under the laws of Hong Kong with limited liability. The ultimate holding company of the Company is Hangzhou Tigermed Consulting Co., Ltd. ("**Hangzhou Tigermed**"), a company established in Hangzhou, the PRC and whose shares have been listed on the ChiNext market of the Shenzhen Stock Exchange and the Main Board of The Stock Exchange.

The Company is a holding company. The principal activities of the Company and its subsidiaries (collectively the "**Group**") are to provide laboratory and related services to pharmaceutical and agrochemical companies as well as bioequivalence clinical and chemical services. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands. The principal places of business in the United States of America (the "**USA**") and Hong Kong are 700 Pennsylvania Drive, Exton, PA 19341, USA and Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, respectively.

The functional currency of the Company and the operating subsidiaries incorporated in the USA is US dollars ("**US$**"). The functional currency of the PRC operating subsidiaries is Renminbi ("**RMB**"). The functional currency of the operating subsidiary incorporated in Canada is Canadian dollars ("**CAD**"). The functional currency of the operating subsidiary incorporated in Europe is Euro ("**EUR**"). The reporting currency used for the presentation of the condensed consolidated financial statements is US$, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

(a) Basis of preparation of the financial statements

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Other than additional accounting policies resulting from application of amendments to IFRS Accounting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2025 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2024.

(b) Application of amendments to IFRSs – effective for annual period beginning on or after January 1, 2025

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standard Board, for the first time, which are mandatory effective for the annual period beginning on or after January 1, 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21 and IFRS 1	Lack of Exchangeability

The application of the new and amendments to IFRS in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. **REVENUE**

The Group's revenue streams are categorized as follows:

– Drug Discovery Unit, consisting of medicinal chemistry, pharmacology, and efficacy & absorption, distribution, metabolism, and excretion ("**ADME**") screening;

– Drug Development Unit, comprising drug metabolism and pharmacokinetics ("**DMPK**"), Safety and Toxicology, early phase clinical services, as well as a suite of bioequivalence and related services such as pharmacology, medical writing and regulatory support;

– Pharmaceutical Product Development Unit, encompassing intermediate and active pharmaceutical ingredient ("**API**") synthesis, process and formulation development, and clinical trial material manufacturing;

– Laboratory Testing Unit is to offer extensive laboratory testing support to clients worldwide involved in drug development. Their services encompass regulated and non-regulated bioanalysis (both small and large molecules), biomarkers, genomics, CMC Analytical Testing, and Central Laboratory services.

An analysis of the Group's revenue is as follows:

	Six months ended	
	6/30/2025	6/30/2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Drug discovery	**13,180**	15,820
Drug development	**41,732**	42,797
Pharmaceutical product development	**4,790**	3,603
Laboratory testing	**66,876**	66,255
	126,578	128,475

All revenue of the Group listed above are recognized over time as the Group's performance does not create an asset with an alternative future use since the Group cannot redirect the asset for use on another customer, and the contract terms specify the Group has an enforceable right to payment for performance completed to date.

4. **SEGMENT INFORMATION**

Operating segments are determined based on the Group's internal reports which are submitted to chief executive officer, being the chief operating decision maker ("**CODM**") of the Group, for the purpose of performance assessment and resources allocation. This is also the basis upon which the Group is organized and managed.

The Group's consolidated revenue and results are primarily attributable to the markets in the USA, Canada and Europe (together as "**North America and Europe**") and the PRC and all of the Group's consolidated assets and liabilities are either located in North America and Europe or the PRC.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of performance assessment and resources allocation.

The following are the Group's reportable segments under IFRS 8 "Operating Segments":

– North America and Europe segment, including drug discovery, drug development, pharmaceutical product development and laboratory testing in the USA, Canada and Europe;

– PRC segment, including drug discovery, drug development, pharmaceutical product development and laboratory testing in the PRC.

The change in operating business units is consistent with the way in which segment information is presented in the internal reports provided to CODM.

Segment revenues and results

The following is an analysis of the Group's revenue by reportable segments from continuing operations.

For the six months ended June 30, 2025 (Unaudited)

	North America and Europe *US$'000*	**PRC** *US$'000*	**Total** *US$'000*
Revenue			
– Drug discovery	**6,760**	**6,420**	**13,180**
– Drug development	**33,139**	**8,593**	**41,732**
– Pharmaceutical product development	**2,949**	**1,841**	**4,790**
– Laboratory testing	**55,737**	**11,139**	**66,876**
	98,585	**27,993**	**126,578**
Cost of services	**(68,653)**	**(22,614)**	**(91,267)**
Other income	**424**	**936**	**1,360**
Other gains and losses, net	**568**	**94**	**662**
Research and development expenses	**–**	**(2,173)**	**(2,173)**
Impairment losses recognized on trade and other receivables and unbilled revenue	**(701)**	**(115)**	**(816)**
Selling and marketing expenses	**(3,105)**	**(1,178)**	**(4,283)**
Administrative expenses	**(16,938)**	**(3,886)**	**(20,824)**
Share of profit of associates	**–**	**85**	**85**
Finance costs	**(3,407)**	**(808)**	**(4,215)**
Segment profit/(loss)	**6,773**	**(1,666)**	
Profit before tax			**5,107**

For the six months ended June 30, 2024 (Unaudited)

	North America and Europe *US$'000*	PRC *US$'000*	Total *US$'000*
Revenue			
– Drug discovery	9,664	6,156	15,820
– Drug development	34,282	8,515	42,797
– Pharmaceutical product development	2,283	1,320	3,603
– Laboratory testing	53,185	13,070	66,255
	99,414	29,061	128,475
Cost of services	(70,182)	(23,451)	(93,633)
Other income	436	1,583	2,019
Other gains and losses, net	143	59	202
Research and development expenses	–	(2,772)	(2,772)
Impairment losses recognized on trade and other receivables and unbilled revenue	(168)	(330)	(498)
Selling and marketing expenses	(3,540)	(1,121)	(4,661)
Administrative expenses	(20,086)	(4,421)	(24,507)
Share of profit of associates	–	67	67
Finance costs	(3,306)	(989)	(4,295)
Segment profit/(loss)	2,711	(2,314)	
Profit before tax			397

The accounting policies of reportable segments are the same as the Group's accounting policies.

Geographical information

The Group's operations and non-current assets are located in North America and Europe and the PRC.

An analysis of the Group's revenue from external customers, analyzed by the customer's respective country/region of operation, is presented below:

	Six months ended	
	6/30/2025	6/30/2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Revenue from external customers		
– USA and Canada	**99,649**	94,830
– PRC	**21,485**	22,428
– Rest of the world	**5,444**	11,217
	126,578	128,475

Information about the Group's non-current assets by geographical location of the assets are presented below:

	6/30/2025	12/31/2024
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Non-current assets excluding financial assets and deferred tax assets		
– North America and Europe	**322,132**	322,395
– PRC	**76,313**	82,026
	398,445	404,421

5. OTHER INCOME

	Six months ended	
	6/30/2025	6/30/2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest income	**189**	498
Government grants related to income	**757**	360
Income from rendering technical support service	**414**	1,161
	1,360	2,019

6. OTHER GAINS AND LOSSES, NET

	Six months ended	
	6/30/2025	6/30/2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Loss arising on financial liabilities measured at fair value through profit or loss	**–**	(159)
Gain on disposal of property, plant and equipment	**3**	179
Net foreign exchange gain	**693**	502
Others	**(34)**	(320)
	662	202

7. FINANCE COSTS

	Six months ended	
	6/30/2025	6/30/2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest expense on lease liabilities	**1,588**	1,540
Interest expense on bank borrowings	**2,627**	2,755
	4,215	4,295

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended	
	6/30/2025	6/30/2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments):		
– Salaries and other benefits	**52,857**	58,503
– Retirement benefit scheme contributions	**3,985**	4,470
– Share-based payment expense	**1,112**	1,663
	57,954	64,636
Depreciation of property, plant and equipment	**9,063**	9,354
Depreciation of right-of-use assets	**4,804**	5,154
Amortization of intangible assets	**3,847**	4,460

9. INCOME TAX EXPENSE

	Six months ended	
	6/30/2025	6/30/2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current tax:		
– PRC Enterprise Income Tax ("**EIT**")	**303**	403
– U.S. Federal Tax	**2,814**	1,618
– U.S. State Tax	**795**	262
– Canada Corporate Tax	**417**	224
	4,329	2,507
Deferred tax:		
– Current period	**(2,145)**	(1,810)
Total income tax expense	**2,184**	697

The Company and U.S. subsidiaries are subject to U.S. Federal and State Income taxes, with the combined income tax rate being 27.05% for the six months ended June 30, 2025 (the six months ended June 30, 2024: 26.7%).

BRI Biopharmaceutical Research, Inc. ("**BRI**"), a wholly owned subsidiary of the Group and as a non-Canadian-controlled private corporation ("**CCPC**") and engaged in active business in British Columbia, Canada, has been subject a flat tax rate of 27%.

Nucro-Technics, Inc. ("**Nucro**"), a wholly owned subsidiary of the Group, as a non-CCPC and engaged in active business in Ontario, Canada, has been subject an effective corporate tax rate of 26.5%.

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless subject to tax exemption set out below.

Frontage Laboratories (Shanghai) Co., Ltd. ("**Frontage Shanghai**"), a wholly owned subsidiary of the Group in the PRC, was accredited as a "High and New Technology Enterprise" in November 2023 and therefore is entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2023.

Acme Biopharma Co. (Shanghai) Ltd. ("**Acme Shanghai**"), a wholly owned subsidiary of the Group in the PRC, was accredited as an "Advanced Technology Enterprise" in December 2022 and therefore is entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2022.

Wuhan Heyan Biomedical Technology Co., Ltd. ("**Heyan Biotech**"), a 70% owned subsidiary of the Group in the PRC, was accredited as a "High and New Technology Enterprise" in October 2023 and therefore is entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2023.

The group entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the six months ended June 30, 2025 and 2024. On March 21, 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The two-tiered profits tax rates regime is applicable to the Group's Hong Kong subsidiaries with estimated assessable profits for its annual reporting periods ending on or after April 1, 2018.

The group entities incorporated in the Cayman Islands are not subject to income or capital gains tax under the law of the Cayman Islands.

No provision for Italy income tax has been made as the Group did not generate any assessable profits in Italy during the six months ended June 30, 2025 and 2024.

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attribute to owners of the Company is based on the following data:

	Six months ended	
	6/30/2025	6/30/2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Earnings/(loss):		
Earnings/(loss) for the purpose of calculating basic and diluted earnings per share	**2,927**	(117)

Number of Shares:

	Six months ended	
	6/30/2025	6/30/2024
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,026,369,855**	2,028,389,387
Effect of dilutive potential ordinary shares:		
Share options *(note ii)*	**101,510**	–
Share awards *(note ii)*	**1,361,117**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**2,027,832,482**	2,028,389,387

Notes:

(i) The weighted average number of ordinary shares shown above has been adjusted for issue of new shares as set out in Note 18 and treasury shares as set out in Note 19.

(ii) The computation of diluted loss per share for the six months period ended June 30, 2024 did not assume the conversion of the Company's outstanding share options and share awards since their assumed exercise would result in a decrease in loss per share for the period.

11. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period (six months ended June 30, 2024: nil).

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 6/30/2025 *US$'000* (Unaudited)	As at 12/31/2024 *US$'000* (Audited)
Trade receivables		
– third parties	**65,618**	63,448
– related parties	**1,982**	425
Less: loss allowance for trade receivables	**(4,221)**	(4,045)
	63,379	59,828
Other receivables		
– third parties	**2,228**	2,570
Less: loss allowance for other receivables	**(37)**	(37)
	2,191	2,533
Notes receivables		
– third parties	**76**	88
Prepayments		
– third parties	**4,847**	3,755
– related parties	**481**	39
	5,328	3,794
Value-added tax recoverable	**2,840**	2,848
	73,814	69,091

The Group allows a credit period ranging from 30 to 90 days to its customers. The following is an age analysis of trade receivables (net of loss allowance), presented based on the invoice dates, at the end of the reporting period:

	As at 6/30/2025 *US$'000* (Unaudited)	As at 12/31/2024 *US$'000* (Audited)
Within 90 days	**49,074**	44,885
91 to 180 days	**6,817**	8,132
181 days to 1 year	**4,483**	4,270
Over 1 year	**3,005**	2,541
	63,379	59,828

13. UNBILLED REVENUE

	As at 6/30/2025 *US$'000* (Unaudited)	As at 12/31/2024 *US$'000* (Audited)
Unbilled revenue		
– third parties	**20,211**	18,604
– related parties	**1,634**	1,072
Less: loss allowance for unbilled revenue	**(841)**	(787)
	21,004	18,889

Generally, significant payment terms are disclosed within the contents of a given contract and are in the form of either milestone payment terms representing a percentage of the total budgeted contract price or corresponding directly with the value to the customer of the Group's performance. Revenues recognized in excess of billings are recognized as contract assets and disclosed in the condensed consolidated statement of financial position as unbilled revenue.

14. RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

At the end of each reporting period, cash and cash equivalents of the Group comprised of bank balances and cash held. The bank deposits carry interest at market rates which ranged from 0.02% to 4.18% per annum as at June 30, 2025 (December 31, 2024: from 0.02% to 4.33% per annum).

According to the lease agreement for the property at Secaucus, NJ, a cash deposit of US$300,000 was required as a guarantee over the property until the end of the lease term in 2027.

As at June 30, 2025, a cash deposit of US$387,000 (December 31, 2024: US$382,000) was required by Pennsylvania department of environmental protection, Bureau of radiation protection in the USA for radiology license in the USA, and the amount is restricted. As at June 30, 2025, the remaining amount in the collateral account was US$387,000 (December 31 2024: US$382,000), which has been included in restricted bank deposits.

As at June 30, 2025, certain bank deposits with balances of approximately RMB151,000 (equivalent to approximately US$21,000) (December 31, 2024: RMB26,000 (equivalent to approximately US$4,000)) were pledged to secure bills payable and bank facilities granted to the Group.

15. TRADE AND OTHER PAYABLES

	As at 6/30/2025	As at 12/31/2024
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade payables		
– third parties	**9,839**	8,360
– related parties	**549**	299
	10,388	8,659
Notes payables		
– third parties	**857**	–
Other payables		
– third parties	**3,048**	3,344
– related parties	**14**	11
	3,062	3,355
Salary and bonus payables	**6,465**	6,418
Other taxes payable	**370**	862
	21,142	19,294

Payment terms with suppliers are mainly on credit ranging from 30 to 90 days from the invoice date. The following is an age analysis of trade payables, presented based on invoice date, at the end of each reporting period:

	As at 6/30/2025	As at 12/31/2024
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Within 90 days	**10,253**	7,878
91 days to 1 year	**–**	28
Over 1 year	**135**	753
	10,388	8,659

16. ADVANCES FROM CUSTOMERS

	As at 6/30/2025 US$'000 (Unaudited)	As at 12/31/2024 US$'000 (Audited)
Advances from customers		
– third parties	**27,399**	29,439
– related parties	**970**	897
	28,369	30,336

Amounts received in accordance with contracted payment schedules but in excess of revenues earned are recognized as contract liabilities and disclosed in the condensed consolidated statement of financial position as advances from customers. Changes in advances from customers primarily relate to the Group's performance of services under the related contracts.

17. BANK BORROWINGS

Bank Loans

	As at 6/30/2025 US$'000 (Unaudited)	As at 12/31/2024 US$'000 (Audited)
Secured and unguaranteed bank loans	**78,628**	95,670

	6/30/2025 US$'000 (Unaudited)	12/31/2024 US$'000 (Audited)
Within one year	**44,516**	51,228
More than one year, but not exceeding two years	**19,363**	14,192
More than two years, but not exceeding five years	**14,749**	30,250
	78,628	95,670
Less: Amount shown under current liabilities	**(44,516)**	(51,228)
Amount shown under non-current liabilities	**34,112**	44,442
Loan interest of rate per annum in the range of	**2.60%-6.45%**	2.75%-6.73%

18. SHARE CAPITAL

	Number of shares	Amount US$
Ordinary shares of US$0.00001 each		
Authorized:		
As at January 1, 2024, December 31, 2024, January 1, 2025 and June 30, 2025	5,000,000,000	50,000

	Number of shares	Amount US$	Show in the financial statements as US$'000
Issued and fully paid:			
As at January 1, 2024	**2,062,645,910**	**20,628**	**21**
Exercise of share options	**36,179,000**	**362**	**–**
Cancellation of shares	**(63,100,000)**	**(631)**	**(1)**
As at December 31, 2024 (Audited), January 1, 2025 (Unaudited) and June 30, 2025 (Unaudited)	**2,035,724,910**	**20,359**	**20**

19. TREASURY SHARES

	As at June 30, 2025		As at December 31, 2024	
	Number of shares	**Cost of acquisition *US$'000***	Number of shares	Cost of acquisition *US$'000*
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Balance brought forward	**12,084,002**	**313**	28,741,064	4,232
Repurchase of shares *(note)*	**–**	**–**	50,788,000	11,203
Cancellation of shares	**–**	**–**	(63,100,000)	(15,122)
Vesting of share awards	**(4,087,564)**	**–**	(4,345,062)	–
Balance carried forward	**7,996,438**	**313**	12,084,002	313

Note: The Company acquired its own shares in the open market which are held as treasury shares.

20. CAPITAL COMMITMENTS

The Group has capital commitments under non-cancellable contracts as follows:

	As at 6/30/2025 *US$'000* (Unaudited)	As at 12/31/2024 *US$'000* (Audited)
Purchase of property, plant and equipment	**3,479**	369

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

Frontage is a globally integrated, science-driven CRO delivering high-quality research and development services to the pharmaceutical, biotechnology, chemical, and life sciences industries.

Frontage's CRO services are structured into two main divisions: Global Drug Discovery & Development Services and Global Laboratory Services. The Global Drug Discovery & Development Services division delivers a comprehensive suite of services that support the entire drug development lifecycle, from early-stage discovery through preclinical and clinical development. The Global Laboratory Services division provides critical laboratory testing and analytical support to pharmaceutical and biotechnology companies engaged in drug development.

In May 2025, we officially opened a new 46,300-square-foot contract research, development, and manufacturing organization (CRDMO) facility, in Exton, Pennsylvania. This new space will support our CMC-Product Development & Manufacturing service line, including Peripheral Blood Mononuclear Cell (PBMC) processing, DNA extraction from various sample types, and pathology storage for Formalin-fixed Paraffin-embedded (FFPE) tissue blocks and slides. This newly added space expanded Frontage's total footprint in Exton, Pennsylvania to over 200,000 square feet, enhancing its CRDMO capabilities and reinforcing its commitment to accelerating innovation in the pharmaceutical and biotech industries.

With the addition of this new facility, Frontage now operates twenty-five (25) sites worldwide. Headquartered in Exton, Pennsylvania, Frontage operates across key global markets, including North America (U.S. and Canada), China, and Europe (Italy), positioning us to capitalize on growth opportunities globally. We are committed to expanding our expertise and capabilities to become a leading global CRO offering exceptional service to clients and fulfilling career opportunities for our employees. Our diverse client base includes small, mid-sized, and large biopharmaceutical companies, biotechnology companies, CROs, agricultural and industrial chemical companies, life science companies, contract manufacturing companies, and diagnostic and other commercial entities, as well as hospitals, academic institutions, and government agencies. Additionally, our customer base is geographically diverse with well-established relationships in North America, China, Europe, India, Japan, South Korea and Australia.

Overall, the Group's revenue decreased by 1.5% from approximately US$128.5 million for the six months ended June 30, 2024 to approximately US$126.6 million for the six months ended June 30, 2025. The Group's contract future revenue, which represents future service revenues from work not yet completed or performed under all signed contracts or customer's purchase orders in effect at that time, achieved approximately US$404.7 million as at June 30, 2025, representing an increase of 8.2% compared to approximately US$374.0 million as at June 30, 2024.

For the first quarter of 2025, the Group recorded a net loss of approximately US$0.9 million, on revenue of approximately US$57.1 million. The loss of the Group during the first quarter of 2025 was primarily attributable to market volatility driven by low level of financing and R&D activities in the global biopharmaceutical industry, which in turn led to fluctuations in market demand and weaker sales during the first quarter. During the second quarter of 2025, the financial performance of the Group rebounded as the market began to adapt to ongoing volatility and showed signs of stabilization. The recovery was supported by increased market demand and a rise in outsourcing by biopharmaceutical companies seeking to reduce costs, and was further supported by improved operational efficiency and enhanced capacity utilization. For the second quarter of 2025, the Group recorded a net profit of approximately US$3.8 million, on revenue of approximately US$69.5 million, which represented an increase of 7.8% as compared to the same period in 2024.

ENHANCED CAPABILITIES AND EXPERTISE

North America and Europe

The CRO services market was dominated by North America in previous years and in 2025, North America remains as the clear frontrunner in the CRO market.[1] Headquartered in Exton, Pennsylvania, Frontage continues to strengthen its presence in this key market. By offering comprehensive, integrated "one-stop shop" solutions, Frontage has maintained strong market recognition and consistently delivered high-value services that meet the evolving needs of its clients of this region and actively expand its footprint into Europe.

In May 2025, we officially opened a new 46,300-square-foot CRDMO facility, in Exton, Pennsylvania. This state-of-the-art facility features nine (9) Good Manufacturing Practice (GMP) suites including two (2) high-potent suites, two (2) aseptic suites, and five (5) non-sterile suites, supporting manufacturing for injectables, tablets, capsules, creams, gels, ointments, ophthalmic and nasal preparations. This new facility also houses two (2) formulation development labs, and three (3) analytical labs including a micro lab. This expansion significantly enhances Frontage's manufacturing capabilities and strengthens our position as a full-service drug development partner.

Following operational restructuring in recent years, Frontage's two core business divisions, Global Drug Discovery & Development Services and Global Laboratory Services have successfully consolidated resources across the U.S., Canada, and Europe. These integrated efforts contributed to steady progress across the North America and Europe regions during the first half of 2025.

➢ Global Drug Discovery & Development Services

  During the Reporting Period, our Global Drug Discovery & Development Services division continued to expand and innovate across the first half of 2025, supporting the full research and development (R&D) spectrum from preclinical to clinical development.

1 https://www.marketsandmarkets.com/Market-Reports/contract-research-organization-service-market-167410116.html

During the Reporting Period, our Pharmacology team expanded its capabilities by validating new animal models to support a range of therapeutic areas, including Alzheimer's disease (APP-PS1), lupus (MRL/lpr), and imiquimod-induced psoriasis. The DMPK group has broadened its support for advanced modalities, including LNP-encoded oligonucleotides and antibody-oligonucleotide conjugates. At the Exton, Pennsylvania site, we have also strengthened our discovery pharmacokinetics capabilities with streamlined processes for in-life dosing, sample analysis, and PK modeling.

At our Concord, Ohio site, we established comprehensive electrophysiology laboratory capabilities with validated assays for safety pharmacology testing and expanded genetic toxicology offerings with new validated assays and enhanced our non-human primate capabilities through specialized equipment and colony establishment.

During the Reporting Period, our Chicago, Illinois site successfully launched new service platforms, including mass radiolabeled balance studies for multiple species, enhanced analytical methods for radioactive compounds, and specialized dietary study capabilities, along with upgraded data management systems to improve study efficiency and regulatory compliance.

➢ Global Laboratory Services

During the Reporting Period, the Global Laboratory Services continued to enhance its technical capabilities and service capacity across bioanalysis, central lab services, genomics, biologics, and biomarker diagnostics. It developed high-sensitivity multiplex analytical assays and integrated advanced platforms for ultra-sensitive proteomic analysis.

During the Reporting Period, the Global Laboratory Services enhanced its biomarker and diagnostic capabilities through the integration of two advanced platforms: the Alamar NULISA and the Fujirebio Lumipulse G1200, making it more efficient for complex disease profiling testing.

With the opening of the new CRDMO facility in May 2025, the central laboratory operations are in the process of expanding to include dedicated space for biorepository and kitting operations, along with the addition of a new CMC analytical area. This space is being equipped to support comprehensive testing for late-stage clinical trials. The new facility houses full-service analytical laboratories, including physical/chemical testing and microbiology labs for environmental monitoring, which will enable rapid testing for R&D samples, improving turnaround times and operational efficiency.

In addition to the services expansion and enhancements, the first half of 2025 demonstrated outstanding performance in quality and regulatory compliance across our operations in North America and Europe. Our facilities across the United States, Canada, and Europe (Italy) all successfully completed regulatory inspections by U.S. FDA, U.S. Drug Enforcement Administration (DEA), and other government authorities. We also achieved recertification of the ISO/IEC Information Security Management System across multiple sites and successfully obtained EU-US Data Privacy Framework certifications, reinforcing our commitment to operational integrity, data security, and regulatory excellence.

China

In the first half of 2025, the biopharmaceutical research and development sector in China continued to navigate a complex landscape marked by evolving regulatory frameworks and market dynamics. Despite ongoing industry-wide financial constraints, the regulatory environment has shown encouraging developments with accelerated approval pathways and increased support for innovative therapeutics. Notably, China's innovative drug internationalization process has accelerated significantly, with active license-out transactions bringing renewed vitality and positive momentum to the domestic innovative drug R&D market. The China National Medical Products Administration (NMPA) has maintained its commitment to fostering innovation while enhancing regulatory efficiency.

Against this backdrop, pharmaceutical companies have continued to prioritize outsourcing strategies to optimize resource allocation and access specialized expertise. The growing complexity of drug development has reinforced the strategic value of comprehensive CRO partnerships. Frontage has leveraged this environment to strengthen its position as a leading integrated service provider in the Chinese market.

During the Reporting Period, our operations in China demonstrated significant progress across multiple service lines while maintaining comprehensive capabilities spanning drug discovery, preclinical research, and clinical development. Operating from strategic locations in Shanghai, Suzhou, Wuhan, and Zhengzhou, our integrated platform continues to provide end-to-end solutions for small-molecule drugs, biologics, and novel therapeutic modalities.

➢ Global Drug Discovery & Development Services

During the Reporting Period, the DMPK unit enhanced analytical capabilities through advanced assay development and expanded cell line generation and installed advanced analytical systems at our Suzhou site, expanding our mRNA and CAR-T cell analysis capabilities to support the growing cell and gene therapy market.

The Chemistry team introduced advanced continuous flow platforms to support specialized process development, enhancing our capabilities in complex chemical synthesis. In parallel, the Process Scale-Up Hub in Wuhan underwent major expansion, more than doubling its laboratory space and increasing capacity with new kilo-scale facilities and upgraded purification capabilities.

During the Reporting Period, we expanded our CMC capabilities to include comprehensive ophthalmic GMP manufacturing for both liquid and suspension products. The new production lines incorporate advanced technologies including high-shear mixing systems, blow-fill-seal capabilities, and integrated quality control systems.

During the Reporting Period, the Clinical Services expanded capabilities in complex formulation products, gaining extensive experience across diverse dosage forms including advanced delivery systems and biosimilars. The Clinical Services unit successfully managed multicenter bioequivalence studies in both healthy volunteers and patient populations across various therapeutic areas, demonstrating our capability to handle sophisticated clinical programs.

➢ Global Laboratory Services

During the Reporting Period, the Global Laboratory Services advanced its bioanalytical capabilities by developing an integrated platform that combines small molecule and large molecule analysis within a unified workflow. This integrated system enhances operational efficiency and accelerates timelines for pharmacokinetic, immunogenicity, and biomarker studies across diverse therapeutic modalities including antibody-drug conjugates, peptide-drug conjugates, and mRNA vaccines. Advanced project management systems and real-time quality control dashboards have also been implemented to optimize workflow efficiency and delivery timelines.

During the Reporting Period, the Bioanalytical Services maintained exemplary regulatory compliance with successful completion of multiple NMPA and FDA inspections. These inspections affirmed the unit's adherence to stringent regulatory standards and Good Laboratory Practice (GLP) guidelines. This continued compliance ensures the reliability and integrity of bioanalytical data, supporting our clients' clinical and nonclinical development programs with confidence.

During the first half of 2025, the Frontage China team also reinforced its commitment to technological innovation and process development by securing multiple patents and software copyrights across different research sites. These intellectual property innovations reflect the organization's focus on advancing proprietary technologies, enhancing operational efficiency, and supporting the evolving needs of our clients through innovative scientific and digital solutions.

THE GROUP'S FACILITIES

As of June 30, 2025, the Group had fourteen (14) facilities in North America and Europe, consisting of:

- four (4) facilities in Exton, PA, USA;
- two (2) facilities in Hayward, CA, USA;
- one (1) facility in Secaucus, NJ, USA;
- one (1) facility in Concord, OH, USA;
- one (1) facility in Deerfield, FL, USA;
- one (1) facility in Palo Alto, CA, USA;
- one (1) facility in Chicago, IL USA;
- one (1) facility in Vancouver, Canada;
- one (1) facility in Toronto, Canada; and
- one (1) facility in Milan, Italy.

In addition, as of June 30, 2025, the Group had eleven (11) facilities in China, consisting of:

- four (4) facilities in Shanghai;
- four (4) facilities in Suzhou, Jiangsu Province;
- one (1) facility in Zhengzhou, Henan Province; and
- two (2) facilities in Wuhan, Hubei Province.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by 1.5% from approximately US$128.5 million for the six months ended June 30, 2024 to approximately US$126.6 million for the six months ended June 30, 2025. Revenue from operations in North America and Europe decreased by 0.8% from approximately US$99.4 million for the six months ended June 30, 2024 to approximately US$98.6 million for the six months ended June 30, 2025. Excluding the impact of currency translation, the revenue from operations in China decreased by 2.7% from approximately RMB206.5 million (equivalent to approximately US$29.1 million) for the six months ended June 30, 2024 to approximately RMB200.9 million (equivalent to approximately US$28.0 million) for the six months ended June 30, 2025.

For the first quarter of 2025, the Group recorded revenue of approximately US$57.1 million, during the second quarter of 2025, the financial conditions of the Group rebounded, and revenue recorded approximately US$69.5 million, which represented an increase of 7.8% as compared to approximately US$64.5 million for the second quarter of 2024.

Specifically, revenue from operations in North America and Europe was approximately US$53.4 million for the second quarter of 2025, increased by 18.1% compared to approximately US$45.2 million for the first quarter of 2025. The growth of revenue from operations in North America and Europe in the second quarter was mainly attributable to marketing efforts made by the Group, resulting in resilient marketing performance in North America.

Excluding the impact of currency translation, revenue from operations in China was approximately RMB115.3 million (equivalent to approximately US$16.1 million) for the second quarter of 2025, increased by 34.7% compared to approximately RMB85.6 million (equivalent to approximately US$11.9 million) for the first quarter of 2025. The growth of revenue from operations in China in the second quarter was mainly attributable to improvement of capacity utilization and marketing efforts made by the Group.

The following table sets forth a breakdown of our revenue by type of service during the Reporting Period:

	For the six months ended	
	6/30/2025	6/30/2024
	US$'000	*US$'000*
Laboratory testing	**66,876**	66,255
Drug development	**41,732**	42,797
Drug discovery	**13,180**	15,820
Pharmaceutical product development	**4,790**	3,603
	126,578	128,475

An analysis of the Group's revenue from external customers, analyzed by the customer's respective country/region of operation, is presented below:

	For the six months ended June 30,			
	2025		2024	
Revenue	***US$'000***	*%*	*US$'000*	*%*
– USA and Canada	**99,649**	**78.7**	94,830	73.8
– China	**21,485**	**17.0**	22,428	17.5
– Rest of the world*(Note)*	**5,444**	**4.3**	11,217	8.7
Total	**126,578**	**100.0**	128,475	100.0

Note: Rest of the world primarily includes Europe, India, Japan, South Korea and Australia.

Top 5 customers' revenue decreased by 1.6% from approximately US$19.1 million for the six months ended June 30, 2024 to approximately US$18.8 million for the six months ended June 30, 2025, accounting for 14.8% of total revenue for the six months ended June 30, 2025 as compared to 14.9% for the six months ended June 30, 2024.

Top 10 customers' revenue increased by 1.9% from approximately US$27.0 million for the six months ended June 30, 2024 to approximately US$27.5 million for the six months ended June 30, 2025, accounting for 21.7% of total revenue for the six months ended June 30, 2025, as compared to 21.0% for the six months ended June 30, 2024.

Cost of Services

The cost of services of the Group decreased by 2.5% from approximately US$93.6 million for the six months ended June 30, 2024 to approximately US$91.3 million for the six months ended June 30, 2025. The decrease in the cost of services was mainly due to the decrease of labor costs, the cost of services were reduced in both North America and Europe and China were in line with cost savings and improved capacity utilization.

The cost of services of the Group consists of direct labor costs, cost of raw materials and overhead. Direct labor costs primarily consist of salaries, bonuses and social security costs for the employees in the Group's business units. Cost of raw materials primarily consists of costs incurred for the purchase of raw materials used in rendering of our services. Overheads primarily consist of depreciation charges of the facilities and equipment used in rendering the Group's services, utilities and maintenance.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 1.4% from approximately US$34.8 million for the six months ended June 30, 2024 to approximately US$35.3 million for the six months ended June 30, 2025. The Group's gross profit margin increased from approximately 27.1% for the six months ended June 30, 2024 to approximately 27.9% for the six months ended June 30, 2025.

In particular, gross profit margin in North America and Europe increased from approximately 29.4% for the six months ended June 30, 2024 to approximately 30.4% for the six months ended June 30, 2025, which was primarily due to the decrease of cost driven by the improvement in capacity utilization. Gross profit margin in China was approximately 19.2% for the six months ended June 30, 2025, only with slight change compared to approximately 19.3% for the six months ended June 30, 2024.

Selling and Marketing Expenses

Selling and marketing expenses of the Group decreased by 8.5% from approximately US$4.7 million for the six months ended June 30, 2024 to approximately US$4.3 million for the six months ended June 30, 2025, as a result of cost driven by the improvement in efficiency.

Administrative Expenses

The Group's administrative expenses decreased by 15.1% from approximately US$24.5 million for the six months ended June 30, 2024 to approximately US$20.8 million for the six months ended June 30, 2025. Excluding share-based compensation expense and amortization of intangible assets acquired from mergers and acquisitions and expenses in relation to mergers and acquisitions, the Group's administrative expenses decreased by 12.1% from approximately US$18.2 million for the six months ended June 30, 2024 to approximately US$16.0 million for the six months ended June 30, 2025, primarily due to the decrease of labor cost and improvement of efficiency.

Research and Development Expenses

Our research and development activities mainly focused on (i) developing technologies and methodologies to continue to enhance our services; and (ii) improving the quality and efficiency of our services.

The Group's research and development expenses decreased by 21.4% from approximately US$2.8 million for the six months ended June 30, 2024 to approximately US$2.2 million for the six months ended June 30, 2025, primarily due to the implementation of cost reduction and efficiency improvement measures to enhance research and development efficiency and reduce costs.

Finance Costs

The Group's finance costs decreased by 2.3% from approximately US$4.3 million for the six months ended June 30, 2024 to approximately US$4.2 million for the six months ended June 30, 2025, primarily due to the repayment of bank borrowings during the Reporting Period.

Income Tax Expense

The income tax expense of the Group increased from approximately US$0.7 million for the six months ended June 30, 2024 to approximately US$2.2 million for the six months ended June 30, 2025, primarily due to an increase in pretax income.

Net Profit/Loss and Net Profit/Loss Margin

The Group recorded net profit of approximately US$2.9 million for the six months ended June 30, 2025, as compared to net loss of approximately US$0.3 million for the six months ended June 30, 2024. The Group recorded net profit margin of 2.3% for the six months ended June 30, 2025, as compared to net loss margin of 0.2% for the six months ended June 30, 2024. The higher net profit and net profit margin compared to the six months ended June 30, 2024 was mainly attributable to the implementation of cost reduction and efficiency improvement measures to enhance efficiency.

Particularly, the net profit of the second quarter 2025 of approximately US$3.8 million, has significantly improved from net loss of approximate US$0.9 million of the first quarter 2025, as a result of increased market demand and improved operational efficiency and enhanced capacity utilization.

Adjusted Net Profit

The following table presents a reconciliation of adjusted net profit to the net profit/(loss) for the periods, the most directly comparable IFRS measure, for each of the periods indicated:

	For the six months ended June 30,	
	2025	2024
	US$'000	*US$'000*
Net Profit/(Loss)	**2,923**	(300)
Add: Share – based compensation expense	**1,112**	1,663
Amortization of acquired intangible assets from mergers and acquisitions	**3,703**	4,341
Loss arising from financial liabilities measured as fair value through profit or loss	**–**	159
Expenses in relation to mergers and acquisitions	**–**	284
Adjusted Net Profit	**7,738**	6,147
Adjusted Net Profit Margin	**6.1%**	4.8%

The adjusted net profit of the Group increased by 26.2% from approximately US$6.1 million for the six months ended June 30, 2024 to approximately US$7.7 million for the six months ended June 30, 2025. The adjusted net profit margin of the Group for the six months ended June 30, 2025 was 6.1%, compared to 4.8% for the six months ended June 30, 2024. The higher adjusted net profit and adjusted net profit margin of the Group for the six months ended June 30, 2025 was primarily due to a higher net profit and net profit margin as discussed above.

Particularly, the adjusted net profit was approximately US$6.1 million for the second quarter of 2025, with significant improvement compared to approximately US$1.6 million for the first quarter of 2025, which is in line with a higher net profit in the second quarter as discussed above.

EBITDA

The EBITDA[2] of the Group increased by 13.9% from approximately US$23.7 million for the six months ended June 30, 2024 to approximately US$27.0 million for the six months ended June 30, 2025. The EBITDA margin of the Group for the six months ended June 30, 2025 was 21.4%, compared to 18.4% for the six months ended June 30, 2024. The increase of EBITDA is in line with the net profit which had been discussed above.

Adjusted EBITDA

The adjusted EBITDA[3] of the Group increased by 8.9% from approximately US$25.8 million for the six months ended June 30, 2024 to approximately US$28.1 million for the six months ended June 30, 2025. The adjusted EBITDA margin of the Group increased from 20.1% for the six months ended June 30, 2024 to 22.2% for the six months ended June 30, 2025. The increase of adjusted EBITDA is in line with the EBITDA which had been discussed above.

Basic and Diluted Earnings/Loss Per Share

The Group recorded basic earnings per share of US$0.0014 for the six months ended June 30, 2025, as compared to basic loss per share of US$0.0001 for the six months ended June 30, 2024. The Group recorded diluted earnings per share of US$0.0014 for the six months ended June 30, 2025, as compared to diluted loss per share of US$0.0001 for the six months ended June 30, 2024.

The adjusted basic earnings per share for the six months ended June 30, 2025 amounted to US$0.0038, representing an increase of 22.6% as compared with that of US$0.0031 for the six months ended June 30, 2024. The adjusted diluted earnings per share of the Group for the six months ended June 30, 2025 amounted to US$0.0038 when compared with that of US$0.0031 for the six months ended June 30, 2024. The increase in both the adjusted basic and the adjusted diluted earnings per share was primarily due to the increase in the adjusted net profit as discussed in the above.

2 EBITDA represents net profit before (i) interest expenses; (ii) income tax expenses; and (iii) amortization and depreciation.

3 Calculation of adjusted EBITDA is modified and calculated as EBITDA for the Reporting Period, excluding the share-based compensation expenses, and gain or loss arising from financial liabilities measured as fair value through profit or loss and expenses in relation to mergers and acquisitions to better reflect the Company's current business and operations.

Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with the IFRS, the Company has provided adjusted net profit, adjusted net profit margin, and adjusted basic and diluted earnings per share (excluding the share-based compensation expenses, amortization of acquired intangible assets from mergers and acquisitions, gain or loss arising from financial liabilities measured as fair value through profit or loss and expenses in relation to mergers and acquisitions) as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that the adjusted financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non – operating items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. The adjusted results should not be viewed on a stand-alone basis or as a substitute for results under IFRS.

Right-of-Use Assets

The Group recorded approximately US$51.6 million right-of-use assets as at June 30, 2025, which decreased by 5.0% from approximately US$54.3 million as at December 31, 2024. The decrease was mainly due to the depreciation charges of existing leases.

Intangible Assets

The Group recorded approximately US$26.6 million intangible assets as at June 30, 2025, which decreased by 11.3% from approximately US$30.0 million as at December 31, 2024. The decrease was mainly due to the amortization.

Trade and Other Receivables and Prepayment

The trade and other receivables and prepayment of the Group increased by 6.8% from approximately US$69.1 million as at December 31, 2024 to approximately US$73.8 million as at June 30, 2025. Such change is within the normal fluctuation range of the group's business development.

Unbilled Revenue

The Group recorded an 11.1% increase in unbilled revenue from approximately US$18.9 million as at December 31, 2024 to approximately US$21.0 million as at June 30, 2025. Such change is within the normal fluctuation range of the Group's business development.

Trade and Other Payables

The trade and other payables of the Group increased by 9.3% from approximately US$19.3 million as at December 31, 2024 to approximately US$21.1 million as at June 30, 2025, primarily due to the increased payments for plant and equipment to expand laboratory service.

Advances from Customers

The Group recorded a decrease of 6.3% in advances from customers which were converted to revenue during the Reporting Period.

Liquidity and Capital Resources

The Group's bank balances and cash amounted to approximately US$33.7 million in total as at June 30, 2025, as compared to approximately US$44.1 million as at December 31, 2024, as a result of payments for bank borrowings. The cash and cash equivalents held by the Company are composed of RMB, HK$, CAD, EUR and US$. Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved.

The following table sets forth a condensed summary of the Group's consolidated statements of cash flows for the periods indicated and analysis of balances of cash and cash equivalents for the periods indicated:

	For the six months ended June 30,	
	2025	2024
	US$'000	*US$'000*
Net cash generated from operating activities	**18,764**	4,632
Net cash used in investing activities	**(3,551)**	(14,855)
Net cash (used in)/generated from financing activities	**(25,200)**	840
Net decrease in cash and cash equivalents	**(9,987)**	(9,383)
Cash and cash equivalents at the beginning of the period	**44,091**	53,186
Effect of exchange rate changes	**(442)**	(805)
Cash and cash equivalents at the end of the period	**33,662**	42,998

Capital Expenditures

Our principal capital expenditures relate primarily to purchases of property, plant and equipment, and intangible assets relation to the expansion and enhancement of our facilities and purchases of equipment and intangible assets used in providing our services. Approximately US$3.7 million of capital expenditures were incurred for the six months ended June 30, 2025, which was decreased by 77.4% when compared to approximately US$16.4 million for the six months ended June 30, 2024.

Indebtedness

Borrowings

The Group had total bank borrowings of US$78.6 million as at June 30, 2025 compared to US$95.7 million as at December 31, 2024. On June 30, 2025, the effective interest rate of the Group's bank borrowings ranged from 2.60% to 6.45%. US$ borrowings amounted to US$51.3 million and RMB borrowings amounted to RMB195.5 million (equivalent to US$27.3 million).

Lease Liabilities

The Group leased some of our equipment and facilities under lease agreements with lease terms of three to twenty-five years and right-of-use assets agreements. The Group recorded approximately US$58.2 million lease liabilities as at June 30, 2025, compared to approximately US$58.7 million as at December 31, 2024 due to the payments for existing leases, partially offset by the new lease.

Contingent Liabilities and Guarantees

As at June 30, 2025, the Group did not have any material contingent liabilities or guarantees.

Currency Risk

The functional currency of the Company and the operating subsidiaries incorporated in the USA is US$. The functional currency of the PRC operating subsidiaries is RMB. The functional currency of the operating subsidiary incorporated in Canada is CAD. The functional currency of the operating subsidiary incorporated in Europe is EUR. Particularly, the PRC operating subsidiaries have foreign currency sales and purchases, which expose the Group to foreign currency risk.

The PRC operating subsidiaries are mainly exposed to foreign currencies of US$ and Euro. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position.

Gearing Ratio

The gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents and structured deposits divided by total equity and multiplied by 100%. The gearing ratios were 30.2% and 33.0% as at June 30, 2025 and December 31, 2024, respectively. The decrease is primarily due to the repayment of bank borrowings.

Employees and Remuneration Policies

As at June 30, 2025, the Group had a total of 1,540 employees, of whom 835 were located in North America and Europe and 705 were located in China; 1,266 were scientific and technical support staff and 274 were sales, general and administrative staff. Approximately 84% of employees hold a bachelor's degree or above, and we have 521 employees that hold an advanced degree (a master's level degree or higher such as Ph.D, M.D. or other doctorate level degrees).

The staff costs, including Directors' emoluments but excluding any contributions to retirement benefit scheme contributions and share-based compensation expenses, were approximately US$52.9 million for the six months ended June 30, 2025, as compared to approximately US$58.5 million for the six months ended June 30, 2024. The remuneration packages of employees generally include salary and bonus elements. In general, the Group determines the remuneration packages based on the qualifications, position and performance of its employees. The Group also makes contributions to pension schemes, social insurance funds, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve fund as applicable to the countries where the Group operates.

As at the date of this announcement, the Group has adopted the Pre-IPO Share Incentive Plans, the 2018 Share Incentive Plan and the 2021 Share Award Scheme to provide incentives or rewards to eligible participants for their contribution or potential contribution to the Group.

In addition, the Group has training systems, including orientation and on-the-job training for all staff, to accelerate the learning progress and improve the knowledge and skill levels of its workforce. The Group also has a training program for senior management that focuses on management skills, conflict resolution and effective communication skills and sessions on how to recruit and retain talent. The orientation process covers corporate culture and policies, work ethics, introduction to the drugs development process, quality management and occupational safety. The periodic on-the-job training covers certain technical aspects of the Group's services, environmental, health and safety management systems and mandatory training required by applicable laws and regulations.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant events affecting the Group, which have occurred subsequent to June 30, 2025 and up to the date of this announcement.

PROSPECTS

The global CRO services market size was valued at US$85.54 billion in 2024. The market is projected to grow from US$92.27 billion in 2025 to US$175.53 billion by 2032.[4] As the industry evolves, today's customers seek more than basic outsourcing. They need comprehensive partners who can navigate complex regulatory pathways, deliver specialized laboratory services, and manage manufacturing processes with expertise and precision. Frontage is well-positioned to meet this demand. We provide comprehensive, integrated "one-stop-shop" solutions across North America, Europe, and China, supported by decades of experience in biopharmaceutical development.

We are strategically focused on expanding capacity to accommodate growing study volumes and increasing therapeutic complexity. We are also building specialized teams to support new facility operations and to enhance our testing capabilities.

As part of our long-term strategy, we are investing in digital transformation initiatives implementing advanced tools for workflow optimization, quality control, automated reporting, and streamlined operations. These efforts are designed to improve both data consistency and operational efficiency.

Looking ahead, Frontage remains committed to strategic growth and technological innovation. We will continue to pursue growth through ongoing facility development, expansion of service offerings, and the strengthening of global partnerships, all in support of our mission to be a trusted, full-service partner for pharmaceutical and biotechnology companies around the world.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of the Company's subsidiaries, associates and joint ventures during the six months ended June 30, 2025.

4 https://www.fortunebusinessinsights.com/industry-reports/contract-research-organization-cro-services-market-100864

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended June 30, 2025 (six months ended June 30, 2024: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the six months ended June 30, 2025 (including sale of treasury shares (as defined under the Listing Rules)). As at June 30, 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all the Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the six months ended June 30, 2025.

CORPORATE GOVERNANCE CODE

During the six months ended June 30, 2025, the Company has followed the principles and complied with the code provisions set out in the CG Code.

REVIEW OF INTERIM RESULTS BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee has reviewed together with the Company's management and BDO Limited, the Company's external auditor, the accounting principles and policies, internal controls, risk management and financial reporting adopted by the Group, the unaudited condensed consolidated financial statements, interim results announcement and interim report of the Group for the Reporting Period. The Audit and Risk Management Committee is satisfied that the unaudited condensed consolidated financial statements, interim results announcement and interim report of the Group for the Reporting Period were prepared in accordance with the applicable accounting standards and fairly present the Group's financial position and results for the Reporting Period and that adequate disclosures had been made in accordance with the requirements of the Listing Rules.

PUBLICATION OF THE 2025 INTERIM RESULTS ANNOUNCEMENT AND 2025 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.frontagelab.com). The interim report of the Company for the Reporting Period containing all the information required under the Listing Rules will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders upon request of the Shareholders.

DEFINITIONS

"2008 Share Incentive Plan"	the pre-IPO share incentive plan approved by Frontage Labs in 2008 and assumed by the Company on April 17, 2018
"2015 Share Incentive Plan"	the pre-IPO share incentive plan approved by Frontage Labs in 2015 and assumed by the Company on April 17, 2018
"2017 Tax Act" or "Transition Tax"	The Tax Cuts and Jobs Act was signed into law on December 22, 2017, has resulted in significant changes to the U.S. corporate income tax system. These changes reduce tax rates and modify policies, credits and deductions for businesses. The 2017 Tax Act also transitions the U.S. international taxation from a worldwide system to a modified territorial system and includes base erosion prevention measures on non-U.S. earnings, which could result in subjecting certain earnings of Frontage Shanghai to U.S. taxation. These changes are effective beginning in 2018. The 2017 Tax Act also includes a tax on the mandatory deemed repatriation of accumulated previously untaxed foreign earnings of Frontage Shanghai (the "**Transition Tax**")
"2018 Share Incentive Plan"	the post-IPO share incentive plan adopted by the Company on May 11, 2019
"2021 Share Award Scheme"	the "2021 Share Award Scheme" constituted by the rules adopted on January 22, 2021, in its present form or as amended from time to time in accordance with the provisions therein
"Audit and Risk Management Committee"	the audit and risk management committee of the Board
"Award Participants"	the selected participants who were awarded the Awarded Shares under the 2021 Share Award Scheme
"Awarded Shares"	the 22,950,500 Shares granted by the Company to the Award Participants pursuant to the terms of the 2021 Share Award Scheme
"Board of Directors" or "Board"	the board of directors of the Company from time to time
"CAD"	Canadian Dollars, the lawful currency of Canada
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, as amended, supplemented or otherwise modified from time to time

"CMC"	stands for Chemistry, Manufacturing and Controls. The Group's portfolio of CMC services spans from drug discovery to the post-approval phase, including lead compound quantification and analytical testing for the discovery phase, formulation development, Good Laboratory Practice toxicology batch studies, release and product testing, stability testing, Clinical Trial Materials and Good Manufacturing Practice manufacturing, extractability and leachability studies and commercial product release following approval of an application
"CODM"	the chief operating decision maker of the Group
"Company"	Frontage Holdings Corporation, a company incorporated under the laws of the Cayman Islands with limited liability on April 16, 2018
"Connected Award Participants"	the Award Participants who are connected with the Company or connected persons of the Company
"Controlling Shareholder(s)"	has the meaning given to it under the Listing Rules and unless the context requires otherwise, refers to Hangzhou Tigermed and Hongkong Tigermed
"CRO"	Contract research organization
"Director(s)"	the director(s) of the Company from time to time
"DMPK"	Drug Metabolism and Pharmacokinetics, refers to studies designed to determine the absorption and distribution of an administered drug, the rate at which a drug takes effect, the duration a drug maintains its effects and what happens to the drug after being metabolized by the body
"EIT"	PRC Enterprise Income Tax
"EIT Law"	Enterprise Income Tax Law of the PRC
"FDA"	the U.S. Food and Drug Administration
"Frontage Labs"	Frontage Laboratories, Inc., a company incorporated under the laws of Pennsylvania, United States on April 21, 2004 and the wholly-owned subsidiary of the Company
"Frontage Shanghai"	Frontage Laboratories (Shanghai) Co., Ltd., a company established in the PRC on August 2, 2005 and a subsidiary of the Company
"Frontage Suzhou"	Frontage Laboratories (Suzhou) Co, Ltd., a company established in the PRC on January 7, 2014, and a subsidiary of the Company

“GLP”	Good Laboratory Practice, a quality system of management controls for research laboratories and organizations to try to ensure the uniformity, consistency, reliability, reproducibility, quality and integrity of chemical and pharmaceuticals non-clinical safety tests
“Group”, “We”, “Our” or “Us”	the Company and its subsidiaries
“Hangzhou Tigermed”	Hangzhou Tigermed Consulting Co., Ltd., a company established in the PRC on December 15, 2004 with its shares being listed on ChiNext market of the Shenzhen Stock Exchange with stock code 300347 and on the Main Board of the Hong Kong Stock Exchange with stock code 3347, which is one of the controlling shareholders of the Company
“HK$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongkong Tigermed”	Hongkong Tigermed Co., Limited, a company incorporated under the laws of Hong Kong with limited liability on September 14, 2011 and which is a wholly-owned subsidiary of Hangzhou Tigermed and one of the controlling shareholders of the Company
“IFRSs”	International Financial Reporting Standards
“IPO”	initial public offering
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	May 30, 2019, being on the date the Shares were listed on the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issues contained in Appendix C3 to the Listing Rules
“Non-connected Award Participants”	the Award Participants who are not connected with the Company or connected persons of the Company
“PRC” or “China”	the People’s Republic of China, but for the purposes of this announcement only, except where the context requires, references to the PRC or China exclude Hong Kong, Macau and Taiwan
“Pre-IPO Share Incentive Plans”	the 2008 Share Incentive Plan and the 2015 Share Incentive Plan

"Prospectus"	the prospectus of the Company dated May 17, 2019
"Reporting Period"	the six months ended June 30, 2025
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary shares(s) with nominal value US$0.00001 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

In this announcement, the terms "associate", "connected person", "controlling shareholder" and "subsidiary" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By Order of the Board
Frontage Holdings Corporation
Dr. Song Li
Chairman

Hong Kong, August 28, 2025

As at the date of this announcement, the Board comprises Dr. Song Li, Dr. Wentao Zhang and Dr. Zhongping Lin as executive Directors; Ms. Zhuan Yin and Mr. Hao Wu as non-executive Directors; and Mr. Yifan Li, Mr. Erh Fei Liu and Dr. Jingsong Wang as independent non-executive Directors.

* *For identification purpose only*