Broncus Holding Corporation
堃博医疗控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2216)

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

The board (the "**Board**") of directors (the "**Directors**") of Broncus Holding Corporation (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**us**") for the six months ended June 30, 2025 (the "**Reporting Period**"), together with the unaudited comparative figures for the six months ended June 30, 2024.

FINANCIAL HIGHLIGHTS

	For the six months ended June 30, 2025 *USD'000*	For the six months ended June 30, 2024 *USD'000*	Period-on-period change
Revenue	**1,652**	3,704	-55.4%
Gross profit	**1,214**	2,954	-58.9%
Loss for the period	**(7,792)**	(7,943)	-1.9%
Add:			
Share awards	**836**	111	653.2%
Non-IFRS adjusted net loss for the period(1)	**(6,956)**	(7,832)	-11.2%

(1) Please refer to section headed "Non-IFRS Measures" in this announcement for more details.

BUSINESS HIGHLIGHTS

The Board is pleased to announce that, from the commencement of the Reporting Period to the date of this announcement, we achieved significant progress with respect to our product pipelines and business operations, including:

- **Lung Cancer Interventional Therapy Products Approved for Launch in China**
  During the Reporting Period, our proprietary core product, the BroncAblate® Transbronchial Radiofrequency Ablation System (referred to as "**BroncAblate®**") was approved for marketing in the PRC by the National Medical Products Administration (NMPA). Through breakthrough key technological innovations, our self developed core product BroncAblate® Disposable Lung Radiofrequency Ablation Catheter (Registration No.: Guo Xie Zhu Zhun 20253010767) when used in conjunction with our other self developed core product BroncAblate® Lung Radiofrequency Ablation System Generator (Registration No.: Guo Xie Zhu Zhun 20253011204), is able to deliver, for the first time, stable and accurate radiofrequency energy to the center of lung lesions through the natural orifice (bronchus), achieving full coverage and ablation of lesions, thus ushering in a new era of "ultra-minimally invasive, intelligent and precise" interventional therapy for lung cancer, and successfully filling in the gap in the field around the world.

  BroncAblate® is the world's first radiofrequency ablation interventional therapeutic device for lung cancer through natural orifice (bronchial) that has been confirmed by large-scale and high-quality clinical studies, the one-year follow-up on the clinical trial results (the BRONC-RFII studies) were published in the authoritative academic journal "Respirology", validating the advantages of BroncAblate® in lung tumor treatment in terms of safety and efficacy, offering lung cancer patients with a targeted ultra-minimally invasive interventional therapy with less trauma and better benefits, and provides a new treatment option for lung cancer patients worldwide.

  In July 2025, after completing marketing in top-tier medical centers across the nation, including Shanghai Pulmonary Hospital, West China Medical Center of Sichuan Medical University, Xi'an International Medical Center, and Sir Run Run Shaw Hospital of Zhejiang University School of Medicine, the first batch of products was used in clinical applications, with remarkable clinical efficacy. Meanwhile, the procedures necessary for the commercialization of BroncAblate®, such as the relevant operation reimbursement and sunshine procurement, are progressing smoothly.

- **Orderly Progress of Clinical and Commercialization of COPD Treatment Products**
  We are the only medical treatments company in the world that covers all interventional treatment options for Chronic Obstructive Pulmonary Disease (referred to as "**COPD**") patients who do not have the best results from drug treatment. We have successfully marketed InterVapor® and the Targeted Lung Denervation ("**TLD**") Radiofrequency Ablation System, which are used respectively for the treatment of severe and very severe COPD as well as acute exacerbations of COPD. During the Reporting Period, in addition to our efforts on the commercialization of our marketed products, we also continued to dedicate efforts to key clinical trials and post-marketing clinical trials of our products, so as to accumulate more evidence-based medical data and clinical application experiences to support the promotion and iteration of our products.

  - Since the launch of InterVapor® in the PRC, as of June 30, 2025, approximately 200 hospitals have tried/experimented InterVapor®, with over 500 cases of clinical applications in China, where its efficacy in treating severe COPD has been widely acknowledged by both physicians and patients.

  - The series of post-marketing clinical trials of InterVapor® are progressing in an orderly manner across China. The relevant series of studies are planned to be carried out in more than 30 hospitals in China to study its application on different subgroups as well as its improvement on COPD acute exacerbation. The post-marketing clinical research on InterVapor® is expected to collect more high-quality evidence-based medical data, and provide more patients with safe and effective treatment options for COPD.

  - The compilation of the Standardized Procedure of Bronchoscopic Thermal Vapor Ablation (referred to as "**BTVA**") is progressing in an orderly manner, the aim of which is to establish an expert consensus on the "Standardized Clinical Application of Bronchoscopic Thermal Vapor Lung Volume Reduction for COPD, and support the realization of clinical application of InterVapor®.

  - Patients have been successfully enrolled for our pre-marketing clinical trial for the interventional treatment product of acute exacerbation of COPD, the TLD Ablation System. As of June 30, 2025, 109 patients have been enrolled. The interim investigator meeting for this clinical trial has been held, and the data showed a general improvement in the clinical performance of patients.

- **Promotion of Other Innovative Products and Techniques of Interventional Pulmonary System**

  We have self-developed numerous innovative products in the interventional pulmonology diagnostic and therapeutic field, most of which are the first and only products in the world. After our products are officially launched, their commercialization and the promotion of the innovative clinical will require arduous efforts. Despite various challenges, our general consumable products in the pulmonary interventional field were applied in a variety of clinical scenarios during the Reporting Period, providing safe and effective solutions for doctors and patients.

  - In March 2025, our lung imaging processing software, BroncQCT®, has officially received approval from the Zhejiang Medical Products Administration for marketing in China. During clinical application, the software is expected to enhance physicians' efficiency in examining lung computed tomography (CT) images, provide support for clinical auxiliary diagnosis and treatment, and promote more efficient and precise diagnostic processes.

  - In terms of the combined application of navigation and consumables, the LungPro®, an augmented reality optical whole lung diagnosis and treatment navigation, combined with consumables such as Mist Fountain®, a disposable nebulizing micro-catheter for endoscope, as well as BroncTru® and FleXNeedleCN, are applied in multiple innovative techniques such as thoracic surgery for lung tumors surgical positioning, transbronchial dilatation catheter localization biopsy (EBUS-GS-TBLB), transbronchial cryobiopsy (EBUS-TTCB), mediastinal tumor biopsy technique (EBUS-TBNB), and transbronchial dilatation catheter targeted drug delivery, providing LungPro® with richer clinical experiences for its integrated precision diagnosis and treatment functions, stimulates more clinical treatment application potential, and effectively promotes the clinical application of the "Integrated Pulmonary Interventional Diagnosis and Treatment Solution" of Broncus, offering a variety of diagnosis and treatment options to doctors and patients.

- **Our Clinical Experience Won Praise from Experts at National Academic Conferences**
  - In April 2025, the 91st China International Medical Equipment Fair (Spring) (2025CMEF) was held at the National Exhibition and Convention Center (Shanghai). At this grand event that brought together the elites of the global medical equipment industry, Broncus made its debut with its one-stop innovative respiratory interventional diagnosis and treatment solution, integrating positioning-navigation-diagnosis-treatment, offering brand-new solutions and demonstrating cutting-edge technologies to the respiratory diagnosis and treatment industry. The one-stop respiratory interventional innovative diagnosis and treatment solutions covers the whole process of respiratory interventional diagnosis and treatment, from precise positioning to efficient navigation, to accurate diagnosis and effective diagnosis and treatment, which forms a complete closed loop of diagnosis and treatment.

  - In May 2025, at the 2025 Nanshan Respiratory Health Forum and the Series of Academic Activities for the 4th Anniversary of the Founding of Guangzhou National Laboratory, the interventional respiratory endoscopy sub-forum has held the "New Technique Conference of Transbronchial Radiofrequency Ablation for Lung Cancer", and showcased this breakthrough technique to the respiratory interventional technique experts and industry peers from all across the country.

  - In June 2025, during the 10th Eastern Thoracic Academic Conference (東方胸外科學術會議) (OCTS 2025, Shanghai), we held a seminar on transbronchoscopic dilatation catheter lung radiofrequency ablation technique, where respiratory and thoracic clinical experts from all over the country discussed the interventional techniques for lung cancer treatment.

  - In July 2025, at the 8th West China Young Respiratory Physician Forum, presented its newly launched products: the BroncAblate® Lung Radiofrequency Ablation System & Disposable Radiofrequency Lung Ablation Catheter, as well as a full series of interventional respiratory solutions, which pioneered the promotion of BroncAblate® in Southwest China.

  - In July 2025, at the 1st Academic Conference on Respiratory Endoscopy and Interventional Pulmonology Treatment and the 1st Southern Respiratory Interventional Treatment Forum by Guangdong Medical Association, we have introduced our dual-core products, namely BroncAblate® and InterVapor® through hands-on skills training and conference keynote speeches with ample results.

- **Global Strategic Layout and Business Expansion**
  As a global leader in respiratory interventional treatment, we adhere to our global strategic layout. During the Reporting Period, we saw positive outcomes in overseas academic promotion and gaining market access.

  - In March 2025, Broncus brought the LungPro® Augmented Reality Optical Whole Lung Diagnostic and Therapeutic Navigation System (known as the Archimedes System outside of China) and BroncAblate® to the 5th International Sublobar Conference and Bronchoscopic Ablation Summit held in Paris, France. The grand event gathered the world's top experts and innovative ideas in the field of sublobar resection and pulmonary nodule ablation, and Broncus was invited to participate to jointly promote the development of the industry. During the meeting, Prof. Calvin S.H. Ng from the Chinese University of Hong Kong demonstrated on the product progress and clinical trial data of BroncAblate®, the bronchial radiofrequency ablation system of Broncus, which received exuberant responses.

  - In April 2025, our LungPro® Augmented Reality Optical Whole Lung Diagnostic and Therapeutic Navigation System was presented at an international academic seminar in Italy, where Dr. Nicola Facciolongo and Dr. Roberto Piro presented the practical case of the system in Europe, and Prof. LI Shiyue (李時悦教授) of the Affiliated Hospital of Guangzhou Medical University presented relevant practical experience in China, which received wide attention.

  - In May 2025, the BroncAblate® Lung Radiofrequency Ablation System was presented at the 3rd Global Congress on Robotic Bronchoscopy and Companion Technologies held in Amsterdam, the Netherlands. During the meeting, Dr. Kelvin Lau, a thoracic specialist from St. Bartholomew's Hospital in the United Kingdom, and Prof. Calvin S.H. Ng, from the Chinese University of Hong Kong, shared their report on the BroncAblate® Lung Radiofrequency Ablation System of Broncus, demonstrating the clinical value of the system in minimally invasive diagnosis and treatment, and BroncAblate® received high praises from overseas experts.

  - In terms of market access, as of June 30, 2025, we hold a total of 69 registration certificates overseas, including 4 CE certificates, 7 FDA certificates, and 58 registration certificates from other countries/regions.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

	Notes	**2025 *(Unaudited) USD'000***	2024 *(Unaudited) USD'000*
REVENUE	*5*	**1,652**	3,704
Cost of sales		**(438)**	(750)
Gross profit		**1,214**	2,954
Other income and gains	*5*	**4,538**	3,450
Selling and distribution expenses		**(3,307)**	(3,755)
Administrative expenses		**(3,594)**	(3,604)
Impairment losses on financial assets, net		**(2,158)**	(444)
Research and development costs		**(4,456)**	(6,491)
Other expenses		**(18)**	–
Finance costs		**(7)**	(51)
LOSS BEFORE TAX	*6*	**(7,788)**	(7,941)
Income tax expense	*7*	**(4)**	(2)
LOSS FOR THE PERIOD		**(7,792)**	(7,943)
Attributable to:			
Owners of the parent		**(7,792)**	(7,943)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (USD)	*9*	**(0.02)**	(0.02)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	2025 ***(Unaudited)*** ***USD'000***	2024 *(Unaudited)* *USD'000*
LOSS FOR THE PERIOD	**(7,792)**	(7,943)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**275**	(347)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**275**	(347)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(7,517)**	(8,290)
Attributable to:		
Owners of the parent	**(7,517)**	(8,290)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	**30 June 2025 *(Unaudited)* *USD'000***	31 December 2024 *(Audited)* *USD'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**1,057**	1,279
Other intangible assets		**7,088**	7,706
Right-of-use assets		**86**	310
Financial assets at fair value through profit or loss	*11*	**14,721**	14,670
Finance lease receivables		**–**	19
Prepayments, other receivables and other assets		**84**	121
Total non-current assets		**23,036**	24,105
CURRENT ASSETS			
Inventories		**3,460**	3,599
Finance lease receivables		**32**	26
Trade receivables	*12*	**5,101**	7,863
Prepayments, other receivables and other assets		**3,279**	956
Pledged deposits		**238**	238
Structured deposits		**50,883**	40,291
Time deposits with original maturity over three months		**53,186**	52,344
Cash and cash equivalents		**26,451**	46,473
Total current assets		**142,630**	151,790
CURRENT LIABILITIES			
Trade payables	*13*	**61**	255
Lease liabilities		**40**	296
Other payables and accruals		**4,626**	5,089
Bank overdrafts		**7**	22
Derivative financial instruments		**–**	170
Contract liabilities		**551**	586
Total current liabilities		**5,285**	6,418
NET CURRENT ASSETS		**137,345**	145,372
TOTAL ASSETS LESS CURRENT LIABILITIES		**160,381**	169,477

	30 June 2025 ***(Unaudited)*** ***USD'000***	31 December 2024 *(Audited)* *USD'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**160,381**	169,477
Net assets	**160,381**	169,477
EQUITY		
Equity attributable to owners of the parent		
Share capital	**12**	12
Treasury shares	**(2,760)**	–
Reserves	**163,130**	169,466
	160,382	169,478
Non-controlling interests	**(1)**	(1)
Total equity	**160,381**	169,477

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the parent									
	Share capital *USD'000*	Treasury shares *USD'000*	Share premium* *USD'000*	Other reserve* *USD'000*	Share option reserve* *USD'000*	Exchange fluctuation reserve* *USD'000*	Accumulated losses* *USD'000*	Total *USD'000*	Non-controlling interests *USD'000*	Total equity *USD'000*
At 31 December 2024 (audited)	12	–	593,697	43,808	12,109	(3,576)	(476,572)	169,478	(1)	169,477
Loss for the period	–	–	–	–	–	–	(7,792)	(7,792)	–	(7,792)
Exchange differences on translation of foreign operations	–	–	–	–	–	275	–	275	–	275
Total comprehensive income for the period	–	–	–	–	–	275	(7,792)	(7,517)	–	(7,517)
Equity-settled share award arrangements	–	–	–	–	836	–	–	836	–	836
Exercise of restricted stock units	–	–	1,565	–	(1,372)	–	–	193	–	193
Exercise of equity-settled share options	–	–	444	–	(292)	–	–	152	–	152
Repurchase of shares	–	(2,760)	–	–	–	–	–	(2,760)	–	(2,760)
At 30 June 2025 (unaudited)	12	(2,760)	595,706	43,808	11,281	(3,301)	(484,364)	160,382	(1)	160,381

* These reserve accounts comprise the consolidated reserves of USD163,130,000 in the interim condensed consolidated statement of financial position as at 30 June 2025.

	Attributable to owners of the parent								
	Share capital *USD'000*	Share premium* *USD'000*	Other reserve* *USD'000*	Share option reserve* *USD'000*	Exchange fluctuation reserve* *USD'000*	Accumulated losses* *USD'000*	Total *USD'000*	Non-controlling interests *USD'000*	Total equity *USD'000*
At 31 December 2023 (audited)	12	593,574	43,808	12,625	(2,750)	(461,898)	185,371	(1)	185,370
Loss for the period	–	–	–	–	–	(7,943)	(7,943)	–	(7,943)
Exchange differences on translation of foreign operations	–	–	–	–	(347)	–	(347)	–	(347)
Total comprehensive income for the period	–	–	–	–	(347)	(7,943)	(8,290)	–	(8,290)
Equity-settled share award arrangements	–	–	–	111	–	–	111	–	111
At 30 June 2024 (unaudited)	12	593,574	43,808	12,736	(3,097)	(469,841)	177,192	(1)	177,191

* These reserve accounts comprise the consolidated reserves of USD177,180,000 in the interim condensed consolidated statement of financial position as at 30 June 2024.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Notes	**2025 (Unaudited) USD'000**	2024 (Unaudited) USD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(7,788)**	(7,941)
Adjustments for:			
Finance costs		**7**	51
Bank interest income	*5*	**(2,796)**	(3,220)
Fair value gains net:			
Financial assets at fair value through profit or loss	*5*	**–**	(2)
Depreciation of property, plant and equipment		**290**	612
Depreciation of right-of-use assets		**224**	484
Amortisation of intangible assets		**634**	632
Impairment of trade receivables	*6*	**2,158**	444
Fair value gain on derivative financial instruments		**(166)**	–
Equity-settled share award expenses	*14*	**836**	111
Write-down of inventories to net realisable value		**164**	53
Foreign exchange differences, net	*6*	**11**	(115)
		(6,426)	(8,891)
(Increase)/decrease in inventories		**(25)**	327
Decrease in trade receivables		**580**	401
Increase in prepayments, other receivables and other assets		**(2,286)**	(495)
Decrease in financial lease receivables		**19**	12
Decrease in trade payables		**(194)**	(182)
Decrease in other payables and accruals		**(388)**	(1,975)
Decrease in contract liabilities		**(35)**	(203)
Cash used in operations		**(8,755)**	(11,006)
Interest received		**4,017**	2,174
Income tax paid		**(4)**	(2)
Net cash flows used in operating activities		**(4,742)**	(8,834)

	2025 *(Unaudited)* *USD'000*	2024 *(Unaudited)* *USD'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(26)**	(270)
Proceeds from disposal of items of property, plant and equipment	**1**	4
Placement of time deposits with original maturity over three months	**(842)**	(15,761)
Withdrawal of structured deposits	**39,070**	–
Placement of structured deposits	**(50,883)**	–
Purchases of financial assets at fair value through profit or loss	**–**	(1,403)
Net cash flows used in investing activities	**(12,680)**	(17,430)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	**–**	74
Repayment of bank borrowings	**(15)**	(76)
Repurchase of shares	**(2,760)**	–
Principal portion of lease payments	**(261)**	(461)
Exercise of restricted stock units	**193**	–
Exercise of equity-settled share options	**152**	–
Interest paid	**(7)**	(51)
Net cash flows used in financing activities	**(2,698)**	(514)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(20,120)**	(26,778)
Cash and cash equivalents at beginning of period	**46,473**	83,564
Effect of foreign exchange rate changes, net	**98**	(169)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**26,451**	56,617
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**16,704**	40,155
Non-pledged time deposits with original maturity of less than three months when acquired	**9,747**	16,462
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	**26,451**	56,617
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**26,451**	56,617

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 30 April 2012. The registered address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The head office and principal place of business in China are located at Room 801, 8/F, Building 8, No. 88 Jiangling Road, Xixing Street, Binjiang District, Hangzhou, Zhejiang Province, People's Republic of China (the "**PRC**") and Room 1101-4, Building 1, No. 502 Linping Avenue, Linping District Economic and Technological Development Zone, Hangzhou, Zhejiang Province, the PRC.

The Company is an investment holding company. During the year, the Group was principally engaged in research and development, and the manufacture and commercialisation of medical devices and consumables.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 24 September 2021.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

The unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which have been measured at fair value. The interim condensed consolidated financial information is presented in United States dollar ("**USD**") and all values are rounded to the nearest thousand (USD'000) except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period's financial information.

Amendments to IAS 21 *Lack of Exchangeability*

The nature and impact of the amended IFRS Accounting Standard are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	*(Unaudited)*
	USD'000	*USD'000*
Mainland China	**524**	2,359
European Union	**967**	563
Other countries/regions	**161**	782
Total	**1,652**	3,704

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	30 June	31 December
	2025	2024
	(Unaudited)	*(Audited)*
	USD'000	*USD'000*
Mainland China	**3,043**	3,471
USA	**2,690**	3,329
Israel	**2,500**	2,500
European Union	**27**	9
Other countries/regions	**3**	13
Total non-current assets	**8,263**	9,322

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the reporting period is set out below:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	*(Unaudited)*
	USD'000	*USD'000*
Customer A	**228**	–*
Customer B	**–***	1,550

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	*(Unaudited)*
	USD'000	*USD'000*
Revenue from contracts with customers		
Sale of medical devices and consumables	**1,321**	3,480
Provision of services	**331**	224
Total	**1,652**	3,704

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	*(Unaudited)*
	USD'000	*USD'000*
Geographical markets		
Mainland China	**524**	2,359
European Union	**967**	563
Other countries/regions	**161**	782
Total	**1,652**	3,704
Timing of revenue recognition		
Goods transferred at a point in time	**1,321**	3,480
Services transferred over time	**331**	224
Total	**1,652**	3,704

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	*(Unaudited)*
	USD'000	*USD'000*
Other income		
Government grants	**1,742**	105
Bank interest income	**2,796**	3,220
Others	**–**	8
Total other income	**4,538**	3,333
Gains		
Fair value gains net:		
Financial assets at fair value through profit or loss	**–**	2
Foreign exchange gains, net	**–**	115
Total gains	**–**	117
Total other income and gains	**4,538**	3,450

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

		For the six months ended 30 June	
		2025	2024
		(Unaudited)	*(Unaudited)*
	Note	***USD'000***	*USD'000*
Cost of inventories sold		**430**	741
Cost of services provided		**8**	9
Research and development costs		**4,456**	6,491
Impairment losses on financial assets, net		**2,158**	444
Foreign exchange differences, net		**11**	(115)
Equity-settled share award expenses	*14*	**836**	111

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	*(Unaudited)*
	USD'000	*USD'000*
Current – USA		
Charge for the period	**4**	2

8. DIVIDEND

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 481,653,194 outstanding during the period (six months ended 30 June 2024: 488,674,136), as adjusted to reflect shares repurchased and held for share award schemes. As the Group incurred losses, no adjustment has been made to the basic loss per share amounts presented for the period (six months ended 30 June 2024: Nil) in respect of a dilution as the impact of equity-settled share award arrangements had an anti-dilutive effect on the basic loss per share amounts presented.

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2025 ***(Unaudited)*** ***USD'000***	31 December 2024 *(Audited)* *USD'000*
Carrying amount at beginning of period/year	**1,279**	2,398
Additions	**26**	835
Depreciation provided during the period/year	**(290)**	(1,054)
Disposals	**(1)**	(795)
Impairment	**–**	(78)
Exchange realignment	**43**	(27)
Carrying amount at end of period/year	**1,057**	1,279

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2025 ***(Unaudited)*** ***USD'000***	31 December 2024 *(Audited)* *USD'000*
Unlisted debt investments, at fair value	**14,721**	14,670
Total	**14,721**	14,670

The unlisted debt investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

12. TRADE RECEIVABLES

	30 June 2025 ***(Unaudited)*** ***USD'000***	31 December 2024 *(Audited)* *USD'000*
Current:		
Trade receivables	**9,758**	10,344
Impairment	**(4,657)**	(2,481)
Total	**5,101**	7,863

Certain of the Group's trading terms with its customers are on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025	31 December 2024
	(Unaudited)	*(Audited)*
	USD'000	*USD'000*
Within 3 months	**340**	1,630
3 to 6 months	**106**	64
6 to 12 months	**930**	1,785
1 to 2 years	**3,725**	4,384
Total	**5,101**	7,863

13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2025	31 December 2024
	(Unaudited)	*(Audited)*
	USD'000	*USD'000*
Within 3 months	**56**	253
3 to 6 months	**3**	–
Over 1 year	**2**	2
Total	**61**	255

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

14. SHARE-BASED PAYMENTS

In May 2021, the Company adopted equity incentive plans (the "**Company's Schemes**") to grant share options or restricted stock units ("**RSUs**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Subsidiaries' Schemes include the Company's directors and the Group's employees.

The share options have vesting terms (share options shall vest in equal monthly instalments) in schedule from the grant date and there is no performance target required except that the eligible participant remains in service for the Group during the vesting period. The exercise prices of the share options vary with each person and share plan.

Movements in the number of share options granted under the Company's Schemes in total and their related weighted average exercise price are as below:

	30 June 2025 (Unaudited)		31 December 2024 (Audited)	
	Weighted average exercise price USD/share	**Number of options**	Weighted average exercise price USD/share	Number of options
Outstanding at beginning of the period/year	**0.28**	**5,135,968**	0.31	6,451,016
Forfeited or expired during the period/year	**–**	**–**	0.17	(1,315,048)
Exercised during the period/year	**0.17**	**(890,868)**	–	–
Outstanding at end of the period/year	**0.41**	**4,245,100**	0.28	5,135,968

Movements in the number of RSUs granted under the Company's Schemes and their related weighted average exercise price are as below:

	30 June 2025 (Unaudited)		31 December 2024 (Audited)	
	Weighted average exercise price USD/share	**Number of RSUs**	Weighted average exercise price USD/share	Number of RSUs
Outstanding at beginning of the period/year	**0.07**	**58,396,749**	0.08	21,698,081
Granted during the period/year	**–**	**–**	0.06	37,101,106
Forfeited or expired during the period/year	**0.23**	**(1,560,000)**	–	–
Exercised during the period/year	**0.05**	**(3,875,010)**	–	(402,438)
Outstanding at end of the period/year	**0.06**	**52,961,739**	0.07	58,396,749

During the period, share-based payment expenses of USD836,000 (six months ended 30 June 2024: USD111,000) were charged to the condensed consolidated statement of profit or loss.

15. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2025 ***(Unaudited)*** ***USD'000***	31 December 2024 *(Audited)* *USD'000*
Contracted, but not provided for:		
Capital contribution payable to purchase limited partnership interests	**5,239**	5,216
Total	**5,239**	5,216

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2025 ***(Unaudited)*** ***USD'000***	2024 *(Unaudited)* *USD'000*
Salaries, bonuses, allowances and benefit in kind	**99**	101
Pension scheme contributions	**3**	3
Equity-settled share award expenses	**639**	–
Total compensation paid to key management personnel	**741**	104

17. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 30 June 2025 and 31 December 2024 are as follows:

Financial assets

As at 30 June 2025 (Unaudited)

	Financial assets at fair value through profit or loss *USD'000*	**Financial assets at amortised cost** *USD'000*	**Total** *USD'000*
Trade receivables	**–**	**5,101**	**5,101**
Finance lease receivables	**–**	**32**	**32**
Financial assets included in prepayments, other receivablesand other assets	**–**	**2,501**	**2,501**
Financial assets at fair value through profit or loss	**14,721**	**–**	**14,721**
Pledged deposits	**–**	**238**	**238**
Structured deposits	**–**	**50,883**	**50,883**
Cash and cash equivalents	**–**	**26,451**	**26,451**
Time deposits with original maturity over three months	**–**	**53,186**	**53,186**
Total	**14,721**	**138,392**	**153,113**

As at 31 December 2024 (Audited)

	Financial assets at fair value through profit or loss *USD'000*	Financial assets at amortised cost *USD'000*	Total *USD'000*
Trade receivables	–	7,863	7,863
Finance lease receivables	–	45	45
Financial assets included in prepayments, other receivables and other assets	–	314	314
Financial assets at fair value through profit or loss	14,670	–	14,670
Pledged deposits	–	238	238
Structured deposits	–	40,291	40,291
Cash and cash equivalents	–	46,473	46,473
Time deposits with original maturity over three months	–	52,344	52,344
Total	14,670	147,568	162,238

Financial liabilities

As at 30 June 2025 (Unaudited)

	Financial liabilities at amortised cost *USD'000*	Total *USD'000*
Trade payables	**61**	**61**
Financial liabilities included in other payables and accruals	**1,060**	**1,060**
Bank overdrafts	**7**	**7**
Total	**1,128**	**1,128**

As at 31 December 2024 (Audited)

	Financial liabilities at fair value through profit or loss *USD'000*	Financial liabilities at amortised cost *USD'000*	Total *USD'000*
Trade payables	–	255	255
Derivative financial instruments	170	–	170
Financial liabilities included in other payables and accruals	–	1,421	1,421
Bank overdrafts	–	22	22
Total	170	1,698	1,868

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity over three months, structured deposits, pledged deposits, financial assets included in prepayments, other receivables and other assets, trade receivables, finance lease receivables, trade payables, bank overdrafts, financial liabilities included in other payables and lease liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments. All the carrying amounts of the Group's non-current financial assets and financial liabilities approximate to their fair value.

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the financial controller. At the end of the reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance controller. The valuation process and results are discussed with the directors of the Company periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the pledged deposits, trade receivables, finance lease receivables, financial assets included in prepayments, other receivables and other assets and bank overdrafts have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of financial assets at fair value through profit or loss have been estimated using the guideline company method. The fair values of financial liabilities at fair value through profit or loss have been estimated based on management prediction report for the realisation percentage of the completeness of the contingent requirements for the purchase agreement. The valuation requires management to calculate the realisation percentage based on some appropriate inputs, such as research and development progress. Management believes that the estimated fair value resulting from the valuation technique, which is recorded in the consolidated statement of financial position, and the related change in fair value, which is recorded in profit or loss, are reasonable, and that it was the most appropriate value at the end of the reporting period.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2025 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	
	USD'000	***USD'000***	***USD'000***	**Total** ***USD'000***
Financial assets at fair value through profit or loss	**–**	**14,721**	**–**	**14,721**

As at 31 December 2024 (audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	USD'000	*USD'000*	*USD'000*	Total *USD'000*
Financial assets at fair value through profit or loss	–	14,670	–	14,670

Liabilities measured at fair value:

As at 31 December 2024 (audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *USD'000*	Significant observable inputs (Level 2) *USD'000*	Significant unobservable inputs (Level 3) *USD'000*	Total *USD'000*
Derivative financial instruments	–	170	–	170

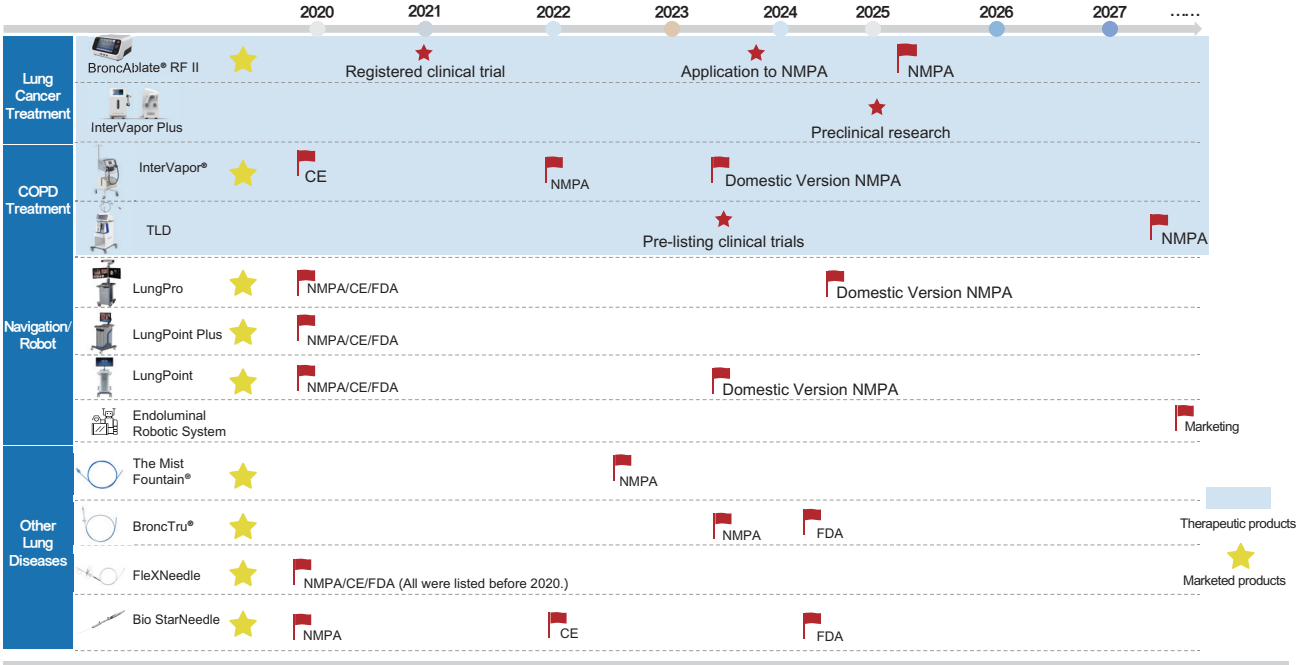
During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2024: Nil).

BUSINESS REVIEW

With a commitment to battle cancer and COPD, we are pioneers in the field of interventional pulmonology, providing innovative solutions for lung diseases in China and globally. In the large-scale, underdeveloped and rapidly growing interventional respiratory medicine market, leveraging China's first and only real-time imaging-based full-lung navigation technology, we have established a comprehensive "navigation-diagnosis-treatment" platform for interventional respiratory disease treatment platform. This platform addresses the shortcomings of existing treatment models and the unmet clinical needs of lung diseases, leads the transformation of diagnosis and treatment paradigms and advances the field of lung diseases into an era of precision medicine.

Products and Product Pipeline

As of June 30, 2025, our main products are listed below, including a number of innovative pulmonary interventional products that are one of a kind in the world or in China. Among which, InterVapor® is the world's first and only implantable medical device to treat COPD, and its feasibility for the treatment of lung cancer has been proven by clinical trials. BroncAblate® is the world's first transbronchial interventional treatment product for lung cancer. Our TLD Radiofrequency Ablation System is the first self-developed targeted lung radiofrequency ablation system in China to reduce the risk of acute exacerbation of COPD.



Lung Cancer Treatment Pipeline

Lung cancer is known as the "king of cancers" and is the most common cancer and the leading cause of cancer-related death in the world. China ranks first in terms of new cases and deaths from all malignant tumors, whereas lung cancer is the second most common metastatic site of malignant tumors. The International Agency for Research on Cancer (IARC) released the cancer statistics for various regions worldwide in 2022, where lung cancer was the most prevalent form of cancer in 2022, with nearly 2.5 million new cases globally (accounting for 12.4% of all cancers worldwide), and it had the highest mortality rate, with an estimated 1.8 million deaths due to lung cancer (18.7%). China has the highest incidence of lung cancer in the world. In 2022, China had 1.06 million new lung cancer cases (accounting for approximately 22%), ranking first among cancers, and continued on an upward trend. It is estimated that by 2030, China's new lung cancer cases will account for 44.5% of new cases in the world. In China, it is imminent to take control over lung cancer.

Surgical resection is the preferred treatment for early-stage lung cancer, and oligo-metastatic lesions in the lung can also benefit from the procedure, yet such treatment needs to be considered carefully for the elderly, patients with COPD, multiple cancers or new-onset patients after surgery. Many international guidelines have included tumor ablation as the recommended treatment for early and locally advanced lung cancer. Local ablation has now become the main treatment option for lung tumors that are unreceptive or unsuitable for surgery or stereotactic radiotherapy (SRT). It is of great value in the treatment of tumors.

Transbronchial radiofrequency ablation is a minimally-invasive, repeatable targeted therapy for lung tumors, providing a new treatment for patients. With the development and widespread of the technology, this new solution of precise minimally invasive intervention is expected to become the mainstream trend in the future, which can be used alone or combined treatment with drugs and surgery, moving the lung cancer treatment barrier to achieve better survival rate.

BroncAblate® Transbronchial Radiofrequency Ablation System

BroncAblate® is the world's first natural orifice radiofrequency ablation device for lung cancer that is backed by large-scale clinical evidence-based medical data validation, leading lung cancer treatment into the era of ultra-minimally invasive interventional therapy. The product is the result of the combination of medicine and engineering in the lung cancer interventional treatment technology between us and the First Affiliated Hospital of Guangzhou Medical University. It is a radiofrequency ablation system using a disposable radiofrequency ablation catheter and a radiofrequency energy generator, guided by navigation technology to ablating lung tumors through bronchoscopy, we provide patients with ultra-minimally invasive interventional treatment solutions, breaking the deadlock of traditional treatment.

Through breakthroughs of key technology innovations, BroncAblate® solved the technical problems on the difficulty on continuous and stable performance of radiofrequency due to too high lung impedance ablation and limited scope of radiofrequency ablation during the previous process of lung radiofrequency ablation. For the first time, radiofrequency energy can be accurately delivered to the center of lung lesions through the natural orifice (bronchi) to inactivate tumor tissue, providing minimally invasive and repeatable targeted therapy on lung tumors, and successfully filling the gap in this field around the world.

The BroncAblate® generator is equipped with "dynamic impedance adjustment technology", which can monitor changes of impedance in lung tissue in real time. Meanwhile, based on the preset values in pre-operative planning, the system can automatically adjust the radiofrequency power through an adaptive algorithm to solve the energy instability problem caused by high lung tissue impedance. The main unit is linked with the saline micro-perfusion at the tip of the catheter, communicates in real time, and automatically adjusts the saline perfusion rate according to the impedance change, reducing the risk of tissue coking and carbonization. It senses the temperature and impedance changes in real time, and automatically interrupts the energy output when exceeds the early warning value, ensuring the accuracy and safety of treatment. The high-density micro-perfusion hole design at the tip of the BroncAblate® catheter can automatically control the rate of saline perfusion, intelligently adjust the impedance of the ablation zone, and output radiofrequency power continuously and stably. BroncAblate®, when combined with our LungPro® Augmented Reality Optical Whole Lung Diagnostic and Therapeutic Navigation System ("**LungPro®**"), can automatically reconstruct the 3D bronchial tree based on the patient's pre-operative CT image data, and achieve sub-millimeter level localization and treatment of whole lung lesions through real-time intraoperative navigation calibration.

By now, the registered clinical trial of BroncAblate®, namely the BRONC-RFII study, is the leading, large-scale, prospective clinical study with long follow-up visit and high clinical value in the bronchoscopic lung ablation field, A total of 16 centers and 126 patients participated in the study. The results of the BRONC-RFII study were published in the authoritative academic journal "Respirology". The data revealed that the success rate of the technology of this system reached 99.35%, the one-year complete ablation rate was 90.48% and the one-year total survival rate was 96.83%. It performed remarkably in the treatment for ground-glass nodules, the complete ablation rate of pure ground-glass nodules could reach 100%. Moreover, the occurrence rate of surgery-related serious complications was relatively low, for example, the incidence rate of pneumothorax was only 3.97%, validating its advantages in lung tumor treatment in terms of safety and efficacy, providing a robust scientific basis for the development and application of the transbronchial ablation system as a treatment method for lung tumors.

On April 18, 2025, the disposable lung radiofrequency ablation catheter was approved by the NMPA for marketing in China (registration number: Guo Xie Zhu Zhun 20253010767), On June 23, the BroncAblate® transbronchial lung radiofrequency ablation system generator obtained approval from NMPA for marketing (registration number: Guo Xie Zhu Zhun 20253011204).

After launching the products in the market, that is, after completing marketing in the top-tier medical centers across the nation, including Shanghai Pulmonary Hospital, West China Medical Center of Sichuan Medical University, Sir Run Run Shaw Hospital of Zhejiang University School of Medicine and Beijing Chaoyang Hospital of Capital Medical University, the first batch of products was used in clinical applications and the clinical efficacy was widely recognized by experts. Meanwhile, the necessary flow processes of commercialization of BroncAblate®, such as surgical fees of related procedures and listing on Sunshine Procurement Platform, were progressing smoothly. As of August 2025, the BroncAblate® disposable lung radiofrequency ablation catheter was marketed online on the Sunshine Procurement Platform of 9 provinces/cities. Driven by the policy of the National Healthcare Security Administration promulgated in the Notice on the Publication of Guidelines on Prices for Respiratory System Medical Service Items (Trial), the implementation of surgical fees across cities and provinces would be accelerated notably.

BroncAblate® is well ahead in the field of developing radiofrequency ablation treatment for interventional treatment of lung cancer. After launching the product, we will enter into cooperation with key opinion leaders in organizing training sessions for physicians on regular basis to explain the relevant technology in greater detail.

COPD Treatment Pipeline

COPD is a common chronic respiratory system disease, currently there are nearly 100 million COPD patients in China, making COPD the third leading cause of death among Chinese residents. Meanwhile, China is facing the world's highest economic losses related to COPD, as a result COPD has become a major public health concern that imposes significant impact on the health of the Chinese population.

The current standard treatment for COPD remains predominantly the use of inhaled medications, complemented by non-pharmacological interventions. However, despite receiving standard treatment, some patients remain unable to effectively control their symptoms or experience frequent acute exacerbations, leading to a continued decline in lung function and a significant impact on their quality of life.

We are the only medical treatments company in the world that covers all interventional treatment options for COPD patients who do not have the best results from drug treatment, with InterVapor® and the TLD Radiofrequency Ablation System, which are used for the treatment of severe and very severe COPD and acute COPD exacerbations. InterVapor® has obtained registration certificates, including CE and NMPA certifications, and commercialization has been realized in various countries/regions around the world. The TLD Radiofrequency Ablation System is currently under pre-market clinical trial.

InterVapor® Thermal Vapor Treatment System

InterVapor® is the world's only non-implantable medical device for interventional treatment of COPD and is used for the treatment of severe and very severe COPD. It has a strong intellectual property portfolio and is the world's first and only interventional pulmonology device utilizing thermal vapor energy. InterVapor® delivers thermal vapor to the lungs via bronchoscopy to achieve targeted ablation of lung lesions. The innovative technique of Bronchoscopic Thermal Vapor Ablation (BTVA) treats patients with COPD.

As an innovative technique for treating COPD, BTVA has demonstrated significant improvements in lung function and quality of life for COPD patients and is expected to become an important treatment method for COPD. Given that BTVA is a safe, effective and minimally invasive treatment technique, InterVapor® was granted the "Breakthrough Device" status by FDA in 2019. In the same year, BTVA was officially included in the recommended treatment methods by internationally recognized COPD guidelines, GOLD, marking 2025 the seventh consecutive year that it has been included in the recommendation.

Currently, InterVapor® has received CE, NMPA, and other registration certifications, and the product has been approved for commercialization in Europe, China, Hong Kong, Taiwan, Australia, Singapore, India, Thailand, and other countries/regions. As the world's first and only non-implantable interventional treatment device for COPD, InterVapor® stands at the forefront of innovation. Unlike the well-established "import substitution" market, we have overcome a series of hurdles and made steady progress through market education, physician training and promoting consensus among surgical experts. As of June 30, 2025, a InterVapor® has been clinically applied in more than 500 cases cumulatively, and the treatment results have been widely recognized by physicians and patients. In addition, the procurement and hospital admission process of the product in the PRC is progressing in an orderly manner. Currently, its disposable thermal vapor treatment catheter has been listed on the Sunshine Procurement Platform in 30 provinces/cities nationwide, now it has been included in the National Reimbursement Drug List in two provinces in China, and its surgical fees are also implemented in more provinces and cities under the promotion of policy support.

We have been actively developing a series of post-marketing clinical studies for InterVapor® in China. This series of research plan is implemented in more than 30 hospitals in the regions of China and conducts studies on the applications in various sub-group populations, improvements in acute COPD exacerbations and other aspects. The post-marketing clinical studies of InterVapor® aim to accumulate more high-quality evidence-based medical data for bringing safe and effective treatment options for more COPD patients.

Targeted Lung Denervation (TLD) Radiofrequency Ablation Energy System

TLD Radiofrequency Ablation Energy System is a product developed by us in collaboration with West China Hospital of Sichuan University, and is the first self-developed product in China for the treatment of acute COPD exacerbations by bronchoscopic radiofrequency ablation. The product provides deeper tissue ablation around the main bronchus in the lungs to reduce the tension and mucus production in the airway and relieve airway obstruction.

TLD Radiofrequency Ablation Energy System's critical clinical study was launched in 2023. The study is a prospective, randomized, single-blinded, sham-operated group-controlled multi-center clinical trial. A total of 189 patients with moderate to severe COPD are planned to be enrolled in over 20 research centers in China for assessing the safety and efficacy of the product. As of June 30, 2025, more than 100 patients have been enrolled in over 20 research centers. On July 12, 2025, a closed-door discussion meeting on this clinical trial was conducted in Chengdu smoothly among the offline stage researchers, and the data showed that the clinical performance of patients has improved in broad sense. The study is scheduled to complete follow-up visits of all enrolled patients within 2026. The clinical trial reports and the data will not be completed before this point of time.

This product focuses on the interventional treatment of COPD, integrating medical and engineering expertise to innovate the development system for COPD interventional treatment equipment. Leveraging the professional strengths of respiratory medicine, it has filled the gap in interventional COPD treatment in China, offering the "Broncus Solution" for COPD treatment.

Main Products for Other Lung Disease Diagnostic Pipeline

Mist Fountain®, a disposable nebulizing micro-catheter for endoscope

The Mist Fountain®, a disposable nebulizing micro-catheter for endoscope (referred to as "**Mist Fountain®**"), is used in conjunction with the endoscopy. Under the guidance of the navigation system, it can accurately reach the lesion site, atomize and administer the drug, and directly deliver the drug to the lung lesion tissue. The product has strong compatibility and multiple indications. It is compatible with many kinds of drugs and is mainly used for airway anaesthesia, precise antibacterial and anti-inflammatory, tuberculosis drug delivery, phlegm reduction and elimination, thoracic surgery staining location, etc.

Mist Fountain® is the only approved nebulizing micro-catheter in China. The product with multiple patented technologies helps explore a wide range of applications of drugs in conjunction with devices in the treatment of lung diseases. As of June 30, 2025, the product was applied in nearly 10,000 operations, including bronchoscopic surgeries and RICU clinical scenarios. Its applications encompass airway anesthesia, atomized drug delivery (e.g., tuberculosis medications, anti-inflammatory drugs), and the treatment of conditions such as bronchitis, tuberculosis, and bronchiectasis.

In clinical applications, the cardiothoracic surgery department of Third Xiangya Hospital of Central South Hospital has successfully performed a minimally invasive surgery for a 66-year old patient of bilateral multiple primary lung cancer by applying LungPro® augmented reality optics in whole lung diagnostic navigation and the Mist Fountain® disposable nebulizing micro-catheter for endoscope, to perform one-time location and remove five micro lesions from the right lung of the patient. The loss of lung function was minimal and the patient recovered well. This has shown that the cardiothoracic surgery department of the hospital has entered a new stage of intelligence and precision in the treatment of pulmonary nodules. The surgical operation is another example of clinical applications of LungPro® and Mist Fountain® in the field of precision biopsy and staining location for lung diseases and precision treatment for lung cancer. It provides a richer clinical experience for the integrated precision treatment function of LungPro®, stimulating more potential applications of it in clinical treatment, and brings more effective and safe treatment options to small lung nodules patients.

Currently, the product has been listed on the Sunshine Procurement Platform in 30 provinces/cities nationwide, providing access assurance for hospital price negotiations and procurement.

BroncTru®, a disposable transbronchoscopic puncture dilatation catheter

BroncTru® is a disposable transbronchoscopic puncture dilatation catheter (referred to as "**BroncTru®**"). Under the guidance of the navigation system, BroncTru® can create an accurate access to lesions outside the airway, especially the peripheral isolated pulmonary nodules that are not visible under X-ray, and create a direct access to the lesion site to realize the diagnosis and follow-up treatment in whole lung.

Compared with the traditional BTPNA, the new generation of BTPNA by BroncTru® can rapidly create access to the lesion outside the airway through streamlined one-step "puncture-expansion" procedure. It simplifies the procedure, greatly reduces the time of traditional operation and the difficulty, improves the efficiency and facilitates the popularization of operation. The product is compatible with the existing biopsy tools and radiofrequency ablation treatment devices, and its multi-safety design can minimize the risk of inadvertent operation and improve intraoperative safety, which enables quicker and accurate diagnosis and treatment. It can also realize follow-up treatment with therapeutic devices.

The product was officially approved for marketing by Zhejiang Medical Products Administration (浙江省藥品監督管理局) in September 2023. Having certain patent technologies, the product has been applied in multi-scenarios in the field of diagnosis and treatment of lung diseases. Since its launch in China, it has been clinically applied in a number of top clinical centers across the country. Its application scenarios include, but are not limited to lung biopsy and laser ablation, bronchoscopic lung cavity puncture biopsy and lavage, as well as transbronchial needle aspiration biopsy (TBNA). These procedures have garnered widespread recognition from physicians.

For example, the Shandong Provincial Public Health Clinical Center successfully completed the "endobronchial ultrasound-guided transbronchial lung biopsy with a disposable guide sheath (EBUS-GS-TBLB)" by using LungPro® and BroncTru®. This operation is another innovative expansion of the LungPro® integrated diagnosis and treatment platform and BroncTru® in the field of combination therapy, which is expected to provide a more accurate and safer diagnosis solution with minimal intrusion for patients with small distal lung lesions.

General Hospital of Eastern Theater Command successfully performed the hospital's first cryobiopsy for mediastinal lesion with transbronchial dilation catheter using BroncTru® disposable transbronchial dilation catheter, marking another clinical application of BroncTru® in the field of transbronchial tunnel cryobiopsy (EBUS-TTCB). Currently, the Division of Respiratory and Critical Care Medicine at the General Hospital of Eastern Theater Command has introduced this technology into its standard diagnostic and treatment system for mediastinal lesions to ensure that patients with complex conditions receive precise solutions.

The team led by Professor Wang Xiaoping (王曉平) at the Respiratory Endoscopy Center of the Shandong Provincial Public Health Clinical Center successfully completed "targeted drug delivery with disposable transbronchial dilation catheter" by using BroncTru® in a new way, providing patients with deep lung lesions with a more accurate and adequate drug delivery plan.

Currently, the product has been listed on the Sunshine Procurement Platform in over 30 provinces/cities nationwide.

Navigation Platform, Flexible Surgical Robots and Software System

LungPoint, LungPoint Plus/Archimedes Lite and LungPro/Archimedes System

As the world's only provider of transbronchial whole lung augmented reality navigation technology, we currently have three marketed navigation products, including LungPoint, LungPoint Plus (known as "Archimedes Lite" outside Asia) and LungPro (known as "Archimedes System" outside China), to serve the different needs of hospitals at all levels for the functionality of lung navigation products. These products will be updated and iterated based on the feedback from clinical use.

- LungPoint, or LungPoint Virtual Bronchoscopic Navigation (VBN) System, is a computer-assisted image-based navigation software system which, along with a set of biopsy tools, provides physicians with real-time path navigation within the airway and further localization guidance to a targeted area of interest in the lung for lung biopsy and other procedures. LungPoint was approved for marketing and commercial use in the United States by the FDA in 2009, the EU by the BSI in 2011, and the PRC by the NMPA in 2014.

- LungPoint Plus/Archimedes Lite, which was launched in 2020, provides real-time navigation within the airways for lung biopsy and other procedures through reconstruction of CT-based images and simultaneous display of actual and simulated images for more accurate and effective pathway planning to the target. LungPoint Plus has been commercialized in the PRC since late 2020 and was launched for sale in EU and the United States in March 2021.

- LungPro System, known as the Archimedes System outside of China (the "**LungPro/Archimedes System**"), is an upgraded product based on LungPoint VBN System. The Archimedes System takes the application of the VBN technology to the next level by adopting a novel approach to enable precise navigation and localize peripheral lesions away from or adjacent to the airways. The Archimedes System was approved for marketing and commercial use in the United States by the FDA in 2014, the EU by the BSI in 2014, and the PRC by the NMPA in 2017.

Augmented Reality Optical Whole Lung Diagnostic and Therapeutic Navigation (LungPro) is a new technology that integrates augmented reality and optical navigation technology based on virtual bronchoscopic navigation to assist bronchoscopy. This technology expands the operable range of peripheral pulmonary lesions, derives new diagnosis and treatment method, and has become one of the important methods in the diagnosis and treatment of pulmonary nodules.

In order to standardize the clinical operation of Augmented Reality Optical Whole Lung Diagnostic and Therapeutic Navigation technology and guide its application in clinical practice, the Interventional Study Group of the Respiratory Disease Branch of the Chinese Medical Association organized multidisciplinary experts to conduct multiple rounds of discussions and took the lead in formulating the "Expert Consensus on Diagnosis, Localization, and Treatment of Peripheral Lung Nodules under Augmented Reality Optical Whole Lung Diagnostic and Therapeutic Navigation Guidance" (《增強現實光學全肺診療導航引導下肺外周結節診斷、定位及治療專家共識》), which provides recommendations and clinical guidance on the indications and contraindications, equipment and instruments, perioperative management, operating procedures and complication management of the diagnosis, localization and treatment of peripheral pulmonary nodules applicable to Augmented Reality Optical Whole Lung Diagnostic and Therapeutic Navigation technology. During the period of rapid development of bronchoscopy navigation technology, this expert consensus is of great significance for improving the success rate of diagnosis and treatment and reducing the incidence of navigation-related adverse events.

Flexible Natural Orifice Transluminal Surgical Robot

In view of the high demand and high growth rate of interventional pulmonary therapy, we further expanded the field of flexible natural orifice transluminal surgical robot based on the advanced and patented navigation technology of pulmonary interventional diagnosis and treatment and key transbronchial radiofrequency ablation technology breakthroughs in lung cancer interventional treatment.

Surgical robots are innovative intelligent medical devices that need to perform delicate surgical operations in the narrow space of human body. As the world's leader in the R&D of augmented reality optical navigation system, we are the only company in the world to have the whole-lung-reach augmented reality real-time image navigation system. Mastering the core algorithms and software technologies and gaining the world's leading fiber grating shape sensing technology through the acquisition of Israel's Fibernova, the Company would develop advanced automatic multi-modal image registration and fusion technology to meet the needs of more accurate and safe surgical navigation, which constitute "eyes" and "brain" of the pulmonary surgical robots. Upon the acquisition of Hangzhou Jingliang Science and Technology Co., Ltd., the Company supplemented relevant technologies such as robot control and driving force for system platform development, and accelerated the project progress of natural orifice transluminal surgical robot. Coupled with the strength of the R&D of robotic arms, the Company managed to fully cover the functions of "eyes", "brain", "hands", "body" and "therapy" of robots.

At present, our flexible natural orifice transluminal surgical robot is in the early stage of research.

LUNG IMAGING PROCESSING SOFTWARE – BRONCQCT®

In March 2025, our lung imaging processing software, BroncQCT®, has officially received approval from the Zhejiang Medical Products Administration for marketing in China. In clinical use, BroncQCT® can significantly improve physicians' efficiency in reading lung CT images, providing strong support for clinical diagnosis and treatment, and promoting a more efficient and accurate diagnosis process. The successful launch of BroncQCT® marks another pioneering achievement by Broncus in the fields of precision diagnosis and expanded treatment. Its efficient intelligent algorithms enable physicians to overcome the limitations of two-dimensional image reading while processing lung CT images, directly obtaining three-dimensional reconstruction displays of lung structures and professional reading reports, thereby enhancing imaging processing efficiency and holding significant clinical value.

BroncQCT® uses algorithms to perform precise segmentation of CT images down to the lung segment level, enabling three-dimensional reconstruction and quantitative information display of airways, pulmonary arteries and veins, interlobar fissures, lung lobes, and lung segments. It provides specialist physicians with reading reports. This software can be deployed to facilitate efficient large-scale image screening within patient populations, identifying patients with specific pulmonary characteristics, and processing the imaging of different periods from the same patient, enabling intuitive comparison and tracking of changes in patients' lung characteristics, thereby optimizing the physician's imaging processing workflow. BroncQCT® can be used in conjunction with the Company's interventional therapeutic products InterVapor® and BroncAblate® to enhance imaging processing efficiency during the early-stage diagnostic process and advance the timing of interventional therapy for pulmonary diseases.

The launch of BroncQCT® represents a significant addition to the Company's comprehensive solution for pulmonary diseases from screening to diagnosis and further to treatment.

THERE IS NO ASSURANCE THAT WE WILL BE ABLE TO ULTIMATELY DEVELOP AND MARKET TLD AND RF-II OR ANY OF OUR PIPELINE PRODUCTS SUCCESSFULLY.

Research and Development

We focus on developing innovative technologies and products for navigation, diagnosis and treatment of pulmonary diseases. We have a well-established track record in the development and commercialization of interventional pulmonology medical devices. To strengthen our R&D capabilities, we implement an efficient R&D model that combines international technologies with local R&D cost advantage to support our intellectual property portfolio and product iterations.

Leveraging our strong R&D capabilities and integrated technology platform, we continue to make steady advancements in product development, upgrade our existing products to address the varying needs of physicians and, where appropriate, expand the range of applications of our products to provide physicians and patients with more comprehensive treatment options.

Manufacturing

During the Reporting Period, our manufacturing activities were conducted at two production centers located in Hangzhou, China and San Jose, the United States, we manufacture navigation products and InterVapor® (import version), FlexNeedle and ATV Kits in our San Jose, California facility in the United States, meanwhile, our Hangzhou facility is responsible for producing navigation products, InterVapor® (domestic version) and various therapeutic products. The production center in Hangzhou, China occupies an aggregate gross floor area of approximately 3,122 sq.m. and the production center in San Jose, the United States occupies an aggregate gross floor area of approximately 863 sq.m., both facilities comply with ISO13485 standards.

Currently, the Hangzhou factory has the capacity to manufacture navigation products, InterVapor® (including the disposable catheters and devices) and various consumable products for lung diseases treatment.

We can rapidly expand our production capacity in response to market needs to satisfy the ever-increasing market demand.

Quality system

In accordance with regulations and standards such as ISO13485, China's NMPA GMP, the OSR by the FDA of the United States and the EU's MDR, we have established an international quality management system.

The Company establishes and maintains a high-standard and stringent quality management system, implementing strict quality control procedures in every aspect, including R&D, clinical trials, registration, procurement, production, sales, and after-sales service. At the same time, a large amount of resources is invested in quality control to manage and improve product quality. Multiple procedures are conducted to inspect raw materials, manufacturing processes, semi-finished products, and finished products, in order to ensure the effectiveness and consistency of product quality and that the products are in stable and reliable quality.

Intellectual property

Based on the patent-first product development strategy and a multi-level intellectual property protection strategy, the Company maximizes the duration and scope of patent protection and has taken the lead in securing multiple domestic and international patents in the field of interventional pulmonary treatment, thereby consolidating its strong moat in the field.

As of June 30, 2025, Broncus held the following IPs:

Type of IPs	Quantity
Patent for invention	230
Patent for utility model	323
Design patent	64
Trademark	120
Total	**737**

Commercialization

The market for respiratory interventional therapy has gradually transitioned from diagnosis to the era of precision treatment. Navigation-related products have been available in China for nearly a decade. Market competition is increasingly intensive due to product homogeneity and low prices. The bidding price per unit has been declining year by year. The key markets have been influenced by the academic buzz surrounding natural orifice transluminal (bronchial) robots and urgently need to reposition navigation-based products to leverage the clinical value of bronchial navigation for follow-up precision diagnosis and treatment. To address market fluctuations, while achieving widespread of precise access technology, the Company began deployment for interventional treatment product portfolio as early as 2020, with interventional treatment products being the priority going forward. As R&D and clinical development progress smoothly, a series of treatment products have filled the gap domestically. Among which, BroncAblate® for lung cancer treatment and InterVapor® for severe/very severe COPD have been launched. The TLD product targeting the acute exacerbation of COPD is currently undergoing pre-market clinical trials. In combination with the Company's first-mover advantages, the TLD product is poised to become a new growth driver. The market education on and market access of therapeutic consumable products are currently in an early stage. Due to various factors, the Company's revenue has experienced a temporary decline. Despite the challenges, our professional marketing team continues to focus on key commercialization areas such as market education, market access, industry development and promotion of surgical methods, driving the commercialization of integrated solutions in the field of pulmonary interventional diagnosis and treatment through a proactive commercialization strategy.

- ***Smooth Implementation in Commercialization of Core Products***

  On the domestic front, our interventional therapy product for lung cancer, BroncAblate®, has been commercialized in China, upon which we leverage on our first-mover advantage as the world's only player in the field of interventional lung cancer therapy, as well as the clinical value of the "ultra-minimally invasive, intelligent and precise" characteristics of our product, we quickly rolled out the post-marketing clinical applications across the country. After completing marketing in the top-tier medical centers across the nation, including Shanghai Pulmonary Hospital, West China Medical Center of Sichuan Medical University, Xi'an International Medical Center, and Sir Run Run Shaw Hospital of Zhejiang University School

of Medicine, the first batch of products was used in clinical applications, with remarkable clinical efficacy, providing lung cancer patients with precise interventional treatment solutions with less trauma and faster post-operative recovery.

During the market promotion of our innovative medical devices such as InterVapor®, in order to enhance product awareness and recognition, we adopt a promotion model of establishing benchmark hospitals at the early stage, and then reduplicating to regional hospitals. We steadily implement the early-stage product application in benchmark hospitals with strong academic status and clinical strength, accumulating clinical evidence and experience. Thereafter, we provide experience exchange activities between benchmark hospitals and reduplicated hospitals, sharing best practices in patient screening, surgical experience, and post-operative care, so as to facilitate the implementation of innovative procedures at hospitals of different tiers. Since the launch of InterVapor® in the PRC, we realized the sales strategy of parallel promotion in both benchmark hospitals and general hospitals based on the market demand during the promotion process, and steadily implemented the technique in hospitals of each tier. As of June 30, 2025 approximately 200 hospitals have tried or experimented InterVapor®, with over 500 cases of clinical applications in China, where its efficacy in treating severe COPD has been widely acknowledged by both physicians and patients.

As for overseas market, we have established a reliable sales team, which is responsible for advancing our market penetration, expanding sales network and enhancing the Company's overseas profile. Meanwhile, we have successfully reported our core product BroncAblate®'s clinical data and shared its surgical cases at academic conferences such as the 5th International Sublobar Conference and Bronchoscopic Ablation Summit, and the 3rd Global Congress on Robotic Bronchoscopy and Companion Technologies. We anticipate to quickly establish the product's overseas market awareness and the Company's influence in the target market before we obtain the CE certificate for BroncAblate®.

- ***Commence post-market clinical applications to accumulate clinical evidence-based medical data***

With a focus on interventional diagnosis and treatment of lung diseases, during the Reporting Period, we continued to devote to the key clinical trials and post-marketing clinical trials of our products, so as to accumulate more evidence-based medical data and clinical application experiences to support the promotion and iteration of our products.

The series of post-marketing clinical trials of InterVapor® are progressing in an orderly manner across China. A series of studies is planned to be carried out in more than 30 hospitals in China to study its application on different subgroups as well as its improvement on COPD acute exacerbation. As of June 30, 2025, the series of studies had completed its implementation in 8 participating hospitals and enrolled patients for over 10 cases. The post-marketing clinical research on InterVapor® is expected to collect more high-quality evidence-based medical data, and provide more patients with safe and effective treatment options for COPD.

- ***Actively facilitate market access in a systematic orderly manner***

  The Company actively facilitated the advancements in the procurement of its products and their entry into hospitals across China. The procedures necessary for the commercialization of our core products, such as the relevant operation reimbursement and sunshine procurement, are progressing smoothly. By the end of July 2025, the BroncAblate® Disposable Lung Radiofrequency Ablation Catheter has been up for sunshine procurement in 9 provinces and cities, where 5 provinces and cities have implemented the relevant operation reimbursement. Our consumable products, such as the BroncTru® disposable transbronchoscopic puncture dilatation catheter and Mist Fountain® disposable nebulizing micro-catheter for endoscope, have been successfully listed on the Sunshine Procurement Platform in many provinces and cities nationwide, such as Jiangsu, Zhejiang, Shanghai, Shandong, Guangzhou, and Shenzhen, This ensures access assurance for hospital price negotiations and procurement processes, thereby enabling our products quickly penetrate into more hospitals, so as to rapidly penetrate to a broader range of hospitals and effectively boosting both sales volume and market share of our products.

  We have also proactively worked to incorporate our innovative products into the medical insurance coverage in China. To date, the BTVA procedure utilizing InterVapor® has been incorporated into medical insurance coverage in three provinces.

  In March 2025, the NHSA has announced the Guidelines for the Establishment of Respiratory System Medical Service Price Projects (Trial) (呼吸系統醫療服務價格項目立項指南(試行)), and the BTVA procedure involving InterVapor® and the radiofrequency procedure involving BroncAblate® were both incorporated into these guidelines with corresponding medical service items. Under the guidance of NHSA, provincial healthcare security bureaus will establish unified price benchmarks across the province. By the end of July 2025, the implementation of the policy has made milestone progress. On July 16, the healthcare security bureaus in Jiangsu Province issued the Announcement on Regulating and Integrating the Prices of Respiratory Medical Services (關於規範整合呼吸系統類醫療服務價格項目的公示) to standardize and integrate the prices of respiratory medical services in Jiangsu Province and announce the prices of the relevant services. On July 18, all leagues in Inner Mongolia have officially announced the prices of respiratory medical services. The BTVA procedure involving InterVapor® was included in the list of non-invasive lung volume reduction items. We believe that the introduction of this national policy will give a strong boost to the commercialization of our products.

  Meanwhile, the registration and access of products in overseas regions were advanced proactively and steadily. As of June 30, 2025, we hold a total of 69 registration certificates overseas, including 4 CE certificates, 7 FDA certificates, and 58 registration certificates from other countries/regions, with a number of products in registration process in different parts of the world.

  The respiratory interventional treatment market is in the ascendant. Through continuous efforts, we will further expand the market of our core products, maximize the clinical and commercial value of our technology platform, and accelerate the development and implementation of more pipelines, so as to lay a solid foundation for the sustainable development and create value for the enterprise.

Major government R&D grants, funding, subsidies and tax preference

During the Reporting Period, the Company received government grants totaling US$1.7 million (as of June 30, 2024: US$0.1 million).

FUTURE AND PROSPECTS

Looking ahead, we are confident in the development prospects of China's healthcare industry. With the acceleration of aging of the population and the advancement of urbanization, the demand for medical and healthcare services will continue to grow. We will maintain our corporate vision and continue to strive for the further consolidation of our position as a global leader in minimally invasive interventional diagnosis and treatment of lung diseases. Leveraging our navigation platform and two energy control technologies – radiofrequency and thermal vapor, we will focus on the development and commercialization of our solutions for respiratory interventional diagnosis and treatment both in China and globally. Additionally, we will continue to advance various foundational and supporting technologies, ultimately bringing benefits to patients and healthcare providers worldwide.

FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and notes included elsewhere in this announcement.

Six months ended June 30, 2025 compared to six months ended June 30, 2024

	2025 ***(Unaudited)*** ***USD'000***	2024 *(Unaudited)* *USD'000*
REVENUE	**1,652**	3,704
Cost of sales	**(438)**	(750)
Gross profit	**1,214**	2,954
Other income and gains	**4,538**	3,450
Selling and distribution expenses	**(3,307)**	(3,755)
Administrative expenses	**(3,594)**	(3,604)
Impairment losses on financial assets, net	**(2,158)**	(444)
Research and development costs	**(4,456)**	(6,491)
Other expenses	**(18)**	–
Finance costs	**(7)**	(51)
LOSS BEFORE TAX	**(7,788)**	(7,941)
Income tax expense	**(4)**	(2)
LOSS FOR THE PERIOD	**(7,792)**	(7,943)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**275**	(347)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(7,517)**	(8,290)

Revenue

During the Reporting Period, the revenue of the Group was mainly derived from sale of medical devices and consumables. For the Reporting Period, the revenue of the Group was approximately US$1.7 million, representing a decrease of approximately 55.4% when compared with approximately US$3.7 million in the corresponding period of last year. This is mainly due to the decline in revenue in mainland China, where the navigation equipment in China is more affected by the market, and the marketing strategies focused on interventional therapy consumable products. Currently, InterVapor® is at the early stage of market education and market access. Affected by various factors, the revenue of InterVapor® has experienced interim decline. During the Reporting Period, another key product of the Group, BroncAblate®, was approved for marketing by the National Medical Products Administration (NMPA). As the Company promotes our new products, with continuous advancement of market education on respiratory interventional therapy and improving patient recognition, revenue from products has sustainable growth potential.

Costs of Sales

Cost of sales mainly consisted of staff costs, raw material costs, depreciation and amortization, utility costs and others. During the Reporting Period, the Group's cost of sales was approximately US$0.4 million, representing a decrease of approximately 41.6% from approximately US$0.8 million in the corresponding period of last year.

Gross Profit and Gross Profit Margin

Gross profit for the Reporting Period was approximately US$1.2 million, representing a decrease of approximately 58.9% when compared with approximately US$3.0 million for the corresponding period of last year. Gross profit margin was calculated by dividing gross profit with revenue. The Group's gross profit margin as of June 30, 2025 was approximately 73.5%, compared with approximately 79.8% recorded for the corresponding period of last year. Change in gross profit margin was mainly due to the adjustment of product mix.

Other Income and Gains

During the Reporting Period, our other income and gains mainly consisted of bank interest income and government grants. For the Reporting Period, the total amount of other income and gains was approximately US$4.5 million, representing an increase of approximately US$1.1 million when compared with the corresponding period of last year, mainly due to an increase in government grants.

Selling and Distribution Expenses

For the Reporting Period, our selling and distribution expenses were approximately US$3.3 million, representing a year-on-year decrease of approximately US$0.4 million, or 11.9%, when compared with the corresponding period of last year. This was primarily due to the reduction in revenue and effective optimization of our selling expenses through various initiatives.

R&D Expenses

Our R&D costs mainly consisted of staff costs for our R&D employees, depreciation and amortization, raw material costs, technical service fees, clinical trial expenses, business related expenses and share awards.

Our technical service fees refer to the service fees we paid to our third-party service providers for complementary services needed for product development, including development of low-value consumables, product testing and other services. Clinical trial expenses consisted of expenses incurred on clinical trials, including payment to CROs and hospitals in relation to our clinical trials.

Our R&D costs for the six months ended June 30, 2025 and 2024 were approximately US$4.5 million and approximately US$6.5 million, respectively, representing a decrease of approximately 31.4%. The decrease in our R&D costs was mainly due to our focus on the R&D of core products, and at the same time the Company further adopted cost optimization, control of expenses and other measures to reduce R&D expenses.

	For the Reporting Period		For the six months ended June 30, 2024	
	US$'000	***Proportion***	*US$'000*	*Proportion*
Staff cost	**2,182**	**49.0%**	3,509	54.1%
Depreciation and amortization	**1,017**	**22.8%**	1,327	20.4%
Technical service fees	**699**	**15.7%**	379	5.8%
Share awards	**111**	**2.5%**	35	0.5%
Clinical trial expenses	**94**	**2.1%**	426	6.3%
Raw material costs	**81**	**1.8%**	186	2.9%
Others	**272**	**6.1%**	629	9.9%
Total	**4,456**	**100.0%**	6,491	100.0%

Administrative Expenses

For the Reporting Period, our administrative expenses were approximately US$3.6 million, representing a decrease of approximately US$0.01 million when compared with the corresponding period of last year.

Liquidity and Capital Resources

The Group has always adopted a prudent treasury management policy. The Group places strong emphasis on having funds readily available and accessible to cope with daily operations and meet its capital needs for future development.

As of June 30, 2025, our total amount of cash and bank balances was approximately US$130.8 million, while our amount of cash and bank balances was approximately US$139.3 million as of December 31, 2024. The decrease was mainly due to the Company's daily operating expenses. For the Reporting Period, the Company's cash and bank balances decreased by approximately US$8.5 million, representing a decrease of approximately US$1.6 million or 15% from the corresponding period of last year, which was mainly due to the Company's focus on core product R&D, and control of expenses through various measures to improve operating efficiency.

As at June 30, 2025, the Group's cash and bank balances were mainly denominated in US dollars, Hong Kong dollars and Renminbi.

Bank borrowings and gearing

The Group's overseas credit card overdraft facilities denominated in US dollars amounting to USD30,000 (2024: USD30,000), of which USD7,467 (2024: USD22,000) had been utilised, were secured by the pledge of certain of the Group's time deposits amounting to USD25,000 (2024: USD25,000).

The Group monitored capital using gearing ratio. The Group's gearing ratio (calculated as the sum of borrowings and lease liabilities divided by total equity) as at June 30, 2025 was 0.03% (December 31, 2024: 0.19%)

Foreign exchange risk

The functional currency of the Group is US$. The functional currency of its overseas subsidiaries is primarily US$, while the functional currency of subsidiaries based in the PRC is RMB. Fluctuations in exchange rates between US$ and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

In response to the foreign exchange risk, the Company seeks to limit its exposure to foreign currency risk by minimizing its net foreign currency position to reduce the impact of the foreign exchange risk on the Company. Our management continuously monitors foreign exchange exposure and will consider implementing appropriate hedging strategies if necessary.

Contingent liabilities

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

Charge or restrictions on assets

As of June 30, 2025, the Group had pledged deposits of US$238,000 (December 31, 2024: US$238,000). The pledged deposits were placed to secure the Group's bank overdraft facilities and as security provided to the Group's lessor. Save as disclosed in this announcement, the Group did not pledge any other group assets. The Group's restricted deposits, amounting to US$50,882,558.79, were held to support foreign exchange trading contracts between the Group and banks.

NON-IFRS MEASURES

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we also use adjusted net loss as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from year to year by eliminating potential impacts of certain non-operational or one-off expenses that do not affect our ongoing operating performance, including changes in fair value of convertible redeemable preferred shares, share awards and listing expenses. Such non-IFRS measures allow investors to consider metrics used by our management in evaluating our performance. Changes in fair value of convertible redeemable preferred shares represent the changes in fair value of various rights associated with the preferred shares, which is non-recurring and non-operational in nature. Share awards expenses are non-operational expenses arising from granting shares to selected

executives, employees and R&D consultants, the amount of which may not directly correlate with the underlying performance of our business operations, and is also affected by non-operating performance related factors that are not closely or directly related to our business activities. With respect to share awards, determining its fair value involves a high-degree of judgment. Historical occurrence of share awards is not indicative of any future occurrence. Listing expenses are one-off expenses in relation to the listing and the Global Offering. Therefore, we do not consider changes in fair value of convertible redeemable preferred shares, share awards and listing expenses to be indicative of our ongoing core operating performance and exclude them in reviewing our financial results. From time to time in the future, there may be other items that we may exclude in reviewing our financial results.

The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table shows reconciliation of net loss for the period to our adjusted net loss for the periods indicated:

	For the six months ended June 30,	
	2025	2024
	US$'000	*US$'000*
Loss for the period	**(7,792)**	(7,943)
Add:		
Share-based expenses[(1)]	**836**	111
Non-IFRS adjusted net loss for the period[(2)]	**(6,956)**	(7,832)

Notes:

(1) Represent the total expenses associated with the shares we granted to our sales and marketing employees, administrative employees and R&D employees.

(2) We consider the share awards expenses as non-operational or one-off expenses which do not affect our ongoing operating performance. We believe the net loss as adjusted by eliminating potential impacts of share awards expenses provides useful information to investors in facilitating a comparison of our operating performance from period to period.

CORPORATE GOVERNANCE RELATED INFORMATION

Compliance with the Relevant Laws and Regulations

The Group has compliance policies and procedures in place to ensure adherence to applicable laws, rules and regulations, in particular, those that have a significant impact on it, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the CG Code for, among other things, the disclosure of information and corporate governance. The Group would seek professional legal advice from its legal advisers to ensure that transactions and business to be performed by the Group are in compliance with the applicable laws and regulations. During the Reporting Period, the Group was not aware of any material non-compliance with any relevant laws and regulations that had a significant impact on the Group.

Compliance with the Corporate Governance Code

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance practices. During the Reporting Period, the Company has complied with all the applicable code provisions as set out in Part 2 of Appendix C1 to the Listing Rules, except for the following deviation:

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Hong Xu ("**Mr. Xu**") is currently the chairman of the Board and the chief executive officer of the Company (the "**CEO**"). The Board believes that, in view of Mr. Xu's experience, personal profile and his roles within the Group, Mr. Xu is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of the business of the Group as the CEO. The Board also believes that the combined role of the chairman of the Board and the CEO can promote an effective execution of strategic initiatives and facilitate the flow of information between management and the Board. The Board will continue to review and consider the splitting of the roles of the chairman of the Board and the CEO of the Company from time to time, and by taking into account the circumstances of the Group as a whole.

The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

Compliance with the Model Code

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors, and the Group's employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

No incident of non-compliance of the Model Code by the employees was noted by the Company during the Reporting Period.

Purchase, Sale or Redemption of the Company's Securities

During the Reporting Period, the Company repurchased 1,658,000 Shares on the Stock Exchange. The following table outlines the details of the Shares repurchased on a monthly basis during the Reporting Period:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate consideration paid
		Highest	Lowest	
		HK$	*HK$*	*HK$*
January 2025	400,000	0.65	0.60	250,345
February 2025	947,000	0.79	0.60	681,705
April 2025	311,000	0.98	0.81	277,050

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules)) during the Reporting Period. As of June 30, 2025, the Company held 1,658,000 treasury shares (as defined in the Listing Rules). Such treasury shares are reserved for the Company's equity incentive plans or any future issue of shares when the opportunities arise.

Issuance of Equity Securities of the Company

During the Reporting Period, the Company did not issue any equity securities or sell treasury shares (as defined under the Listing Rules) for cash other than grants which may have been made pursuant to share schemes adopted by the Company which comply with Chapter 17 of the Listing Rules.

Significant Investment Held and Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures.

Material Litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that were pending or threatened against the Group during the Reporting Period.

Employee and Remuneration Policies

As at June 30, 2025, the Group had 193 employees, of which 171 were based in China and 22 were based overseas (primarily in the U.S., Europe and India).

We provide periodic trainings on various measures and procedures regarding each aspect of our operations to employees, including protection of intellectual property, environmental protection and occupational health and safety. We also provide periodic training on these measures and procedures to our employees as part of our employee training program. We will regularly monitor the implementation of these measures and procedures.

During the Reporting Period, the total staff costs (including Director's emoluments and excluding share awards expenses) were approximately US$6.01 million (for the same period in 2024: approximately US$7.86 million).

Future Plans For Material Investments And Capital Assets

Except for the expansion strategies disclosed in sections "Business" and "Future Plans and Use of Proceeds" in the Prospectus, the Group does not have any specific plans for significant investments or acquisition of material capital assets or other businesses.

Use of Net Proceeds from the Global Offering

The total net proceeds from the issue of Shares by the Company in its listing on the Stock Exchange amounted to approximately HK$1,620.1 million, after deducting the underwriting commission and other expenses payable by the Company in connection with the Global Offering.

As at June 30, 2025, the Company has utilized approximately HK$788.4 million of the proceeds from the Global Offering. There was no change in the intended use of net proceeds and the expected timeline as disclosed in the announcement of the Company dated March 31, 2025. The balance of the unutilized net proceeds amount to approximately HK$831.7 million as at the end of the Reporting Period and the Company intends to apply such net proceeds in accordance with the purposes as set out in the table below:

	Approximate % of total net proceeds *(%)*	**Planned use of actual net proceeds** *HKD' million*	**Amount of unutilized net proceeds as at the beginning of the Reporting Period** *HKD' million*	**Revised allocation of unutilised amount of Net Proceeds** *HKD' million*	**Actual usage during the Reporting Period** *HKD' million*	**Amount of unutilized net proceeds as at the end of the Reporting Period** *HKD' million*	**Expected timeframe for utilizing the remaining net proceeds**
Development and commercialisation of InterVapor®	29.0%	469.2	233.3	157.9	27.4	130.5	Expected to be fully utilized by 2030
Development and commercialisation of RF-II	20.9%	339.4	265.5	168.8	10.4	158.4	Expected to be fully utilized by 2030
R&D of other product candidates	18.5%	299.9	64.0	235.9	16.5	219.4	Expected to be fully utilized by 2030
Production line expansion of our manufacturing facility	9.2%	149.2	149.2	48.8	–	48.8	Expected to be fully utilized by 2030
M&A, investing in or acquiring new pipelines	13.2%	213.2	194.0	194.0	–	194.0	Expected to be fully utilized by 2030
Working capital and other general corporate purposes	9.2%	149.2	0.1	100.7	20.0	80.7	Expected to be fully utilized by 2026
Total	100.0%	1,620.1	906.1	906.1	74.4	831.7	

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely, Dr. Pok Man Kam, Ms. Yee Sin Wong and Dr. David Scott Lim. Dr. Pok Man Kam, being the chairman of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The accounting information given in this announcement has not been audited or reviewed by the Company's external auditor. The Group's interim results during the Reporting Period have been reviewed by all members of the Audit Committee. Based on such a review, the Audit Committee was of the opinion that the Group's unaudited interim results were prepared in accordance with applicable accounting standards.

EVENTS AFTER THE REPORTING PERIOD

The Company is not aware of any material subsequent events from June 30, 2025 to the date of this interim report.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the Reporting Period (2024: Nil).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.broncus.com). The interim report of the Company for the six months ended June 30, 2025 containing all the information required by the Listing Rules will be provided to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

"Archimedes System"	LungPoint ATV System, also known as LungPro in China or the Archimedes System outside of China
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"BroncAblate®"	BroncAblate® Transbronchial Radiofrequency Ablation System
"Broncus Medical"	Broncus Medical Inc., a corporation established in accordance with the laws of the State of California, the United States and one of our Company's subsidiaries
"BSI"	the British Standards Institution

"BTPNA"	Bronchoscopic Trans-Parenchymal Nodule Access
"CG Code"	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Companies Ordinance"	Companies Ordinance (Cap 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"Company"	Broncus Holding Corporation (堃博医疗控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on April 30, 2012, whose Shares were listed and traded on the Stock Exchange
"COPD"	chronic obstructive pulmonary disease
"CROs"	Contract Research Organization
"Director(s)"	member(s) of our board of directors, including all executive, non-executive and independent non-executive directors
"EU"	the European Union
"FDA"	The United States Food and Drug Administration
"Fibernova"	Fibernova Holding Corporation, a company incorporated in the Cayman Islands
"Global Offering"	the global offering of the Shares, comprising the Hong Kong public offering of 8,935,500 Shares and the international offering of 80,419,500 Shares
"Group", "our Group", "we" or "us"	the Company and our subsidiaries (or the Company and any one or more of our subsidiaries, as the context may require)
"HK$", "HKD", "HK dollars" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"InterVapor®"	InterVapor® System, the world's first and only Thermal Vapor Treatment System to treat lung diseases including COPD and lung cancer, including InterVapor® Generator and InterVapor® Catheter
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	nomination committee of the Board
"PRC" or "China" or the "People's Republic of China"	the People's Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Prospectus"	the prospectus of the Company dated September 13, 2021
"R&D"	Research and development
"Remuneration Committee"	remuneration committee of the Board
"Reporting Period"	six months ended June 30, 2025
"RF-II"	RF Generator + RF Ablation Catheter, a radiofrequency ablation system used in conjunction with a disposable lung radiofrequency ablation catheter and the only radiofrequency ablation system that specifically targets lung cancer
"RSU"	restricted share unit(s)
"RSU Scheme"	the restricted share unit scheme of the Company as adopted on May 9, 2021 and amended and restated on July 5, 2021 and further amended and restated on October 25, 2023
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shares"	ordinary share(s) in the share capital of the Company
"Shareholders"	holders of the Shares
"Share Option Plan"	the equity incentive plan of the Company as adopted on May 9, 2021
"sq. m."	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"treasury share(s)"	has the meaning ascribed to it under the Listing Rules
"Trustee-held Shares"	the 9,877,197 Shares allotted by the Company to the trustee under the RSU Scheme on September 7, 2021 for the purpose of satisfying future grants thereunder
"U. S.", "USA" or "United States"	the United States of America
"US$", "USD" or "U. S. dollars"	United States dollars, the lawful currency for the time being of the United States
"%"	per cent

By order of the Board
Broncus Holding Corporation
XU Hong
Chairman

Hong Kong, August 28, 2025

As at the date of this announcement, the Board comprises Mr. Hong Xu as executive Director, Mr. Ao Zhang and Ms. Yanhong Kuang as non-executive Directors, and Dr. Pok Man Kam, Ms. Yee Sin Wong and Dr. David Scott Lim as independent non-executive Directors.