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BrainAurora Medical Technology Limited

脑动极光医疗科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6681)

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

The board (the “**Board**”) of directors (the “**Director(s)**”) of BrainAurora Medical Technology Limited 脑动极光医疗科技有限公司 (the “**Company**” or “**BrainAurora**”) is pleased to announce the unaudited consolidated interim results of the Company, its subsidiaries and consolidated affiliated entities (the “**Group**” or “**We**”) for the six months ended June 30, 2025 (the “**Reporting Period**”), together with comparative figures for the same period of 2024.

In this announcement, “we”, “us” and “our” refer to the Company and where the context otherwise requires, the Group. Certain amount and percentage figure included in this announcement have been subject to rounding adjustments or have been rounded to one or two decimal places, as appropriate. Any discrepancies in any table, chart or elsewhere totals and sums of amounts listed therein are due to rounding.

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		Period-
	2025	2024	on-Period
	<i>RMB'000</i>	<i>RMB'000</i>	change
			%
Revenue	100,051	51,887	92.82%
Loss and total comprehensive			
expense for the period	(126,881)	(114,389)	-10.92%
Adjusted net loss for the period*	(88,022)	(78,842)	-11.64%

* Adjusted net loss for the period is not defined under the International Financial Reporting Standard (the “**IFRS**”), it represents the loss for the period excluding the effect brought by fair value changes on convertible redeemable preferred shares and expenses under the employee long-term incentive plans.

BUSINESS HIGHLIGHTS

During the first half of 2025, we have made significant progress in advancing our product pipeline, AI technology innovations and business operations. Specifically, we made progress in the following areas:

1. Significant Progress in Core Pipeline in Research and Clinical Trials

(1) Dyslexia Adjunctive Recovery Training Software

The R&D phase has been completed, and it is now about to enter the registered clinical trial stage. Ethical approval from the main center has been obtained currently, with patient enrollment expected to begin by the end of the third quarter of this year and ethical reviews for sub-centers to be applied for. Data collection is projected to conclude in early 2026, followed by the submission of applications for medical device registration certificates by the end of the third quarter of 2026.

(2) Randomized Controlled Trial of Cognitive Digital Therapeutics for Hypertension, Coronary Heart Disease and Atrial Fibrillation Patients with Cognitive Impairment but No Dementia

The series of studies comprises three sub-studies, with a total of 649 patients enrolled. Follow-up for all patients was completed in 2024. To date, data analysis and report writing have been finalized, and the Company plans to submit applications for medical device registration certificates in 2026.

(3) Depression Treatment Software

The Company has completed both the development and pilot testing phases of the treatment software, with plans to initiate clinical trials for depression treatment software in 2026.

(4) Breakthrough in Combined Digital-drug Therapy for Attention Deficit Hyperactive Disorder (ADHD) in Children

In collaboration with the Sixth Hospital of Peking University, the Company completed the “Development and Application of Electronic Targeted Intervention Technology for ADHD Based on Multidimensional Cognitive Function Assessment”. This marks China’s first multicenter randomized controlled trial validating the efficacy of combined digital-drug therapy on key symptoms in children with ADHD, with findings published in “BMC Medicine”.

The study randomly divided 124 children with ADHD into a monotherapy group (atomoxetine) and a group receiving targeted cognitive digital therapeutics combined with medication, for an 8-week intervention. Results showed significantly greater improvement in the combined group across multiple key symptoms compared to the monotherapy group that took only atomoxetine: attention deficit scores improved from 23.3% to 34.6%, hyperactivity-impulsivity scores improved from 18.0% to 34.6%, and overall key symptom scores improved from 21.5% to 34.3%. This study successfully demonstrated the marked efficacy of combined digital-drug therapy in alleviating ADHD key symptoms compared to monotherapy (atomoxetine), filling a gap in China's evidence-based research on ADHD digital therapeutics (DTx). It also signifies the entry of combined digital-drug therapy into a new phase of synergistic enhancement. This therapy breaks through the limitations of traditional medications, showcasing the precision potential of digital therapeutics in neurodevelopmental disorders.

2. Continuously Driving Innovation and Application of AI in the Medical Field

- (1) The paper titled “Improve Decoding Factuality by Token-wise Cross Layer Entropy of Large Language Models”, authored by the Company, proposes a cross-layer entropy-enhanced decoding method that mitigates hallucination issues without requiring additional training of large language model parameters. The paper has been accepted by the North American Chapter of the Association for Computational Linguistics (NAACL2025), one of the top three international conferences in the field of natural language processing. While large models have broad application scenarios in healthcare, issues such as hallucinations have remained key obstacles. This research provides a novel approach to address hallucination problems in large models.
- (2) The Company's self-developed medical large model, BrainAuGPT, has been granted a national invention patent for its novel method of recommending training task combinations for large language models based on GBR second-order knowledge representation. Empowered by large models, the virtual human intelligent evaluation system has undergone comprehensive upgrades, now supporting multiple languages with more accurate intention understanding and the ability to detect patients' emotional changes for empathetic interactions. The personalized cognitive training intervention system, based on a cognitive deep-reasoning large model, represents the cutting edge of digital transformation in healthcare sector. By leveraging Monte Carlo Tree Search hybrid inference techniques and dynamic feedback control mechanisms, it achieves high-dimensional parameter optimization and personalized matching of intervention plans, delivering “precise prescription tailored to each individual” for patients with cognitive dysfunction. Additionally, the BrainAu Onebox M1, an all-in-one smart medical large model device developed based on BrainAuGPT, was successfully launched in 2025.

3. Steady and Rapid Business Development

Our revenue increased by RMB48.16 million from RMB51.89 million for the six months ended June 30, 2024 to RMB100.05 million for the six months ended June 30, 2025, representing a year-on-year increase of 92.81%.

MANAGEMENT DISCUSSION AND ANALYSIS

I. OVERVIEW

We are a seasoned player in China’s cognitive impairment digital therapeutics (the “DTx”) market. We are the first company in China that has developed a medical-grade DTx product for cognitive impairment, combining brain science with advanced artificial intelligence (the “AI”) technologies. Our product pipeline covers both the assessment and intervention of a broad range of cognitive impairments induced by vascular diseases, neurodegenerative diseases, psychiatric disorders, and child development deficiencies, among others. Our Core Product (as defined in Chapter 18A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”)), the Brain Function Information Management Platform Software System is the first cognitive impairment DTx product that has obtained regulatory approval in China.

We are a commercial stage company. As of the date of this announcement, our Core Product had been included in the provincial health insurance reimbursement lists of 30 provinces in China. We are committed to assisting medical institutions across the country to establish diagnostic and treatment centers for cognitive impairment, and building long-term business relationships with medical institutions to promote the development of cognitive impairment DTx market in China. As of the date of this announcement, we had helped more than 200 hospitals establish cognitive centers in China, including several leading hospitals with “National Medical Center” (國家醫學中心) certification for various medical specialties by the NHC. We are committed to making achievements in the brain scientific research to DTx products and building a digital platform for DTx and comprehensive health management that benefit cognitive impairment patients.

We have established a broad DTx product pipeline. The Core Product had been commercialized for eight indications from four major types of cognitive impairment and is under development for several other cognitive impairment indications as of the date of this announcement. We had three other products with regulatory approvals in China, one other product with regulatory approval in the EU and six product candidates under different stages of preclinical and clinical development or registration process as of the date of this announcement. We enjoy rights with respect to our products and product candidates in jurisdictions where we receive regulatory approvals.

II. BUSINESS REVIEW

A. Our Core Product – Brain Function Information Management Platform Software System (the “System”)

Our Core Product, the System, is an evidence-based, medical-grade DTx product, and the first cognitive impairment DTx product in China to receive regulatory approval. In September 2018, we obtained the initial Class II medical device registration certificate from the Hunan Medical Products Administration (the “**Hunan MPA**”) for the System. In June 2020, we obtained an amended certificate (the “**2020 Amended Certificate**”) from the Hunan MPA to include the screening, assessment, recovery and data analysis of eight specific indications. In May 2023, we renewed the 2020 Amended Certificate with the Hunan MPA (the “**2023 Renewed Certificate**”), which contains the same indication coverage as the 2020 Amended Certificate.

The System is software that combines clinical experience in brain science with deep neural networks (“**DNN**”) algorithms, a powerful category of machine learning algorithms, to assess a patient’s cognitive impairment and provide personalized DTx treatment options. The System enables clinical assessment and interventions for various types of cognitive impairment induced by vascular diseases, neurodegenerative diseases, psychological disorders and child development deficiencies, among other types of cognitive impairments. The System incorporates our two underlying technologies, namely virtual human and AI technologies. In particular, our DNN algorithms are trained with a large amount of information on patient demographics, clinical assessment, diagnosis and information collected during patients’ participation in training tasks at diverse difficulty levels. Our DNN algorithms undergo constant iteration and training to dynamically adjust the content of the training tasks. The DNN algorithms can identify the most suitable training out of millions of different possible combinations, building on over 300 training modules that are designed to activate the appropriate brain regions for the best therapeutic effect.

Patients that use the System typically suffer from cognitive impairment, which is what the System addresses. Such cognitive impairments may be induced by many classes of diseases, such as vascular diseases, neurodegenerative diseases, psychiatric disorders and child development deficiencies. In addition, the clinical trials that have been undertaken on the System demonstrate the safety and efficacy of the System in improving patients’ cognitive functions (such as speed, attention, perception, long-term memory, working memory, calculation, executive control, reasoning and problem solving), not the inducing diseases themselves. Therefore, despite the variety in the diseases that could induce cognitive impairment, the eight existing indications as well as the potential new indications are considered indication expansion of the System and can be added to the same medical device registration certificate.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET THE SYSTEM WITH NEW INDICATIONS SUCCESSFULLY.

B. Our Other Key Products and Product Candidates

As of the date of this announcement, four of our products besides the System had obtained regulatory approvals in China or abroad, including, among others, BCAT, SAS and DSS (terms defined below).

Basic Cognitive Testing Software (the “BCAT”)

BCAT is designed to facilitate healthcare professionals’ assessment of patients’ basic cognitive capacity by enabling patients to self-administer tests of their cognitive capacities relating to processing speed, working memory, episodic memory, visual-spatial ability and verbal comprehension. We obtained a Class II medical device registration certificate from the Hunan MPA for the BCAT in October 2022. After obtaining regulatory approval in 2022, we have been and are undergoing further research and preparing additional scientific literature with regards to BCAT, which we believe would be conducive to improving its market recognition and acceptance by the medical community. We have commenced the commercialization of BCAT in 2025.

Cognitive Ability Supplemental Screening and Assessment software (the “SAS”)

SAS is designed to facilitate healthcare professionals’ assessment of patients’ cognitive capacity by enabling patients to self-administer Mini-Mental State Examination and Montreal Cognitive Assessment tests. We obtained a Class II medical device registration certificate from the Hunan MPA for the SAS in December 2022 after submitting relevant clinical evaluation materials. After obtaining regulatory approval in 2022, we have been and are undergoing further research and preparing additional scientific literature with regards to SAS, which we believe would be conducive to improving its market recognition and acceptance by the medical community. We have commenced the commercialization of SAS in 2025.

Dyslexia Supplemental Screening and Assessment Software (the “DSS”)

DSS is designed to facilitate the assessment of risk of developmental dyslexia in children. We received a Class II medical device registration certificate for DSS in September 2023 from the Hunan MPA. In support of our application for the above Class II medical device registration certificate, we submitted a clinical comparison with the System. DSS was commercialized in 2025.

Dyslexia Adjunctive Recovery Training Software

We are currently conducting a clinical trial for our Dyslexia Adjunctive Recovery Training Software product. The main components of the Dyslexia Adjunctive Recovery Training Software are: 1. perceptual training module; 2. language-based training module. The training task system covers cognitive domains such as perception, reading, attention, and language, aiming to improve reading accuracy and fluency through targeted exercises.

Quantitative Cognitive Assessment Software for Depression

The Quantitative Cognitive Assessment Software for Depression is the first medical device product in China designed to assess the cognitive abilities of patients with depression. We plan to complete the clinical trial study in the third quarter of 2025 and conduct data statistics and analysis. We will formally submit the registration application to the Beijing Municipal Medical Products Administration in the fourth quarter of 2025 and anticipate commercialization in 2026.

Depression Treatment Software

We are currently under preclinical development of the depression treatment software, called “Mind Island Aurora”, which is a computerized system utilizing a combination of game-playing and Computerized Cognitive Behavioral Therapy to alleviate symptoms associated with depression. We expect to initiate clinical trial in the first quarter of 2026.

Cognitive Impairment Assessment Software and Cognitive Impairment Treatment Software

In order to expand our international footprint and build global influence, we are developing the following products for the U.S. and the EU: Cognitive Impairment Assessment Software and Cognitive Impairment Treatment Software. On July 22, 2022, we obtained the CE mark in the EU for our Cognitive Impairment Treatment Software, which is exempted from clinical trial requirements under EU’s Medical Device Regulation and allows for its commercialization in the EU that is expected to commence in 2026. We are also developing our Cognitive Impairment Treatment Software and Cognitive Impairment Assessment Software in the U.S. in preparation for regulatory filings under Section 510(k).

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR OTHER KEY PRODUCTS AND PRODUCT CANDIDATES SUCCESSFULLY.

RESEARCH AND DEVELOPMENT CAPABILITY

We believe that our continued research and development (“**R&D**”) is the key driver of our business growth and competitiveness.

We have a strong multi-disciplinary in-house R&D team of 128 professionals with 29 holding a master's degree and three holding PhDs as of the date of this announcement. Our key R&D staff have on average over six years of relevant experience in the DTx industry. Our R&D team frequently participates in academic and industry conferences and engages with industry and clinical experts to bring us up-to-date insights and innovations from a global perspective. Our R&D team is divided into the following three groups: (i) Brain Research Institute, (ii) Product Innovation Center, and (iii) Technology Research Center. Externally, we have established long-term relationships with key opinion leaders, including well-known medical professional and clinical experts in China. Leveraging their insights and recommendations, we are able to focus our R&D process on unmet clinical needs and explore frontier and breakthrough technologies.

FUTURE DEVELOPMENT AND OUTLOOK

We plan to execute the following strategies to achieve our mission and drive our future growth: (i) continue indication expansion of the System and development of other product candidates to further solidify our position in China's cognitive impairment DTx market, (ii) accelerate commercialization of the System and other products and enhance market penetration, (iii) further improve our research and development capabilities, (iv) expand our international footprint and build global influence and (v) strategically seek merger and acquisition opportunities.

III. 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.

Revenue

Our revenue increased by RMB48.16 million from RMB51.89 million for the six months ended June 30, 2024 to RMB100.05 million for the six months ended June 30, 2025, representing a year-on-year increase of 92.81%.

We generate revenue from (i) provision of the System integral software solutions in hospitals; (ii) provision of the System integral software solutions out of hospitals to individual patients; (iii) provision of research projects services to research institutions; (iv) sales of medical AI large language model solutions; and (v) others, such as sales of hardware embedded with the System and the related user accounts. The increase in our revenue was primarily due to (i) an increase in the number of hospitals that purchased the System from 186 in 2024 to 205 for the six months ended June 30, 2025; and (ii) an increase in the number of times patients used our System from approximately 1,800,000 times in 2024 to 2,595,554 times for the six months ended June 30, 2025; and (iii) a significant increase in the number of patients from approximately 7,397 to 12,915 for the six months ended June 30, 2025 over the same periods who selected our System for use in their own homes after initially using the System in hospitals.

Cost of Sales

Our cost of sales increased from RMB27.37 million for the six months ended June 30, 2024 to RMB59.20 million for the six months ended June 30, 2025, representing an increase of 116.30%. The increase in our cost of sales was primarily due to (i) an RMB12.85 million increase in operational costs, incurred by third-party service providers that provide operational support in cognitive centers on our behalf; (ii) an increase in the number of cognitive centers from which we incurred construction costs from 107 in 2024 to 138 for the six months ended June 30, 2025, which led to an increase in construction and depreciation costs; and (iii) the hardware equipment procurement cost of RMB23.01 million for the newly added medical AI large language model solutions business in the first half of the year.

Gross Profit

Our gross profit increased from RMB24.52 million for the six months ended June 30, 2024 to RMB40.85 million for the six months ended June 30, 2025, representing an increase of 66.60%. The increase in our gross profit was primarily due to the significant increase in sales volume of the System and the increase in the number of hospitals and patients that used our System.

Other Income

Our other income primarily consists of (i) interest income on bank balances, term deposits and restricted bank deposit; (ii) interest income from rental deposits; (iii) government grants related to R&D activities; and (iv) others.

Our other income increased from RMB0.58 million for the six months ended June 30, 2024 to RMB7.28 million for the six months ended June 30, 2025, representing an increase of 1,155.17%. The increase in our other income was mainly attributable to the receipt of proceeds from the listing in 2025, which resulted in the change in average balance as compared to 2024, leading to the increase in interest income on bank balances and restricted bank deposit of RMB5.94 million.

Other Expenses and Other Gains and Losses, Net

Our other expenses and other gains and losses, net primarily relates to fair value gains on financial assets at FVTPL. Our other expenses and other gains and losses, net decrease from RMB2.14 million for the six months ended June 30, 2024 to RMB-4.42 million for the six months ended June 30, 2025, representing a decrease of 306.54%. The decrease in our other expenses and other gains and losses, net was primarily attributable to an increase of RMB3.26 million in loss on early repayment of long-term bonds in 2025 and an increase of RMB1.26 million in net foreign exchange loss.

Fair Value Changes of Financial Liabilities at FVTPL

Our fair value changes of financial liabilities at FVTPL primarily relates to fair value changes of our redeemable preference shares. Our fair value changes of financial liabilities at FVTPL changed from loss of RMB0.24 million for the six months ended June 30, 2024 to nil for the six months ended June 30, 2025, representing a 100% decrease. The decrease in our loss on fair value changes of financial liabilities at FVTPL was primarily attributable to the automatic conversion of redeemable preference shares into ordinary shares upon listing, which no longer involved such changes.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) market development and service expenses; (ii) employee benefits expenses; (iii) depreciation and amortization expenses; (iv) share-based payments; and (v) others.

Our selling and distribution expenses increased from RMB25.38 million for the six months ended June 30, 2024 to RMB30.45 million for the six months ended June 30, 2025, representing an increase of 19.98%. The increase in our selling and distribution expenses was primarily attributable to an increase in market development and service expenses driven by the increasing efforts to explore business cooperation opportunities in order to reach more hospitals and other customers and to enhance industry recognition and awareness of our products.

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses for our administrative staff; (ii) restructuring related expenses; (iii) depreciation and amortization expenses; (iv) professional service expenses; (v) utilities and office expenses; (vi) share-based payments; and (vii) others.

Our administrative expenses increased from RMB28.14 million for the six months ended June 30, 2024 to RMB46.01 million for the six months ended June 30, 2025, representing an increase of 63.50%. The increase in our administrative expenses was primarily attributable to the facts that (i) service fee increased by RMB6.45 million as compared with the same period of last year, mainly due to other expenses related to listing activities that were not included in listing expenses; (ii) rental and property costs increased by RMB3.46 million as compared with the same period of last year; and (iii) share-based payments increased by RMB1.63 million during the Reporting Period mainly attributable to the continuing amortisation of the granted share-based payments.

R&D Expenses

Our R&D expenses primarily consist of (i) staff remuneration; (ii) share-based payments; (iii) depreciation and amortization; and (iv) technical service fee engaging external organization for development.

Our R&D expenses increased from RMB64.23 million for the six months ended June 30, 2024 to RMB68.15 million for the six months ended June 30, 2025, representing an increase of 6.10%. The increase in our R&D expenses was primarily due to the facts that (i) higher staff remuneration led to an increase of RMB2.23 million in R&D expenses; (ii) share-based payments increased by RMB1.20 million during the Reporting Period mainly attributable to the continuing amortisation of the granted share-based payments; (iii) other piecemeal procurement and reimbursement increased by RMB0.41 million as compared with last year, representing an increase of 4.17%; and (iv) service fee and cloud service fee increased by RMB2.25 million as compared with last year, representing an increase of 49.40%. Among them, the cloud service fee included service fee for cloud service providers and other service fee, and increased by RMB0.84 million during the Reporting Period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2025

	<i>NOTES</i>	For the six months ended June 30, 2025 RMB'000 (unaudited)	For the six months ended June 30, 2024 RMB'000 (audited)
Revenue	4	100,051	51,887
Cost of sales		(59,200)	(27,367)
Gross profit		40,851	24,520
Other income	5	7,281	582
Other expenses and other gains and losses, net	6	(4,415)	2,135
Fair value loss of financial liabilities at fair value through profit or loss (“FVTPL”)		–	(243)
Impairment loss under expected credit loss (“ECL”) model, net of reversal		(9,684)	(4,142)
Selling and distribution expenses		(30,445)	(25,376)
Administrative expenses		(46,008)	(28,138)
Research and development expenses		(68,149)	(64,231)
Finance costs	7	(11,975)	(10,904)
Listing expenses		(2,670)	(8,592)
Loss before tax		(125,214)	(114,389)
Income tax expense	8	(1,667)	–
Loss and total comprehensive expense for the period	9	(126,881)	(114,389)
Loss for the period attributable to:			
Owners of the Company		(126,365)	(114,328)
Non-controlling interests		(516)	(61)
		(126,881)	(114,389)
Loss per share (RMB)	11		
Basic		(0.11)	(0.13)
Diluted		(0.11)	(0.13)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	<i>NOTES</i>	As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		23,599	23,386
Right-of-use assets	<i>12</i>	12,127	21,039
Intangible assets	<i>13</i>	11,794	2,909
Prepayments and other receivables	<i>14</i>	4,860	4,029
		52,380	51,363
CURRENT ASSETS			
Contract costs		630	534
Trade and other receivables and prepayments	<i>14</i>	171,831	134,221
Financial assets at FVTPL	<i>15</i>	109,002	–
Restricted bank deposits	<i>16</i>	100,755	69,495
Bank balances and cash		287,922	343,882
		670,140	548,132
CURRENT LIABILITIES			
Trade and other payables	<i>17</i>	34,467	56,090
Contract liabilities		13,606	10,075
Tax liabilities		810	–
Receipts in advance from cornerstone investors		–	320,971
Lease liabilities		7,222	11,823
Bank and other borrowings	<i>19</i>	143,102	21,261
Deferred income		1,787	1,696
Long-term bond – due within one year	<i>18</i>	74,336	74,663
Financial liabilities at FVTPL	<i>20</i>	–	285,428
		275,330	782,007
NET CURRENT ASSETS (LIABILITIES)		394,810	(233,875)
TOTAL ASSETS LESS CURRENT LIABILITIES		447,190	(182,512)

		As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
	NOTES		
NON-CURRENT LIABILITIES			
Lease liabilities		3,379	8,918
Long-term bond	18	196,128	271,617
Deferred income		1,081	977
		<u>200,588</u>	<u>281,512</u>
NET ASSETS (LIABILITIES)		<u>246,602</u>	<u>(464,024)</u>
CAPITAL AND RESERVES			
Share capital	21	1	1
Reserves		247,488	(463,654)
Equity attributable to owners of the Company		247,489	(463,653)
Non-controlling interests		(887)	(371)
TOTAL EQUITY (DEFICITS)		<u>246,602</u>	<u>(464,024)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law section 165 of the Cayman Islands on April 25, 2023. The address of the Company's registered office is at Palm Grove Unit 4, 265 Smith Road, George Town, P.O. Box 52A Edgewater Way, #1653, Grand Cayman KY1-9006, Cayman Islands. The principal place of business of the Company is Block A, Dongsheng Science and Technology Park & Fengyeyuan Digital Industry Economic Park, Zhongguancun, 135 Qinghe Road, Haidian District, Beijing, the People's Republic of China (the "**PRC**").

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from January 8, 2025.

The Company is an investment holding company. Its subsidiaries are principally engaged to offer cognitive impairment digital therapeutics ("**DTx**") integral software solutions in the PRC. The Company and its subsidiaries are hereinafter collectively referred to as the "Group".

The condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

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

3. ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended December 31, 2024.

Application of amendments to IFRS Accounting Standards

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

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue

	For the six months ended June 30, 2025 RMB'000 (unaudited)	For the six months ended June 30, 2024 RMB'000 (audited)
Provision of the brain function information management platform software system (the “System”) integral software solutions		
In hospitals	51,780	35,282
Out of hospitals	23,097	10,544
	<u>74,877</u>	<u>45,826</u>
Research projects	344	5,914
Medical artificial intelligence (“AI”) large language model solutions (Note)	24,779	–
Others	51	147
	<u>51</u>	<u>147</u>
Total	<u><u>100,051</u></u>	<u><u>51,887</u></u>

Note: During the current period, the Group entered into a contract to provide multiple deliverables to the customer, including sales of hardware, a self-developed general medical and cognitive large-scale AI model software license, installation and deployment services. Each of the deliverables mentioned above was accounted for as a separate performance obligation because they have standalone functionality and are capable of being distinct. Revenue from sales of hardware and software is recognized upon the receipt of customer acceptance after the installation and deployment. Such acceptance is acknowledged through a signed document verifying that the hardware and software are fully operational to the customer’s satisfaction. The Group also provide after-sales maintenance services during the warranty period, which is considered as an assurance-type warranty. The management of the Group has assessed that the financial impact of warranty are expected to be insignificant.

	For the six months ended June 30, 2025 RMB'000 (unaudited)	For the six months ended June 30, 2024 RMB'000 (audited)
Timing of recognition		
At a point in time	76,903	41,249
Over time	23,148	10,638
	<u>100,051</u>	<u>51,887</u>
Geographical market		
Mainland China	<u>100,051</u>	<u>51,887</u>

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(ii) Segment information

Information reported to the executive directors, being the chief operating decision makers (the “CODM”) for the purpose of resources allocation and assessment of segment performance, focuses on types of goods or services delivered or provided. During the current period, the CODM assesses the operating performance and allocates resources of the Group as a whole, as all of the Group’s activities are considered to be primarily the provision of cognitive impairment DTx integral software solutions. Accordingly, the executive directors consider there is only one operating segment under the requirements of IFRS 8 *Operating Segments*. In this regard, no segment information is presented.

Geographic information

The Group’s operations are mainly located in Chinese Mainland. Information about the Group’s non-current assets is presented based on the geographical location of the assets.

	Non-current Assets	
	June 30,	December 31,
	2025	2024
	RMB’000	RMB’000
	(unaudited)	(audited)
Chinese Mainland	42,148	44,499
Hong Kong and Japan	8,068	4,082
	50,216	48,581

Note: Non-current assets excluded financial instruments.

5. OTHER INCOME

	For the	For the
	six months ended	six months ended
	June 30,	June 30,
	2025	2024
	RMB’000	RMB’000
	(unaudited)	(audited)
Interest income on bank balances and restricted bank deposits	6,317	378
Interest income from rental deposits	59	54
Government grants related to research and development activities	556	150
Interest income from short-term loan receivables	349	—
Total	7,281	582

6. OTHER EXPENSES AND OTHER GAINS AND LOSSES, NET

	For the	For the
	six months ended	six months ended
	June 30,	June 30,
	2025	2024
	RMB’000	RMB’000
	(unaudited)	(audited)
Fair value gains on financial assets at FVTPL	1,012	—
Losses on early repayments of long-term bond	(3,263)	—
Gain on re-estimated repayments of long-term bond	—	2,151
Losses on lease termination and lease modifications	(876)	(7)
Net foreign exchange loss	(1,270)	(9)
Others	(18)	—
Total	(4,415)	2,135

7. FINANCE COSTS

	For the six months ended June 30, 2025 RMB'000 (unaudited)	For the six months ended June 30, 2024 RMB'000 (audited)
Interest expense on long-term bond	10,921	10,353
Interest on bank borrowings	759	365
Interest on lease liabilities	295	186
	<hr/>	<hr/>
Total	11,975	10,904
	<hr/>	<hr/>

8. INCOME TAX EXPENSE

	For the six months ended June 30, 2025 RMB'000 (unaudited)	For the six months ended June 30, 2024 RMB'000 (audited)
Current tax:		
PRC Enterprise Income Tax	1,577	—
Under provision in respect of prior period:		
PRC Enterprise Income Tax	90	—
	<hr/>	<hr/>
Total	1,667	—
	<hr/>	<hr/>

The Company was incorporated in the Cayman Islands and is exempted from income tax.

No Hong Kong profit tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong profit tax.

Beijing Zhijingling Technology Co., Ltd.* (北京智精靈科技有限公司) (“**Beijing Zhijingling**”) has been accredited as a High and New Technology Enterprise (“**HNTE**”) by the Beijing Municipal Science & Technology Commission and relevant authorities in December 2019 for a term of three years ended December 2022. The HNTE qualification of Beijing Zhijingling was further renewed and extended to December 2025. Beijing Zhijingling was subject to a preferential income tax rate of 15% from December 2019 to December 2025. Pursuant to the notice of the Ministry of Finance and the State Administration of Taxation on extending the loss carrying forward period of HNTE and high-tech small and medium enterprises (Cai Shui 2018 No. 76), with effect from January 1, 2018, for qualified HNTE and high-tech small and medium enterprises, the unutilized tax losses incurred in the previous 5 years can be utilized in 10 years from the year of loss. The unutilized tax losses of Beijing Zhijingling incurred since year 2014 will be expired in 10 years from the year of loss.

* English names are for identification purpose only.

9. LOSS FOR THE PERIOD

	For the six months ended June 30, 2025 RMB'000 (unaudited)	For the six months ended June 30, 2024 RMB'000 (audited)
Loss for the period has been arrived at after charging:		
Staff costs, including directors' remuneration		
– salaries and other allowances	39,006	33,031
– retirement benefits	3,787	3,446
– equity-settled share-based payments included in selling and distribution expenses	7,138	6,404
– equity-settled share-based payments included in administrative expenses	15,731	14,106
– equity-settled share-based payments included in research and development expenses	15,990	14,794
	<hr/>	<hr/>
Total staff costs	81,652	71,781
	<hr/>	<hr/>
Listing expenses	2,670	8,592
Depreciation of property, plant and equipment	6,607	8,642
Depreciation of right-of-use assets	5,495	3,938
Amortization of intangible assets	549	869
	<hr/>	<hr/>
Total depreciation and amortization	12,651	13,449
	<hr/>	<hr/>
Short-term lease expense	59	65
	<hr/>	<hr/>

10. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the six months ended June 30, 2025 RMB'000 (unaudited)	For the six months ended June 30, 2024 RMB'000 (audited)
Loss		
Loss for the period attributable to owners of the Company	<u>(126,365)</u>	<u>(114,328)</u>
	For the six months ended June 30, 2025 Shares ('000) (unaudited)	For the six months ended June 30, 2024 Shares ('000) (audited)
Number of shares		
Weighted average number of Ordinary Shares (defined in Note 2 to the Group's annual consolidated financial statements for the year ended December 31, 2024) for the purpose of basic and diluted loss per share	<u>1,170,400</u>	<u>904,122</u>

The weighted average number of Ordinary Shares for the purpose of calculating basic loss per share for the six months ended June 30, 2025 has been determined on the assumptions that the Share Subdivision as set out in Note 21 had been effective since January 1, 2025 and the ordinary shares issued to HoldCo are not treated as outstanding Ordinary Shares and excluded in the calculation of basic loss per share.

The weighted average number of Ordinary Shares for the purpose of calculating basic loss per share for the six months ended June 30, 2024 has been determined on the assumptions that the Share Subdivision as set out in Note 21 had been effective since January 1, 2024 and the Series A-1 Preferred Shares (defined in Note 20) and the ordinary shares issued to HoldCo are not treated as outstanding Ordinary Shares and excluded in the calculation of basic loss per share.

For the purpose of calculation of diluted loss per share for the six months ended June 30, 2025 and 2024, it did not take into account the effect of the share awards of the Company since the assumed vesting would result in a decrease in loss per share.

12. RIGHT-OF-USE ASSETS

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 2 to 3 years. On date of lease commencement, the Group recognized right-of-use assets of RMB5,273,000 (six months ended June 30, 2024: nil).

In April 2025, the Group early terminated a lease with the lessor. The Group derecognized the rental deposit of RMB1,060,000, right-of-use assets of RMB8,690,000 and lease liabilities of RMB8,874,000, resulting in a loss of RMB876,000 in profit or loss. During the six months ended June 30, 2024, the Group remeasured the lease liabilities of RMB1,408,000 and right-of-use assets of RMB1,415,000 due to a reduction of the leased space and recognized the difference of RMB7,000 in profit or loss.

13. INTANGIBLE ASSETS

During the current interim period, the Group's intangible assets increased by RMB5,189,000 for acquisition of a data package and RMB4,245,000 for a software under development (six months ended June 30, 2024: RMB267,000 for acquisition of a software).

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Trade receivables	135,921	105,312
Less: allowance for credit losses	<u>(22,055)</u>	<u>(12,371)</u>
	113,866	92,941
Prepayments to suppliers and service providers	26,463	19,453
Short-term loan receivables (<i>Note</i>)	23,717	4,400
Rental deposits	3,479	4,117
Value added tax recoverable	2,356	1,541
Prepayments for purchase of intangible assets	1,939	101
Receivables from third party payment platforms	1,677	2,879
Prepayments for purchase of property, plant and equipment	757	1,146
Other deposits	506	616
Advances to a related party	–	2,059
Deferred share issue costs	–	8,206
Others	<u>1,931</u>	<u>791</u>
Total	<u>176,691</u>	<u>138,250</u>
Analyzed as:		
Non-current	4,860	4,029
Current	<u>171,831</u>	<u>134,221</u>
Total	<u>176,691</u>	<u>138,250</u>
Trade and other receivables and prepayments denominated in:		
USD	14,667	–
RMB	<u>162,024</u>	<u>138,250</u>
	<u>176,691</u>	<u>138,250</u>

Note: These receivables were short-term loans to non-related parties, with fixed interest rates from nil to 5.6% per annum, and repayable within one year. The amounts of RMB3,000,000 and USD2,000,000 (equivalent to RMB14,667,000) are guaranteed by third parties and the remaining is unsecured.

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The Group allows a credit period of 30 to 180 days to its customers. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the respective revenue recognition dates at the end of the reporting period:

	As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Trade receivables		
0~90 days	35,752	33,425
91~180 days	22,169	18,545
181~270 days	26,240	14,654
271~360 days	6,423	10,546
361~720 days	22,495	15,771
>720 days	787	—
	<hr/>	<hr/>
Total	113,866	92,941
	<hr/> <hr/>	<hr/> <hr/>

As at June 30, 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB95,288,000 (December 31, 2024: RMB78,845,000) which are past due as at the reporting date. Out of the past due balances, RMB65,978,000 (December 31, 2024: RMB51,094,000) has been past due 90 days or more and is not considered as in default because the customers are mainly state-owned hospitals or state-owned universities which are with high credit ratings and frequently repay after due dates but usually settle the amounts in full and the amounts are still considered recoverable.

15. FINANCIAL ASSETS AT FVTPL

	As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Financial assets at FVTPL	109,002	—
	<hr/> <hr/>	<hr/> <hr/>

The Group invested in financial products managed by a bank in Hong Kong which can be redeemed at any time or at maturity. There is no predetermined or guaranteed return for each product. Such financial products are accounted for as financial assets at FVTPL under IFRS 9.

16. RESTRICTED BANK DEPOSITS

	As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Restricted bank deposits	100,755	69,495
	<hr/> <hr/>	<hr/> <hr/>

16. RESTRICTED BANK DEPOSITS (CONTINUED)

The restricted bank deposit carries interest rate of 4.23% per annum as at June 30, 2025. Restricted bank deposits amounted to USD14,000,000 (equivalent to RMB100,220,000) have been pledged to secure a bank borrowing of RMB90,000,000 as disclosed in Note 19 which will mature on May 15, 2026 bearing interest rate of 3.23% per annum.

The restricted bank deposit carries interest at prevailing market rate of 0.10% per annum as at December 31, 2024 and withdrawal from the account is subject to endorsement of Shaoxing Binhai New Area Biomedical Industry Equity Investment Fund Partnership (LP)* (紹興濱海新區生物醫藥產業股權投資基金合夥企業(有限合夥)) (“**Shaoxing Fund**”), the details of which is set out in Note 18. The restriction of withdrawal endorsement was waived on January 14, 2025.

* English names are for identification purpose only.

17. TRADE AND OTHER PAYABLES

	As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Trade payables	6,914	3,419
Accrued salaries and other allowances	5,046	10,259
Refund payables (<i>Note</i>)	1,435	3,242
Deposits for the hardware for cognitive training out of hospital	10,016	7,043
Payables for acquisition of property, plant and equipment	197	1,265
Accrued listing expenses and share issue costs	–	25,255
Other tax payables	1,709	1,860
Payables for research and development activities	1,731	1,353
Payables for purchase of intangible assets	3,500	–
Others	3,919	2,394
	<u>34,467</u>	<u>56,090</u>

Note: In December 2020, the Group terminated certain contracts relate to sales of the System with distributors and a contract relate to service for software development. These balances represent refundable prepayments received from distributors and customer and agreed compensation for the early termination of contracts.

The credit period granted by service providers is generally within 30 days. The following is an aged analysis of trade payables based on the date when service provided at the end of the reporting period:

	As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Trade payables within 1 year	<u>6,914</u>	<u>3,419</u>

18. LONG-TERM BOND

	As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Carrying amounts repayable:		
Within one year	74,336	74,663
Between two to five years	196,128	–
More than five years	–	271,617
	270,464	346,280
Less: Amounts due within one year shown under current liabilities	(74,336)	(74,663)
Amounts shown under non-current liabilities	196,128	271,617

In July 2021, BrainAurora Zhejiang, entered into a long-term bond subscription agreement and a supplementary agreement with Shaoxing Fund. The aggregate subscription amount was RMB300 million. The long-term bond carries nominal interests of 6% per annum and will mature on the fifth anniversary of a qualified IPO of the Group. BrainAurora Zhejiang shall pay the nominal interest of 6% per annum calculated on a simple basis up to December 31, 2025 no later than December 31, 2025. The principal and the interest from January 1, 2026 to the maturity date shall be settled within seven working days from the maturity date. The total subscription amount of RMB300 million was received in August 2021. The Shaoxing Fund may exercise its conversion option in relation to the long-term bond of no more than RMB100 million before the submission of the listing application with no later than December 31, 2025 and the conversion price is subject to further negotiation between the Shaoxing Fund and BrainAurora Zhejiang. The long-term bond includes conversion option that do not meet equity instrument classification by applying IAS 32 *Financial Instruments: Presentation*. The host debt component is measured at amortized cost and the derivative component of the conversion option is measured at fair value. Since there is no specific conversion price in the agreement, the fair value of the conversion option is considered nil. Therefore, the financial liability is measured at amortized cost and the effective interest rate calculated after taking into account of nominal interest rate and other directly related issue costs is 6.23%.

In June 2023, the Group and Shaoxing Fund signed a supplementary agreement, pursuant to which the conversion right, and the original guarantee obligation of certain shareholders and their close family members and friends were cancelled. The Group set up a new bank account and made deposits of RMB300,000,000 to this account as at June 30, 2023 according to above supplementary agreement and the withdrawal from the account is subject to approval of Shaoxing Fund. The restriction of withdrawal endorsement was waived on January 14, 2025. In June 2025, BrainAurora Zhejiang and Shaoxing Fund signed a supplementary agreement, pursuant to which all early repaid principal before December 31, 2025 will cease to accrue interest from the date of repayment. BrainAurora Zhejiang repaid the principal of RMB90,000,000 to Shaoxing Fund on June 27, 2025.

19. BANK AND OTHER BORROWINGS

	As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Other borrowing (Note i)	7,158	7,189
Bank borrowings (Note ii)	135,944	14,072
	<u>143,102</u>	<u>21,261</u>
Bank and other borrowings denominated in:		
USD	7,158	7,189
RMB	135,944	14,072
	<u>143,102</u>	<u>21,261</u>

Notes:

- i. In December 2022, BrainAu Medical Technology (Delaware) Co., LLC (“**BrainAu (Delaware)**”), a subsidiary of the Group, entered into a financing agreement with China Frontier Capital Holding Ltd., a shareholder of the Group. According to the original financing agreement, the borrowing amounted to USD1 million and is interest free and is due after the U.S. Food and Drug Administration approves the Section 510(k) registration for the Cognitive Impairment Assessment Software and Cognitive Impairment Treatment Software in the United States of America. During the current period, the payment term of the borrowing has been modified to payable no later than December 2025.
- ii. During the current period, the Group obtained certain new bank borrowings. The interest rate of the bank borrowings as at June 30, 2025 ranged from 2.08% to 3.40% (December 31, 2024: 3.00% to 5.00%) per annum. Bank borrowing of RMB90,000,000 was secured by bank deposits amounted to USD14,000,000 (equivalent to RMB100,220,000) as disclosed in Note 16. The rest of bank borrowings of RMB45,944,000 are unsecured and unguaranteed.

20. FINANCIAL LIABILITIES AT FVTPL

	As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Series A-1 Preferred Shares	<u>–</u>	<u>285,428</u>

On July 30, 2023, as part of the reorganization, the Company issued 95,878 series A-1 preferred shares (“**Series A-1 Preferred Shares**”) which had preferential rights including liquidation preferences, anti-dilution right and redemption right and has been designated as financial liabilities at FVTPL on initial recognition. The Series A-1 Preferred Shares have been automatically converted to 95,878,000 ordinary shares upon listing on January 8, 2025 and were reclassified from financial liabilities to equity at their fair value of RMB285,428,000.

21. SHARE CAPITAL

	Number of shares	Share capital USD
Ordinary shares		
Ordinary shares of USD0.0000001 each	500,000,000,000	50,000
Authorized		
As at January 1, 2024, June 30, 2024 and January 1, 2025	499,904,122	49,990
Reclassification of Series A-1 Preferred Shares (<i>Note 20</i>)	95,878	10
Share Subdivision (<i>Note i</i>)	499,500,000,000	—
As at June 30, 2025	500,000,000,000	50,000
Issued and fully paid		
As at January 1, 2024, June 30, 2024 and January 1, 2025	989,288	99
Reclassification of Series A-1 Preferred Shares (<i>Note 20</i>)	95,878	10
Share Subdivision (<i>Note i</i>)	1,084,080,834	—
Issue of shares upon the IPO (<i>Note ii</i>)	181,112,000	18
As at June 30, 2025	1,266,278,000	127
	As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Presented as	1	1

Notes:

- i. Pursuant to the written resolutions of all shareholders of the Company passed on December 24, 2024, each share in the then issued and unissued share capital with par value of USD0.0001 each has been split into 1,000 shares of the corresponding class with nominal value of USD0.0000001 each effective upon listing (the “**Share Subdivision**”).
- ii. On January 8, 2025, 181,112,000 ordinary shares with par value of USD0.0000001 each of the Company were issued at the offer price of HKD3.22 per share by way of public offer resulting in an increase of the share capital of USD18.1 (equivalent to approximately RMB130). An amount of RMB539,168,000, being the excess of the consideration received of HKD583,181,000 (equivalent to approximately RMB539,168,000, RMB320,971,000 of which was received as receipts in advance from cornerstone investors as at December 31, 2024) over the par value of the ordinary shares of RMB130, was credited to share premium. On the same date, the Company’s shares were listed on the Main Board of the Stock Exchange.

22. SHARE-BASED PAYMENT TRANSACTIONS

On July 30, 2023 (the “**Adoption Date**”), the Company adopted a pre-IPO share award scheme (the “**Pre-IPO Share Award Scheme**”) to recognize and reward the contributions of certain eligible employees of the Group, and incentivize them for their future contribution to the continual operation and development of the Company. Subject to any early termination as may be determined by the board of directors, the Pre-IPO Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

Under the Pre-IPO Share Award Scheme, the maximum number of awards that may be granted under the Pre-IPO Share Award Scheme in aggregate (excluding the awards that have lapsed or been cancelled in accordance with the rules of the Pre-IPO Share Award Scheme) shall be 85,166 shares held or to be held by HoldCo for the purpose of the Pre-IPO Share Award Scheme.

On July 31, 2023, the Company granted 85,166 Awarded Shares under the Pre-IPO Share Award Scheme to 46 grantees (including directors, members of the senior management, and other employees of the Group) (the “**Pre-IPO Share Award**”). Included in the Pre-IPO Share Award, 27,129 Awarded Shares were granted to Mr. Tan Zheng, 26,946 Awarded Shares were granted to Dr. Wang Xiaoyi, 15,163 Awarded Shares were granted to the other three senior managements and the remaining 15,928 Awarded Shares were granted to other employees. Subject to the consummation of the listing of the Company’s shares (the “**Listing**”) and if certain performance and service conditions are met, the Awarded Shares granted shall vest in the following manner: 30% of such Awarded Shares shall be vested on the date of the first anniversary of the Listing; 30% of such Awarded Shares shall be vested on the date of the second anniversary of the Listing; and 40% of such Awarded Shares shall be vested on the date of the third anniversary of the Listing. During the current period, Dr. Wang Xiaoyi resigned as executive director, chief executive officer and chief research officer of the Group, with effect from June 19, 2025. Dr. Wang Xiaoyi continues to serve as a consultant to the Group and the 26,946 Awarded Shares granted are not forfeited.

The following table discloses movements of the Pre-IPO Share Award Scheme:

Category	Outstanding as at January 1, 2025	Granted during the period	Forfeited during the period	Outstanding as at June 30, 2025
Pre-IPO Share Award Scheme	<u>83,971</u>	<u>–</u>	<u>–</u>	<u>83,971</u>
Category	Outstanding as at January 1, 2024	Granted during the period	Forfeited during the period	Outstanding as at June 30, 2024
Pre-IPO Share Award Scheme	<u>85,166</u>	<u>–</u>	<u>–</u>	<u>85,166</u>

The fair value of each Award Share was RMB3,222.98 which was determined based on the price of the Company’s ordinary shares at the grant date.

The Group recognized a share award expense of RMB38,859,000 in respect of the Pre-IPO Share Award during the six months ended June 30, 2025 (the six months ended June 30, 2024: RMB35,304,000).

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of the Group determines the appropriate valuation techniques and inputs for fair value measurements and works closely with the qualified valuer to establish the appropriate valuation techniques and inputs to the model.

Except for financial assets at FVTPL and financial liabilities at FVTPL as set out below, there is no financial instrument measured at fair value on a recurring basis.

	Fair value			
	as at	as at		
	June 30,	December 31,	Fair value	Valuation
	2025	2024	hierarchy	techniques
	RMB'000	RMB'000		
	(unaudited)	(audited)		
Financial asset				
Financial assets at FVTPL	109,002	–	Level 2	Redemption value quoted by banks
Financial liability				
Series A-1 Preferred Shares	–	285,428	Level 2	Market approach, based on recent transaction price (Note)

Note: In estimating the fair value, the Directors adopted the valuation technique which maximizes the use of observable data to the extent it is available and minimizes the use of unobservable inputs. The fair value of the Series A-1 Preferred Shares at December 31, 2024 was determined with reference to the offer price in the prospectus of the Company dated December 30, 2024.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their respective fair values at the end of reporting period except for the long-term bond, of which the fair value is expected to be less than the carrying amount.

24. RELATED PARTY BALANCES AND TRANSACTIONS

a. Name and relationship

Name	Relationship
Mr. Tan Zheng	Executive Director of the Company

b. The Group had the following related party transactions and related parties balance during the six months ended June 30, 2025 and 2024:

	As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
<i>Advances to a related party</i>		
Non-trade nature		
Mr. Tan Zheng	—	2,059

The maximum amount outstanding during the six months ended June 30, 2025 was RMB2,059,000. Advances to a related party are unsecured, interest free and repayable on demand.

c. Compensation of key management personnel

The emoluments of key management during the reporting period are as follows:

	For the six months ended June 30, 2025 RMB'000 (unaudited)	For the six months ended June 30, 2024 RMB'000 (audited)
Short-term employee benefits	7,378	2,123
Retirement benefits	156	160
Equity-settled share-based payments	32,470	30,503
	40,004	32,786

25. CAPITAL COMMITMENTS

	As at June 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Capital expenditure contracted but not provided for in respect of acquisition of equipment and machineries and leasehold improvements	506	860

IV. CORPORATE GOVERNANCE AND OTHER INFORMATION

Interim dividend

The Board resolved not to declare any interim dividend for the Reporting Period.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries have purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares) during the period from the Listing Date, being January 8, 2025, to June 30, 2025. As at June 30, 2025, the Company did not hold any treasury shares.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors. Specific enquiries have been made to all Directors and all of them have confirmed that they have complied with the Model Code throughout the period from the Listing Date, being January 8, 2025, to June 30, 2025.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was noted by the Company throughout the period from the Listing Date, being January 8, 2025, to June 30, 2025.

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 and applied the principles and code provisions as set out in Part 2 of Corporate Governance Code contained in Appendix C1 to the Listing Rules.

Throughout the period from the Listing Date, being January 8, 2025, to June 30, 2025, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code. 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.

Subsequent Event

The Group has no significant events occurred after the Reporting Period which require additional disclosures or adjustments as at the date of this announcement.

Legal Proceedings

As of June 30, 2025, as far as the Company is aware, the Company and its subsidiaries were not involved in any material litigation or arbitration and no material litigation or claim of material importance was pending or threatened against or by the Company.

Use of Proceeds from the Global Offering

The total net proceeds from the issue of the Company's shares by the Company in its listing on the Stock Exchange amounted to approximately HK\$501.3 million, after deducting the underwriting fees and expenses payable by the Company in connection with the global offering. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus. The net proceeds from the global offering will be utilized in that same manner, proportion and the expected timeframe as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds".

The following table sets forth a summary of the intended use of net proceeds and their expected timeframe of full utilization.

	Use of proceeds in the same manner and proportion as stated in the Prospectus <i>HK\$ in million</i>	Net proceeds unutilized as of the Listing Date <i>HK\$ in million</i>	Actual use of proceeds during the Reporting Period <i>HK\$ in million</i>	Actual use of proceeds as at the end of the Reporting Period <i>HK\$ in million</i>	Net proceeds unutilized as at the end of the Reporting Period <i>HK\$ in million</i>	Expected timeframe for utilizing the remaining unutilized net proceeds
Approximately 40.0% of the net proceeds is expected to be used for conducting further R&D activities, advancing clinical trials for more indications, and advancing selling and distribution activities of our Core Product, the System;	200.5	200.5	80.8	80.8	119.7	Expected to be fully utilized by the end of 2027
Approximately 16.5% of the net proceeds is expected to be used for helping establish new cognitive centers for more hospitals across China through which hospitals can use our products to diagnose and treat patients with cognitive impairment and/or other disorders;	82.7	82.7	42.4	42.4	40.3	Expected to be fully utilized by the end of 2027
Approximately 15.0% of the net proceeds is expected to be used for strengthening our capabilities in AI and related technologies;	75.2	75.2	20.0	20.0	55.2	Expected to be fully utilized by the end of 2026
Approximately 5.0% of the net proceeds is expected to be used for accelerating the research, development and commercialization of other product candidates in and beyond our current product pipeline;	25.1	25.1	3.6	3.6	21.5	Expected to be fully utilized by the end of 2026
Approximately 15.0% of the net proceeds is expected to be used for brain science and DTx research centers in collaboration with academic institutions and hospitals;	75.2	75.2	15.4	15.4	59.8	Expected to be fully utilized by the end of 2027
Approximately 8.5% of the net proceeds is expected to be used for our working capital and other general corporate purposes.	42.6	42.6	12.6	12.6	30.0	Expected to be fully utilized by the end of 2026
Total	501.3	501.3	174.8	174.8	326.5	

Audit Committee

As at the date of this announcement, the Audit Committee has three members comprising Mr. Lam Yiu Por (林曉波) (chairman), Mr. Li Yuezhong (李月中) and Dr. Duan Tao (段濤), with terms of reference in compliance with the Listing Rules.

The Audit Committee has reviewed and agreed with the accounting principles and practices adopted by the Group and has discussed matters in relation to internal controls and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended June 30, 2025. The Audit Committee considers that the interim financial results for the six months ended June 30, 2025 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

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 (66nao.cn).

The interim report for the Reporting Period containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course and dispatched to the Shareholders (if necessary).

CAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

All statements in this announcement that are not historical fact or that do not relate to present facts or current conditions are forward-looking statements. Such forward-looking statements express the Group's current views, projections, beliefs and expectations with respect to future events as of the date of this announcement. Such forward-looking statements are based on a number of assumptions and factors beyond the Group's control. As a result, they are subject to significant risks and uncertainties, and actual events or results may differ materially from these forward-looking statements and the forward-looking events discussed in this announcement might not occur. Such risks and uncertainties include, but are not limited to, those detailed under the heading "Principal Risks and Uncertainties" in our most recent annual report and interim report and other announcements and reports made available on our corporate website, 66nao.cn. No representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any projections, targets, estimates or forecasts contained in this announcement.

By order of the Board
BrainAurora Medical Technology Limited
脑动极光医疗科技有限公司
Tan Zheng
Chairman

Hong Kong, August 28, 2025

As of the date of this announcement, the Board comprises: (i) Mr. Tan as executive director; (ii) Mr. Li Sirui, Ms. Li Mingqiu and Mr. Deng Feng as non-executive directors; and (iii) Mr. Lam Yiu Por, Dr. Duan Tao and Mr. Li Yuezhong as independent non-executive directors.