

**HERON NEUTRON MEDICAL CORP. AND
SUBSIDIARIES**

**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REVIEW REPORT**

JUNE 30, 2026 AND 2025

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of HERON NEUTRON MEDICAL CORP.

Introduction

We have reviewed the accompanying consolidated balance sheets of HERON NEUTRON MEDICAL CORP. and its subsidiaries (the "Group") as at June 30, 2026 and 2025, and the related statements of comprehensive income for the three months and six months then ended, as well as the statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as at June 30, 2026 and 2025, and of its financial performance for the three months and six months then ended and its cash flows for the six months then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Li, Tien-Yi

Shu-Chien Pai

For and on behalf of PricewaterhouseCoopers, Taiwan

July 29, 2026

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HERON NEUTRON MEDICAL CORP. AND SUBSIDIARIES
BALANCE SHEETS
JUNE 30, 2026, DECEMBER 31, 2025 AND JUNE 30, 2025
(Expressed in thousands of New Taiwan dollars)

Assets			June 30, 2026		December 31, 2025		June 30, 2025				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	536,337	5	\$	2,348,611	20	\$	400,769	29
1136	Financial assets at amortised cost, net-	6(3) and 8									
	current			8,880,000	77		7,880,000	68		180,000	13
1170	Accounts receivable, net			-	-		331	-		-	-
1200	Other receivables			1,874	-		5,182	-		-	-
1210	Other receivables due from related parties	7		187	-		-	-		-	-
1220	Current tax assets			11,435	-		4,654	-		1,004	-
130X	Inventories	6(4)		286,205	2		67,340	1		39,735	3
1410	Prepayments	6(5)		321,993	3		246,587	2		151,929	11
11XX	Total current assets			10,038,031	87		10,552,705	91		773,437	56
Non-current assets											
1517	Non-current financial assets at fair value through other comprehensive income	6(2)		244,034	2		415,032	4		-	-
1535	Non-current financial assets at amortised cost	6(3) and 8		7,832	-		-	-		-	-
1600	Property, plant and equipment	6(7)		280,726	3		283,792	2		281,568	20
1755	Right-of-use assets	6(8)		524,299	5		291,650	3		297,035	21
1780	Intangible assets	6(9)		32,036	-		34,245	-		36,167	3
1900	Other non-current assets	6(6)		366,960	3		1,192	-		762	-
15XX	Total non-current assets			1,455,887	13		1,025,911	9		615,532	44
1XXX	Total assets		\$	11,493,918	100	\$	11,578,616	100	\$	1,388,969	100

(Continued)

HERON NEUTRON MEDICAL CORP. AND SUBSIDIARIES
BALANCE SHEETS
JUNE 30, 2026, DECEMBER 31, 2025 AND JUNE 30, 2025
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	June 30, 2026		December 31, 2025		June 30, 2025	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Current contract liabilities		\$ -	-	\$ -	-	\$ 325	-
2170	Accounts payable		29,477	1	13,256	-	9,149	1
2200	Other payables		28,600	-	45,564	1	15,516	1
2220	Other payables to related parties	7	990	-	-	-	-	-
2280	Lease liabilities-current		14,306	-	5,535	-	3,958	-
2300	Other current liabilities		568	-	420	-	342	-
21XX	Total current liabilities		<u>73,941</u>	<u>1</u>	<u>64,775</u>	<u>1</u>	<u>29,290</u>	<u>2</u>
Non-current liabilities								
2550	Provisions for liabilities-non-current	6(12)	33,578	-	22,838	-	22,472	2
2580	Lease liabilities-non-current		<u>221,550</u>	<u>2</u>	<u>1,691</u>	<u>-</u>	<u>3,582</u>	<u>-</u>
25XX	Total non-current liabilities		<u>255,128</u>	<u>2</u>	<u>24,529</u>	<u>-</u>	<u>26,054</u>	<u>2</u>
2XXX	Total liabilities		<u>329,069</u>	<u>3</u>	<u>89,304</u>	<u>1</u>	<u>55,344</u>	<u>4</u>
Equity								
Share capital		6(13)						
3110	Ordinary share		1,579,955	14	1,575,120	14	1,406,895	101
3140	Advance receipts for ordinary share		2,495	-	360	-	-	-
Capital surplus		6(14)						
3200	Capital surplus		10,456,372	91	10,934,084	94	94,014	7
Accumulated deficit		6(15)						
3350	Accumulated deficit		(164,997)	(2)	(481,666)	(4)	(167,284)	(12)
Other equity interest								
3400	Other equity interest		<u>(708,976)</u>	<u>(6)</u>	<u>(538,586)</u>	<u>(5)</u>	<u>-</u>	<u>-</u>
3XXX	Total equity		<u>11,164,849</u>	<u>97</u>	<u>11,489,312</u>	<u>99</u>	<u>1,333,625</u>	<u>96</u>
Significant Contingent Liabilities and		9						
Unrecognised Contract Commitments								
Significant Events After the Balance		11						
Sheet Date								
3X2X	Total liabilities and equity		<u>\$ 11,493,918</u>	<u>100</u>	<u>\$ 11,578,616</u>	<u>100</u>	<u>\$ 1,388,969</u>	<u>100</u>

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

HERON NEUTRON MEDICAL CORP. AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars, except as losses per share amount)

	Items	Notes	Three months ended June 30				Six months ended June 30			
			2026		2025		2026		2025	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16)	\$ 504	100	\$ 1,779	100	\$ 3,389	100	\$ 2,008	100
5000	Operating costs	6(4)	(8,096)	(1606)	(17,595)	(989)	(10,998)	(324)	(17,403)	(867)
5900	Gross loss from operations		(7,592)	(1506)	(15,816)	(889)	(7,609)	(224)	(15,395)	(767)
	Operating expenses	6(20)(21) and 7								
6100	Selling expenses		(9,963)	(1977)	(9,165)	(515)	(19,762)	(583)	(14,189)	(707)
6200	Administrative expenses		(37,034)	(7348)	(19,380)	(1090)	(61,994)	(1829)	(37,540)	(1869)
6300	Research and development expenses		(87,760)	(17413)	(44,479)	(2500)	(141,478)	(4175)	(105,332)	(5246)
6000	Total operating expenses		(134,757)	(26738)	(73,024)	(4105)	(223,234)	(6587)	(157,061)	(7822)
6900	Net operating loss		(142,349)	(28244)	(88,840)	(4994)	(230,843)	(6811)	(172,456)	(8589)
	Non-operating income and expenses									
7100	Interest income	6(17)	37,530	7447	2,551	144	70,203	2072	4,727	235
7010	Other income	7	299	59	181	10	407	12	217	11
7020	Other gains and losses	6(18)	(1,235)	(245)	683	38	(1,893)	(56)	656	33
7050	Finance costs	6(19)	(1,664)	(330)	(213)	(12)	(2,871)	(85)	(428)	(21)
7000	Total other non-operating income and expenses		34,930	6931	3,202	180	65,846	1943	5,172	258
7900	Loss before income tax		(107,419)	(21313)	(85,638)	(4814)	(164,997)	(4868)	(167,284)	(8331)
7950	Income tax expense	6(22)	-	-	-	-	-	-	-	-
8200	Loss for the period		<u>\$ (107,419)</u>	<u>(21313)</u>	<u>\$ (85,638)</u>	<u>(4814)</u>	<u>\$ (164,997)</u>	<u>(4868)</u>	<u>\$ (167,284)</u>	<u>(8331)</u>
	Other comprehensive income									
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8316	Unrealised gains (loss) on valuation of financial assets at fair value through other comprehensive income	6(2)	<u>\$ (107,714)</u>	<u>(21372)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ (170,998)</u>	<u>(5046)</u>	<u>\$ -</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Exchange differences on translation		(220)	(44)	-	-	608	18	-	-
8300	Other comprehensive loss		<u>\$ (107,934)</u>	<u>(21416)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ (170,390)</u>	<u>(5028)</u>	<u>\$ -</u>	<u>-</u>
8500	Total comprehensive loss for the period		<u>\$ (215,353)</u>	<u>(42729)</u>	<u>\$ (85,638)</u>	<u>(4814)</u>	<u>\$ (335,387)</u>	<u>(9896)</u>	<u>\$ (167,284)</u>	<u>(8331)</u>
	Loss, attributable to:									
8610	Owners of parent		<u>\$ (107,419)</u>	<u>(21313)</u>	<u>\$ (85,638)</u>	<u>(4814)</u>	<u>\$ (164,997)</u>	<u>(4868)</u>	<u>\$ (167,284)</u>	<u>(8331)</u>
	Comprehensive loss attributable to:									
8710	Owners of parent		<u>\$ (215,353)</u>	<u>(42729)</u>	<u>\$ (85,638)</u>	<u>(4814)</u>	<u>\$ (335,387)</u>	<u>(9896)</u>	<u>\$ (167,284)</u>	<u>(8331)</u>
	Losses per share (in dollars)	6(23)								
9750	Basic losses per share		<u>\$ (0.68)</u>		<u>\$ (0.61)</u>		<u>\$ (1.05)</u>		<u>\$ (1.19)</u>	
9850	Diluted losses per share		<u>\$ (0.68)</u>		<u>\$ (0.61)</u>		<u>\$ (1.05)</u>		<u>\$ (1.19)</u>	

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

HERON NEUTRON MEDICAL CORP. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
		Share capital			Other equity interest				
		Notes	Ordinary share	Advance receipts for share capital	Capital surplus	Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
<u>2025</u>									
	Balance at January 1, 2025		\$ 1,393,550	\$ -	\$ 674,865	\$ (595,992)	\$ -	\$ -	\$ 1,472,423
	Loss for the period		-	-	-	(167,284)	-	-	(167,284)
	Total comprehensive loss		-	-	-	(167,284)	-	-	(167,284)
	Capital surplus used to cover accumulated deficit	6(14)(15)	-	-	(595,992)	595,992	-	-	-
	Issuance of employee stock options	6(11)(13)(14)	13,345	-	-	-	-	-	13,345
	Compensation cost of share-based payment	6(11)(14)	-	-	15,141	-	-	-	15,141
	Balance at June 30, 2025		<u>\$ 1,406,895</u>	<u>\$ -</u>	<u>\$ 94,014</u>	<u>\$ (167,284)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,333,625</u>
<u>2026</u>									
	Balance at January 1, 2026		\$ 1,575,120	\$ 360	\$ 10,934,084	\$ (481,666)	\$ -	\$ (538,586)	\$ 11,489,312
	Loss for the period		-	-	-	(164,997)	-	-	(164,997)
	Other comprehensive (loss) income	6(2)	-	-	-	-	608	(170,998)	(170,390)
	Total comprehensive (loss) income		-	-	-	(164,997)	608	(170,998)	(335,387)
	Capital surplus used to cover accumulated deficit	6(14)(15)	-	-	(481,666)	481,666	-	-	-
	Issuance of employee stock options	6(11)(13)(14)	4,835	2,135	-	-	-	-	6,970
	Compensation cost of share-based payments	6(11)(14)	-	-	3,954	-	-	-	3,954
	Balance at June 30, 2026		<u>\$ 1,579,955</u>	<u>\$ 2,495</u>	<u>\$ 10,456,372</u>	<u>\$ (164,997)</u>	<u>\$ 608</u>	<u>\$ (709,584)</u>	<u>\$ 11,164,849</u>

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

HERON NEUTRON MEDICAL CORP. AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

		Six months ended June 30	
	Notes	2026	2025
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		\$ (164,997)	\$ (167,284)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(20)	22,231	16,775
Amortization	6(9)(20)	2,209	2,211
Interest expense	6(19)	2,871	428
Interest income	6(17)	(70,203)	(4,727)
Compensation cost of share-based payment	6(11)(20)	3,954	15,141
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		331	-
Inventories		(218,865)	(33,363)
Other receivables		239	433
Other receivables - related parties		(187)	-
Prepayments		(75,406)	(67,488)
Changes in operating liabilities			
Current contract liabilities		-	325
Accounts payable		16,221	8,926
Other payables		(15,407)	(14,750)
Other payables - related parties		768	-
Other current liabilities		148	85
Cash outflow generated from operations		(496,093)	(243,288)
Interest received		73,272	4,727
Interest paid		(2,292)	(69)
Income tax refunded		-	291
Income tax paid		(6,781)	(357)
Net cash flows used in operating activities		(431,894)	(238,696)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets measured at amortised cost	6(3)	(1,007,832)	(80,000)
Acquisition of property, plant and equipment	6(7)(24)	(28,925)	(16,173)
Acquisition of intangible assets	6(9)	-	(2,000)
Increase in guarantee deposits paid		(2,217)	2,300
Increase in other non-current assets		(344,850)	-
Net cash flows used in investing activities		(1,383,824)	(95,873)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of lease liabilities	6(25)	(4,059)	(1,973)
Issuance of employee stock options	6(13)	6,970	13,345
Net cash flows from financing activities		2,911	11,372
Effects of exchange rate changes		533	-
Net decrease in cash and cash equivalents		(1,812,274)	(323,197)
Cash and cash equivalents at beginning of period	6(1)	2,348,611	723,966
Cash and cash equivalents at end of period	6(1)	\$ 536,337	\$ 400,769

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

HERON NEUTRON MEDICAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

The Company was incorporated on August 8, 2017 as a company limited by shares under the Company Act of the Republic of China (R.O.C). The Company is primarily engaged in the manufacturing, development and sales of medical equipment, etc. The Group currently focuses on the integration of talents to provide accelerator-based boron neutron capture therapy (AB-BNCT) total solutions, including proton accelerator system, neutron source target system, beam shaping assembly, treatment control system, treatment planning system, patients positioning system, and relative boronophenylalanine for treatment and detection.

The Company was listed on the Taiwan Stock Exchange on September 15, 2025.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on July 29, 2026.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026
The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.	

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2027 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027 (Note 1)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a hyperinflationary presentation currency'	January 1, 2027
Amendments to IAS 28, 'Amendments to the fair value option in IAS 28 investments in associates and joint ventures'	January 1, 2027 (Note 2)

Note 1: The entities shall apply IFRS 18 starting from January 1, 2028. Additionally, entities can choose to adopt IFRS 18 earlier.

Note 2: The entities shall apply the amendment simultaneously with IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment:

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

(3) IFRS issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 20, 'Regulatory assets and regulatory liabilities'	January 1, 2029

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements are the first interim consolidated financial statements prepared by the Group in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", IAS 34, 'Interim Financial Reporting', and IFRS 1, 'First-time Adoption of International Financial Reporting Standards', that came into effect as endorsed by the FSC.

(2) Basis of preparation

- A. Except for financial assets at fair value through other comprehensive income, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
 - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			June 30, 2026	December 31, 2025	June 30, 2025	
The Company	HERON NEUTRON MEDICAL NANJING CO., LTD.	Sales of medical equipment	100	-	-	Note
The Company	HERON NEUTRON MEDICAL SINGAPORE PTE. LTD.	Sales of medical equipment	100	-	-	Note
The Company	HERON NEUTRON MEDICAL JAPAN CORPORATION	Sales of medical equipment	100	-	-	Note

Note: On January 5, 2026, the Company invested and incorporated the wholly-owned subsidiary, HERON NEUTRON MEDICAL NANJING CO., LTD. On January 31, 2026, the Company invested and incorporated the wholly-owned subsidiary, HERON NEUTRON MEDICAL SINGAPORE PTE. LTD. On March 3, 2026, the Company invested and incorporated the wholly-owned subsidiary, HERON NEUTRON MEDICAL JAPAN CORPORATION.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operate (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Group's functional currency.

A. Foreign currency transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon retranslation at the balance sheet date are recognised in profit or loss.
- Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are retranslated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - Assets and liabilities for each balance sheet presented are translated at the closing exchange

- rate at the date of that balance sheet;
- ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets arising from operating activities that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
 - (b) Assets that are held primarily for the purpose of trading;
 - (c) Assets that are expected to be realised within twelve months after the reporting period;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled in the normal operating cycle;
 - (b) Liabilities that are held primarily for the purpose of trading;
 - (c) Liabilities that are due to be settled within twelve months after the reporting period;
 - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs.

The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(11) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment

are as follows:

Machinery and equipment	2 ~ 21 years
Office equipment	3 ~ 7 years
Leased improvements	7 ~ 8 years

(12) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(13) Intangible assets

Intangible assets, mainly patents and computer software, are amortised on a straight-line basis over their estimated useful lives of 4 ~ 15 years.

(14) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment

loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(15) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(16) Provisions

Provisions (including decommissioning liabilities) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(17) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(18) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(19) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.
- F. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(20) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(21) Revenue recognition

A. Sales revenue

- (a) The Group sells medical equipment and medications. Sales are recognised when control of the goods has transferred, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) The Group's obligation to provide maintenance and repair services for certain equipment under the standard warranty terms is recognised as a provision.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

The Group's irradiation fee income is recognised as income based on the number of times the irradiation is provided to customers; maintenance and repair services as well as research services are recognised in the service period in which the services are rendered.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Cash	\$ 50	\$ 50	\$ -
Demand deposits	436,287	1,848,561	42,069
Time deposits	100,000	500,000	358,700
	<u>\$ 536,337</u>	<u>\$ 2,348,611</u>	<u>\$ 400,769</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through other comprehensive income

Items	June 30, 2026	December 31, 2025	June 30, 2025
Non-current items:			
Equity instruments			
Listed stocks	\$ 953,618	\$ 953,618	\$ -
Valuation adjustment	(709,584)	(538,586)	-
	<u>\$ 244,034</u>	<u>\$ 415,032</u>	<u>\$ -</u>

A. The Group recognised \$107,714, \$0, \$170,998 and \$0, respectively, in other comprehensive loss for fair value change for the three months and six months ended June 30, 2026 and 2025.

B. The Group has elected to classify medium and long-term investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$244,034, \$415,032 and \$0, respectively, as at June 30, 2026, December 31, 2025 and June 30, 2025.

C. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(3) Financial assets at amortised cost

Items	June 30, 2026	December 31, 2025	June 30, 2025
Current items :			
Time deposits	\$ 8,880,000	\$ 7,880,000	\$ 180,000
Non-current items :			
Pledged time deposits	\$ 7,832	\$ -	\$ -

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	June 30, 2026	December 31, 2025	June 30, 2025
Current items :			
Interest income	\$ 64,814	\$ 7,780	\$ 689

B. As at June 30, 2026, December 31, 2025 and June 30, 2025, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$8,887,832, \$7,880,000 and \$180,000, respectively.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

D. Information about the financial assets at amortised cost that were pledged to others as collaterals is provided in Note 8.

(4) Inventories

	June 30, 2026		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 39,748	(\$ 5,470)	\$ 34,278
Work in progress	206,518	(1,269)	205,249
Finished goods	47,328	(650)	46,678
Total	\$ 293,594	(\$ 7,389)	\$ 286,205
	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 14,943	(\$ 575)	\$ 14,368
Work in progress	27,129	(3,415)	23,714
Finished goods	31,903	(2,645)	29,258
Total	\$ 73,975	(\$ 6,635)	\$ 67,340
	June 30, 2025		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,261	(\$ 327)	\$ 4,934
Work in progress	9,248	(194)	9,054
Finished goods	25,783	(36)	25,747
Total	\$ 40,292	(\$ 557)	\$ 39,735

The cost of inventories recognised as expense for the period :

	Three months ended June 30,	
	2026	2025
Cost of goods sold	\$ 2,718	\$ 20,433
Loss on (gain on reversal of) decline in market value	4,258	(2,838)
	<u>\$ 6,976</u>	<u>\$ 17,595</u>
	Six months ended June 30,	
	2026	2025
Cost of goods sold	\$ 7,654	\$ 20,433
Loss on (gain on reversal of) decline in market value	755	(3,030)
	<u>\$ 8,409</u>	<u>\$ 17,403</u>

For the three months and six months ended June 30, 2025, the Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of active inventory closeout.

(5) Prepayments

	June 30, 2026	December 31, 2025	June 30, 2025
Prepayments to suppliers	\$ 246,869	\$ 184,048	\$ 106,204
Accumulated offset against			
VAT tax payable	60,771	46,366	36,936
Other prepayments	14,353	16,173	8,789
	<u>\$ 321,993</u>	<u>\$ 246,587</u>	<u>\$ 151,929</u>

(6) Other non-current assets

	June 30, 2026	December 31, 2025	June 30, 2025
Prepayments for licensing fees	\$ 344,850	\$ -	\$ -
Prepayments on equipment	18,833	132	-
Guarantee deposits paid	3,277	1,060	762
	<u>\$ 366,960</u>	<u>\$ 1,192</u>	<u>\$ 762</u>

In March 2026, the Company acquired accelerator technology license from Ebco Industries Ltd. for approximately CAD 25,000 thousand. As of June 30, 2026, December 31, 2025 and June 30, 2025, the Company prepaid licensing fees based on the license agreement amounting to \$344,850, \$0 and \$0, respectively.

(7) Property, plant and equipment

	2026				
	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress and equipment under acceptance</u>	<u>Total</u>
At January 1					
Cost	\$ 278,577	\$ 5,420	\$ 34,636	\$ 7,049	\$ 325,682
Accumulated depreciation	(30,302)	(2,839)	(8,749)	-	(41,890)
	<u>\$ 248,275</u>	<u>\$ 2,581</u>	<u>\$ 25,887</u>	<u>\$ 7,049</u>	<u>\$ 283,792</u>
At January 1	\$ 248,275	\$ 2,581	\$ 25,887	\$ 7,049	\$ 283,792
Additions	3,588	2,321	2,980	-	8,889
Reclassifications	-	-	7,049	(7,049)	-
Depreciation charge	(8,794)	(637)	(2,598)	-	(12,029)
Net exchange differences	-	15	59	-	74
At June 30	<u>\$ 243,069</u>	<u>\$ 4,280</u>	<u>\$ 33,377</u>	<u>\$ -</u>	<u>\$ 280,726</u>
At June 30					
Cost	\$ 282,165	\$ 7,756	\$ 44,729	\$ -	\$ 334,650
Accumulated depreciation	(39,096)	(3,476)	(11,352)	-	(53,924)
	<u>\$ 243,069</u>	<u>\$ 4,280</u>	<u>\$ 33,377</u>	<u>\$ -</u>	<u>\$ 280,726</u>
	2025				
	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress and equipment under acceptance</u>	<u>Total</u>
At January 1					
Cost	\$ 266,657	\$ 3,621	\$ 20,091	\$ 14,977	\$ 305,346
Accumulated depreciation	(14,080)	(1,936)	(5,373)	-	(21,389)
	<u>\$ 252,577</u>	<u>\$ 1,685</u>	<u>\$ 14,718</u>	<u>\$ 14,977</u>	<u>\$ 283,957</u>
At January 1	\$ 252,577	\$ 1,685	\$ 14,718	\$ 14,977	\$ 283,957
Additions	6,158	782	-	390	7,330
Reclassifications	269	251	10,130	(10,650)	-
Depreciation charge	(7,939)	(414)	(1,366)	-	(9,719)
At June 30	<u>\$ 251,065</u>	<u>\$ 2,304</u>	<u>\$ 23,482</u>	<u>\$ 4,717</u>	<u>\$ 281,568</u>
At June 30					
Cost	\$ 273,084	\$ 4,654	\$ 30,221	\$ 4,717	\$ 312,676
Accumulated depreciation	(22,019)	(2,350)	(6,739)	-	(31,108)
	<u>\$ 251,065</u>	<u>\$ 2,304</u>	<u>\$ 23,482</u>	<u>\$ 4,717</u>	<u>\$ 281,568</u>

A. There were no capitalization of borrowing costs attributable to the property, plant and equipment for the six months ended June 30, 2026 and 2025.

B. The Group has no property, plant and equipment pledged to others.

(8) Leasing arrangements—lessee

A. The Group leases various assets including land, buildings and photocopiers. Rental contracts are typically made for periods of 3 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose

covenants, but leased assets may not be used as security for borrowing purposes.

B. To advance cancer treatment technologies, in 2022, the Group signed a lease agreement for a clinical research center with the academic institution. After the construction is completed, the Group will lease the clinical research center from the academic institution to focus on research and development activities in oncology. The construction costs amounting to \$272,678 incurred by the Group will be treated as rent payments to the academic institution. In December 2024, the academic institution completed the acceptance procedures for the clinical research center. Subsequently, the Group began leasing the clinical trial center. The lease agreement specifies a period of 20 years, and the Group is entitled to a priority right to renew the lease for an additional 10 years under the original lease terms.

C. The Group leases low-value assets as other equipment.

D. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 228,367	\$ -	\$ -
Buildings	295,719	291,341	296,894
Office equipment (Photocopiers)	213	309	141
	<u>\$ 524,299</u>	<u>\$ 291,650</u>	<u>\$ 297,035</u>
	Three months ended June 30,		
	2026	2025	
	Depreciation charge	Depreciation charge	
Land	\$ 1,113	\$ -	
Buildings	4,193	3,497	
Office equipment (Photocopiers)	48	31	
	<u>\$ 5,354</u>	<u>\$ 3,528</u>	
	Six months ended June 30,		
	2026	2025	
	Depreciation charge	Depreciation charge	
Land	\$ 1,856	\$ -	
Buildings	8,250	6,993	
Office equipment (Photocopiers)	96	63	
	<u>\$ 10,202</u>	<u>\$ 7,056</u>	

E. For the six months ended June 30, 2026 and 2025, the additions to right-of-use assets were \$242,806 and \$0, respectively.

F. The information on profit and loss accounts relating to lease contracts is as follows:

	Three months ended June 30,	
	2026	2025
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,373	\$ 33
Expense on short-term lease contracts	227	147
Expense on leases of low-value assets	139	24

	Six months ended June 30,	
	2026	2025
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,292	\$ 69
Expense on short-term lease contracts	374	348
Expense on leases of low-value assets	311	40

G. For the six months ended June 30, 2026 and 2025, the Group's total cash outflow for leases were \$7,036 and \$2,430, respectively.

(9) Intangible assets

	2026		
	Patents	Computer software	Total
At January 1			
Cost	\$ 63,800	\$ 697	\$ 64,497
Accumulated amortisation	(30,037)	(215)	(30,252)
	<u>\$ 33,763</u>	<u>\$ 482</u>	<u>\$ 34,245</u>
At January 1	\$ 33,763	\$ 482	\$ 34,245
Amortisation charge	(2,151)	(58)	(2,209)
At June 30	<u>\$ 31,612</u>	<u>\$ 424</u>	<u>\$ 32,036</u>
At June 30			
Cost	\$ 63,800	\$ 697	\$ 64,497
Accumulated amortisation	(32,188)	(273)	(32,461)
	<u>\$ 31,612</u>	<u>\$ 424</u>	<u>\$ 32,036</u>
	2025		
	Patents	Computer software	Total
At January 1			
Cost	\$ 61,800	\$ 1,015	\$ 62,815
Accumulated amortisation	(25,750)	(687)	(26,437)
	<u>\$ 36,050</u>	<u>\$ 328</u>	<u>\$ 36,378</u>
At January 1	\$ 36,050	\$ 328	\$ 36,378
Disposals	2,000	-	2,000
Amortisation charge	(2,136)	(75)	(2,211)
At June 30	<u>\$ 35,914</u>	<u>\$ 253</u>	<u>\$ 36,167</u>
At June 30			
Cost	\$ 63,800	\$ 1,015	\$ 64,815
Accumulated amortisation	(27,886)	(762)	(28,648)
	<u>\$ 35,914</u>	<u>\$ 253</u>	<u>\$ 36,167</u>

A. Details of amortisation on intangible assets are as follows:

	Three months ended June 30,	
	2026	2025
Research and development expenses	\$ 1,105	\$ 1,093
	Six months ended June 30,	
	2026	2025
Research and development expenses	\$ 2,209	\$ 2,211

B. The abovementioned patents pertained to the technology relating to ‘Patent and technology of accelerator-based boron neutron capture therapy’ that the Group acquired from the Industrial Technology Research Institute and the National Tsing Hua University in 2018. The Group issued 6,180,000 common shares with a par value of \$10 (in dollars) per share as consideration, amounting to \$61,800.

(10) Pensions

The Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits will be paid monthly or in lump sum upon termination of employment. The subsidiaries, HERON NEUTRON MEDICAL NANJING CO., LTD. and HERON NEUTRON MEDICAL SINGAPORE PTE. LTD., contribute pensions to relevant management accounts based on specific percentage of local employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. The pension costs under defined contribution pension plans of the Group for the three months and six months ended June 30, 2026 and 2025, were \$1,858, \$1,011, \$3,374 and \$1,937, respectively.

(11) Share-based payment

A. For the six months ended June 30, 2026 and 2025, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2023.01.01	1,200,000	7 years	50% after 1 year of service 75% after 2 years of service 100% after 3 years of service
Employee stock options	2024.03.22	2,400,000	7 years	50% after 1 year of service 75% after 2 years of service 100% after 3 years of service
Cash capital increase reserved for employee preemption	2024.03.22	2,000,000	NA	Vested immediately
Employee stock options	2024.07.26	2,400,000	7 years	50% after 1 year of service 75% after 2 years of service 100% after 3 years of service
Cash capital increase reserved for employee preemption	2024.08.28	500,000	NA	Vested immediately
Cash capital increase reserved for employee preemption	2025.07.24	1,383,500	NA	Vested immediately

The above share-based payment arrangements are equity-settled.

B. Details of the above share-based payment arrangements are as follows:

	2026	
	Units of option (shares)	Weighted average exercise price (in NT dollars)
Options outstanding at January 1	2,525	\$ 10
Options exercised	(697)	10
Options forfeited	(69)	10
Options outstanding at June 30	1,759	10
Options exercisable at June 30	143	10
	2025	
	Units of option (shares)	Weighted average exercise price (in NT dollars)
Options outstanding at January 1	5,012	\$ 10
Options exercised	(1,334)	10
Options outstanding at June 30	3,678	10
Options exercisable at June 30	-	10

C. As of June 30, 2026 and 2025, the exercise price of stock options outstanding were \$10(in dollars), respectively, and the weighted average remaining contractual periods were 3.5~5.07 years and 4.5~6.07 years, respectively.

D. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Projected volatility	Projected time to maturity	Interest rate	Fair value per unit (in dollars)
Cash capital increase reserved for employee preemption	2024.03.22	\$ 15.56	\$ 25	33.60%	0.171 year	1.076%	\$ 0.0002
Cash capital increase reserved for employee preemption	2024.08.28	\$ 78.72	\$ 80	80.50%	0.06 year	1.2649%	\$ 5.64
Cash capital increase reserved for employee preemption	2025.07.24	\$ 699.00	\$ 600	26.40%	0.14 year	1.1840%	\$ 101.60

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

E. Expenses incurred for share-based payment transactions are as follows:

	Three months ended June 30,	
	2026	2025
Equity-settled	\$ 1,428	\$ 6,683
	Six months ended June 30,	
	2026	2025
Equity-settled	\$ 3,954	\$ 15,141

(12) Provisions

		Decommissioning liabilities	
		2026	2025
At January 1	\$	22,838	\$ 22,113
Additions during the period		10,161	-
Unwinding of discount		579	359
At June 30	\$	33,578	\$ 22,472
A. Analysis of total provisions:			
		June 30, 2026	December 31, 2025
Non-current	\$	33,578	\$ 22,838
			June 30, 2025
			\$ 22,472

B. Decommissioning liabilities

According to the policy published, applicable law/regulation requirement, the Company bears dismantling, removing the asset and restoring the site obligations for the leased clinical research center from the academic institution, along with its affiliated medical facilities in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site.

(13) Share capital

- A. As of June 30, 2026, the Company's capital was \$2,000,000, consisting of 200,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was \$1,579,955 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. The Company applies to the competent authority for registration of capital changing based on the employee stock options exercised each quarter. There were 697 thousand stock options exercised for the six months ended June 30, 2026. As of June 30, 2026, the registration of 249 thousand shares has not yet been completed.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(Unit: Thousand share) :

	2026	2025
At January 1	157,512	139,355
Exercise of employee stock options	484	1,334
At June 30	157,996	140,689

- C. On July 24, 2025, the Company's Board of Directors resolved to increase its capital by issuing 15,798 thousand ordinary shares for public underwriting before the initial listing. The weighted-average price of the bid auction was NT\$720.93 (in dollars) and the public subscription offering price was NT\$600 (in dollars) per share. Proceeds from shares amounted to \$10,854,357 (before deducting the underwriting commission fees of \$3,000). The capital increase was set effective on September 11, 2025 and the registration has been completed.

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-

in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2026			
	Share premium	Options	Expired stock options	Total
At January 1	\$ 10,893,487	\$ 19,105	\$ 21,492	\$ 10,934,084
Capital surplus used to cover accumulated deficits	(481,666)	-	-	(481,666)
Employee stock options exercised	3,540	(3,540)	-	-
Compensation cost of share-based payment	-	3,954	-	3,954
At June 30	<u>\$ 10,415,361</u>	<u>\$ 19,519</u>	<u>\$ 21,492</u>	<u>\$ 10,456,372</u>
	2025			
	Share premium	Options	Expired stock options	Total
At January 1	\$ 654,109	\$ 20,600	\$ 156	\$ 674,865
Capital surplus used to cover accumulated deficits	(595,992)	-	-	(595,992)
Employee stock options exercised	8,657	(8,657)	-	-
Compensation cost of share-based payment	-	15,141	-	15,141
At June 30	<u>\$ 66,774</u>	<u>\$ 27,084</u>	<u>\$ 156</u>	<u>\$ 94,014</u>

(15) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's profit after tax, if any, shall first be used to pay all taxes and offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the authorised capital. In addition, after setting aside or reversing special reserve, the remainder along with the beginning unappropriated earnings shall be proposed by the Board of Directors as dividends and submitted to the shareholders for resolution.
- B. The Company's dividend policy shall take into consideration factors such as the current and future capital expenditure budget, business development and expansion needs, and capital requirements, along with the consideration of shareholders' interest. Each year, no less than 10% of the distributable earnings shall be distributed for shareholder dividends, among which the shareholder dividends may be distributed in the form of cash or stock, and cash dividends shall account for at least 10% of the total shareholder dividends distributed. However, the aforementioned shareholder dividends may not be distributed if the post-tax profit per share of the current year is less than NT\$0.3 (in dollars).
- C. On June 19, 2025, the Company's shareholders extraordinary meeting resolved the deficit compensation for 2024 to cover the accumulated deficit with capital surplus of \$595,992.
- D. On May 27, 2026, the Company's shareholders extraordinary meeting resolved the deficit compensation for 2025 to cover the accumulated deficit with capital surplus of \$481,666.

(16) Operating revenue

	Three months ended June 30,	
	2026	2025
Revenue from contracts with customers	\$ 504	\$ 1,779

	Six months ended June 30,	
	2026	2025
Revenue from contracts with customers	\$ 3,389	\$ 2,008

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time:

	Three months ended June 30,	
	2026	2025
Timing of revenue recognition		
At a point in time	\$ 504	\$ 1,779

	Six months ended June 30,	
	2026	2025
Timing of revenue recognition		
At a point in time	\$ 3,389	\$ 2,008

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Contract liabilities	\$ -	\$ -	\$ 325	\$ -

(17) Interest income

	Three months ended June 30,	
	2026	2025
Interest income from bank deposits	\$ 3,954	\$ 2,551
Interest income from financial assets		
measured at amortised cost	33,576	-
	\$ 37,530	\$ 2,551

	Six months ended June 30,	
	2026	2025
Interest income from bank deposits	\$ 5,389	\$ 4,727
Interest income from financial assets		
measured at amortised cost	64,814	-
	\$ 70,203	\$ 4,727

(18) Other gains and losses

	Three months ended June 30,	
	2026	2025
Net foreign exchange (losses) gains	(\$ 1,235)	\$ 683

	Six months ended June 30,	
	2026	2025
Net foreign exchange (losses) gains	(\$ 1,893)	\$ 656

(19) Finance costs

	Three months ended June 30,	
	2026	2025
Decommissioning liabilities	\$ 291	\$ 180
Lease liabilities	1,373	33
	<u>\$ 1,664</u>	<u>\$ 213</u>
	Six months ended June 30,	
	2026	2025
Decommissioning liabilities	\$ 579	\$ 359
Lease liabilities	2,292	69
	<u>\$ 2,871</u>	<u>\$ 428</u>

(20) Expenses by nature

	Three months ended June 30,	
	2026	2025
Employee benefit expense	\$ 48,060	\$ 32,374
Depreciation charges	11,657	8,533
Amortisation charges on intangible assets	1,105	1,093
	<u>\$ 60,822</u>	<u>\$ 42,000</u>
	Six months ended June 30,	
	2026	2025
Employee benefit expense	\$ 88,681	\$ 64,391
Depreciation charges	22,231	16,775
Amortisation charges on intangible assets	2,209	2,211
	<u>\$ 113,121</u>	<u>\$ 83,377</u>

(21) Employee benefit expense

	Three months ended June 30,	
	2026	2025
Wages and salaries	\$ 38,906	\$ 21,407
Compensation cost of share-based payment	1,428	6,683
Labour and health insurance fees	3,229	1,834
Pension costs	1,858	1,011
Directors' remuneration	90	-
Other personnel expenses	2,549	1,439
	<u>\$ 48,060</u>	<u>\$ 32,374</u>
	Six months ended June 30,	
	2026	2025
Wages and salaries	\$ 70,712	\$ 40,956
Compensation cost of share-based payment	3,954	15,141
Labour and health insurance fees	5,949	3,687
Pension costs	3,374	1,937
Directors' remuneration	190	-
Other personnel expenses	4,502	2,670
	<u>\$ 88,681</u>	<u>\$ 64,391</u>

A. Details relating to the Company's appropriation of employees' compensation and directors' remuneration are as follows:

(A) On January 14, 2025, the Company's shareholders' extraordinary meeting resolved to amend the Articles of Incorporation. According to the amendment, the Company shall distribute no less than 1% of the distributable profit of the current year for employees' compensation and no more than 3% of the distributable profit of the current year for directors' remuneration (directors' remuneration was directors' and supervisors' remuneration before the shareholders during their extraordinary meeting amended the Articles of Incorporation). However, if the Company has accumulated deficit, earnings shall be first used to cover accumulated deficit.

(B) On June 19, 2025, the Company's shareholders' extraordinary meeting resolved to amend the Articles of Incorporation. According to the amendment, the current year's earnings, if any, the Company shall distribute no less than 1% of the distributable profit of the current year for employees' compensation and no more than 3% of the distributable profit of the current year for directors' remuneration. For the aforementioned employees' compensation, the Company shall distribute no less than 10% for rank-and-file employees' compensation. However, if the Company has accumulated deficit, earnings shall be first used to cover accumulated deficit.

B. The Company has accumulated losses for the three months and six months ended June 30, 2026 and 2025; therefore, employees' compensation and directors' remuneration have not been estimated.

(22) Income tax

The Company's income tax returns through 2024 have been assessed and approved by the Tax Authority.

(23) Losses per share

Three months ended June 30, 2026			
	Amount	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
	after tax		
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders	(\$ 107,419)	158,087	(\$ 0.68)
Three months ended June 30, 2025			
	Amount	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
	after tax		
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders	(\$ 85,638)	140,670	(\$ 0.61)

Six months ended June 30, 2026			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders	(\$ 164,997)	157,891	(\$ 1.05)
Six months ended June 30, 2025			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders	(\$ 167,284)	140,016	(\$ 1.19)

Note: Employee stock options are not included in the calculation of diluted loss per share due to their anti-dilutive effect.

(24) Supplemental cash flow information

Investing activities with partial cash payments:

Six months ended June 30,		
	2026	2025
Purchase of property, plant and equipment	\$ 8,889	\$ 7,330
Add: Opening balance of payable on equipment	4,497	12,579
Add: Ending balance of prepayments on equipment	18,833	-
Less: Ending balance of payable on equipment	(3,162)	(2,992)
Less: Opening balance of prepayments on equipment	(132)	(744)
Cash paid during the period	\$ 28,925	\$ 16,173

(25) Changes in liabilities from financing activities

Six months ended June 30,		
	2026	2025
	Lease liabilities	Lease liabilities
At January 1	\$ 7,226	\$ 9,513
Changes in cash flow from financing activities	(4,059)	(1,973)
Interest paid	(2,292)	69
Interest paid on lease liabilities	2,292	(69)
Additional lease liabilities	232,645	-
Impact of changes in foreign exchange rate	44	-
At June 30	\$ 235,856	\$ 7,540

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
HERMES-EPITEK CORPORATION (HERMES-EPITEK)	Other related party
YUN RAY CO., LTD. (YUN RAY)	Other related party
HERMES-EPITEK (CHINA) CO., LTD. (HERMES-EPITEK CHINA)	Other related party
HERMES-EPITEK CORPORATION PTE LTD (HERMES-EPITEK SINGAPORE)	Other related party
BORRIES PTE. LTD. (BORRIES)	Other related party

(2) Significant related party transactions

A. Property transactions:

Acquisition of property, plant and equipment:

	Three months ended June 30,	
	2026	2025
HERMES-EPITEK	\$ 1,100	\$ -
Other related parties	223	-
Total	<u>\$ 1,323</u>	<u>\$ -</u>
	Six months ended June 30,	
	2026	2025
HERMES-EPITEK	\$ 1,100	\$ -
Other related parties	223	-
Total	<u>\$ 1,323</u>	<u>\$ -</u>

B. Receivables from related parties:

	June 30, 2026	December 31, 2025	June 30, 2025
Other receivables:			
Other related parties	<u>\$ 187</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Other receivables mainly refer to service revenue receivable.

C. Payables to related parties:

	June 30, 2026	December 31, 2025	June 30, 2025
Other payables:			
Other related parties	<u>\$ 990</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Other payables mainly refer to payment on behalf of others and payable on equipment.

D. Other:

Item	Trading Partner	Three months ended June 30,	
		2026	2025
Other expenses	Other related parties	\$ 2,613	\$ 1,173
Other income	BORRIES	188	-
Item	Trading Partner	Six months ended June 30,	
		2026	2025
Other expenses	Other related parties	\$ 4,311	\$ 2,188
Other income	BORRIES	188	-

(3) Key management compensation

	Three months ended June 30,	
	2026	2025
Short-term employee benefits	\$ 3,879	\$ 3,654
Post-employment benefits	135	135
Share-based payment	781	2,506
Total	<u>\$ 4,795</u>	<u>\$ 6,295</u>

	Six months ended June 30,	
	2026	2025
Short-term employee benefits	\$ 7,503	\$ 7,037
Post-employment benefits	270	270
Share-based payment	1,656	5,360
Total	<u>\$ 9,429</u>	<u>\$ 12,667</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	June 30, 2026	December 31, 2025	June 30, 2025	
Certificate of deposit (shown as current financial assets at amortised cost)	\$ -	\$ 30,000	\$ -	Guarantee for material purchase
Certificate of deposit (shown as non-current financial assets at amortised cost)	\$ 7,832	\$ -	\$ -	Guarantee for land leasing

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Property, plant and equipment	\$ 16,713	\$ 27,184	\$ 1,457
Intangible assets (Note)	224,300	-	-
	<u>\$ 241,013</u>	<u>\$ 27,184</u>	<u>\$ 1,457</u>

Note: In March 2026, the Company acquired accelerator technology license from Ebco Industries Ltd. for approximately CAD 25,000 thousand. Additionally, the Company paid an agreed amount of royalties based on the quantity of products produced during the period of the technology license agreement signed. Details of the prepaid licensing fees are provided in Note 6(6).

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The capital management objective of the Group is to ensure the Group's ability to continue

operations and future development, while considering factors such as changes in the external environment, to maintain the optimal capital structure that minimizes capital costs and enhances shareholder value.

(2) Financial instruments

A. Financial instruments by category

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income	\$ 244,034	\$ 415,032	\$ -
Financial assets at amortised cost			
Cash and cash equivalents	\$ 536,337	\$ 2,348,611	\$ 400,769
Financial assets at amortised cost -current and non-current	8,887,832	7,880,000	180,000
Accounts receivable	-	331	-
Other receivables (including related parties)	2,061	5,182	-
Guarantee deposits paid	3,277	1,060	762
	<u>\$ 9,429,507</u>	<u>\$ 10,235,184</u>	<u>\$ 581,531</u>
<u>Financial liabilities</u>			
Accounts payable	\$ 29,477	\$ 13,256	\$ 9,149
Other payables (including related parties)	29,590	45,564	15,516
Lease liabilities	235,856	7,226	7,540
	<u>\$ 294,923</u>	<u>\$ 66,046</u>	<u>\$ 32,205</u>

B. Financial risk managements policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by the Company's finance department in accordance with policies approved by the board of directors. The finance department works closely with the Company's operating units to identify, assess, and hedge financial risks.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates domestically and is exposed to foreign exchange risk arising from the transactions of the Group used in US dollar and Canadian dollar currency. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Management has set up a policy to manage their foreign exchange risk against their functional currency.
- ii. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months

and six months ended June 30, 2026 and 2025, amounted to (\$1,235), \$683, (\$1,893) and \$656, respectively

- iii. The Group's conducts business involving several non-functional currencies (the Company's functional currency is New Taiwan Dollar; subsidiaries' functional currencies are Renminbi, Singapore Dollar and Japanese Yen, respectively), but does not have significant foreign currency assets and liabilities exposed to exchange rate risk; therefore, it is not significantly affected by exchange rate fluctuations.

Price risk

- i. The Group is exposed to equity price risk arising from its investments in listed stocks. These equity investments are held for strategic investment rather than for trading, and the Group did not actively transact such investments. The Group's equity price risk is primarily concentrated in equity instruments in the Hong Kong market.
- ii. The Group's investments in equity securities comprise shares issued by the overseas companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity would have increased/decreased by \$2,440 and \$0 for the six months ended June 30, 2026 and 2025, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and bank deposits based on the agreed terms.
- ii. Assessment of credit risk impairment for financial assets measured at amortised cost:
 - (i) For the Group's term deposits in banks, these banks all have good credit ratings. Considering there are no significant changes in the overall economic environment, the risk of incurring credit losses is assessed to be extremely low.
 - (ii) For the clients the Group transacts with, only parties whose credit is assessed by the Group are accepted. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.
 - (iii) In line with credit risk management procedure, when the counterparty has ceased operations or is poorly managed, the default has occurred. In addition, the Group assesses the expected credit losses on an individual basis if a default has occurred to certain customers.
 - (iv) As of June 30, 2026, the Group's accounts receivable was all not past due. Considering there are no significant changes in the overall economic environment, the risk of incurring credit losses is assessed to be extremely low and there are no significant

expected credit losses of accounts receivable.

(c) Liquidity risk

Cash flow forecasting is conducted by the Group's finance department. The finance department monitors the rolling forecasts of the Group's liquidity needs to ensure that there is adequate cash available to meet operational requirements. Additionally, it maintains sufficient headroom on undrawn committed borrowing facilities to prevent any breach of borrowing limits or covenants.

	Less than 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>June 30, 2026</u>				
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 29,477	\$ -	\$ -	\$ -
Liability provision	-	-	-	63,888
Other payables (including related parties)	29,590	-	-	-
Lease liability	12,378	9,598	24,201	352,746
	Less than 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>December 31, 2025</u>				
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 13,256	\$ -	\$ -	\$ -
Liability provision	-	-	-	42,152
Other payables	45,564	-	-	-
Lease liability	5,614	1,585	122	-
	Less than 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>June 30, 2025</u>				
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 9,149	\$ -	\$ -	\$ -
Liability provision	-	-	-	42,152
Other payables	15,516	-	-	-
Lease liability	4,085	2,765	732	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's cash and cash equivalents, financial assets at amortised cost, accounts receivable, other receivables, guarantee deposits, accounts payable, other payables and lease liabilities are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at June 30, 2026, December 31, 2025 and June 30, 2025 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

	June 30, 2026	Level 1	Level 2	Level 3	Total
Assets					
Financial assets at fair value through other comprehensive income					
Equity securities		\$ 244,034	\$ -	\$ -	\$ 244,034
December 31, 2025		Level 1	Level 2	Level 3	Total
Assets					
Financial assets at fair value through other comprehensive income					
Equity securities		\$ 415,032	\$ -	\$ -	\$ 415,032

June 30, 2025: None.

(b) The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices as their fair values (that is, Level 1). Based on the characteristics of the instruments, overseas listed stocks are measured by reference to the closing market price quoted on the balance sheet date.

D. For the six months ended June 30, 2026 and 2025, there was no transfer between Level 1 and Level 2.

E. For the six months ended June 30, 2026 and 2025, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.

E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

F. Significant inter-company transactions during the reporting period: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies

in the Mainland Area: None.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Information about segment

The Group's operating decision-makers evaluate the performance of the operating segments based on financial statements. The accounting policies of the operating segments are consistent with the significant accounting policies described in Note 4.

(3) Information about segment profit or loss, assets and liabilities

	Six months ended June 30,	
	2026	2025
Revenue from external customers	\$ 3,389	\$ 2,008
Segment loss	(\$ 164,997)	(\$ 167,284)
Segment assets	\$ 11,493,918	\$ 1,388,969

(4) Reconciliation for segment income (loss), assets and liabilities

None.

HERON NEUTRON MEDICAL CORP.

Holding of material marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

June 30,2026

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2026				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Heron Neutron Medical Corp.	BenQ BM Holding Cayman Corp.	None	Financial assets at fair value through other comprehensive income	25,001,500	\$ 244,034	8.01%	\$ 244,034	

HERON NEUTRON MEDICAL CORP.
Names, locations and other information of investee companies (not including investees in Mainland China)
Six months ended June 30, 2026

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note)	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2026			Net profit (loss) of the investee for the six months ended June 30, 2026	Investment income(loss) recognised by the Company for the six months ended June 30, 2026	Footnote
				Balance as at June 30, 2026	Balance as at December 31, 2025	Number of shares	Ownership	Book value			
Heron Neutron Medical Corp.	HERON NEUTRON MEDICAL SINGAPORE PTE. LTD.	Singapore	Sales of medical equipment	\$ 31,930	—	1,000,000	100.00	\$ 30,423	(\$ 1,208)	(\$ 1,208)	
Heron Neutron Medical Corp.	HERON NEUTRON MEDICAL JAPAN CORPORATION	Japan	Sales of medical equipment	29,880	—	15,000	100.00	28,072	(1,464)	(1,464)	

Table 2

HERON NEUTRON MEDICAL CORP.
Information on investments in Mainland China
Six months ended June 30, 2026

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2026	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2026		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2026	Net income of investee as of June 30, 2026	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2026 (Note 2(2) B)	Book value of investments in Mainland China as of June 30, 2026	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2026	Footnote
HERON NEUTRON MEDICAL NANJING CO., LTD.	Sales of medical equipment	\$ 31,540	1	\$ -	\$ 31,540	\$ -	\$ 31,540	(\$ 2,825)	100.00	(\$ 2,825)	\$ 29,966	\$ -	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2026	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Heron Neutron Medical Corp.	\$ 31,540	\$ 31,540	\$ 6,698,909

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China..
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the six months ended June 30, 2026' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements that are reviewed by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements that are reviewed by R.O.C. parent company's CPA.
 - C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.