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

FORM 20-F/A
Amendment No. 1

(Mark One)
☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2025
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report

For the transition period from to

Commission file number: 001-42300

Baird Medical Investment Holdings Limited
(Exact name of registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Cayman Islands
(Jurisdiction of incorporation)

Room 202, 2/F, Baide Building
Building 11, No.15
Rongtong Street, Yuexiu District, Guangzhou
Peoples Republic of China
(Address of principal executive offices)

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Building 11, No.15
Rongtong Street, Yuexiu District, Guangzhou
Peoples Republic of China
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered, pursuant to Section 12(b) of the Act

Title of each class	Trading Symbol	Name of each exchange on which registered
Ordinary shares, par value US$0.0001 per share	BDMD	The Nasdaq Capital Market
Redeemable warrants, each whole warrant exercisable for one ordinary share at an exercise price of US$11.50	BDMD W	The Nasdaq Capital Market

Securities registered or to be registered pursuant to Section 12(g) of the Act.
None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of issued and outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Ordinary shares, par value US$0.0001 each: 40,979,382 shares outstanding

Preferred shares, par value US$0.0001 each: 290,000 shares outstanding

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Of 1934. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Emerging growth company	☒

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

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒	International Financial Reporting Standards as issued by the International accounting Standards Board ☐	Other ☐

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

EXPLANATORY NOTE

This Amendment No. 1 on Form 20-F/A (this "Amendment") amends the Annual Report on Form 20-F of Baird Medical Investment Holdings Limited for the fiscal year ended December 31, 2025, originally filed with the U.S. Securities and Exchange Commission (the "SEC") on April 24, 2026 (the "Original Form 20-F"), solely to amend and restate Item 5, Item 19 and the F-pages to address certain comments from the staff of the SEC to the Original Form 20-F.

Except as expressly set forth herein, this Amendment No. 1 does not amend, update or otherwise modify any other information contained in the Original Form 20-F. This Amendment No. 1 should be read in conjunction with the Original Form 20-F. This Amendment No. 1 does not reflect events occurring after the filing of the Original Form 20-F.

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PART I

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with our consolidated financial statements and their related notes included in this annual report. This report contains forward-looking statements. In evaluating our business, you should carefully consider the information provided under the caption "Item 3. Key Information—D. Risk Factors" in this annual report. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

A. Operating Results

Overview

We are a specialized healthcare innovator dedicated exclusively to thyroid related diseases. By combining extensive clinical understanding with cutting-edge technologies, we aim to transform traditional thyroid treatment through intelligent, non-invasive solutions. Our mission is to build an ecosystem that spans the entire treatment process, spanning from early screening and diagnosis to robotic-assisted ablation and posttreatment care.

Our core strengths lie in our successful development and commercialization of the thyroid microwave ablation system, as well as our active R&D pipeline featuring AI-integrated robotic systems. Our approach integrates hardware innovation, software intelligence and a comprehensive system mindset, positioning us to lead in a highly specialized and globally significant market.

What set us unique are our category focus, our full-stack technology strategy and our proven regulatory and commercial execution. Backed by a vision to deliver safer, faster, and more accurate thyroid care to patients worldwide, we are positioned to become the first global platform company dedicated to precision thyroid health.

We ranked first among microwave ablation medical device providers in the treatment of thyroid nodules and breast lumps in the PRC in terms of sales revenue and sales volume of microwave ablation needles in 2022 according to the Frost & Sullivan Report. Further, we were the third largest microwave ablation medical device provider in the PRC in terms of sales revenue in 2022.

Through our research and development team, led by our chief technical officer, Mr. Rongjian Lu, and our research and development partners, including Nanjing Forestry University and Zhuhai People's Hospital, we have focused our development efforts on additional types of microwave ablation medical devices to meet market demand, and have also developed a product pipeline to achieve more extensive products offering.

Our products are ultimately sold to hospitals through (i) direct sales, (ii) deliverers, or (iii) distributors. Benefiting from our distributors' established channels and resources, we have been able to cut costs and time in reaching target markets compared to the costs and time required to distribute those products through direct sales. See "Sales Channels" below for an explanation of the difference between deliverers and distributors. With a network of qualified deliverers, we have been able to sell products to a large group of hospitals at once. With our solid and strategically managed network of deliverers and distributors and close collaboration with medical associations and doctors through our sales and marketing efforts, we have seen the number of hospitals in China purchasing our products increase from approximately 505 in 2023 to approximately 579 in 2024 and further to 614 in 2025, with the number of Grade III hospitals (the highest tier hospitals in China as classified and graded pursuant to the Pilot Draft of the Hospital Hierarchy Management Scheme of the PRC) increasing from approximately 310 in 2023 to approximately 310 in 2024 and further to 329 in 2025.

Going Concern Assessment

In assessing our liquidity position and our ability to continue as a going concern for at least 12 months from the issuance date of our consolidated financial statements for the year ended December 31, 2025, management considered the conditions and events described below in the aggregate, including our cash position, working capital, accounts receivable profile and subsequent collections, bank financing arrangements, related-party support and expected operating needs.

1) Cash and Restricted Cash

As of December 31, 2025, we had cash of US$0.2 million and restricted cash of US$0.4 million. The restricted cash as of December 31, 2025 related to an administrative penalty assessed in November 2024 in connection with our prior failure to timely renew a manufacturing license as a result of employee oversight. We paid the remaining penalty in full in January 2026, and the related cash freeze was lifted in January 2026. As of March 31, 2026, our cash balance increased to approximately US$1.6 million.

2) Net Loss for Fiscal Year 2025

Although we recorded a net loss of US$27.5 million for the year ended December 31, 2025, including net loss attributable to controlling shareholders of US$27.3 million, management considered the underlying drivers of the loss in its liquidity assessment. A significant portion of the 2025 net loss was attributable to non-cash share-based compensation expenses of US$17.5 million and increased research and development service fees, including FDA certification fees, CE Marking fees and expenditures on AI ablation systems and equipment. Management does not expect equity awards of a comparable magnitude to recur in the near term, and expects research and development cash spending to decrease after the completion of certain regulatory, validation and project milestones. However, there can be no assurance that our actual cash requirements will not exceed management's current expectations.

3) Working Capital

The Company had positive working capital as of both December 31, 2024 and 2025. Working capital was US$26.8 million and US$22.6 million as of December 31, 2024 and 2025, respectively. Management considered the Company's positive working capital position as part of its going concern assessment.

4) Net Cash Used in Operating Activities for Fiscal Year 2025

Net cash used in operating activities improved in 2025, decreasing to US$1,344,032 from US$6,313,115 in 2024. Management considered this year-over-year improvement as part of its going concern assessment and believes it reflects the Company's cash management and working capital optimization efforts.

5) Total current liabilities analysis

As of December 31, 2025, the Company had segregated its total current liabilities into (i) items requiring cash settlement within the next 12 months, mainly include loans, accounts payable, accrued expenses and other current liabilities and (ii) non-cash or long-term natured items excluded from immediate liquidity concern, mainly include contract liabilities (which will be recognized as revenue upon delivery of goods and does not require cash repayment), and amounts due to a related party (i.e., Betters Medical Investment Holdings Limited, the related party of the Company, which provided the Company with an executed letter of continuing financial support confirming that payables due to it will not be required to be repaid within the next 12 months from the date the financial statements are issued).

Note (1) — Loans: Historical Debt Renewals and Refinancing

- Historical track record. As evidenced by the loan contracts and renewal documentation, the Company has successfully renewed or rolled over 100% of its short-term bank facilities over the past several years. The Company maintains strong, long-standing relationships with all five lending institutions.

- Management assessment. Based on ongoing discussions with bank relationship managers and the Company's credit history, management believes that these facilities will be renewed upon maturity in the ordinary course of business.

- Contingency backstop. In the unlikely event that a specific bank declines to renew a facility, the related parties' letter of financial support, together with collection of accounts receivable, would provide capital to repay the outstanding principal. Accordingly, management believes that the Company does not face a liquidity gap with respect to these borrowings.

In January, 2026, Baide Suzhou obtained four loans from Jiangsu Taicang Rural Commercial Bank Co., Ltd. Xinmao Sub-branch, as detailed: (1) On January 19, 2026, Baide Suzhou borrowed a loan of $0.4 million (RMB3 million) with the term of one year at an annual interest rate of 2.70%;(2) On January 20, 2026, Baide Suzhou borrowed a loan of $0.4 million (RMB3 million) with the term of one year at an annual interest rate of 2.70%;(3) On January 21, 2026, Baide Suzhou borrowed a loan of $0.4 million (RMB3 million) with the term of one year at an annual interest rate of 2.70%;(4) On January 22, 2026, Baide Suzhou borrowed a loan of $0.1 million (RMB1 million) with the term of one year at an annual interest rate of 2.70%.

In March, 2026, Baide Suzhou borrowed a loan of $1.4 million (RMB10 million) with the term of one year at an annual interest rate of 2.71% from Industrial and Commercial Bank of China.

In March, 2026, Baide Suzhou obtained three loans from China CITIC Bank Suzhou Branch, as detailed: (1) On March 23, 2026, Baide Suzhou borrowed a loan of $0.9 million (RMB6 million) with the term of one year at an annual interest rate of 2.70%;(2) On March 26, 2026, Baide Suzhou borrowed a loan of $0.1 million (RMB1 million) with the term of one year at an annual interest rate of 2.70%;(3) On March 26, 2026, Baide Suzhou borrowed a loan of $0.6 million (RMB4 million) with the term of one year at an annual interest rate of 2.70%.

Management believes these improved financing terms reflect the Company's strengthened banking relationships and credit profile and are expected to reduce the Company's overall cost of debt and improve liquidity going forward.

Note (2) — Accounts Payable, Accrued Expenses and Other Current Liabilities

Accounts payable, accrued expenses and other current liabilities relate to routine payments to suppliers, employees, tax authorities, and professional service providers. Management has identified the following liquidity resources available to satisfy the current liabilities that requiring cash settlement:

- Support from Betters Medical Investment Holdings Limited and Haimei Wu:

  To alleviate short-term liquidity pressure and demonstrate commitment to the Company's financial stability, Betters Medical Investment Holdings Limited, the related party of the Company, together with Haimei Wu, the Chairwoman of the Board of Directors and Chief Executive Officer of the Company, provided the Company with an executed letter of continuing financial support. Haimei Wu is able to provide financial support of US$2.0 million, supported by properties owned by Ms. Wu, as necessary to enable the Company to meet its obligations as they become due for a period of at least twelve months from the date the financial statements are issued. Betters Medical Investment Holdings Limited confirmed that payables due to it will not be required to be repaid within the next twelve months from the date the financial statements are issued. Management considered this financial support and non-demand confirmation in assessing the Company's liquidity and its ability to meet obligations as they become due.

- Subsequent Collections of Accounts Receivable:

  Between December 31, 2025 and the issuance date of the financial statements (i.e., April 24, 2026), the Company received collections of approximately US$4.6 million relating to accounts receivable outstanding as of December 31, 2025, representing approximately 10.8% of the Company's net accounts receivable balance of US$42.5 million as of such date. In addition, between the issuance date of the financial statements (i.e., April 24, 2026) and May 29, 2026, the Company collected additional approximately US$1.2 million in accounts receivable outstanding as of December 31, 2025, representing approximately 2.8% of the Company's net accounts receivable balance of US$42.5 million as of December 31, 2025.The Company believes that payment approval delays were temporary and were affected by slower internal approval processes during the past two years, including as a result of the anti-corruption campaign in the pharmaceutical industry. Management has implemented a focused collection initiative targeting outstanding accounts receivables to satisfy the operating payables.

6) 2026 Profitability Drivers and Recovery Factors

Management also considered operational developments expected to support the Company's business in 2026, including international market expansion and participation in national volume-based procurement tenders.

- International Market Expansion

During 2025 and early 2026, the Company obtained medical device registration approvals and sales licenses in multiple key international markets. Management expects these new geographic segments to provide incremental revenue streams outside the China hospital channel and to contribute revenue beginning in the second quarter of 2026.

Country	Approved Products	Certification Obtained
Indonesia	Disposable Microwave Ablation Needles	February 2025
Indonesia	Microwave Therapeutic Instrument — MTI-5ET	February 2025
Argentina	Disposable Microwave Ablation Needles	December 2025
Pakistan	Disposable Microwave Ablation Needles	December 2025
Malaysia	Disposable Microwave Ablation Needles; Microwave Therapeutic Instruments	May 2025
Vietnam	Microwave Ablation Devices	January 2026

- Participation in National Volume-Based Procurement Tenders

The Company has positioned its product portfolio for inclusion in China's centralized procurement programs. While volume-based procurement generally implies lower per-unit pricing, it also provides volume commitments and can reduce sales and marketing costs. Management expects participation in these tenders to stabilize and grow the Company's China revenue base with improved operating leverage, offsetting margin compression through volume efficiency.

Based on the factors described above, including the Company's cash and restricted cash position, positive working capital, the nature of the 2025 net loss, improvement in operating cash outflows, historical debt renewals and refinancing activities, continuing financial support from Haimei Wu, the non-demand confirmation from Betters Medical Investment Holdings Limited, subsequent collections of accounts receivable, and expected 2026 profitability drivers, management concluded that there was no substantial doubt about the Company's ability to continue as a going concern within one year after the issuance date of the financial statements.

Factors Affecting Our Results of Operations

Legislation May Impact our Business and Operating Results

In China, a number of legislative and regulatory changes and proposed changes regarding medical device industry could prevent or delay regulatory approval of our pipeline products, restrict or regulate post-approval activities and affect our ability to profitably sell our products and any pipeline products for which we obtain regulatory approval. In recent years, there have been and will likely continue to be efforts to enact administrative or legislative changes in relation to the medical device industry, including measures which may result in more rigorous coverage criteria and downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue or attain profitability.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for medical devices. We cannot be sure whether additional legislative changes will be enacted, or whether NMPA regulations, guidance or interpretations will be changed, or what the impact of such changes on the regulatory approvals of our product candidates, if any, may be.

In addition, in 2021, China started to initiate centralized procurement pilot programs in an effort to regulate prices of medical devices through Company procurement at the provincial level. Our products have not been covered by centralized national procurement as of the date of this annual report. However, on August 8, 2025, the Medical Insurance Bureau of Heilongjiang Province issued the "Notice on Carrying out Information Maintenance Work for Vena Cava Filters and Ablation Electrodes as Medical Consumables", outlining the work plan. Starting from August 11, 2025, the information maintenance work for vena cava filters and ablation electrodes as medical consumables will be organized. The provinces (including autonomous regions and municipalities) participating in this centralized procurement include Tianjin, Hebei, Shanxi, Inner Mongolia Autonomous Region, Liaoning, Jilin, Jiangxi, Henan, Hubei, Hunan, Guangxi Zhuang Autonomous Region, Hainan, Chongqing, Sichuan, Guizhou, Yunnan, Tibet Autonomous Region, Shaanxi, Gansu, Qinghai, and Ningxia Hui Autonomous Region. It is out of our control as to whether or when the centralized national procurement will cover the types of products that we produce. If our products were covered by the centralized national procurement in the future, the price of our products may decrease, which could harm our profitability, if any increase in sales volume fails to fully compensate for such decrease in price.

Our High Gross Profit Margin May Not Be Sustainable

We cannot assure you that our historical operating results, in particular our high gross profit margin, will be indicative of future performance for various reasons, including uncertainties of the success of our existing and new products, changes in market and the regulatory environment, as well as our ability to manage our sales network and the intensified competition in the microwave ablation medical device market in China. Our profitability for future years may be negatively affected by low-margin sales and competition strategies adopted by our competitors, increasing costs of raw materials and increasing selling and distribution costs arising from the expansion of our sales and distribution network. As a result, our gross profit margin may not be sustainable.

The Discontinuation of Preferential Tax Treatments or Government Incentives

Pursuant to the EIT Law, the EIT rate generally applicable in the PRC has been 25%. However, Nanjing Changcheng and Baide Suzhou, our principal operating subsidiaries, have been accredited as a High and New Technology Enterprise under the relevant PRC laws and regulations since 2020 and 2021 respectively. Accordingly, Nanjing Changcheng and Baide Suzhou were entitled to a preferential tax treatment of 15% for the fiscal years ended December 31, 2023, 2024 and 2025.

Moreover, according to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC, for enterprises engaging in R&D activities, the Super Deduction ratio is 75% from January 1, 2018 to September 30, 2022. From October 1, 2022 onwards, the Super Deduction ratio is 100%. In addition, the Super Deduction ratio for outsourced R&D expenses is 80%. Two PRC subsidiaries of Pubco have claimed such Super Deduction in ascertaining its tax assessable profits in the fiscal years ended December 31, 2023, 2024 and 2025. If we fail to maintain or renew the High and New Technology Enterprise accreditation or if any of the preferential tax treatments or government grants discontinue or reduce, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Untimely or Unsuccessful Product Registration Testing or Clinical Trials May Impact our Business and Operating Results

We have five types of pipeline products. In order to obtain the registration certificates for Class III medical devices, such pipeline products are required to go through product registration testing to demonstrate their safety and effectiveness. Such testing is conducted by third party testing institutions recognized by the NMPA. The product registration testing schedule of these testing institutions is beyond our control, and we cannot provide assurance that our pipeline products will pass these tests in a timely manner, or at all.

Furthermore, success in testing procedures does not guarantee success in clinical trials. Negative or inconclusive results or safety issues associated with its pipeline products could cause us or regulatory authorities to interrupt, delay, suspend or terminate clinical trials, or could result in the delay or denial of regulatory approvals from the NMPA, all of which may have a significant impact on our business and operating results.

For further discussion on the potential risks involved with completion of our product registration testing or clinical trials, see “Item 3. Key Information—D. Risk Factors—Risks Related to our Business and Industry—We may not be able to successfully complete product registration testing or clinical trials in a timely manner and at acceptable costs, or at all.”

COVID-19

The outbreak of respiratory illness caused by a novel coronavirus (COVID-19) and the economy slowdown and/or negative business sentiment which followed the outbreak have had a negative impact on the industry, and our business operations and financial condition have been and may continue to be adversely affected. The COVID-19 pandemic in China and the government measures in response have also resulted in temporary closure of many corporate offices, manufacturing facilities and factories across China. We imposed work-from-home policy and continued liaising with our customers and suppliers.

Since around December 2022, the PRC government has lifted most the COVID-19 restrictions. Significant numbers of our employees were infected by the COVID-19 in the following months. However, as of the date of annual report, all the infected employees had recovered and our business had returned to normal operations.

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires and pandemic disease may adversely affect our business, financial condition or results of operations. The potential impact of a natural disaster on our results of operations and financial position is speculative and would depend on numerous factors. The extent and severity of these natural disasters determines their effect on a given economy. Although the long-term effect of diseases such as the COVID-19 pandemic, H5N1 "avian flu", or H1N1, the swine flu, cannot currently be predicted, previous occurrences of avian flu and swine flu had an adverse effect on the economies of those countries in which they were most prevalent. An outbreak of a communicable disease in our market could adversely affect our business, financial condition and results of operations, and timely reporting obligations under Regulation S-X and Regulation S-K following our business combination. We cannot assure you that natural disasters will not occur in the future or that our business, financial condition and results of operations will not be adversely affected.

Key Components of Our Results of Operations

Revenues

We principally derived our revenue from the following sources:

- *Sales of MWA medical devices*, including the sales of (i) our proprietary MWA needles and (ii) our proprietary MWA therapeutic apparatus that were designed, developed and manufactured by us; and

- *Sales of other medical devices*, including the trading of other medical devices, such as catheters, ventilators, operation tables, medical gloves, syringe and other large medical machines and system.

We follow ASC 280, *Segment Reporting*, which requires that companies to disclose segment data based on how management makes decision about allocating resources to each segment and evaluating their performances. We have one reporting segment. Our chief operating decision maker has been identified as the Chief Executive Officer, who reviews consolidated results when making decisions about allocating resources and assessing our performance.

Our long-lived assets are all located in China, and the amount of long-lived assets attributable to any individual other country is not material. The following table presents the Company's revenue disaggregated by geographic region based on the location of customers for the years ended December 31, 2025, 2024 and 2023:

	For the years ended December 31,		
	2025	2024	2023
PRC	$ 13,495,375	36,184,886	31,457,908
Hong Kong	7,988,415	—	—
United States	938,745	852,222	—
Malaysia	106,002	—	—
Nepal	8,479	—	—
Total	$ 22,537,016	$ 37,037,108	$ 31,457,908

The following table presents our revenues by customer types:

	For the year ended December 31,		
	2025	2024	2023
Distributors	$ 18,407,591	$ 17,220,009	$ 14,995,701
Direct customers	4,129,425	19,817,099	16,462,207
Total	$ 22,537,016	$ 37,037,108	$ 31,457,908

The following table presents our revenues by product lines:

	For the Year Ended December 31,					
	2025		2024		2023	
	Revenue	%	Revenue	%	Revenue	%
Sales of MWA devices	$ 22,537,016	100	$ 37,027,277	100	$ 30,940,383	98
– MWA needles	17,214,751	76	33,826,455	91	26,278,169	84
– MWA therapeutic apparatus	5,322,265	24	3,200,822	9	4,662,214	14
Sales of other medical devices	—	—	9,831	—	517,525	2
Total	**$ 22,537,016**	**100**	**$ 37,037,108**	**100**	**$ 31,457,908**	**100**

Cost of Revenues

Our cost of revenues mainly consisted of (1) costs of other medical devices; (2) direct material costs for our proprietary MWA medical devices; (3) direct staff costs; (4) production overheads; and (5) distribution costs.

Gross Profit and Gross Margin

Our gross profit was US$27.2 million, US$32.7 million and US$18.9 million in 2023, 2024 and 2025, respectively. Our gross profit margin was 86.6%, 88.2% and 83.8% in 2023, 2024 and 2025, respectively.

Operating Expenses

Our operating expenses consist of selling and marketing expenses, general and administrative expenses and research and development expenses. The following table sets forth the components of operating expenses, in absolute amounts and as a percentage of our total revenues, for the periods indicated.

	For the year ended December 31,					
	2023		2024		2025	
	US$	%	US$	%	US$	%
Operating expenses:						
Selling and marketing expenses	2,547,000	8	4,061,116	11	10,264,507	46
General and administrative expenses	8,546,880	27	7,103,226	19	14,119,024	63
Research and development expenses	4,274,894	14	6,174,365	17	20,131,012	89
Total operating expenses	15,368,774	49	17,338,707	47	44,514,543	198

Selling and marketing expenses

Selling and marketing expenses primarily consisted of meeting expenses, salary cost relating to our sales and marketing personnel, share-based compensation expenses, and also included entertainment, travelling and other expenses relating to our marketing activities.

General and administrative expenses

General and administrative expenses primarily consisted of salary and compensation expenses relating to our finance, legal, human resources and executive office personnel, rental expenses, depreciation and amortization expenses, office overhead, share-based compensation expenses, professional service fees and travel and transportation costs.

Research and development ("R&D") expenses

Research and development expenses primarily consisted of CRO (Contract Research Organization) and other research and development service fee and depreciation expense related to equipment used for research and development, compensation and benefit expenses relating to our research and development personnel, as well as office overhead and other expenses relating to our R&D activities.

Other (expenses) income, net

Our other (expenses) income, net include (1) interest expenses; (2) interest income; (3) subsidy income, primarily including government subsidies which represented amounts granted by local government authorities as a general incentive for us to promote development of the local technology industry, and we record government subsidies in subsidy income upon received and when there is no further performance obligation; and (4) other expenses, net, which primarily representing penalty expenses and donations.

Income Tax Provision

We had provision for income taxes of US$1.7 million, US$1.5 million and US$1.2 million in 2023, 2024 and 2025, respectively. The decrease of provision for income taxes in 2024 was primarily due to the net loss incurred, more deductible R&D expenditure and the utilization net operating loss carried forward from the PRC entities. The decrease of provision for income taxes in 2025 was primarily due to the net loss incurred.

Net Loss/Income

We had net income of US$10.7 million, US$12.6 million and net loss of US$27.5 million in 2023, 2024 and 2025, respectively. Our net income margin was 33.9%, 34.0% and net loss margin was 122.2% in 2023, 2024 and 2025, respectively.

Management considered the primary factors contributing to the 2025 net loss as part of the Company's going concern assessment. The net loss was primarily attributable to two factors, as discussed below:

1) Revenue Decline in 2025

The primary driver of the revenue decline in 2025 was a significant slowdown in purchasing activity among our customers in China. During 2025, certain hospital customers and procurement departments adopted more conservative purchasing and approval procedures in response to heightened regulatory scrutiny and compliance review procedures in China's pharmaceutical and healthcare sector. As a result, hospital administrators and procurement departments adopted a more conservative approach and deferred non-essential capital equipment purchases and new technology adoptions to ensure compliance with ongoing audits.

We believe this was an industry-wide phenomenon affecting medical device sales in China during periods of regulatory intensification. We also believe that the decline represented a deferral of demand rather than a permanent loss of market share or obsolescence of our product portfolio. We believe that our products maintain their clinical utility and competitive positioning, and management anticipates a normalization of procurement cycles as the inspection wave moderates.

2) Operating Expenses Increases in 2025

The 2025 net loss was also affected by two significant expense items that we do not view as reflective of our core operating run rate: stock-based compensation expenses and research and development expenses.

- Stock-based compensation. A substantial portion of the increase in expenses related to equity awards granted to consultants and employees during 2025. The increase in stock-based compensation expense during 2025 was attributable to these equity awards. We do not anticipate grants of this magnitude in the near term. This expense is non-cash in nature and does not affect our liquidity or operating cash flows. Accordingly, we view this item as a temporary deviation from our normalized compensation expense run rate and not as an indication of an ongoing or permanent deterioration in our cost structure.

- Research and development milestones. We achieved significant clinical and regulatory progress on key pipeline projects in 2025. These milestones triggered contractual payments to suppliers and associated clinical trial expenses, resulting in a one-time increase in R&D expense recognition. We view these expenditures as investments in future growth platforms and do not expect them to recur at the same level in the immediate subsequent period. The underlying projects have advanced to phases that we expect will require comparatively lower near-term investment before commercialization.

We believe these factors indicate that the 2025 net loss was primarily attributable to non-recurring expenses and strategic R&D investments, rather than a deterioration in our underlying operating performance. Specifically, the projected reduction in future R&D expenditures is not expected to adversely impact our revenue trajectory for two primary reasons:

First, the increased research and development expenditures incurred during 2025 were primarily related to our efforts to obtain regulatory approvals and establish market access in new international markets, including South Korea, New Zealand and Argentina. These expenditures were principally associated with initial market entry initiatives rather than the support of our existing commercialized products and established revenue-generating markets. Accordingly, we believe that the anticipated reduction in research and development spending relating to these new markets is not expected to adversely affect revenue generated from our existing mature markets and established product portfolio.

Second, the elevated research and development expenditures incurred during 2025 primarily consisted of one-time validation, testing and registration-related costs necessary to obtain initial regulatory approvals and commercialization permits in overseas jurisdictions. Our underlying product technologies are already commercially established and technologically mature. As a result, we do not believe that substantial ongoing foundational research and development activities will be required following completion of the applicable approval processes. Once the relevant regulatory approvals are obtained, we expect research and development activities in these jurisdictions to transition primarily to lower-cost commercialization support, product maintenance and routine regulatory compliance activities. Accordingly, we expect future research and development expenditures to decline meaningfully from 2025 levels while continuing to support anticipated international revenue growth.

We believe that the anticipated reduction in future research and development cash expenditures, together with our expectation that its existing revenue base will be maintained, supports the feasibility of our plans to mitigate liquidity pressures. We also believe that these planned reductions in expenditures are not expected to materially adversely affect our ongoing operations, commercial activities or long-term business strategy. We also considered our historical profitability for the fiscal years ended December 31, 2024 and 2023. We believe this historical profitability supports its view that the 2025 net loss was driven primarily by temporary or non-recurring factors, rather than a fundamental deterioration in our business model, customer credit quality or ability to continue as a going concern.

Taxation

Cayman Islands

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution, brought within the jurisdiction of the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

British Virgin Islands

Our wholly-owned subsidiary in the British Virgin Islands, Tycoon Choice Global Limited and all dividends, interest, rents, royalties, compensation and other amounts paid by Tycoon Choice Global Limited to personas who are not resident in the British Virgin Islands and any capital gains realized with respect to any shares, debt obligations, or other securities of the Company by persons who are not resident in the British Virgin Islands are exempt from all provisions of the Income Tax Ordinance in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to any shares, debt obligation or other securities of the Company.

All instruments relating to transfers of property to or by Tycoon Choice Global Limited and all instruments relating to transactions in respect of the shares, debt obligations or other securities of Tycoon Choice Global Limited and all instruments relating to other transactions relating to the business of Tycoon Choice Global Limited are exempt from payment of stamp duty in the British Virgin Islands. This assumes that Tycoon Choice Global Limited does not hold an interest in real estate in the British Virgin Islands.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to Tycoon Choice Global Limited or its members.

Hong Kong

Our subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax of 8.25% on activities conducted in Hong Kong.

PRC

Under the EIT Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, SAT issued SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although SAT Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in SAT Circular 82 may reflect the general position of SAT on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China only if all of the following conditions are met: (1) the primary location of the day-to-day operational management is in the PRC; (2) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (3) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (4) at least 50% of voting board members or senior executives habitually reside in the PRC. We believe that our Cayman Islands holding company, is not a PRC resident enterprise for PRC tax purposes. Our Cayman Islands holding company is not controlled by a PRC enterprise or PRC enterprise group, and we do not believe that it meets all of the conditions above. For the same reasons, we believe our other entities outside of China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body". Therefore, there can be no assurance that the PRC government will ultimately take a view that is consistent with ours. If the PRC tax authorities determine that our Cayman Islands holding company is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the Ordinary Shares. In addition, non-resident enterprise shareholders (including the holders of the Ordinary Shares) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of the Ordinary Shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders (including the holders of the Ordinary Shares) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20%. Any PRC tax imposed on dividends or gains may be subject to a reduction if a reduced rate is available under an applicable tax treaty. However, it is also unclear whether non-PRC shareholders of our Cayman Islands holding company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that our Cayman Islands holding company is treated as a PRC resident enterprise.

Provided that our Cayman Islands holding company is not deemed to be a PRC resident enterprise, holders of the Ordinary Shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of the Ordinary Shares. However, under SAT Bulletin 7 and SAT Bulletin 37, where a non-resident enterprise conducts an "indirect transfer" by transferring taxable assets, including, in particular, equity interests in a PRC resident enterprise, indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee or the PRC entity which directly owned such taxable assets may report to the relevant tax authority such indirect transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. We and our non-PRC resident investors may be at risk of being required to file a return and being taxed under SAT Bulletin 7 and SAT Bulletin 37, and we may be required to expend valuable resources to comply with SAT Bulletin 7 and SAT Bulletin 37, or to establish that we should not be taxed thereunder.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the years indicated. You should read this information together with our consolidated financial statements and related notes included elsewhere in this annual report. The results of operations in any period are not necessarily indicative of the results that may be expected for any future years or periods.

	Year Ended December 31,		
	2023	2024	2025
	US$	US$	US$
Revenues	$ 31,457,908	$ 37,037,108	$ 22,537,016
Cost of revenues	(4,227,409)	(4,383,363)	(3,653,278)
Gross profit	27,230,499	32,653,745	18,883,738
Operating expenses:			
Selling and marketing expenses	(2,547,000)	(4,061,116)	(10,264,507)
General and administrative expenses	(8,546,880)	(7,103,226)	(14,119,024)
Research and development expenses	(4,274,894)	(6,174,365)	(20,131,012)
Total operating expenses	(15,368,774)	(17,338,707)	(44,514,543)
Income/(loss) from operations	11,861,725	15,315,038	(25,630,805)
Interest expense	(285,833)	(576,752)	(737,671)
Interest income	1,562	393	301
Subsidy income	791,959	266	93,394
Other expenses, net	(10,211)	(651,657)	(100,195)
Income/(loss) before income tax	12,359,202	14,087,288	(26,374,976)
Income tax provision	(1,701,019)	(1,489,190)	(1,166,148)
Net income/(loss)	$ 10,658,183	$ 12,598,098	(27,541,124)
Other comprehensive loss/(income), net of tax			
Foreign currency translation adjustment	$ (728,688)	$ (1,135,939)	1,786,857
Comprehensive income/(loss)	$ 9,929,495	$ 11,462,159	(25,754,267)
Net income/(loss) attributable to controlling shareholders	$ 10,545,978	$ 12,453,369	(27,278,005)
Basic earnings/(loss) per common share	0.51	0.57	(0.98)
Diluted earnings/(loss) per common share	0.51	0.57	(0.98)

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenues

Our total revenues decreased by 39.2% from US$37.0 million in 2024 to US$22.5 million in 2025, resulting in a net decrease of US$14.5 million. The overall decrease in our revenue was primarily due to a decrease in demand for, and sales of, MWA devices in 2025.

Our revenue from distributors increased from US$17.2 million in 2024 to US$18.4 million in 2025, resulting in a net increase of US$1.2 million. Changes in overall average sales prices increased revenue by approximately US$1.9 million, while changes in the volume of products sold decreased revenue by approximately US$0.7 million. With respect to the sales of MWA needles, revenue decreased due to a decrease in the number of units sold. With respect to the sales of MWA therapeutic apparatus, revenue increased due to increases in both the number of units sold and the selling price. The increase in revenue from sales of MWA therapeutic apparatus outweighed the decrease in revenue from sales of MWA needles, resulting in an overall increase in revenue from distributors. The change in revenue of sales of other medical devices was immaterial.

Our revenue from direct customers decreased from US$19.8 million in 2024 to US$4.1 million in 2025, resulting in a net decrease of US$15.7 million. Changes in overall average sales prices decreased revenue by approximately US$1.1 million, while changes in the volume of products sold decreased revenue by approximately US$14.6 million. With respect to the sales of MWA needles and other medical devices, revenue decreased due to decreases in both the number of units sold and the selling price. With respect to the sales of MWA therapeutic apparatus, revenue decreased due to decreases in both the number of units sold and the selling price.

Cost of revenues

Our cost of revenues decreased by 16.7% from US$4.4 million in 2024 to US$3.7 million in 2025, resulting in a net decrease of US$0.7 million, primarily due to the overall decrease in revenue. Our cost of revenues mainly consisted of (i) costs of other medical devices; (ii) direct material costs for our proprietary MWA medical devices; (iii) direct staff costs; (iv) production overheads; and (v) distribution costs.

Gross profit and gross margin

As a result of the above, our gross profit decreased from US$32.7 million in 2024 to US$18.9 million in 2025, resulting in a net decrease of US$13.8 million. Our gross profit margin decreased from 88.2% in 2024 to 83.8% in 2025, resulting in a decrease of 4.4 percentage points.

Operating expenses

Selling and marketing expenses

Our selling and marketing expenses increased by US$6.2 million from US$4.1 million in 2024 to US$10.3 million in 2025, primarily due to (i) an increase in share-based compensation expenses from nil in 2024 to US$6.9 million in 2025, (ii) an increase in staff cost of US$0.9 million, from US$1.5 million in 2024 to US$2.4 million in 2025, due to an increase in sales personnel costs for the U.S. market, partially offset by (iii) an decrease in advertising expenses of US$1.4 million, from US$1.9 million in 2024 to US$0.5 million in 2025, and other individually immaterial decreases. Accordingly, our selling and marketing expenses accounted for 45.5% and 11.0% of our revenues in 2025 and 2024, respectively.

Research and development expenses

Research and development expenses primarily consisted of CRO (Contract Research Organization) and other research and development service fees, depreciation expense related to equipment used for research and development, compensation and benefit expenses relating to our research and development personnel, as well as office overhead and other expenses relating to our R&D activities. Our research and development expenses increased by US$13.9 million from US$6.2 million in 2024 to US$20.1 million in 2025, primarily due to an increase in research and development service fee of US$13.9 million, from US$4.2 million in 2024 to US$18.1 million in 2025. These service fees included FDA certification fees, CE Marking fee, and R&D expenditures on AI ablation systems and equipment. Accordingly, our research and development expenses accounted for 89.3% and 16.7% of our total revenues in 2025 and 2024, respectively.

General and administrative expenses

Our general and administrative expenses increased by US$7.0 million, from US$7.0 million in 2024 to US$14.1 million in 2025, primarily due to (i) an increase in share-based compensation expenses from nil in 2024 to US$9.6 million in 2025, partially offset by (ii) a decrease in legal and professional fees of US$2.2 million, primarily attributable to the non-recurring elevated legal and professional service fees incurred in 2024 in connection with the Company's Business Combination and related listing matters.

Loss/income from operations

As a result of the above, we incurred a loss from operations of $25.6 million in 2025, as compared to an income from operations of $15.3 million in 2024.

Other (expenses)/income, net

We incurred total other expenses, net of US$0.7 million in 2025, as compared to total other expenses, net of US$1.2 million in 2024, primarily because (1) our interest expense increased from US$0.6 million in 2024 to US$0.7 million in 2025, primarily due to increase in bank borrowings, (2) we incurred subsidy income of US$0.09 million in 2025, as compared to US$266 in 2024, and (3) our other expenses decreased from US$0.7 million in 2024 to US$0.1 million in 2025, primarily due to the administrative penalty in November 2024, we did not experience such kind of administrative penalty in 2025.

Loss/Income before income tax

As a result of the above, we incurred a loss before income tax of $26.4 million in 2025, as compared to an income before income tax of $14.1 million in 2024.

Income tax provision

Our provision for income tax decreased from US$1.5 million in 2024 to US$1.1 million in 2025, primarily due to net loss incurred in 2025.

Net loss/income

As a result of the above, we incurred a net loss of $27.5 million in 2025, as compared to a net income of $12.6 million in 2024.

Other comprehensive income or loss

Foreign currency translation adjustments amounted to a loss of US$1.1 million and a gain of US$1.8 million in 2024 and 2025, respectively.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenues

Our total revenues increased by 17.7% from US$31.5 million in 2023 to US$37.0 million in 2024, resulting in a net increase of US$5.5 million. The overall increase in our revenue was primarily attributable to an increase of approximately US$6.1 million in sales of MWA devices, partially offset by a decrease of approximately US$0.5 million in sales of other medical device.

Our revenue from direct customers increased from US$16.5 million in 2023 to US$19.8 million in 2024, resulting in a net increase of US$3.3 million. Changes in overall average sales prices decreased the revenue by approximately US$0.6 million, while changes in the volume of products sold increased the revenue by approximately US$3.9 million. With respect to the sales of MWA needles, revenue increased by approximately US$3.5 million due to an increase in sales volume. With respect to the sales of MWA therapeutic apparatus, revenue increased by approximately US$0.3 million due to increases in both the quantity of sales and the selling price. With respect to the sales of other medical devices, revenue decreased by approximately US$0.5 million due to decreases in both the quantity of sales and the selling price. The increase in revenue from the sales of MWA needles and MWA therapeutic apparatus outweighed the decrease in revenue from the sales of other medical devices, resulting in an overall increase in revenue from direct customers.

Our revenue from distributors increased from US$15.0 million in 2023 to US$17.2 million in 2024, resulting in a net increase of US$2.2 million. Changes in overall average sales prices decreased revenue by approximately US$0.2 million, while changes in the volume of products sold increased revenue by approximately US$2.4 million. With respect to the sales of MWA needles, revenue increased by approximately US$4.0 million primarily due to an increase in sales volume. This increase was partially offset by an aggregate decrease of approximately US$1.8 million in revenue from sales of MWA therapeutic apparatus and other medical devices, primarily due to decreases in sales volume. The increase in revenue from the sales of MWA needles outweighed the decrease in revenue from the sales of MWA therapeutic apparatus and other medical devices, resulting in an overall increase in revenue from distributors.

Cost of revenues

Our cost of revenues increased by 3.7% from US$4.2 million in 2023 to US$4.4 million in 2024, resulting in a net increase of US$0.2 million, primarily due to the overall increase in revenue from sales of MWA devices. Our cost of revenues mainly consisted of (i) costs of other medical devices; (ii) direct material costs for our proprietary MWA medical devices; (iii) direct staff costs; (iv) production overheads; and (v) distribution costs.

Gross profit and gross margin

As a result of the above, our gross profit increased from US$27.2 million in 2023 to US$32.7 million in 2024, resulting in a net increase of US$5.5 million, and our gross profit margin increased from 86.6% in 2023 to 88.2% in 2024, representing an increase of 1.6 percentage points. The increase in gross margin was primarily due to a higher proportion of revenue generated from sales of MWA devices, which generally have higher gross margins than other medical devices.

Operating expenses

Selling and marketing expenses

Our selling and marketing expenses increased by US$1.6 million from US$2.5 million in 2023 to US$4.1 million in 2024, primarily due to (i) a decrease in advertising expenses of US$0.9 million, from US$1.0 million in 2023 to US$1.9 million in 2024, (ii) an increase in staff cost of US$0.4 million, from US$1.2 million in 2023 to US$1.6 million in 2024, due to an increase in the sales personnel costs for the U.S market, (iii) an increase in travel expenses of US$0.2 million, from US$77,225 in 2023 to US$258,774 in 2024. Accordingly, our selling and marketing expenses accounted for 11.0% and 8.1% of our revenues in 2024 and 2023, respectively.

Research and development expenses

Research and development expenses primarily consisted of CRO (Contract Research Organization) and other research and development service fee, depreciation expense related to equipment used for research and development, compensation and benefit expenses relating to our research and development personnel, as well as office overhead and other expenses relating to our R&D activities. Our research and development expenses increased by US$1.9 million from US$4.3 million in 2023 to US$6.2 million in 2024, primarily due to an increase in research and development service fee of US$1.4 million, from US$2.8 million in 2023 to US$4.2 million in 2024. These service fees included FDA certification fees, CE Marking fees, and R&D expenditures on AI ablation systems and equipment. Accordingly, our research and development expenses accounted for 16.7% and 13.6% of our total revenues in 2024 and 2023, respectively.

General and administrative expenses

Our general and administrative expenses decreased from US$8.5 million in 2023 to US$7.1 million in 2024, resulting in a net decrease of $1.4 million, primarily due to a decrease in net allowance for expected credit losses on accounts receivable, from US$2.2 million in 2023 to US$1.2 million in 2024. In 2024, the net allowance for expected credit losses was US$2.3 million, partially offset by recoveries of allowance for expected credit losses of US$1.1 million.

Income from operations

As a result of the above, income from operations increased by 29.1% from US$11.9 million in 2023 to US$15.3 million in 2024.

Other (expenses)/income, net

We incurred total other expenses, net of US$1.2 million in 2024, as compared to total other income, net of US$0.5 million in 2023, primarily because (1) our interest expense increased from US$0.3 million in 2023 to US$0.6 million in 2024, primarily due to increase in bank borrowings, (2) we incurred subsidy income of US$266 in 2024, as compared to US$0.8 million in 2023, and (3) our other expenses increased from US$10,211 in 2023 to US$0.6 million in 2024, primarily due to the administrative penalty in November 2024.

Income before income tax

As a result of the above, our income before income tax increased from US$12.4 million in 2023 to US$14.1 million in 2024.

Income tax provision

Our provision for income tax decreased from US$1.7 million in 2023 to US$1.5 million in 2024, primarily due to more deductible R&D expenditure and the utilization net operating loss carried forward from the PRC entities.

Net income

As a result of the above, our net income increased from US$10.7 million in 2023 to US$12.6 million in 2024.

Other comprehensive income or loss

Foreign currency translation adjustments amounted to a loss of US$0.7 million and a loss of US$1.1 million in 2023 and 2024, respectively.

B. Liquidity and Capital Resources

Liquidity and Capital Resources

As of December 31, 2024 and 2025, we had cash and restricted cash of US$3.0 million and US$0.6 million, respectively. There was no restricted cash as of December 31, 2024. The restricted cash amount was US$0.4 million as of December 31, 2025. The restricted cash as of December 31, 2025 was lifted in January 2026. As of December 31, 2025, we had a working capital balance of $22.6 million. As of March 31, 2026, our cash balance increased to approximately US$1.6 million.

Accounts Receivable Turnover Days, Subsequent Collection and Collectability Assessment

1) Overview of Accounts Receivable Balance as of December 31, 2025

As of December 31, 2025, our net accounts receivable balance was US$42.5 million, of which US$39.7 million was overdue based on contractual payment terms ranging from 30 to 180 days. The overdue status was primarily attributable to a combination of factors, including the intensified anti-corruption campaign in China's pharmaceutical and healthcare sector, which has contributed to a longer collection cycle for by prompting hospital customers to adopt more stringent internal payment approval procedures, and the lengthy payment cycles of hospital customers.

Although our standard contractual payment terms generally range from 30 to 180 days, we may, in practice, agree to extended payment arrangements with certain customers on a case-by-case basis. In evaluating whether to grant an extended payment arrangement, we consider customer-specific factors, including the purchase volume, the length of the customer relationship, the historical payment and default records, and our expected future business relationship with the customer. The length of any extended payment arrangement varies depending on the specific customers and the relevant circumstances. In certain cases, upon customer request, payment may be delayed beyond the original contractual payment terms. We review each request for an extension individually and approves such request only when management believes the extension is in our best interests.

Historically, we have not charged or collected material late payment fees from customers, because we intended to maintain positive working relationships with customers and has not otherwise experienced significant historical defaults. However, we continue to reserve its contractual rights to demand payment upon expiration of the applicable payment period. For certain customers, the need for extended payment arrangements has been driven primarily by lengthy internal payment approval processes and delays resulting from external factors, including heightened compliance review procedures in China's pharmaceutical and healthcare sector.

We considered these factors, together with subsequent collections, historical collection patterns, payment plans agreed with major customers, and its allowance for expected credit losses, in assessing the collectability of the December 31, 2025 accounts receivable balance.

As of December 31, 2023, 2024 and 2025, our accounts receivable turnover days were 337 days, 412 days and 777 days, respectively. We calculated accounts receivable turnover days using the following formula:

Average accounts receivable × 360 days ÷ sales revenue = accounts receivable turnover days, average accounts receivable equals the sum of the opening accounts receivable balance and the closing accounts receivable balance divided by two.

As of December 31, 2024, our gross accounts receivable balance was US$50.6 million. As of December 31, 2025, our gross accounts receivable balance decreased to US$47.3 million, representing a decrease of approximately 7% from December 31, 2024. For the year ended December 31, 2025, our revenue decreased to US$22.5 million by 39.2% from 2024. As a result of the significant decline in revenue and the continued lengthening of collection cycles, the net accounts receivable balance as of December 31, 2025 was $42.5 million (i.e., gross accounts receivable balance less allowance for expected credit losses), representing 188.9% of total revenue for 2025. Management believes this disproportionate relationship was primarily attributable to the continued delay in collections from prior periods and, in certain cases, further delays resulting from more stringent internal payment approval procedures at customers.

2) Subsequent Collections and Collectability Assessment of Accounts Receivable Balance as of December 31, 2025 Between December 31, 2025 and the Issuance Date of the Financial Statements (i.e., April 24, 2026)

i. Subsequent Collections between December 31, 2025 and the Issuance Date of the Financial Statements (i.e., April 24, 2026)

Between December 31, 2025 and the issuance date of the financial statements (i.e., April 24, 2026), we received collections of approximately US$4.6 million relating to accounts receivable outstanding as of December 31, 2025, representing approximately 10.8% of our net accounts receivable balance of US$42.5 million as of such date. As of December 31, 2025, we had 65 customers with outstanding accounts receivable balances. Among these customers, 14 customers were individually evaluated and determined to present collectability concerns. In accordance with ASC 326, we recorded an allowance for expected credit losses of approximately US$2.1 million relating to these customers.

The remaining 51 customers comprised our active accounts receivable portfolio, for which management continued to expect substantial recoverability. As of April 24, 2026, 24 of these 51 customers had made partial or full payments on their outstanding balances as of December 31, 2025. The accounts receivable balance attributable to these 24 customers was approximately US$32.2 million as of December 31, 2025, representing approximately 75.8% of our net accounts receivable balance of US$42.5 million as of such date.

We considered the collection of approximately US$4.6 million through April 24, 2026, together with the fact that 24 customers with significant outstanding balances had made partial or full subsequent payments, as indicators of ongoing collection activity subsequent to year-end. Management believes that these subsequent collections support its assessment that the overdue status of the relevant accounts receivable balances was primarily attributable to customers extended internal payment review and approval procedures, including delays associated with heightened compliance review measures in China's pharmaceutical and healthcare sector, rather than customers' inability or unwillingness to make payment.

ii. Analysis of the Nature of our Customer Base

We generate revenue from the sale of medical devices to hospitals through two primary channels: (i) direct customers, including sales directly to hospitals or through deliverers, and (ii) distributors. As of December 31, 2025, distributors accounted for 48% of our US$42.5 million accounts receivable balance, while direct customers accounted for the remaining 52%.

Hospitals generally have lengthy internal payment review and approval procedures. As a result, payments may be completed after the contractual due date due to internal administrative and approval processes, in which case the contractual payment terms may not strictly be followed as a result.

iii. Impact of the Anti-Corruption Campaign in the Pharmaceutical Industry

In 2024 and 2025, anti-corruption enforcement and heightened compliance review procedures in China's pharmaceutical and healthcare sector affected the payment approval processes of certain hospital customers. In response to these developments, certain customers implemented enhanced internal review and approval procedures for payments. These procedures resulted in temporary delays in payment processing and further extended our collection cycles.

Management believes that these delays were primarily administrative and procedural in nature and did not reflect a deterioration in the underlying creditworthiness of the relevant customers. In reaching this view, management considered our subsequent collection activity after year-end, including the collection of approximately US$4.6 million through April 24, 2026, the fact that 24 customers with significant outstanding balances had made partial or full subsequent payments, historical collection patterns, and payment plans agreed with major customers.

iv. Allowance for Expected Credit Losses

We believe it is appropriate to calculate current expected credit losses using both an individual basis and an aging group basis. For the aging group basis, we consider historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and recoveries in assessing lifetime expected credit losses. We apply expected credit loss rates of: 3% for balances aged within one year; 10% for balances aged between one and two years; 15% for balances aged between two and three years; and100% for balances aged over three years. For the individual basis analysis, we perform a qualitative, case-by-case assessment of each significant customer's receivable balance. For each customer, management considers factors including: the length and history of the relationship with the customer; the customer's historical default record and payment patterns; the customer's current financial condition; the customer's creditworthiness; and our future business prospects with the customer.

Based on this qualitative analysis, management determines the appropriate allowance for expected credit losses for each customer evaluated on an individual basis.

We recorded allowances for expected credit losses of US$4.8 million and US$4.0 million as of December 31, 2025 and 2024, respectively, representing 10.1% and 7.9% of the corresponding total accounts receivable balances.

Based on historical loss rates, current customer creditworthiness, and reasonable and supportable forecasts, we believe that its allowance for expected credit losses was adequate.

3) Subsequent Collections and Collectability Assessment of Accounts Receivable Balance as of December 31, 2025from April 24, 2026 through May 29, 2026

Between the issuance date of the financial statements (i.e., April 24, 2026) and May 29, 2026, we collected approximately US$1.2 million in accounts receivable outstanding as of December 31, 2025, representing approximately 2.8% of our net accounts receivable balance of US$42.5 million as of December 31, 2025.

As of May 29, 2026, 25 of these 51 customers had made partial or full payments on their outstanding balances as of December 31, 2025. The accounts receivable balance attributable to these 25 customers was approximately US$32.3 million as of December 31, 2025, representing approximately 76.0% of our net accounts receivable balance of US$42.5 million as of such date.

4) Management's Overall Collectability Assessment of Accounts Receivable Balance

Expected Future Collections:

Management evaluated the expected future collections of the remaining accounts receivable balance outstanding as of December 31, 2025 based on the following factors:

(i) our historical collection patterns and subsequent actual collection status;

(ii) payment plans agreed with major customers.

Management considered these factors collectively in evaluating the collectability of the remaining accounts receivable balance. In particular, management believes that the historical collection record and subsequent payment records with major customers indicate continued collection activity, while the expected normalization of hospital payment approval processes supports management's view that the current delays are primarily timing-related.

Based on this assessment, management believes that the substantial majority of the remaining accounts receivable balance outstanding as of December 31, 2025 will be collected.

We continue to closely monitor its accounts receivable portfolio. Management regularly reviews the aging status, payment trends, and any emerging indicators of collectability risk relating to significant customers. This ongoing monitoring process includes, but is not limited to:

(i) tracking customer payment commitments and actual collections against anticipated timelines;

(ii) maintaining ongoing communications with customers to identify any potential or worsening payment issues; and

(iii) monitoring external developments, including changes in hospital funding, regulatory actions, governmental investigations, or other developments that may affect customers' ability to satisfy payment obligations.

If, during the course of this ongoing monitoring process, we obtain evidence indicating that collection of certain accounts receivable balances is no longer probable, for example, where a customer declares bankruptcy, fails to honor payment commitments, or becomes subject to prolonged governmental restrictions affecting its ability to pay, we will record additional allowances for expected credit losses, as appropriate. Any such adjustments, if required, would be reflected in our interim financial statements for the six-month period ending June 30, 2026 and its annual report for fiscal year ending December 31, 2026.

Tabular Presentation of Gross Accounts Receivable, Aging, Credit Losses, Customer Categories, and 2026 Payments

1) Tabular Presentation of Gross Accounts Receivable, Aging, Credit Losses, Customer Categories

An aging analysis of our gross amount of accounts receivable calculated from the expiration date of the customer's credit terms is as follows:

	As of December 31,	
	2025	2024
Within one year	$ 27,346,103	$ 42,257,189
Including: Not Overdue	*7,609,771*	*13,225,014*
Over one year	19,939,290	8,311,509
	$ 47,285,393	$ 50,568,698

The following table further summarizes our accounts receivable and allowance for expected credit losses by customer type as of December 31, 2025 for each category (i.e. for distributors and for direct customers):

Distributors	Gross amount	Allowance for expected credit losses	Net amount
Individual basis	**244,278**	**(244,278)**	**—**
Aging Group Basis	**21,468,380**	**(1,090,993)**	**20,377,387**
Within 1 year-Not overdue	*6,159,879*	*(184,796)*	*5,975,083*
Within 1 year-Past due	*8,977,959*	*(269,339)*	*8,708,620*
Within 1-2 years-Past due	*6,254,466*	*(625,447)*	*5,629,019*
Within2-3 years-Past due	*76,076*	*(11,411)*	*64,665*
Over 3 years-Past due	—	—	—
Total	**21,712,658**	**(1,335,271)**	**20,377,387**

Direct Customers	Gross amount	Allowance for expected credit losses	Net amount
Individual basis	**1,886,866**	**(1,886,866)**	**—**
Aging Group Basis	**23,685,869**	**(1,534,337)**	**22,151,532**
Within 1 year-Not overdue	*1,449,892*	*(43,497)*	*1,406,395*
Within 1 year-Past due	*10,758,373*	*(322,751)*	*10,435,622*
Within 1-2 years-Past due	*11,071,027*	*(1,107,102)*	*9,963,925*
Within2-3 years-Past due	*406,577*	*(60,987)*	*345,590*
Over 3 years-Past due	—	—	—
Total	**25,572,735**	**(3,421,203)**	**22,151,532**

2) Individual basis Assessment-14 customers (distinguishes the amount between distributor and direct customer by category)

As of December 31, 2025, we had 65 customers with outstanding accounts receivable balances. Among these customers, 14 customers were individually evaluated and determined to present collectability concerns. In accordance with ASC 326, we recorded an allowance for expected credit losses of approximately US$2.1 million relating to these customers.

Of these 14 customers: (i) two customers were distributors. The aggregate accounts receivable balance attributable to these two distributor customers represented approximately 0.5% of the total gross accounts receivable balance as of December 31, 2025; (ii)12 customers were direct customers. The aggregate accounts receivable balance attributable to these 12 direct customers represented approximately 4.0% of the total gross accounts receivable balance as of December 31, 2025.

3) The amount of payments during 2026 by category:

Through May 29, 2026, we received $5.8 million in collections from the December 31, 2025 gross accounts receivables balance. These payments relate primarily to receivables aged within 1 year and 1-2 years. Of the $5.8 million collected:(i) $4.8 million was collected from distributors, representing approximately 82.8% of the total collections through May 29, 2026. (ii)$1.0 million was collected from direct customers, representing approximately 17.2% of the total collections through May 29, 2026.

Extended Payment Arrangements – Amount, Material Terms, and Categorization

As of December 31, 2025, we had agreed to extended payment arrangements with certain customers on a case-by-case basis. The total gross accounts receivable balance subject to such extended arrangements was approximately $39.7 million. Of this amount, $15.6 million related to distributors, representing approximately 39.1% of the total gross accounts receivables subject to extended arrangements, and $24.1 million related to direct customers, representing approximately 60.9% of the total.

Material terms of extended payment arrangements include: (i) Duration. Extensions days depending on the customer's circumstances, purchase volume, and historical relationship. (ii) Contractual rights. We reserve all contractual rights to demand payment upon expiration of the extended period and does not waive any rights to pursue collection, including legal action, if necessary.

For purposes of calculating the allowance for expected credit losses, we age all accounts receivable based on the original contractual payment terms, regardless of whether an extended payment arrangement has been subsequently agreed with the customer.

The following table reflects. category of these extended payment arrangements amounts

	December 31, 2025
Within one year	$ 27,346,103
Including: Not Overdue	*7,609,771*
Over one year	19,939,290
Total gross amount	**$ 47,285,393**
Less: *Not Overdue*	*(7,609,771)*
Extended payment arrangements amount	**39,675,622**

Hospital Processing Time, Anti-Corruption Campaign Impact, Product-Specific Processing Differences, and Expected Stabilization

1) When the additional administrative procedures due to the intensified anti-corruption campaign in China's pharmaceutical and healthcare sector began:

The intensified anti-corruption campaign in China's pharmaceutical and healthcare sector began to have a noticeable impact on hospital payment processing in 2024, with the effects becoming more pronounced throughout the full year of 2025. The campaign prompted hospitals to implement more stringent internal review procedures, including:

(i) Frequent internal audits leading to temporary payment suspensions;

(ii) Additional layers of approval for payments to medical device suppliers;

(iii) More rigorous documentation and compliance checks; and

(iv) Stricter scrutiny of capital expenditures and procurement decisions.

2) The additional processing time needed for MWA needles versus MWA therapeutic apparatus:

The difference in processing time observed between MWA needles and MWA therapeutic apparatus is not driven by the nature of the products themselves, but rather by hospital-specific factors and regional variations in approval workflows. Furthermore, processing times vary significantly across different hospitals and regions, depending on factors such as: The hospital's tier and internal organizational structure; Regional regulatory environments and compliance requirements; The maturity of the hospital's internal approval systems; The intensity of local anti-corruption campaign enforcement.

Consequently, the processing time differential between the two product categories is primarily a function of hospital-level administrative procedures and regional practices, rather than product-specific characteristics.

3) When this processing time to stabilize and/or improve

Management expects hospital payment processing times to gradually stabilize and improve beginning in the second half of 2026, based on the following projected timeline:

Timeframe	Expected Development	Key Assumptions
Q3 2026	Initial signs of stabilization; processing times plateau at current levels	Hospitals complete internal compliance adjustments; no further tightening of approval procedure
Q4 2026 – Q1 2027	Gradual improvement; processing times begin to shorten	Hospitals revert to more normalized workflows; anti-corruption enforcement intensity moderates
By the end of 2027	Return to pre-campaign levels	Stable regulatory environment; no significant new compliance requirements introduced

The expected timeline described above is based on a combination of:

(i) Historical industry experience with regulatory cycles;

(ii) Informal peer communications and industry consensus;

(iii) Insights gathered from medical conferences and industry forums;

(iv) Direct feedback from hospital customers through ongoing relationship management; and

(v) Observable trends in regulatory developments.

While these sources provide a reasonable basis for management’s expectations, we acknowledge that actual developments may differ from current expectations due to unforeseen regulatory changes or other external factors beyond our control. Management continues to monitor the situation closely and will update its assessments as further information becomes available.

Detailed discussion for the issues with the distributor portion of the significantly overdue net accounts receivable balance

1) Distributor portion of overdue net accounts receivable balance

As of December 31, 2025, distributors portion of overdue net accounts receivable balance accounted for 41.0% ($14.4 million) of the overdue net accounts receivable balance. Although the anti-corruption campaign primarily affects hospitals, not distributors. However, the distributor portion of overdue AR is nevertheless significantly impacted by the same external factors for the following reasons:

(i) Cash flow spillover effect: Distributors’ primary customers are hospitals. When hospitals delay payments to distributors, distributors’ own cash flows are constrained, which in turn delays their payments to us.

(ii) Extended credit terms to hospitals: Distributors often grant extended payment terms to hospitals as a competitive practice. When hospitals further delay payments due to anti-corruption-related procedures, distributors’ ability to pay is similarly delayed.

(iii) Inventory financing pressures: Distributors often finance inventory purchases through bank loans or internal capital. When hospital payment cycles lengthen, distributors face increased financing costs and liquidity pressure, further delaying their settlements with us.

2) Material payment terms related to distributors

Our standard contractual payment terms with distributors generally range from 30 to 180 days, depending on the following factors:

(i) Purchase volume: Larger volume orders may receive longer credit terms (up to 180 days) as an incentive.

(ii) Duration of relationship: Long-standing distributors with strong payment histories may receive extended terms.

(iii) Distributor credit profile: Distributors with stronger financial positions and credit ratings receive more favorable terms.

In practice, we may enter into subsequent supplemental agreements with distributors on a case-by-case basis, which may contain extended credit terms, subject to applicable conditions.

Expected Collection Timeline and Current Asset Classification

1) As of April 24, 2026 -the issuance date of the financial statements

Between December 31, 2025 and the issuance date of the financial statements (i.e., April 24, 2026), we received collections of approximately US$4.6 million relating to accounts receivable outstanding as of December 31, 2025, representing approximately 10.8% of our net accounts receivable balance of US$42.5 million as of such date.

Based on a comprehensive assessment that considers (i) seasonality factors – historically, our collections are concentrated in the second half of the year, with the first half being a slower season, and management expects significant collections to occur in the second half of 2026; and (ii) extended payment arrangements agreed with certain customers, management believes that the substantial majority of the December 31, 2025 accounts receivable balance will be collected within one year from the balance sheet date. Accordingly, we have classified the entire accounts receivable balance as a current asset in accordance with ASC 210-10-45.

2) As of the end of May, 2026

Subsequent to the issuance of the financial statements on April 24, 2026, management continued to closely monitor the collection of accounts receivable outstanding as of December 31, 2025.

Between December 31, 2025 and the issuance date of the financial statements (April 24, 2026), we received collections of approximately $4.6 million relating to accounts receivable outstanding as of December 31, 2025, representing approximately 10.8% of our net accounts receivable balance of $42.5 million as of such date. However, in the approximately one-month period between the financial statement issuance date (April 24, 2026) and May 29, 2026, we collected only an additional $1.2 million from the accounts receivable balance of December 31, 2025. This represented only 2.8% of the $42.5 million net accounts receivable balance, below the pace management had anticipated at the time of the financial statement issuance.

The slower-than-expected collection velocity during this approximately one-month period prompted management to re-evaluate its collection expectations for the remaining balance of approximately $36.7 million (after deducting the cumulative $5.8 million collected through May 29, 2026). The downward adjustment in the expected collection timeline was driven by the following factors:(i) while the first half of the year is historically a slower collection season, the actual collection volume observed between April 25,2026 and May 29, 2026 fell short of management’s expectations based on historical patterns for the same period. (ii) despite management’s earlier expectation that hospital payment approval processes would gradually normalize in the second half of 2026, actual progress through in the approximately one-month period (May 2026) indicated that the recovery in payment processing has been more gradual than initially anticipated. Hospitals continue to apply enhanced compliance review procedures related to the anti-corruption campaign.

Revised Collection Timeline

As a result of the updated assessment, with respect to the remaining balance of approximately $36.7 million balance, management currently expects collections as follows: Approximately $10.0 million is expected to be collected during the remainder of 2026; and the remaining approximately $26.7 million is expected to be collected during 2027.

Ongoing Monitoring

We continue to closely monitor collection progress and will reassess its expectations on an ongoing basis. Should actual collection trends deviate materially from expectations, we will re-evaluate the classification of the accounts receivable balance on the future financial reports, and adjust the classification between current and non-current assets in accordance with ASC 210-10-45.

If our existing cash resources are insufficient to meet our working capital requirements, we may seek to issue equity or equity-linked securities or debt securities or obtain financing from banks and other third parties. The sale of equity or equity-linked securities would result in additional dilution to our shareholders, while the incurrence of indebtedness could subject us to operating and financial covenants that restrict our operations and ability to pay dividends to our shareholders. There is no assurance that we will be successful in raising funds, obtaining sufficient funding on terms acceptable to us, or if at all, which could have a material adverse effect on our business, financial condition and results of operations. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Securities—The issuance of additional share capital in connection with financings, acquisitions, investments, our equity incentive plans or otherwise will dilute all other shareholders."

Cash Flows Analysis

The following table sets forth a summary of our cash flows for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	US$	US$	US$
Net cash used in from operating activities	$ (1,019,964)	$ (6,313,115)	$ (1,344,032)
Net cash used in investing activities	(2,652,618)	(2,467,043)	(42,315)
Net cash generated from/(used in) financing activities	3,475,248	10,334,146	(1,393,823)
Effect of exchange rate changes on cash and restricted cash	(3,108)	(94,273)	375,788
Net (decrease)/increase in cash and restricted cash	(200,442)	1,459,715	(2,404,382)
Cash and restricted cash at beginning of the year	1,710,926	1,510,484	2,970,199
Cash and restricted cash at end of the year	$ 1,510,484	$ 2,970,199	$ 565,817

Operating activities

Net cash used in operating activities was US$1.3 million in 2025, primarily due to net loss of US$27.5 million, as adjusted by (1) certain non-cash items, including depreciation of property, plant and equipment of US$1.1 million, Share-based compensation of US$17.5 million, and (2) changes in working capital that positively affected our operating cash flows, including a decrease in trade receivables of US$5.3 million, a decrease in prepayments of US$1.4 million, an increase in trade payables of US$0.5 million, partially offset by changes in working capital that negatively affected our operating cash flows, including a decrease in other payables and accrued expenses of US$0.5 million, and an decrease in operating lease liabilities of US$0.3 million.

Net cash used in operating activities was US$6.3 million in 2024, primarily due to net income of US$12.6 million, as adjusted by (1) certain non-cash items, including additions charged to allowance for expected credit losses of US$2.3 million, recovery of allowance for expected credit losses of US$1.1 million, and depreciation of property, plant and equipment of US$1.1 million, and (2) changes in working capital that negatively affected our operating cash flows, including an increase in trade receivables of US$17.8 million, a decrease in other payables of $1.6 million and an increase in prepayments of US$4.7 million, partially offset by changes in working capital that positively affected our operating cash flows, including an increase in trade payables of US$0.7 million and an increase in tax payables of US$2.2 million.

Net cash used in operating activities was US$1.0 million in 2023, primarily due to net income of US$10.7 million, as adjusted by (1) certain non-cash items, including additions charged to allowance for expected credit losses of US$2.2 million and depreciation of property, plant and equipment of US$1.0 million, and (2) changes in working capital that negatively affected our operating cash flows, including an increase in trade receivables of US$9.7 million, an increase in prepayments of US$5.3 million, and a decrease in tax payables of US$1.0 million, partially offset by changes in working capital that positively affected our operating cash flows, including an increase in other payables and accrued expenses of US$1.2 million.

Investing activities

Net cash used in investing activities was US$42,315 in 2025, primarily due to purchase of property and equipment.

Net cash used in investing activities was approximately US$2.5 million, US$2.7 million in 2024 and 2023, primarily due to purchase of property and equipment.

Financing activities

Net cash used in financing activities was approximately US$1.4 million in 2025, primarily due to repayments of short-term bank loans of US$17.8 million and repayment of long-term loan of US$2.3 million, partially offset by withdrawal of short-term bank loans of US$11.5 million, proceeds from long-term loan of US$6.4 million, and proceeds of Interest-free advances for operation from related parties of US$0.9 million.

Net cash provided by financing activities was approximately US$10.3 million in 2024, primarily due to proceeds from PIPE investment of US$2.9 million, proceeds from short-term bank loans of US$19.3 million, and proceeds from long-term loan of US$2.8 million, partially offset by repayment of short-term bank loans of US$11.0 million, repayment of long-term loan of US$0.8 million and payment of listing cost of US$2.9 million.

Net cash provided by financing activities was approximately US$3.5 million in 2023. During the fiscal year 2023, we had withdrawal of short-term bank loans of approximately US$9.6 million, and repayments of short-term bank loans of approximately US$7.5 million, and proceeds from long-term loan of approximately US$2.5 million and repayment of long-term loan of approximately US$0.2 million, and repayment of Interest-free advances for operation to a related party of approximately US$0.1 million, and payment of listing cost of US$0.9 million.

Capital Expenditure

We incurred capital expenditure of US$2.6 million, US$2.9 million and US$42,315 in 2023, 2024 and 2025, respectively, primarily in connection with purchase of R&D equipment. We intend to fund our future capital expenditure through our existing cash balance, bank borrowings, proceeds from the Business Combination and other financing alternatives. We will continue to incur capital expenditure to support the growth of our business.

Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

C. Research and Development, Patents and Licenses, etc.

See "Item 4. Information on the Company—B. Business Overview—Research and Development" and "Item 4. Information on the Company—B. Business Overview—Intellectual Property."

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the 2025 that are reasonably likely to have a material adverse effect on our net revenue, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial condition.

E. Critical Accounting Policies and Estimate

When reading our consolidated financial statements, you should consider our selection of critical accounting policies, the judgment and other uncertainties affecting the application of such policies and the sensitivity of reported results to changes in conditions and assumptions. Our critical accounting policies and practices include the following: (i) revenue recognition; (ii) current expected credit losses; and (iii) income taxes. See Note 2—Summary of Significant Accounting Policies to our consolidated financial statements for the disclosure of these accounting policies.

We prepare our consolidated financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates. Some of our accounting policies require a higher degree of judgment than others in their application and require us to make significant accounting estimates. An accounting estimate is considered critical if it is made basing on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements. We believe that the following critical accounting estimate involves the most significant judgments used in the preparation of our financial statements.

Expected credit losses in 2023

We recorded an allowance for expected credit losses of US$2.8 million as of December 31, 2023.

In the first half of 2023, we used an individual basis and pool basis of the customers sharing similar risk characteristics by applying the roll rate method under the Current Expected Credit Loss Model ("CECL Model"). We have identified the relevant risk characteristics of its customers and the related receivables and other receivables which include size, type of the products we provide, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, we consider the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact our receivables. Additionally, external data and macroeconomic factors are also considered. They are assessed at each quarter based on our specific facts and circumstances. We use roll rate method to calculate average expected loss rate under pool basis. We consider the co-relationship between micro economic environment and overall default rate and calculated the future adjustment indicator use logistic regression model.

For the second half year of 2023, we still used an individual basis and pool basis to assess credit losses. When reassessing our methodology for calculating expected credit losses for customers sharing similar risk characteristics, we changed from using roll rate method to aging group method. This change in technique is based on newly obtained information and is considered an accounting estimate change.

According to ASC 326-20-30-7, we evaluated both internally generated data and reasonably accessible external data. The change was driven by the following factors:

- The slower turnover of customer capital and the lengthened payment approval cycle of hospitals, while not necessarily indicating increased credit risk, affect the collection period.
- Increased amount and proportion of accounts receivable more than 12 months overdue.
- Analysis of comparative companies' methodologies.

The change in the estimated credit loss rate was applied prospectively starting in the second half of 2023. This change is based on the analysis conducted during the preparation of financial statements as of December 31, 2023, and is expected to provide a more accurate reflection of our credit risk.

As a result of this change in accounting estimate, the allowance for expected credit losses for accounts receivable as of December 31, 2023, is summarized below:

	Individual basis	Aging group basis	Total
Trade accounts receivable	$ 1,991,596	$ 31,949,487	$ 33,941,083
Less: allowance for expected credit losses	(1,991,596)	(849,596)	(2,841,192)
Accounts receivable, net	—	31,099,891	31,099,891
Allowance Ratio	100 %	2.7 %	8.4 %

We use an individual basis and pool basis to assess credit losses. For the individual basis assessment, we perform a qualitative, case-by-case assessment of each significant customer's receivable balance. For each customer, management considers a variety of factors, including but not limited to: the longevity and history of the relationship with the customer, the customer's historical default record and payment patterns, the customer's current financial condition, the customer's creditworthiness, and our future business prospects with the customer. Based on this comprehensive qualitative analysis, management determines the appropriate amount of allowance for expected credit losses for each specific customer on an individual basis.

Expected credit losses in 2024

We recorded an allowance for expected credit losses of US$4.0 million as of December 31, 2024. For the year ended December 31, 2024 individual basis analysis, we perform a qualitative, case-by-case assessment of each significant customer's receivable balance. For each customer, management considers a variety of factors, including but not limited to: the longevity and history of the relationship with the customer, the customer's historical default record and payment patterns, the customer's current financial condition, the customer's creditworthiness, and our future business prospects with the customer. Based on this comprehensive qualitative analysis, management determines the appropriate amount of allowance for expected credit losses for each specific customer on an individual basis.

The allowance for expected credit losses for accounts receivable as of December 31, 2024 is summarized below:

	Individual basis	Aging group basis	Total
Trade accounts receivable	$ 2,098,602	48,470,096	50,568,698
Less: allowance for expected credit losses	(2,098,602)	(1,894,320)	(3,992,922)
Accounts receivable, net	—	46,575,776	46,575,776
Allowance Ratio	100 %	3.9 %	7.9 %

Current Expected Credit Losses in 2025

We recorded an allowance for expected credit losses of US$4.8 million as of December 31, 2025. For the year ended December 31, 2025 individual basis analysis, we perform a qualitative, case-by-case assessment of each significant customer's receivable balance. For each customer, management considers a variety of factors, including but not limited to: the longevity and history of the relationship with the customer, the customer's historical default record and payment patterns, the customer's current financial condition, the customer's creditworthiness, and our future business prospects with the customer. Based on this comprehensive qualitative analysis, management determines the appropriate amount of allowance for expected credit losses for each specific customer on an individual basis.

The allowance for expected credit losses for accounts receivable as of December 31, 2025 is summarized below:

	Individual basis	Aging group basis	Total
Trade accounts receivable	$ 2,131,144	45,154,249	47,285,393
Less: allowance for expected credit losses	(2,131,144)	(2,625,330)	(4,756,474)
Accounts receivable, net	—	42,528,919	42,528,919
Allowance Ratio	100 %	5.8 %	10.1 %

Prepayments for research and development

We make prepayments to third-party vendors and research institutions for R&D activities. These prepayments are expensed over the periods during which the related R&D services are performed. These advances are interest free, unsecured and short-term in nature and are reviewed periodically to determine whether their carrying value has become impaired. An allowance for credit losses is recorded in the period when loss is probable. As of December 31, 2023, 2024 and 2025, there was no allowance for prepayments for R&D.

Research and development expenses consist primarily of outsourced research and development costs, payroll and related expenses for research and development professionals, materials, sample testing fee, and depreciation of machinery and equipment for research and development. Nonrefundable payments made in advance to third-party R&D service provider for the related services are recorded as prepayments in the consolidated balance sheets until the services are rendered under ASC 730-20-25-13. Research and development costs are expensed as incurred in accordance with ASC 730. The Company recognizes R&D expenses based on the completion percentage of each R&D contract at the end of each quarter according to monthly discussions and progress meeting (if any) with internal management personnel and external R&D service providers or completion progress report provided by the third party-R&D service providers as to the progress or stage of completion of services.

As of December 31, 2023, 2024 and 2025, prepaid research and development was US$7.6 million, US$13.3 million and US$11.8 million, respectively. These amounts primarily relate to contracts with third-party research organizations for ongoing research projects. The significant increases in prepayments in the year ended December 31, 2024 were due to the advancement of research and development projects. The decreases in prepayments in the year ended December 31, 2025 were due to significant progress had been made in several research and development projects.

Change in Accounting Estimates

Expected credit losses

In the first half of 2023, we used an individual basis and pool basis of the customers sharing similar risk characteristics by applying the roll rate method under the Current Expected Credit Loss Model ("CECL Model"). We have identified the relevant risk characteristics of its customers and the related receivables and other receivables which include size, type of the products we provide, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, we consider the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact our receivables. Additionally, external data and macroeconomic factors are also considered. They are assessed at each quarter based on our specific facts and circumstances. We use roll rate method to calculate average expected loss rate under pool basis. We consider the co-relationship between micro economic environment and overall default rate and calculated the future adjustment indicator use logistic regression model.

For the second half year of 2023 and 2024, we still used an individual basis and pool basis to assess credit losses. When reassessing our methodology for calculating expected credit losses for customers sharing similar risk characteristics, we changed from using roll rate method to aging group method. This change in technique is based on newly obtained information and is considered an accounting estimate change.

According to ASC 326-20-30-7, we evaluated both internally generated data and reasonably accessible external data. The change was driven by:

- The slower turnover of customer capital and the lengthened payment approval cycle of hospitals, while not necessarily indicating increased credit risk, affect the collection period.
- Increased amount and proportion of accounts receivable more than 12 months overdue.
- Analysis of comparative companies' methodologies.

The change in the estimated credit loss rate was applied prospectively starting in the second half of 2023. This change is based on the analysis conducted during the preparation of financial statements as of December 31, 2023, and is expected to provide a more accurate reflection of our credit risk.

As a result of this change in accounting estimate, the allowance for expected credit losses for accounts receivable as of December 31, 2023, is summarized below:

	Individual basis	Aging group basis	Total
Trade accounts receivable	$ 1,991,596	$ 31,949,487	$ 33,941,083
Less: allowance for expected credit losses	(1,991,596)	(849,596)	(2,841,192)
Accounts receivable, net	—	$ 31,099,891	$ 31,099,891
Allowance Ratio	100 %	2.7 %	8.4 %

For the individual basis analysis, the Company performs a qualitative, case-by-case assessment of each significant customer's receivable balance. For each customer, management considers a variety of factors, including but not limited to: the longevity and history of the relationship with the customer, the customer's historical default record and payment patterns, the customer's current financial condition, the customer's creditworthiness, and the Company's future business prospects with the customer. Based on this comprehensive qualitative analysis, management determines the appropriate amount of allowance for expected credit losses for each specific customer on an individual basis.

ITEM 19. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
1.1	Amended and Restated Memorandum and Articles of Association of Baird Medical Investment Holdings Limited, as currently in effect (incorporated by reference to Exhibit 1.1 to the Shell Company Report on Form 20-F filed with the SEC on October 9, 2024)
2.1	Specimen Ordinary Share Certificate of Baird Medical Investment Holdings Limited (incorporated by reference to Exhibit 2.1 to the Shell Company Report on Form 20-F filed with the SEC on October 9, 2024)
2.2	Specimen Warrant Certificate of Baird Medical Investment Holdings Limited (incorporated by reference to Exhibit 2.2 to the Shell Company Report on Form 20-F filed with the SEC on October 9, 2024)
2.3	Warrant Agreement, dated October 20, 2021, by and between ExcelFin Acquisition Corp. and American Stock Transfer & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.1 to Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024)
2.4	Warrant Assignment, Assumption and Amendment Agreement, dated October 1, 2024, by and among ExcelFin Acquisition Corp., Baird Medical Investment Holdings Limited and American Stock Transfer & Trust Company, LLC, in its capacity as Warrant Agent (incorporated by reference to Exhibit 4.7 to the Shell Company Report on Form 20-F filed with the SEC on October 9, 2024)
2.5*	Description of Securities
4.1	Business Combination Agreement, dated June 26, 2023, as amended on March 11, 2024, May 16, 2024, June 17, 2024 and August 23, 2024 (incorporated by reference to Exhibits 2.1, 2.2, 2.3, 2.4, and 2.5 of Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024)
4.2	First Amendment to the Business Combination Agreement, dated March 11, 2024 (incorporated by reference to Exhibit 2.2 of Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024).
4.3	Second Amendment to the Business Combination Agreement, dated May 16, 2024 (incorporated by reference to Exhibit 2.3 of Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024)
4.4	Third Amendment to the Business Combination Agreement, dated June 17, 2024 (incorporated by reference to Exhibit 2.4 of Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024)
4.5	Fourth Amendment to the Business Combination Agreement, dated August 23, 2024 (incorporated by reference to Exhibit 2.5 of Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024)
4.6	Form of Amended and Restated Registration Rights Agreement among PubCo, Baird Medical, ExcelFin SPAC LLC and certain other parties (incorporated by reference to Exhibit 10.5 to the Registration Statement on Form F-4 (Reg. No. 333-274114), initially filed with the SEC on August 21, 2023)
4.7*	Form of Director Indemnification Agreement
4.8	Lock-Up Agreement, by and between Betters Medical Investment Holdings Limited and Baird Medical Investment Holdings Limited, dated October 1, 2024 (incorporated by reference to Exhibit 4.8 to the Shell Company Report on Form 20-F filed with the SEC on October 9, 2024)
4.9	Baird Medical 2024 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-8 (Reg. No. 333-284206), initially filed with the SEC on January 10, 2025)
4.10*	Subscription Agreement, dated September 30, 2024, by and between Baird Medical Investment Holdings Limited and WU Wenyuan

4.11*	Subscription Agreement, dated September 30, 2024, by and between Baird Medical Investment Holdings Limited and Grand Fortune Capital, LLC
8.1*	List of subsidiaries and affiliated entities of the Registrant
11.1*	Code of Business Conduct and Ethics of Baird Medical Investment Holdings Limited
11.2*	Statement of Policies Governing Material Non-public Information and the Prevention of Insider Trading of the Registrant
12.1**	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2**	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1***	CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2***	CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1**	Consent of Guangdong Prouden CPAs GP
15.2	Letter from Kreit & Chiu CPA LLP to the Securities and Exchange Commission (incorporated herein by reference to Exhibit 16.1 to the current report on Form 6-K (file No. 001-42300) filed with the Securities and Exchange Commission on February 10, 2026)
15.3	Letter from Marcum Asia CPAs LLP to the Securities and Exchange Commission (incorporated herein by reference to Exhibit 16.1 to the current report on Form 6-K (file No. 001-42300) filed with the Securities and Exchange Commission on January 28, 2025)
15.4	Consent of Frost & Sullivan (incorporated by reference to Exhibit 23.4 to the Registration Statement on Form F-4 (Reg. No. 333-274114), initially filed with the SEC on August 21, 2023)
97*	Compensation Recovery Policy of the Registrant
101.INS*	Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Previously filed with the Original Form 20-F.
** Filed herewith.
*** Furnished herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Baird Medical Investment Holdings Limited
By: /s/ Haimei Wu
Name: Haimei Wu
Title: Chairwoman and Chief Executive Officer

Date: July 27, 2026

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of

Baird Medical Investment Holdings Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Baird Medical Investment Holdings Limited (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of operations and comprehensive income/(loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2025 and 2024, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Guangdong Prouden CPAs GP

We have served as the Company's auditor since 2026.

Guangzhou, China

April 24, 2026

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEETS
(All amounts in U.S. dollars, except for share data, or otherwise noted)

	As of December 31,	
	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	$ 178,321	$ 2,970,199
Restricted cash	387,496	—
Accounts receivable, net	42,528,919	46,575,776
Inventories	1,085,783	1,296,577
Prepayments, net	10,545,465	10,274,207
Deposits and other assets, net	240,547	295,754
Due from related parties	2,987	2,862
Total Current Assets	54,969,518	61,415,375
NON-CURRENT ASSETS		
Property and equipment, net	6,370,900	7,141,064
Intangible assets, net	8,626	16,528
Deferred tax assets	762,289	714,461
Right-of-use assets	175,160	475,119
Goodwill	60,303	57,772
Prepayments – non current	7,113,014	8,021,046
Deposits and other assets – non current	241,205	121,505
Total Non-Current Assets	14,731,497	16,547,495
Total Assets	$ 69,701,015	$ 77,962,870
CURRENT LIABILITIES		
Short-term bank loans	10,431,850	16,166,000
Tax payables	3,098,410	2,873,453
Salaries and benefits payable	678,214	797,912
Contract liability	793,412	792,102
Short-term lease liabilities	115,031	264,316
Accounts payable	1,805,042	1,252,667
Amounts due to a related party	4,888,289	3,703,700
Accrued listing expenses payable	5,163,238	5,341,848
Accrued expenses and other payables	2,744,302	2,518,175
Deferred tax liabilities	8,758	45,238
Long-term loan – current portion	2,637,036	867,772
Total Current Liabilities	32,363,582	34,623,183
NON-CURRENT LIABILITIES		
Long-term lease liabilities	27,637	136,683
Long-term loan – non current	6,086,254	3,442,526
Total Non-Current Liabilities	6,113,891	3,579,209
Total Liabilities	$ 38,477,473	$ 38,202,392
Commitments and Contingencies (Note 20)		
Equity		
Preferred shares, $0.0001 par value; 5,000,000 shares authorized; 290,000 shares issued and outstanding as of December 31, 2025 and 2024	29	29
Ordinary shares, $0.0001 par value; 500,000,000 shares authorized; 40,979,382 shares issued, 30,752,370 shares outstanding as of December 31, 2025; 35,728,625 shares issued,25,555,096 shares outstanding as of December 31, 2024*	3,075	2,556
Additional paid-in capital*	28,658,524	11,441,712
Statutory reserve	4,593,312	4,591,151
Retained earnings	(515,415)	26,764,751
Accumulated other comprehensive loss	(1,371,894)	(3,141,061)
Total Baird Medical Investment Holdings Limited's Shareholders' Equity	31,367,631	39,659,138
Non-controlling interests	(144,089)	101,340
Total Liabilities and Equity	$ 69,701,015	$ 77,962,870

**Shares related information and additional paid-in capital for all periods retrospectively reflect the adjustments for Reverse Recapitalization (Note 3).*

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

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)
(All amounts in U.S. dollars, except for share data, or otherwise noted)

	For the years ended December 31,		
	2025	2024	2023
Revenues	$ 22,537,016	$ 37,037,108	$ 31,457,908
Cost of revenues	(3,653,278)	(4,383,363)	(4,227,409)
Gross profit	18,883,738	32,653,745	27,230,499
Operating expenses:			
Selling and marketing expenses	(10,264,507)	(4,061,116)	(2,547,000)
General and administrative expenses	(14,119,024)	(7,103,226)	(8,546,880)
Research and development expenses	(20,131,012)	(6,174,365)	(4,274,894)
Total operating expenses	(44,514,543)	(17,338,707)	(15,368,774)
Income/(loss) from operations	(25,630,805)	15,315,038	11,861,725
Interest expense, net	(737,370)	(576,359)	(284,271)
Subsidy income	93,394	266	791,959
Other expenses, net	(100,195)	(651,657)	(10,211)
Income/(loss) before income tax	(26,374,976)	14,087,288	12,359,202
Income tax provision	(1,166,148)	(1,489,190)	(1,701,019)
Net income/(loss)	(27,541,124)	12,598,098	10,658,183
Less: Net Loss/(income) attributable to non-controlling interests	263,119	(144,729)	(112,205)
Net income/(loss) attributable to Baird Medical Investment Holdings Limited's shareholders	**(27,278,005)**	**12,453,369**	**10,545,978**
Other comprehensive loss			
Foreign currency translation adjustment	1,786,857	(1,135,939)	(728,688)
Total comprehensive income/(loss)	(25,754,267)	11,462,159	9,929,495
Less: Non-controlling interests	245,429	(144,729)	(112,205)
Comprehensive income/(loss) attributable to Baird Medical Investment Holdings Limited's shareholders	$ (25,508,838)	$ 11,317,430	$ 9,817,290
Net income/(loss) per share, basic*	$ (0.98)	$ 0.57	$ 0.51
Net income/(loss) per share, diluted*	$ (0.98)	$ 0.57	$ 0.51
Weighted average number of shares-basic*	27,792,704	21,826,549	20,588,236
Weighted average number of shares-diluted*	27,792,704	21,826,549	20,588,236
Stock-based compensation expenses included in			
General and administrative expenses	9,532,581	—	—
Selling and marketing expenses	7,938,500	—	—

**Shares related information for all periods retrospectively reflect the adjustments for Reverse Recapitalization (Note 3).*

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

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In U.S. dollars, except for share data, or otherwise noted)

	Preferred shares		Ordinary shares*		Additional paid-in capital*	Statutory reserve	Retained earnings / (accumulated deficit)	Accumulated other comprehensive (loss)/income	Total shareholder's equity	Non-controlling interests	Total equity
	Shares	Amounts	Shares	Amounts							
Balance at December 31, 2022	**—**	**—**	**20,588,236**	**2,059**	**18,850,677**	**4,395,319**	**3,961,236**	**(1,276,434)**	**25,932,857**	**(155,594)**	**25,777,263**
Net income for the year	—	—	—	—	—	—	10,545,978	—	10,545,978	112,205	10,658,183
Appropriation of statutory reserve	—	—	—	—	—	113,047	(113,047)	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	—	—	(728,688)	(728,688)	—	(728,688)
Balance at December 31, 2023	**—**	**—**	**20,588,236**	**2,059**	**18,850,677**	**4,508,366**	**14,394,167**	**(2,005,122)**	**35,750,147**	**(43,389)**	**35,706,758**
Net income for the year	—	—	—	—	—	—	12,453,369	—	12,453,369	144,729	12,598,098
PIPE financing	290,000	29	—	—	2,899,971	—	—	—	2,900,000	—	2,900,000
Capitalization of PIPE financing costs	—	—	—	—	(2,900,000)	—	—	—	(2,900,000)	—	(2,900,000)
Reverse Recapitalization transaction	—	—	4,966,860	497	(7,408,936)	—	—	—	(7,408,439)	—	(7,408,439)
Appropriation of statutory reserve	—	—	—	—	—	82,785	(82,785)	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	(1,135,939)	(1,135,939)	—	(1,135,939)
Balance at December 31, 2024	**290,000**	**29**	**25,555,096**	**2,556**	**11,441,712**	**4,591,151**	**26,764,751**	**(3,141,061)**	**39,659,138**	**101,340**	**39,760,478**
Net loss	—	—	—	—	—	—	(27,278,005)	—	(27,278,005)	(263,119)	(27,541,124)
Stock-based compensation to individuals	—	—	4,563,745	456	13,276,663	—	—	—	13,277,119	—	13,277,119
Stock-based payment to third-party companies	—	—	633,529	63	4,193,899	—	—	—	4,193,962	—	4,193,962
Accrual of PIPE dividend	—	—	—	—	(253,750)	—	—	—	(253,750)	—	(253,750)
Appropriation of statutory reserve	—	—	—	—	—	2,161	(2,161)	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	1,769,167	1,769,167	17,690	1,786,857
Balance at December 31, 2025	**290,000**	**29**	**30,752,370**	**3,075**	**28,658,524**	**4,593,312**	**(515,415)**	**(1,371,894)**	**31,367,631**	**(144,089)**	**31,223,542**

**Shares related information and additional paid-in capital for all periods retrospectively reflect the adjustments for Reverse Recapitalization (Note 3).*

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

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. dollars, except for share data, or otherwise noted)

	For the years ended December 31,		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income/(loss)	$ (27,541,124)	$ 12,598,098	$ 10,658,183
Adjustments to reconcile net income/(loss) to net cash used in operating activities:			
Depreciation and amortization	1,104,084	1,139,131	1,014,387
Deferred tax expense (benefit)	(53,499)	32,774	(541,987)
Allowance for credit losses	672,946	2,345,747	2,221,430
Recovery of allowance for expected credit losses	(100,321)	(1,099,404)	—
Share-based compensation	17,471,081	—	—
Prepaid and other current assets provision	—	—	117,679
Amortization of right-of-use assets	312,019	368,264	357,325
Changes in assets and liabilities:			
Accounts receivable	5,348,047	(17,799,751)	(9,674,507)
Inventories	260,281	(187,543)	113,661
Prepayments	1,398,808	(4,683,841)	(5,292,606)
Deposits and other assets	(44,959)	(153,904)	(149,773)
Accounts payable	483,945	727,800	341,525
Contract liabilities	(32,470)	310,151	(173,101)
Lease liabilities	(268,367)	(497,449)	(253,605)
Accrued expenses and other payables	(450,913)	(1,567,492)	1,213,891
Taxes payable	96,410	2,154,304	(972,466)
Net cash used in operating activities	(1,344,032)	(6,313,115)	(1,019,964)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(42,315)	(2,853,678)	(2,638,488)
Interest-free advances made to a related party	—	—	(14,130)
Received repayment of Interest-free advances to a related party	—	386,635	—
Net cash used in investing activities	(42,315)	(2,467,043)	(2,652,618)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term bank loans	11,545,300	19,323,780	9,601,600
Repayments of short-term bank loans	(17,811,755)	(10,983,780)	(7,483,600)
Proceeds from long-term loan	6,391,228	2,780,000	2,548,794
Payment of long-term loan	(2,282,213)	(806,764)	(194,041)
Proceeds from PIPE investment	—	2,900,000	—
Proceeds of Interest-free advances for operation from related parties	882,548	20,910	—
Repayment of Interest-free advances for operation to a related party	(118,931)	—	(119,783)
Payment of listing cost	—	(2,900,000)	(877,722)
Net cash (used in)/provided by financing activities	(1,393,823)	10,334,146	3,475,248
Effect of exchange rate changes	375,788	(94,273)	(3,108)
Net change in Cash and restricted cash	(2,404,382)	1,459,715	(200,442)
Cash and restricted cash at beginning of year	$ 2,970,199	$ 1,510,484	$ 1,710,926
Cash and restricted cash at end of the year	$ 565,817	$ 2,970,199	$ 1,510,484
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for income taxes	$ 836,584	$ 1,837,708	$ 2,644,786
Cash paid for interest	$ 737,671	$ 576,752	$ 285,833
SUPPLEMENTAL DISCLOSURE OF NONCASH FLOW INFORMATION:			
Right-of-use assets obtained in exchange for operating lease liabilities	$ —	$ —	$ 19,701
Listing expense paid by a related party	$ 234,967	—	—

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In U.S. dollars, except for share data, or otherwise noted)

NOTE 1 — ORGANIZATION AND DESCRIPTION OF BUSINESS

Baird Medical Investment Holdings Limited ("PubCo", "Baird Medical" or "the Company") was incorporated as a private company under the laws of Cayman Island on June 16, 2023, as a direct wholly owned subsidiary of Betters Medical Investment Holdings Limited ("Betters Medical").

On October 1, 2024 (the "Closing Date"), ExcelFin Acquisition Corp., a Delaware corporation ("ExcelFin" or "SPAC"), Betters Medical Investment Holdings Limited, a Cayman Islands exempted company, Baird Medical Investment Holdings Limited, a Cayman Islands exempted company and a wholly-owned subsidiary of Betters Medical, Tycoon Choice Global Limited, a business company limited by shares incorporated under the laws of the British Virgin Islands and a wholly owned subsidiary of PubCo ("Tycoon"), Betters Medical Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of PubCo ("Merger Sub 1"), Betters Medical Merger Sub 2, Inc., a Delaware corporation and a direct, wholly owned subsidiary of PubCo ("Merger Sub 2"), and Betters Medical NewCo, LLC, a Delaware limited liability company and a direct, wholly-owned subsidiary of Betters Medical ("NewCo"), consummated the business combination (the "Closing") pursuant to the terms of the Business Combination Agreement, dated as of June 26, 2023 (as amended on March 11, 2024, May 16, 2024, June 17, 2024 and August 23, 2024, the "Business Combination Agreement" and the transactions contemplated thereby, the "Business Combination"), pursuant to which, among other things, (a) on August 3, 2023, Betters Medical contributed all of the issued shares of Tycoon held by Betters Medical ("Tycoon Shares") to PubCo in exchange for Ordinary Shares, such that Tycoon became a wholly-owned subsidiary of PubCo, and Betters Medical received in exchange therefor 29,411,764 Ordinary Shares (the "Share Contribution") valued at $10.20 per share, that have an aggregate value equal to Three Hundred Million Dollars ($300,000,000); (b) prior to Closing, Betters Medical transferred 1,948,138 Ordinary Shares (which shares did not include the Baird Medical Earnout Shares, as defined below) to NewCo and certain minority shareholders of Betters Medical exchanged their ownership interests in Betters Medical for all of the outstanding ownership interests in NewCo; and (c) Merger Sub 1 merged with and into ExcelFin, with ExcelFin continuing as the surviving entity and wholly-owned subsidiary of PubCo and Merger Sub 2 merged with and into NewCo, with NewCo continuing as the surviving entity and wholly-owned subsidiary of PubCo (the "Second Merger"). However, 8,823,529 of the Ordinary Shares issued to Betters Medical (the "Baird Medical Earnout Shares") will not vest unless and until within the eighth anniversary of the Closing (a) the volume weighted average price of the Ordinary Shares on Nasdaq is greater than or equal to $12.50 per share for any 20 trading days within a 30-day trading period or (b) a change of control of PubCo occurs with an implied value at or above $12.50 per share. The business purpose of the Second Merger was both to ensure compliance with Nasdaq's public float requirement as well as to facilitate that additional Ordinary Shares would be held after closing by shareholders most likely to be long-term holders. 1,350,000 Ordinary Shares issued to the ExcelFin SPAC LLC, a Delaware limited liability company, in the Business Combination that will not vest unless and until within the fifth anniversary of the closing of the Business Combination (a) the volume weighted average price of the Ordinary Shares on the Nasdaq Global Market (the "Nasdaq") is greater than or equal to $12.50 per share over any 20 trading days within any 30 day trading period or (b) a change of control of Baird Medical occurs.

Upon the consummation of the Business Combination, outstanding ExcelFin Warrants were assumed by the Company and converted into corresponding warrants to purchase an aggregate of 11,500,000 Ordinary Shares. The Assumed Public Warrants will not become exercisable until 30 days after the Closing, and will expire five years after the completion of the Business Combination. Each Assumed Public Warrant entitles the holder thereof to purchase one Ordinary Share at a price of $11.50 per whole share, subject to adjustment. The Assumed Public Warrants may be exercised only for a whole number of the Ordinary Shares.

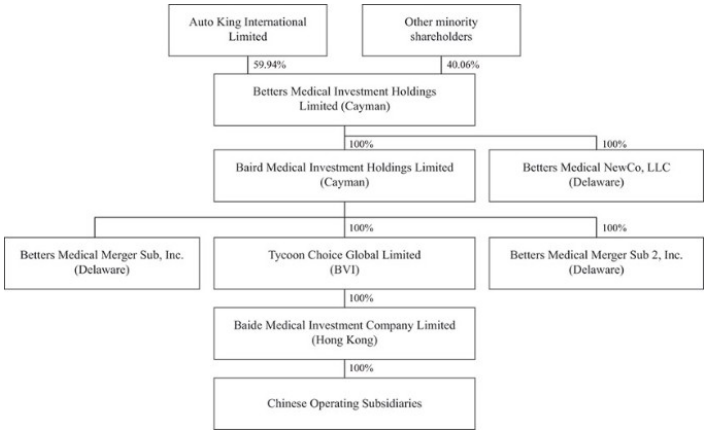
In connection with the signing of the Business Combination Agreement, ExcelFin SPAC LLC ("the Sponsor"), ExcelFin, and Baird Medical entered into the Sponsor Support Agreement. Pursuant to this agreement, the Sponsor agreed to surrender all 11,700,000 of the ExcelFin Private Placement Warrants which are owned by the Sponsor to ExcelFin for no additional consideration effective as of immediately prior to the at the effective time of the Business Combination ("Effective Time").

The Company's ordinary shares, par value $0.0001 per share (the "Ordinary Shares"), and the redeemable warrants to acquire one Ordinary Share at an exercise price of $11.50 per Ordinary Share ("Warrants") are trading on the Nasdaq Capital Market ("Nasdaq") under the symbols "BDMD" and "BDMD W", respectively.

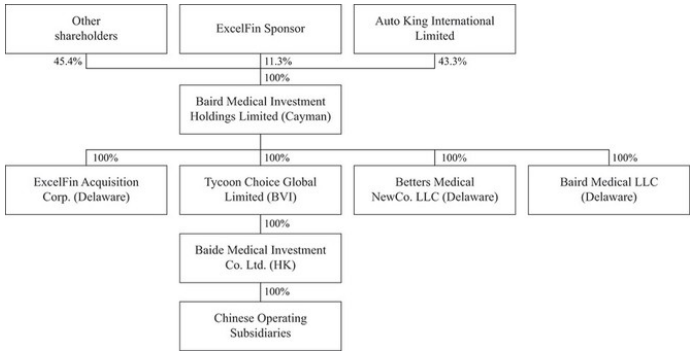
The principal business activities of the Company and its subsidiaries are to engage in research and development, manufacture and sales of microwave ablation ("MWA") and other medical devices in the People's Republic of China (the "PRC").

As the Company were under same control of the shareholders and their entire equity interests were also ultimately held by the shareholders immediately prior to the reorganization, consolidated statements of operations and comprehensive Income/(loss), consolidated statements of changes inequity and consolidated statements of cash flows are prepared as if the current group structure had been in existence throughout the year period ended December 31, 2023, 2024 and 2025, respectively, or since the respective dates of incorporation/establishment of the relevant entity, where this is a shorter period. Shares related information and additional paid-in capital for all periods retrospectively reflect the adjustments for Reverse Recapitalization. The movement in the Company's authorized share capital and the number of ordinary shares outstanding and issued in the Company are also detailed in the Note 15.

The ownership structure of Baird Medical before Closing is as follows:



The following diagram illustrates our simplified corporate structure, including our principal subsidiaries, as of the date of this annual report:



As at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of Entity	Date of Incorporation/ Acquisition	Place of Incorporation	Shareholders	% of Equity Ownership	Principal Activities
Betters Medical NewCo, LLC ("NewCo")	June 17, 2024 / October 1, 2024	Delaware (US)	PubCo	100%	Holding
ExcelFin Acquisition Corp. ("SPAC" or "ExcelFin")	March 15, 2021 / October 1, 2024	Delaware (US)	PubCo	100%	Holding
Baird Medical LLC	November 29, 2023	Delaware (US)	PubCo	100%	Sales of MWA medical devices
Tycoon Choice Global Limited ("Tycoon")	January 8, 2021	BVI	PubCo	100%	Holding
Baide Medical Investment Company Limited ("Baide HK")	January 29, 2021	Hong Kong	Tycoon	100%	Holding
Baide (Guangdong) Capital Management Company Limited ("Baide Capital")	March 3, 2021	The PRC	Baide HK	100%	Sales of MWA medical devices and investment holding
Guangzhou Dedao Capital Management Company Limited ("Dedao")	March 4, 2021	The PRC	Baide Capital	99%	Holding
Guangzhou Baihui Corporate Management Company Limited ("Baihui")	December 4, 2020	The PRC	Dedao	99%	Holding
Guangzhou Zhengde Corporate Management Company Limited	December 4, 2020	The PRC	Dedao	99%	Holding
Guangzhou Yide Capital Management Company Limited	December 10, 2020	The PRC	Dedao	99%	Holding
Baide (Suzhou) Medical Company Limited ("Baide Suzhou")	June 5, 2012	The PRC	Zhengde Yide, and Baihui	99%	Research and development, sales of MWA and other medical devices and investment holding
Henan Ruide Medical Instrument Company Limited	July 6, 2018	The PRC	Baide Suzhou	99%	Sales of MWA and other medical devices
Nanjing Changcheng Medical Equipment Company Limited ("Nanjing Changcheng")	January 28, 2016	The PRC	Baide Suzhou	99%	Research and development, manufacture and sales of MWA and other medical devices
Guizhou Baiyuan Medical Company Limited	September 21, 2017	The PRC	Baide Suzhou	99%	Sales of other medical devices
Guoke Baide (Guangdong) Medical Company Limited ("Guoke Baide")	July 5, 2019	The PRC	Baide Suzhou	99%	Sales of MWA medical devices
Hunan Baide Medical Technology Company Limited	November 26, 2019	The PRC	Baide Suzhou	99%	Sales of MWA medical devices
Ruikeen Biological Technology (Guangzhou) Company Limited ("Ruikeen Guangzhou")	July 17, 2019	The PRC	Baide Suzhou	99%	Sales of MWA medical devices
Guangzhou Fangda Medical Technology Company Limited	December 22, 2022	The PRC	Baide Capital	100%	Sales of MWA medical devices
Junde (Guangzhou) Medical Technology Company Limited	November 14, 2022	The PRC	Guoke Baide	99%	Sales of MWA medical devices
Shengde (Guangzhou) Medical Technology Company Limited	November 29, 2022	The PRC	Baide Capital	100%	Sales of MWA medical devices
Suzhou Kangchuang Medical Company Limited	December 6, 2022	The PRC	Baide Capital	100%	Sales of MWA medical devices
Hainan Haike Baide Medical Company Limited	July 4,2024	The PRC	Baide Suzhou	100%	Sales of MWA medical devices

Note：Guizhou Baiyuan Medical Company Limited and Suzhou Kangchuang Medical Company Limited completed the liquidation procedures in the first half of 2025.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and to the rules and regulations of the Securities and Exchange Commission ("SEC"), which requires the Company to make judgments, estimates and assumptions that affect reported amount of assets, liabilities, revenue, costs and expenses, and any related disclosures. Although there was no material changes made to the accounting estimates and assumptions in the past three years, the Company continually evaluates these estimates and assumptions based on the most recently available information, the Company's own historical experience and various other assumptions that the Company believes to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from expectations as a result of changes in the Company's estimates.

The Company believes that the following accounting policies involve a higher degree of judgment and complexity in their application and require us to make significant accounting estimates. Accordingly, these are the policies the Company believe are the most critical to understanding and evaluating the Company's consolidated financial condition and results of operations.

Basis of presentation and principles of consolidation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission.

The accompanying consolidated financial statements include the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealized profits arising from inter-company transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from inter-company transactions are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognized in consolidated profit or loss.

Use of estimates and assumptions

In preparing the consolidated financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on information as of the date of the consolidated financial statements. Significant estimates required to be made by management include, but are not limited to, useful lives of property and equipment, impairment of long-lived assets, allowance for credit losses, the estimate of refund liability, the fair value of warrants and earn out shares, realizability of deferred tax assets, inventory allowance, Business Combination related payments and prepayment for R&D. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

Functional currency and foreign currency translation

The Company's reporting currency is the United States dollar ("US$"). The Company's operations are principally conducted through the PRC subsidiaries where the local currency is the functional currency. Assets and liabilities are translated at the unified exchange rate as quoted by the Federal Reserve at the end of the period. The statement of operations accounts is translated at the average translation rates and the equity accounts are translated at historical rates. Translation adjustments resulting from this process are included in accumulated other comprehensive income (loss). Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

Translation adjustments included in accumulated other comprehensive loss amounted to $1.4 million and $3.1 million as of December 31, 2025 and 2024, respectively. The balance sheet amounts, with the exception of shareholders' equity as of December 31, 2025 and 2024 were translated at RMB6.9931 and RMB7.2993 to $1.00, respectively. The shareholders' equity accounts were stated at their historical rate. The average translation rates applied to statement of operations accounts for the years ended December 31, 2025, 2024 and 2023 were RMB7.1875, RMB7.1957 and RMB7.0809 to $1.00, respectively. Cash flows are also translated at average translation rates for the periods; therefore, amounts reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the audited consolidated balance sheets.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

The established fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels of inputs that may be used to measure fair value include:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable, market-based inputs, other than quoted prices, in active markets for identical assets or liabilities.

Level 3: Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Accounting guidance also describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

The Company does not have any non-financial assets or liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis.

Financial instruments of the Company primarily include cash, accounts receivable, deposits and other assets, accounts payable, accrued expenses and other payables, amounts due from and due to related parties, short-term bank loans and long-term loans.

As of December 31, 2025 and 2024, the carrying values of cash, accounts receivable, accounts payable and other liabilities approximated their fair values reported in the consolidated balance sheets due to the short-term maturities of these instruments.

Cash and restricted cash

Cash include cash in bank placed with banks, which have original maturities of three months or less at the time of purchase and are readily convertible to known amounts of cash.

Due to an employee oversight in 2021, the Company failed to timely renew its manufacturing license, resulting in a two-month gap between license cancellation and receipt of a new license. In November 2024, the Company was assessed an administrative penalty totaling about $0.6 million, representing confiscation of sales revenue during the gap period plus fines. As a result, $387,496 of the Company's cash was restricted as of December 31, 2025 due to the remaining unpaid penalty. The Company paid the full remaining penalty in January 2026, and the cash freeze was subsequently lifted effective January 2026.

Expected credit losses

In 2016, Financial Accounting Standards Board("FASB") issued Accounting Standards Codification ("ASC") Topic 326, which amends previously issued guidance regarding the impairment of financial instruments by creating an impairment model that is based on expected losses. The Company adopted ASC Topic 326 on January 1, 2021.

The Company's accounts receivable and other receivables included in prepayment and other current assets and other non-current assets are within the scope of ASC Topic 326.

Accounts receivable is presented net of any allowance for credit losses. An allowance for credit losses is recorded in the period when loss is probable. The Company recognizes loss allowance for expected credit loss ("ECL") on accounts receivable. The Company writes off an account receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

The Company uses an individual basis and pool basis to assess credit losses. For the individual basis assessment, the Company performs a qualitative, case-by-case assessment of each significant customer's receivable balance. For each customer, management considers a variety of factors, including but not limited to: the longevity and history of the relationship with the customer, the customer's historical default record and payment patterns, the customer's current financial condition, the customer's creditworthiness, and the Company's future business prospects with the customer. Based on this comprehensive qualitative analysis, management determines the appropriate amount of allowance for expected credited losses for each specific customer on an individual basis.

For the year ended December 31, 2025 and 2024, the credit period granted to the customers was generally for a period within 180 days. For the year ended December 31, 2023, the credit period granted to the customers stipulated under contract was generally for a period within 90 days. The Company's accounts receivable consists primarily of distributers, deliverers and hospitals. The Company's additions charged to allowance for expected credit losses were $0.7 million, $2.3 million and $2.2 million for the years ended December 31, 2025, 2024 and 2023, respectively. The Company's recovery of allowance for expected credit losses was $0.1 million, $1.1 million and nil for the years ended December 31, 2025, 2024 and 2023, respectively.

Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents 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. For the years ended December 31, 2025, 2024 and 2023, no impairment loss on inventories was recognized.

Prepayments

Prepayment primarily consist of prepaid expense for R&D and advances to suppliers for purchasing goods, equipment or services that have not been received or provided. These advances are interest free, unsecured and are reviewed periodically to determine whether their carrying value has become impaired. An allowance for credit loss is recorded in the period when loss is probable. As of December 31, 2025 and 2024, there was $4,204 and $4,867 allowance for the credit losses, respectively.

Deposits and other assets

Deposits and other assets primarily consist of deposit for office rental and long-term loan. These deposits and other assets are interest free, unsecured and are reviewed periodically to determine whether their carrying value has become impaired. An allowance for credit losses is recorded in the period when loss is probable. As of December 31, 2025 and 2024, there was $0.09 million and $0.1 million allowances for the credit losses, respectively.

Property and equipment, net

Property and equipment are stated at historical cost less accumulated depreciation and impairment, if any. Depreciation is calculated using the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

	Useful life
Machinery	3 – 10 years
Furniture, fixtures and equipment	3 – 5 years
Vehicles	4 years
Medical equipment	6 – 10 years
Leasehold improvement	Over the lease term or estimated useful lives of 5 years, whichever is shorter

Expenditures for maintenance and repairs are expensed as incurred. The gain or income on the disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statements of operations.

Deferred offering costs

The Company complies with ASC 340-10-S99-1 and SEC Staff Accounting Bulletin ("SAB") Topic 5A — "Expenses of Offering". Deferred offering cost consisted of underwriting, legal, accounting and other expenses incurred through the balance sheet date that were directly related to the Initial Public Offering (IPO), and it was charged to shareholders' equity upon the completion of the IPO.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed from the acquired entity as a result of the Company's acquisitions of interests in its subsidiaries. In accordance with ASC 350, Intangibles-Goodwill and Others ("ASC 350"), the Company assigns and assesses goodwill for impairment at the reporting unit level. A reporting unit is an operating segment or one level below the operating segment.

Under ASC 350, goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. The Company applies a one-step quantitative test and records the amount of goodwill impairment as the excess of a goodwill allocated to the reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The Company assesses qualitative factors such as business changes, economic outlook, financial trends and forecast, growth rates, industry data and other relevant qualitative factors to determine if it's more-likely-than-not that the goodwill might be impaired and whether it's necessary to perform a quantitative goodwill impairment. If the qualitative factors indicate a potential impairment, the Company compares the carrying amount of a reporting unit to its fair value, which is based on a discounted future cash flow approach. The Company recognized goodwill impairment charge of nil for the years ended December 31, 2023, 2024 and 2025.

Intangible assets, net (other than goodwill)

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Amortization is provided on a straight-line basis over their useful lives as follows. The amortization expense is recognized in profit or loss and included in administrative expenses.

	Useful life
Patent	6 years
Software	5 years

The estimates and associated assumptions of useful life determined by the Company are based on technical and commercial obsolescence, legal or contractual limits on the use of the asset and other relevant factors. Based on the functionalities and expiry date of the patent and software, the Company considers a useful life of 5 to 6 years to be their best estimation. Both the period and method of amortization are reviewed annually.

Impairment of long-lived assets other than goodwill

For other long-lived assets including property and equipment and other non-current assets, the Company evaluates for impairment whenever events or changes (triggering events) indicate that the carrying amount of an asset may no longer be recoverable. The Company assesses the recoverability of the long-lived assets by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to receive from use of the assets and their eventual disposition. Such assets are considered to be impaired if the sum of the expected undiscounted cash flows is less than the carrying amount of the assets. The impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The Company did not recognize any impairment loss for the years ended December 31, 2025, 2024 and 2023.

Leases

In February 2016, FASB issued ASU 2016-02, Leases, which specifies the accounting for leases. Earlier application is permitted for all entities as of February 25, 2016, the issuance date of the final standard. The Company adopted ASC 842 on January 1, 2021, along with all subsequent ASU clarifications and improvements that are applicable to the Company, to each lease that existed in the years presented in the financial statements, using the modified retrospective transition method and used the commencement date of the leases as the date of initial application. Consequently, financial information and the disclosures required under ASC 842 are provided for dates and years presented in the financial statements. The Company has applied the practical expedient to not recognize short-term leases with lease terms of one year or less.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset — this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

The Company as lessee

The Company classifies each lease as either an operating lease or financing lease at the lease commencement date. The classification is not revised unless the lease is modified and that modification is not accounted for as a separate lease.

The lease is classified as a financing lease if both of the following criteria are met:

- the present value of the lease payments and any residual value guarantee (from the lessee or an unrelated third party) equals or exceeds substantially all of the underlying asset's fair value; and
- it is probable that the lessor will collect the lease payments plus any amount necessary to satisfy a residual value guarantee.

If none of the above criteria are met, then the lease is classified as an operating lease.

Both classifications result in the Company recognizing a right-of-use asset and a lease liability. The Company can elect not to apply the lessee accounting model to leases with a lease term of 12 months or less (i.e. short-term leases). A lease that contains a purchase option can qualify as a short - term lease if the lessee is not reasonably certain to exercise its option to purchase the underlying asset. The Company recognizes short-term lease payments as an expense on a straight-line basis over the lease term.

On initial recognition, the right-of-use asset is measured at the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement of the lease, plus any initial direct costs incurred and the amount of any provision recognized where the Company is contractually required to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

In an operating lease, right-of-use asset is subsequently amortized as the difference between the straight- line lease cost for the period and the periodic accretion of the lease liability using the effective interest method. In a financing lease, right-of-use asset is subsequently depreciated using the straight-line method from the commencement date of the lease over the shorter of the lease term or the useful life of the underlying asset. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The lease liability is subsequently measured by (i) increasing the carrying amount to reflect interest on the lease liability and (ii) reducing the carrying amount to reflect the lease payments made. The Company remeasured the lease liability to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

In cases of sale and leaseback transactions, if the transfer of the asset to the lessor does not qualify as a sale, then the transaction constitutes a failed sale and leaseback and is accounted for as a financing transaction. For a sale to have occurred, the control of the asset would need to be transferred to the buyer, and the buyer would need to obtain substantially all the benefits from the use of the asset.

Stock-based compensation

Stock-based compensation expenses arise from share-based awards, including share options for the purchase of ordinary shares and restricted shares. The Company accounts for share-based awards granted to employees in accordance with ASC 718 Compensation—Stock Compensation and share-based awards granted to nonemployee in accordance with ASC 505. Stock-based compensation expenses are recorded net of actual forfeitures using straight-line method during the service period requirement, such that expenses are recorded only for those share-based awards that are expected to ultimately vest.

Long-term loan

When the Company enters into sale-leaseback transactions as a seller-lessee, it applies the requirements in ASC 606 by assessing whether a contract exists and whether it satisfies a performance obligation by transferring control of an asset when determining whether the transfer of an asset shall be accounted for as a sale of the asset. If the Company transfers the control of an asset to the buyer-lessor, it accounts for the transfer of the asset as a sale and recognizes a corresponding gain or loss on disposal. The subsequent leaseback of the asset is accounted for in accordance with ASC 842 in the same manner as any other lease. If the Company does not transfer the control of an asset to the buyer-lessor, the failed sale-leaseback transaction is accounted for as a financing. The Company does not derecognize the transferred asset and accounts for proceeds received as borrowings for which the current portion is included in "long-term loan — current portion" and the non- current portion is included in "long-term loan — non-current" in the consolidated balance sheets.

Revenue recognition

Effective January 1, 2018, the Company adopted ASC Topic 606 using the modified retrospective adoption method. Based on the requirements of ASC Topic 606, revenue is recognized when control of the promised goods or services is transferred to the customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods or services. The Company primarily sells its products to hospitals.

The Company adopted ASC Topic 606 for all periods presented. Consistent with the criteria of Topic 606, the Company follows five steps for its revenue recognition: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

According to ASC Topic 606, revenue is recognized when control of the promised good or service is transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company's revenue is primarily derived from sales of medical devices. Customers obtain control of goods when either the goods are delivered to the customer or picked up by the customer and such customer has accepted the goods. Revenue is thus recognized at the point in time when the customers have accepted the goods.

Collectability consideration for recognizing revenue

In accordance with ASC 606, the Company recognizes revenue only when it is probable that it will collect the consideration to which it expects to be entitled in exchange for the goods or services transferred to the customer. The Company has established a consistent process to assess collectability for both existing and new customers.

(1) Collectability consideration – Existing customers with history of payment and no material defaults

For existing customers with a demonstrated history of timely or acceptable payment patterns and no material defaults, the Company considers collectability to be probable upon recognition of revenue even if payments are delayed beyond the contractual payment terms, provided that such delays are attributable to administrative approval processes rather than a deterioration in the customer's creditworthiness or ability to pay. In making this determination, the Company considers the following factors:

1) Historical payment record: The customer has consistently made payments over the preceding 12 to 24 months, with no material defaults or charge offs.

2) Periodic review of customer credit profiles: This periodic review is conducted at least annually for significant customers, or more frequently when circumstances warrant (e.g., upon identification of payment delays, adverse market news, or changes in customer operations).The review encompasses the following key elements:(i) updated financial information;(ii) payment behavior tracking;(iii) ongoing business relationship, including order volume, communication responsiveness, and the customers' willingness to engage in payment planning.

3) Nature of delay: The delay is explained by internal approval procedures (e.g., hospital finance committee reviews, compliance audits, government funding allocation cycles) corroborated by internal approval documents provided by customers rather than refusal to pay or financial distress.

4) External environment: The delay is consistent with industry-wide patterns caused by external factors (e.g., anti-corruption campaign, lingering COVID-19 effects), and not specific to the customer's individual credit profile.

5) No disputes or litigation: There are no unresolved disputes, litigation, or chargebacks with the customer.

(2) Collectability Consideration –How long a payment can be delayed before it is considered a collectability matter rather than an administrative delay

The Company does not apply a rigid, fixed time-based threshold to distinguish administrative delays from collectability concerns. Instead, the Company evaluates each customer's situation on a case-by-case basis, considering the following indicators to determine whether a delay has transitioned from an administrative timing issue to a collectability matter:

1) Repeated broken promises: The customer repeatedly fails to meet its own committed payment schedules without providing valid reasons or revised timelines.

2) Loss of communication: The customer ceases to respond to the Company's follow up inquiries or refuses to engage in payment planning discussions.

3) Deterioration in external credit profile: The customer becomes subject to bankruptcy proceedings, material litigation, government sanctions, or adverse credit rating downgrades.

4) Industry-specific red flags: For direct customers: active government investigations, funding cuts, or closure announcements; For distributors: significant layoffs, owner disputes, or loss of key supplier contracts.

5) Persistent delinquency beyond historical patterns: The delay exceeds the customer's historical average payment cycle and no reasonable explanation or recovery plan.

While the Company does not use a mechanical rule, management generally considers that a delay should be re-classified from an administrative timing issue to a collectability concern if it showed above indicators. At that point, the Company performs a specific credit assessment and, if collectability is no longer probable, recognizes an allowance for expected credit losses or reverses revenue if recognition criteria are no longer met.

(3) Collectability Consideration –Existing customers that do not satisfy both of the following criteria – (i) a history of payment and (ii) no material defaults

The Company may suspend further deliveries for any additional orders as its first step. And then the Company applies a more rigorous assessment when payments are delayed:

1) The Company does not automatically treat administrative approval processes as sufficient justification for probable collectability.

2) The Company may require prepayment, deposits, or guarantees before recognizing revenue for new transactions with such customers.

3) The Company performs an enhanced credit review, including updated financial statements, bank references, and, where available credit reports from independent credit review vendors.

4) If the enhanced review indicates that collectability is not probable, the Company defers revenue recognition until the uncertainty is resolved (e.g., payment is received or a legally enforceable guarantee is obtained).

In such cases, the Company's assessment focuses on whether the customer has the intent and ability to pay, rather than solely on the administrative nature of the delay.

(4) Collectability Consideration –New customers with payment delays attributable to administrative approval processes

For new customers where the Company has no historical payment relationship, the Company's policy of collectability is as follows:

- At contract inception, the Company performs a pre-contract credit assessment. If the Company concludes that the consideration is not probable of collection at the time of contract assessment, the Company will not execute the contract and will not proceed with the business relationship. Pre-contract credit assessment generally inspects the following documents: Business license and government registration certificates, credit reports from independent credit agencies, bank statements, hospital accreditation and tier level, background checks on legal representatives and key shareholders, etc.

- If a new customer subsequently delays payment beyond contractual terms and attributes the delay to administrative approval processes, the Company does not accept such explanation at face value. Instead, the Company:

(i) May suspend further deliveries or require prepayment for any additional orders until the outstanding balance is settled;

(ii) Conducts enhanced due diligence on the customer's financial condition and payment capacity.

- If the enhanced due diligence reveals that collectability is not probable, the Company recognizes an allowance for expected credit losses and, where applicable, reverses previously recognized revenue if the condition existed at the time of revenue recognition.

For new customers, the Company's general guideline is that any delay beyond the contractual payment terms, without a demonstrable and verifiable administrative reason, will trigger a formal collectability review. If the review concludes that collectability is no longer probable, the Company adjusts its financial statements accordingly.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Company determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Company is an agent).

The Company is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Company is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Company does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Company acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Company acts as a principal in the sales of medical devices to hospitals (i.e. directly or through deliverers) and distributors as the Company controls the medical devices before that they are transferred to customers, and accordingly recognizes the revenue which the Company expects to be entitled from the sales of goods to its customers.

Revenue from sales of medical devices

The Company sells medical devices through two channels, which is directly or through deliverers to hospitals, and through distributors to the end customers. Various sources of revenue of the Company are recognized on the following bases:

(1) Revenue from sales to hospitals

The Company acts as a principal in the sales of medical devices to hospitals (i.e., directly or through deliverers) as the Company controls the medical devices before they are transferred to end-customers (i.e., hospitals).

The key indicators that demonstrate the Company's control over the products include: (i) it is the Company's responsibility to fulfill the promise of providing products to the hospitals through deliverers, in which the deliverers are just acting on the Company's behalf. The deliverers bear no rights and obligations on the medical devices and the deliverers do not take any responsibility on the product damage before and after the products are delivered to the hospital's designated premises and accepted by the hospital; (ii) the Company, instead of the deliverers, are subject to the inventory risk given that the deliverers are prohibited from delivering products to end-customers other than the designated hospitals; and (iii) the selling prices of products are predetermined by the Company at tender price. The deliverers do not have pricing power and are only entitled to a specific service fee calculated as a fixed percentage of the relevant transaction of products which is a commission or fee basis. Under such limitation, the deliverers do not act as the 'principal' in the sales through deliverer model and therefore the designated hospitals are not the 'customer' of the deliverer. In other words, the deliverers are instructed by the Company to transfer the medical devices to the designated hospital. As such, it is determined that the Company is the principal, and the deliverers are the agents. Since the Company remains the principal over the goods regardless of if the goods are delivered to the hospital directly by the Company or through the deliverers as agents, there is no significant difference between the two types of good delivery as to when risk or control is transferred to the customer and when revenue is recognized from sales to hospitals.

The Company presents the revenue generated from its sales of products on a gross basis as the Company is a principal.

(2) Revenue from sales to distributors

The Company acts as a principal in the sales of medical devices to distributors as the Company controls the medical devices before they are transferred to distributors.

The revenue is recognized at a point in time when the Company satisfies its performance obligation by transferring the promised product to its customers, the distributors, upon acceptance. The performance obligation is considered to be met and revenue is recognized when distributors obtain control of the goods or when risks and rewards are transferred to distributors which bear all inventory risks and revenue is recognized when the goods are accepted by the distributor.

The Company did not recognize any revenue from contracts with customers for performance obligations satisfied over time during the years ended December 31, 2025, 2024 and 2023.

The transaction price is generally in the form of a fixed price which is agreed with the customer at contract inception. The transaction price is recorded net of any sales return, surcharges and value-added taxes on gross sales. Customers are required to pay over an agreed-upon credit period.

Return rights

Some of the Company's contract with customers from the sales of goods provides customers a right of return (a right to exchange for the same product or to be refund in cash due to faulty products). For the year ended December 31, 2025, 2024 and 2023, the sales return amount were $1.4 million, $2.0million and $1.0 million, respectively.

Value-added taxes and surcharges

The Company presents revenue net of value-added taxes ("VAT") and surcharges incurred. Surcharge are sales related taxes representing the City Maintenance and Construction Tax and Education Surtax. VAT and surcharges collected from customers, net of VAT paid for purchases, are recorded as a liability in the consolidated balance sheets until these are paid to the tax authorities.

Disaggregation of revenue

The Company disaggregates its revenue by major products and customers, as the Company believes it best depicts the amount of its revenue and cash flows. See Note 21 to the segment reports.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. The Company records these contract assets as accounts receivable, net for the years presented.

Contract liabilities

The contract liabilities represent consideration that the Company has received but has not satisfied the related performance obligations. Contract liabilities primarily relate to the payments received for product selling in advance of revenue recognition. The revenue recognized for years ended December 31, 2025, 2024 and 2023 that was previously included in the contract liabilities balances was $0.2 million, $0.3 million and $0.2 million, respectively.

The Company's contract liabilities amounted to $0.8 million and $0.8 million as of December 31, 2025 and 2024, respectively. The revenue expected to be recognized on the remaining performance obligations of these contracts as of December 31, 2025 will be $0.8 million in the following 12 months.

Value-added taxes ("VAT")

Revenue represents the invoiced value of goods or service, net of VAT. The VAT is based on gross sales price and VAT rates range up to 13%, depending on the type of goods or service provided. Entities that are VAT general taxpayers are allowed to offset qualified input VAT paid to suppliers against their output VAT liabilities. Net VAT balance between input VAT and output VAT is recorded in tax payables. All of the VAT returns filed by the Company's subsidiaries in China, have been and remain subject to examination by the tax authorities for five years from the date of filing.

Research and development expenses

Research and development ("R&D") expenses consist primarily of outsourced research and development costs, payroll and related expenses for research and development professionals, materials, sample testing fee, and depreciation of machinery and equipment for research and development. Nonrefundable payments made in advance to third-party R&D service provider for the related services is recorded as prepayments in the consolidated balance sheets until the services are rendered under 730-20-25-13. Research and development costs are expensed as incurred in accordance with ASC 730. The Company recognizes R&D expenses based on the completion percentage of each R&D contract at the end of each quarter according to monthly discussions and progress meeting (if any) with internal management personnel and external R&D service providers or completion progress report provided by the third party-R&D service providers as to the progress or stage of completion of services.

Income taxes

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions.

Deferred income taxes are accounted for using an asset and liability method. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purpose. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statements of comprehensive income in the period of change. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all of the deferred tax assets will not be realized.

Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred.

Uncertain tax positions

The guidance on accounting for uncertainties in income taxes prescribes a more likely than not threshold for financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return. Guidance was also provided on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures. Significant judgment is required in evaluating the Company's uncertain tax positions and determining its provision for income taxes. The Company did not recognize any significant interest and penalties associated with uncertain tax positions for the years ended December 31, 2025, 2024 and 2023. As of December 31, 2025 and 2024, the Company did not have any significant unrecognized uncertain tax positions.

In accordance with PRC Tax Administration Law on the Levying and Collection of Taxes, the PRC authorities generally have up to five years to assess underpaid tax plus penalties and interest for PRC entities' tax filings. In case of tax evasion. which is not clearly defined in the law, there is no limitation on the tax years open for investigation. Accordingly, the PRC entities remain subject to examination by the tax authorities based on above.

Subsidy income

Subsidy income primarily consists of financial subsidies received from local governments for operating a business in their jurisdictions and compliance with specific policies promoted by the local governments. There are no defined rules and regulations to govern the criteria necessary for companies to receive such benefits, and the amount of financial subsidy is determined at the discretion of the relevant government authorities. The government subsidies with no further conditions to be met are recorded as "Other income, net" when received. The government subsidies with certain operating conditions are recorded as liabilities when received and will be recorded as operating income when the conditions are met. For the years ended December 31, 2025, 2024 and 2023, the Company received financial subsidies of $93,394, $266 and $0.8 million from the local PRC government authorities, respectively.

Statutory reserves

As stipulated by the relevant PRC laws and regulations applicable to the Company's entities in the PRC, the Company is required to make appropriations from net income as determined in accordance with the PRC GAAP to non-distributable reserves, which include a statutory surplus reserve. The PRC laws and regulations require that annual appropriations of 10% of after-tax income should be set aside prior to payments of dividends as reserve fund, the appropriations to statutory surplus reserve are required until the balance reaches 50% of the PRC entity registered capital. The Company allocate income of $2,161, $0.08 million and $0.1 million to statutory reserves during the years ended December 31, 2025, 2024 and 2023, respectively.

Business combination and noncontrolling interests

The Company accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805, Business Combinations. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets and liabilities acquired or assumed are measured separately at their fair values as of the acquisition date, irrespective of the extent of any noncontrolling interests. The excess of (i) the total costs of acquisition, fair value of the noncontrolling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree is recorded as goodwill. During the measurement period, which can be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded as gain or loss on the consolidated statements of operations and comprehensive loss.

In a business combination achieved in stages, the Company re-measures the previously held equity interests in the acquiree when obtaining control at its acquisition date fair value and the re-measurement gain or loss, if any, is recognized in the consolidated statements of operations and comprehensive loss.

For the Company's majority-owned subsidiaries, noncontrolling interests are recognized to reflect the portion of the equity which is not attributable, directly or indirectly, to the Company as the controlling shareholder. Noncontrolling interests acquired through a business combination are recognized at fair value at the acquisition date, which is estimated with reference to the purchase price per share as of the acquisition date.

The Business Combination was accounted for as a "reverse recapitalization" in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Under this method of accounting, ExcelFin will be treated as the "acquired" company for financial reporting purposes. This determination is primarily based on the shareholders of Baird Medical comprising the majority of the voting power of the Company and having the ability to nominate the members of our Board, Baird Medical's operations prior to the acquisition comprising the only ongoing operations, and Baird Medical's senior management comprising a majority of the Group's senior management. Accordingly, for accounting purposes, the financial statements of the post-combination company will represent a continuation of the financial statements of Baird Medical with the Business Combination treated as the equivalent of Baird Medical issuing shares for the net assets of ExcelFin, accompanied by a recapitalization. The net assets of ExcelFin will be stated at historical costs, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be presented as those of Baird Medical in future reports. Transaction costs related to the Reverse Recapitalization as part of the Business Combination Agreement were charged to equity as a reduction of the net proceeds received in exchange for the shares issued to the shareholders. The consolidated statements of financial position of Baird Medical and its subsidiaries as of December 31, 2023, 2024 and 2025, the related consolidated statements of profit or loss and other comprehensive income, changes in of Baird Medical's equity and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes, have been prepared in accordance with U.S. GAAP and are presented in U.S. dollars.

Comprehensive income (loss)

Comprehensive income (loss) is defined as the change in equity of the Company during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders.

Other comprehensive income (loss), as presented in the consolidated statements of operations and comprehensive income, consists of foreign currency translation adjustments.

Related parties

Parties, which can be a corporation or individual, are considered to be related if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Companies are also considered to be related if they are subject to common control or common significant influence, such as a family member or relative, shareholder, or a related corporation.

Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. If a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Earnings per share

Basic earnings/(loss) per share is computed by dividing net income/(loss) attributable to ordinary shareholders by the weighted average number of unrestricted ordinary shares outstanding during the year using the two-class method. Under the two-class method, net income/(loss) is allocated between ordinary shares and other participating securities based on their participating rights. The computation of diluted net loss per share does not assume conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect (i.e. a decrease in loss per share amounts or an increase in earnings per share amounts) on net loss per share.

Warrants

Upon the consummation of the Business Combination, the 11,500,000 units ExcelFin Public Warrants are exercisable for PubCo Ordinary Shares instead of ExcelFin Class A Common Stock, and the assignment by ExcelFin of all of its right, title and interest in the ExcelFin Public Warrant Agreement to PubCo. Each Assumed Public Warrant entitles the holder thereof to purchase one Ordinary Share at a price of US$11.50 per whole share, subject to adjustment. The redeemable warrants to acquire one Ordinary Share at an exercise price of $11.50 per Ordinary Share are trading on the Nasdaq Capital Market (“Nasdaq”) under the symbol “BDMD W”. The Company accounts for the warrants as equity-classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance in ASC 480 and ASC 815. The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company’s own common shares and whether the warrant holders could potentially require “net cash settlement” in a circumstance outside of the Company’s control, among other conditions for equity classification. This assessment is conducted at the time warrant issuance.

For issued warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued warrants that do not meet all of the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter.

Earnout shares

The accounting for the 8,823,529 Baird Medical Earnout Shares and 1,350,000 Earnout Shares issued to the ExcelFin SPAC LLC were first evaluated under ASC 718 to determine if the arrangement represents a share-based payment. Considering that the Earnout Shares are issued to sellers, and there are no service conditions nor any requirement of the participants to provide goods or services, we determined that the Earnout Shares are not within the scope of ASC 718. In reaching this conclusion, we focused on the fact that the Earnout Shares are not provided to any holder of options or unvested stock but rather the arrangement is provided only to vested equity holders.

Next, we determined that the Earnout Shares represent a freestanding equity-linked financial instrument to be evaluated under ASC 480. Based upon the analysis, we concluded that the Earnout Shares should not be classified as a liability under ASC 480.

We next considered the conditions in ASC 815-10-15-74 and ASC 815-40 and concluded that the Earnout Shares are not within the scope of ASC 815. Therefore, the Earnout Share arrangement is appropriately classified in equity. As the business combination is accounted for as a reverse recapitalization, the fair value of the Earnout Share arrangement as of the Closing Date is accounted for as an equity transaction. Therefore, contingently issuable shares with contingent value rights do not give any effect in calculation of the earnings per share as of December 31, 2025 and 2024.

Segment reporting

ASC 280, Segment Reporting, establishes standards for companies to report in their financial statement information about operating segments, on a basis consistent with Company's internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details on the Company's business segments.

The Company's Chief Executive Officer is the chief operating decision-maker ("CODM") that reviews the consolidated financial results including revenue, gross profit and operating profit/loss at a consolidated level when making decisions about allocating resources and assessing the performance of the Company as a whole. The Company has determined that it operates in one operating segment. The Company's revenue and net income/loss are substantially derived from sales of MWA and other medical devices. The Company does not distinguish between markets for the purpose of making decisions about resources allocation and performance assessment. The Company's operations are primarily based in the PRC. The Company's long-lived assets are all located in China, and the amount of long-lived assets attributable to any individual other country is not material. Therefore, the Company has one operating segment and one reportable segment in accordance with ASC 280, Segment Reporting.

Change in Accounting Estimates

Expected credit losses

For the year ended December 31, 2022 and first half year of 2023, the Company used an individual basis and pool basis of the customers sharing similar risk characteristics by applying the roll rate method under the Current Expected Credit Loss Model ("CECL Model"). The Company has identified the relevant risk characteristics of its customers and the related receivables and other receivables which include size, type of the products the Company provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Company considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Company's receivables. Additionally, external data and macroeconomic factors are also considered. They are assessed at each quarter based on the Company's specific facts and circumstances. The Company uses roll rate method to calculate average expected loss rate under pool basis. The Company considers the co-relationship between micro economic environment and overall default rate and calculated the future adjustment indicator use logistic regression model.

For the second half year of 2023, the Company continues to use an individual basis and pool basis to assess credit losses. When reassessing its methodology for calculating expected credit losses for customers sharing similar risk characteristics, the Company changed from using roll rate method to aging group method. This change in technique is based on newly obtained information and is considered an accounting estimate change.

According to ASC 326-20-30-7, the Company evaluated both internally generated data and reasonably accessible external data. The change was driven by the following factors:

- The slower turnover of customer capital and the lengthened payment approval cycle of hospitals, while not necessarily indicating increased credit risk, affect the collection period.
- Increased amount and proportion of accounts receivable more than 12 months overdue.
- Analysis of comparative companies' methodologies.

The change in the estimated credit loss rate was applied prospectively starting in the second half year of 2023. This change is based on the analysis conducted during the preparation of financial statements as of December 31, 2023, and is expected to provide a more accurate reflection of the Company's credit risk.

As a result of this change in accounting estimate, the allowance for expected credit losses for accounts receivable as of December 31, 2023, is summarized below:

	Individual basis	Aging group basis	Total
Trade accounts receivable	$ 1,991,596	$ 31,949,487	$ 33,941,083
Less: allowance for expected credited losses	(1,991,596)	(849,596)	(2,841,192)
Accounts receivable, net	—	$ 31,099,891	$ 31,099,891
Allowance Ratio	100 %	2.7 %	8.4 %

For the individual basis assessment, the Company performs a qualitative, case-by-case assessment of each significant customer's receivable balance. For each customer, management considers a variety of factors, including but not limited to: the longevity and history of the relationship with the customer, the customer's historical default record and payment patterns, the customer's current financial condition, the customer's creditworthiness, and the Company's future business prospects with the customer. Based on this comprehensive qualitative analysis, management determines the appropriate amount of allowance for expected credited losses for each specific customer on an individual basis.

The result of this change in technique did not have a material impact to the allowance for expected credit losses. The Company also does not expect this change to cause a material impact to the allowance for expected credit losses for future period.

Recent accounting pronouncements

The Company considers the applicability and impact of all accounting standards updates ("ASUs"). Management periodically reviews new accounting standards that are issued. Under the Jumpstart Our Business Startups Act of 2012, as amended (the "JOBS Act"), the Company meets the definition of an emerging growth company, or EGC, and has elected the extended transition period for complying with new or revised accounting standards, which delays the adoption of these accounting standards until they would apply to private companies.

Recently Adopted Accounting Pronouncements

In March 2023, the FASB issued ASU 2023 01, Leases (Topic 842) — Common Control Arrangements ("ASU 2023 01"). It requires all lessees, including public business entities, to amortize leasehold improvements associated with common control leases over their useful life to the common control group and account for them as a transfer of assets between entities under common control through an adjustment to equity when the lessee no longer controls the use of the underlying asset. ASU 2023 01 is effective for the Company from January 1, 2024, with early adoption permitted. The Company adopted this standard in the first quarter of 2024, and did not have a material impact to our consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures." This ASU expands required public entities' segment disclosures, including disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items and interim disclosures of a reportable segment's profit or loss and assets. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company adopted this guidance retrospectively and apply to all periods present in this report on January 1, 2024 and the adoption of this ASU did not have a material impact on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"), which enhances the transparency of income tax disclosures. The amendments in ASU 2023-09 requires (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024 on a prospective basis, with the option to apply the standard retrospectively. Early adoption is permitted. The Company adopted this standard in 2025, and the impact of this adoption was that there were more details regarding tax related disclosures.

New Accounting Pronouncements Not Yet Adopted

In October 2023, the FASB issued ASU 2023 06, “Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative.” This ASU incorporates certain U.S. Securities and Exchange Commission (SEC) disclosure requirements into the FASB Accounting Standards Codification. The amendments in the ASU are expected to clarify or improve disclosure and presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the SEC’s existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC’s regulations. For entities subject to the SEC’s existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer, the effective date for each amendment will be the date on which the SEC removes that related disclosure from its rules. For all other entities, the amendments will be effective two years later. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity. The Company does not expect the adoption of ASU 2023 06 to have a material impact on its consolidated financial statements.

In March 2024, the FASB issued ASU 2024 - 01, Compensation - Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards. The amendments in this Update improve the clarity of paragraph 718 - 10 - 15 - 3 and its application to profits interest or similar awards, primarily through the addition of an illustrative example that includes four fact patterns. This Accounting Standards Update is the final version of Proposed Accounting Standards Update 2023 - ED300 - Compensation - Stock Compensation (Topic 718): Scope Application of Profits Interest Awards, which has been deleted. All reporting entities that account for profits interest awards as compensation to employees or nonemployees in return for goods or services. For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods. For all other entities, the amendments are effective for annual periods beginning after December 15, 2025, and interim periods within those annual periods. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. If an entity adopts the amendments in an interim period, it should adopt them as of the beginning of the annual period that includes that interim period. The Company is currently evaluating ASU 2023 - 09 to determine the impact it may have on its consolidated financial statements disclosures.

In November 2024, the FASB issued ASU 2024 - 03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220 - 40): Disaggregation of Income Statement Expenses. The amendments in this Update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, for all public business entities. In January 2025, the FASB issued ASU 2025 - 01, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220 - 40): Clarifying the Effective Date. The amendment in this Update amends the effective date of Update 2024 - 03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of Update 2024 - 03 is permitted. The Company is currently evaluating ASU 2023 - 09 to determine the impact it may have on its consolidated financial statements disclosures.

In November 2024, the FASB issued ASU 2024-04, Debt — Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments. All reporting entities that settle convertible debt instruments for which the conversion privileges were changed to induce conversion. The amendments in this Update are effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating ASU 2023-09 to determine the impact it may have on its consolidated financial statements disclosures.

NOTE 3 — BUSINESS ACQUISITION AND RERVERSE RECAPITALIZATION

Reverse Recapitalization

On the Closing Date, (i) of the 29,411,765 original Baird Medical Investment Holdings Limited Shareholders ordinary shares, 20,588,236 Ordinary Shares to be held by Baird Medical Investment Holdings Limited at Closing (70% of 29,411,765 shares) were fully vested and freely tradable and 8,823,529 Ordinary Shares to be held by Baird Medical Investment Holdings Limited at Closing (30% of 29,411,765 shares) shall be subject to vesting and forfeiture (the "Baird Medical Earnout Shares"): (a) The Baird Medical Earnout Shares shall become fully vested if prior to the eighth anniversary of the Effective Time, the VWAP of PubCo Ordinary Shares is greater than or equal to $12.50 (the "Price Target") over any 20 trading days within any 30-day trading period. (b) In the event that there is a Change of Control of PubCo prior to the eighth anniversary of the Effective Time, and the corresponding valuation of PubCo Ordinary Shares implied by that Change of Control is greater than or equal to the Price Target, the Baird Medical Earnout Shares shall become fully vested immediately prior to such Change of Control ("Conversion of original Baird Medical Investment Holdings Limited Shareholders ordinary shares"). (ii)5,750,000 shares of ExcelFin Class A Common Stock held by the Sponsor or its assignees converted for in exchange for an equal number of shares of the Company upon the Closing of the Business Combination. However, 1,350,000 of the ordinary shares (the "Sponsor Earnout Shares") will not vest unless and until within the fifth anniversary of the closing of the Business Combination (a) the volume weighted average price of the Ordinary Shares on Nasdaq is greater than or equal to $12.50 per share over any 20 trading days within any 30-day trading period or (b) a change of control of Baird Medical occurs("Conversion of SPAC Sponsor ordinary shares"). (iii) 278,406 Ordinary Shares converted from the aggregate outstanding balance of certain working capital loans provided to ExcelFin by the Sponsor and its affiliates at a conversion price of $10.20 per share("Conversion of Working capital loan ordinary shares");(iv) 288,454 Ordinary Shares to the public stockholders of ExcelFin in exchange for an equal number of shares of Class A common stock, par value $0.0001 per share("Conversion of Public Shareholders ordinary shares");(v) Upon the consummation of the Business Combination, outstanding ExcelFin Warrants were converted into corresponding warrants to purchase an aggregate of 11,500,000 Ordinary Shares. The Assumed Public Warrants will not become exercisable until 30 days after the Closing, and will expire five years after the completion of the Business Combination. Each Assumed Public Warrant entitles the holder thereof to purchase one Ordinary Share at a price of US$11.50 per whole share, subject to adjustment. The redeemable warrants to acquire one Ordinary Share at an exercise price of $11.50 per Ordinary Share ("Warrants") are trading on the Nasdaq Capital Market ("Nasdaq") under the symbol "BDMD W".

On September 30, 2024, Baird Medical entered into a Subscription Agreement (the "PIPE") with Grand Fortune Capital, LLC("GFC"), pursuant to which Baird Medical issued to GFC at the Closing 290,000 Series A convertible preferred shares, par value $0.0001 per share, of Baird Medical (the "Series A Preferred Shares"), for a purchase price of $2.9 million (the "GFC Subscription Amount"). The GFC Subscription Amount was paid concurrently with the Closing.

The number of ordinary shares issued immediately following the consummation of the Reverse Recapitalization were as follows:

	Number of shares
Baird Medical Investment Holdings Limited's ordinary shares outstanding at December 31, 2023	29,411,765
Baird Medical Investment Holdings Limited's ordinary shares outstanding prior to the Reverse Recapitalization	29,411,765
Conversion of original Baird Medical Investment Holdings Limited Shareholders ordinary shares	20,588,236
Conversion of SPAC Sponsor ordinary shares	4,400,000
Conversion of Working capital loan ordinary shares	278,406
Conversion of Public Shareholders ordinary shares	288,454
Total number of ordinary shares as of closing of the Reverse Recapitalization	25,555,096
Total number of Series A convertible preferred shares as of closing of PIPE transactions	290,000

Supplemental cash related information about Reverse Recapitalization and PIPE financing:

	For the year ended December 31, 2024
Cash held by ExcelFin and cash related to ExcelFin trust account	$ 9,238,626
Less redemptions	(6,043,240)
Cash related to trust account, net of redemptions	3,195,386
Less cash paid associated with transaction costs allocated to Reverse Recapitalization	(3,116,936)
Less cash paid on behalf of the Company for professional expenses	(78,450)
Proceeds from PIPE financing – Grand Fortune Capital, LLC	2,900,000
Less cash payment associated with transaction costs allocated to PIPE	(2,900,000)
Net contributions from Reverse Recapitalization and PIPE financing	$ —

NOTE 4 — ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	As of December 31,	
	2025	2024
Accounts receivable	$ 47,285,393	$ 50,568,698
Less: allowance for expected credited losses	(4,756,474)	(3,992,922)
Accounts receivable, net	$ 42,528,919	$ 46,575,776

The Company's accounts receivable consists primarily of distributors and direct customers. The Company recorded a provision for current expected credit loss. The balance of gross accounts receivable was $47.3 million and $50.6 million as of December 31, 2025 and December 31, 2024, against which an allowance for expected credit losses of $4.8 million and $4.0 million was made as of December 31, 2025 and December 31, 2024.

The movement of the allowance for credit losses is as follows:

	For the years ended December 31,		
	2025	2024	2023
Balance at the beginning of the year	$ (3,992,922)	$ (2,841,192)	$ (644,669)
Additions charged to allowance for expected credit losses	(672,946)	(2,345,747)	(2,221,430)
Recovery of allowance for expected credit losses	100,321	1,099,404	—
Foreign currency translation adjustments	(190,927)	94,613	24,907
Balance at the end of the year	$ (4,756,474)	$ (3,992,922)	$ (2,841,192)

Most of the accounts receivable are expected to be recovered within one year. The aging of accounts receivable is calculated from the expiry date of the customer's credit terms which is different with the aging accounts receivable based on the number of days. The Company generally grant trade debtors a credit period of 30 to 180 days in 2024 and 2025. The Company generally granted trade debtors a credit period of 30 to 90 days in 2023. If accounts receivable of a customer is not yet aged beyond the credit period, the aging of the receivable will be classified as not overdue in the following table. An aging analysis of the Company's accounts receivable calculated from the expiration date of the customer's credit terms is as follows:

	As of December 31,	
	2025	2024
Within one year	$ 27,346,103	$ 42,257,189
Including: Not Overdue	*7,609,771*	*13,225,014*
Over one year	19,939,290	8,311,509
	$ 47,285,393	$ 50,568,698

Receivables that were neither past due nor impaired relate to a large number of customers for whom there was no recent history of default.

As of December 31, 2025, the Company had a short-term borrowing facility with Bank of Hangzhou, under which certain accounts receivable was collateralized as collateral. A valid collateral registration was completed in accordance with the relevant agreement. As of December 31, 2025, the carrying amount of accounts receivable collateralized under this arrangement was $0.8 million, and the outstanding borrowings secured by such pledge amounted to $0.7 million, with annual interest rates of either 3.50%. For the year ended December 31, 2025, the accrued interest on the loan was $0.02 million. Before the maturity date of such loans, the Company may use the cash received from the collection of accounts receivable without any restrictions, and the Company is not required to assign the rights to receive such accounts receivable to Bank of Hangzhou. If the Company defaults on the repayment of such loans, the Company must transfer the accounts receivable it receives to a designated bank account of Bank of Hangzhou, which account Bank of Hangzhou is authorized to supervise. Bank of Hangzhou is authorized to use any amount deposited into the designated bank account to offset the amounts outstanding under such defaulted loans. The borrowing matured and was fully repaid in February 2026 according to the payment schedule.

As of December 31, 2025, the Company had a short-term borrowing facility with China CITIC Bank Suzhou Branch, under which certain accounts receivable was collateralized as collateral. A valid collateral registration was completed in accordance with the relevant agreement. As of December 31, 2025, the carrying amount of accounts receivable collateralized under this arrangement was $4.2 million, and the outstanding borrowings secured by such collateral amounted to $2.1 million, with annual interest rates of either 3.00% or 2.70%, depending on the particular interest rate of such secured loan. For the year ended December 31, 2025, the accrued interest on the loan was $675. Before the maturity date of such loans, the Company may use the cash received from the collection of accounts receivable without any restrictions, and the Company is not required to assign the rights to receive such accounts receivable to China CITIC Bank Suzhou Branch. If the Company defaults on the repayment of such loans, the Company must transfer the accounts receivable it receives to a designated bank account of China CITIC Bank Suzhou Branch, which account China CITIC Bank Suzhou Branch is authorized to supervise. Bank of Hangzhou is authorized to use any amount deposited into the designated bank account to offset the amounts outstanding under such defaulted loans. In 2026, these bank loans were repaid according to China CITIC Bank Suzhou Branch's payment schedule.

As of December 31, 2024, the Company had a short-term borrowing facility with China CITIC Bank Suzhou Branch, under which certain accounts receivable was collateralized as collateral. A valid collateral registration was completed in accordance with the relevant agreement. As of December 31, 2024, the carrying amount of accounts receivable collateralized under this arrangement was $2.4 million, and the outstanding borrowings secured by such collateral amounted to $4.1 million, with annual interest rates of either 3.00%,3.95% or 4.15%, depending on the particular interest rate of such secured loan. For the year ended December 31, 2024, the accrued interest on the loan was $41,612. Before the maturity date of such loans, the Company may use the cash received from the collection of accounts receivable without any restrictions, and the Company is not required to assign the rights to receive such accounts receivable to China CITIC Bank Suzhou Branch. If the Company defaults on the repayment of such loans, the Company must transfer the accounts receivable it receives to a designated bank account of China CITIC Bank Suzhou Branch, which account China CITIC Bank Suzhou Branch is authorized to supervise. Bank of Hangzhou is authorized to use any amount deposited into the designated bank account to offset the amounts outstanding under such defaulted loans. In 2025, these bank loans were repaid according to China CITIC Bank Suzhou Branch's payment schedule.

NOTE 5 — INVENTORIES

	As of December 31,	
	2025	2024
Finished goods	$ 511,000	$ 717,312
Raw materials	374,738	348,910
Work in progress	200,045	230,355
Inventories	$ 1,085,783	$ 1,296,577

NOTE 6 — PREPAYMENTS, NET

Prepayments consisted of the following:

	As of December 31,	
	2025	2024
Prepayment for R&D	$ 11,799,310	$ 13,296,763
Prepayment for purchase of property and equipment	1,393,678	1,378,198
Prepayment for purchase of materials and others	3,863,436	3,305,963
Prepaid expense for others	606,259	319,196
Subtotal	17,662,683	18,300,120
Less: impairment loss	(4,204)	(4,867)
Subtotal, net	17,658,479	18,295,253
Less: Long term portion	(7,113,014)	(8,021,046)
Prepayments, net – current portion	$ 10,545,465	$ 10,274,207

Prepayments as of December 31, 2025 and December 31, 2024 were all made to third parties. The third-party R&D service provider issues a R&D progress report at the end of each period, and the Company recognizes the prepayment as R&D expenses based on the percentage of completion on the progress report, while the prepayment corresponding to uncompleted R&D is still recognized as prepayment.

Prepayments, net, long term portion primarily consist of advance payments made for the acquisition of property and equipment, as well as prepayments related to research and development projects with an expected duration of more than one year. Amounts associated with these R&D projects are classified as long-term when the related services or milestones are not expected to be realized within the next twelve months. These prepayments will be recorded at cost or recognized as expense or reclassified to the appropriate asset category when the related goods are received, services are performed, or the underlying assets are placed in service.

The balance of the prepayment - impairment loss is as follows:

	For the years ended December 31,		
	2025	2024	2023
Balance at the beginning of the year	$ (4,867)	$ (5,002)	$ —
Additions charged to the impairment loss	—	—	(5,016)
Foreign currency translation adjustments	663	135	14
Balance at the end of the year	$ (4,204)	$ (4,867)	$ (5,002)

NOTE 7 — DEPOSITS AND OTHER ASSETS, NET

Deposits and other assets, net consisted of the following:

	As of December 31,	
	2025	2024
Deposits	$ 293,545	$ 185,282
Other receivables	282,025	341,288
Subtotal	$ 575,570	$ 526,570
Less: allowance of credit loss	(93,817)	(109,311)
Subtotal, net	$ 481,753	$ 417,259
Less: Long term portion	(241,205)	(121,505)
Deposits and other assets- current portion	$ 240,548	$ 295,754

The movement of the allowance of credit losses is as follows:

	For the years ended December 31,		
	2025	2024	2023
Balance at the beginning	$ (109,311)	$ (112,343)	$ —
Additions charged to allowance for expected credit losses	—	—	(112,663)
Recovery and write off of allowance for expected credit losses	20,282	—	—
Foreign currency translation adjustments	(4,788)	3,032	320
Balance at the end	$ (93,817)	$ (109,311)	$ (112,343)

NOTE 8 — PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	As of December 31,	
	2025	2024
Leasehold improvement	$ 4,516,963	$ 4,327,441
Machinery	6,932,553	6,600,001
Furniture, fixtures and equipment	454,106	435,052
Vehicles	42,988	41,184
Medical equipment	346,499	331,960
Total	12,293,109	11,735,638
Less: Accumulated depreciation	(5,922,209)	(4,594,574)
Property and equipment, net	$ 6,370,900	$ 7,141,064

Depreciation expenses were $1,095,693, $1,130,747 and $991,750 for the years ended December 31, 2025, 2024 and 2023, respectively.

NOTE 9 — INTANGIBLE ASSETS, NET

Intangible assets, net consisted of the following:

	As of December 31,	
	2025	2024
Patent	$ 257,400	$ 246,600
Software	43,129	41,319
Less: accumulated amortization	(291,903)	(271,391)
Intangible assets, net	$ 8,626	$ 16,528

The amortization expense was $8,391, $8,384 and $22,637 for the years ended December 31, 2025, 2024, and 2023, respectively. Estimated future amortization expense is as follows:

Years ending December 31,	Amortization expense
2026	8,626
Total	$ 8,626

No impairment loss was recognized for the years ended December 31, 2025, 2024 and 2023.

NOTE 10 — ACCRUED EXPENSES AND OTHER PAYABLES

Accrued expenses and other payables consisted of the following:

	As of December 31,	
	2025	2024
Accrued service fees	$ 1,085,597	$ 1,195,851
Penalty payable*	466,469	640,067
Employee advances for service-related expenses	318,500	118,180
Accrual of PIPE dividend	253,750	—
Medical academic conference fees payable	156,248	71,240
Deposits received from potential investors	143,000	—
Payable for short-term lease	93,211	107,471
Staff reimbursement	91,664	178,485
Deposits-others	71,500	68,500
Others	64,363	138,381
Total	$ 2,744,302	$ 2,518,175

Penalty payable*: The Company failed to renew its previous manufacture license within the prescribed time period under relevant regulations due to employee oversight in 2021. As a result, there was a time gap of approximately two months between the cancellation of the expired license and the receipt of a new one. In November 2024, the Company was imposed a confiscation of our sales revenue during such period and an administrative penalty in an aggregate amount of $640,067.

NOTE 11 — SHORT-TERM BANK LOANS

Short-term bank loans are working capital loans from banks in China. Short-term bank loans as of December 31, 2025 consisted of the following:

Lender	Company	Guarantors/ Collateral	Effective Interest Rate	Issuance Date	Expiration Date	Amount-RMB	Amount-US$
Bank of Communications	Nanjing Changcheng,	Baide Suzhou	2.80 %	October 5, 2025	August 7,2026	10,000,000	1,430,000
Bank of Hangzhou	Nanjing Changcheng,	Baide Suzhou	3.50 %	February 26,2025	February 25,2026	5,000,000	715,000
Bank of China Taicang Branch	Baide Suzhou	Baihui	3.00 %	December 15, 2025	June 14, 2026	8,000,000	1,144,000
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng/Baide capital	3.00 %	December 26,2025	March 24,2026	5,000,000	715,000
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng	2.70 %	December 29,2025	September 29,2026	5,000,000	715,000
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng	3.00 %	December 26,2025	December 22,2026	5,000,000	715,000
Nanjing Bank Jiangning Branch	Baide Suzhou	Nanjing Changcheng	3.60 %	February 7,2025	February 5,2026	4,950,000	707,850
Industrial and Commercial Bank of China	Baide Suzhou	Nanjing Changcheng	3.01 %	March 18,2025	March 13,2026	10,000,000	1,430,000
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng	3.50 %	March 24,2025	March 24,2026	6,000,000	858,000
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng,	3.50 %	May 14, 2025	May 14, 2026	4,000,000	572,000
Bank of Communications Suzhou Branch	Baide Suzhou	Nanjing Changcheng	2.80 %	May 22, 2025	May 20, 2026	10,000,000	1,430,000
Total						**72,950,000**	**10,431,850**

Bank loans with expiration date before the report date had been repaid subsequently. Short-term bank loans as of December 31, 2024 consisted of the following:

Lender	Company	Guarantors/ Collateral	Effective Interest Rate	Issuance Date	Expiration Date	Amount-RMB	Amount-US$
Industrial and Commercial Bank of China	Baide Suzhou	Nanjing Changcheng,	3.00 %	January 12,2024	January 11,2025	5,000,000	685,000
China Merchants Bank	Baide Suzhou	Baihui	2.55 %	September 13, 2024	March 13,2025	5,000,000	685,000
China Merchants Bank	Baide Suzhou	Nanjing Changcheng,	3.00 %	November 11,2024	March 26,2025	10,000,000	1,370,000
China Merchants Bank	Baide Suzhou	Baihui	2.55 %	October 31, 2024	October 28, 2025	5,000,000	685,000
China Merchants Bank	Baide Suzhou	Nanjing Changcheng	2.55 %	November 6,2024	November 5,2025	5,000,000	685,000
China Merchants Bank	Baide Suzhou	Nanjing Changcheng	2.55 %	November 7,2024	May 5,2025	5,000,000	685,000
Jiangsu Bank	Baide Suzhou	Nanjing Changcheng	3.30 %	December 4,2024	December 3,2025	5,000,000	685,000
Bank of China	Baide Suzhou	Nanjing Changcheng/Baide capital	3.10 %	December 6,2024	December 5,2025	10,000,000	1,370,000
China CITIC Bank	Baide Suzhou	Nanjing Changcheng	3.00 %	December 25,2024	December 25,2025	10,000,000	1,370,000
China CITIC Bank	Baide Suzhou	Nanjing Changcheng	3.00 %	December 26,2024	June 26,2025	10,000,000	1,370,000
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng,	3.95 %	May 14, 2024	May 14, 2025	4,000,000	548,000
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng,	4.15 %	March 27, 2024	March 27, 2025	6,000,000	822,000
Bank of Communications Suzhou Branch	Baide Suzhou	Nanjing Changcheng	3.40 %	May 6, 2024	May 6, 2025	5,000,000	685,000
Bank of Communications Suzhou Branch	Baide Suzhou	Nanjing Changcheng	3.40 %	May 11, 2024	May 11, 2025	5,000,000	685,000
China Minsheng Bank	Baide Suzhou	N/A	4.10 %	April 26, 2024	April 25, 2025	3,000,000	411,000
Bank of Nanjing	Nanjing Changcheng	Baide Suzhou	4.05 %	August 26,2024	August 19,2025	2,000,000	274,000
Bank of Nanjing	Nanjing Changcheng	Baide Suzhou	3.85 %	November 21,2024	November 19,2025	3,000,000	411,000
Bank of China	Nanjing Changcheng	Baide Suzhou	3.36 %	September 26, 2024	June 20,2025	3,000,000	411,000
Hangzhou Bank	Nanjing Changcheng	Baide Suzhou	3.90 %	January 30, 2024	January 29, 2025	10,000,000	1,370,000
Bank of China Nanjing Hexi Branch	Nanjing Changcheng	Baide Suzhou	3.36 %	June 26, 2024	June 20, 2025	7,000,000	959,000
Total						**118,000,000**	**16,166,000**

Interest expense was $354,341, $388,613 and $227,923 for the years ended December 31, 2025, 2024 and 2023, respectively.

NOTE 12 — LONG-TERM LOAN

Long-term loan consisted of the following:

	As of December 31,	
	2025	2024
Financial liabilities	$ 2,009,440	$ 1,570,298
Less: current portions	(1,907,736)	(867,772)
Long-term Financial liabilities	101,704	702,526
Long-term Bank borrowings	6,713,850	2,740,000
Less: Long-term Bank borrowings – current portions	(729,300)	—
Total long-term loan	$ 6,086,254	$ 3,442,526

In September 2023, Nanjing Changcheng entered into a sale and leaseback agreements of $3.0 million, with an unrelated third party for medical equipment. Nanjing Changcheng had acquired the control of the corresponding assets before entering into the sale and leaseback agreement, and at the end of the lease term, Nanjing Changcheng may exercise its contractual rights to purchase the leased equipment, renew the lease or return the leased equipment. If Nanjing Changcheng chooses to purchase the leased objects, the purchase price is $14.3. As of the expiry date of the lease, some of the assets still have a useful life of around 6 years, and the purchase price of $14.3 is much below the fair value. Therefore, under ASC 842-40, the transfer of the equipment was determined to be a failed sale. In accordance with ASC 842-40, the Company did not derecognize the equipment from its balance sheet and accounted for the amounts received under the sale and leaseback agreements as a financial liability. Nanjing Changcheng is obligated to make consecutive quarterly payments of approximately $0.3 million, commencing in December 2023. As of December 31, 2025, the outstanding balance under the sale and leaseback agreements of Nanjing Changcheng was $0.7 million. The agreements will mature in September 2026, with a purchase price of $14.3 on the last repayment date.

In January 2025, Baide Suzhou entered into a sale and leaseback agreement of $2.2 million, with an unrelated third party for medical equipment. Baide Suzhou had acquired the control of the corresponding assets before entering into the sale and leaseback agreement, and at the end of the lease term, Baide Suzhou may exercise its contractual rights to purchase the leased equipment, renew the lease or return the leased equipment. If Baide Suzhou chooses to purchase the leased objects, the purchase price is $14.3. As of the expiry date of the lease, some of the assets still have a useful life of several years, and the purchase price of $14.3 is much below the fair value. Therefore, under ASC 842-40, the transfer of the equipment was determined to be a failed sale. In accordance with ASC 842- 40, the Company did not derecognize the equipment from its balance sheet and accounted for the amounts received under the sale and leaseback agreements as a financial liability. Baide Suzhou is obligated to make consecutive monthly payments of approximately $0.1 million,

commencing in February 2025. As of December 31, 2025, the outstanding balance under the sale and leaseback agreements was $1.2 million. The agreements will mature in January 2027, with a purchase price of $14.3 on the last repayment date.

Long-term bank loans as of December 31, 2025 consisted of the following:

Lender	Company	Guarantors/ Collateral	Effective Interest Rate	Issuance Date	Expiration Date	Amount-RMB	Amount-US$
Bank of China	Baide Suzhou	Nanjing Changcheng/ Baide capital	3.10 %	December 18, 2024	December 17, 2027	18,000,000	2,574,000
Bank of China	Nanjing Changcheng	Baide Suzhou	2.80 %	June 12, 2025	June 11, 2027	9,950,000	1,422,850
SPD Bank	Baide Suzhou	N/A	2.90 %	March 31,2025	March 30,2028	9,500,000	1,358,500
SPD Bank	Baide Suzhou	N/A	2.90 %	April 14,2025	March 30,2028	9,500,000	1,358,500

Future loan payments under long-term loan as of December 31, 2025 were as follows:

Years ending December 31,	
2026 Financial liabilities payment	$ 1,989,320
2027 Financial liabilities payment	101,999
Total Financial liabilities payments	$ 2,091,319
Less: Financial liabilities imputed interest	(81,879)
Total Financial liabilities payment	$ 2,009,440
Less: Financial liabilities - long term portions	(101,704)
Financial liabilities payment – current portions	$ 1,907,736

Years ending December 31,	
2026 Long-term Bank borrowings repayment	729,300
2027 Long-term Bank borrowings repayment	4,983,550
2028 Long-term Bank borrowings repayment	1,001,000
Total Long-term Bank borrowings	$ 6,713,850
Less: Long-term Bank borrowings - long term portions	(5,984,550)
Long-term Bank borrowings – current portions	$ 729,300

Interest expense of long-term loan was $383,330, and $188,139 and $57,911 for the years ended December 31, 2025, 2024 and 2023, respectively.

NOTE 13 — LEASE

The Company's leasing activities primarily consist of operating leases for offices. The Company adopted ASC 842 effective January 1, 2018. ASC 842 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet. The Company has applied practical expedient to not recognize short-term leases with lease terms of one year or less on the balance sheet.

As of December 31, 2025, and December 31, 2024, the Company recorded right-of-use assets of approximately $0.2 million and $0.5 million and lease liabilities of approximately $0.1 million and $0.4 million, respectively, for operating leases as a lessee. Supplemental cash flow information related to operating leases was as follows:

	For the years ended December 31,		
	2025	2024	2023
Cash payments for operating leases	$ 275,120	$ 533,803	$ 326,125
Right-of-use assets obtained in exchange for operating lease liabilities	—	—	19,701

Future lease payments under operating leases as of December 31, 2025 were as follows:

	Operating leases
2026	$ 119,887
2027	30,729
Total future lease payments	$ 150,616
Less: imputed interest	(7,948)
Total lease liabilities	$ 142,668
Less: Long term portions	(27,637)
Lease liabilities – current portions	$ 115,031

The weighted-average remaining lease term was 1.67 years and 1.87 years as of December 31, 2025 and December 31, 2024, respectively.

The weighted-average discount rate used to determine the operating lease liability as of December 31, 2025 and December 31, 2024 was 6.00% and 5.78%, respectively.

A summary of lease cost recognized in the Company's consolidated statements of operations and comprehensive income/(loss) is as follows:

	For the years ended December 31,		
	2025	2024	2023
Operating leases cost excluding short-term rental expense	$ 331,706	$ 358,434	$ 420,552
Short-term lease cost	119,568	18,690	12,213
Total	$ 451,274	$ 377,124	$ 432,765

No lease contract was early terminated for the years ended December 31, 2025, 2024 and 2023.

NOTE 14 — TAXES

Income tax

Cayman Islands

Under the current tax laws of Cayman Islands, the Company is not subject to tax on income or capital gains. No Cayman Islands withholding tax is imposed upon payment of dividends by the Company to its shareholders.

British Virgin Islands

The Company is incorporated in the British Virgin Islands. Under the current laws of the BVI, an entity incorporated in the BVI are not subject to tax on income or capital gains.

United States

In the financial year of 2025, the Company has three U.S. subsidiaries NewCo, Excelfin and Baird Medical LLC. NewCo is inactive holding company. Excelfin is holding company incurred loss in the financial year of 2025. Baird Medical LLC's business is to sell MWA medical devices and is profitable in financial year of 2025. In the financial year of 2024, the Company has three U.S. subsidiaries NewCo, Excelfin and Baird Medical LLC. NewCo is inactive holding company. Excelfin is holding company incurred loss in the financial year of 2024. Baird Medical LLC's business is to sell MWA medical devices but incurred loss in financial year of 2024. In the financial year of 2023, the Company has two U.S. subsidiaries Better Medical Merger Sub Inc. ("Merger Sub") and Baird Medical LLC. Better Medical Merger Sub Inc. is an inactive holding company. Baird Medical LLC's business is to sell MWA medical devices but had no sales in FY 2023. Therefore, there is income tax provision for Baird Medical LLC for the year ended December 31, 2025. And there is no income tax provision for NewCo and Excelfin for the years ended December 31, 2025, 2024 and 2023. The current federal statutory corporate income tax rate is 21%.State corporate income tax rates generally range from 0% to approximately 10%, depending on the specific state.

Hong Kong

On March 21, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was announced on the following day. Under the two-tiered profits tax rates regime, the first 2 million Hong Kong Dollar ("HKD") of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD 2 million will be taxed at 16.5%. The Company's Hong Kong subsidiaries had assessable profits derived in Hong Kong and provided for Hong Kong profit tax for the year ended December 31, 2025 and 2024; no such assessable profits arose and no Hong Kong profit tax was provided for the years ended December 31, 2023.

PRC

The Company's subsidiaries in the PRC are subject to the statutory rate of 25%, in accordance with the Enterprise Income Tax law (the "EIT Law"), which was effective since January 1, 2008 except for the following entities eligible for preferential tax rates.

The Company's PRC subsidiaries are subject to the PRC Enterprise Income Tax Law ("EIT Law") and are taxed at the statutory income tax rate of 25%, except for Nanjing Changcheng and Baide Suzhou who are registered as High and New-Tech enterprises according to the PRC tax regulations and entitled to a preferential tax rate of 15% for the years ended December 31, 2025, 2024 and 2023.

For qualified small and micro-sized enterprise, from January 1, 2022 to December 31, 2022, 12.5% of the first RMB 1.0 million of the assessable profit before tax is subject to preferential tax rate of 20% and the 25% of the assessable profit before tax exceeding RMB 1.0 million but not exceeding RMB 3.0 million is subject to preferential tax rate of 20%. From January 1, 2023 to December 31, 2027, 25% of the first RMB 3.0 million of the assessable profit before tax is subject to the tax rate of 20%.

Certain subsidiaries of the Company have been qualified as "Small Profit Enterprises". From January 1, 2023 to December 31, 2027, 25% of the first RMB 3.0 million, approximately $417,391, of the assessable profit before tax is subject to the tax rate of 20%.

Dividends, interests, rent or royalties payable by the Company's PRC subsidiaries, to non-PRC resident enterprises, and proceeds from any such non-resident enterprise investor's disposition of assets (after deducting the net value of such assets) shall be subject to 10% withholding tax, unless the respective non-PRC resident enterprise's jurisdiction of incorporation has a tax treaty or arrangements with China that provides for a reduced withholding tax rate or an exemption from withholding tax.

The components of the income tax provision are as follows:

	For the years ended December 31,		
	2025	2024	2023
Current tax expense	$ 1,219,647	$ 1,456,416	$ 2,243,006
Deferred tax (benefit)/expense	(53,499)	32,774	(541,987)
Income tax provision	$ 1,166,148	$ 1,489,190	$ 1,701,019

The amount of income taxes paid net of refunds received disaggregated by jurisdiction for the years ended December 31, 2025, 2024 and 2023 are as follows:

	For the years ended December 31,		
	2025	2024	2023
PRC	$ 836,584	$ 1,837,708	$ 2,644,786
Hong Kong	—	—	—
United States	—	—	—
Cayman Islands	—	—	—
	$ 836,584	$ 1,837,708	$ 2,644,786

(Loss)/income before income taxes is attributable to the following geographic locations for the years ended December 31, 2025, 2024 and 2023:

	For the years ended December 31,		
	2025	2024	2023
Cayman Islands	$ (4,072,239)	$ —	$ (15,080)
United States	235,302	(1,908,434)	—
Hong Kong	3,611,519	12,719	(733,151)
PRC	(26,149,558)	15,983,003	13,107,433
	$ (26,374,976)	$ 14,087,288	$ 12,359,202

The reconciliations of the income tax expense for the years ended December 31, 2023, 2024 and 2025 were as follows:

	For the years ended December 31,	
	2024	2023
Income before income tax provision	$ 14,087,288	$ 12,359,202
Income tax expense at statutory tax rate	3,521,822	3,089,800
International tax rate difference	74,207	122,803
Effect of preferential tax rates	(1,613,427)	(1,336,931)
Non-deductible entertainment expenses	17,733	9,404
Other non-deductible expense	69,227	290,316
Research and development expense super-deduction	(926,155)	(521,977)
Changes in valuation allowance	345,783	47,604
Income tax provision	**$ 1,489,190**	**$ 1,701,019**

	For the years ended December 31, 2025	
	US$	Percent
Net loss before income tax expense	**(26,374,976)**	
Income tax at statutory tax rate	**(6,593,744)**	**25.0 %**
International tax rate difference	**680,501**	**(2.6)%**
Cayman Islands		
Statutory tax rate difference between PRC and other jurisdictions	1,018,060	(3.9)%
Hong Kong		
Statutory tax rate difference between PRC and other jurisdictions	(328,147)	1.2 %
United States		
Statutory tax rate difference between PRC and other jurisdictions	(9,412)	0.1 %
Effect of preferential tax rates	**2,658,748**	**(10.1)%**
Changes in valuation allowance	**105,424**	**(0.4)%**
Nontaxable or nondeductible items		
Non-deductible expenses		
Entertainment expenses	123,679	(0.5)%
Entertainment expenses- PRC	*112,759*	*(0.4)%*
Entertainment expenses- United States	*10,920*	*(0.1)%*
Stock compensation	1,843,313	(7.0)%
Stock compensation- PRC	*1,843,313*	*(7.0)%*
Non-deductible expenses without valid invoices	2,676,729	(10.1)%
Non-deductible expenses without valid invoices- PRC	*2,676,729*	*(10.1)%*
Other adjustments		
Research and development expense super-deduction	(328,502)	1.2 %
Research and development expense super-deduction- PRC	*(328,502)*	*1.2 %*
Income tax provision	**1,166,148**	**(4.5)%**

Deferred tax assets and liabilities

The significant components of the deferred tax assets and liabilities are as follows:

	As of December 31,	
	2025	2024
Deferred tax assets:		
Allowance for expected credit losses	$ 646,378	$ 552,486
Net operating loss carryforward	1,023,575	901,272
Lease liabilities	7,135	36,118
Total deferred tax assets	$ 1,677,088	$ 1,489,876
Less: Valuation allowance	(914,799)	(775,415)
Deferred tax assets, net	$ 762,289	$ 714,461
Deferred tax liabilities:		
Right-of-use assets	8,758	45,238
Total deferred tax liabilities	$ 8,758	$ 45,238

The movement of valuation allowance for deferred tax assets for the years presented is as follows:

	As of December 31,		
	2025	2024	2023
Beginning balance	$ (775,415)	$ (441,549)	$ (405,796)
Increase in valuation allowance	(105,424)	(345,783)	(47,604)
Foreign exchange	(33,960)	11,917	11,851
Ending balance	$ (914,799)	$ (775,415)	$ (441,549)

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the cumulative earnings and projected future taxable income in making this assessment. Recovery of substantially all of the Company's deferred tax assets is dependent upon the generation of future income, exclusive of reversing taxable temporary differences.

Valuation allowances have been established for deferred tax assets based on a more-likely-than-not threshold. Under the applicable accounting standards, management has considered some subsidiaries of the Group's history of losses and concluded that it is more likely than not that these subsidiaries will not generate future taxable income prior to the expiration of their net operating losses. As a result, management assessed a valuation allowance of $914,799 and $775,415 as of December 31, 2025 and 2024 respectively.

Tax Payables

The Company's tax payables consist of the following:

	As of December 31,	
	2025	2024
VAT tax payable	$ 217,514	$ 358,792
Income tax payable	462,575	79,167
Other tax payables***	2,418,321	2,435,494
Total tax payables	$ 3,098,410	$ 2,873,453

Net Operating Loss Carry Forward:	As of December 31,	
	2025	2024
Location		
PRC*	$ 4,905,372	$ 2,591,421
Hong Kong	—	1,022,574
United States**	1,374,297	1,888,111
Total	$ 6,279,669	$ 5,502,106

* As of December 31, 2025 and 2024, there were approximately $6.3 million and $5.5 million of net operating loss carryforwards in certain subsidiaries, respectively. Net operating loss of PRC subsidiary will be expired, if unused. As of December 31, 2025, the Company had net operating loss carried forward from the PRC entities of $4,905,372.

The carry forward loss will be expired by, if not utilized	
2026	$ 364,672
2027	312,535
2028	71,390
2029	830,930
2030	433,878
2032	1,016,370
2033	961,573
2034	571,561
2035	342,463
Total	$ 4,905,372

** Net operating loss of $1,374,297 in United States has an expiration date of about 20 years.

*** As of December 31, 2024 and 2025, the Company recorded approximately $2.4 million and $2.4 million excise tax payable in other tax payables associated with 1% U.S. federal excise tax that could be imposed on ExcelFin in connection with redemptions by ExcelFin stockholders of Class A Common Stock in connection with the business combination.

Uncertain tax positions

The Company evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measures the unrecognized benefits associated with the tax positions. As of December 31, 2025, the tax years ended December 31, 2019 through 2024 for the Company's subsidiaries in the PRC are generally subject to examination by the PRC tax authorities. The Company's U.S. operations expose it to potential challenges by the Internal Revenue Service and state tax authorities in several areas, including the characterization of income, the deductibility of expenses, and the availability of tax credits or incentives. Tax authorities may challenge its positions, leading to additional tax liabilities. As of December 31, 2025 and 2024, the Company did not have any significant unrecognized uncertain tax positions.

NOTE 15 — PREFERRED SHARES

On September 30, 2024, the Company entered into (i) a Subscription Agreement with GFC, pursuant to which the Company issued to GFC at the Closing 290,000 Series A convertible preferred shares, par value $0.0001 per share, of Baird Medical (the "Series A Preferred Shares"), for a purchase price of $2.9 million (the "GFC Subscription Amount") and (ii) a Subscription Agreement with Wu Wenyuan, pursuant to which Wu Wenyuan agreed to pay a purchase price of $2 million (the "Wu Subscription Amount") within six months of Closing, in exchange for which Baird Medical will issue to Wu Wenyuan 200,000 Series A Preferred Shares. Pursuant to the respective subscription agreements, at any time on or before the two-year anniversary of the issuance of the Series A Preferred Shares, GFC and Wu Wenyuan may convert all or a portion of their respective Series A Preferred Shares into a number of Ordinary Shares per Series A Preferred Share at a conversion ratio equal to the sum of the original issue price of such Series A Preferred Share and all accrued but unpaid dividends thereon, divided by a conversion price of $10.00. Baird Medical may, at any time and at its sole option, choose to repurchase for cash all or a portion of the Series A Preferred Shares, at a price per Series A Preferred Share equal to the sum of 110% of the subscription price of such Series A Preferred Share and all accrued but unpaid dividends thereon. The GFC Subscription Amount was paid concurrently with the Closing. The transaction with Wu Wenyuan has not consummated as of the date of this annual report, and the transacting parties have not worked out an updated timeline for this proposed investment.

The Company has classified the Series A Preferred Shares in the equity of the consolidated balance sheets. The accounting for the 290,000 Series A Preferred Shares issued to GFC were first evaluated under ASC 480. The Company determined that the 290,000 Series A Preferred Shares represent a freestanding equity-linked financial instrument to be evaluated under ASC 480. Based upon the analysis, the Company concluded that the Series A Preferred Shares should not be classified as a liability under ASC 480.

The Company next considered the conditions in ASC 815-40-25-10. The instrument does not include an explicit contractual limit on the number of shares to be issued upon settlement. However, the Company assessed that, based on the conversion terms and the structure of the instrument, the number of shares to be delivered is effectively fixed or determinable. Furthermore, the Company has sufficient authorized and unissued shares available to settle the contract, taking into account all other commitments that may require the issuance of stock during the maximum period the instrument could remain outstanding. The Company also noted that, as a practical matter, it is unlikely that the share price would decline to an extent that would require an unlimited number of shares to be issued. Therefore, Series A Preferred Shares should be classified as permanent equity.

NOTE 16 — ORDINARY SHARES

The Company was incorporated as a private company under the laws of Cayman Island on June 16, 2023, as a direct wholly owned subsidiary of Betters Medical Investment Holdings Limited. As of December 31, 2024, there were 500,000,000 ordinary shares authorized, 35,728,625 shares of ordinary shares issued and 25,555,096 shares outstanding. Shares authorized, issued and outstanding for all periods reflect the retrospective adjustment for Reverse Recapitalization (Note 3).

In the first half of 2025, (1) 583,529 ordinary shares issued to Grand Fortune Capital (H.K.) Company Limited ("Grand Fortune"); (2) 50,000 ordinary Shares issued to J.V.B. Financial Group, LLC ("J.V.B."); (3) 4,617,228 ordinary shares issued under Baird Medical 2024 Equity Incentive Plan, among which 53,483 shares were reserved for further issuance (see Note 17 for more information). As of December 31, 2025, there were 500,000,000 ordinary shares authorized, 40,979,382 shares of ordinary shares issued and 30,752,370 shares outstanding.

NOTE 17 — STOCK - BASED COMPENSATION

(a) Description of s equity incentive plan

On September 26, 2024, the Company adopted the Baird Medical 2024 Equity Incentive Plan ("2024 Equity Incentive Plan"), under which the Company will grant equity incentive awards to eligible employees, consultants and non-employee directors in order to attract, motivate and retain talented individuals. The initial aggregate number of Ordinary Shares that may be issued or used for reference purposes or with respect to which awards may be granted under the 2024 Equity Incentive Plan shall be equal to 10% of the issued and outstanding Ordinary Shares (on a fully diluted basis) as of immediately after the closing of the Business Combination. The total number of Ordinary Shares that will be reserved, and that may be issued, under the 2024 Equity Incentive Plan will automatically increase on the first trading day of each calendar year, beginning with calendar year 2025, by a number of Ordinary Shares equal to three percent (3%) of the total outstanding Ordinary Shares on the last day of the prior calendar year. Notwithstanding the automatic annual increase set forth in the 2024 Equity Incentive Plan, the board of directors may act prior to January 1st of a given year to provide that there will be no such increase in the Ordinary Shares reserved for such year or that the increase in the Ordinary Shares reserved for such year will be a lesser number of Ordinary Shares than would otherwise occur pursuant to the stipulated percentage. As of December 31, 2025, the Company has granted 4,563,745 restricted share units under the 2024 Equity Incentive Plan, and vested 4,563,745 restricted share units.

(b) Restricted shares activities

No restricted share activities to individuals and third-party companies happened in the years of 2024 and 2023.

The following table sets forth the summary of restricted share activities to individuals the year ended December 31, 2025:

	Number of Restricted Shares Granted	Weighted-Average Grant Date Fair Value (US$)
Unvested as of January 1, 2025	—	—
Awarded	**4,563,745**	**2.9093**
Including:		
Awarded to directors and non-director employees	*823,745*	*0.5301*
Awarded to non-employee consultants	*3,740,000*	*2.3792*
Vested	**(4,563,745)**	**(2.9093)**
Outstanding at December 31, 2025	—	—

The following table sets forth the summary of restricted share activities to third-party companies the year ended December 31, 2025:

	Number of Restricted Shares Granted	Weighted-Average Grant Date Fair Value (US$)
Unvested as of January 1, 2025	—	—
Awarded	**633,529**	**6.6200**
Including:		
Awarded to Grand Fortune	*583,529*	*6.0975*
Awarded to J.V.B.	*50,000*	*0.5225*
Vested	**(633,529)**	**(6.6200)**
Outstanding at December 31, 2025	—	—

For the years ended December 31, 2025, 2024 and 2023, total stock-based compensation expenses awarded to individuals and third-party companies recognized by the Company were US$17.5 million, nil and nil, respectively. There was no unrecognized share-based compensation expense as of December 31, 2025 and 2024.

NOTE 18 — EARNINGS PER SHARE

Basic and diluted earnings per share have been calculated in accordance with ASC 260 for the years ended December 31, 2025, 2024 and 2023.

	For the Year Ended December 31,		
	2025	2024	2023
Numerator:			
Net income /(loss) attributable to the Company's ordinary shareholders – basic	$ (27,278,005)	$ 12,453,369	$ 10,545,978
Dilution impacts	—	—	—
Net income /(loss) attributable to the Company's ordinary shareholders – diluted	(27,278,005)	12,453,369	10,545,978
Denominator:			
Weighted average number of shares – basic	27,792,704	21,826,549	20,588,236
Effects of dilutive securities	—	—	—
Weighted average number of shares – diluted	27,792,704	21,826,549	20,588,236
Net income /(loss) per share, basic	$ (0.98)	$ 0.57	$ 0.51
Net income /(loss) per share, diluted	$ (0.98)	$ 0.57	$ 0.51

Basic earnings/(loss) per share is computed by dividing net income/(loss) attributable to ordinary shareholders by the weighted average number of unrestricted ordinary shares outstanding during the year using the two-class method.

Under the two-class method, net income/(loss) is allocated between ordinary shares and other participating securities based on their participating rights. Diluted earnings/(loss) per share is calculated by dividing net income/(loss) attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary share equivalents are excluded from the computation of diluted per share if their effects would be anti-dilutive.

Shares related information for all periods retrospectively reflects the adjustments for Reverse Recapitalization (Note 3). The computation of diluted earnings per share does not assume conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect (i.e. an increase in earnings per share amounts) on earnings per share. 8,823,529 Baird Medical Earnout Shares and 1,350,000 Earnout Shares are earnout arrangements that are subject to the contingently issuable shares guidance in ASC 260-10-45. They were excluded from the computation of earnings per share because they are included in the denominator in computing earnings per share only when the contingency has been met and there is no longer a circumstance in which those shares would not be issued in accordance with ASC260. 11,500,000 units of public warrants were excluded from the computation of diluted net loss per ordinary share because including them would have had an anti-dilutive effect for the year ended December 31, 2024 and 2025.

The Company's preferred shares are participating securities because they are entitled to receive dividends or distributions on an as converted basis. The computation of diluted net income/(loss) per share does not assume conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect (i.e. an increase in earnings per share amounts or a decrease in loss per share amounts) on net income/(loss) per share. For the years ended December 31, 2025 and 2024, the computation of diluted net loss per share does not assume conversion, exercise, or contingent issuance of the Company's preferred shares that would have an anti-dilutive effect (i.e. a decrease in loss per share amounts or an increase in earnings per share amounts) on net (loss)/income per share.

NOTE 19 — RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions.

(a) Related party balances

The related parties that had balances with the Company as of December 31, 2025 and 2024 consisted of:

	As of December 31,	
	2025	2024
Due from related parties:		
Betters Medical Investment Holdings Limited	$ 2,987	2,862
Total	$ 2,987	$ 2,862
Due to related parties:		
Quan Qiu[1]	$ 149,860	—
Betters Medical Investment Holdings Limited[2]	4,738,429	$ 3,703,700
Total	$ 4,888,289	$ 3,703,700

(1) Quan Qiu is the director of Baird Medical Investment Holding Limited.

(2) Betters Medical Investment Holdings Limited is the controlling shareholder of Baird Medical Investment Holding Limited. The nature of the balance is mainly the listing expenses and interest-free advances for operation paid by Betters Medical Investment Holdings Limited on behalf of the Company.

(b) Related parties transactions:

The following table set forth the balance of related party transactions as of the date indicated.

		For the years ended December 31,		
Name of Related Party	Nature	2025	2024	2023
Betters Medical Investment Holdings Limited	Proceeds of Interest-free advances for operation	$ 732,688	$ 20,910	$ —
Betters Medical Investment Holdings Limited	Repayment of Interest-free advances for operation	(118,931)	—	(119,783)
Betters Medical Investment Holdings Limited	Interest-free advances for listing expenses	234,967	—	—
Quan Qiu	Interest-free advances for operation	149,860	—	—
Haimei Wu	Interest-free advances made to a related party	—	—	(14,130)
Haimei Wu	Received repayment	—	386,635	—
Total		$ 998,584	$ 407,545	$ (133,913)

NOTE 20— COMMITMENTS AND CONTINGENCIES

The following table sets forth the Company's contractual obligations as of December 31, 2025.

	Payment Due by Period		
	Total	Less than 1 Year	1-3 Years
Short-term bank loans	$ 10,431,850	$ 10,431,850	$ —
Lease payment	150,616	119,887	30,729
Long term loan	8,723,290	2,637,036	6,086,254
Total	$ 19,305,756	$ 13,188,773	$ 6,116,983

Other than as shown above, the Company did not have any significant capital and other commitments, long-term obligations or guarantees as of as of December 31, 2025 and 2024. In the ordinary course of the business, the Company is subject to periodic legal or administrative proceedings. As of December 31, 2025 and 2024, the Company is not a party to any legal or administrative proceedings which will have a material adverse effect on the Company's business, financial position, results of operations and cash flows.

NOTE 21 — SEGMENT INFORMATION AND REVENUE ANALYSIS

The Company follows ASC 280, Segment Reporting, which requires that companies to disclose segment data based on how management makes decision about allocating resources to each segment and evaluating their performances. The Company has one reporting segment. The Company's chief operating decision maker has been identified as the Chief Executive Officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Company.

The Company's long-lived assets are all located in China, and the amount of long-lived assets attributable to any individual other country is not material.

The following table presents the Company's revenue disaggregated by geographic region based on the location of customers for the years ended December 31, 2025, 2024 and 2023:

	For the years ended December 31,		
	2025	2024	2023
PRC	$ 13,495,375	36,184,886	31,457,908
Hong Kong	7,988,415	—	—
United States	938,745	852,222	—
Malaysia	106,002	—	—
Nepal	8,479	—	—
Total	$ 22,537,016	$ 37,037,108	$ 31,457,908

The following table presents the summary information for the only one reporting segment:

	Year Ended December 31,		
	2025	2024	2023
	US$	US$	US$
Revenues	$ 22,537,016	$ 37,037,108	$ 31,457,908
Cost of revenues	(3,653,278)	(4,383,363)	(4,227,409)
Gross profit	18,883,738	32,653,745	27,230,499
Operating expenses:			
Selling and marketing expenses	(10,264,507)	(4,061,116)	(2,547,000)
General and administrative expenses	(14,119,024)	(7,103,226)	(8,546,880)
Research and development expenses	(20,131,012)	(6,174,365)	(4,274,894)
Total operating expenses	(44,514,543)	(17,338,707)	(15,368,774)
Income/(loss) from operations	(25,630,805)	15,315,038	11,861,725
Interest expense	(737,671)	(576,752)	(285,833)
Interest income	301	393	1,562
Subsidy income	93,394	266	791,959
Other expenses, net	(100,195)	(651,657)	(10,211)
Income/(loss) before income tax	(26,374,976)	14,087,288	12,359,202

The Company has disclosed the type of revenue by type of customers as follows.

	For the years ended December 31,		
	2025	2024	2023
Distributors	$ 18,407,591	$ 17,220,009	$ 14,995,701
Direct customers[1]	4,129,425	19,817,099	16,462,207
Total	$ 22,537,016	$ 37,037,108	$ 31,457,908

(1) Revenue from direct customers include revenue from sales of medical devices to hospitals (i.e. directly or through deliverers).

Timing of revenue recognition

	For the years ended December 31,		
	2025	2024	2023
At a point of time	$ 22,537,016	$ 37,037,108	$ 31,457,908

Furthermore, the Company has disclosed revenue by major product type as follows:

	For the years ended December 31,		
	2025	2024	2023
MWA devices	$ 22,537,016	$ 37,027,277	$ 30,940,383
– MWA needles	17,214,751	33,826,455	26,278,169
– MWA therapeutic apparatus	5,322,265	3,200,822	4,662,214
Other medical devices	—	9,831	517,525
Total	$ 22,537,016	$ 37,037,108	$ 31,457,908

NOTE 22 — CONCENTRATIONS OF RISKS

Foreign exchange risk

The Company's sales, purchase and expense transactions are generally denominated in RMB and a significant portion of the Company's liabilities are denominated in RMB. RMB is not freely convertible into foreign currencies.

In the PRC, foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China. In addition, the Company's cash denominated in US$ subject the Company to risks associated with changes in the exchange rate of RMB against US$ and may affect the Company's results of operations going forward.

Credit and concentration risk

The Company's credit risk arises from cash, prepayments and other current assets, and accounts receivable. The carrying amounts of these financial instruments represent the maximum amount of income due to credit risk.

The Company expects that there is no significant credit risk associated with the cash and cash equivalents which are held by reputable financial institutions in the jurisdictions where the Company and its subsidiaries are located. The Company believes that it is not exposed to unusual risks as these financial institutions have high credit quality.

The Company has no significant concentrations of credit risk with respect to its prepayments.

Accounts receivable is typically unsecured and are derived from revenue earned from customers. The risk with respect to accounts receivable is mitigated by credit evaluations performed on them. The Company generally grants trade debtors a credit period of 30 to 180 days. The policy for impairment on accounts receivable is based on the assessment of the recoverability of the accounts receivable. If trade debtors delay payment in part or at all, the Company's cash flow and working capital may be adversely affected. Also, the Company may incur impairment loss which will adversely affect the financial position and results of operation.

Customer concentration risk

For the year ended December 31, 2025, two customers accounted for 23.3% and 12.0% of the Company's total revenue. For the year ended December 31, 2024, four customers accounted for 25.6%, 14.4%, 11.6% and 10.2% of the Company's total revenue. For the year ended December 31, 2023, two customers accounted for 14.3% and 10.4% of the Company's total revenue. Other than that, no single customer comprises over 10% of revenue as for the year ended December 31, 2025, 2024 and 2023, respectively.

Accounts receivable from deliverer group, subsidiaries of a listed company which is principally engaged in the distribution of medical devices and pharmaceutical products in the PRC, accounted for 26.0% and 28.5% of the total balance of the Company's accounts receivable as of December 31, 2025 and December 31, 2024, respectively. As of December 31, 2024, two additional customers accounted for 13.0% and 10.9% of the total balance of accounts receivable. As of December 31, 2023, one additional customer accounted for 11.8% of the total balance of accounts receivable. Other than that, no single customer comprises over 10% of accounts receivable as of December 31, 2025, 2024 and 2023, respectively.

Vendor concentration risk

For the year ended December 31, 2025, two vendors accounted for 40.0% and 25.7% of the Company's purchase of inventories and equipment. For the year ended December 31, 2024, three vendors accounted for 34.7%, 30.3%, 10.1% of the Company's purchase of inventories and equipment.

Accounts payable to above vendors was $1.0 million and $0.4 million as of December 31, 2025 and 2024, respectively. As of December 31, 2025, one vendor accounted for 54.1% of the total balance of accounts payable. As of December 31, 2024, two vendors accounted for 29.1% and 15.3% of the total balance of accounts payable.

NOTE 23 — SUBSEQUENT EVENTS

The Company has evaluated the impact of events that have occurred subsequent to December 31, 2025, through the date the consolidated financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements, except as follow:

In January, 2026, Baide Suzhou obtained four loans from Jiangsu Taicang Rural Commercial Bank Co., Ltd. Xinmao Sub-branch, as detailed: (1) On January 19, 2026, Baide Suzhou borrowed a loan of $0.4 million (RMB3 million) with the term of one year at an annual interest rate of 2.70%;(2) On January 20, 2026, Baide Suzhou borrowed a loan of $0.4 million (RMB3 million) with the term of one year at an annual interest rate of 2.70%;(3) On January 21, 2026, Baide Suzhou borrowed a loan of $0.4 million (RMB3 million) with the term of one year at an annual interest rate of 2.70%;(4) On January 22, 2026, Baide Suzhou borrowed a loan of $0.1 million (RMB1 million) with the term of one year at an annual interest rate of 2.70%.

In March, 2026, the Company filed Form S-8. This Registration Statement was being filed by Baird Medical Investment Holdings Limited (the "Registrant") to register additional Class A ordinary shares issuable pursuant to its 2024 Equity Incentive Plan (the "2024 Plan"). Pursuant to certain provisions of the 2024 Plan (referred to as the "evergreen provisions"), the number of ordinary shares that are available for award grant purposes under the 2024 Plan is automatically increased each year in accordance with a formula set forth in the 2024 Plan. Based on the above, the additional securities registered hereby consist of 1,229,381 Class A ordinary shares that were automatically added to the 2024 Plan, effective January 1, 2026, pursuant to the 2024 Plan's evergreen provisions. As of the date of the report, 800,000 shares were newly granted in 2026.

In March, 2026, Baide Suzhou borrowed a loan of $1.4 million (RMB10 million) with the term of one year at an annual interest rate of 2.71% from Industrial and Commercial Bank of China.

In March, 2026, Baide Suzhou obtained three loans from China CITIC Bank Suzhou Branch, as detailed: (1) On March 23, 2026, Baide Suzhou borrowed a loan of $0.9 million (RMB6 million) with the term of one year at an annual interest rate of 2.70%;(2) On March 26, 2026, Baide Suzhou borrowed a loan of $0.1 million (RMB1 million) with the term of one year at an annual interest rate of 2.70%;(3) On March 26, 2026, Baide Suzhou borrowed a loan of $0.6 million (RMB4 million) with the term of one year at an annual interest rate of 2.70%.

NOTE 24 — PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

Pursuant to the requirements of Rule 12-04(a), 5-04(c) and 4-08(e)(3) of Regulation S-X, the condensed financial information of the parent company shall be filed when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. The Company performed a test on the restricted net assets of consolidated subsidiaries in accordance with such requirement and concluded that it was applicable to the Company as the restricted net assets of the Company's subsidiaries exceeded 25% of the consolidated net assets of the Company. Therefore, the condensed financial statements for the parent company are included herein.

For purposes of the above test, restricted net assets of consolidated subsidiaries shall mean that amount of the Company's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiaries in the form of loans, advances or cash dividends without the consent of a third party.

The condensed financial information of the parent company has been prepared using the same accounting policies as set out in the Company's consolidated financial statements except that the parent company used the equity method to account for investment in its subsidiaries. Such investment is presented on the condensed balance sheets as "Investment in subsidiaries" and the respective profit or loss as "Share of profit of subsidiaries" on the condensed statements of income.

The footnote disclosures contain supplemental information relating to the operations of the Company and, as such, these statements should be read in conjunction with the notes to the consolidated financial statements of the Company. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been or omitted.

As of December 31, 2025 and 2024, there were no material contingencies, significant provisions for long-term obligations, or guarantees of the Company, except for those which have been separately disclosed in the consolidated financial statements, if any.

Condensed balance sheets

	As of December 31,	
	2025	2024
ASSETS		
Amounts due from related parties	3,104	2,941
Investments in subsidiaries	$ 31,364,527	$ 39,656,197
Total Assets	$ 31,367,631	$ 39,659,138
Shareholders' Equity		
Preferred shares, $0.0001 par value; 5,000,000 shares authorized; 290,000 shares issued and outstanding as of December 31, 2025 and 2024	29	29
Ordinary shares, $0.0001 par value; 500,000,000 shares authorized; 40,979,382 shares issued, 30,752,370 shares outstanding as of December 31, 2025; 35,728,625 shares issued,25,555,096 shares outstanding as of December 31, 2024 *	$ 3,075	2,556
Additional paid-in capital *	28,658,524	11,441,712
Retained earnings	4,077,897	31,355,902
Accumulated other comprehensive loss	(1,371,894)	(3,141,061)
Total Shareholders' Equity	31,367,631	39,659,138
Total Liabilities and Shareholders' Equity	$ 31,367,631	$ 39,659,138

Condensed statements of comprehensive income

	For the years ended December 31,		
	2025	2024	2023
Share of profit/(loss) in subsidiaries, net (Note a)	$ (27,278,005)	$ 12,453,369	$ 10,545,978
Income/(loss) before income tax	(27,278,005)	12,453,369	10,545,978
Income tax provision	—	—	—
Net income/(loss)	(27,278,005)	12,453,369	10,545,978
Other comprehensive income/(loss)			
Foreign currency translation gain /(loss)	$ 1,769,167	$ (1,135,939)	$ (728,688)
Comprehensive income/(loss)	$ (25,508,838)	$ 11,317,430	$ 9,817,290

Condensed statements of cash flows

	For the years ended December 31,		
	2025	2024	2023
Cash flows from operating activities			
Net income/(loss)	$ (27,278,005)	$ 12,453,369	$ 10,545,978
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:			
Equity income/loss in subsidiaries	(27,278,005)	(12,453,369)	(10,545,978)
Net cash provided by operating activities	—	—	—
Cash at beginning of year	$ —	$ —	$ —
Cash at the end of the year	$ —	$ —	$ —

(a) Basis of presentation

In the parent company only financial statements, the Company's investment in subsidiaries is stated at cost plus equity in undistributed earnings of subsidiaries since inception.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been or omitted and as such, these parent company only financial statements should be read in conjunction with the Company's consolidated financial statements.

**Shares related information and additional paid-in capital for all periods retrospectively reflect the adjustments for Reverse Recapitalization (Note 3).*

Exhibit 12.1

Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Haimei Wu, certify that:

1. I have reviewed this annual report on Form 20-F of Baird Medical Investment Holdings Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2026

By: /s/ Haimei Wu
Haimei Wu
Chairwoman and Chief Executive Officer
(*Principal Executive Officer*)

Exhibit 12.2

Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jie Li, certify that:

1. I have reviewed this annual report on Form 20-F of Baird Medical Investment Holdings Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2026

By: /s/ Jie Li
Jie Li
Acting Chief Financial Officer
(*Principal Financial and Accounting Officer*)

Exhibit 13.1

Certification by the Principal Executive Officer

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Baird Medical Investment Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Haimei Wu, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 27, 2026

By: /s/ Haimei Wu
Haimei Wu
Chairwoman and Chief Executive Officer
(*Principal Executive Officer*)

Exhibit 13.2

Certification by the Principal Financial Officer

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Baird Medical Investment Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jie Li, Acting Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 27, 2026

By: /s/ Jie Li
Jie Li
Acting Chief Financial Officer
(*Principal Financial and Accounting Officer*)

Exhibit 15.1

PROUDEN
广东宝臻会计师事务所（普通合伙）
Ste. 2201, GDH Bay City Centre,
21 Zhujiang West Rd., Guangzhou
广州市天河区珠江西路 21 号
粤海金融中心 2201 室

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statements of Baird Medical Investment Holdings Limited on Form S-8 (File Nos. 333-284206 and 333-294172), Form F-3 (File No. 333-296153) and Post-effective Amendment No. 1 to Form F-1 on Form F-3 (File No. 333-283249) of our report dated April 24, 2026, with respect to our audits of the consolidated financial statements of Baird Medical Investment Holdings Limited as of December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023, appearing in Amendment No. 1 to the Annual Report on Form 20-F of Baird Medical Investment Holdings Limited for the year ended December 31, 2025. We also consent to the reference to our firm under the heading "Experts" in the Prospectus, which is part of such Registration Statements.

/s/ Guangdong Prouden CPAs GP

Guangdong Prouden CPAs GP

Guangzhou, China
July 27, 2026