Stock code: 000963 Stock abbreviation: Huadong Medicine Announcement No.: 2025-036

Huadong Medicine Co., Ltd.

First Quarterly Report 2025

The Company and all members of the Board of Directors hereby guarantee that the information presented in this report is authentic, accurate, complete, and free of any false records, misleading statements or material omissions.

Important Declaration:

1. The Board of Directors, Board of Supervisors, directors, supervisors and senior management of Huadong Medicine Co., Ltd. (hereinafter referred to as the "Company") hereby guarantee that the information presented in this report is authentic, accurate, complete, and free of any false records, misleading statements or material omissions, and shall undertake individual and joint legal liabilities.

2. The Company's legal representative, the officer in charge of accounting, and the head of accounting department (accounting manager) hereby declare that the financial information in this quarterly report is authentic, accurate, and complete.

3. Has the First Quarterly Report been audited?

□Yes ☑ No

According to "Stock Listing Rules of the Shenzhen Stock Exchange", if listed companies have both Chinese and other language version of public notice, they should ensure the content of both versions are the same. In the case of discrepancy, the original version in Chinese shall prevail.

I. Key Financial Data

(I) Key accounting data and financial indicators

Whether the Company needs to perform a retroactive adjustment or restatement of previous accounting data

□Yes ☑ No

	Current reporting period	Same period last year	Change of the current reporting period over the same period last year (%)
Operating revenue (yuan)	10,735,787,899.82	10,410,809,128.72	3.12%
Net profit attributable to shareholders of listed companies (yuan)	914,708,484.70	862,411,560.96	6.06%
Net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses (yuan)	897,337,982.42	838,303,551.41	7.04%
Net cash flows from operating activities (yuan)	-832,728,693.88	-484,522,666.13	-71.87%
Basic earnings per share (yuan/share)	0.5224	0.4929	5.98%
Diluted earnings per share (yuan/share)	0.5213	0.4928	5.78%
Weighted average return on equity (ROE)	3.88%	4.01%	-0.13%
	End of the current reporting period	End of last year	Change of the end of the current reporting period over the end of last year (%)
Total assets (yuan)	39,447,159,682.31	37,879,046,367.15	4.14%
Owners' equity attributable to shareholders of listed companies (yuan)	24,059,686,522.62	23,060,051,397.36	4.33%

The Company's total share capital as of the trading day prior to disclosure:

The Company's total share capital as of the trading day prior to disclosure (share)	1,754,077,048.00

Fully diluted earnings per share based on the latest share capital:

Paid preference dividends (yuan)	0.00
Paid perpetual bond interests (yuan)	0.00
Fully diluted earnings per share based on the latest share capital (yuan/share)	0.5215

(II) Items and amounts of non-recurring gains/losses

☑ Applicable □ N/A

Unit: yuan

Item	Amount during the reporting period	Note
Gains/losses on disposal of non-current assets (including the written-off part of the accrued assets impairment reserve)	-14,540,990.32	
Government grants included in current	63,368,096.78	

gains/losses (excluding those closely related to daily business operation, distributed constantly in accordance with defined standards in line with national policies and regulations, and constantly affecting the Company's gains/losses)		
Other non-operating income and expenditures except the aforesaid items	-27,234,544.52	
Minus: Amount affected by income tax	2,320,389.02	
Impact on minority interests (post-tax)	1,901,670.64	
Total	17,370,502.28	--

Details of other items of gains/losses meeting the definition of non-recurring gains/losses

□ Applicable ☑ N/A

There are no other items of gains/losses meeting the definition of non-recurring gains/losses.

Explanation for recognizing an item listed as a non-recurring gain/loss in the *Interpretative Announcement No. 1 on Information Disclosure Criteria for Public Companies - Non-Recurring Gains/Losses* as a recurring gain/loss

□ Applicable ☑ N/A

No item listed as a non-recurring gain/loss in the *Interpretative Announcement No. 1 on Information Disclosure Criteria for Public Companies - Non-Recurring Gains/Losses* is recognized as a recurring gain/loss.

(III) Details and reasons for changes in key accounting data and financial indicators

☑ Applicable □ N/A

Unit: ten thousand yuan

Balance sheet accounts	Amount at the end of the period	Amount at the beginning of the period	Percentage change	Reasons for changes
Notes receivable	-	1,069.63	-100.00%	Mainly due to the decrease in receivable trade acceptance in the current period
Receivables financing	98,819.62	167,763.64	-41.10%	Mainly due to the discount of bank acceptance bills in the current period
Accounts receivable	1,155,823.38	842,535.89	37.18%	Mainly due to the increase in accounts receivable in the current period
Other receivables	57,186.65	40,287.04	41.95%	Mainly due to the increase in receivable temporary payments in the current period
Advances from customers	239.44	111.52	114.71%	Mainly due to the increase in prepaid rent in the current period
Employee benefit payable	21,991.29	41,713.31	-47.28%	Mainly due to the payment of employee benefit in the current period
Non-current liabilities due within one year	11,078.20	33,052.89	-66.48%	Mainly due to the payment of long-term borrowings due within one year
Other comprehensive income	3,144.68	-5,059.82	162.15%	Mainly due to the increase in foreign currency translation difference in the current period
Income statement accounts	**Amount in the current period**	**Amount in the previous period**	**Percentage change**	**Reasons for changes**
R&D expenses	51,537.69	28,163.98	82.99%	Mainly due to the increase in R&D input in the current period

Financial expenses	1,461.80	755.50	93.49%	Mainly due to the increase in exchange losses in the current period
Other income	7,364.16	3,831.17	92.22%	Mainly due to the increase in income-related governmental subsidy in the current period
Income from disposal of assets	-1,454.10	152.13	-1055.84%	Mainly due to the decrease in income from the disposal of fixed assets in the current period
Non-operating revenue	76.91	129.56	-40.64%	Mainly due to the decrease in compensation revenue in the current period
Non-operating expenses	2,807.54	520.26	439.64%	Mainly due to the increase in donations in the current period
Cash flow statement accounts	**Amount in the current period**	**Amount in the previous period**	**Percentage change**	**Reasons for changes**
Net cash flows from operating activities	-83,272.87	-48,452.27	-71.87%	Mainly due to the increase in cash paid to employees in the current period
Net cash flows from investing activities	-64,583.94	-70,737.61	8.70%	Mainly due to the decrease in investment in the current period
Net cash flows from financing activities	-8,683.86	7,149.63	-221.46%	Mainly due to the year-on-year decrease in borrowings obtained in the current period

II. Shareholder Information

(I) Total number of common shareholders, number of preferred shareholders with restored voting rights, and shareholdings of the top 10 shareholders

Unit: share

Total number of common shareholders at the end of the reporting period		75,847	Total number of preferred shareholders with restored voting rights at the end of the reporting period (if any)			0
Particulars about the top 10 shareholders (excluding shares lent through conversions)						
Name of shareholder	Nature of shareholder	Shareholding ratio (%)	Number of shares held	Number of shares with trading restrictions held	Pledged, marked or locked-up status	
					Status of shares	Quantity
China Grand Enterprises	Domestic non-state-owned corporation	41.67%	730,938,157.00	0.00	Pledge	143,880,000.00
Hangzhou Huadong Medicine Group Co., Ltd.	State-owned corporation	16.42%	288,000,000.00	0.00	N/A	0.00
Hong Kong Securities Clearing Company Ltd.	Overseas corporation	2.63%	46,120,860.00	0.00	N/A	0.00
China Securities Finance Co., Ltd.	Domestic non-state-owned corporation	1.26%	22,186,818.00	0.00	N/A	0.00
Industrial and Commercial	Others	1.19%	20,819,368.00	0.00	N/A	0.00

Bank of China Limited - China-Europe Healthcare Hybrid Securities Investment Fund						
China Construction Bank Corporation - E Fund CSI 300 Medicine and Health Exchange Open Index Securities Investment Fund	Others	0.88%	15,518,810.00	0.00	N/A	0.00
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange Open Index Securities Investment Fund	Others	0.80%	14,092,845.00	0.00	N/A	0.00
National Social Security Fund - Profile 112	Others	0.69%	12,081,124.00	0.00	N/A	0.00
China Construction Bank Co., Ltd.-ICBC Credit Suisse Frontier Medical Equity Securities Investment Fund	Others	0.68%	11,977,700.00	0.00	N/A	0.00
Bank of Shanghai Co., Ltd.-Yinhua CSI Innovative Medicine Exchange Traded Fund	Others	0.63%	10,987,978.00	0.00	N/A	0.00

Particulars about the top 10 shareholders without trading restrictions (excluding shares lent through conversions and locked-up shares for senior managers)			
Name of shareholder	Number of shares without trading restrictions held	Type of shares	
		Type of shares	Quantity
China Grand Enterprises	730,938,157.00	Common shares in yuan	730,938,157.00
Hangzhou Huadong Medicine	288,000,000.00	Common	288,000,000.00

Group Co., Ltd.		shares in yuan	
Hong Kong Securities Clearing Company Ltd.	46,120,860.00	Common shares in yuan	46,120,860.00
China Securities Finance Co., Ltd.	22,186,818.00	Common shares in yuan	22,186,818.00
Industrial and Commercial Bank of China Limited - China-Europe Healthcare Hybrid Securities Investment Fund	20,819,368.00	Common shares in yuan	20,819,368.00
China Construction Bank Corporation - E Fund CSI 300 Medicine and Health Exchange Open Index Securities Investment Fund	15,518,810.00	Common shares in yuan	15,518,810.00
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange Open Index Securities Investment Fund	14,092,845.00	Common shares in yuan	14,092,845.00
National Social Security Fund - Profile 112	12,081,124.00	Common shares in yuan	12,081,124.00
China Construction Bank Co., Ltd.-ICBC Credit Suisse Frontier Medical Equity Securities Investment Fund	11,977,700.00	Common shares in yuan	11,977,700.00
Bank of Shanghai Co., Ltd.-Yinhua CSI Innovative Medicine Exchange Traded Fund	10,987,978.00	Common shares in yuan	10,987,978.00
Explanation on associated relationships or concerted actions among the above-mentioned shareholders	The Company does not know whether the above-mentioned shareholders are related parties or whether they are acting-in-concert parties with one another.		
Description of the participation in margin trading business of the top 10 shareholders (if any)	At the end of the reporting period, the Company had no shareholders holding its shares through margin trading and securities lending accounts among the top 10 common shareholders.		

Participation of shareholders with a shareholding ratio of over 5%, the top 10 shareholders, and the top 10 shareholders holding tradable shares without trading restriction conditions in lending through conversions

□ Applicable ☑ N/A

Change in the top 10 shareholders or the top 10 common shareholders without trading restrictions compared with the end of the previous period due to shares lent/returned through conversions

□ Applicable ☑ N/A

(II) Total number of preferred shareholders of the Company and shareholdings of the top 10 shareholders

□ Applicable ☑ N/A

III. Other Important Matters

☑ Applicable □ N/A

(I) Overview of the Company's overall operations in the reporting period

During the reporting period, the Company remained closely aligned with its overarching strategic blueprint and annual operational objectives. Guided by the principles of "reinvigorating

entrepreneurial spirit, deepening reforms, strengthening organizational systems, and seizing developmental opportunities," the Company maintained a zero-based mindset and a relentless pursuit of excellence, vigorously advancing the effective implementation of various management initiatives.

During the reporting period, the Company achieved an operating revenue of 10.736 billion yuan, up 3.12% year on year and up 2.95% compared with that in Q4 2024. The net profit attributable to shareholders of listed companies reached 915 million yuan, marking a 6.06% year-on-year increase. The net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses stood at 897 million yuan, reaching a historic high with a 7.04% year-on-year increase and a 3.16% quarter-on-quarter increase from that in Q4 2024. After deducting the profits and losses of participating and holding R&D institutions, the net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses during the reporting period amounted to 982 million yuan, reflecting a 17.15% growth compared with the Company's net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses in Q1 2024.

During the reporting period, the Company's core subsidiary Zhongmei Huadong witnessed steady growth as a whole and achieved an operating revenue (including CSO business) of 3.621 billion yuan, up 6.52% year on year, and the consolidated net profit attributable to the parent company of 843 million yuan, up 12.20% year on year. During the reporting period, the Company's innovative medicines saw robust momentum in sales, driving sustained growth in the pharmaceutical industry. Leveraging its differentiated clinical value, the CAR-T Zevorcabtagene Autoleucel Injection (Saikaize®) has rapidly penetrated core treatment centers throughout China. With positive clinical feedback, the product maintained strong sales momentum in Q1 2025, marked by steadily increasing valid orders. The Company actively enhanced treatment accessibility, with Saikaize® now covered by over 70 commercial insurance plans and regional Huiminbao programs (an urban customized commercial medical insurance) as of the reporting date, effectively alleviating patients' financial burdens. Continued market expansion and broader insurance coverage are expected to sustain its high-speed growth trajectory. Sailexin®, China's first biosimilar of Ustekinumab Injection, has delivered exceptional market performance since its launch. By March 31, 2025, prescriptions for the product had been issued in over 800 hospitals, significantly benefiting psoriasis patients throughout China. The product is projected to maintain robust growth throughout the year, emerging as a cornerstone of the Company's autoimmune disease portfolio. Furthermore, the novel Class 1 medicine Ganagliflozin Proline Tablets (Huiyoujing®) has been included in the updated catalogue of medicines covered by medical insurance, accelerating its hospital adoption. Strategic synergy with Metformin Hydrochloride and Empagliflozin Tablets (Enshuangping®) has accelerated resource sharing, further reinforcing the Company's competitive edge in the SGLT-2 inhibitor segment for

diabetes management. The newly approved Senaparib Capsules (Paishuning®), a new 1.5-generation PARP inhibitor, was launched for sales in January 2025. The Company is actively working on the listing of the product on the procurement platform and facilitating its hospital access. To date, the Company has introduced Paishuning® to over 100 DTPs and 300 hospitals, while actively pursuing inclusion in Huiminbao programs and commercial insurances, such as West Lake Yilian Insurance (a universe medical insurance in Hangzhou), Huhuibao (a universe medical insurance in Shanghai), Chonghuibao (a universe medical insurance in Nanchong), Jiaxing Huiminbao, and CPIC-Huxiangbao (a commercial insurance of CPIC in Shanghai). In August 2024, the Company completed the acquisition of Guizhou Hengba Pharmaceutical Limited Liability Company (renamed Huadong Medicine (Guizhou) Pharmaceutical Co., Ltd., hereinafter referred to as "Guizhou Pharma"). A dedicated in-house promotion team was established after the acquisition to accelerate the market penetration of its flagship product Shangkeling® in major hospitals and retail pharmacies. This initiative has driven significant operational growth. During the reporting period, Guizhou Pharma achieved a strong start with an operating revenue of 24.26 million yuan, up over 100% year on year, and a net profit of 6.67 million yuan, surpassing its net profit in H1 2024. From its consolidation into the Company's financial statements in August 2024 to the end of the reporting period, Guizhou Pharma generated a cumulative operating revenue of 62.28 million yuan and a cumulative net profit of 14.87 million yuan. It is projected to sustain its growth momentum in 2025.

During the reporting period, the Company's pharmaceutical business segment witnessed stable growth as a whole. The segment achieved an operating revenue of 6.934 billion yuan, up 3.23% year on year, and a net profit of 115 million yuan, up 7.33% year on year.

During the reporting period, the Company's aesthetic medicine segment faced certain pressures in growth imposed by dual challenges from global economic downturn and intensified industry competition. Continuously expanding its aesthetic medicine market globally, Sinclair, the Company's wholly-owned subsidiary, achieved the consolidated operating revenue of approximately 238 million yuan, down 12.29% year on year, but up 24.37% quarter on quarter compared with that in Q4 2024, which align with its quarterly operational targets as a whole. Sinclair (Shanghai), the Company's wholly-owned subsidiary, actively expanded its market in China and achieved an operating revenue of 254 million yuan, down 1.36% year on year, but up 10.64% quarter on quarter compared with that in Q4 2024. The Company has constantly deepened its layout of high-end aesthetic medicine portfolios in China. MaiLi® Extreme (trade name: MaiLi® Shuoying®), a high-end hyaluronic acid filler in the MaiLi series utilizing patented OxiFree™ technology, is scheduled for commercial launch in May 2025. With the highest hyaluronic acid concentration and the best volumization effect among the MaiLi series, this injectable filler provides immediate contouring effects for mandibular

retrognathia correction, presenting more wonderful facial volumization solutions for Chinese patients. The Préime DermaFacial multi-functional facial skin management platform, an intelligent hi-tech cosmetic device that integrates IoT-enabled technologies such as spiral vacuum, microdermabrasion, micro current, and ultrasonic technique, will debut in 2025 to deliver one-stop personalized cleaning and anti-aging solutions to Chinese patients. The applications for the launch of key aesthetic medicine portfolios such as recombinant botulinum toxin type A YY001, energy source equipment V30, and Ellansé® M in China have all been accepted and are expected to receive approvals in 2026. By continuously enriching its differentiated product matrix in China's aesthetic medicine sector and capitalizing on consumption upgrade-driven market expansion, the Company is positioned to accelerate the release of growth potential in its aesthetic medicine business in China.

During the reporting period, the Company's industrial microbiology segment sustained rapid growth in revenue, up 29.98% year on year. With the ongoing proactive expansion in overseas markets, this segment is positioned to maintain its growth momentum moving forward.

(II) Important R&D progress of the Company during the reporting period

1. Progress of R&D of innovative medicines, innovative medical devices and biosimilar medicines

The Company further intensified its R&D efforts with increased investment. During the reporting period, the Company reported a pharmaceutical R&D input (excluding equity investments) of 880 million yuan, up 49.60% year on year. Among them, direct R&D expenditure reached 600 million yuan, up 71.77% year on year, which accounts for 16.67% of the operating revenue of the pharmaceutical industry segment. Multiple milestone achievements were attained in R&D of innovative and biosimilar medicines, with key progresses stated as follows:

Oncology

The supplemental application to convert the conditional approval of Mirvetuximab Soravtansine Injection (ELAHERE®, R&D code: IMGN853, HDM2002) into full regular approval was accepted in March 2025.

With regard to the ROR1-targeted ADC (HDM2005) for the treatment of advanced malignant tumors, the Company completed the first three dose-escalation cohorts in its phase I clinical trial in China, with no dose-limiting toxicities (DLT) observed. The Company is currently advancing to the fourth dose-escalation cohort while initiating expansion cohorts for the third dose level. In February 2025, the Company submitted an IND application to the NMPA for HDM2005 combined with R-CHP in previously untreated diffuse large B-cell lymphoma (DLBCL), which was accepted. The Company also received the Orphan Drug Designation (ODD) from the U.S. FDA for mantle cell lymphoma (MCL) of its HDM2005 in February 2025.

The IND application of HPK-1 PROTAC (hematopoietic progenitor kinase1 proteolysis targeting chimera), a small-molecule anti-tumor medicine under HDM2006, in the U.S. was approved by FDA in January 2025. The product is used for the treatment of advanced malignant tumors. Moreover, the Company is currently conducting the phase I clinical trial in China for the treatment of advanced solid tumors.

DR30206, a PD-L1/VEGF/TGF-β trispecific antibody fusion protein for injection, completed its first subject administration in phase Ib clinical trial for the treatment of non-small cell lung cancer in April 2025. The Company received approval for the clinical trial application for DR30206 in combination with standard chemotherapy for the treatment of patients with advanced or metastatic gastrointestinal tumors in April 2025. The enrollment of subjects for phase Ib clinical research is expected to begin in H1 2025.

Endocrinology

HDM1002 (conveglipron), an oral small-molecule GLP-1 receptor agonist, completed enrollment of the first subject for phase III clinical research for the indication of weight management in April 2025. It is scheduled to complete the enrollment of all subjects by the end of June 2025. The phase II clinical research for diabetes indication is progressing smoothly, with top-line results anticipated in Q3 2025. Phase III clinical research for diabetes indication is expected to be initiated in H2 2025.

HDM1005 (poterepatide) injection, a GLP-1R/GIPR long-acting polypeptide dual-target agonist, is undergoing phase II clinical research for the indication of weight management and completed the enrollment of all subjects for phase II in April 2025. Phase III clinical research is expected to be initiated in Q4 2025. The Company also completed the enrollment of the first subject for phase II clinical trial for the indication of diabetes in April 2025. During the reporting period, the IND applications for new indications of HDM1005 Injection were approved by the NMPA successively, targeting the treatment of obstructive sleep apnea (OSA) in adults with obesity or overweight and heart failure with preserved ejection fraction (HFpEF) in adults with obesity or overweight, respectively.

DR10624 Injection, a FGF21R/GCGR/GLP-1R trispecific agonist, is currently undergoing phase II clinical trials for metabolic dysfunction-associated steatotic liver disease (MASLD) with the first patient enrolled in April 2025. Concurrently, a previously initiated phase II clinical research of DR10624 for the treatment of severe hypertriglyceridemia completed the enrollment of all subjects, with unblinded top-line results anticipated in Q3 2025.

The marketing authorization application of Semaglutide Injection for the indication of diabetes was submitted in March 2025, which has been accepted. For the weight management indication, full

patient enrollment in phase III clinical research of Semaglutide Injection was completed in February 2025.

The marketing authorization application of Insulin Degludec Injection was submitted in February 2025, which has been accepted.

Autoimmunity

The supplemental application for the new pediatric plaque psoriasis indication of HDM3001 (QX001S), a biosimilar of Ustekinumab developed in collaboration between the company and Qyuns Therapeutics, was approved in March 2025. Additionally, the marketing authorization application and supplemental application for the Crohn's disease were accepted in February 2025.

The innovative medicine HDM3016 (QX005N) developed in collaboration between the company and Qyuns Therapeutics is currently conducting phase III clinical trials in China for two indications of prurigo nodularis and atopic dermatitis. The enrollment of all subjects for phase III clinical research for prurigo nodularis was completed in March 2025.

The IND application of HDM3019 (IMB-101) developed by the Company in partnership with IMBiologics (Republic of Korea) for the treatment of rheumatoid arthritis in China was approved in March 2025.

Other segments

The Transdermal Glomerular Filtration Rate System, a Class III innovative medical device, was approved by the NMPA in February 2025. The marketing authorization application for Relmapirazin Injection (MB-102) used cooperatively with the system was accepted by the NMPA in January 2024. Additionally, MediBeacon®TGFR (including the Transdermal Glomerular Filtration Rate System and Relmapirazin Injection) was approved by the U.S. FDA in January 2025.

Academic publications

From 2025 to date, the Company's innovation teams have successively published 11 posters or oral presentations at academic conferences in oncology, endocrinology/metabolism, and autoimmunity segments. Specifically: results of phase I clinical research of GLP-1/GIP dual-target long-acting agonist HDM1005 selected for oral presentation at 2025 ADA; results of phase III clinical research of Semaglutide Injection and phase Ib clinical research of HDM1002 selected for POSTER sharing at 2025 ADA; results of pre-clinical researches of HDM2006, HDM2022, HDM2012, HDM2017 and HDM2020 all selected as the POSTER of 2025 AACR; results of pre-clinical research of the pan-KRAS antitumor degrader HDM2025 selected as the POSTER of 2025 ASCO; results of clinical research of DR10624, a first-in-class Fc-fusion protein medicine with triple agonist activity targeting GLP-1, GCG, and FGFRIc/KlothoB (FGF21R) receptors developed by the Company's wholly-owned subsidiary Doer Biologics, selected as the Late-Breaker at 2025 EASL, and its non-

clinical research results selected as the POSTER of 2025 EASL.

2. Progress of registration and launching of aesthetic medicine products in China

During the reporting period, the Company continued to advance the registration and launching of its aesthetic medicine products. V30, a high-end integrated multi-functional platform combining radio frequency, intense pulsed light, and Nd:YAG laser technologies, received a registration acceptance notice from the National Medical Products Administration (NMPA) in March 2025. MaiLi® Precise, a novel premium hyaluronic acid dermal filler with lidocaine (indication: correction of infraorbital pouch), completed main end-point follow-ups for all subjects in its Chinese clinical trial in September 2024 and is currently undergoing safety follow-ups. MaiLi® Extreme, another filler in the same series (indication: enhancement of jawline contour), was approved by the NMPA in January 2025. For the Ellansé® S, the enrollment of all subjects for the new indication (enhancement of forehead contour) in its Chinese clinical trial was completed in November 2024, and follow-ups are now in progress. Ellansé®M, a long-acting collagen-stimulating variant (indication: correction of temporal depression), received the registration acceptance notice from the NMPA in January 2025. For the Poly-L-lactic acid (PLLA) collagen stimulant Lanluma® (indication: enhancement of mandibular contour), the enrollment of all subjects in its Chinese clinical trial was completed in November 2024, and follow-ups are now in progress. The chitosan-based dermal filler KIO021 that utilizes innovative biomaterials secured ethical approval for principal investigator of clinical trial in December 2024 and is poised to initiate formal clinical trials. Additionally, the marketing authorization application for the exclusively distributed product YY001 (recombinant botulinum toxin type A for injection) was accepted by the NMPA in December 2024, and is currently under review.

IV. Quarterly Financial Statements

(I) Financial statements

1. Consolidated balance sheet

Prepared by: Huadong Medicine Co., Ltd.

March 31, 2025

Unit: yuan

Item	Ending balance	Opening balance
Current assets:		
Monetary funds	3,711,981,117.29	5,276,440,245.36
Settlement reserve		
Lending funds		
Trading financial assets		
Derivative financial assets		

Notes receivable		10,696,341.24
Accounts receivable	11,558,233,812.68	8,425,358,862.23
Receivables financing	988,196,245.72	1,677,636,420.09
Prepayments	509,401,242.97	400,291,510.71
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Other receivables	571,866,490.76	402,870,356.31
Including: Interests receivable		
Dividends receivable	223,608.84	223,608.84
Financial assets purchased for resale		
Inventories	4,993,004,391.03	4,776,397,278.01
Including: Data resource		
Contract assets		
Assets held for sale		
Other non-current assets due within one year		
Other non-current assets	74,540,402.52	82,099,747.34
Total current assets	22,407,223,702.97	21,051,790,761.29
Non-current assets:		
Loans and prepayments issuance		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	1,513,925,302.98	1,543,646,404.76
Other equity instrument investments	711,111,696.58	603,232,766.22
Other non-current financial assets		
Investment real estate	11,589,767.25	11,842,042.67
Fixed assets	4,333,070,220.62	4,422,300,775.01
Construction in progress	952,469,422.55	836,739,481.60
Productive biological assets		
Oil and gas assets		
Right-of-use Assets	141,646,790.18	149,504,562.99
Intangible Assets	3,786,366,926.50	3,644,956,428.71
Including: Data resource		
Development expenditure	1,120,038,511.44	1,033,392,377.69
Including: Data resource		
Goodwill	2,918,760,393.01	2,913,334,523.63
Long-term Deferred Expenses	20,884,747.76	22,601,572.13
Deferred income tax assets	223,505,398.13	221,848,889.06
Other non-current assets	1,306,566,802.34	1,423,855,781.39
Total non-current assets	17,039,935,979.34	16,827,255,605.86
Total assets	39,447,159,682.31	37,879,046,367.15
Current liabilities:		
Short-term borrowings	2,453,068,051.27	2,312,339,143.21
Borrowing from the central bank		
Borrowing from other banks and other financial institutions		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	2,963,905,693.12	2,576,685,923.31
Accounts payable	4,778,197,764.09	4,467,770,810.96
Advances from customers	2,394,374.93	1,115,173.00
Contract liabilities	175,030,504.60	173,609,109.58
Financial assets sold for repurchase		

Deposits from customers and due from banks		
Receipts for buying and selling securities as proxy		
Receipts for underwriting securities as proxy		
Employee benefit payable	219,912,857.71	417,133,101.11
Taxes payable	669,769,811.98	645,950,867.22
Other payables	2,957,810,000.79	2,849,833,595.48
Including: Interests payable		
Dividends payable	125,024,219.60	125,024,219.60
Handling fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	110,782,003.10	330,528,920.89
Other current liabilities	20,456,908.65	19,268,728.25
Total current liabilities	14,351,327,970.24	13,794,235,373.01
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	14,642,806.35	14,262,841.05
Bonds payable		
Including: Preferred shares		
Perpetual bond		
Lease liabilities	89,138,466.89	71,857,938.46
Long-term payables	23,479,876.74	24,715,073.51
Long-term employee benefits payable		
Estimated liabilities	28,690,397.55	28,985,982.19
Deferred income	180,766,396.92	183,855,718.48
Deferred income tax liabilities	196,417,169.62	197,378,528.33
Other non-current liabilities		
Total non-current liabilities	533,135,114.07	521,056,082.02
Total liabilities	14,884,463,084.31	14,315,291,455.03
Owners' equity:		
Share capital	1,754,077,048.00	1,754,262,548.00
Other equity instruments		
Including: Preferred shares		
Perpetual bond		
Capital reserves	2,549,212,445.78	2,550,780,602.69
Minus: treasury stock	42,168,791.67	46,804,116.67
Other comprehensive income	31,446,768.30	-50,598,204.17
Special reserves		
Surplus reserves	1,395,568,477.98	1,395,568,477.98
General risk reserve		
Undistributed profit	18,371,550,574.23	17,456,842,089.53
Total owners' equity attributable to owners of the parent company	24,059,686,522.62	23,060,051,397.36
Minority interests	503,010,075.38	503,703,514.76
Total owner's equity	24,562,696,598.00	23,563,754,912.12
Total liabilities & owners' equity	39,447,159,682.31	37,879,046,367.15

Legal representative: Lv Liang Officer in charge of accounting: Lv Liang Head of the Accounting Department: Qiu Renbo

2. Consolidated income statement

Unit: yuan

Item	Amount in the current period	Amount in previous period
I. Total operating revenue	10,735,787,899.82	10,410,809,128.72
Including: Operating revenue	10,735,787,899.82	10,410,809,128.72
Interests income		
Premiums earned		
Handling fees and commissions received		
II. Total operating cost	9,620,007,130.43	9,331,357,509.92
Including: Operating cost	7,206,598,136.26	7,076,397,110.06
Interest expenses		
Handling fees and commissions paid		
Surrender value		
Net payment of insurance claims		
Net appropriation of policy reserve		
Policy dividends paid		
Reinsurance expenses		
Taxes and surcharges	57,265,200.91	56,334,556.14
Sales expenses	1,470,753,504.47	1,574,261,928.29
Administrative expenses	355,395,350.66	335,169,160.39
R&D expenses	515,376,918.47	281,639,751.64
Financial expenses	14,618,019.66	7,555,003.40
Including: Interest expenses	25,924,507.30	23,050,131.41
Interests income	27,812,843.06	24,409,865.24
Add: Other income	73,641,636.88	38,311,729.18
Investment income (Losses are indicated by “-”)	-42,624,149.61	-47,163,448.93
Including: Investment gains (losses) in associated enterprise and joint-venture enterprise	-28,249,462.69	-37,504,466.74
Gains on the derecognition of financial assets measured at amortized cost		
Gains on exchange (Losses are indicated by “-”)		
Gains on net exposure hedging (Losses are indicated by “-”)		
Gains from changes in fair values (Losses are indicated by “-”)		-25,364.49
Credit impairment losses (Losses are indicated by “-”)		
Assets impairment losses (Losses are indicated by “-”)		
Asset disposal income (Losses are indicated by “-”)	-14,540,990.32	1,521,275.31
III. Operating profit (Losses are indicated by “-”)	1,132,257,266.34	1,072,095,809.87
Add: Non-operating revenue	769,095.39	1,295,600.39

Minus: Non-operating expenses	28,075,417.91	5,202,610.91
IV. Total profit (Total losses are indicated by "-")	1,104,950,943.82	1,068,188,799.35
Minus: Income tax expense	190,966,760.40	207,943,278.46
V. Net profit (Net losses are indicated by "-")	913,984,183.42	860,245,520.89
(I) Classification by business continuity		
1. Net profit from continuing operations (Net losses are indicated by "-")	913,984,183.42	860,245,520.89
2. Net profit at terminational operation (Net losses are indicated by "-")		
(II) Classification by attribution of ownership		
1. Net profit attributable to owners of the parent company	914,708,484.70	862,411,560.96
2. Profit or loss attributable to minority shareholders	-724,301.28	-2,166,040.07
VI. Other comprehensive income (net of income tax)	82,044,972.47	40,589,535.10
Other comprehensive income attributable to owners of the parent company (net of tax)	82,044,972.47	40,589,535.10
(I) Other comprehensive income that cannot be reclassified into gains/losses		
1. Changes in remeasurement on the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into gains/losses under equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of credit risk of the enterprise		
5. Others		
(II) Other comprehensive income to be reclassified into gains/losses	82,044,972.47	40,589,535.10
1. Other comprehensive income that can be reclassified into gains/losses under equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment reserve of other debt investments		
5. Cash flow hedging reserve		
6. Exchange differences from translation of foreign currency financial statements	82,044,972.47	40,589,535.10
7. Others		
Net amount after tax of other comprehensive income attributable to		

minority shareholders		
VII. Total comprehensive income	996,029,155.89	900,835,055.99
Total comprehensive income attributable to owners of the parent company	996,753,457.17	903,001,096.06
Total comprehensive income attributable to minority shareholders	-724,301.28	-2,166,040.07
VIII. Earnings per share (EPS):		
(I) Basic EPS	0.5224	0.4929
(II) Diluted EPS	0.5213	0.4928

As for business merger under the same control in the current period, the net profit generated by the merged party before the merger was 0.00 yuan, and that generated during the previous period was 0.00 yuan.

Legal representative: Lv Liang Officer in charge of accounting: Lv Liang Head of the Accounting Department: Qiu Renbo

3. Consolidated cash flow statement

Unit: yuan

Item	Amount in the current period	Amount in previous period
I. Cash flows from operating activities:		
Cash received from the sale of goods and the rendering of services	9,882,552,619.72	9,896,088,428.64
Net increase in customer deposits and due from banks		
Net increase in borrowing from the central bank		
Net increase in borrowing from other financial institutions		
Cash from the premium of the original insurance policy		
Net cash from reinsurance		
Net increase in deposits and investment of the insured		
Cash from interests, handling fees and commissions		
Net increase in borrowing from other banks and other financial institutions		
Net increase in funds for repurchase		
Net cash received for buying and selling securities as proxy		
Receipts of tax refund	2,055,460.55	3,909,537.24
Other cash receipts in relation to operating activities	230,013,343.26	179,167,865.43
Subtotal of cash inflows from operating activities	10,114,621,423.53	10,079,165,831.31
Cash payments for goods purchased and services received	7,695,820,108.31	7,688,555,061.58
Net increase in customer loans and prepayments		
Net increase in deposits of central bank and due from banks		
Cash payments for original insurance claims		
Net increase in lending funds to other		

banks and other financial institutions		
Cash payments for interests, handling fees and commissions		
Cash payments for policy dividends		
Cash payments to and on behalf of employees	1,441,219,423.87	1,232,560,542.55
Payments of various types of taxes	671,816,951.08	606,028,807.91
Other cash payments in relation to operating activities	1,138,493,634.15	1,036,544,085.40
Subtotal of cash outflows for operating activities	10,947,350,117.41	10,563,688,497.44
Net cash flows from operating activities	-832,728,693.88	-484,522,666.13
II. Cash flows from investing activities		
Cash receipts from recovery of investments		1,000,000.00
Cash receipts from investment income	43,350,000.00	2,000,000.00
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	9,751,907.00	2,328,201.94
Net cash from disposal of subsidiaries and other business units		
Other cash receipts in relation to investing activities		
Subtotal of cash inflows from investing activities	53,101,907.00	5,328,201.94
Cash payments for purchase and construction of fixed assets, intangible assets and other long-term assets	637,322,382.41	472,272,778.22
Cash payments for investment	61,618,925.00	65,861,678.42
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other business units		17,006,187.32
Other cash payments in relation to investing activities		157,563,682.87
Subtotal of cash outflows for investing activities	698,941,307.41	712,704,326.83
Net cash flows from investing activities	-645,839,400.41	-707,376,124.89
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Including: Cash receipts from capital contributions from minority owners of subsidiaries		
Cash receipts from borrowing	1,289,998,848.00	1,510,044,486.23
Other cash receipts in relation to financing activities	146,000,000.00	62,459,038.61
Subtotal of cash inflows from financing activities	1,435,998,848.00	1,572,503,524.84
Cash repayments of borrowings	1,279,708,605.45	1,202,198,901.63
Cash payments for distribution of dividends or profits or settlement of interest expenses	17,579,298.66	36,432,249.03
Including: Dividends and profits paid by subsidiaries to minority shareholders		
Other cash payments in relation to	225,549,581.73	262,376,106.69

financing activities		
Subtotal of cash outflows for financing activities	1,522,837,485.84	1,501,007,257.35
Net cash flows from financing activities	-86,838,637.84	71,496,267.49
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-3,115,685.50	17,392,454.16
V. Net increase in cash and cash equivalents	-1,568,522,417.63	-1,103,010,069.37
Add: Opening balance of cash and cash equivalents	4,990,151,186.68	4,208,160,010.91
VI. Closing balance of cash and cash equivalents	3,421,628,769.05	3,105,149,941.54

(II) Adjustments to financial statement items at the beginning of the year of the first implementation of the new accounting standards implemented since 2025

□ Applicable ☑ N/A

(III) Audit report

Has the First Quarterly Report been audited?

□Yes ☑ No

The Company's First Quarterly Report has not been audited.

Board of Directors of Huadong Medicine Co., Ltd.

April 25, 2025