Stock Code: 603707 Stock Abbreviation: King-friend Pharma

Nanjing King-friend Biochemical Pharmaceutical Co., Ltd.

2026 First Quarterly Report

The Board of Directors and all directors of the Company warrant that there are no false records, misleading statements or material omissions in the contents of this announcement, and they shall bear legal liability for the truthfulness, accuracy and completeness of its contents.

Important Notices

The Board of Directors and directors, as well as senior management, of the Company warrant that the contents of this quarterly report are true, accurate and complete, free from any false records, misleading statements or material omissions, and they shall bear individual and joint and several legal liability.

The person in charge of the Company, the chief accountant and the head of the accounting department (accounting supervisor) warrant the truthfulness, accuracy and completeness of the financial information contained in this quarterly report.

Has the financial information of the first quarter been audited? □ Yes √ No

I. Key Financial Data

(I) Key Accounting Data and Financial Indicators

Unit: RMB yuan Currency: Renminbi

Item	Current Reporting Period	Same Period Last Year	Change over Same Period Last Year (%)
Operating revenue	928,664,346.80	885,219,018.08	4.91
Total profit	97,705,436.00	92,739,158.24	5.36
Net profit attributable to shareholders of the listed company	89,011,918.16	84,713,913.06	5.07
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	56,572,997.53	75,321,188.86	-24.89
Net cash flow generated by operating activities	510,072,642.46	164,221,944.29	210.60
Basic earnings per share (RMB/share)	0.06	0.05	20
Diluted earnings per share (RMB/share)	0.05	0.05	-
Weighted average return on equity (%)	1.28	1.30	Decreased by 0.02 percentage points
Item	**End of Current Reporting Period**	**End of Last Year**	**Change over End of Last Year (%)**
Total assets	10,693,222,499.29	10,342,534,723.50	3.39
Owner's equity attributable to shareholders of the listed company	6,991,683,193.25	6,902,863,165.53	1.29

(II) Non-recurring Gains and Losses Items and Amounts

√ Applicable □ Not applicable

Unit: RMB yuan Currency: Renminbi

Non-recurring Gains and Losses Item	Amount for the Period	Note
Gains and losses on disposal of non-current assets, including the write-off of provision for impairment of assets	-49,420.53	Disposal of fixed assets
Government grants recognized in profit or loss for the current period, except for those closely related to the Company's normal business operations, granted in accordance with the standards set out in national policies and regulations, and having a sustained impact on the Company's profit and loss	6,770,167.94	Government grants
Except for effective hedging related to the Company's normal business operations, gains and losses from changes in fair value of financial assets and liabilities held by non-financial enterprises and gains and losses from disposal of financial assets and liabilities	34,333,923.17	Mainly bank wealth-management income

Non-recurring Gains and Losses Item	Amount for the Period	Note
Funds occupation fees charged to non-financial enterprises recognized in profit or loss	-	
Gains and losses from entrusted investments or asset management	-	
Gains and losses from entrusted loans	-	
Losses of assets due to force majeure factors such as natural disasters	-	
Reversal of impairment provision for receivables tested for impairment individually	-	
Gains from the investment cost of acquiring subsidiaries, associates and joint ventures being less than the fair value of the identifiable net assets of the investee at the time of acquisition	-	
Net profit of subsidiaries arising from business combinations under common control from the beginning of the period to the date of combination	-	
Gains and losses from exchange of non-monetary assets	-	
Gains and losses from debt restructuring	-	
One-off expenses incurred by the enterprise because the relevant operating activities are no longer continuing, such as expenses for the placement of employees	-	
One-off effect on profit or loss arising from adjustments in laws and regulations such as tax and accounting	-	
One-off share-based payment expenses recognized due to cancellation or modification of equity incentive plans	-	
For cash-settled share-based payments, profits and losses arising from changes in the fair value of employee compensation payable after the vesting date	-	
Gains and losses from changes in fair value of investment properties measured using the fair value model in subsequent measurement	-	
Gains from transactions with an obviously unfair transaction price	-	
Gains and losses arising from contingencies not related to the Company's normal business operations	-	
Custody fee income from entrusted operations	-	
Other non-operating income and expenses besides the items above	-	
Other profit and loss items that meet the definition of non-recurring gains and losses	-	
Less: Income tax impact	-8,615,749.95	
Minority interest impact (after tax)	-	
Total	32,438,920.63	

For non-recurring gains and losses items not listed in "Explanatory Announcement No. 1 on Information Disclosure of Companies Public Offering Securities - Non-recurring Gains and Losses" but identified as such by the Company and of significant amount, and for items listed therein but reclassified by the Company as recurring gains and losses, the reasons shall be explained.

(III) Changes in Key Accounting Data and Financial Indicators

√ Applicable □ Not applicable

Item	Change (%)	Main Reason
Net cash flow generated by operating activities	210.60	Increase in cash received from sales of goods and rendering of services, and in other cash received relating to operating activities during the reporting period

II. Shareholder Information

(I) Total Number of Common Shareholders and Preference Shareholders with Restored Voting Rights, and Shareholdings of the Top 10 Shareholders

Unit: shares

Total number of common shareholders at the end of the reporting period	35,693
Total number of holders of preference shares with restored voting rights at the end of the reporting period (if any)	0

Shareholdings of the Top 10 Shareholders (excluding shares lent through securities refinancing)

Name of Shareholder	Nature of Shareholder	Number of Shares Held	Shareholding Percentage (%)	Number of Shares Subject to Restricted Disposal	Pledged, Marked or Frozen Status / Quantity
Xie Juhua	Domestic natural person	439,682,951	27.21	0	None / 0
Jiangsu Coastal Development Group Co., Ltd.	State-owned legal person	344,164,989	21.30	0	None / 0
TANG YONGQUN	Foreign natural person	319,885,249	19.80	0	Pledged / 42,841,500
Huang Xiwei	Domestic natural person	70,654,217	4.37	0	None / 0
Hong Kong Securities Clearing Company Limited	Other	11,152,758	0.69	0	None / 0
Industrial Bank Co., Ltd. - Xingquan Trend Investment Hybrid Securities Investment Fund	Other	6,779,620	0.42	0	None / 0
Ding Ying	Domestic natural person	6,244,377	0.39	0	None / 0
China Construction Bank Corporation - Xingquan Multi-Dimensional Value Hybrid Securities Investment Fund	Other	4,699,019	0.29	0	None / 0
Xu Dejun	Domestic natural person	4,640,000	0.29	0	None / 0
Industrial and Commercial Bank of China Co., Ltd. - Rongtong Healthcare Industry Flexible Allocation Hybrid Securities Investment Fund	Other	4,000,000	0.25	0	None / 0

Shareholdings of the Top 10 Shareholders with Unrestricted Shares (excluding shares lent through securities refinancing)

Name of Shareholder	Number of Unrestricted Shares Held	Type and Number of Shares
Xie Juhua	439,682,951	RMB ordinary shares / 439,682,951
Jiangsu Coastal Development Group Co., Ltd.	344,164,989	RMB ordinary shares / 344,164,989
TANG YONGQUN	319,885,249	RMB ordinary shares / 319,885,249
Huang Xiwei	70,654,217	RMB ordinary shares / 70,654,217
Hong Kong Securities Clearing Company Limited	11,152,758	RMB ordinary shares / 11,152,758
Industrial Bank Co., Ltd. - Xingquan Trend Investment Hybrid Securities Investment Fund	6,779,620	RMB ordinary shares / 6,779,620
Ding Ying	6,244,377	RMB ordinary shares / 6,244,377
China Construction Bank Corporation - Xingquan Multi-Dimensional Value Hybrid Securities Investment Fund	4,699,019	RMB ordinary shares / 4,699,019
Xu Dejun	4,640,000	RMB ordinary shares / 4,640,000
Industrial and Commercial Bank of China Co., Ltd. - Rongtong Healthcare Industry Flexible Allocation Hybrid Securities Investment Fund	4,000,000	RMB ordinary shares / 4,000,000

Explanation of related-party relationships or concert party action among the above-mentioned shareholders	Xie Juhua is the mother of TANG YONGQUN; TANG YONGQUN and Xie Juhua signed a concert party agreement on March 30, 2011; Ding Ying is the spouse of TANG YONGQUN.
Explanation of participation by the top 10 shareholders and the top 10 holders of unrestricted shares in margin trading and securities refinancing (if any)	None

(II) Participation of Shareholders Holding 5% or More, the Top 10 Shareholders and the Top 10 Holders of Unrestricted Shares in Securities Refinancing for Lending Out Shares

□ Applicable √ Not applicable

(III) Changes in the Top 10 Shareholders and the Top 10 Holders of Unrestricted Shares Due to Lending/Return of Shares through Securities Refining Compared with the Previous Period

□ Applicable √ Not applicable

III. Other Reminders

Other important information about the Company's operating performance during the reporting period that needs to be brought to investors' attention.

□ Applicable   √ Not applicable

IV. Quarterly Financial Statements

(I) Type of Audit Opinion

□ Applicable √ Not applicable

(II) Financial Statements

Consolidated Balance Sheet

As at March 31, 2026

Prepared by: Nanjing King-friend Biochemical Pharmaceutical Co., Ltd. Unit: RMB yuan Currency: Renminbi Audit Type: Unaudited

Item	March 31, 2026	December 31, 2025
Current Assets:		
Cash and bank balances	2,270,029,978.35	1,394,522,261.25
Settlement provisions	-	-
Lent funds	-	-
Trading financial assets	1,117,147,830.07	1,316,565,859.44
Derivative financial assets	-	-
Notes receivable	-	-
Accounts receivable	1,114,702,580.43	1,216,074,360.30
Receivables financing	10,276,534.24	13,098,413.45
Prepayments	83,312,407.00	49,916,159.63
Premiums receivable	-	-
Reinsurance accounts receivable	-	-
Reinsurance contract reserves receivable	-	-
Other receivables	243,784,787.48	235,346,647.68
of which: Interest receivable	-	-
Dividends receivable	-	-
Financial assets purchased to be resold	-	-
Inventories	3,030,361,091.64	3,264,857,894.53
of which: Data resources	-	-
Contract assets	-	-
Assets held for sale	-	-
Non-current assets due within one year	-	-
Other current assets	25,807,208.83	29,507,462.06
Total current assets	7,895,422,418.04	7,519,889,058.34
Non-current Assets:		
Loans and advances	-	-
Debt investments	-	-
Other debt investments	-	-
Long-term receivables	-	-
Long-term equity investments	-	-
Investments in other equity instruments	91,267,637.45	92,078,210.55
Other non-current financial assets	-	-
Investment properties	-	-
Fixed assets	1,116,538,724.36	1,145,576,701.21
Construction in progress	19,664,698.87	4,724,773.53
Productive biological assets	-	-
Oil and gas assets	-	-

Item	March 31, 2026	December 31, 2025
Right-of-use assets	40,786,381.46	42,036,345.16
Intangible assets	398,778,672.06	410,374,581.25
of which: Data resources	-	-
Development expenditure	818,206,696.35	773,496,533.83
Goodwill	124,664,002.54	126,635,017.63
Long-term deferred expenses	944,360.78	967,263.68
Deferred tax assets	138,103,851.87	136,071,300.78
Other non-current assets	48,845,055.51	90,684,937.54
Total non-current assets	2,797,800,081.25	2,822,645,665.16
Total assets	10,693,222,499.29	10,342,534,723.50
Current Liabilities:		
Short-term borrowings	1,752,847,773.59	1,426,452,049.32
Borrowings from central bank	-	-
Placements from banks and other financial institutions	-	-
Trading financial liabilities	-	-
Derivative financial liabilities	-	-
Notes payable	-	-
Accounts payable	559,510,626.21	589,120,226.67
Advances from customers	-	-
Contract liabilities	50,509,062.56	31,829,185.12
Financial assets sold under repurchase agreements	-	-
Customer deposits and interbank placements	-	-
Funds from agency securities trading	-	-
Funds from agency underwriting of securities	-	-
Employee benefits payable	209,837,293.66	222,479,112.31
Taxes payable	20,329,474.62	42,117,686.12
Other payables	36,975,351.14	45,459,574.38
of which: Interest payable	-	-
Dividends payable	-	-
Handling fees and commissions payable	-	-
Reinsurance accounts payable	-	-
Liabilities held for sale	-	-
Non-current liabilities due within one year	843,264,842.72	842,977,428.61
Other current liabilities	5,311,098.74	4,547,131.61
Total current liabilities	3,478,585,523.24	3,204,982,394.14
Non-current Liabilities:		
Insurance contract reserves	-	-
Long-term borrowings	17,973,000.00	17,973,000.00
Bonds payable	-	-
of which: Preference shares	-	-
Perpetual bonds	-	-
Lease liabilities	57,932,574.33	59,345,864.85
Long-term payables	6,170,000.00	6,170,000.00
Long-term employee benefits payable	-	-
Provisions	-	-
Deferred income	101,420,152.74	104,877,356.58
Deferred tax liabilities	42,999,422.02	49,863,558.82

Item	March 31, 2026	December 31, 2025
Other non-current liabilities	-	-
Total non-current liabilities	226,495,149.09	238,229,780.25
Total liabilities	3,705,080,672.33	3,443,212,174.39
Owner's Equity (or Shareholders' Equity):		
Paid-in capital (or share capital)	1,615,643,839.00	1,615,635,256.00
Other equity instruments	49,268,892.73	49,289,384.22
of which: Preference shares	-	-
Perpetual bonds	-	-
Capital reserve	587,646,672.86	587,296,295.55
Less: Treasury stock	15,008,499.75	15,008,499.75
Other comprehensive income	6,158,042.64	8,296,228.57
Special reserve	34,868,596.15	33,260,769.48
Surplus reserve	580,122,265.04	580,122,265.04
General risk provisions	-	-
Undistributed profits	4,132,983,384.58	4,043,971,466.42
Total owner's equity attributable to parent company (or shareholders' equity)	6,991,683,193.25	6,902,863,165.53
Minority interests	-3,541,366.29	-3,540,616.42
Total owner's equity (or shareholders' equity)	6,988,141,826.96	6,899,322,549.11
Total liabilities and owner's equity (or shareholders' equity)	10,693,222,499.29	-

Person in charge of the Company: Tang Yongqun (TANG YONGQUN) Chief Accountant: Qian Xiaojie Head of Accounting Department: Gu Xiaomei

Consolidated Income Statement

January - March 2026

Prepared by: Nanjing King-friend Biochemical Pharmaceutical Co., Ltd.   Unit: RMB yuan   Currency: Renminbi   Audit Type: Unaudited

Item	First Quarter 2026	First Quarter 2025
I. Total operating revenue	928,664,346.80	885,219,018.08
of which: Operating revenue	928,664,346.80	885,219,018.08
Interest income	-	-
Premiums earned	-	-
Handling fees and commission income	-	-
II. Total operating costs	874,205,773.80	806,374,178.06
of which: Operating costs	628,623,395.31	580,611,554.09
Interest expenses	-	-
Handling fees and commission expenses	-	-
Refund of premiums	-	-
Net compensation payments	-	-
Net provision for insurance liabilities	-	-
Commissions on reinsurance	-	-
Taxes and surcharges	3,931,793.03	8,320,937.15
Selling expenses	98,065,183.27	83,787,149.22
Administrative expenses	70,402,898.65	42,607,829.78
Research and development expenses	32,837,926.11	69,243,203.24
Financial expenses	40,344,577.43	21,803,504.58
of which: Interest expense	16,378,825.64	13,512,115.15
Interest income	4,139,189.17	1,319,434.00
Add: Other income	6,770,167.94	4,167,028.92
Investment income (loss shown with a "-")	5,410,514.33	11,135,085.70
of which: Income from investments in associates and joint ventures	-	2,691,825.00
Gains from derecognition of financial assets measured at amortized cost	-	-
Exchange gains (loss shown with a "-")	-	-
Net exposure hedging gains (loss shown with a "-")	-	-
Gains from changes in fair value (loss shown with a "-")	28,923,408.84	2,034,346.71
Credit impairment losses (loss shown with a "-")	2,192,192.42	-3,309,244.37
Asset impairment losses (loss shown with a "-")	-	-
Gains from disposal of assets (loss shown with a "-")	-49,420.53	-129,341.49
III. Operating profit (loss shown with a "-")	97,705,436.00	92,742,715.49
Add: Non-operating income	-	-
Less: Non-operating expenses	-	3,557.25
IV. Total profit (total loss shown with a "-")	97,705,436.00	92,739,158.24
Less: Income tax expense	8,694,267.71	8,028,085.57

Item	First Quarter 2026	First Quarter 2025
V. Net profit (net loss shown with a "-")	89,011,168.29	84,711,072.67
(I) Classified by business continuity		
1. Net profit from continuing operations (net loss shown with a "-")	89,011,168.29	84,711,072.67
2. Net profit from discontinued operations (net loss shown with a "-")	-	-
(II) Classified by ownership attribution		
1. Net profit attributable to shareholders of the parent company (net loss shown with a "-")	89,011,918.16	84,713,913.06
2. Minority interests' profit/loss (net loss shown with a "-")	-749.87	-2,840.39
VI. Other comprehensive income, net of tax	-2,139,406.16	-573,208.88
(I) Other comprehensive income, net of tax, attributable to owners of the parent company		
	-2,138,185.93	-573,013.94
1. Other comprehensive income that cannot be reclassified to profit or loss		
(1) Re-measurement of changes in defined benefit plans	-	-
(2) Other comprehensive income under the equity method that cannot be reclassified to profit or loss	-	-
(3) Changes in fair value of investments in other equity instruments	-	-
(4) Changes in fair value of the enterprise's own credit risk	-	-
2. Other comprehensive income that will be reclassified to profit or loss		
	-2,138,185.93	-573,013.94
(1) Other comprehensive income under the equity method that can be reclassified to profit or loss	-	-
(2) Changes in fair value of other debt investments	-	-
(3) Amount of financial assets reclassified to other comprehensive income	-	-
(4) Credit impairment provision of other debt investments	-	-
(5) Cash flow hedging reserve	-	-
(6) Translation differences of foreign currency financial statements	-2,138,185.93	-573,013.94
(7) Others	-	-
(II) Other comprehensive income, net of tax, attributable to minority interests		
	-1,220.23	-194.94
VII. Total comprehensive income	86,871,762.13	84,137,863.79
(I) Total comprehensive income attributable to owners of the parent company	86,873,732.23	84,140,899.12
(II) Total comprehensive income attributable to minority interests	-1,970.10	-3,035.33
VIII. Earnings per share:		
(I) Basic earnings per share (RMB/share)	0.06	0.05
(II) Diluted earnings per share (RMB/share)	0.05	0.05

Person in charge of the Company: Tang Yongqun (TANG YONGQUN)   Chief Accountant: Qian Xiaojie
Head of Accounting Department: Gu Xiaomei

Consolidated Cash Flow Statement

January - March 2026

Prepared by: Nanjing King-friend Biochemical Pharmaceutical Co., Ltd. Unit: RMB yuan Currency: Renminbi Audit Type: Unaudited

Item	First Quarter 2026	First Quarter 2025
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	1,108,854,887.67	862,754,608.30
Net increase in customer deposits and interbank placements	-	-
Net increase in borrowings from central bank	-	-
Net increase in placements from other financial institutions	-	-
Cash received from premiums of original insurance contracts	-	-
Net cash received from reinsurance business	-	-
Net increase in policyholder deposits and investment funds	-	-
Cash received from interest, handling fees and commissions	-	-
Net increase in placements from banks	-	-
Net increase in repurchase business funds	-	-
Net cash received from agency securities trading	-	-
Refund of taxes and fees received	27,115,785.20	60,498,539.46
Other cash received relating to operating activities	174,592,644.77	4,031,940.96
Sub-total of cash inflows from operating activities	1,310,563,317.64	927,285,088.72
Cash paid for goods and services received	534,038,641.47	554,274,179.26
Net increase in loans and advances to customers	-	-
Net increase in deposits with central bank and interbank placements	-	-
Cash paid for claims of original insurance contracts	-	-
Net increase in lent funds	-	-
Cash paid for interest, handling fees and commissions	-	-
Cash paid for policyholder dividends	-	-
Cash paid to and on behalf of employees	148,065,581.32	119,409,141.20
Various taxes paid	75,994,883.72	42,394,601.77
Other cash paid relating to operating activities	42,391,568.67	46,985,222.20
Sub-total of cash outflows from operating activities	800,490,675.18	763,063,144.43
Net cash flow from operating activities	510,072,642.46	164,221,944.29
II. Cash flows from investing activities:		
Cash received from recovery of investments	1,199,984,220.00	1,077,929,222.35
Cash received from investment income	5,410,514.33	11,378,324.53

Item	First Quarter 2026	First Quarter 2025
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	-
Net cash received from disposal of subsidiaries and other business units	-	-
Other cash received relating to investing activities	-	-
Sub-total of cash inflows from investing activities	1,205,394,734.33	1,089,307,546.88
Cash paid to acquire fixed assets, intangible assets and other long-term assets	37,700,809.10	208,474,564.51
Cash paid for investments	972,419,500.00	519,615,658.00
Net increase in pledged loans	-	-
Net cash paid for acquisition of subsidiaries and other business units	-	717,691.07
Other cash paid relating to investing activities	-	-
Sub-total of cash outflows from investing activities	1,010,120,309.10	728,807,913.58
Net cash flow from investing activities	195,274,425.23	360,499,633.30
III. Cash flows from financing activities:		
Cash received from capital contributions	-	538,035.00
of which: Cash received by subsidiaries from minority shareholders' capital contributions	-	-
Cash received from borrowings	1,162,721,785.39	340,682,000.00
Other cash received relating to financing activities	-	-
Sub-total of cash inflows from financing activities	1,162,721,785.39	341,220,035.00
Cash paid for debt repayment	679,171,633.78	942,895,478.17
Cash paid for distributions, dividends, profits and interest	6,767,580.49	10,333,658.64
of which: Dividends and profits paid by subsidiaries to minority shareholders	-	-
Other cash paid relating to financing activities	-	-
Sub-total of cash outflows from financing activities	685,939,214.27	953,229,136.81
Net cash flow from financing activities	476,782,571.12	-612,009,101.81
IV. Effect of exchange rate changes on cash and cash equivalents	-18,509,468.07	3,385,875.57
V. Net increase in cash and cash equivalents	1,163,620,170.74	-83,901,648.65
Add: Cash and cash equivalents at the beginning of the period	1,095,803,753.14	736,696,841.28
VI. Cash and cash equivalents at the end of the period	2,259,423,923.88	652,795,192.63

Person in charge of the Company: Tang Yongqun (TANG YONGQUN) Chief Accountant: Qian Xiaojie Head of Accounting Department: Gu Xiaomei

(III) Adjustment to the Opening Financial Statements Due to the First-Time Application of New Accounting Standards or Interpretations Thereof Since 2026

□ Applicable   √ Not applicable

It is hereby announced.

Board of Directors of Nanjing King-friend Biochemical Pharmaceutical Co., Ltd.

April 29, 2026