[Press release]

ESSEX BIO-TECHNOLOGY LIMITED
億 勝 生 物 科 技 有 限 公 司

(Stock Code: 1061)

H1 2026 Results Announcement
Regulatory Headwinds Drag Down
Revenue by 10.5% to HK$784.7 million, and
Profit by 32.2% to HK$110.7 million
Interim Dividend HK$0.05

Hong Kong, 5 Aug 2026

Essex Bio-Technology Limited ("Essex" and its subsidiary the "Group", Stock Code: 1061.HK), a leading biologic Group that develops, manufactures and commercialises genetically engineered therapeutic recombinant bovine basic fibroblast growth factor ("rb-bFGF"), today announced its interim results for the six months ended 30 June 2026.

Key Regulatory Challenges in 2026

Tax and cost pressure: The value-added tax ("VAT") on biotech drugs has risen to 13%, and centralised procurement has led to price cuts. This combination is putting pressure on gross margins for innovative drugs.

Medical Representative (MR) Compliance Overhaul: New national requirements for medical representative registration, activity tracking, and training have been introduced. Companies must now log all healthcare professionals (HCP) interactions in traceable systems.

5 Department Anti-Corruption Campaign: The National Health Commission (NHC), State Administration of Market Regulation (SAMR), Ministry of Public Security (MPS), NMPA, and Tax Bureau are conducting joint inspections. Focus areas include speaker fees, conferences, donations and third-party vendors. Penalties now include both corporate fines and personal liability.

Procurement Environment: Volume-based procurement has been expanded to include more biologics and innovative drugs. However, "pay-for-performance" and hospital budget caps are restricting hospital formulary access.

Performance

Amidst the regulatory headwinds, for the six months ended 30 June 2026 the Group's revenue was materially decreased by 10.5% to HK$ 784.7 million, with profit decreased by 32.2% to HK$ 110.7 million, a fourth of the 32.2% decrease was attributable to the decrease in exchange gain by approximately HK$12.1 million.

The Group operates an extensive network of 47 regional sales offices across the PRC and a strategic base in Singapore for market access into Southeast Asian countries. The vast distribution network enabled the Group's therapeutic products to be prescribed in over 14,900 hospitals and medical providers, as well as approximately 9,900 pharmaceutical stores, covering major cities, provinces and county cities throughout the PRC. It has gained traction and access into more than 1,100 medical/healthcare institutions and, approximately 155 over-the-counter (OTC) retail and online platforms across Singapore, Malaysia and Indonesia.

The Group's revenue is primarily made up of Ophthalmology, Surgical (encompassing wound care and healing), and Healthcare and Partner Services segment. The core products that are current growth drivers under each segment are:

1. Ophthalmology – Beifushu® series (Beifushu® eye drops, Beifushu® eye gel and Beifushu® unit-dose eye drops), Tobramycin Eye Drops, Levofloxacin Eye Drops, Sodium Hyaluronate Eye Drops, Moxifloxacin Hydrochloride Eye Drops, Diquafosol Sodium Eye Drops, 適麗順® 卵磷脂絡合碘膠囊 (Shilishun Iodized Lecithin Capsules*), Soft Hydrophilic Contact Lens and other medical devices for myopia control and prevention such as eye-protection lamp and Seewant defocus customised glasses;

2. Surgical (encompassing wound care and healing) – Beifuji® series (Beifuji® spray, Beifuji® lyophilised powder and Beifuxin® gel), Carisolv® dental caries removal gel, Portable Ultraviolet Phototherapy Devices, PELNAC™ collagen-based artificial dermis, SCALGEN™ double-layered artificial dermis and Osteopore's bioresorbable implants (Osteomesh® and Osteoplug®) for dental surgery in Singapore; and

3. Healthcare and Partner Services – 伢典醫生 DR. YADIAN® oral care products, online and offline healthcare services and products, contract manufacturing organisation ("CMO")/contract development and manufacturing organisation ("CDMO") service and trades in equipment and parts.

The sectoral turnover of Ophthalmology, Surgical, and Healthcare and Partner Services is approximately 46.8%, 43.5% and 9.7% of the Group's turnover, respectively.

The combined turnover of the Group's flagship biologics, Beifushu® series and Beifuji® series (the bFGF based biologic drugs), represented about 78.2% of the Group's total turnover, of which Beifushu® series and Beifuji® series accounted for 37.2% and 41.0% of the Group's turnover, respectively. The remaining 21.8% of the Group's turnover is mainly contributed by sales of Tobramycin Eye Drops, Levofloxacin Eye Drops, Sodium Hyaluronate Eye Drops, Moxifloxacin Hydrochloride Eye Drops, 適麗順® 卵磷脂絡合碘膠囊 (Shilishun Iodized Lecithin Capsules*), Carisolv® dental caries removal gel, 伢典醫生 DR. YADIAN® oral care products, PELNAC™ collagen-based artificial dermis, SCALGEN™ double-layered artificial dermis, online and offline healthcare services and products, CMO/CDMO service and trades in equipment and parts, collectively.

Composition of the Group's turnover for the six months ended 30 June 2026 and 2025, respectively, is shown in the following table:

Expressed in HK$' million	**For the six months ended 30 June 2026**	For the six months ended 30 June 2025
Ophthalmology	**367.2**	417.4
Surgical	**341.2**	448.9
Healthcare and Partner Services	**76.3**	10.2
Total	**784.7**	876.5

Ophthalmology contributed approximately HK$367.2 million to the Group's turnover for the six months ended 30 June 2026, representing a decrease of 12.0% as compared to the same period last year. Surgical recorded a total turnover of approximately HK$341.2 million for the six months ended 30 June 2026, representing a decrease of 24.0% as compared to the same period last year. Healthcare and Partner Services delivered a total turnover of approximately HK$76.3 million for the six months ended 30 June 2026, representing a significant increase of 648% as compared to the same period last year.

The distribution and selling expenses for the period under review were approximately HK$396.5 million as compared to approximately HK$471.6 million for the corresponding period last year, representing a decrease of 15.9%. Such expenses primarily consisted of remuneration, advertising costs, travelling and transportation costs, costs related to product training and marketing activities, etc. The decrease was in line with the decrease in turnover for the six months ended 30 June 2026.

The administrative expenses for the period under review were approximately HK$126.9 million as compared to approximately HK$99.7 million for the corresponding period last year. The increase in administrative expenses was mainly due to (i) a decrease in exchange gain by approximately HK$12.1 million; (ii) an increase in costs for expansion of operations in the United States and Singapore, and on-line platform for medical consultation by approximately HK$4.4 million; and (iii) an increase in R&D expenses by approximately HK$4.1 million.

Total expenditures (inclusive of acquired intangible assets) incurred in R&D for the period under review were approximately HK$51.0 million (For the six months ended 30 June 2025: approximately HK$66.5 million), representing 6.5% (For the six months ended 30 June 2025: 7.6%) of the turnover, of which approximately HK$25.2 million (For the six months ended 30 June 2025: approximately HK$44.8 million) were capitalised.

The Group had cash and cash equivalents of approximately HK$806.6 million as at 30 June 2026 (31 December 2025: approximately HK$782.7 million).

Research and Development

During the period under review, the Group has 15 R&D programmes in the pre-clinical to clinical stage, with several ophthalmology programmes in clinical stage which are shown in the table below, notably EB12-20145P has successfully completed Phase III USA FDA with Study primary end-point met and BLA submitted to NMPA, China.

Field	Subfield	Project Code	Indication	Discovery	Pre-Clinical	Chemistry, Manufacturing and Controls	Investigational New Drug	Phase I	Phase II	Phase III	New Drug Application/ Biologics License Application ("BLA")	Regulatory	Remarks
Ophthalmology	Ocular surface	EB11-18136P	Dry eye disease									United States Food and Drug Administration ("US FDA")	Phase III ongoing
	Retina	EB12-20145P	Wet-AMD									NMPA	BLA submitted
		EB12-20145P	Wet-AMD									US FDA	Phase III complete

The Group has obtained a total of 132 patent certificates or authorisation letters, which include 101 發明專利 (invention patents), 15 實用新型專利 (utility model patents) and 16 外觀專利 (design patents).

The Group currently has multiple R&D sites located in Zhuhai (PRC), Boston (United States), London (United Kingdom) and Singapore. These sites support our efforts to develop new therapeutics and recruit global talent.

Honours and Awards Obtained in 2026

珠海億勝生物製藥有限公司 (Zhuhai Essex Bio-Pharmaceutical Company Limited*), a wholly-owned subsidiary of the Company, was awarded 2026 年珠海市藥品安全公益事業愛心企業 (2026 Caring Enterprise for Pharmaceutical Safety Public Welfare in Zhuhai*).

The Group's Beifushu® and Beifuxin® were included in 广东省重点商标保护名录 (List of Key Trademarks in Guangdong Province*).

In addition, the Company was awarded 中國卓越 IR－卓越數字化投資者關係獎 (China Excellent IR – Excellent Digitalised Investor Relations Award*).

Interim Dividend

The Board has resolved on 5 August 2026 to declare an interim dividend of HK$0.05 (For the six months ended 30 June 2025: HK$0.07) per ordinary share for the six months ended 30 June 2026 (the "Interim Dividend"), which is payable in cash on Wednesday, 2 September 2026. The Interim Dividend will be paid to shareholders of the Company whose names appear in the Company's register of members at the close of business on Monday, 24 August 2026.

Forward Looking

In light of key regulatory challenges in China, the Group prioritises compliance, digital engagement and differentiated innovations for efficient growth. The overall strategy will better position the Group to effectively navigate these headwinds and the long-term trend of rising compliance requirements for innovative pharmaceutical companies, driven by factors such as the China's ongoing healthcare reform.

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About Essex

Essex is a bio-pharmaceutical company that develops, manufactures, and commercialises genetically engineered therapeutic FGF-2, with six commercialised biologics currently marketed in China. Additionally, the Company has a diverse portfolio of commercialised preservative-free unit-dose eye drops, 適麗順®卵磷脂絡合碘膠囊 (Shilishun Iodized Lecithin Capsules) and others, which are principally prescribed for wound healing and diseases in Ophthalmology and Dermatology.

These products are marketed and sold through approximately 14,900 hospitals, supported by the Company's 47 regional offices in China. Leveraging its in-house R&D platform in growth factor and antibody technology, Essex maintains a robust pipeline of projects in various clinical stages, covering a wide range of fields and indications.

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