

## 111 Named "National High-tech Enterprise" by the Government - Pioneering China's Online Health Market with Smart Retail Technologies

SHANGHAI, Dec. 31, 2019 /PRNewswire/ -- China's Ministry of Science and Technology has named 111, Inc. (NASDAQ: YI) ("111" or the "Company") a "National High-tech Enterprise", the Company announced today. The designation is one of the highest awards for Chinese technology companies and makes 111 eligible for government benefits as a strategic high-technology company. The designation is also a recognition of 111's depth of talent, technological expertise, and innovative role in China's pharmaceutical and healthcare sector.

### Smart retailing driven by advanced digital technology

Currently, 111's largest investment focus is to create a world-leading IT infrastructure, data analytics and business smart systems and is reflected in its continuing investment in R&D, as demonstrated by the Company's allocation of capital. 111 has an R&D team of over 300 people, which has developed proprietary applications, including client relationship management (CRM) systems, data analytics solutions, precision marketing, and supply chain management software, in order to bolster the Company's smart systems and operational capabilities.

111's Smart Sourcing System (SSS) is based on more than 30 proprietary smart systems, which include a procurement management system, warehouse management system, stock management system, transportation management system and price intelligence system. SSS thus serves as the backbone for 111's nationwide smart supply chain network, and is 111's most sophisticated, complex and widely used application. 111 has established 5 SSS-powered smart supply chain centers in Eastern, Northern, Central, Western, and Southern China, providing 24-hour delivery services for users in 23 major provinces and cities.

111 has also launched an intelligent pharmacopeia system to ensure safe and secure prescriptions in the drug purchasing process. If a patient orders a drug that is contraindicated for the patient's condition, the system will automatically flag and suspend the purchase. 111 has also developed the "HawkEye" System, an automated tool that uses data analytics to help the Company's business development team boost efficiency through the management of pharmacy customers and tasks.

### Using smart technologies to reduce cost

111 uses smart technologies to reduce costs and improve operational efficiency. In the third quarter of 2019, 111's operating expense as a percentage of its net revenue was 14.9%, down from 29.1% in the same period in 2018. Fulfillment costs as a percentage of its net revenue was 2.8%, down from 4.2% in the same period in 2018. In addition to cost reductions, technology has helped 111 increase its customer stickiness; in the third quarter of 2019, orders in the Company's B2B segment were up 45.1% compared to the second quarter, up to 280,000 orders, of which same-store growth contributed 24.6%.

111's One-Click Stock-In System solution makes it possible for pharmacies to place purchase orders within 15 minutes, a process which would otherwise take several hours. After uploading purchase orders, pharmacies are availed 111's smart supply chain system -supported artificial intelligence analytics. In addition, 111 provides smart product recommendations and smart purchasing, helping pharmacies optimize their product mix and speed up inventory turnover. According to the Company's data, pharmacies using the Smart Sourcing System see their purchase volume and product offerings double on average.

Dr. Gang Yu, Co-founder and Executive Chairman of 111 commented, "The national high-tech enterprise designation reflects national recognition of our technology and innovations. Technology has accelerated our growth as a business. Going forward, we will continue to use our leading technologies to empower our partners in the healthcare ecosystem, and better serve pharmaceuticals, pharmacies, doctors and insurance providers in carrying out the government's Healthy China strategy."

### About 111, Inc.

111, Inc. (NASDAQ: YI) ("111" or the "Company") is a leading integrated online and offline healthcare platform in China. The Company provides hundreds of millions of consumers with better access to pharmaceutical products and healthcare services directly through its online retail pharmacy and indirectly through its offline pharmacy network. 111 also offers online healthcare services through its internet hospital, 1 Clinic, which provides consumers with cost-effective and convenient online consultation and electronic prescription services. In addition to providing direct services to consumers through its online retail pharmacy, 111 also enables offline pharmacies to better serve their customers. The Company's online wholesale pharmacy, 1 Drug Mall, serves as a one-stop shop for pharmacies to source a vast selection of pharmaceutical products. The Company's new retail platform, by integrating the front and back ends of the pharmaceutical supply chain, has formed a smart supply chain, which transforms the flow of pharmaceutical products to pharmacies and modernizes how they serve their customers.

For more information on 111, please visit <http://ir.111.cn>.

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