

## **Script of Mindray 1H2023 Results Release and Earnings Call**

Hello everyone!

I'm May Li, Board Secretary of Mindray. Thank you for joining us today for this conference call to discuss our performance for the first half of 2023. It's great to have all our investors and analysts on this call today.

**Now, let me go over the performance of our company for the first half of 2023 in detail:**

In the first half of 2023, the Group's total revenue reached 18.48 billion yuan, representing a year-over-year increase of 20.3%.

**Geographically speaking:**

Revenue in the domestic market grew by 27.0% compared to last year, reaching a total revenue of 11.78 billion yuan. Even with the slowdown in the regular procurement from the end of last year to early this year, we saw a significant increase in the urgent purchase orders for ICU wards during this period. This effectively led to more than a doubling of the first quarter sales of China PMLS segment. As the resumption of routine diagnostics and treatments in Chinese hospitals has accelerated since this March, we've witnessed a rapid rebound in our regular operations, such as the IVD reagent consumption and ultrasound procurement. This positive momentum has driven both the China IVD and MIS segments to generate an increase of over 40% during the second quarter.

With a YoY increase of 10.1%, the international market achieved a revenue of 6.69 billion yuan. The second quarter, in particular, grew by 16.3%. Despite the gloomy outlook in the global economy, we've managed to penetrate a significant number of high-end overseas customers. This success is largely due to our commitment to construct localized operational platforms for overseas market. Moreover, the capacity that was impacted by ICU orders from Chinese hospitals has already fully recovered since March. As a result, sales in both Europe and developing countries have seen a notable rebound. Their growth in the second quarter each

exceeded 20%. Also, both international IVD and MIS segments witnessed a growth of around 20% in the second quarter.

**Now let's take a closer look by three segments.**

Revenue for the PMLS segment grew by 28.0% YoY to 8.67 billion yuan in the first half of this year. This growth came largely from the construction of ICU wards and other new healthcare infrastructure buildup projects in China, as well as penetrations into high-end customer groups abroad. From December 2022 to February 2023, the construction of ICU wards in the domestic market has gathered pace, with a sharp surge in the emergency procurement of the equipment needed for critical care like monitors, ventilators and infusion pumps. Meanwhile, there has been a slowdown in the procurement of other products during this period. We've gone all out to keep up with the market demand by channeling a great portion of our capacity into critical care products. This effort resulted in an impressive growth of over 60% in the PMLS segment in the first quarter. While the construction of ICU wards has seen a slowdown since March, regular equipment procurement is back on track, and new healthcare infrastructure buildup projects are progressing. It's worth noting that the first half of the year has recorded a significant increase in revenue contributions from building ICU wards and other new healthcare infrastructure buildup projects, in which the PMLS segment benefits the most. According to our statistics, from the perspective of the addressable market, the potential business opportunities of new healthcare infrastructure buildup projects exceeded 23 billion yuan by the end of the Reporting Period. This is expected to contribute significantly to the growth of PMLS segment in the next two years. In the overseas market, world-class product competitiveness has enabled the PMLS segment's accelerated penetration into the high-end customers. Our products have made their way into more top tier hospitals in countries such as the US, UK, France, Spain, Australia, Indonesia, Mexico, and Turkey. This shows that we've managed to broaden our lead in providing comprehensive solutions.

The IVD segment saw a YoY increase of 16.2%, with a revenue of 5.97 billion yuan generated in the first half of the year. The second quarter alone witnessed a surge of over 35%. The strong performance can be attributed to several factors: the rapid recovery of IVD reagent

consumption in China since March, the impressive installation figures for IVD analyzers, as well as the accelerated penetration into medium to large volume customers abroad thanks to our platform capability-building in overseas market. Specifically speaking, China has experienced a rapid recovery of diagnosis and treatment activities since this March. This has led to a corresponding rebound in the IVD reagent consumption in China. Besides, instruments such as the BC-7500 hematology analyzer, CL-8000i CLIA analyzer, BS-2800M biochemistry analyzer, CX-9000 coagulation analyzer, and the TLA have consistently posted impressive installation figures. Over 1,000 units of the BC-7500 series were installed, further solidifying our position as the leading industry player in the hematology market. We estimate that BC-7500 series are on track to bring in over 1 billion yuan in revenue for the entire year and this would be a historic moment for Mindray, as it will be the first time a new product hit the 1 billion yuan revenue just in three years after its launch. Since the beginning of this year, we've ramped up our local platform capability-building efforts in overseas IVD markets. Through both M&As and our self-build endeavors, we've been focused on areas like production, logistics, clinical support, and IT services. On top of that, our penetration into medium to large volume customers abroad keeps speeding up. In the first half of this year alone, we've successfully made our way into over 70 overseas ICLs. This result has already beaten our full-year performance from last year.

On July 31, we announced that we had agreed to acquire 75% equity interest in DiaSys Diagnostic Systems GmbH (“DiaSys”). IVD is one of the core segments that supports our long-term development. Realizing the comprehensive international expansion and localization of the IVD segment are an indispensable stride in the journey. However, the missing piece of the supply chain platform abroad has long hampered the Company's international expansion of the IVD segment, especially in penetrating into medium to large volume customer groups. Therefore, we began developing strategic goals for building supply chain platforms abroad long ago. Once this deal is closed, we will fully leverage our proven experience and expertise in integrating and managing cross-border mergers and acquisitions. The acquisition of DiaSys will enable us to progressively roll out and improve our supply chain platform for international IVD business, such as CLIA, and enhance the capacity-building of overseas localization production,

warehousing, logistics, and service, thereby ultimately laying a solid foundation for the comprehensive international expansion of IVD business.

The MIS segment grew by 13.4% YoY, with a revenue of 3.70 billion yuan generated in the first half of the year. The second quarter alone saw a growth by more than 35%. These results can be attributed to the steady recovery of ultrasound procurement in China market starting from March. Additionally, our successful penetration into high-end customers home and abroad, fueled by a boost in the sales of our newly-launched ultrasound system R and I series, has also been a contributing factor. In China market, we upgraded ultrasound products to advanced levels and introduced them into clinical use on a larger scale in both traditional ultrasound departments and emerging clinical departments. The share of ultrasound revenue from secondary and tertiary hospitals in the overall domestic ultrasound revenue has been increasing year after year, and high-end ultrasound products have accounted for more than half of domestic ultrasound revenue. In the international market, following the launch of the cart-based ultrasound I series and several popular POC ultrasounds, we're officially shifting the focus of our ultrasound products from meeting the needs of primary level customers to those of high-end customers.

The net profit attributable to shareholders in the first half of 2023 was 6.44 billion yuan, with a YoY increase of 21.8%. Net profit after deducting non-recurring gains and losses was 6.34 billion yuan, with a YoY increase of 20.8%.

**Next, I will update the Company's R&D investment and major new product launches during last year and the first half of this year:**

We continued to invest heavily in research and development. We expanded our product range and upgraded our technology, with notable breakthroughs in our high-end products. We invested 2.04 billion yuan in R&D in the first half of the year and this represents a 40.1% increase YoY and accounts for over 11% of the total revenue. In PMLS segment, we launched several new products and solutions. This includes the Sub-acute care ecology, UX5 Series 4K-NIR Endoscope Camera System, 5mm Rigid Endoscope, Ultrasonic Surgical & Electrosurgical

Energy Platform, BeneHeart DX/D60/D30 Defibrillator/Monitor, A7/A5 Anesthesia System, BeneFusion MRI Station, New uMEC100/120/150 Patient Monitor, TV80/TV50 Transport Ventilator, HyBase V9 Operating Table, Digital OR System, and Portable Veterinary Monitor Vetal 3. We launched multiple new products in IVD segment as well. This includes the Antibody to Hepatitis B Core Antigen (CLIA), Aldosterone (CLIA), Renin (CLIA), Interleukin-6 (CLIA), CX-6000 Automated Coagulation Analyzer, as well as the Automated Identification and Susceptibility Testing System AF-600. In MIS segment, we've launched the Veterinary Diagnostic Ultrasound System Vetus 50/60 Series and Veterinary DR Imaging System Vetix S300 Series. As we move into the second half of the year, we're planning to unveil more revolutionary products. Our upcoming lineup spans a range of applications, from Premium Radiology Cart-based Ultrasound Systems and High-end Cardiovascular Cart-based Ultrasounds, to High-end Physical Examination Cart-based Ultrasounds.

**Last but not least, I'd like to share with you the updates on our sustainable development efforts:**

Staying true to the vision of "Better Healthcare for All", we at Mindray are always working to refine our sustainability management system and integrate ESG concepts into every aspect of our value chain. This commitment has been recognized by Morgan Stanley Capital International (MSCI), a renowned international rating agency. In their most recent ESG rating report released in this June, our rating has made a jump from a BB level to an AA level, signifying Mindray's advancement towards being a leader in ESG management in the global medical device industry. Besides, we are proud to have been ranked 10th on the "List of China's Top 100 ESG Listed Companies". At Mindray, we consider compliance a key pillar of our competitiveness. Our business activities are driven by a commitment to integrity and ethics. We ensure adherence to all applicable laws and regulations, and we exercise a zero-tolerance policy against fraud and bribery of any kind. We have put in place independent compliance departments to implement effective systems to combat fraud and bribery. We have acquired the ISO37001:2016 certification and established an anti-bribery management system accordingly. This system is undergoing constant refinement to adapt to changing circumstances.

Our emphasis on Green Development has motivated us to incorporate it into our corporate strategy and daily operations. In doing so, it has shaped our approach to designing and producing green products. During the Reporting Period, our patient monitor, BeneVision N1, was verified by the certification agency SGS in accordance with ISO 14067. As a result, BeneVision N1 obtained the Product Carbon Footprint Verification Statement, and its carbon emission data throughout its life cycle has been calculated. Moving forward, we will continue leveraging R&D and innovation to enhance the accessibility and affordability of healthcare. Our goal is to provide our customers with higher quality, low-carbon products and services.

The safety of public life is of great importance to us. We are committed to raising first-aid awareness and enhancing the public's ability to respond to emergencies through promoting the use of AEDs. As of June 30 this year, Mindray's AEDs have successfully treated 183 cases of cardiac arrest that occurred in public places in China. We are keeping up our efforts to bring first-aid training to all corners of society. During the Reporting Period, we completed 49 first-aid training sessions, reaching over 6,000 participants. Specifically, we took the "A Lesson of Life Saving" to 9 universities, including the Northwestern Polytechnical University, Xi'an Jiaotong University, South China University of Technology, Wuhan University, and Huazhong University of Science and Technology. Across 17 training sessions held there, we had the opportunity to engage with 646 participants.