

CGM volume ramp-up drives strong revenue growth, with profit turning positive

Key takeaway

The substantial revenue growth mainly benefited from the rapid increase in CGM sales both domestically and overseas. Meanwhile, the company continued to deepen lean management, significantly improving operating efficiency. The selling expense ratio and administrative expense ratio declined substantially, and profit turned positive for the first time. Looking ahead to 2026, CGM products in the domestic market are expected to maintain the trend of simultaneous growth through both online e-commerce and offline hospital channels. In overseas markets, second-generation CGMs have already been included in the healthcare systems of multiple European countries. With the company's CGM overseas revenue starting from a small base and significant room for market share expansion, high-speed growth in international markets is projected to continue. Driven by the launch of new products and the expansion into overseas markets, the company is expected to maintain its high revenue growth trend in 2026. From a profit perspective, the company is expected to turn a profit for the first time in 2025. With the future enhancement of automated production capabilities and a gradual decline in the expense ratio, the company's profits are projected to achieve high growth in 2026.

Event

The company releases full-year 2025 results announcement

In 2025, the company recorded operating revenue of RMB661mn, up 91.2% YoY; net profit attributable to shareholders of the parent company was RMB40mn, turning from loss to profit, compared with a loss of RMB63mn in the same period last year. Basic earnings per share was RMB0.10.

Thesis

CGM volume ramp supports strong revenue growth, profit turns positive

In 2025, the company recorded operating revenue of

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30 April 2026

Current price:

HKD 7.85

Key Data

Absolute/Relative Share Performance (%)

| 1 month | 3 months | 12 months |
|------------|-----------|------------|
| 11.35/7.97 | 0.90/1.66 | 33.05/9.84 |

| | |
|-------------------------------|-----------|
| 12-month high/low price (HKD) | 9.06/5.63 |
|-------------------------------|-----------|

| | |
|-------------------------------------|-----------|
| Total share capital (10,000 shares) | 42,107.80 |
|-------------------------------------|-----------|

| | |
|--------------------------------------|-----------|
| Outstanding H Shares (10,000 shares) | 16,917.58 |
|--------------------------------------|-----------|

| | |
|-----------------------------|-------|
| Total Market Cap (HKD'00mn) | 33.05 |
|-----------------------------|-------|

| | |
|--------------------------------|-------|
| Floating market cap (HKD'00mn) | 12.95 |
|--------------------------------|-------|

| | |
|--|-------|
| 3-month average daily trading volume (10,000 shares) | 11.40 |
|--|-------|

Major shareholders

| | |
|-----------|--------|
| ZHENG pan | 21.13% |
|-----------|--------|

RMB661mn, up 91.2% YoY; net profit attributable to shareholders of the parent company was RMB40mn, turning from loss to profit, compared with a loss of RMB63mn in the same period last year. Results were in line with expectations. The substantial revenue growth mainly benefited from the rapid increase in CGM sales both domestically and overseas. Meanwhile, the company continued to deepen lean management, significantly improving operating efficiency. The selling expense ratio and administrative expense ratio declined substantially, and profit turned from loss to profit for the first time.

By product: CGM business revenue was RMB452mn, up 150% YoY; insulin pump revenue was RMB89mn, up 10% YoY; blood glucose monitoring system revenue was RMB113mn, up 43% YoY.

By region: domestic revenue was RMB313mn, up 32% YoY, while overseas business revenue was RMB343mn, up 227% YoY. The company's core product LinX continuous glucose monitoring system has been successfully included in medical insurance systems in multiple countries and has newly obtained registration approvals in more than 20 countries including Brazil and India.

R&D projects continue to advance, closed-loop artificial pancreas product expected to be approved within the year

In 2025, the company actively advanced product R&D, with major progress including: 1) the Equil patch insulin pump received NMPA marketing approval in September 2025 for indications covering children and adolescents aged 3–17; 2) the second-generation patch insulin pump has submitted registration to NMPA, featuring higher waterproof rating and larger insulin reservoir capacity; 3) the applicable population of CGM products AiDEX X/LinX has been expanded to type 1 and type 2 diabetes patients aged 2 and above and has received EU approval; 4) the split-type CGM products AiDEX FLEX/LinX FLEX have submitted registration to both NMPA and the EU; 5) the closed-loop artificial pancreas product has submitted NMPA registration and is expected to be approved within the year.

Outlook for 2026: revenue and profit are expected to sustain rapid growth, and overseas markets are expected to further expand

Looking ahead to 2026, CGM products in the domestic market are expected to maintain the trend of simultaneous growth through both online e-commerce and offline hospital channels. In overseas markets, second-generation CGMs have already been included in the healthcare systems of multiple European countries. With the company's CGM overseas revenue starting from a small base and significant room for market share expansion, high-speed growth in international markets is projected to continue. Driven by the launch of new products and the expansion into overseas markets, the company is expected to maintain its high revenue growth trend in 2026. From a profit perspective, the company is expected to turn a profit for the first time in 2025. With the future enhancement of automated production capabilities and a gradual decline in the expense ratio, the company's profits are projected to achieve high growth in 2026.

Gross margin continues to improve, selling expense ratio declines significantly

The company's gross margin reached 54.1% in 2025, up 1.2pcts YoY, mainly benefiting from the continuously

increasing revenue contribution from CGM and the gradual realization of economies of scale on the production side. The selling expense ratio was 33.8%, down 26.1pcts YoY, mainly due to the initial results of the company's cost reduction and efficiency improvement initiatives, as well as improved operational efficiency through refined management; the administrative expense ratio was 7.3%, down 4.9pcts YoY; the R&D expense ratio was 11.6%, down 10.6pcts YoY, mainly because the company implemented refined control measures in areas such as R&D material expenses.

Earnings forecast and valuation

In the short term, driven by the continuous expansion of the CGM product market both domestically and internationally, the company's revenue is expected to maintain rapid growth. Meanwhile, as economies of scale emerge and cost control measures deepen, the company's performance in 2026 is expected to achieve high growth. In the medium to long term, as the only domestic company with both a patch insulin pump and a calibration-free CGM product, MicroTech's product portfolio offers significant advantages. With the successive launch of blockbuster products in the pipeline, such as the second-generation insulin pump and artificial pancreas system, the company is expected to unlock long-term growth potential. We estimate that in 2026–2028, the company's operating revenue will reach RMB912mn, RMB1,212mn, and RMB1,527mn, representing YoY growth of 38.06%, 32.87%, and 25.99%, respectively; net profit attributable to shareholders of the parent company will reach RMB82mn, RMB153mn, and RMB233mn, representing YoY growth of 104.06%, 86.83%, and 52.23%, respectively. We maintain "Buy" rating.

Table 1: Financial Summary (RMB million)

| | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|--------|---------|---------|---------|---------|
| Operating revenue | 345.62 | 660.79 | 912.29 | 1212.16 | 1527.21 |
| Growth Rate (%) | 36.48% | 91.19% | 38.06% | 32.87% | 25.99% |
| Net profit attributable to shareholders of the parent company | -63.12 | 40.15 | 81.93 | 153.08 | 233.03 |
| Growth Rate (%) | - | 163.61% | 104.06% | 86.83% | 52.23% |
| Earnings Per Share (EPS)(RMB) | -0.15 | 0.10 | 0.19 | 0.36 | 0.55 |
| P/E ratio | -45.9 | 72.1 | 35.3 | 18.9 | 12.4 |

Source: iFind, China Securities, Note: P/E ratio calculated based on the closing price as of April 20, 2026.

Risks

1) Risk of earnings forecast falling short of expectations: The company maintains relatively high levels of selling and R&D investment, and if the market performance of core products (such as insulin pumps and CGM) falls short of expectations, there may be a risk that earnings forecasts fail to meet our expectations.

2) Risk of slower-than-expected product sales and commercialization progress: Although the company's main products, such as CGM, continue to maintain high growth, the industry is still at an early stage, and the

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uncertainty of future market expansion remains relatively high. If the progress in product promotion, medical insurance reimbursement, and clinical access is slow, resulting in revenue growth falling below expectations, it will impact the company's overall performance.

3) Risk of intensified industry competition: As numerous domestic manufacturers gain approval to enter the CGM and related diabetes management device sectors, industry competition continues to intensify. If a price war or homogeneous competition emerges in the future, there is a risk that the company's profitability and market share could be diluted.

4) R&D Progress or New Technology Substitution Risk: As a medical device company driven by technological innovation, the company has significant investments in the development of next-generation insulin pumps, artificial pancreas, and other products. If R&D progress lags, regulatory approval risks increase, or breakthroughs in non-invasive glucose monitoring and other new technologies emerge as substitutes, the competitiveness and market potential of the company's products could be adversely affected.

Table 2: Financial Statements (RMB million)

| Fiscal year | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|----------|----------|----------|----------|----------|
| Balance Sheet | | | | | |
| Current assets | 1,904.81 | 1,808.31 | 1,982.14 | 2,280.07 | 2,662.19 |
| Cash | 1,697.26 | 1,506.76 | 1,491.52 | 1,642.95 | 1,871.69 |
| Total notes receivable and accounts receivable | 117.82 | 144.70 | 258.20 | 343.07 | 432.24 |
| Other receivables | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Prepaid expenses | 13.69 | 15.73 | 33.26 | 44.19 | 55.67 |
| Inventory | 50.81 | 79.07 | 124.38 | 163.38 | 203.82 |
| Other current assets | 25.23 | 62.05 | 74.79 | 86.48 | 98.77 |
| Non-current assets | 241.54 | 502.03 | 462.51 | 422.98 | 383.45 |
| Long-term investment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed assets | 94.80 | 218.85 | 184.56 | 150.28 | 115.99 |
| Intangible assets | 32.00 | 31.46 | 26.22 | 20.97 | 15.73 |
| Other non-current assets | 114.74 | 251.73 | 251.73 | 251.73 | 251.73 |
| Total Assets | 2,146.35 | 2,310.34 | 2,444.65 | 2,703.05 | 3,045.64 |
| Current liabilities | 166.93 | 283.18 | 335.56 | 440.88 | 550.44 |
| Short-term loans | 0.00 | 63.95 | 0.00 | 0.00 | 0.00 |
| Total notes payable and accounts payable | 81.08 | 113.33 | 161.31 | 211.90 | 264.35 |
| Other current liabilities | 85.84 | 105.90 | 174.25 | 228.98 | 286.10 |
| Non-current liabilities | 4.79 | 12.79 | 12.79 | 12.79 | 12.79 |
| Long-term loans | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other non-current liabilities | 4.79 | 12.79 | 12.79 | 12.79 | 12.79 |
| Total liabilities | 171.72 | 295.97 | 348.34 | 453.66 | 563.23 |
| Minority interest | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Share capital | 421.14 | 421.08 | 421.08 | 421.08 | 421.08 |
| Capital reserve | 1,552.65 | 1,592.68 | 1,592.68 | 1,592.68 | 1,592.68 |
| Retained earnings | 0.85 | 0.61 | 82.55 | 235.63 | 468.65 |
| Equity attributable to owners of the parent company | 1,974.63 | 2,014.37 | 2,096.31 | 2,249.39 | 2,482.41 |
| Liabilities and equity | 2,146.35 | 2,310.34 | 2,444.65 | 2,703.05 | 3,045.64 |
| Income Statement | | | | | |
| Operating revenue | 345.62 | 660.79 | 912.29 | 1,212.16 | 1,527.21 |
| Operating costs | 162.77 | 303.36 | 413.16 | 542.73 | 677.07 |
| Taxes and surcharges | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sales expenses | 207.14 | 223.05 | 273.69 | 327.28 | 381.80 |
| Administrative expenses | 45.90 | 42.00 | 48.29 | 59.30 | 76.37 |
| R&D expenses | 70.00 | 77.00 | 76.34 | 91.23 | 121.22 |
| Financial expenses | -71.56 | -29.18 | -3.86 | -5.49 | -6.15 |
| Asset impairment loss | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

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H-share Quick Take

| | | | | | |
|--|---------|--------|--------|--------|--------|
| Credit impairment loss | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other operating income | -3.68 | -4.88 | -3.29 | -3.29 | -3.29 |
| Gains from changes in fair value | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net investment income | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating profit | -75.11 | 34.04 | 75.48 | 146.75 | 226.84 |
| Other non-operating income/expenses | 11.96 | 6.36 | 6.60 | 6.60 | 6.60 |
| Total profit | -63.15 | 40.40 | 82.08 | 153.35 | 233.44 |
| Income tax | -0.03 | 0.25 | 0.15 | 0.27 | 0.42 |
| Net profit | -63.12 | 40.15 | 81.93 | 153.08 | 233.03 |
| Profit or loss attributable to minority interests | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net income attributable to parent company shareholders | -63.12 | 40.15 | 81.93 | 153.08 | 233.03 |
| EBITDA | -122.61 | 11.22 | 117.75 | 187.40 | 266.82 |
| EPS (RMB) | -0.15 | 0.10 | 0.19 | 0.36 | 0.55 |
| Cash Flow Statement | | | | | |
| Operating activities cash flow | -120.65 | 0.00 | 38.27 | 139.36 | 216.01 |
| Net profit | -63.12 | 40.15 | 81.93 | 153.08 | 233.03 |
| Depreciation and amortization | 12.10 | 0.00 | 39.53 | 39.53 | 39.53 |
| Financial expenses | -71.56 | -29.18 | -3.86 | -5.49 | -6.15 |
| Other operating cash flow | 1.93 | -10.97 | -79.34 | -47.76 | -50.40 |
| Cash flow from investing activities | 121.16 | 0.00 | 6.59 | 6.59 | 6.59 |
| Capital expenditure | -82.76 | 7.99 | 0.00 | 0.00 | 0.00 |
| Other investing cash flows | 203.92 | -7.99 | 6.59 | 6.59 | 6.59 |
| Cash flow from financing activities | -33.15 | 0.00 | -60.09 | 5.49 | 6.15 |
| Short-term loans | 0.00 | 63.95 | -63.95 | 0.00 | 0.00 |
| Long-term loans | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other financing cash flows | -33.15 | -63.95 | 3.86 | 5.49 | 6.15 |
| Net increase in cash | -32.64 | 0.00 | -15.24 | 151.43 | 228.74 |

Source: iFind, China Securities

Analysts

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Chief Analyst of the Pharmaceutical Industry at China Securities, holds a Master's degree in Management from Fudan University, with over 10 years of experience in sell-side research in the pharmaceutical sector. Skilled in proactively identifying opportunities in niche segments, conducts in-depth and meticulous company research, and is responsible for overall investment direction decisions.

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|---|------------------|--------------|---|
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| | | Overweight | Increase by 5% - 15% relative to the benchmark index |
| | | Neutral | Increase by - 5% - 5% relative to the benchmark index |
| | | Underweight | Decrease by 5% - 15% relative to the benchmark index |
| | | Sell | Decrease by more than 15% relative to the benchmark index |
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| | | Neutral | Increase by - 10% - 10% relative to the benchmark index |
| | | Underperform | Decrease by more than 10% relative to the benchmark index |

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