Boston Scientific

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Boston Scientific announces strategic investment to acquire majority stake in Acotec Scientific Holdings Limited

December 11th, 2022

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Market Estimates:
Unless noted otherwise, all references to market sizes, market share positions, and market growth rates are BSX internal estimates.

BSX strategic investment in Acotec

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Acotec Scientific Holdings Limited Overview

- Acotec is a leading medical technology company, focused on innovative interventional treatments with research and development expertise, manufacturing capabilities and a local sales network.
  - Market leading peripheral Drug Coated Balloon product – Orchid®.
  - China based in-house manufacturing facility and technology capabilities.
- Public company founded in 2008; ~500 employees, headquarters located in Beijing, China.

Deal Terms

- Partial cash offer to acquire maximum of 65% shares.
  - The proposed offer price is HK$20 per share, which represents a total consideration of up to $523M USD* at current exchange rates.
- Transaction expected to complete in H1:23, subject to acceptance and approval by Acotec shareholders and other conditions set forth in related filings.

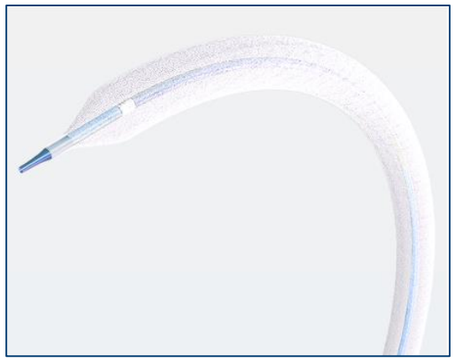
Shareholder Value

- Acotec: 12-month period ending June 30, 2022, sales of RMB $339M ($53M USD**) with a history of strong double-digit growth.
  - Opportunity for meaningful commercial collaboration and cross-selling opportunities across both companies.
- The impact to GAAP¶ and adjusted earnings per share is expected to be immaterial in 2023.
- Acotec will retain a clear brand identity and culture as it will continue to be led by its existing CEO.

*Exchange rate of USD/HKD applied is 7.7838 as of December 9, 2022, based on Factset data and analytics
**Average exchange rate in the 12-month period ending June 30, 2022, of USD/RMB applied is 6.4553, based on Factset data and analytics
¶ Boston Scientific expects the impact to adjusted earnings per share to be immaterial in 2023 and the impact to GAAP earnings per share to be less accretive, or dilutive, as the case may be, due to amortization expense and acquisition-related net charges.

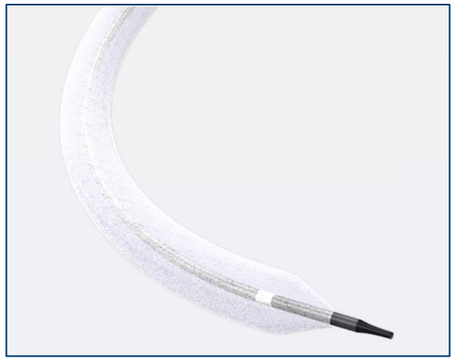
Acotec Product Portfolio

AcoArt Orchid® & Dhalia™



- **AcoArt Orchid® & Dhalia™** is a paclitaxel DCB used to prevent stenosis or occlusion in the superficial femoral artery (SFA) and popliteal artery (PPA) for the treatment of Peripheral Artery Disease (PAD) and compatible with 0.035" (Orchid) and 0.018" (Dhalia) guidewires.

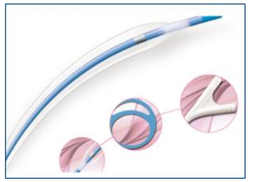
AcoArt Tulip™ & AcoArt Litos™



- **AcoArt Tulip™ & AcoArt Litos™** is a paclitaxel DCB used to prevent stenosis or occlusion in below-the-knee (BTK) arteries for the treatment of chronic limb-threatening ischemia (CLTI) and is compatible with 0.018" (Tulip) and 0.014" (Litos) guidewires.

Portfolio and Future Pipeline

- Acotec also offers thrombus aspiration catheters, percutaneous transluminal angioplasty (PTA) balloons, radiofrequency ablation (RFA) technologies for the treatment of varicose veins and a pipeline of innovative interventional technologies for the treatment of conditions affecting the cardiovascular system.



Enhanced capabilities and opportunities

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Category Leadership

Strengthens portfolio today with future opportunities for growth

- Acotec has a complementary portfolio with a broad future pipeline.
  - Acotec is a leader in drug-coated balloons (DCBs), launching the first peripheral DCB in China in 2016.
- Potential for collaborative selling opportunities, providing expanded offering of products across both companies.

Market Expansion

Increase exposure to highly attractive end market

- Expanded presence with local R&D and manufacturing capabilities in China.
- China is a large and fast-growing market and expected to make up ~25%† of the global MedTech market by 2030.
  - Strategic investment in Acotec may provide an opportunity to work closely with a China based medical device leader to advance patient care and outcomes in China with the potential to expand globally.

Financial Impact

Financial implications and impact

- Acotec has a history of strong sales growth with unique capabilities, providing additional opportunities for both companies.
- BSX will be a controlling shareholder and consolidate the full financial results of the company as though it were wholly owned; the income or loss associated with the minority interest will be deducted from our after-tax income.

†https://assets.kpmg/content/dam/kpmg/cn/pdf/en/2018/04/medical-devices-2030.pdf