

## **The Q&A Summary of United Imaging Healthcare 2024 Investor Day**

### **Question 1**

**In terms of R&D investment, the company not only continues to focus on existing imaging diagnostics and radiotherapy products but is also expanding into the ultrasound field. Additionally, it is achieving technological breakthroughs in existing product lines, such as photon-counting CT and helium-free MRI.**

**How does the company view its resource allocation and strategy across product lines? Furthermore, under the current development plan, how does the company balance sales and R&D resource distribution to ensure the successful launch of new products while continuously optimizing existing ones?**

Answer:

At this stage, the company places greater emphasis on R&D investment, focusing on developing and refining new technologies while addressing gaps in existing technologies. For example, in the CT field, significant resources are dedicated to advancing photon-counting CT technology. While photon-counting CT has received favorable market feedback, it still faces challenges in clinical applications. The company remains committed to in-depth research and optimization to meet high clinical standards.

To enhance overall competitiveness, the company continuously drives technological innovation across multiple product lines and optimizes existing offerings. For instance, beyond photon-counting CT, the company is intensifying R&D efforts in other fields to improve cost structures, enhance performance, and expand application scenarios through technological innovation. These breakthroughs will significantly improve user experiences and reduce limitations in high-end applications. At the upcoming RSNA (Radiological Society of North America) annual meeting, the company will showcase multiple innovative products, further demonstrating its progress in enhancing product competitiveness.

The company adopts a differentiated R&D investment strategy tailored to the specific needs of each business unit. For example, the CT business unit focuses heavily on cutting-edge photon-counting CT technology, while other units allocate resources flexibly based on the development stage of their respective product lines. This targeted approach ensures efficient and effective allocation of R&D resources.

Each year, the company develops a detailed R&D budget based on comprehensive research into market demand, competitive dynamics, and technological advancements. This process clarifies the scale and focus of investment for each product line. Looking ahead, the company's absolute R&D investment will continue to grow. As sales revenue increases, the R&D-to-revenue ratio is expected to stabilize gradually. Additionally, the company's platform-based technology advantage enables the sharing of key technologies across product lines, further improving resource utilization efficiency.

The company implements a dynamic investment management system, conducting monthly R&D

project reviews and quarterly progress tracking to ensure that the intensity and scale of R&D investments align with business development needs. Through a flexible and efficient management mechanism, the company not only supports the smooth progression of R&D efforts but also ensures financial stability.

## **Question 2**

**The company has achieved remarkable results with its high-end product strategy, achieving multiple breakthroughs through technological innovation. Building on this success, can the company achieve sustained breakthroughs in overseas markets targeting mid-tier or cost-conscious customers, and expand its market share among these customer segments?**

Answer:

In addition to our sustained breakthroughs with high-end products in domestic and international markets, we are steadily increasing our global coverage in mid-tier and cost-conscious product segments. This diversified product strategy reflects healthy growth, enriching our market coverage and enhancing our competitiveness, which provides a solid foundation for expanding across diverse customer groups.

Currently, we demonstrate strong market competitiveness not only in high-end products but also in mid-tier and cost-effective offerings. For example, in the CT product line, our cost-effective CT systems have received favorable market feedback in China. We remain committed to optimizing product cost structures, leveraging continuous innovation, product design, and vertical manufacturing to achieve effective cost reduction. This is further supported by our scientific, meticulous management and cost-efficiency initiatives.

Moreover, our "vertical integration" and "platform-based" R&D strategies have significantly enhanced both R&D efficiency and cost control. By independently developing and manufacturing numerous components, we not only ensure product quality but also strengthen our competitiveness in pricing and supply chain management. As we experience rapid growth in overseas markets, we adhere to a strategy of "targeting high-value opportunities with comprehensive coverage," which ensures strong competitiveness in mid-tier and cost-conscious markets. In particular, our innovative technologies give our cost-effective products a clear advantage in both technology and cost. For instance, some recently launched products combine excellent diagnostic capabilities with advanced quality control features, surpassing competitors in these aspects. By continuously innovating and optimizing, we provide competitive solutions in the cost-effective product segment, further expanding our market share overseas.

We firmly believe that our comprehensive product portfolio and balanced development across high-end and cost-conscious segments will offer global customers a wider range of choices and more cost-effective solutions, solidifying our competitive position across diverse market tiers.

## **Question 3**

**During discussions with investors, the company shared its investments in emerging areas such as ultrasound imaging. How does the company balance and decide between self-driven R&D**

**and external acquisitions?**

**Specifically, how does it weigh the benefits of autonomous development, which strengthens technological independence and sustained competitiveness, against external acquisitions, which accelerate technology adoption and market expansion? Furthermore, as the company continues to expand into new business areas, how does management ensure sustained competitiveness and consolidate market positions in these fields?**

Answer:

Competition is an inevitable aspect of any industry and a hallmark of modern business development. Promising industries naturally attract new entrants. The company's key to success lies in focusing on enhancing its own technologies and products. Sustained innovation is the only path to maintaining a competitive edge. Whether competing with peers or larger enterprises, our overarching goal has always been to optimize our capabilities and deliver superior products. At the market level, we continuously monitor and evaluate competitors' innovations and potential impacts, which are critical for future growth. Ultimately, competition drives industry progress; only in a fully competitive environment can industries grow stronger.

Regarding acquisitions, the company's principle is to prioritize self-driven R&D when technological and market conditions permit. For instance, in the ultrasound field, we believe our accumulated expertise and innovation can better address market needs without relying on acquisitions, leading us to focus on autonomous development for growth.

However, in other areas, such as cyclotrons and proton therapy systems, the alignment of these technologies with our existing capabilities led to a strategy of equity partnerships to leverage external strengths in technology, commercialization, and market presence.

Overall, the company's strategy varies by the technological maturity and market demand of each field. Our acquisition strategy includes:

- 1) Vertical expansion: Strengthening existing technologies and products.
- 2) Horizontal expansion: Adding product lines and business solutions or fostering new growth through equity collaborations.
- 3) Emerging technologies: Closely monitoring innovative fields to maintain core innovation capabilities and competitive advantages.

The company remains flexible in its investment approach, employing equity investments, majority stakes, or full acquisitions as appropriate for each target. Looking ahead, we aim to meet the diverse demands of global markets, accelerate the development of localized operational platforms overseas, and maintain a prudent investment stance. Every investment will align with our long-term strategy to maximize the company's and shareholders' enduring value.

#### **Question 4**

**The company has achieved outstanding performance in the Indian market, with over 800 installations. However, selecting key markets to focus on remains a challenge across approximately 200 countries worldwide. How does the company balance brand visibility and profitability in similar international markets and identify the most promising countries? What considerations does the company prioritize in global expansion?**

Answer:

The company's global investments and market strategies are guided by a rigorous decision-making process and strategic evaluation, ensuring that market entry and development are backed by clear commercial value. When selecting priority countries, factors such as market size, growth potential, and industry influence are key considerations. For instance, despite geopolitical challenges in markets like the United States and India, the company has established a strong foothold, leveraging its competitive advantages in high-end products, particularly CT, MR, and MI systems. Overall, under the "high-impact, high-value" globalization strategy, the company will continue to conduct in-depth market analyses to ensure feasibility while adhering to localized operational and service principles to deepen its presence in each regional market.

Across all product lines, whether for innovative high-end solutions or cost-effective products, the company adheres to a "product-centric" philosophy. Customer reliance on the company's offerings is evident not only in the precise and innovative technologies of high-end products but also in the broad applicability and superior value of cost-effective solutions. Innovation and quality consistently remain the decisive factors in customer choices, regardless of product tier. By maintaining continuous innovation and providing robust technical support, the company ensures reliable products and exceptional user experiences for customers worldwide, strengthening its competitive edge in global markets.

Every investment and market entry decision is underpinned by thorough market analysis and product positioning, reflecting the management team's careful deliberation. This approach ensures sustainable growth and profitability in the long term, aligning with the company's strategic vision for global development.

### **Question 5**

**The company has performed exceptionally well in the Indian market, with over 800 devices installed. However, with approximately 200 countries globally, how does the company choose key markets for expansion? How does the company balance brand exposure with profitability in similar international markets and identify the most promising countries? What factors does the company consider when expanding globally?**

Answer:

United Imaging's global market investment and expansion are guided by scientific decision-making and strategic considerations, ensuring that each market entry and development has clear commercial value. When selecting key countries, factors such as market size, growth potential, and industry influence are prioritized. For example, markets like the U.S. and India, despite facing geopolitical challenges, offer substantial growth opportunities. The company has established a leading position in these markets, particularly with its high-end products like CT, MR, and MI systems.

Overall, United Imaging follows a "high-impact, high-reward" global strategy, which involves deep market analysis to assess the feasibility of participation. The company adopts localized operational and service principles to deepen its presence in each region.

In addition, United Imaging maintains a "product-first" philosophy across all its product lines,

whether innovative high-end products or cost-effective solutions. Customers rely on the company not only for the precision and innovation found in its high-end products but also for the broad applicability and cost-effectiveness of its economical offerings. Innovation and quality remain key factors influencing customer decisions, regardless of product category. The company ensures that its products are reliable and deliver an excellent user experience through continuous innovation and robust technical support, thereby solidifying its competitiveness in global markets.

Therefore, the company's investments and market entries in various countries are based on careful market analysis and product positioning, which are decisions made with thorough consideration by the management team. This ensures sustainable growth and profitability in the long term.

#### **Question 6**

**Since the company's IPO on the STAR Market in August 2022, it has maintained active communication with investors. The first question is: What significant changes has the company undergone since the IPO, especially in terms of strategic layout, organizational structure, market expansion, and product innovation? Which of these changes will have a profound impact on the company's future development? The second question concerns the allocation of resources over the next three years. Specifically, how will the company balance resources between the domestic and overseas markets?**

Answer:

The IPO in 2022 marked a significant milestone for United Imaging Healthcare, representing a crucial step in the company's growth on the capital markets. Several noticeable changes have followed the listing:

**Brand Influence:** The most significant change has been the enhancement of the company's brand recognition. As a public company, United Imaging has gained more attention and recognition in the industry, which, combined with the strength of its innovation and technology, has further solidified its market position. Listing also enabled deeper connections with global investors, partners, and customers, paving the way for future global expansion.

**Operational Improvements:** The compliance and standardization requirements brought by being a listed company have been pivotal. The company has adhered strictly to governance standards, leading to significant improvements in management systems, service quality, and internal processes. In particular, the company has strengthened transparency and compliance in ESG (Environmental, Social, and Governance) matters, ensuring a continuous commitment to sustainable development and social responsibility.

**Financial Strength:** Listing has provided United Imaging with a substantial capital base, creating significant room for development. The funds raised through the IPO will be allocated to technology innovation, product research and development, and market expansion, particularly accelerating the company's global presence, enhancing competitiveness, and increasing market agility. This solid financial foundation is crucial for the company's long-term growth.

Regarding the allocation of resources over the next three years, United Imaging Healthcare will

assess the demand in both domestic and international markets, adjusting its strategy accordingly. Resource distribution will be based on market research, industry trends, competitive landscapes, and the company's own capabilities. Every year, the company will create a budget and conduct periodic evaluations to ensure that investments are optimized for maximum return, adapting to market changes and industry dynamics. This flexible approach ensures that United Imaging maintains a leadership position in both domestic and overseas markets while securing the necessary resources for innovation and sustained growth.

#### **Question 7**

**Regarding the company's future sales market strategy, United Imaging Healthcare has already deployed over 30,000 devices globally, with a relatively larger share in the domestic market. How will the company prioritize markets between domestic grassroots and high-end sectors, as well as between overseas grassroots and high-end sectors? How will the company focus development across these four market segments? Additionally, considering the differences in profitability between these markets, how would you rank the profitability of these four segments? Another question: Does the company have clear revenue targets for the overseas market?**

Answer:

In terms of the company's future sales market strategy, United Imaging recognizes the potential for overseas markets to eventually surpass the domestic market, but this will be a gradual process, expected to unfold over the next few years. Currently, the domestic market remains crucial, and the company continues to have strong competitiveness. However, as global healthcare demand grows, the potential for overseas markets is also a significant focus.

**Domestic Market:** Within China, United Imaging faces intense competition, particularly in the high-end sector. Some product lines are already market leaders, while others are experiencing continuous growth, and there is substantial potential for breakthroughs in the ultra-high-end market. In the coming years, the company will focus on further consolidating and expanding its market share in China to maintain its competitive advantage. While strengthening its domestic presence, the company will also increase investments in overseas markets, aiming for balanced development between domestic and international markets.

**Profitability Ranking:** From a profitability perspective, the company will prioritize breakthroughs in the high-end market by continuing to drive technological innovation and product differentiation. As medical demand in China evolves and technology advances, there is growing demand for high-end medical equipment. United Imaging has already developed the capability to offer comprehensive support for high-end products, ranging from imaging equipment to precision healthcare. These high-end innovative products have a distinct competitive advantage in China. On the global stage, particularly in mature markets like Europe and the U.S., United Imaging will continue to expand market share in high-end products by improving product quality and user experience, further deepening its presence.

Regarding profitability, high-end markets generally present higher margins due to the demand for advanced technology and custom solutions. Therefore, the high-end markets—both domestic and

international—are expected to have the highest profitability, followed by mid-range markets.

**Overseas Market Strategy:** In international markets, regions like Southeast Asia, especially India, with its proximity to China and significant growth potential, will be key targets. Additionally, South American countries, particularly Brazil, will attract increased attention due to their large market demand. These regions are seen as promising for both grassroots and high-end market penetration. The company will tailor its strategies to meet the specific demands and competitive dynamics of each region, ensuring steady and diversified growth globally.

Overall, the company's strategy will involve adapting to the characteristics of different markets, ensuring steady development, and pursuing diversified layouts across global regions.