

QT Vascular Ltd. and its subsidiaries

Condensed Interim Financial Statements for the three/nine months ended 30 September 2021

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst, QT Vascular Ltd. is required by SGX-ST to announce its quarterly financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group		Change
		3 months ended 30 September 2021 US\$'000	30 September 2020 US\$'000	
Revenue	6	-	145	(100)%
Cost of sales		-	(208)	(100)%
Gross loss		-	(63)	(100)%
Sales and marketing		-	49	(100)%
Administrative expenses		(788)	(962)	(18.1)%
Research and development expenses		-	(623)	(100)%
Other income		28	-	100%
Other expenses		-	(952)	(100)%
Results from operating activities		(760)	(2,551)	(70.2)%
Finance income		55	-	NM
Finance costs		(23)	(453)	(94.9)%
Net finance income/(costs)		32	(453)	NM
Loss before taxation	7	(728)	(3,004)	(75.8)%
Tax expense ¹		-	(2)	(100)%
Loss for the period		(728)	(3,006)	(75.8)%
Other comprehensive loss				
Item that is or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		35	514	(93.2)%
Total comprehensive loss for the period		(693)	(2,492)	(72.2)%
Loss attributable to:				
- Owners of the Company		(596)	(3,006)	(80.2)%
- Non-controlling interests		(132)	-	100%
Loss for the period		(728)	(3,006)	(72.2)%
Total comprehensive loss attributable to:				
- Owners of the Company		(561)	(2,492)	(77.5)%
- Non-controlling interests		(132)	-	100%
Total comprehensive loss for the period		(693)	(2,492)	(72.2)%
Loss per share for the loss for the period attributable to the owners of the Company during the period:				
Basic (USD)	16	(0.0003)	(0.001)	
Diluted (USD)	16	(0.0003)	(0.001)	

NM denotes not meaningful

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Note	Group 9 months ended		Change
		30 September 2021 US\$'000	30 September 2020 US\$'000	
Revenue	6	-	389	(100)%
Cost of sales		-	(541)	(100)%
Gross loss		-	(152)	(100)%
Sales and marketing		-	7	(100)%
Administrative expenses		(2,124)	(2,563)	(17.1)%
Research and development expenses		-	(3,580)	(100)%
Other income		367	-	NM
Other expenses		-	(814)	NM
Results from operating activities		(1,757)	(7,102)	(75.3)%
Finance income		55	-	100%
Finance costs		(85)	(657)	(87.1)%
Net finance costs		(30)	(7,759)	(95.4)%
Loss before taxation	7			
Tax expense ¹		-	(2)	(100)%
Loss for the period		(1,787)	(7,761)	(77)%
Other comprehensive loss				
Item that is or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		46	484	(90.5)%
Total comprehensive loss for the period		(1,741)	(7,277)	(76.1)%
Loss attributable to:				
- Owners of the Company		(1,655)	(7,761)	(78.7)%
- Non-controlling interests		(132)	-	NM
Loss for the period		(1,787)	(7,761)	(77)%
Total comprehensive loss attributable to:				
- Owners of the Company		(1,609)	(7,277)	(77.9)%
- Non-controlling interests		(132)	-	NM
Total comprehensive loss for the period		(1,741)	(7,277)	(76.1)%
Loss per share for the loss for the period attributable to the owners of the Company during the period:				
Basic (USD)	16	(0.0007)	(0.003)	
Diluted (USD)	16	(0.0007)	(0.003)	

NM denotes not meaningful

Note:

- 1 The tax expense of the Group is pending the assessment of corporate tax which is determined on an annual basis.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		30 September 2021 US\$'000	31 December 2020 US\$'000	30 September 2021 US\$'000	31 December 2020 US\$'000
Assets:					
Plant and equipment		-	-	-	-
Intangible assets	9	1,464	1,464	1,449	40
Investment in subsidiaries	10	-	-	9,085	12,624
Other investment		255	255	255	255
Right-of-use assets		420	41	-	-
Other non-current assets		36	94	-	-
Non-current assets		<u>2,175</u>	<u>1,854</u>	<u>10,789</u>	<u>12,919</u>
Trade and other receivables		70	588	18	200
Cash and cash equivalents		167	970	4	29
Current assets		<u>237</u>	<u>1,558</u>	<u>22</u>	<u>229</u>
Total assets		<u>2,412</u>	<u>3,412</u>	<u>10,811</u>	<u>13,148</u>
Equity:					
Share capital	13	173,201	173,182	173,201	173,182
Reserves		3,912	3,866	4,686	4,638
Accumulated losses		(177,634)	(176,294)	(169,062)	(166,384)
Equity attributable to owners of the Company		<u>(521)</u>	<u>754</u>	<u>8,825</u>	<u>11,436</u>
Non-controlling interests	14	<u>(221)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity		<u>(742)</u>	<u>754</u>	<u>8,825</u>	<u>11,436</u>
Liabilities:					
Lease liabilities		271	-	-	-
Non-current liabilities		<u>271</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loans and borrowings	11	834	1,000	834	1,000
Trade and other payables	12	1,887	1,613	1,152	712
Lease liabilities		162	45	-	-
Current liabilities		<u>2,883</u>	<u>2,658</u>	<u>1,986</u>	<u>1,712</u>
Total liabilities		<u>3,154</u>	<u>2,658</u>	<u>1,986</u>	<u>1,712</u>
Total equity and liabilities		<u>2,412</u>	<u>3,412</u>	<u>10,811</u>	<u>13,148</u>

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	Attributable to owners of the Company						Attributable to equity holders of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
	Ordinary shares US\$'000	Other reserve US\$'000	Reserve for own shares US\$'000	Translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000			
At 1 January 2020	173,182	(1,385)	(77)	(3,715)	9,229	(168,717)	8,517	-	8,517
Total comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(7,761)	-	-	(7,761)
Other comprehensive loss									
Foreign currency translation differences	-	-	-	484	-	-	-	-	484
Total comprehensive loss for the period	-	-	-	484	-	(7,761)	-	-	(7,277)
Contribution by and distribution to owners									
Share-based payment transactions	-	-	-	-	(77)	-	-	-	(77)
Total contribution by and distribution to owners at 30 September 2020	-	-	-	-	(77)	-	-	-	(77)
	<u>173,182</u>	<u>(1,385)</u>	<u>(77)</u>	<u>(3,231)</u>	<u>9,152</u>	<u>(176,478)</u>		<u>-</u>	<u>1,163</u>
At 1 January 2021	173,182	(1,385)	(77)	(3,838)	9,166	(176,294)	754	-	754
Total comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(1,655)	(1,655)	(132)	(1,787)
Other comprehensive loss									
Foreign currency translation differences	-	-	-	46	-	-	46	-	46
Total comprehensive loss for the period	-	-	-	46	-	(1,655)	(1,609)	(132)	(1,741)
Contribution by and distribution to owners									
Shares issued pursuant to exercise of share options	19	-	-	-	-	-	19	-	19
Partial disposal of interests in a subsidiary to non-controlling interests (see Note 10)	-	-	-	-	-	315	315	(89)	226
Total contribution by and distribution to owners at 30 September 2021	19	-	-	-	-	315	334	(221)	(245)
	<u>173,201</u>	<u>(1,385)</u>	<u>(77)</u>	<u>(3,792)</u>	<u>9,166</u>	<u>(177,634)</u>	<u>(521)</u>	<u>(221)</u>	<u>(742)</u>

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Attributable to owners of the Company							Total equity US\$'000
	Ordinary shares US\$'000	Other reserve US\$'000	Reserve for own shares US\$'000	Capital contribution US\$'000	Translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	
At 1 January 2020	173,182	(32,390)	(77)	33,124	(5,994)	9,229	(156,743)	20,331
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(689)	(689)
Other comprehensive loss								
Foreign currency translation differences	-	-	-	-	484	-	-	484
Total comprehensive loss for the period	-	-	-	-	484	-	(689)	(205)
Contribution by and distribution to owners								
Share-based payment transactions	-	-	-	-	-	(77)	-	(77)
Total contribution by and distribution to owners	-	-	-	-	-	(77)	-	(77)
At 30 September 2020	<u>173,182</u>	<u>(32,390)</u>	<u>(77)</u>	<u>33,124</u>	<u>(5,510)</u>	<u>9,152</u>	<u>(157,432)</u>	<u>20,049</u>
At 1 January 2021	173,182	(32,390)	(77)	34,056	(6,117)	9,166	(166,384)	11,436
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(2,678)	(2,678)
Other comprehensive loss								
Foreign currency translation differences	-	-	-	-	48	-	-	48
Total comprehensive loss for the period	-	-	-	-	48	-	(2,678)	(2,630)
Contribution by and distribution to owners								
Shares issued pursuant to exercise of share options	19	-	-	-	-	-	-	19
Total contribution by and distribution to owners	19	-	-	-	-	-	-	19
At 30 September 2021	<u>173,201</u>	<u>(32,390)</u>	<u>(77)</u>	<u>34,056</u>	<u>(6,069)</u>	<u>9,166</u>	<u>(169,062)</u>	<u>8,825</u>

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	3 months ended	
	30 September 2021 US\$'000	30 September 2020 US\$'000
Cash flows from operating activities		
Receipts from customers	462	1,519
Payments to suppliers and employees	(699)	(4,561)
Total net cash used in operating activities	<u>(237)</u>	<u>(3,042)</u>
Cash flows from investing activities		
Cash receipts from disposal of assets to Teleflex, Inc.	–	13
Cash receipts from disposal of assets to G Vascular Private Limited	–	3,900
Total net cash from investing activities	<u>–</u>	<u>3,913</u>
Cash flows from financing activities		
Proceeds from short-term loans	–	500
Proceeds from non-controlling interest	59	–
Payment of lease liabilities	(47)	(97)
Payment of short-term loans	–	(365)
Total net cash from financing activities	<u>12</u>	<u>38</u>
Net (decrease)/increase in cash and cash equivalents	(225)	909
Effect of exchange rate changes on cash and cash equivalents	(1)	(9)
Cash and cash equivalents at beginning of period	393	584
Cash and cash equivalents at end of period	<u>167</u>	<u>1,484</u>

	Group	
	9 months ended	
	30 September 2021 US\$'000	30 September 2020 US\$'000
Cash flows from operating activities		
Receipts from customers	1,938	2,404
Payments to suppliers and employees	(2,644)	(7,978)
Total net cash used in operating activities	<u>(706)</u>	<u>(5,574)</u>
Cash flows from investing activities		
Cash receipts from disposal of assets to Medtronic, Inc.	–	400
Cash receipts from disposal of assets to Teleflex, Inc.	–	951
Cash receipts from disposal of assets to G Vascular Private Limited	–	3,900
Total net cash from investing activities	<u>–</u>	<u>5,251</u>
Cash flows from financing activities		
Proceeds from short-term loans	–	1,000
Proceeds from non-controlling interest	59	–
Payment of lease liabilities	(155)	(276)
Payment of short-term loans	–	(365)
Total net cash (used in)/from financing activities	<u>(96)</u>	<u>359</u>
Net (decrease)/increase in cash and cash equivalents	(802)	36
Effect of exchange rate changes on cash and cash equivalents	(1)	(56)
Cash and cash equivalents at beginning of period	970	1,504
Cash and cash equivalents at end of period	<u>167</u>	<u>1,484</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These notes form an integral part of and should be read in conjunction with the consolidated financial statements.

1 General Information

QT Vascular Ltd. (the “**Company**”) is a public limited liability company incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activities of the Company are those of investment holding. The principal activities of the subsidiaries are:

- (a) development, manufacturing and distribution of medical devices; and
- (b) support services to related corporations for the development, manufacturing and distribution of medical devices.

2 Basis of Preparation

The condensed interim financial statements for the nine months ended 30 September 2021 have been prepared in accordance with Singapore Financial Reporting Standard (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2020 (“**FY2020**”).

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in United States dollar which is the Company’s functional currency.

2.1 Going concern assumption

For the nine months ended 30 September 2021, the Group incurred a net loss and a total comprehensive loss of US\$1,787,000 (30 September 2020: US\$7,761,000) and US\$1,741,000 (30 September 2020: US\$7,277,000), respectively, and has net cash used in operating activities of US\$706,000 (30 September 2020: US\$5,574,000). As at 30 September 2021, the Group and the Company have net current liabilities of US\$2,646,000 (31 December 2020: US\$1,100,000) and US\$1,964,000 (31 December 2020: US\$1,483,000), respectively.

The above conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group and the Company to continue as going concerns and therefore they may be unable to realize their assets and discharge their liabilities in the normal course of business.

Notwithstanding the above, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the condensed interim consolidated financial statements for the financial period ended 30 September 2021 is appropriate after taking into account the following considerations:

- i. Management is of the view that the Group will have sufficient working capital for at least the next 12 months from the date of these condensed interim consolidated financial statements and will be able to meet its obligations as and when they fall due based on the Group's cash flow forecast;
- ii. Management will continue to implement comprehensive cost-containment measures and does not expect the Group to have any significant commitments that will require significant cash outflow in the next 12 months other than those incurred in the ordinary course of business;
- iii. Management is of the view that the Group will continue to receive support from the short-term loan lender. As announced on 16 July 2021, the short-term loan of US\$1,000,000 was partially settled by an amount of US\$166,158 and the remaining outstanding loan of US\$833,842 will be non-interest bearing, repayable on 31 December 2021 and secured over the Company's remaining 50% plus one share shareholding in TriReme Medical, LLC ("**TMI US**") via entry into a loan deed;
- iv. Management has obtained letters of commitment from certain third-party lenders for additional new loans of up to US\$2.0 million that can be drawn down by the Group within 18 months from April 2021, if required. As of the date of this announcement, the Group has drawn down US\$200,000 for its working capital;
- v. On 25 May 2021, the Company announced that it had entered into:
 - (a) a conditional sale and purchase agreement in relation to the proposed acquisition by the Company of 60% of the entire issued and paid-up share capital of Asia Dental Group Pte. Ltd. (the "**Proposed Acquisition**"); and
 - (b) a subscription agreement with certain investors for the issuance of an aggregate of 4,055,555,556 new shares for an aggregate cash consideration of S\$7.3 million (the "**Proposed Subscription**").

(together with the Proposed Diversification, collectively, the "**Proposed Transactions**")

The Company is currently working towards achieving the completion of the Proposed Transactions by first quarter of 2022 or such other date as the Company and the vendor may mutually agree and will update shareholders on the progress of the Proposed Transactions on SGXNet. Upon completion of the Proposed Transactions, the Company expects to receive net proceeds from the Proposed Subscription of at least S\$6.2 million of which approximately 48.4% will be used to partially finance the Proposed Acquisition and the remaining 51.6% will be used for general working capital, all of which are envisaged to allow the Company to operate as a going concern; and

- vi. Management continues to explore the possibility of corporate actions involving entering into new business opportunities to generate new sources of revenue and/or fund-raising exercises.

The above considerations are premised on future events which are inherently uncertain. In the event that the Group and the Company are unable to continue as going concerns, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these interim condensed consolidated financial statements as at 30 September 2021.

2.2 New and amended standards adopted by the Group

The Group has adopted all the applicable new SFRS(I) and Interpretations of SFRS(I) (“**INT SFRS(I)**”) that are relevant to its operations and effective for annual periods beginning on 1 January 2021. The adoption of these new and revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group’s accounting policies and had no material effect on the disclosures or amounts reported in these condensed interim consolidated financial statements.

2.3 Use of judgement and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for FY2020.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the condensed interim consolidated financial statements are:

- Note 9 – impairment test of intangible assets: underlying key assumptions
- Note 10 – impairment test of investment in subsidiaries: underlying key assumptions

3. Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Operating segments

Operating segments are defined as components of an enterprise that engage in business activities for which separate financial information is available and evaluated by the chief operating decision maker in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is its CEO. The CEO reviews financial information presented on a consolidated basis, for purposes of allocating resources and evaluating financial performance. The Group has one business activity and there are no segment managers who are held accountable for operations, or plans for levels or components below the consolidated unit level. Accordingly, the Group operates as a single reportable operating segment.

Geographical segments

The Group operates principally in the United States of America and Singapore. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the non-current assets.

	Revenue			
	3 months ended		9 months ended	
	30	30	30	30
	September	September	September	September
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
United States of America	-	145	-	336
Europe	-	-	-	53
	-	145	-	389
	Non-current assets			
	30	31		
	September	December		
	2021	2020		
	US\$'000	US\$'000		
Group				
United States of America	452	1,483		
Singapore	1,723	371		
	2,175	1,854		

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2021 and 31 December 2020:

	Group		Company	
	30 September 2021 US\$'000	31 December 2020 US\$'000	30 September 2021 US\$'000	31 December 2020 US\$'000
Financial Assets				
Other non-current assets Amount due from subsidiaries	36	94	-	-
Cash and bank balances	167	970	4	29
Trade and other receivables (excluding prepayments)	36	354	-	-
	<u>239</u>	<u>1,418</u>	<u>8,935</u>	<u>12,230</u>
Financial Liabilities				
Trade and other payables (excluding accrued payroll and other related costs)	(607)	(1,143)	(841)	(712)
Loans and borrowings	(834)	(1,000)	(834)	(1,000)
Loans due to a subsidiary – capital contribution	-	-	(34,056)	(34,056)
Lease liabilities	(162)	(45)	-	-
	<u>(1,603)</u>	<u>(2,188)</u>	<u>(35,731)</u>	<u>(35,768)</u>
Net financial liabilities	<u>(1,364)</u>	<u>(770)</u>	<u>(26,796)</u>	<u>(23,538)</u>

6. Revenue from Contracts with Customers

Disaggregation of revenue from contract with customers

The Group's revenue is disaggregated by major product lines and timing of revenue recognition. This is consistent with the segment revenue information as disclosed in Note 4.

	3 months ended		9 months ended	
	30 September 2021 US\$'000	30 September 2020 US\$'000	30 September 2021 US\$'000	30 September 2020 US\$'000
<u>Type of good or services</u>				
Sale of goods	-	145	-	389
<u>Timing of transfer of good or services</u>				
At a point in time	-	145	-	389

7. Loss before taxation

7.1 Significant items

	Group			
	3 months ended 30 September 2021 US\$'000	3 months ended 30 September 2020 US\$'000	9 months ended 30 September 2021 US\$'000	9 months ended 30 September 2020 US\$'000
Income				
Interest income	55	-	55	-
Expenses				
Depreciation of plant and equipment	-	(24)	-	(45)
Amortization of intangible assets	-	(13)	-	(136)
Exchange loss	(23)	(362)	(26)	(421)
Equity-settled share-based payment transactions	-	-	-	77
Interest expense	-	(91)	(4)	(236)

8. Net (Liability)/Asset Value

	Group		Company	
	30 September 2021 US\$	31 December 2020 US\$	30 September 2021 US\$	31 December 2020 US\$
Net (liability)/asset value per ordinary share ^{(1), (2)}	(0.0003)	0.0003	0.004	0.005

Notes:

- (1) The net (liability)/asset value per ordinary share of the Group is calculated based on net liabilities of US\$742,000 as at 30 September 2021 (31 December 2020: net assets of US\$754,000). The net asset value per ordinary share of the Company is calculated based on net assets of US\$8.8 million as at 30 September 2021 (31 December 2020: US\$11.4 million).
- (2) For both the Group and the Company, the net asset value per ordinary share were calculated based on 2,239,453,174 ordinary shares in issue as at 30 September 2021 and 2,235,271,500 ordinary shares in issue as at 31 December 2020.

9. Intangible assets

	Intellectual property US\$'000	Developed technology in progress US\$'000	Total US\$'000
Group			
At 31 December 2020			
Cost	372	1,426	1,798
Accumulated amortisation and impairment	(332)	(2)	(334)
Net book amount	<u>40</u>	<u>1,424</u>	<u>1,464</u>
At 30 September 2021			
Opening net book amount	<u>40</u>	<u>1,424</u>	<u>1,464</u>
Closing net book amount	<u>40</u>	<u>1,424</u>	<u>1,464</u>
Company			
At 31 December 2020			
Opening net book amount	<u>40</u>	-	<u>40</u>
Closing net book amount	<u>40</u>	-	<u>40</u>
At 30 September 2021			
Opening net book amount	40	-	40
Addition	-	1,409*	1,409
Closing net book amount	<u>40</u>	<u>1,409</u>	<u>1,449</u>

* The intangible asset addition of US\$1.4 million at the Company level was due to the transfer of the Chocolate Heart™ product line from TMI US following the entry into the Proposed US Transactions.

Recoverability of intangible assets

Chocolate Heart™ product line

As at 30 September 2021, the recoverability of the intangible assets relating to the Chocolate Heart™ product line amounting to US\$1.4 million is measured by comparing the carrying amount of the intangible assets to the recoverable amount.

Based on the assessment performed by management as at 30 September 2021, management concluded that there is no impairment loss to be recognised for the intangible assets relating to the Chocolate Heart™ product line as the recoverable amount based on the valuation report dated 9 June 2021 from Cushman and Wakefield VHS Pte Ltd was determined to be in excess of the carrying amount as at 30 September 2021 of US\$1.4 million.

Notwithstanding the above, the methodology, assumptions and estimates used to determine the future values of the intangible assets are complex and subjective and may be affected by various factors such as the Group's ability to complete the development and to use or sell the intangible assets.

10. Investment in Subsidiaries

	Company	
	30 September 2021 US\$'000	31 December 2020 US\$'000
Unquoted shares in subsidiaries, at costs	420	423
Amount due from subsidiaries:		
- waiver of loans to subsidiaries	73,352	74,742
- amounts due from subsidiaries	47,312	47,559
- capital contributions related to share-based payment awards	8,839	8,839
	129,503	131,140
Less: Allowance for impairment loss	(120,838)	(118,939)
	8,665	12,201
	9,085	12,624

Interest in a subsidiary with material non-controlling interests

The Group has the following subsidiary that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests held by non-controlling interests	
		30 September 2021	31 December 2020
TMI US	United States of America	50% plus 1 share	100%
		Loss allocated to non- controlling interests 30 September 2021 US\$'000	Accumulated non- controlling interests 30 September 2021 US\$'000
TMI US		132	132

10. Investment in Subsidiaries (cont'd)

The summarized financial information below for TMI US represents amounts before intragroup eliminations.

TMI US	30 September 2021 US\$'000
Current assets	171
Non-current assets	452
Current liabilities	(794)
Non-current liabilities	(272)
Equity attributable to owners of the Company	(222)
Non-controlling interests	(221)
Revenue	-
Expenses	(695)
Loss for the period	<u>(695)</u>
Loss attributable to owners of the Company	(563)
Loss attributable to the non-controlling interests	(132)
Loss for the period	<u>(695)</u>
Total comprehensive loss attributable to owners of the Company	(563)
Total comprehensive loss attributable to non-controlling interests	(132)
Total comprehensive loss for the period	<u>(695)</u>
Net cash outflow from operating activities	(634)
Net cash outflow from financing activities	(96)
Net cash outflow	<u>(730)</u>

There is no comparative financial information presented for the corresponding period of the immediately preceding financial year as the Company only diluted its interest in TMI US in July 2021 (see below for more details). Prior to July 2021, TMI US was a wholly owned subsidiary of the Company and the Group did not have any non-controlling interests.

Change in the Group's ownership interest in TriReme Medical, LLC

During the period, the Group diluted approximately 50% of its interests in TMI US, reducing its continuing interest to 50% plus 1 share. The proceeds of the disposal of US\$166,158 were offset against an existing loan owing to MDIE Pte. Ltd.

An amount of US\$89,000 (being the proportionate share of the carrying amount of the net liabilities of TMI US) has been transferred to non-controlling interests (see Note 14 Non-controlling interests). The difference of US\$315,000 between the increase in non-controlling interests and the consideration received has been credited to accumulated losses.

10. Investment in Subsidiaries (cont'd)

The following summarises the effect of the change in the Group's ownership interest in TMI US on the equity attributable to owners of the Company:

	30 September 2021 US\$'000
Proceeds from sale of 50% ownership interests	226
Net liabilities attributable to non-controlling interests	89
Increase in equity attributable to parent	<u>315</u>

11. Loans and borrowings

	Secured		Unsecured	
	30 September 2021 US\$'000	31 December 2020 US\$'000	30 September 2021 US\$'000	31 December 2020 US\$'000
Group and Company				
Amount repayable within one year or less or on demand:				
Loans and borrowings	<u>834</u>	<u>-</u>	<u>-</u>	<u>1,000</u>

Details of loans and borrowings

On 16 July 2021, the Company entered into a loan deed with the third-party lender. Please refer to Note 2.1(iii) for more details. The short-term loan is secured over the remaining shares of the Company in TMI US and is interest-free.

12. Trade and other payables

	Group		Company	
	30 September 2021 US\$'000	31 December 2020 US\$'000	30 September 2021 US\$'000	31 December 2020 US\$'000
Trade payables	14	6	-	-
Accruals	1,280	1,409	611	615
Non-trade payables	593	115	541	97
Other payables	-	84	-	-
	<u>1,887</u>	<u>1,613</u>	<u>1,152</u>	<u>712</u>

13. Share capital

	Group and Company			
	30 September 2021		31 December 2020	
	Number of ordinary shares '000	US\$'000	Number of ordinary shares '000	US\$'000
Issued and fully paid:				
As at 1 January 2021 and 1 January 2020	2,235,271	173,182	2,235,271	173,182
Shares issued pursuant to exercise of share options under QTV 2013 Share Plan	4,182	19	-	-
As at 30 September 2021 and 31 December 2020	<u>2,239,453</u>	<u>173,201</u>	<u>2,235,271</u>	<u>173,182</u>

The Company do not hold any treasury shares as at 30 September 2021 and 30 September 2020.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2021 and 30 September 2020.

As at 30 September 2021, the issued and paid-up share capital excluding treasury shares of the Company comprised 2,239,453,174 (31 December 2020: 2,235,271,500) ordinary shares.

14. Non-controlling interests

	Group 30 September 2021 US\$'000
Balance at beginning of the period	-
Share of loss for the period	132
Partial disposal of interest in TMI US to non-controlling interests, without loss of control (Note 10)	<u>89</u>
Balance at end of the period	<u>221</u>

15. Outstanding Convertibles

Save as disclosed below, there were no outstanding convertibles held by the Company as at 30 September 2021 and 30 September 2020.

	As at 30 September 2021	As at 30 September 2020
(A) Options¹		
Number of unexercised Options	54,360,192	84,463,283
Maximum number of shares that may be issued on exercise of all unexercised Options ("Maximum Issuable Option Shares")	54,360,192	84,463,283
Maximum Issuable Option Shares as a % of Company's issued share capital as at the end of the respective financial periods	2.4%	3.8%
(B) Share Awards²		
Number of Share Awards granted but not yet vested ("Unvested Share Awards")	5,488,863	5,905,743
Total number of shares which are the subject of Unvested Share Awards ("Maximum Issuable Awards Shares")	5,488,863	5,905,743
Maximum Issuable Awards Shares as a % of Company's issued share capital as at the end of the respective financial periods	0.25%	0.26%
(C) Warrants³		
Number of unexercised Warrants	35,000,000	35,000,000
Maximum number of shares that may be issued on exercise of all unexercised Warrants ("Maximum Issuable Warrants Shares")	35,000,000	35,000,000
Maximum Issuable Warrants Shares as a % of Company's issued share capital as at the end of the respective financial periods	1.56%	1.57%
Maximum number of Shares that may be issued on conversion of all Outstanding Convertibles ("Maximum Issuable Shares")	94,849,055	125,369,026
Maximum Issuable Shares as a % of Company's issued share capital as at the end of the respective financial periods	4.2%	5.6%

Notes:

1. Options issued under the following share plans:
 - i. 2005 Stock Plan of TriReme Medical, LLC, a wholly owned subsidiary of the Group ("2005 Stock Plan").

15. Outstanding Convertibles (cont'd)

Notes:

1. Options issued under the following share plans:
 - ii. 2010 Equity Incentive Plan of Quattro Vascular Pte. Ltd., a wholly owned subsidiary of the Group ("**2010 Equity Incentive Plan**").
 - iii. 2013 QTV Share Plan.
 - iv. 2014 QTV Employee Share Option Scheme.

The Company had ceased the issuance of options under the 2005 Stock Plan, 2010 Equity Incentive Plan and QTV 2013 Share Plan after the close of placement of shares in relation to its IPO on 25 April 2014.

2. Share awards granted under the QT Vascular Restricted Share Plan 2015.
3. Unlisted warrants issued to GEM Global Yield Fund LLC SCS on 4 May 2017 ("**Warrants**"). Each Warrant carry the right to subscribe for 1 new Share at an exercise price of S\$0.10 for each new Share and is exercisable within five years from the date of the agreement – 20 March 2017.

16. Loss per share

Group	3 months ended		9 months ended	
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
Loss for the period attributable to owners of the Company (US\$'000) used to compute:				
- Basic loss per share	(596)	(3,006)	(1,655)	(7,761)
- Diluted loss per share	(596)	(3,006)	(1,655)	(7,761)
Weighted average number of ordinary shares ('000) used to compute:				
- Basic loss per share	2,239,453	2,235,271	2,238,503	2,237,271
- Diluted loss per share	2,239,453 ⁽¹⁾	2,235,271 ⁽¹⁾	2,238,503 ⁽¹⁾	2,235,271 ⁽¹⁾
Loss per share (US\$)				
(a) Based on the weighted average number of ordinary shares	(0.0003)	(0.001)	(0.0007)	(0.003)
(b) On a fully diluted basis	(0.0003)	(0.001)	(0.0007)	(0.003)

Note:

- (1) For the three and nine months ended 30 September 2020 and 30 September 2021, the basic and diluted loss per share were the same as the outstanding options and warrants are anti-dilutive as the effect of the share conversions for any outstanding options and warrants would be to decrease the loss per share.

17. Subsequent event

On 27 August 2021, InnoRa GmbH ("**InnoRa**"), a licensor to TMI US, of intellectual property for the application and incorporation of certain coating technologies with and into balloon catheters under a development and licence agreement dated 3 April 2011 between InnoRa and TMI US pertaining to Chocolate Touch® ("**Product**"), is seeking to claim an amount of US\$1.2 million in royalties, being 30% of the initial payment made to TMI US, under the Sublicense Agreement of the asset purchase agreement between the Company, TMI US, G Vascular Private Limited ("**Purchaser**") and Genesis MedTech International Private Limited in relation to the disposal of the Product by TMI US to the Purchaser as announced on 27 August 2020, to be paid not later than 10 September 2021 as well as 30% of all future payments received by TMI US in connection with the aforesaid disposal.

On 13 October 2021, TriReme Singapore Pte Ltd and Quattro Vascular Pte Ltd have filed for a demand for arbitration against InnoRa with the American Arbitration Association's San Francisco regional office, seeking declaratory judgements and damages of not less than US\$1.0 million from InnoRa ("**Notice of Arbitration**").

As at the date of this announcement, InnoRa has not responded to the Notice of Arbitration nor commenced any formal legal proceedings against TMI US.

Save as disclosed above, there are no known subsequent events which have led to adjustments to this set of interim financial statements.

Other Information Required by Catalyst Rule Appendix 7C

A. Review

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 September 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine-month period then ended and explanatory notes have not been audited or reviewed.

The Company's auditors for the financial year ended 31 December 2020 ("FY2020"), Moore Stephens LLP, had issued a disclaimer of opinion on the Group's financial statements for FY2020 as highlighted on pages 47 and 48 of the Company's Annual Report for FY2020.

Update on efforts to resolve accounting issue arising from the latest audited financial statements for FY2020

Efforts taken to resolve each outstanding audit issue are as follows:

(i) Recoverability of the Group's intangible assets

Please refer to Note 9 for management's assessment of the recoverability of the Group's intangible assets as at 30 September 2021.

(ii) Recoverability of the Company's investment in subsidiaries

The Company continues to monitor the carrying amount of its investment in subsidiaries which is linked to the intangible assets valuation assessment indicated in Note 9 as the value of the Company's subsidiaries are supported by the value of the intangible assets held by the respective subsidiaries. As at 30 September 2021, the Company had recognised an allowance for impairment loss for its investment in subsidiaries amounting to approximately US\$1.9 million, as highlighted in Note 10, based on management's assessment following the dilution of the Company's interests in TMI US during the period.

(iii) Material uncertainty related to going concern

Please refer to Note 2.1 for the steps taken by management to address the going concern assumption of the Group as at 30 September 2021.

The Board confirms that the impact of the outstanding audit issues on the financial statements have been adequately disclosed.

B. Review of performance of the Group

Condensed interim consolidated statement of profit or loss and other comprehensive income

The Group did not record any revenue and cost of sales for the three months ended 30 September 2021 (“3Q2021”) as there were no sales to Teleflex, Inc. following the cessation of the product manufacturing and supply agreement as at 31 December 2020.

As a result of the above, the Group did not record any gross loss or profit for 3Q2021 as compared to a gross loss of US\$63,000 in the three months ended 30 September 2020 (“3Q2020”).

In 3Q2021, the Group’s loss before taxation decreased by US\$2,276,000 mainly due to the following reasons:

- Our administrative expenses decreased by US\$0.2 million in 3Q2021 mainly due to reduction in overall spending due to progressive cost cutting measures implemented since the financial year ended 31 December 2017;
- There was no research and development expenses incurred upon completion of the disposal of Chocolate Touch® in August 2020 to G Vascular Pte. Ltd.;
- Other income increased mainly due to recharge of lease and services to Expanse Medical, Inc. (“**Expanse Medical**”) in 3Q2021;
- The decrease in other expenses by US\$952,000 was mainly due to the loss on disposal recorded following the completion of the disposal of Chocolate Touch® to G Vascular Private Limited in 3Q2020. There was no such expense recorded in 3Q2021;
- Finance cost position decreased by US\$430,000 during 3Q2021 mainly due to (i) decrease in foreign exchange loss suffered of US\$339,000 from US\$362,000 in 3Q2020 to US\$23,000 in 3Q2021, (ii) decrease in interest expenses accrued for a third-party loan of US\$91,000 from US\$91,000 in 3Q2020 to US\$Nil in 3Q2021 and
- Interest income increased by US\$55,000 from US\$Nil in 3Q2020 to US\$55,000 in 3Q2021; and
- Depreciation of plant and equipment decreased by US\$24,000, or 100% in 3Q2021 as all of the Group’s assets were fully depreciated in the prior year.

Condensed interim statements of financial position

Group	As at 30 September 2021 US\$'000	As at 31 December 2020 US\$'000	Change %
Non-current assets	2,175	1,854	17.3%
Current assets	237	1,558	(84.8)%
Total assets	2,412	3,412	(29.3)%
Total equity	(742)	754	NM
Non-current liabilities	271	-	100%
Current liabilities	2,883	2,658	8.5%
Total liabilities	3,154	2,658	18.7%

Condensed interim statements of financial position (cont'd)

Our non-current assets increased by US\$321,000 mainly due to:

- (i) increase in right-of-use assets in relation to the Group's office rental leases of US\$379,000; and
- (ii) partially offset by decrease of other non-current assets of US\$58,000 due to decrease in amount of security deposit for leased units.

Our current assets decreased by US\$1.3 million mainly due to:

- (i) decrease in cash and cash equivalents of US\$803,000 due to reasons presented in the cashflow analysis below; and
- (ii) decrease in trade and other receivables of US\$518,000 mainly due to collection of trade receivables from customers.

Our non-current liabilities increased by US\$271,000 due to the accounting recognition of lease liabilities following the lease renewal by TMI US in March 2021.

Our current liabilities increased by US\$225,000 mainly due to:

- (i) increase in lease liabilities in relation to the Group's office rental leases of approximately US\$117,000;
- (ii) increase in trade and other payables and accrued expenses of approximately US\$274,000; and
- (iii) partially offset by decrease in loans and borrowings of approximately US\$166,000 due to partial settlement for the disposal of the Company's shareholding in TMI US to the lender as highlighted in Note 2.1.

The Group has undertaken the steps highlighted in Note 2.1 to address the Group's negative working capital of US\$2.6 million and deficit in shareholders' equity of US\$742,000 as at 30 September 2021. The Board confirms that the Group will be able to meet its short-term debt obligations when they fall due based on the implementation of the aforementioned steps and continue to operate as a going concern and confirmed that all material disclosures have been provided for trading of the Company's shares to continue in an orderly manner.

Condensed interim consolidated statement of cash flows

The Group recorded cash outflows from operating activities of US\$237,000 for 3Q2021 due mainly to payments made to our suppliers and employees of US\$699,000. The cash outflows from operating activities are partially offset by the receipts from customers amounting to approximately US\$462,000.

Net cash from financing activities for 3Q2021 was approximately US\$12,000 which is mainly due to proceeds received from a non-controlling interest for its investment in TMI US of US\$59,000. The cash from financing activities are offset by lease payments made during the period to third party lessors of US\$47,000.

C. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement had been issued for the current financial reporting period.

D. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The global situation in relation to the COVID-19 pandemic is still uncertain with some countries experiencing second and third wave infections. This may have an impact on the Company's future potential strategic plans in respect of fund-raising activities due to the current weak economy and volatile market conditions. However, the Company will continue to monitor our operational business performance and costs and will respond accordingly where appropriate and necessary to adapt to the changing business environment.

The Company continues to actively explore various strategic options and is working towards the completion of the Proposed Transactions. The Company will update shareholders via SGXNET as and when there are any material developments on the aforementioned.

E. Dividend information

(1) IF A DECISION REGARDING DIVIDEND HAS BEEN MADE:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividends have been declared or recommended for the current reporting period.

(b) (i) Amount per share (cents)

Not applicable.

(ii) Previous corresponding period (cents)

Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Books closure date

Not applicable.

(2) IF NO DIVIDEND HAS BEEN DECLARED/RECOMMENDED, A STATEMENT TO THAT EFFECT AND THE REASON(S) FOR THE DECISION

No dividends have been declared or recommended for the current reporting period as the Company wishes to retain the available funds for its working capital.

F. Interested person transactions

On 30 April 2021, the Company had obtained a general mandate for interested party transactions in respect of future transactions with Expanse Medical, a company wholly-owned by a director of the Company. The aggregate value of such transactions under the general mandate with Expanse Medical are as follows:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		Nine months ended 30 September 2021 US\$'000	Nine months ended 30 September 2021 US\$'000
Expanse Medical	Associate of Mr. Konstantino	Nil	103

G. Disclosures on incorporation, acquisition and realization of shares pursuant to Catalist Rule 706A

During the three months ended 30 September 2021, the Company did not incorporate, acquire, dispose or realize any shares in subsidiaries pursuant to Catalist Rule 706A.

H. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Catalist Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Catalist Rule 720(1) of the Catalist Listing Manual.

By order of the Board of Directors

Eitan Konstantino
Executive Director and
Chief Executive Officer

I. Confirmation by the Board pursuant to Catalist Rule 705(5)

We, the undersigned, hereby confirm to the best of our knowledge that nothing has come to our attention of the Board of Directors of the Company which may render the Group's unaudited condensed interim financial statements for the three and nine-months ended 30 September 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Eitan Konstantino
Executive Director and
Chief Executive Officer

Sho Kian Hin
Independent Director

Singapore
11 November 2021

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.