QT Vascular Ltd. and its subsidiaries

Unaudited Financial Statements Announcement for the financial year ended 31 December 2019

PART I INFORMATION REQUIRED FOR QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR (HY) AND FULL YEAR ANNOUNCEMENTS

1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group Year ended 31/12/2019 US$'000	31/12/2018 US$'000	Change
Revenue	7,954	11,165	(28.8)%
Cost of sales	(7,638)	(9,869)	(22.6)%
Gross profit	316	1,296	(75.6)%
Sales and marketing expenses	(241)	(2,403)	(90.0)%
Administrative expenses	(4,038)	(5,688)	(29.0)%
Research and development expenses	(5,985)	(7,163)	(16.4)%
Other income	612	44,374	(98.6)%
Other expenses	(7)	(358)	(98.0)%
Results from operating activities	(9,343)	30,058	NM
Finance income	44	7	>100%
Finance costs	(439)	(491)	(10.6)%
Net finance costs	(395)	(484)	(18.4)%
(Loss)/Profit before tax	(9,738)	29,574	NM
Tax expense[1]	–	(2)	NM
(Loss)/Profit for the year	(9,738)	29,572	NM
Other comprehensive (loss)/profit			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	119	(299)	NM
Total comprehensive (loss)/profit for the year	(9,619)	29,273	NM
(Loss)/Profit attributable to:			
Owners of the Company	(9,738)	29,572	NM
(Loss)/Profit for the year	(9,738)	29,572	NM
Total comprehensive (loss)/profit attributable to:			
Owners of the Company	(9,619)	29,273	NM
Total comprehensive (loss)/profit for the year	(9,619)	29,273	NM

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.

1(a)(ii) Notes to the consolidated statement of comprehensive income

(Charging)/Crediting	Group Year ended 31/12/2019 US$'000	 31/12/2018 US$'000	 % change
Depreciation of:			
- property, plant and equipment	(96)	(299)	(67.9)%
- right-of-use asset	(323)	–	100%
Reversal of allowance of inventory obsolescence	17	5	NM
Amortization of intangible assets	(250)	(414)	(39.6)%
Exchange loss	(148)	(44)	>100%
Equity-settled share-based payment transactions	(34)	(415)	(91.8)%
Interest income	5	7	(28.6)%
Interest expense	(252)	(447)	(43.6)%

NM denotes not meaningful

1(b)(i) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Consolidated statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2019 US$'000	31/12/2018 US$'000	31/12/2019 US$'000	31/12/2018 US$'000
Assets:				
Plant and equipment	94	176	–	–
Intangible assets	8,289	8,545	40	40
Investment in subsidiaries	–	–	129,925	121,936
Other investment	255	255	255	255
Other non-current assets	75	480	–	400
Right-of-use-assets	317	–	–	–
Non-current assets	9,030	9,456	130,220	122,631
Inventories	183	1,200	–	–
Trade and other receivables	2,365	2,840	1,613	1,367
Cash and cash equivalents	1,504	10,766	1,100	10,335
Current assets	4,052	14,806	2,713	11,702
Total assets	13,082	24,262	132,933	134,333
Equity:				
Share capital	173,182	172,776	173,182	172,776
Reserves	4,147	3,994	(28,142)	(29,434)
Accumulated losses	(168,812)	(159,074)	(47,287)	(45,463)
Total equity	8,517	17,696	97,753	97,879
Liabilities:				
Trade and other payables	66	66	33,306	33,148
Lease liabilities	45	–	–	–
Non-current liabilities	111	66	33,306	33,148
Loans and borrowings	1,363	2,389	1,363	2,389
Trade and other payables	2,805	4,111	511	917
Lease liabilities	286	–	–	–
Current liabilities	4,454	6,500	1,874	3,306
Total liabilities	4,565	6,566	35,180	36,454
Total equity and liabilities	13,082	24,262	132,933	134,333

1(b)(ii) Aggregate amount of group's borrowings.

	Secured		Unsecured	
	31/12/2019 US$'000	31/12/2018 US$'000	31/12/2019 US$'000	31/12/2018 US$'000
Amount repayable within one year or less or on demand:				
Loans and borrowings	–	–	1,363	2,389

	Secured		Unsecured	
	31/12/2019 US$'000	31/12/2018 US$'000	31/12/2019 US$'000	31/12/2018 US$'000
Amount repayable after one year:				
Loans and borrowings	–	–	–	–

Details of any collateral

Not applicable.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Group Year ended 31/12/2019 US$'000	Group Year ended 31/12/2018 US$'000
Cash flows from operating activities			
Receipts from customers		9,323	9,688
Payments to suppliers and employees		(17,372)	(32,168)
		(8,049)	(22,480)
Payment for settlement of litigation with AngioScore, Inc.		–	(4,250)
Interests and withholding taxes paid for borrowings		(81)	(2,005)
Total net cash used in operating activities		(8,130)	(28,735)
Cash flows from investing activities			
Purchase of property, plant and equipment		(14)	(97)
Payment for acquisition of other investment		–	(255)
Cash receipts from disposal of assets to Medtronic, Inc.		400	27,200
Cash receipts from disposal of assets to Teleflex, Inc.		–	19,168
Total net cash from investing activities		386	46,016
Cash flows from financing activities			
Proceeds from short-term loans		–	453
Repayment of convertible notes		–	(4,292)
Repayment of loans		(1,148)	(3,923)
Proceeds from issuance of shares		–	1,125
Payment of lease liabilities		(347)	–
Total net cash used in financing activities		(1,495)	(6,637)
Net (decrease)/increase in cash and cash equivalents		(9,239)	10,644
Effect of exchange rate changes on cash and cash equivalents		(23)	(225)
Cash and cash equivalents at beginning of year		10,766	347
Cash and cash equivalents at end of year	1	1,504	10,766

Following the completion of the sale of Chocolate® PTA balloon catheter to Medtronic, Inc. ("**Medtronic**") in January 2018, the Group had made the following payments with the proceeds received which are included in cash flows from operating activities:

	Group Year ended 31/12/2019 US$'000	Group Year ended 31/12/2018 US$'000
Payment for settlement of litigation with AngioScore, Inc.	–	(4,250)
Payment for legal expenses in relation to litigation with AngioScore, Inc.	–	(4,217)
Refund of advance receipts from Century Medical, Inc.	–	(1,355)
Payments to Cordis, Inc. for re-purchase of inventory	–	(348)
	–	(10,170)

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Note:

(1) Cash and cash equivalents are derived from:

	Group	
	31/12/2019 US$'000	31/12/2018 US$'000
Bank balances	1,447	10,709
Deposits pledged	57	57
Total cash and cash equivalents	1,504	10,766

1(d)(i) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company						
Group	**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**	**Total equity US$'000**
At 1 January 2018	171,216	(1,385)	(77)	(3,440)	8,752	(188,646)	(13,580)
Total comprehensive profit for the year							
Profit for the year	–	–	–	–	–	29,572	29,572
Other comprehensive income							
Foreign currency translation differences	–	–	–	(299)	–	–	(299)
Total comprehensive profit for the year	–	–	–	(299)	–	29,572	29,273
Contributions by and distributions to owners							
Shares issued pursuant to capital commitment agreement with GEM Global	1,455	–	–	–	–	–	1,455
Shares issued pursuant to settlement of short-term loans and trade payables	105	–	–	–	–	–	105
Share-based payment transactions	–	–	–	–	443	–	443
Total contributions by and distributions to owners	1,560	–	–	–	443	–	2,003
At 31 December 2018	172,776	(1,385)	(77)	(3,739)	9,195	(159,074)	17,696

1(d)(i) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

	Attributable to owners of the Company						
	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	Total equity US$'000
Group							
At 1 January 2019	172,776	(1,385)	(77)	(3,739)	9,195	(159,074)	17,696
Total comprehensive loss for the year							
Loss for the year	–	–	–	–	–	(9,738)	(9,738)
Other comprehensive income							
Foreign currency translation differences	–	–	–	119	–	–	119
Total comprehensive profit for the year	–	–	–	119	–	(9,738)	(9,619)
Contributions by and distributions to owners							
Shares issued pursuant to loan extension and interest payments	406	–	–	–	–	–	406
Share-based payment transactions	–	–	–	–	34	–	34
Total contributions by and distributions to owners	406	–	–	–	34	–	440
At 31 December 2019	173,182	(1,385)	(77)	(3,620)	9,229	(168,812)	8,517

d)(i) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

	Attributable to owners of the Company						
	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	Total equity US$'000
Company							
At 1 January 2018	171,216	(32,390)	(77)	(4,179)	8,752	(44,666)	98,656
Total comprehensive loss for the year							
Loss for the year	–	–	–	–	–	(797)	(797)
Other comprehensive income							
Foreign currency translation differences	–	–	–	(1,983)	–	–	(1,983)
Total comprehensive loss for the year	–	–	–	(1,983)	–	(797)	(2,780)
Contributions by and distributions to owners							
Shares issued pursuant to capital commitment agreement with GEM Global	1,455	–	–	–	–	–	1,455
Shares issued pursuant to settlement of short-term loans and trade payables	105	–	–	–	–	–	105
Share-based payment transactions	–	–	–	–	443	–	443
Total contributions by and distributions to owners	1,560	–	–	–	443	–	2,003
At 31 December 2018	172,776	(32,390)	(77)	(6,162)	9,195	(45,463)	97,879

(d)(i) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

	Attributable to owners of the Company						
	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	Total equity US$'000
Company							
At 1 January 2019	172,776	(32,390)	(77)	(6,162)	9,195	(45,463)	97,879
Total comprehensive loss for the year							
Loss for the year	–	–	–	–	–	(1,824)	(1,824)
Other comprehensive income							
Foreign currency translation differences	–	–	–	1,258	–	–	1,258
Total comprehensive loss for the year	–	–	–	1,258	–	(1,824)	(566)
Contributions by and distributions to owners							
Shares issued pursuant to loan extension and interest payments	406	–	–	–	–	–	406
Share-based payment transactions	–	–	–	–	34	–	34
Total contributions by and distributions to owners	406	–	–	–	34	–	440
At 31 December 2019	173,182	(32,390)	(77)	(4,904)	9,229	(47,287)	97,753

1(d)(ii) CHANGES IN COMPANY'S SHARE CAPITAL

Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary Share Capital

The Company's issued and fully paid-up ordinary share capital as at 31 December 2019 are as follows:

	Number of ordinary shares	Issued and paid-up share capital US$'000
Balance at 30 September 2019 and 31 December 2019	2,235,271,500	173,182

Treasury Shares and Subsidiary Holdings

The Company did not have any treasury shares and there were no subsidiary holdings as at 31 December 2019 and 31 December 2018.

Outstanding Convertibles

Save as disclosed below, there were no outstanding convertibles held by the Company as at 31 December 2019 and 31 December 2018.

	As at 31/12/2019	As at 31/12/2018
(A) Options[1]		
Number of unexercised Options	94,452,979	97,360,003
Maximum number of shares that may be issued on exercise of all unexercised Options ("**Maximum Issuable Option Shares**")	94,452,979	97,360,003
Maximum Issuable Option Shares as a % of Company's issued share capital as at the end of the respective	4.2%	4.65%

	As at 31/12/2019	As at 31/12/2018
financial year		
(B) Share Awards[2]		
Number of Share Awards granted but not yet vested ("**Unvested Share Awards**")	7,059,818	7,692,767
Total number of shares which are the subject of Unvested Share Awards ("**Maximum Issuable Awards Shares**")	7,059,818	7,692,767
Maximum Issuable Awards Shares as a % of Company's issued share capital as at the end of the respective financial year	0.32%	0.37%
(C) Warrants[3]		
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 year	1.57%	1.67%
Maximum number of Shares that may be issued on conversion of all Outstanding Convertibles ("Maximum Issuable Shares")	**136,512,797**	**140,052,770**
Maximum Issuable Shares as a % of Company's issued share capital as at the end of the respective financial year	**6.11%**	**6.69%**

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**").
   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 (collectively, the "**Three Share Plans**") 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 ("**GEM Global**") 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.

1(d)(iii) NUMBER OF ISSUED SHARES

To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued ordinary shares was 2,235,271,500 as at 31 December 2019 and 2,092,632,446 as at 31 December 2018.

The Company held no treasury shares as at 31 December 2019 and 31 December 2018.

1(d)(iv) TREASURY SHARES

A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

1(d)(v) SUBSIDIARY HOLDINGS

A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmations from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those in the most recently audited consolidated financial statements for the year ended 31 December 2018 as well as all applicable Singapore Financial Reporting Standards (International) ("**SFRS(I)**") that become effective for financial year beginning on or after 1 January 2019. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact to the Group's consolidated financial statements, except as disclosed in paragraph 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for and the effect of, the change.

SFRS(I)16 Leases

SFRS(I)16 Leases requires lessees to recognise most leases on balance sheets. SFRS(I) 16 requires recognition of a liability for lease payments (i.e. lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset) at the commencement date of the lease. Lessees are required to separately recognise the interest expense on the lease liability and depreciation expense on the right-of-use asset during the lease term.

Prior to adoption of SFRS(I) 16, the Group recognises lease payments as rental expenses for its leases previously classified as operating leases.

Management adopted SFRS(I) 16 using the modified retrospective approach without restating prior periods' information. As the lease was previously accounted for as an operating lease, under the modified retrospective approach, management can measure lease liability using one of the two methods:

i. as if SFRS(I) 16 had always been applied (but using the incremental borrowing rate at the date of initial application); or
ii. at an amount equal to the lease liability (subject to certain adjustments).

Management has adopted method 2 and therefore, no adjustments to the retained losses as at 1 January 2019 is required.

6. (LOSS)/EARNINGS PER SHARE

(Loss)/Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Group	Year ended 31/12/2019	Year ended 31/12/2018
(Loss)/Profit for the year attributable to owners of the Company **(US$'000)** used to compute:		
- Basic (loss)/earnings per share	(9,738)	29,572
- Diluted (loss)/earnings per share	(9,738)	29,572
Weighted average number of ordinary shares **('000)** used to compute:		
- Basic (loss)/earnings per share	2,171,181(1)	2,040,891
- Diluted (loss)/earnings per share	2,171,181(1)	2,045,224(2)
(Loss)/Earnings per share **(US$)**		
- Basic (loss)/earnings per share	(0.004)	0.014
- Diluted (loss)/earnings per share	(0.004)	0.014

Notes:

(1) For the year ended 31 December 2019, 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.

(2) For the year ended 31 December 2018, there were 12,200,000 share options which are available for conversion to ordinary shares which are deemed to be dilutive and are included in the weighted average number of ordinary shares for the purposes of computing diluted earnings per share.

7. NET ASSET VALUE FOR ISSUER AND GROUP

Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/12/2019 US$	31/12/2018 US$	31/12/2019 US$	31/12/2018 US$
Net asset value per ordinary share (1), (2)	0.004	0.008	0.044	0.047

Notes:

(1) The net asset value per ordinary share of the Group is calculated based on net assets of US$8.5 million as at 31 December 2019 (31 December 2018: US$17.7 million). The net asset value per ordinary share of the Company is calculated based on net assets of US$97.8 million as at 31 December 2019 (31 December 2018: US$97.9 million).

(2) For both the Group and the Company, the net asset value per ordinary share were calculated based on 2,235,271,500 ordinary shares in issue as at 31 December 2019 and 2,092,632,446 as at 31 December 2018.

8. REVIEW OF PERFORMANCE OF THE GROUP

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019 compared to the Year ended 31 December 2018

The breakdown of our revenue derived from the sale of our products to the various geographical regions for the financial year ended 31 December 2019 ("**FY2019**") and for the financial year ended 31 December 2018 ("**FY2018**") are presented below:

	FY2019		FY2018	
	US$'000	%	US$'000	%
United States	7,762	97.6	10,867	97.3
Europe	192	2.4	295	2.6
Asia Pacific	–	–	3	0.1
	7,954	100.0	11,165	100.0

In FY2019, our revenue decreased by approximately US$3.2 million, or 28.8%, mainly due to decrease in revenue per unit sold for our non-drug coated coronary product, Chocolate XD™ to Teleflex, Inc. ("**Teleflex**"). In FY2019, revenue generated from Medtronic and Teleflex is in relation to the product manufacturing and supply agreement, which forms part of the asset sales to Medtronic and Teleflex.

Cost of sales decreased by approximately US$2.2 million, or 22.6% in FY2019 mainly due to the decrease in the amortisation expenses on the Group's intangible assets recorded in cost of goods sold as well as the lower amount of materials used in production following the reduction in units sold in FY2019.

As a result of the above, our Group recorded a gross profit of US$0.3 million or 4.0% of revenue in FY2019. The decrease in gross profit is mainly due to sales of Chocolate XD™

to Teleflex under the product manufacturing and supply agreement which generate lower gross margins.

In FY2019, the Group's loss before taxation was US$9.7 million as compared to a profit before taxation of US$29.6 million in FY2018 due to the following reasons:

- Our sales and marketing expenses decreased by US$2.2 million in FY2019 mainly due to the cessation of the sale and marketing team since July 2018 following the completion of the Teleflex asset sale transaction in June 2018.

- Our administrative expenses decreased by US$1.7 million in FY2019 mainly due to lower headcount and reduction in overall spending in-line with our on-going cost cutting measures implemented since FY2017.

- Our research and development expenses decreased by US$1.2 million due to the lower number of patients enrolled for the clinical trials of the Group's drug-coated peripheral Chocolate® (i.e. Chocolate Touch®) in FY2019.

- The other income of US$44.4 million recorded in FY2018 was mainly due to the recorded one-off gain arising from the completion of the sales of our non-drug coated peripheral product, Chocolate® PTA and non-drug coated coronary product, Chocolate XD™ to Medtronic in January 2018 and Teleflex in June 2018 respectively. There was no such income recorded in FY2019. If the Company were to exclude the other income of US44.4 million in FY2018, it would have recorded a loss from operating activities of US$14.3 million as compared to US$9.3 million in FY2019.

- We were in a net finance cost position of US$0.4 million in FY2019, as compared to a net finance cost position of US$0.5 million in FY2018 mainly due to foreign exchange loss suffered of US$148,000 in FY2019 (FY2018: US$44,000) pursuant to unfavorable exchange rate changes between the Singapore dollar and United States dollar. The net finance costs in FY2019 was also due to interest expenses of US$0.3 million (FY2018: US$0.4 million) comprising extension fee and interest paid for certain outstanding loans in FY2019.

- Amortisation of intangible assets decreased by US$164,000, or 39.6% in FY2019 following a review of its useful life as well as the reduction in amortisation costs due to the write-off of the remaining book values of the intangible assets as indicated above following the completion of the asset sale transaction with Medtronic and Teleflex in FY2018.

- Depreciation of plant and equipment decreased by US$203,000, or 67.9% in FY2019 as more of the Group's assets were fully depreciated in the prior year.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December 2019 US$'000	As at 31 December 2018 US$'000	Change %
Non-current assets	9,030	9,456	(4.5)%
Current assets	4,052	14,806	(72.6)%
Total assets	13,082	24,262	(46.1)%
Total equity	8,517	17,696	(51.9)%
Non-current liabilities	111	66	68.2%
Current liabilities	4,454	6,500	(31.5)%
Total liabilities	4,565	6,566	(30.5)%

Our non-current assets decreased by US$426,000 mainly due to decrease in plant and equipment of US$82,000 due to (i) depreciation expenses recognised and intangible assets of US$256,000 due to recognition of amortisation expenses, and (ii) reclassification from other non-current assets to trade and other receivables of approximately US$400,000 as the asset sale milestone payment due from Medtronic will be receivable within 12 months as at 31 December 2019. The decrease is offset by the recognition of the right-of-use assets in relation to the Group's office rental leases of US$317,000 following the adoption of SFRS(I)16 Leases highlighted in paragraph 5 since 1 January 2019.

Our current assets decreased by US$10.8 million mainly due to the decrease in (i) cash and cash equivalents of US$9.3 million due to utilisation of cash for working capital purposes, (ii) inventory balances of US$1.0 million due to utilisation of existing inventories for production and (iii) decrease in trade and other receivables of US$0.5 million mainly due to the reduction in trade receivables due to collection of debts from customers.

Our non-current liabilities increased by US$45,000 due to the recognition of lease liabilities following the adoption of SFRS(I)16 Leases.

Our current liabilities decreased by US$2.0 million mainly due to (i) the settlement and extension of certain outstanding loans of approximately US$1.0 million and (ii) decrease in trade payables and accrued expenses of approximately US$1.3 million. The decrease in current liabilities is partially offset by the recognition of lease liabilities in relation to the Group's office rental leases of approximately US$0.3 million.

The Group had negative working capital of US$402,000 as at 31 December 2019 mainly due to current trade and other payables exceeding current trade and other receivables. To address the negative working capital, the following steps have been taken by the Group to address the negative working capital and cash flow requirements:

(i) have ongoing discussions with the existing short-term lenders in relation to the settlement of the existing loans;

(ii) obtaining relevant financial assistance from various government initiatives that are made available to the Group due to the coronavirus ("**COVID-19**") pandemic to ease the short-term costs of the Group's operational activities; and

(iii) explore possibility of corporate actions involving the Group's intangible assets and/or investment in subsidiaries which will significantly reduce the Group's operational costs.

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 above-mentioned steps.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Group recorded cash outflows from operating activities of US$8.1 million in FY2019 due mainly to payments made to our suppliers and employees of US$17.4 million. The cash outflows from operating activities is partially offset by the receipts from Medtronic and Teleflex for the sale of the products amounting to approximately US$9.3 million.

Net cash from investing activities for FY2019 was approximately US$0.4 million which mainly due to cash receipts from disposal of assets to Medtronic, Inc.

Net cash outflow from financing activities for FY2019 was approximately US$1.5 million which is in relation to the lease payments made during the quarter to third party lessors of US$347,000 and repayment of loans of approximately US$1.1 million.

9. FORECAST AND PROSPECT STATEMENT

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.

10. SIGNIFICANT TRENDS AND COMPETITIVE CONDITIONS OF THE INDUSTRY

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 landscape for paclitaxel coated device continues to be challenging with FDA now asking for three years mortality data for a certain percentage of the patients in our United States ("**US**") pivotal study of the Drug Coated Chocolate Touch® Balloon (the **"Study"**). This new requirement is well beyond the one year follow up previously accepted and approved by FDA for our Study. One year follow up was the gold standard used in the approval studies of other FDA approved paclitaxel coated balloons. This new requirement for three years mortality data increases the timeline for approval and as a result the cost for approval. While our Study was powered to show less major target limb complications and better efficacy than the control arm at one year, it was not designed to identify mortality changes in three years.

While enrolment for our Study continues in 2020, the COVID-19 pandemic has impacted all industries around the globe. Currently, US hospitals are focusing on support and

recovery for COVID-19 patients and US clinical studies are impacted as a result. Our clinical team is working closely with all US sites to ensure the safety of our clinical trial participants and integrity of the study data.

QT Vascular is participating in a pan-industry working group that is attempting to collect a complete set of patient-level data in order to perform an analysis having the necessary granularity to adjust for clinical diversity and confounding covariates needed to reliably discern the role of paclitaxel. The working group is coordinating its activities with FDA's own efforts on paclitaxel. The industry group continues to show the attenuation of the originally identified mortality signal. However, we do not know if and at what point in time those findings will be sufficient for FDA to reverse their position.

At the end of 2018, Katsanos et al[1] published a review and meta-analysis of paclitaxel-coated balloons and stents, suggesting an increased risk of mortality due to paclitaxel exposure. In response, FDA issued a January 2019 letter[2] stating that "the FDA believes that the benefits continue to outweigh the risks for approved paclitaxel-coated balloons". Experts from professional societies concluded that there is no mechanistic explanation for the findings and that patient-level data is required. Patient-level data analysis showed no impact on mortality rates due to paclitaxel exposure. These findings by leading key opinion leaders are reflected in a recent publication by Schneider et al[3]. As previously announced, on 25 March 2019, FDA issued a letter to healthcare providers about the potential for increased long-term mortality after use of paclitaxel-coated balloons and paclitaxel-eluting stents to treat peripheral arterial disease in the femoropopliteal artery. While FDA letter provides recommendations regarding the use of commercially distributed paclitaxel-coated products, it does not reference ongoing clinical trials.

As previously announced on 24 June 2019, the FDA Circulatory System Devices Panel of the Medical Devices Advisory Committee on paclitaxel-coated devices in patients with peripheral artery diseases (the "**Panel**") took place on 19 and 20 June 2019 where the Panel presentations and discussions included a broad range of topics related to paclitaxel DCB and drug-eluting stents. The Panel also discussed the benefits of paclitaxel-coated devices relative to the mortality signal identified in the March FDA letter. Quality of life benefits including lower re-intervention rates were acknowledged by the Panel members with a view that paclitaxel-coated devices should remain on the market. Panel members recommended that product labels shall include the late mortality signal information, while additional long-term data should be collected.

As a result of the above FDA letters, we noted that US sales of paclitaxel DCB in 2019 had decreased as compared to 2018. Following the Panel presentations and discussions, a letter summarizing the discussions was released on 7 August 2019[4] and the VIVA

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[1] Katsanos K, Spiliopoulos S, Kitrou P, Krokidis M, Karnabatidis D. Risk of Death Following Application of Paclitaxel-Coated Balloons and Stents in the Femoropopliteal Artery of the Leg: A Systematic Review and Meta-Analysis of Randomized Controlled Trials. JAHA. 2018; 7(24):

[2] https://www.fda.gov/MedicalDevices/Safety/LetterstoHealthCareProviders/ucm629589.htm, accessed 25 January 2019.

[3] Peter A. Schneider, MD, John R. Laird, MD, Gheorghe Doros, PhD, Qi Gao, MS, Gary Ansel, MD, Marianne Brodmann, MD, Antonio Micari, MD, PhD, Mehdi H. Shishehbor, DO, MPH, PhD, Gunnar Tepe, MD, Thomas Zeller, MD, PhD. Mortality Not Correlated with Paclitaxel Exposure: An Independent Patient-level Meta-Analysis. Journal of the American College of Cardiology

[4] https://www.fda.gov/medical-devices/letters-health-care-providers/august-7-2019-update-treatment-peripheral-arterial-disease-paclitaxel-coated-balloons-and-paclitaxel

conference held on 4 to 7 November 2019, in which updated data from the industry suggested attenuation in the mortality signal, we believe that leading DCB sales are beginning to recover with a slow movement in a positive direction for some of the manufacturers. However, this may still be insufficient for FDA to reverse their previous letters and FDA is now requiring longer follow up data for paclitaxel DCBs to be collected which will delay the Premarket Approval for Chocolate Touch®.

The Company continues to actively explore various strategic options and is currently in fairly advanced negotiations to dispose its intangible assets and/or subsidiary. Pending the necessary approvals have been obtained by the Company for such corporate action, the Company will be able to continue as a going concern. The Company will update shareholders via SGXNET as and when there are any material developments on the aforementioned.

Following the amendments to the SGX-ST Listing Manual (Catalist) ("**Amended Listing Rules**") which has taken effect as of 7 February 2020, the Company will not be required to release its financial statements on a quarterly basis unless, *inter alia*, its accounts are qualified or its auditors have stated that a material uncertainty relating to going concern exists in the Company. The Board has, after due deliberations, decided not to continue with quarterly reporting of the Company and the Group's financial statements, and instead, the Company will announce the financial statements of the Company and the Group on a half-yearly basis, as required under the Amended Listing Rules. In making its deliberations, the Board has considered, *inter alia*, the compliance efforts required in connection with quarterly reporting and the Audit Committee and the Board will continue to have oversight of the Group's financial affairs.

11. 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.

12. 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.

13. INTERESTED PERSONS TRANSACTIONS

If the Group has obtained a general mandate from shareholders for the IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There were no interested person transactions which are S$100,000 or more entered into during the current financial period reported on. The Group does not have a general mandate for recurrent interested person transactions.

14. UPDATE ON CAPITAL COMMITMENT AGREEMENT WITH GEM GLOBAL

On 21 March 2017, the Company announced that it had entered into a capital commitment agreement with GEM Global ("**Capital Commitment Agreement**") to subscribe up to S$10 million in value or 178 million of new ordinary shares. On 1 December 2017, the Company received a listing and quotation notice from SGX-ST for an additional 178,000,000 new ordinary shares which revises the number of shares issuable under the Capital Commitment Agreement to 356,000,000 new ordinary shares.

Since 25 July 2018 and up to 31 December 2019, the Company did not issue any Shares to GEM Global pursuant to the Capital Commitment Agreement. The Company had on 25 July 2018 announced *inter alia* that it does not intend to utilise the remaining capital commitment available of S$5.2 million under the Capital Commitment Agreement.

As at 31 December 2019, the Capital Commitment Agreement with GEM Global has expired.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not applicable. The Group only has one reportable operating segment, which is development and sales of medical devices and hence, there was no presentation of the Group's segmented revenue and results in the Group's most recent annual financial statements. Please refer to Paragraph 8 for the Group's segmented revenue by geographic segment.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Please refer to Paragraph 8 for analysis of revenue for FY2019, as contributed by the medical devices segment.

The medical devices segment recorded a loss after income tax of US$9.7 million in FY2019 as compared to a profit after income tax of US$29.6 million in FY2018 due to the reasons highlighted in Paragraph 8.

17. A breakdown of sales

	Group		
	Year ended		
	31 December 2019	31 December 2018	Increase / (Decrease)
	US$'000	US$'000	%
(a) Sales reported for the first half year	4,463	6,284	(29.0)%
(b) Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(5,741)	39,911	NM
(c) Sales reported for the second half year	3,491	4,881	(28.5)%
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(3,997)	(10,339)	(61.3)%

NM denotes not meaningful

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable. No dividend has been declared or recommended for the financial years ended 31 December 2019 and 31 December 2018.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of the SGX-ST, none of the employees occupying managerial positions in QT Vascular Ltd. (the "Company") or any of its principal subsidiaries are relatives of the Directors or Chief Executive Officer or Substantial Shareholders of the Company.

20. Confirmation of undertakings from directors and executive officers under Rule 720(1)

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

BY ORDER OF THE BOARD
Eitan Konstantino
Chief Executive Officer
30 April 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST 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. Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).
