QT VASCULAR LTD.
(Company Registration No. 201305911K)
(Incorporated in Singapore)

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY WITHIN THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board of Directors (the "**Board**") of QT Vascular Ltd. (the "**Company**") and together with its subsidiaries (collectively the "**Group**") refers to the announcement released by the Company on 30 April 2020 in relation to its unaudited financial result for the financial year ended 31 December 2019 ("**FY2019**") (the "**Unaudited Financial Statements**").

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the SGX-ST, the Board would like to announce that subsequent to the release of the Unaudited Financial Statements, certain adjustments and reclassifications were made to arrive at the financial statements within the annual report ("**Annual Report Financial Statements**") following the audit by the Company's external auditor, KPMG LLP. The Annual Report Financial Statements include a disclaimer of opinion by the auditors.

The material variances between the Unaudited Financial Statements and the Annual Report Financial Statements for FY2019 arose mainly due to the following:

Consolidated Statement of Comprehensive Income for the year ended 31 December 2019

	Annual Report Financial Statements US$'000	Unaudited Financial Statements US$'000	Difference US$'000	%	Note
Revenue	7,954	7,954	-	0%	
Cost of sales	(7,638)	(7,638)	-	0%	
Gross profit	316	316	-	0%	
Sales and marketing expenses	(241)	(241)	-	0%	
Administrative expenses	(4,038)	(4,038)	-	0%	
Research and development expenses	(5,985)	(5,985)	-	0%	
Other income	612	612	-	0%	
Other expenses	(7)	(7)	-	0%	
Results from operating activities	(9,343)	(9,343)			
Finance income	5	44	(39)	(88.6)%	1
Finance costs	(305)	(439)	134	30.5%	1
Net finance costs	(300)	(395)	95	24.1%	1
Loss before tax	(9,643)	(9,738)	95	1%	1
Tax expense	–	–			
Loss for the year	(9,643)	(9,738)	95	1%	1

Explanatory Note:

1 Variance due to correction of foreign exchange losses or gains in profit or loss in the Company level profit or loss from revaluation of certain intercompany balances denominated in a foreign currency. The impact to the Consolidated Statement of Financial Position is not material.

Statements of Financial Position – Company Level

	Annual Report Financial Statements US$'000	Unaudited Financial Statements US$'000	Difference US$'000	%	Note
Assets					
Intangible assets	40	40	–	0%	
Investment in subsidiaries	19,197	129,925	(110,728)	(85.2)%	2
Other investment	255	255	–	0%	
Non-current assets	19,492	130,220			
Trade and other receivables	1,613	1,613	–	0%	
Cash and cash equivalents	1,100	1,100	–	0%	
Current assets	2,713	2,713	–	0%	
Total assets	22,205	132,933			
Equity					
Share capital	173,182	173,182	–	0%	
Reserves	3,892	(28,142)	32,034	>100%	3
Accumulated losses	(156,743)	(47,287)	(109,456)	>(100)%	2
Equity attributable to owners of the Company/Total equity	20,331	97,753			
Liabilities					
Trade and other payables	–	33,306	(33,306)	(100)%	3
Non-current liabilities	–	33,306			
Loans and borrowings	1,363	1,363	–	0%	
Trade and other payables	511	511	–	0%	
Current liabilities	1,874	1,874	–	0%	
Total liabilities	1,874	35,180			
Total equity and liabilities	22,205	132,933			

Explanatory Notes:

2 Variance of US$110.7 million arose due to recognition of impairment on investment in subsidiaries.

The value of the investment in subsidiaries that was recorded in the Unaudited Financial Statements was made following an assessment of the recoverable amounts of certain subsidiaries. This was assessed based on value-in-use of the underlying assets of the subsidiaries which comprised mainly intangible assets. Management assessed the value-in-use based on their internal valuation of certain intangibles as well as a valuation done by an external valuer.

Following the release of the Unaudited Financial Statements, the Board entered into a non-binding term sheet on 5 June 2020 for the proposed disposal for one of the Group's intangible assets, Chocolate Touch® (the "**Proposed Disposal**"). For the purpose of the Annual Report Financial Statements and as a result of the Proposed Disposal, the basis of the estimated valuation of Chocolate Touch® was updated to take into account the terms of the Proposed Disposal. The assessment of the recoverable amount of Chocolate Touch® changed from value-in-use to fair value less cost of disposal. This change in basis led to a decrease in the estimated valuations of the intangible assets which led to the recognition of impairment losses on the Company's investment in subsidiaries.

3 The variance is mainly due to the Company entering into an agreement with a subsidiary to effect the change of the terms of the loan of US$33.1 million to be unsecured, interest free and repayable at the discretion of the Company. Accordingly, the loan was reclassified to capital contribution within equity.

By Order of the Board
QT VASCULAR LTD.

Eitan Konstantino
Chief Executive Officer
16 July 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**") for compliance 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 E-mail: sponsorship@ppcf.com.sg).