Singapore Institute of Advanced Medicine Holdings

SINGAPORE INSTITUTE OF ADVANCED MEDICINE HOLDINGS LTD.
(Incorporated in the Republic of Singapore on 24 November 2011)
(Company Registration Number: 201134046D)

RESPONSES TO QUESTIONS FROM THE SHAREHOLDERS AND THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors ("**Board**") of Singapore Institute of Advanced Medicine Holdings Ltd. ("**SIAMH**" or the "**Company**, and together with its subsidiaries, the "**Group**") refers to (i) the queries from shareholders as of the stipulated deadline of 20 December 2024; and (ii) the queries from the Securities Investors Association (Singapore) ("**SIAS**") received on 12 December 2024, with reference to the Company's announcement dated 11 December 2024 on the Company's Annual Report for the financial year ended 30 June 2024 ("**FY2024**").

The Company's responses to the queries received are set out below:

SIAS Q&A

Q1. For the financial year ended 30 June 2024, the Group reported revenue of $16.65 million, an increase of 3% compared to $16.23 million in FY2023. In the Radiation Therapy and Medical Oncology Services segment, revenue increased to $1.97 million, a 147% increase from a low base of $0.80 million in FY2023.

Loss for the year was $(37.4) million.

(i) For the benefit of shareholders, can management elaborate further and quantify the Group's in-house expertise in proton therapy?

The expertise of the Company and its subsidiaries (the "**Group**") in proton therapy is highlighted by its deployment of the Varian ProBeam Compact proton therapy system, the first of its kind in Singapore. Fully rotational, with a 360-degree gantry, this allows precise doses of radiation to be targeted without needing to repeatedly reposition the patient. This leads to shorter treatment times.
This advanced system has been operational since June 2023, following approval from Singapore's Ministry of Health (MOH). Notwithstanding that it is still in initial ramp-up phase, revenue contribution from this segment grew from $0.8 million in FY2023 to $1.97 million in FY2024.

SAM is also a member of Varian's FlashForward™ Consortium ("Varian"), formed from institutions around the world to establish preclinical study designs, develop technical solutions, and share research protocols to help advance the science and clinical translation of Flash therapy. According to Varian, Flash therapy could be one of the most significant advancements in cancer treatment in decades.[1]

The development of the Group's proton therapy centre up to early 2024 was led by an American radiation oncologist with over 20 years of experience. He is a world-renowned proton therapy practitioner subspecialising in the Central Nervous System, Head and Neck and Paediatric Radiation Oncology. After nearly 5 years as an expatriate doctor, his departure from the Group was replaced with additional three experienced local proton therapy radiation oncologists from the National Cancer Centre Singapore in November and December 2023.

---

[1] https://www.varian.com/about-varian/research/flashforward-consortium#:~:text=Varian's%20FlashForward%E2%84%A2%20Consortium%20is,clinical%20translation%20of%20FLASH%20therapy.

(ii) How well accepted is proton therapy within Singapore's healthcare ecosystem, including among clinicians and patients?

Globally, proton therapy is widely accepted as a form of treatment. In Singapore, this is still considered to be a new technology. Widespread adoption, will happen gradually over time. The Group is still gradually building up patient referrals. Doctors are conservative in nature and the technology is still very new in Singapore.

(iii) How dependent is the Group on EnGeneIC and its proprietary therapies and platforms?

The Group is not dependent on EnGeneIC. However, we are always looking for the most advanced therapies that can provide our patients with the best possible outcomes. We are cautiously optimistic that EnGeneic will perform well and will have a large total addressable market.

(iv) What is the typical cost for a proton therapy treatment in Singapore and how does this compare with alternate therapies?

Estimates vary from one patient to another. As of today, the insurance coverage from Insurance companies is up to S$100k[2]. To the best of our knowledge, the current range is from S$50k to S$100k for the entire course of treatment.

(v) How many treatments can the current proton beam therapy bunker and machine support annually? What is the break-even utilisation rate for the proton beam therapy machine, and how does current usage compare?

We can support 300 patients per year. With upcoming developments in hypofractionation and Flash Proton Therapy which we are able to incorporate into our machines and treatments, we are optimistic that we will be able to increase our capability to treat even more patients in the future.

The management has already secured service-level agreements ("SLAs") (Raffles Hospital & Icon Singapore) and has recently, in September and November become empanelled with two of the six major insurance companies in Singapore. We will be signing more SLAs and striving to be empanelled by more insurance companies, which would allow more patients to utilize their insurance coverage for treatment by the Group.

The break-even utilization for radiation therapy services is subject to a range of variables, such as working hours, patient protocol, patient condition, etc. Given these variables, it is challenging to provide exact figures for break-even utilisation.

(vi) Of the 17 Asian countries covered under the Group's exclusive distribution rights, how many have secured approval from their respective regulatory agencies?

For EnGeneIC's solutions, we have started compassionate-use cases in Singapore, and there are also trials ongoing in Australia & Hong Kong and more patients are planned for calendar year 2025 in Singapore for more types of cancers. The regulators, for example the Health Sciences Authority in Singapore have already allowed the use of some EnGeneIC products for compassionate use. Also, the FDA has fast-tracked EnGeneIC for trials in the US which are planned for Q2 of calendar year 2025. Regulatory approvals in the other covered countries have yet to be secured.

In the Medical Diagnostics and Treatment segment, revenue decreased by 5% to $14.67 million in FY2024 from $15.43 million in FY2023, reflecting the impact of increased market competition. The chairman's message to shareholders noted that the Group will review and revise its pricing for imaging services in calendar year 2025 to align with market standards. This reflects the Group's stated commitment to investing in advanced technology and delivering clinical excellence.

---

[2] *https://www.moh.gov.sg/managing-expenses/schemes-and-subsidies/integrated-shield-plans/comparision-of-integrated-shield-plans

(vii) Can management clarify whether it plans to revise pricing for imaging services downwards in response to competition?

The Group had earlier revised pricing for imaging service downwards. The Group will review and revise its pricing for imaging services in the calendar year 2025 to align with market standards.

(viii) What scenarios or price sensitivity analyses has management conducted to forecast the impact of these changes on market share and profitability?

Management has conducted scenario and price sensitivity analysis to better understand the potential impact of various factors on our market share and profitability. This analysis considers different patient flow rates, referral patterns, and pricing models, as well as the timeframes for achieving insurance panel inclusion.

(ix) Given that revenue in the Medical Diagnostics and Treatment segment declined due to increased market competition, can management elaborate on the Group's unique value proposition? How does the Group plan to differentiate itself in this competitive landscape?

We are focused on delivering a superior patient experience and achieving better clinical outcomes to set ourselves apart from competitors.

In addition, we aim to create a one-stop ambulatory cancer centre to provide patients with a seamless experience, from diagnosis to treatment and follow-up care. We are also strengthening partnerships with hospitals, referral clinics, and international healthcare providers to increase patient flow and build trust in our services. All this will help us to retain and build our client base effectively.

Q2. On 9 December 2024, the company announced that the independent auditors of the company have issued a disclaimer of opinion on the consolidated audited financial statements of the company and the Group for the financial year ended 30 June 2024.

The bases for the disclaimer opinion are:
- Going concern
- Impairment of property, plant and equipment (PPE)
- Impairment of the company's other receivables from a subsidiary

Specifically, with regard to the impairment of PPE, the auditors noted that there were indicators of impairment of PPE based on evidence from internal reporting that the economic performance of the cash generating unit (CGU) of the Group was worse than expected. The carrying amount of PPE was $130.4 million, with $120.7 million relating to the PPE of the radiation therapy services CGU.

The auditors were unable to obtain sufficient appropriate audit evidence regarding the reasonableness of certain key assumptions used in the determination of the recoverable amount of the radiation therapy services CGU.

(i) Can the audit committee help shareholders better understand how it had facilitated the external auditors in the audit, especially in obtaining the necessary audit evidence? What additional sets, if any, were taken to address the auditors' concerns?

The audit committee worked with management and the external auditors in the audit process to address their concerns. Specific steps included requesting supplementary financial analyses, commissioning management reviews of valuation assumptions, holding discussions on the evidence required to support key accounting judgments, and engaged a professional valuer whom performed the valuation to evaluate the recoverable amount of PPE for impairment assessment based on the scope of work and methodology as agreed with the Company's auditor.

(ii) Specifically, what were the key assumptions challenged by the auditors in relation to the impairment of PPE, and what evidence was requested from management to validate these assumptions?

The key assumptions which were challenged by the auditors were:-

- No of patients: Expected patient volumes for both proton beam therapy and photon radiation therapy.
- Average fees per patient: The projected treatment fees charged for proton beam therapy and photon radiation therapy.

(iii) What difficulties did management encounter in providing the requested appropriate audit evidence to the auditors?

As a provider of radiation therapy services, we face inherent challenges in providing concrete supporting evidence on patient volume projections despite having entered into several collaboration agreements with medical Groups and individual practitioners. These agreements often lack binding provisions that guarantee specific patient numbers, and these arrangements depend largely on external factors, such as patient decisions.

The auditor has expressed concerns over insufficient evidence to support these assumptions, particularly as past data reflect lower figures compared to the forecasted amounts. This presents a significant challenge for the company to substantiate its projections. Apart from competitor pricing pressures, it is important to note that treatment fees can vary significantly depending on the specific treatment protocol and the patient's medical condition.

(iv) Did the audit committee consider it prudent to impair the PPE given that the auditors were unable to obtain sufficient appropriate audit evidence? How did the audit committee ensure it fulfilled its fiduciary responsibilities, particularly in light of the disclaimer of opinion?

The audit committee concluded that an impairment charge was not warranted based on an assessment of the long-term value and revenue potential of the PPE. The company also engaged a professional valuer to perform an impairment assessment, which concluded that no impairment was necessary. As such, audit committee's decision not to record an impairment While acknowledging the auditors' concerns, the committee considered internal analyses, industry benchmarks, and the anticipated growth in patient flow and market adoption.

In fact, the board has disclosed on 29th October that since 30 June 2024, the Group has drawn down a loan of S$6 million from a subsidiary of the controlling shareholder and furthermore received commitment of financial support for a total of S$11 million, and on 20 December 2024 the company has finalized a loan of S$5million from a prominent third-party investor.

(v) How does the board reconcile the disclaimer of opinion with the directors' opinion in the directors' statement (page 70) that the statement of financial position of the company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the financial position of the company and of the Group as at 30 June 2024?

The Board's view is based on internal assessments, plans, and forecasts, making them confident that the going concern basis is appropriate (as per page 87, Notes to FS 2.2 of the annual report). The auditors, however, require externally verifiable evidence, such as successful bridging loan drawdowns and the demonstrated ramp-up of the radiation therapy business, before they can issue a definitive opinion (as per page 74 or the annual report).

We will continue to work closely with the Company's auditors and remain to have open communication with them to provide a true and fair financial position for the Group.

Separately, finance costs increased significantly, rising 377% year-on-year to $11.55 million in FY2024 from $2.42 million in FY2023. This increase was attributed to the cessation of interest capitalisation following the receipt of the proton beam therapy licence from the Ministry of Health on 12 June 2023.

(vi) Was this identified as a risk factor in the offer document given that the increase in finance costs would significant impact the Group's financial performance especially given its materiality? If not, why not?

The increase in FY2024 finance cost was primarily attributed to the cessation of general borrowing cost capitalisation in FY2023, leading to higher finance costs being recognised in FY2024.

Additionally, the accretion of interest for RCL impacted the finance cost, with one-off charges of S$6.9 million in FY2023 and S$7.1 million in FY2024.

This particular accretion of interest is mainly due to accounting standards and non-cash in nature and not considered a risk factor.

Q3. The Group reported a higher loss of $(37.4) million for the financial year. Net cash used in operating activities was $(12.9) million. The Group has cash and cash equivalents of $3.16 million as at 30 June 2024, down from $11.05 million a year ago.

On 12 December 2024, the company announced the establishment of a strategic review committee (SRC). In the announcement, the company noted the following:

- \- The ramp up in the company's business on the proton beam therapy as a form of cancer treatment has been significantly **slower than expected** [emphasis added]. This has been due to, inter alia, delays in being included on the panels of healthcare providers of insurance companies, lower than expected patient flow from referrals and competition from the two other proton beam therapy healthcare providers in Singapore.
- \- The lower revenue combined with higher operating expenses incurred to develop and expand the business as well as additional audit, legal and other listing expenses that were significantly higher than what was planned [emphasis added] due to various delays and complexities has resulted in the Company continuing to record (i) net losses; (ii) negative working capital; and (iii) negative cashflow from operations.

(i) Can the board share insights into the assumptions and methodology used for management's ramp-up projections? To what extent were these projections realised? Could management provide detailed insights into patient acquisition trends?

The Group's projections for proton beam therapy growth were based on anticipated market demand and a variety of referral sources, including in-house referrals, external networks of medical practitioners, private and public hospital Groups, as well as coverage by insurance panels. Competitor analysis was also considered. However, delays in achieving these referral and insurance panel targets adversely affected the projected ramp-up timeline.

Empanelment of our doctors on the panel of health insurance companies has seen some traction from September 2024 onwards, with 2 major companies, Great Eastern Life and Income empanelling our radiation oncologists in September and November 2024 respectively, We continue our efforts to get on more panels.

The Group has made some inroads to achieving these projections. For example, we accredited a new Visiting Consultant from Raffles Hospital as a development of the SLA with the hospital, and he has started to bring patients to us.

(ii) Is the Group competing against other proton beam therapy healthcare provider primarily on cost? Does the board view over-capacity as a risk, given the novelty of proton beam therapy in Singapore?

The Group does not compete against other proton beam therapy healthcare provider on price. The industry, including us, continuously monitors market pricing and adjusts accordingly. The Board does not view over-capacity as a risk.

(iii) It is noted that the Group's growth has been "slower than expected" while expenses are "significantly higher than what was planned". What specific guidance and oversight did the board provide to management on expansion targets and cost controls, particularly in the context of being a publicly listed company?

Management aligns expansion targets with growth strategies, focusing on delivering advanced medical technology to patients.

The Group faced higher operating expenses due to delays and complexities associated with being listed and ramping up proton therapy services. These unanticipated costs, such as legal, audit, and listing-related expenses, were significant contributors. Many of these costs are non-recurring in nature; however, the Group will remain vigilant in monitoring and managing expenses to ensure sustainable cost control measures moving forward.

The SRC comprises Vivienne Cheng Chi Fan (as chairperson), Khoo Tiam Hock, Vernon, Dato' Lee Kok Chuan, Gurdip Singh S/O Boor Singh @ Gurdip Singh Khaira and Sumei Shum. The profiles of the directors can be found on pages 6 to 11 of the annual report. The board, including the SRC, have directors with experience in commodities, dentistry, beauty and personal care/personal products, financial management and accounting.

(iv) Has the nominating committee (NC) reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments? For example, would having directors with expertise and professional training in oncology, diagnostics, clinical research and pharmaceuticals foster more robust discussion and improve the board's decision-making process?

The NC regularly reviews the competency matrix of the board to ensure that its composition aligns with the company's strategic needs and benefits from a diverse range of expertise.

(v) With the SRC formed entirely from current directors, how will it provide fresh perspectives to address the challenges of underperformance and cost overruns? What strategic shifts does the board expect from this committee to ensure greatly improved outcomes?

Although the SRC consists of current directors, it enters its mandate with a fresh lens, actively reassessing internal assumptions, challenging long-held practices, and scrutinising key operational areas. Furthermore, the SRC mandate also includes ability to use external resources as and when required.

Questions from Shareholders

1. Auditor disclaimer on Going Concern assumption of AR, can the Board elaborate the plan to address this audit issue?

We take these matters seriously and have secured the shareholder's loan to address the ongoing concerns issues.

Our strategic review committee will consider measures to improve our operational performance and strengthen our financial position. We're also working closely with our auditors to address their concerns in our future reporting.

2. Will the company shares be on watchlist and/or suspended if the above issue is not resolved as well as the consecutive loss making since IPO? What is the Board doing about this?

There is no watchlist on the Catalist. The suspension of a listed company is based on the circumstances prescribed under Catalist Rule 1303, which the Board believes that the Company does not fall into any of the prescribed circumstances. While we acknowledge the consecutive losses since our IPO and areas of concern highlighted by the auditors, we are taking proactive measures to address them.

The Board and management are focused on improving the company's financial health through initiatives such as additional funding sources whilst increasing patient flow, securing insurance panel inclusion, optimizing asset utilization, and managing costs effectively.

3. The consecutive loss making since IPO, is this due to:
(a) Long gestation period for cancer research to be commercially viable?
If yes, how long more to be commercially viable?

The company is still in its initial phase following significant investments in advanced proton therapy technology. These investments have led to higher depreciation and maintenance costs, which are expected at this stage.

We have faced challenges such as the time needed to secure empanelment on insurance provider panels, a gradual build-up of patient referrals because the treatments we offer are new technologies, and competition in the market. These are common hurdles for new technologies and services, and we are actively addressing them by accelerating discussions with insurers, strengthening partnerships with healthcare providers, and improving patient outreach.

We are cautiously optimistic that as these efforts gain traction and patient flow increases, our performance is expected to improve over time.

"I had invested in another company which deals similarly with advanced medicine research - in their case is using oxygenated water to heal diabete; they have done all clinical trials(even with hospitals in Singapore and overseas) with positive statistics over 5 years; but today the company went bust and is now under liquidation. The Independent chairman and independent directors are still not paid to date and their strategic shareholder backed out after putting millions into this 'bottomless hole' for more than 5years!"

Can our Independent Directors and Chairman (if independent) comment on whether this company is facing the same situation as the live example I just shared above?

Thank you for sharing your concerns and that example. While we cannot comment on the specifics of another company's situation, we can address your question in the context of SIAMH.

SIAMH is currently in the initial phase of commercializing advanced medical technology, and while challenges are expected during this stage, we are taking proactive steps to ensure we are on a sustainable path. We have a clear strategy to address patient flow, improve asset utilization, and secure partnerships with insurers and healthcare providers to drive revenue growth.

(b) Lack of demand for our services due to Strong SGD and ineffective solutions/services(i.e. the product/services fell short of customer expectation)?

The lack of demand for our services is not due to a lack of effectiveness or falling short of customer expectations, but rather a combination of external, such as competition and transitional factors such as slower-than-expected patients' referrals. Proton beam therapy is still a relatively new offering in Singapore, and it takes time to build awareness and trust among healthcare providers, patients, and insurers.

(c) Strong competitive alternative to our product offerings? In Singapore? Outside Singapore?

We know of only 4 centres in the entire SEA and Oceania region that offers Proton therapy. Besides this, we are working towards Flash Proton Therapy-ready for the future. As of the date of this announcement, our upcoming businesses, for example, with EnGeneIC and OncoBeta (as disclosed in the annual report of the Company), have no competition.

(d) How do the Board plan to address the above? Can the Board share on any strategic review on-going to steer the company out of this?

As announced, the SRC will update shareholders with an interim report by the end of February.

4. Does the company still have the support from its strategic shareholder(s) if any?

The Company believes that we have strong support from our strategic shareholders who are our controlling, substantial and major shareholders.

BY ORDER OF THE BOARD

Dr Djeng Shih Kien
Executive Director and Chief Executive Officer
22 December 2024

Singapore Institute of Advanced Medicine Holdings Ltd. (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 16 February 2024. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").

This announcement has been reviewed by the Sponsor. It has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this document, 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. Ng Shi Qing, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.