

QUANTUM HEALTHCARE LIMITED
(Company Registration No. 202218645W)
(Incorporated in Singapore)

UPDATE ON LEGAL PROCEEDINGS WITH INNORA GMBH

Unless otherwise defined herein, all capitalised terms used in this announcement shall have the same meaning ascribed to them in the Company's previous announcement dated 15 February 2023, 14 November 2022, 12 October 2022 and QT Vascular Ltd's ("QTV"), a wholly-owned subsidiary of the Company, previous announcements dated 27 August 2020, 30 August 2021, 18 October 2021, 22 November 2021 and 4 March 2022 which highlighted the InnoRa Dispute.

The Board of Directors of Quantum Healthcare Limited (the "**Company**") would like to provide the following update to the claims made by InnoRa GMBH ("**InnoRa**") on 27 August 2021 (as announced on 30 August 2021) for an amount of (i) USD1,200,000 in royalties, being 30% of the initial payment made to TriReme Medical LLC ("**TriReme USA**") and QTV (collectively, the "**Sellers**"), under the asset purchase agreement ("**APA**") between the Sellers, G Vascular Private Limited ("**Purchaser**") and Genesis Medtech International Private Limited ("**Genesis MedTech**") in relation to the disposal of Chocolate Touch® ("**Product**") limited to specified applications involving the peripheral vascular system ("**Specified Applications**") by the Sellers to the Purchaser as announced in QTV's announcement dated 27 August 2020, as well as (ii) 30% of all future payments received by the Sellers in connection with the aforesaid disposal ("**APA Payments Claim**") pursuant to the terms of the Development and Licensing Agreement ("**DLA**") entered into between InnoRa and the Claimants (as defined below).

On 26 July 2023, QTV's subsidiaries, TriReme Singapore Pte Ltd and Quattro Vascular Pte Ltd, (namely the "**Claimants**"), who filed for a demand for arbitration against InnoRa on 13 October 2021, have received the final award ("**Award**") of the arbitration proceedings involving the Claimants and InnoRa (the "**Arbitration**"). We have summarized the key terms of the Award set out below and would like to provide additional context regarding the outcome of the Arbitration proceedings.

APA Payments Claim Dismissal

The arbitrator appointed by American Arbitration Association International Centre for Dispute Resolution ("**Arbitrator**") denied the APA Payments Claim which InnoRa alleged were due from the Claimants to InnoRa, arising from the entry of the APA, and any other claims for breach of contract by either parties, except for the non-payment of the Final Milestone Payment originally contracted to be paid by the Claimants under the DLA as further elaborated below. The consequence of this decision by the Arbitrator would mean the Claimants are not liable for the APA Payments Claim under the terms of the DLA as alleged by InnoRa.

Furthermore, the Arbitrator determined that, at present, InnoRa does not have any valid claims on the InnoRa patents in the United States that would require payment of royalties on the sales of the Product in the United States by the Claimants or the Purchaser.

The Arbitrator further determined that the Claimants were not required to assign the DLA to the Purchaser in conjunction with the entry of the APA as alleged by InnoRa. The Arbitrator determined that the Claimants were accordingly entitled to sublicense the relevant technology (including patents) licensed to the Claimants by InnoRa under the DLA to the Purchaser, in relation to the Product, and the Claimants retained the right to grant sublicenses in respect of such InnoRa's technology to others outside of the Specified Applications.

Final Milestone Payment

Under the terms specified in the DLA between Claimants and InnoRa, the Claimants are obligated to make a payment of EUR 500,000 to InnoRa ("**Final Milestone Payment**"), within 6 weeks of receipt of FDA approval of Chocolate Touch®.

Pursuant to the sublicense agreement entered into between the Sellers and the Purchaser in conjunction with the entry of the APA, the Purchaser had agreed to perform the obligation of the Claimants to make the Final Milestone Payment through the making of a one-time milestone payment directly to InnoRa in the amount of EUR500,000.

Although the FDA had given pre-market approval for the Product, on 4 November 2022¹, in view of the then ongoing Arbitration and the Claimants' claim for damages, a decision was taken to hold off on the payment of the Final Milestone Payment notwithstanding the terms of the DLA which required such payment to be made, given that the outcome of the Arbitration may potentially provide certain claims of set-off, which was then not yet concluded.

However, under the terms of the Award, the Arbitrator has now ruled that the Claimants were required to pay InnoRa the Final Milestone Payment that was due on 16 December 2022 and the Claimants must pay the principal amount of EUR500,000, plus simple interest of 10% per annum from 16 December 2022 until the date that the payment is made. The accrued interest amount up to date is estimated to be approximately EUR30,547. Management intends to work with the Purchaser to resolve the payment of the Final Milestone Payment and the accrued interest payable thereon, and will update shareholders in relation to this in due course.

Reimbursement of InnoRa's American Arbitration Association ("AAA") Fees, Arbitrator compensation and expenses claimed by InnoRa

As InnoRa is the only party which obtained monetary relief in the Award for the Final Milestone Payment, the Arbitrator ordered the Claimants to reimburse InnoRa with the sum of US\$119,875, covering the administrative fees paid to AAA, the Arbitrator compensation and expenses claimed by InnoRa (collectively, the "**Arbitration Related Costs**") within 30 days of the receipt of the Award.

Legal Fees and Costs

In keeping with standard practices, other than the reimbursement of the Arbitration Related Costs, each party shall bear their respective legal fees and any other relevant costs incurred during the Arbitration proceedings. The outstanding legal fees payable to the Claimants' legal counsels in connection with the Arbitration amounted to approximately S\$2.2 million ("**Arbitration Legal Expenses**").

While the Purchaser has agreed, pursuant to the terms of the sublicense agreement, to fulfil the Claimants' obligation to make the Final Milestone Payment directly to InnoRa in place of the Claimants, the payment of the Arbitration Related Costs and the Arbitration Legal Expenses, if borne by the Group, will have a material impact to the financial position and financial performance of the Group for the financial year ending 31 December 2023.

Conclusion

Overall, the Company is of the view that terms of the Award are favourable to the Claimants and the Purchaser, notwithstanding the awarding of the Final Milestone Payment (and accrued interest thereon) and the Arbitration Related Costs to InnoRa and the incurrence of the Arbitration Legal Expenses, as the resolution of the Arbitration puts an end to the prolonged dispute and clears the path for any future commercialization efforts by the Purchaser related to the Product and allows for the potential unlocking

¹ The date of the FDA's pre-market approval for the Product was incorrectly stated as 11 November 2022 in the Company's announcement dated 14 November 2022. The actual date of the FDA's pre-market approval for the Product is 4 November 2022.

of the Post-Closing Payment payable by the Purchaser under the terms of APA, *inter alia*, in the event of commercial sales of the Product or upon the sale of all or substantially all of the assets of the Purchaser (or any successor to the Purchaser's business), a majority of Purchaser's (or any successor to the Purchaser's business) outstanding equity (whether by merger, recapitalization, consolidation, reorganization, combination or otherwise) to any third party or group of third parties, subject to detailed terms as set out in QTV's circular dated 13 July 2020.

The management of the Company extends its appreciation to the legal team for their diligent efforts in defending the Claimants' position throughout the Arbitration process. Moreover, the Company is thankful to its shareholders for their continued support during this challenging period.

The Company will keep shareholders updated as and when there are material developments in relation to the above.

By Order of the Board of Directors
QUANTUM HEALTHCARE LIMITED

Thomas Tan Gim Chua
Chief Executive Officer and Executive Director
29 July 2023

*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.*

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