

Quantum Healthcare Limited and its subsidiaries

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

	Note	Group		Change
		6 months ended		
		31 December 2022	31 December 2021	
		S\$'000	S\$'000	
Revenue	6	5,249	-	100%
Cost of sales		(2,769)	-	100%
Gross profit		<u>2,480</u>	<u>-</u>	<u>100%</u>
Administrative expenses		(3,404)	(1,460)	>100%
Research and development expenses		(7)	-	100%
Other income		114	110	2.3%
Other expenses		(713)	(2,543)	(72%)
Results from operating activities		<u>(1,530)</u>	<u>(3,893)</u>	<u>(60.7%)</u>
Finance income		#	-	100%
Finance costs		(159)	12	NM
Net finance (costs)/income		<u>(159)</u>	<u>12</u>	<u>NM</u>
Loss before taxation	7	(1,689)	(3,881)	(56.5%)
Tax expense		(67)	-	100%
Loss for the period		<u>(1,756)</u>	<u>(3,881)</u>	<u>(54.7%)</u>
Other comprehensive loss				
Item that is or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		200	327	(38.7%)
Total comprehensive loss for the period		<u>(1,556)</u>	<u>(3,554)</u>	<u>(56.3%)</u>
Loss attributable to:				
- Owners of the Company		(1,710)	(3,845)	(55.5%)
- Non-controlling interests		(46)	(36)	27.8%
Loss for the period		<u>(1,756)</u>	<u>(3,881)</u>	<u>(54.7%)</u>
Total comprehensive loss attributable to:				
- Owners of the Company		(1,510)	(3,518)	(57.1%)
- Non-controlling interests		(46)	(36)	(27.8%)
Total comprehensive loss for the period		<u>(1,556)</u>	<u>(3,554)</u>	<u>(56.2%)</u>
Loss per share for the loss attributable to the owners of the Company during the period:				
Basic (S\$)	17	(0.0002)	(0.0017)	
Diluted (S\$)	17	(0.0002)	(0.0017)	

NM denotes not meaningful

denote below S\$1,000

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

	Note	Group 12 months ended		Change
		31 December 2022 S\$'000	31 December 2021 S\$'000	
Revenue	6	9,368	-	100%
Cost of sales		(5,019)	-	100%
Gross profit		<u>4,349</u>	<u>-</u>	100%
Administrative expenses		(6,238)	(3,260)	91.3%
Research and development expenses		(30)	-	100%
Other income		208	566	(63.3%)
Other expenses		(713)	(2,543)	(72.0%)
Results from operating activities		<u>(2,424)</u>	<u>(5,237)</u>	(53.7%)
Finance income		#	-	100%
Finance costs		(265)	(72)	>100%
Net finance costs		<u>(265)</u>	<u>(72)</u>	>100%
Loss before taxation	7	(2,689)	(5,309)	(49.4%)
Tax expense		(117)	-	100%
Loss for the year		<u>(2,806)</u>	<u>(5,309)</u>	(47.1%)
Other comprehensive loss				
Item that is or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		479	341	40.4%
Total comprehensive loss for the year		<u>(2,327)</u>	<u>(4,968)</u>	(53.2%)
Loss attributable to:				
- Owners of the Company		(2,714)	(5,273)	(48.5%)
- Non-controlling interests		(92)	(36)	>100%
Loss for the year		<u>(2,806)</u>	<u>(5,309)</u>	(47.1%)
Total comprehensive loss attributable to:				
- Owners of the Company		(2,235)	(4,932)	(54.7%)
- Non-controlling interests	15	(92)	(36)	(>100%)
Total comprehensive loss for the year		<u>(2,327)</u>	<u>(4,968)</u>	(53.2%)
Loss per share for the loss attributable to the owners of the Company during the year:				
Basic (S\$)	17	(0.0004)	(0.0023)	
Diluted (S\$)	17	(0.0004)	(0.0023)	

NM denotes not meaningful
denote below S\$1,000

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

		Group			Company ¹
		31 December 2022	31 December 2021	31 December 2020	31 December 2022
	Note	S\$'000	S\$'000	S\$'000	S\$'000
Assets:					
Plant and equipment	9	827	-	-	-
Intangible assets	10	8,816	-	1,973	-
Investment in subsidiaries	11	-	-	-	12,229
Other investment		-	-	344	-
Right-of-use assets		2,295	493	55	-
Other non-current assets		45	48	126	-
Non-current assets		<u>11,983</u>	<u>541</u>	<u>2,498</u>	<u>12,229</u>
Inventories		32	-	-	-
Trade and other receivables		1,707	30	793	7
Cash and cash equivalents		5,115	344	1,307	981
Current assets		<u>6,854</u>	<u>374</u>	<u>2,100</u>	<u>988</u>
Total assets		<u>18,837</u>	<u>915</u>	<u>4,598</u>	<u>13,127</u>
Equity:					
Share capital	14	233,341	235,188	233,371	233,341
Reserves		8,690	4,790	5,210	(228,762)
Accumulated losses		<u>(238,860)</u>	<u>(242,372)</u>	<u>(237,565)</u>	<u>(581)</u>
Equity attributable to owners of the Company		3,171	(2,394)	1,016	3,998
Non-controlling interests	15	<u>(229)</u>	<u>(197)</u>	-	-
Total equity		<u>2,942</u>	<u>(2,591)</u>	<u>1,016</u>	<u>3,998</u>
Liabilities:					
Amount due to a non-controlling interest	18(I)(A)(ii)	2,767	-	-	2,767
Loans and borrowings	12	4,238	-	-	-
Other non-current liabilities		217	-	-	-
Lease liabilities		1,294	309	-	-
Non-current liabilities		<u>8,516</u>	<u>309</u>	-	<u>2,767</u>
Loans and borrowings	12	1,309	485	1,348	-
Amount due to a non-controlling interest	18(I)(A)(ii)	1,383	-	-	1,383
Trade and other payables	13	3,686	2,509	2,173	5,069
Lease liabilities		1,001	203	61	-
Current liabilities		<u>7,379</u>	<u>3,197</u>	<u>3,582</u>	<u>6,452</u>
Total liabilities		<u>15,895</u>	<u>3,506</u>	<u>3,582</u>	<u>9,219</u>
Total equity and liabilities		<u>18,837</u>	<u>915</u>	<u>4,598</u>	<u>13,217</u>

Note: ¹As the Company, being Quantum Healthcare Limited, was incorporated on 30 May 2022, there are no comparative figures for financial years prior to 31 December 2022. Please refer to Page 6 of this announcement for further details.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						Attributable to equity holders of the Company	Non-controlling interests	Total equity
	Ordinary shares	Other reserve	Reserve for own shares	Translation reserve	Share-based payment reserve	Accumulated (losses)/profits			
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2021	233,371	(1,866)	(104)	(5,172)	12,352	(237,565)	1,016	-	1,016
Total comprehensive loss for the year									
Loss for the year	-	-	-	-	-	(5,273)	(5,273)	(36)	(5,309)
Other comprehensive loss									
Foreign currency translation differences	-	-	-	341	-	-	341	-	341
Total comprehensive loss for the year	-	-	-	341	-	(5,273)	(4,932)	(36)	(4,968)
Contribution by and distribution to owners									
Share-based payment transactions	-	-	-	-	(761)	-	(761)	-	(761)
Shares issued pursuant to exercise of share options	197	-	-	-	-	-	197	-	197
Shares issued pursuant to settlement of loans and payables	1,620	-	-	-	-	-	1,620	-	1,620
Partial disposal of interests in a subsidiary to non-controlling interests	-	-	-	-	-	466	466	(161)	305
Total contribution by and distribution to owners	1,817	-	-	-	(761)	466	1,522	(161)	1,361
at 31 December 2021	235,188	(1,866)	(104)	(4,831)	11,591	(242,372)	(2,394)	(197)	(2,591)

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

	Attributable to owners of the Company						Attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
	Ordinary shares S\$'000	Other reserve S\$'000	Reserve for own shares S\$'000	Translation reserve S\$'000	Share-based payment reserve S\$'000	Accumulated (losses)/profits S\$'000			
At 31 December 2021	235,188	(1,866)	(104)	(4,831)	11,591	(242,372)	(2,394)	(197)	(2,591)
Effects of changes in functional currency	(9,647)	-	6	3,328	87	6,226	-	-	-
At 1 January 2022	225,541	(1,866)	(98)	(1,503)	11,678	(236,146)	(2,394)	(197)	(2,591)
Total comprehensive loss for the year									
Loss for the year	-	-	-	-	-	(2,714)	(2,714)	(92)	(2,806)
Other comprehensive loss									
Foreign currency translation differences	-	-	-	479	-	-	479	-	479
Total comprehensive loss for the year	-	-	-	479	-	(2,714)	(2,235)	(92)	(2,327)
Contribution by and distribution to owners									
Shares issued pursuant to share placement	7,300	-	-	-	-	-	7,300	-	7,300
Shares issued pursuant to business combination	500	-	-	-	-	-	500	-	500
Total contribution by and distribution to owners	7,800	-	-	-	-	-	7,800	-	7,800
Change in ownership interests									
Acquisition of partial interest in a subsidiary	-	-	-	-	-	-	-	60	60
Total change in ownership interest	-	-	-	-	-	-	-	60	60
Total transactions with owners of the Company	7,800	-	-	-	-	-	7,800	60	7,860
At 31 December 2022	233,341	(1,866)	(98)	(1,024)	11,678	(238,860)	3,171	(229)	2,942

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

Company	Attributable to owners of the Company							Total equity S\$'000
	Ordinary shares S\$'000	Capital reserve S\$'000	Reserve for own shares S\$'000	Capital contribution S\$'000	Translation reserve S\$'000	Share-based payment reserve S\$'000	Accumulated losses S\$'000	
At Date of Incorporation / 30 May 2022	-	-	-	-	-	-	-	-
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(581)	(581)
Total comprehensive loss for the period	-	-	-	-	-	-	(581)	(581)
Transactions with owners, recorded directly in equity								
Contribution by and distribution to owners								
Issue of ordinary shares	#	-	-	-	-	-	-	#
Issue in restructuring [^]	233,341	(228,762)	-	-	-	-	-	4,579
Total contribution by and distribution to owners	233,341	(228,762)	-	-	-	-	-	4,579
At 31 December 2022	233,341	(228,762)	-	-	-	-	(581)	3,998

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Note:

[^]On 29 July 2022, following the delisting of QT Vascular Ltd (“QTV”), 6,893,072,507 shares were allotted and issued by the Company on the basis of one share in the Company for every one share in QTV held by each entitled shareholder. The enlarged issued share capital of the Company following the allotment comprised 6,893,072,508 shares which was listed and quoted on the Catalist Board of SGX-ST on 29 July 2022.

The above issuance was part of the Group’s restructuring plan as described in a circular to shareholders dated 1 June 2022. This restructuring exercise, which effected a change of the listed entity within the same shareholders, does not meet the definition of a business under SFRS(I) 3 Business Combinations. The company has elected to account for the issued shares at cost, which is determined to be the Group’s share of total equity of QTV at the date of allotment and issuance of shares in the capital of the Company.

As there is no change in the Group’s assets or liabilities as a result of the restructuring and there is no change in the interest of the shareholders of the company, either absolute or relative, as a result of the restructuring, the share capital recorded at the Group level did not change as a result of the restructuring.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group Year ended	
	31 December 2022	31 December 2021
	S\$'000	S\$'000
Cash flows from operating activities		
Loss for the period	(2,714)	(5,273)
Adjustments for:		
- Depreciation of plant and equipment	101	-
- Depreciation of right-of-use assets	882	245
- Impairment loss on intangible assets	-	1,973
- Share-based payment expense	-	(760)
- Exchange loss	-	38
- Interest expenses	267	6
- Tax expense	118	-
	(1,346)	(3,771)
Change in:		
- Trade and other receivables	(1,313)	763
- Trade and other payables	1,312	1,573
- Inventories	(32)	-
- Other assets	1	421
Cash used in operations	(1,378)	(1,014)
Interest expenses paid	(131)	(30)
Income taxes paid	(55)	-
Total net cash used in operating activities	(1,564)	(1,044)
Cash flows from investing activities		
Acquisition of subsidiary and business, net of cash acquired	(4,198)	-
Purchase of plant and equipment	(928)	-
Total net cash used in investing activities	(5,126)	-
Cash flows from financing activities		
Proceeds from issue of ordinary shares	7,300	-
Proceeds from borrowings	5,990	94
Proceeds from exercise of share options	-	197
Proceeds from non-controlling interests	-	81
Repayment of borrowings	(929)	(59)
Repayment of lease liabilities	(900)	(232)
Total net cash from financing activities	11,461	81
Net increase/(decrease) in cash and cash equivalents	4,771	(963)
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	344	1,307
Cash and cash equivalents at end of year	5,115	344

For the year ended 31 December 2022, the Group changed the presentation of the statement of cash flows as compared to the Group's consolidated financial statements for the financial year ended 31 December 2021 ("FY2021") to provide more clarity on the use of the Group's funds and will continue to present its statement of cash flows in this manner going forward.

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

Quantum Healthcare Limited (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 six months and full year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are:

(i) Vascular Business

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

(ii) Healthcare Business

- (a) provision of dental services, operations management and consultancy services; and
- (b) research, develop and design of medical related products.

2 Basis of Preparation

The condensed interim financial statements for the six months and full year ended 31 December 2022 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 interim financial statements for the period ended 30 June 2022.

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 2.1 and the following change in functional currency and presentation currency.

Change in functional currency and presentation currency

With effect from 1 January 2022, because of a change in underlying transactions, events and conditions relevant to the Company following the completion of the acquisition of 60% interest in Asia Dental Group Pte Ltd. and its subsidiaries as disclosed in Note 18, the functional currency of the Company was changed from United States dollar to Singapore dollar. The current period’s presentation has also been changed to Singapore dollar. The comparative information has been re-presented in Singapore dollars to conform with current period’s presentation.

2.1 New and amended standards adopted by the Group

The Group has adopted all the applicable new and 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 2022. 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 or result in retrospective adjustments as a result of adopting those standards.

2.2 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 audited consolidated financial statements for FY2021.

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 10 – impairment test of intangible assets: underlying key assumptions
- Note 11 – 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’s reportable segments are (i) Vascular Business and (ii) Healthcare Business. Please refer to Note 1 for principal business of subsidiaries.

All other segments include the Group’s head office functions which did not meet the reportable segments criteria for the financial years ended 31 December 2021 and 31 December 2022.

Information regarding results of each reportable segment is included below. Performance is measured based on segment profit (loss) before tax, as included in the internal management reports reviewed by the Company’s CEO. Segment profit (loss) is used to measure performance as management believes that such information is the most relevant in evaluation the results of certain segments relative to other entities that operate within these industries.

4. Operating segments (cont'd)

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.

Information about reportable segments

	Reportable Segments							
	Vascular Business		Healthcare Business		Unallocated		Total	
	2H2022	2H2021	2H2022	2H2021	2H2022	2H2021	2H2022	2H2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
External revenues	-	-	5,249	-	-	-	5,249	-
Segment profit/(loss) before tax	(926)	(328)	275	-	(1,038)	(3,553)	(1,689)	(3,881)
Segment assets	470	885	16,869	-	1,498	30	18,837	915
Segment liabilities	(1,340)	(1,193)	(7,473)	-	(7,082)	(2,314)	(15,895)	(3,506)

	Reportable Segments							
	Vascular Business		Healthcare Business		Unallocated		Total	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
External revenues	-	-	9,368	-	-	-	9,368	-
Segment profit/(loss) before tax	(1,259)	(1,012)	567	-	(1,997)	(4,297)	(2,689)	(5,309)
Segment assets	470	885	16,869	-	1,498	30	18,837	915
Segment liabilities	(1,340)	(1,193)	(7,473)	-	(7,082)	(2,314)	(15,895)	(3,506)

4. Operating segments (cont'd)

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				Non-current assets*	
					31	31
	2H2022	2H2021	FY2022	FY2021	December	December
	S\$'000	S\$'000	S\$'000	S\$'000	2022	2021
					S\$'000	S\$'000
Group						
United States of America	-	-	-	-	308	536
Singapore	5,249	-	9,368	-	11,675	6
	<u>5,249</u>	<u>-</u>	<u>9,368</u>	<u>-</u>	<u>11,983</u>	<u>542</u>

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021:

	Group		Company
	31 December 2022 S\$'000	31 December 2021 S\$'000	31 December 2022 S\$'000
Financial Assets			
Other non-current assets	45	49	-
Cash and bank balances	5,115	344	981
Trade and other receivables (excluding prepayments)	<u>1,672</u>	<u>3</u>	<u>-</u>
	<u>6,832</u>	<u>396</u>	<u>981</u>
Financial Liabilities			
Trade and other payables (excluding accrued payroll and other related costs)	(3,833)	(2,277)	(356)
Loans and borrowings	(5,546)	(485)	-
Lease liabilities	<u>(2,295)</u>	<u>(512)</u>	<u>-</u>
	<u>(11,674)</u>	<u>(3,274)</u>	<u>(356)</u>
Net financial assets/ (liabilities)	<u>(4,842)</u>	<u>(2,878)</u>	<u>625</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.

	6 months ended		12 months ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Type of good or services</u>				
Sale of services	5,249	-	9,368	-
<u>Timing of transfer of good or services</u>				
At a point in time	5,249	-	9,368	-

7. Loss before taxation

7.1 Significant items

	Group			
	6 months ended		12 months ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of plant and equipment	(75)	-	(101)	-
Depreciation of right-of-use assets	(436)	-	(882)	-
Impairment of intangible assets	-	(1,973)	-	(1,973)
Exchange (loss)	(2)	(3)	(2)	(38)
Equity-settled share-based payment transactions	-	-	-	760
Interest expense	(104)	(30)	(131)	(35)

8. Net Asset/(Liability) Value

	Group		Company
	31 December 2022	31 December 2021	31 December 2022
	S\$	S\$	S\$
Net asset/(liability) value per ordinary share ^{(1), (2)}	0.0004	(0.0010)	0.0006

Notes:

- (1) The net asset/(liability) value per ordinary share of the Group is calculated based on net assets of S\$2,942,000 as at 31 December 2022 (31 December 2021: net liabilities of S\$2,591,000). The net asset value per ordinary share of the Company is calculated based on net assets of S\$3,998,000 as at 31 December 2022.
- (2) The net asset value per ordinary share for Group and Company were calculated based on 6,893,072,508 ordinary shares in issue as at 31 December 2022. The net asset value per ordinary share for Group were calculated based on 2,559,739,174 ordinary shares in issue as at 31 December 2021.

9. Plant and equipment

During the financial year ended 31 December 2022, the Group acquired assets amounting to S\$928,000 (31 December 2021: S\$Nil). There is no disposal during the financial year ended 31 December 2022 (31 December 2021: S\$Nil).

10. Intangible assets

Group	Intellectual property S\$'000	Developed technology in progress S\$'000	Goodwill on consolidation S\$'000	Total S\$'000
At 31 December 2021				
Opening net book amount	501	1,922	-	2,423
Accumulated amortisation and impairment	(501)	(1,922)	-	(2,423)
Closing net book amount	-	-	-	-
At 31 December 2022				
Opening net book amount	-	-	-	-
Addition	713	-	8,816	8,816
Impairment	(713)	-	-	-
Closing net book amount	-	-	8,816	8,816

Goodwill impairment

The recoverable amount of the cash generating unit (CGU) was based on its value in use. Value in use was determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use as at 31 December 2022 was determined based on the following key assumptions:

- Weighted average cost of capital of 10.0% to discount the cashflows
- Sales growth rate of 5.0%

Any adverse change in a key assumption may result in impairment losses to be recognised.

The fair value of identifiable assets acquired and liabilities assumed for the acquisition of ADG Group and EDC are recorded on a provisional basis, and are subject to change upon completion of the purchase price allocation (“PPA”) exercise as required under SFRS(I) 3 Business Combination. Goodwill impairment assessment has not been completed as at the date of this announcement. Pending the outcome of PPA exercise, *inter alia*, any impairment of the goodwill will be finalised during the issuance of audited financial statement.

11. Investment in Subsidiaries

	Company 31 December 2022 S\$'000
Unquoted shares in subsidiaries, at costs	-
Cost of investments for QTV*	4,579
Cost of investments for ADG	7,650
Cost of investments for Kairogenix	#
	<u>12,229</u>

Note: *Following the completion of restructuring exercise on 29 July 2022, the Cost of investment in subsidiaries for QTV will be transferred to the Company. The amount transferred for QTV's equity value was S\$4,578,884, which was based on latest announced financials for the period ended 30 June 2022.

denote below S\$1,000

11. Investment in Subsidiaries (cont'd)

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	
		31 December 2022	31 December 2021
TriReme Medical LLC ("TMI US")*	United States of America	50% + 1 Share	50% + 1 Share
Asia Dental Group Pte Ltd ("ADG")	Singapore	60%	-
Kairogenix Pte Ltd ("Kairogenix")	Singapore	70%	-

Note: *As per announcement dated 17 February 2023, the management of the Company have been made aware of purported capital call carried out by TMI US management, which resulted in dilution of the Company's shareholdings in TMI US. The Management of the Company is still seeking clarifications from TMI US on this matter, pending mutual resolution, has expressly reserved its rights to dispute such purported corporate action of TMI US.

	Profit / (Loss) allocated to non-controlling interests 31 December 2022 S\$'000	Accumulated non-controlling interests 31 December 2022 S\$'000
TMI US	(262)	(459)
ADG	180	240
Kairogenix	(10)	(10)
	<u>(92)</u>	<u>(229)</u>

12. Loans and borrowings

Group	Secured		Unsecured		Total	
	31 December 2022 S\$'000	31 December 2021 S\$'000	31 December 2022 S\$'000	31 December 2021 S\$'000	31 December 2022 S\$'000	31 December 2021 S\$'000
Amount repayable within one year or less or on demand	1,309	450	-	35	1,309	485
Amount repayable after one year	4,238	-	-	-	4,238	-
	<u>5,547</u>	<u>450</u>	<u>-</u>	<u>35</u>	<u>5,547</u>	<u>485</u>

12. Loans and borrowings (cont'd)

Details of loans and borrowings

All loans outstanding as at 31 December 2021 for the Group bear a fixed interest of 8% p.a. on the principal amount. One of the loans were secured over the Company's 50% plus one share of TriReme Medical, LLC. All loans outstanding as at 31 December 2021 was fully repaid as at 31 December 2022.

As at 31 December 2022, the loan outstanding by the Company was S\$1.7 million with a company wholly-owned by a shareholder, that bears an interest of 5.5% p.a. on the principal amount and is repayable over a tenor of 42 months starting from 1 April 2022. The loan is secured over the Company's 60% shareholding in Asia Dental Group Pte Ltd.

Other than the above loan, a subsidiary of the Group had also obtained bank loans of S\$4.0 million which bears interest rate ranging between 4.75% - 6.5% p.a. and repayable over 48 - 60 months with starting range from 1 July 2022 to 1 December 2022. These bank loans are secured through personal guarantee by Dr Jimmy Gian, the Chief Operating Officer (Dental) of the Company.

13. Trade and other payables

	Group		Company
	31 December 2022	31 December 2021	31 December 2022
	US\$'000	US\$'000	US\$'000
Trade payables	1,688	-	84
Accruals	1,678	1,482	272
Non-trade payables	141	694	-
Other payables	179	333	-
Amount due to subsidiary	-	-	4,713
	<u>3,686</u>	<u>2,509</u>	<u>5,069</u>

14. Share capital

	Group and Company ¹			
	31 December 2022 ²		31 December 2021 ¹	
	Number of ordinary shares '000	S\$'000	Number of ordinary shares '000	S\$'000
Issued and fully paid:				
At 1 January 2021 and 2022	2,559,739	235,188	2,235,271	233,371
Shares issued pursuant to exercise of share options	-	-	33,035	197
Share issued pursuant to vesting of share awards	-	-	30,000	-
Issuance of shares pursuant to settlement of loans and payables	-	-	261,433	1,620
Share issued pursuant to share placement	4,055,556	7,300	-	-
Shares issued pursuant to business combination	277,778	500	-	-
Effect of changes in functional currency	-	(9,647)	-	-
At 31 December 2021 and 2022	<u>6,893,073²</u>	<u>233,341</u>	<u>2,559,739</u>	<u>235,188</u>

14. Share capital (cont'd)

Notes: ¹As the Company was only incorporated on 30 May 2022, with one ordinary share issued at S\$1.00, there was no share capital applicable for the Company as at 1 January 2021, 31 December 2021 or 1 January 2022 and the balance for such dates only refers to Group share capital.

²Under a scheme of arrangement entered into by the Company dated 1 June 2022 ("Scheme"), a restructuring was undertaken whereby, *inter alia*, the Company allotted and issued 6,893,072,507 ordinary shares to the then shareholders of QTV in consideration for their transfers of all of QTV's shares (the "QTV Shares") to the Company, on a 1:1 basis. Save for the allotment and issuance of 6,893,072,507 ordinary shares to the then shareholders of QTV on 29 July 2022 in connection with the restructuring exercise under the Scheme, there was no change in the Company's share capital from 30 June 2022 to 31 December 2022.

The Company does not hold any treasury shares as at 31 December 2022. There were no subsidiary holdings as at 31 December 2022. As at 31 December 2022, the issued and paid-up share capital excluding treasury shares of the Company comprised 6,893,072,508 ordinary shares.

15. Non-controlling interests

	Group	
	31 December 2022 S\$'000	31 December 2021 S\$'000
Balance at beginning of the year	(197)	-
Share of net assets at acquisition of ADG	60	-
Share of loss for the year	(92)	(36)
Partial disposal of interest in TMI US to non-controlling interests, without loss of control	-	(161)
Balance at end of the year	<u>(229)</u>	<u>(197)</u>

16. Outstanding Convertibles

Save as disclosed below, there were no outstanding convertibles held by the Company as at 31 December 2022 and 31 December 2021.

	As at 31 December 2022	As at 31 December 2021
(A) Options¹		
Number of unexercised Options	12,186,536	22,504,160
Maximum number of shares that may be issued on exercise of all unexercised Options ("Maximum Issuable Option Shares")	12,186,536	22,504,160
Maximum Issuable Option Shares as a % of Company's issued share capital as at the end of the respective financial periods	0.2%	0.9%
(B) Share Awards²		
Number of Share Awards granted but not yet vested ("Unvested Share Awards")	1,241,544	1,241,544
Total number of shares which are the subject of Unvested Share Awards ("Maximum Issuable Awards Shares")	1,241,544	1,241,544
Maximum Issuable Awards Shares as a % of Company's issued share capital as at the end of the respective financial periods	0.02%	0.05%

	As at 31 December 2022	As at 31 December 2021
(C) Warrants³		
Number of unexercised Warrants	–	35,000,000
Maximum number of shares that may be issued on exercise of all unexercised Warrants (“ Maximum Issuable Warrants Shares ”)	–	35,000,000
Maximum Issuable Warrants Shares as a % of Company’s issued share capital as at the end of the respective financial periods	–	1.37%
Maximum number of Shares that may be issued on conversion of all Outstanding Convertibles (“Maximum Issuable Shares”)	13,428,080	58,745,704
Maximum Issuable Shares as a % of Company’s issued share capital as at the end of the respective financial periods	0.2%	2.3%

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.
 - v. 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.
 - vi. As at 31 December 2022, the 2010 Equity Incentive Plan has expired.
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 and was exercisable within five years from the date of the issuance of the Warrants – 4 May 2017. The Warrants had expired on 4 May 2022 and was not exercised.

Pursuant to the effective date of the Scheme on 28 July 2022, the Company has assumed all liabilities and obligations of QTV in connection with:

- i) Outstanding Options granted by QTV to the Option holders under the 2013 QTV Share Plan and 2014 QTV Employee Share Option Scheme; and
- ii) Outstanding Awards granted by QTV to the Awards holders under the QT Vascular Restricted Share Plan 2015.

17. Loss per share

Group	6 months ended		12 months ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Loss for the period/year attributable to owners of the Company (S\$’000) used to compute:				
- Basic loss per share	(1,710)	(3,845)	(2,714)	(5,273)
- Diluted loss per share	(1,710)	(3,845)	(2,714)	(5,273)

Weighted average number of ordinary shares ('000) used to compute:				
- Basic loss per share	6,893,073	2,322,942	6,750,607	2,259,787
- Diluted loss per share	6,893,073	2,322,942 ⁽¹⁾	6,750,607	2,259,787 ⁽¹⁾
Loss per share (S\$)				
(a) Based on the weighted average number of ordinary shares	(0.0002)	(0.0017)	(0.0004)	(0.0023)
(b) On a fully diluted basis ⁽¹⁾	(0.0002)	(0.0017)	(0.0004)	(0.0023)

Note:

- (1) For the six and twelve months ended 31 December 2021 and 31 December 2022, 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.

18. Acquisition of subsidiaries

(1) Acquisition of Asia Dental Group Pte Ltd. and its subsidiaries ("ADG Group") (the "ADG Acquisition")

On 13 January 2022, the Group completed the acquisition of 60% of the shares and voting interests in ADG Group (details of which can be found in the Company's circular dated 24 December 2021). ADG Group is principally engaged in the provision of dental healthcare related services. ADG Group is not publicly listed.

The investment in ADG Group will enable the Group to diversify its business into the Healthcare business and is expected to contribute to the Group's overall revenue and profitability.

Since the completion of the acquisition of ADG Group on 13 January 2022 and up to 31 December 2022, ADG Group contributed revenue of approximately S\$7.5 million and profit of approximately S\$318,000 to the Group's results. If the acquisition had occurred on 1 January 2022, management estimates that there will not be a significant change in the contribution to the Group's revenue and profits due to the short time frame between the completion date of the acquisition and 1 January 2022. As such, management has decided to consolidate ADG Group's results since 1 January 2022.

Consideration paid/payable

The following table summarizes the acquisition-date fair value of each major class of consideration transferred.

	S\$'000
Cash	3,000
Equity instruments (277,777,778 ordinary shares)	500
Contingent consideration (" Earn-out Amount ")	4,150
Total consideration paid/payable	<u>7,650</u>

i. Equity instruments issued

The ordinary shares of the Company issued was based on the agreed share price of S\$0.0018 per share.

18. Acquisition of subsidiaries (cont'd)

ii. *Contingent consideration*

The Group had agreed to pay to seller of ADG Group, Dr Gian Siong Lin Jimmy ("**Vendor**") as follows:

- a) \$1,383,333.33 in cash on the first anniversary of the completion date of the ADG Acquisition;
- b) S\$1,383,333.33 in cash on the second anniversary of the completion date of the ADG Acquisition; and
- c) up to S\$1,383,333.34 in cash ("**Third Tranche Earn-Out Amount**") in cash within five (5) business days after determination by ADG Group's auditor of the aggregate audited EBITDA of ADG Group for the three (3) full completed financial years immediately following completion of the ADG Acquisition, namely the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024 ("**Aggregate EBITDA**"), provided that such Aggregate EBITDA is equal to or exceeds S\$3,600,000 (which is agreed upon taking into account the Historical EBITDA) ("**Aggregate EBITDA Threshold**").

In the event that the Aggregate EBITDA is less than the Aggregate EBITDA Threshold (the difference between the Aggregate EBITDA and the Aggregate EBITDA Threshold being referred to as the "**Shortfall Amount**"), the Third Tranche Earn-Out Amount payable by the Company to the Vendor shall be reduced by the Shortfall Amount. For the avoidance of doubt, in the event the Shortfall Amount exceeds the Third Tranche Earn-Out Amount, the Company shall not be required to pay the Third Tranche Earn-Out Amount, and the Vendor shall not be required to top up or otherwise pay any amount to the Company as a result of the foregoing.

As security for the Company's obligations in respect of the Earn-Out Amount, the Company shall provide to the Vendor on completion of the Proposed Acquisition a copy of a duly executed deed of assignment ("**Deed of Assignment**") executed by the Company in favour of the Vendor in relation to the assignment of all distributions and dividends arising over all shares in ADG Group owned or to be acquired by the Company in the event that the Company fails to pay any part of the Earn-Out Amount if and when due.

If the proceeds from the Deed of Assignment are insufficient to fulfill any sum outstanding in respect of the Earn-Out Amount or if ADG Group does not have distributable profits to declare dividends pursuant to the Deed of Assignment, the Company undertakes to the Vendor (at the Vendor's option) to satisfy such outstanding sum by the allotment and issuance to the Vendor of the Company's shares within three months from the date on which the outstanding sum becomes payable under the Deed of Assignment (or such other time period as may be mutually agreed between the Vendor and the Company) at an issue price to be mutually agreed by the Vendor and the Company.

(A) Acquisition-related costs

The Group incurred acquisition-related costs of approximately S\$1.1 million relating to professional fees. These costs have been included in 'administrative expenses' in the condensed consolidated statement of profit or loss and other comprehensive income in the financial year ended 31 December 2021 of approximately S\$0.9 million and for the financial year ended 31 December 2022 of approximately S\$0.2 million.

18. Acquisition of subsidiaries (cont'd)

(B) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of the acquisition.

	S\$'000
Plant and equipment	1
Right of use assets	1,251
Trade and other receivables	552
Cash and cash equivalents	164
Loans and borrowings	(150)
Trade and other payables	(455)
Lease liabilities	(1,263)
Income tax payable	(9)
Total identifiable net assets acquired	<u>91</u>

(C) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

	S\$'000
Total consideration transferred	7,650
Fair value of identifiable net assets	<u>(91)</u>
	<u>7,559</u>

The goodwill is mainly attributable to the value of the business of ADG Group. None of the goodwill recognized is expected to be deductible for tax purposes.

(II) Acquisition of Eastern Dental Surgery clinics ("Eastern Dental" or "EDC")

On 31 March 2022, the ADG Group completed the acquisition of 100% of the business in Eastern Dental for a cash consideration of S\$1,256,500. Eastern Dental is principally engaged in the provision of dental healthcare related services. Eastern Dental is not publicly listed.

The investment in Eastern Dental will enable the Group to grow its Healthcare business and is expected to contribute to the Group's overall revenue and profitability.

Since the completion of Eastern Dental on 31 March 2022 and up to 31 December 2022, Eastern Dental contributed revenue of approximately S\$1.8 million and profit of approximately S\$182,000 to the Group's results. If the acquisition had occurred on 1 January 2022, management estimates that the consolidated revenue would have been S\$2.4 million, and consolidated profit for the period would have been S\$243,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

(A) Acquisition-related costs

The Group incurred acquisition-related costs of approximately S\$55,000 relating to professional fees. These costs have been included in 'administrative expenses' in the condensed consolidated statement of profit or loss and other comprehensive income.

(B) Identifiable assets acquired and liabilities assumed

There were no identifiable assets acquired or liabilities assumed by the Group.

18. Acquisition of subsidiaries (cont'd)

(C) Goodwill

The goodwill of \$1.26 million is mainly attributable to the value of the business of Eastern Dental as there were no assets acquired or liabilities assumed. None of the goodwill recognized is expected to be deductible for tax purposes.

19. Legal proceedings

In August 2021, InnoRa GmbH ("**InnoRa**"), a licensor to Trireme Medical LLC ("**TriReme**"), a subsidiary of the Group, is seeking to claim certain amount in royalties and certain percentage of all future payments received by TriReme under the Sublicense Agreement in connection with the disposal of Chocolate Touch® by the Group in the financial year ended 31 December 2020. The Company has disputed the claim by InnoRa and engaged a legal counsel in the United States of America to defend its interests.

In October 2021, TriReme Medical (Singapore) Pte Ltd ("**TMI SG**") and Quattro Vascular Pte Ltd ("**Quattro**"), the Singapore subsidiaries of the Group, filed for a demand for arbitration against InnoRa with the American Arbitration Association seeking declaratory judgements and certain damages from InnoRa. InnoRa has responded to the claims made by TMI SG and Quattro in November 2021. Subsequently, in March 2022, TMI SG and Quattro responded to the statement of counterclaims made by InnoRa.

Based on the Company's legal counsel advice, the Board of Directors of the Company are of the opinion that the arbitration process is still in the early stages with discovery process in progress. The arbitration hearing is scheduled for March 2023 with the decision on the award of the claims made by TMI SG and Quattro and the counterclaims made by InnoRa is anticipated to be made within 2 months after the arbitration hearing. Accordingly, no provision for any claims by InnoRa has been made in the financial statements as at 31 December 2022.

20. Subsequent event

On 27 January 2023, the Company announced a Proposed Placement of up to 285,714,300 new ordinary shares at S\$0.0035 per share, which the Company will be seeking shareholders' approval for at an extraordinary general meeting to be convened.

On 1 February 2023, the Company announced an acquisition of business of Three Dental Clinics under the name The Dental Hub, which are situated in Alexandra, Bedok and Yew Tee respectively for a cash consideration of S\$1,650,000. The consideration is funded by way of combination of internal cash resources and external financing. The acquisition completed on 2 February 2023.

On 7 February 2023 and 27 February 2023, the Company incorporated two subsidiaries in Malaysia, being Quantum Healthcare Holdings Sdn Bhd, and Quantum Specialist Sdn Bhd respectively with 60% shareholdings owned by the Company and remaining 40% owned by an interested party for both subsidiaries. The principal activity of these subsidiaries are to explore potential business opportunities in Malaysia. The paid-up capital of both subsidiaries amounted to RM200 (approximately S\$60) and was funded through internal resources.

On 15 February 2023, the Company instructed its legal counsels to file a demurrer on the Complaint filed by InnoRa to state court in California ("**State Court**") on 26 August 2022 ("**State Court Action**"). The State Court understands that the Company has an arbitration hearing for the InnoRa Dispute scheduled in March 2023, of which the outcome of the arbitration will have the same effect for this State Court Action, the State Court agreed for the case management conference to be deferred to 16 May 2023.

On 17 February 2023, the management of the Company have been made aware of purported capital call carried out by TMI US management, which resulted in dilution of the Company's shareholdings in TMI US. The Management of the Company is still seeking clarifications from TMI US on this matter, pending mutual resolution, has expressly reserved its rights to dispute such purported corporate action of TMI US. Please refer to Note 11.

There are no known subsequent events which have led to adjustments to this set of 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 31 December 2022 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 six/twelve-month period then ended and explanatory notes have not been audited or reviewed.

B. Review of performance of the Group

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

FY2022 vs FY2021

The Group recorded revenue of S\$9.4 million and cost of sales of S\$5.0 million for the year ended 31 December 2022 ("FY2022"), which was mainly contributed by dental business under ADG Group.

In FY2022, the Group's loss before taxation decreased by S\$2.6 million mainly due to the following reasons:

- Gross profit of S\$4.3 million in FY2022 as compared to Nil balance in FY2021, mainly attributed to contribution from ADG Group;
- Increase in administrative expenses by S\$3.0 million in FY2022 mainly due to increase in overall operation expenses resulting from acquisition of ADG Group and EDC clinics;
- Increase in S\$30,000 in research and development expenses incurred under Kairogenix;
- Other income decreased mainly due to recharge of lease and services to Expanse Medical, Inc. ("**Expanse Medical**") since May 2021. The decrease was partially offset by the reduction in grants received as well as the service income charged to Teleflex, Inc.;
- Other expenses mainly attributed to impairment losses recognised on milestone payment for InnoRa of S\$713,000 during FY2022, upon the receipt of FDA approval as per announced on 14 November 2022. The impairment losses recognised in FY2021 refers to (i) intangible assets of approximately S\$2.0 million and (ii) investment in Sano V Pte Ltd of S\$343,000; and
- Increase in finance cost by S\$193,000 during FY2022 was mainly due to increase in interest expenses due to additional bank loans taken up by ADG Group to fund acquisitions and working capital purposes.

As a result of the above, the Group loss for the year decreased from S\$5.3 million for FY2021 to S\$2.8 million for FY2022.

Condensed statements of financial position

Group	As at 31 December 2022 S\$'000	As at 31 December 2021 S\$'000	Change %
Non-current assets	11,983	541	>100%
Current assets	6,854	374	>100%
Total assets	<u>18,837</u>	<u>915</u>	>100%
Total equity	2,942	(2,591)	NM
Non-current liabilities	8,516	309	>100%
Current liabilities	7,379	3,197	>100%
Total liabilities	<u>15,895</u>	<u>3,506</u>	>100%

Our non-current assets increased by S\$11,442,000 mainly due to:

- (i) Goodwill on acquisition of S\$7,559,000 from ADG acquisition and S\$1,257,000 from EDC acquisition;
- (ii) Increase in plant and equipment of S\$827,000 due to purchase of plant and equipment after the acquisition of ADG Group; and
- (iii) increase in right-of-use assets in relation to the office and clinics rental leases of S\$1,802,000 relating to ADG Group.

Our current assets increased by S\$6,480,000 mainly due to:

- (i) Increase in cash and cash equivalents of S\$4,771,000 due to reasons presented in the cashflow analysis below;
- (ii) Increase in inventories of S\$32,000 due to acquisition of ADG Group; and
- (iii) Increase in trade and other receivables of S\$1,670,000 mainly due to recognition of trade receivables from ADG Group.

Our non-current liabilities increased by S\$8,207,000 mainly due to:

- (i) Increase in loans and borrowings of approximately S\$4,237,000;
- (ii) Increase in amounts due to non-controlling interests of approximately S\$2,767,000 which is mainly due to future payment commitments to a non-controlling interest following the completion of the acquisition of 60% interests in ADG Group in January 2022;
- (iii) Increase in other non-current liabilities of S\$217,000 for provision of restoration costs for clinics rental; and
- (iv) Increase in lease liabilities due to Group's rental leases of approximately S\$986,000.

Our current liabilities increased by S\$4,182,000 mainly due to:

- (i) Increase in loans and borrowings of approximately S\$824,000;
- (ii) Increase in amounts due to non-controlling interests of approximately S\$1,383,000 which is mainly due to first instalment payment commitments to a non-controlling interest following the completion of the acquisition of 60% interests in ADG Group in January 2022;
- (iii) Increase in lease liabilities due to Group's rental leases of approximately S\$797,000; and
- (iv) Increase in trade and other payables of S\$1,177,000 due to increase in trade payables due to acquisition of ADG Group.

The Group has undertaken the following steps to address the Group's negative working capital of S\$525,000 as at 31 December 2022:

- (i) The Company believes that it will be able to raise funds from various parties as and when required, e.g. the recent placement as announced by the Company on 27 January 2023; and
- (ii) The management has critically assessed the cash flow forecasts of the Group for the next twelve months and concluded that there will be sufficient cash flows and resources to allow the Group to continue its operations and meet its obligations for the foreseeable future.

Based on the foregoing, 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 consolidated statement of cash flows

The Group recorded cash outflows from operating activities of approximately S\$1,564,000 in FY2022 was mainly due to:

- (i) Operation lost for the year after non-cash adjustments of S\$1,346,000;
- (ii) Increase in trade receivables and inventories recorded following the acquisition of ADG Group in January 2022 of approximately S\$1,345,000;
- (iii) Interest and tax payment of S\$186,000; and
- (iv) Offset by increase in overall movement of trade and other payables for approximately S\$1,312,000 following the acquisition of ADG Group in January 2022.

Net cash used in investing activities for FY2022 of approximately S\$5,126,000 was mainly due to:

- (i) purchase of plant and equipment of approximately S\$928,000; and
- (ii) acquisition of the 60% interests in ADG Group and the Eastern Dental business amounting to approximately S\$4,198,000.

Net cash from financing activities for FY2022 of approximately S\$11,461,000 was mainly due to:

- (i) proceeds from the share placement to 3 investors of approximately S\$7,300,000;
- (ii) proceeds from loans of approximately S\$5,990,000;
- (iii) offset by repayment of loan borrowings of S\$929,000; and
- (iv) offset by payment of lease liability of S\$900,000.

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.

Barring any unforeseen circumstances, there are no known significant changes in the trends and competitive conditions of the industry in which the Group operates and no other major known factors or events that may adversely affect the Group in the next 12 months.

The Company continues to actively explore various strategic options, fund raising opportunities and is continuously acquiring dental business to grow its healthcare business, as per recently announced on 2 February 2023. 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

There were no interested persons 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 persons transactions.

G. Use of proceeds from share subscription

On 25 May 2021, the Company announced that it had entered into a subscription agreement with three investors to subscribe for an aggregate of 4,055,555,556 new shares in the capital of the Company at an issue price of S\$0.0018 per share amounting to a total cash consideration of S\$7.3 million (“**Gross Proceeds**”) subject to the satisfaction of the terms and conditions in the subscription agreement. On 13 January 2022, the Company announced the completion of the proposed share subscription.

As at the date of this announcement, the Gross Proceeds have been utilized as follows:

	Allocation of Gross Proceeds per December 2021 Circular S\$'000	Re- allocated amount⁽²⁾ S\$'000	Amount utilised S\$'000	Balance S\$'000
General working capital purposes ⁽¹⁾	4,300*	(1,233)	(3,067)	-
Partial payment to Dr Jimmy Gian for the first instalment of the Earn-Out Amount in relation to the Proposed Acquisition ⁽²⁾	-	1,233	(450)	783
Partial financing of the acquisition of dental group	3,000	-	(3,000)	-
Total	7,300	-	(6,517)	783

*Includes estimated expenses of S\$1.1 million in relation to the acquisition of ADG Group and its subsidiaries and the share subscription as announced in the December 2021 Circular.

- (1) A breakdown on the Gross Proceeds utilised for general working capital purposes is as follows:

	S\$'000
Payment of salaries and wages	654
Payment to suppliers	1,653
Repayment of loan	760
Total	3,067

- (2) With reference to the Company’s announcement dated 27 January 2023, the variance of the above use of proceeds compared to the Company’s proposed use of funds as set out in the December 2021 Circular was due to the partial payment of the first instalment of the Earn-Out Amount to Dr Jimmy Gian of S\$1,383,333.33. As at the date of this announcement, S\$450,000 has been paid to Dr Jimmy Gian and the remaining S\$933,333.33 will be paid in the next few months via the funds from Proposed Placement and internally generated funds.

The rationale for the re-allocation was due to the Group’s acquisition of the business of the Eastern Dental Surgery Group completed on 31 March 2022 in line with the Group’s growth plans. Due to the increased cash flow requirements from the additional operational activities in the Group, the Group does not have sufficient funds available to fulfill the first instalment of the Earn-Out Amount to Dr Jimmy Gian.

H. Disclosures on incorporation, acquisition and realization of shares pursuant to Catalyst Rule 706A

Save as disclosed in Notes 18 and 20 above, the Company did not acquire or dispose of any shares resulting in any of the prescribed situations under Rule 706A during FY2022.

During FY2022 and as at the date of this report, the Company had incorporated the following subsidiaries, details of which are set out in the table below:

Name of Entity	Date of Incorporation	Country of Incorporation	% Held by the Group	Paid-Up Capital	Principal Activity
The Dental Hub Pte. Ltd.	5 August 2022	Singapore	60*	S\$1,000	Dental services and management consultancy services for healthcare organisations
Kairogenix Pte. Ltd.	9 May 2022	Singapore	70	S\$100	Research and experimental development on medical science and biotechnology
Eastern Dental Centre Pte. Ltd.	24 February 2022	Singapore	60*	S\$1,000	Dental services and management consultancy services for healthcare organisations
Quantum Healthcare Holdings Sdn Bhd	7 February 2023	Malaysia	60	RM100 (approximately S\$30)	Dormant
Quantum Specialist Sdn Bhd	27 February 2023	Malaysia	60	RM100 (approximately S\$30)	Dormant

* These entities were incorporated by the Company's 60% owned subsidiary, Asia Dental Group Pte Ltd. and are wholly owned by Asia Dental Group Pte Ltd.

The above incorporations were funded through internal resources and are not expected to have any material impact on the net tangible assets per share or earnings per share of the Group for the financial year ended 31 December 2022.

I. 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 review of performance of the Group above.

J. A breakdown of sales

	Group		
	Year ended		
	31 December 2022	31 December 2021	Increase / (Decrease)
	S\$'000	S\$'000	%
(a) Sales reported for the first half year	4,119	-	100%
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(1,050)	(1,428)	(26.5%)
(c) Sales reported for the second half year	5,249	-	100%
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(1,756)	(3,881)	(68.3%)

K. 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 2022 and 31 December 2021.

L. 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 Quantum Healthcare Limited (the "Company") or any of its principal subsidiaries are relatives of the Directors or Chief Executive Officer or Substantial Shareholders of the Company.

M. 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

Thomas Tan Gim Chua
Executive Director and Chief Executive Officer

Singapore
1 March 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.

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