

## December 2020 - Quarterly Activity Report & Appendix 4C



### Highlights and Quarterly review for Quantum Health Group Limited.

#### Improved Half Year Sales/Service Income and Cash Position

Receipts from customers increased 3.9% to \$29.3 million in the first six months to 31 December 2020 compared to \$28.2 million in the corresponding period in 2019.

Quantum's cash balance at the end of the quarter has increased to \$9.128 million. During the quarter, Quantum has paid off loans to the sum of \$1.4 million, thus the current total debt of \$8.3 million is now fully offset by Quantum's cash balance at 31 December 2020.

#### New Business

Quantum has made further progress on building its Asia-wide healthcare distribution platform with the formation of a Quantum Healthcare subsidiary in Vietnam. We continue to invest in a local organisation based in Hanoi and Ho Chi Minh City. We plan to expand our existing aesthetics and radiology equipment distribution across Vietnam and explore other business opportunities for the business.

Quantum has also made progress in identifying organic growth opportunities in Australia. We recently entered the healthcare security market where opportunities have evolved with the impact of COVID-19 and also provides a pathway for Quantum to develop its own IP in this segment. This new business also provides synergies and growth opportunity in the healthcare AI segment previously identified as a key market focus by Quantum.

## COVID-19 impact

With improved sales results this period, Quantum's revenue exceeded the threshold for receiving the both the first and second extensions of the Australian government's Job Keeper stimulus payments. Both the operational measures implemented, and the increased sales of some positively affected products have minimised any impact to our anticipated results.

Quantum will continue to follow the respective government rules ensuring full compliance as it continues to implement new initiatives to seek growth opportunities during these unpredictable market conditions. Our expectation remains that COVID-19 will not materially impact our business performance in the remainder of this financial year.

## Execution of a fully integrated ERP System and global banking facilities with HSBC

Quantum is continuing its integration of Oracle's Enterprise Resource Planning System (ERP), NetSuite, to streamline global operations and provide real-time financial reporting across all our subsidiaries. The NetSuite solution includes customer relationship management (CRM), sales/marketing management, consolidated financial reporting/forecasting and comprehensive fully integrated field service management tools. The system is now live across our business, we expect to be fully operational for company-wide consolidations this financial year.

HSBC was selected by Quantum as its global business banking partner. We now have in place an initial working capital/trade-finance facility of \$5 million to support further growth of our business throughout Asia. HSBC's extensive global reach and its upstanding of the markets we operate in internationally provides Quantum with both opportunity and confidence to further expand into these markets. The HSBC banking facility is being integrated with our new ERP system across all Quantum's businesses.



Mr John Walstab

CEO / Managing Director  
Quantum Health Group Limited

## About Quantum Healthcare Limited

Quantum Health Group Limited (ASX:QTM) is a leading independent Healthcare company operating throughout Asia. Quantum specialise in the distribution of state-of-the-art medical imaging, patient treatment, hospital water sterilisation and equipment services in Radiology, Oncology and Women's Healthcare. Quantum's head office is located in Sydney, Australia with direct subsidiary businesses operating in Thailand, South Korea, Philippines, NZ and China. Quantum is the authorised distribution partner for leading global healthcare manufacturers including Carestream, Philips Healthcare, Samsung, IBA and Accuray. Quantum provides first class customer service and clinical support for a large installed base of medical equipment in hospitals, universities and clinics across Asia.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Quantum Health Group Limited

**ABN**

19 003 677 245

**Quarter ended ("current quarter")**

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>	12,292	29,336
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(16)	(47)
(b) product manufacturing and operating costs	(6,932)	(17,836)
(c) advertising and marketing	(127)	(255)
(d) leased assets	(197)	(527)
(e) staff costs	(3,152)	(6,062)
(f) administration and corporate costs	(1,302)	(2,537)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	(10)
1.5 Interest and other costs of finance paid	(29)	(48)
1.6 Income taxes paid	(228)	(343)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>312</b>	<b>1,671</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		-
(b) businesses		-
(c) property, plant and equipment	(71)	(71)
(d) investments	(149)	(148)
(e) intellectual property	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from disposal of:		
	(a) entities		-
	(b) businesses	-	-
	(c) property, plant and equipment	103	103
	(d) investments	63	471
	(e) intellectual property	-	-
	(f) other non-current assets	4	7
2.3	Cash flows for loans received from / (to) other entities	78	(199)
2.4	Dividends received (see note 3)		-
2.5	Other (provide details if material)		-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>28</b>	<b>163</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	2	-
3.6	Repayment of borrowings	(286)	(1,471)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(284)</b>	<b>(1,471)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	9,072	8,764
4.2	Net cash from / (used in) operating activities (item 1.9 above)	312	1,671
4.3	Net cash from / (used in) investing activities (item 2.6 above)	28	163

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(284)	(1,471)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>9,128</b>	<b>9,128</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	9,128	9,072
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>9,128</b>	<b>9,072</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	5,000	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		5,000
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<ul style="list-style-type: none"> <li>- HSBC Facility with aggregate limit AUD 5 million. \$Nil drawn balance on this facility at 31 December 2020. There is a general security, and guarantee indemnity deed provided by Quantum Group entities. Maturity date is the date on which HSBC requires repayment of the amount owing. Line fee of 1% per annum and base rate of BBSY or LIBOR + 2.5% per annum.</li> </ul>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	312
8.2 Cash and cash equivalents at quarter end (item 4.6)	9,128
8.3 Unused finance facilities available at quarter end (item 7.5)	5,000
8.4 Total available funding (item 8.2 + item 8.3)	14,128
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Not applicable	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Not applicable	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28<sup>th</sup> January 2021



Authorised by: .....  
John Walstab Managing Director

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.