

March 2021 - Quarterly Activity Report & Appendix 4C



Highlights and Quarterly review for Quantum Health Group Limited.

ASX Reporting Requirements

Quantum has reporting strong operating net cash flows of \$2.0 Million for the quarter.

As Quantum's continues its sustained financial growth since restructuring operations in 2018, the ASX no longer require Quantum to lodge quarterly Appendix 4C reports. Quantum has reported seven consecutive quarters of positive operating cash flows.

Improved Nine Months Sales/Service Income and Cash Position

Receipts from customers increased 11.2% to \$47.1 million in the first nine months to 31 March 2021 compared to \$42.4 million in the corresponding period in 2020.

Quantum's cash balance at the end of the quarter has increased to \$10.8 million. During the quarter, Quantum has repaid loans to the sum of \$0.2 Million, thus the current total debt of \$8.7 million is more than offset by Quantum's cash balance at 31 March 2021. The increase in debt includes balance sheet foreign currency translations.

Business Activities

There has been no material change in Quantum's business operations in the quarter.

Integration of Quantum's Enterprise Resource Planning System (ERP), NetSuite, is continuing to provide further logistics and reporting benefits across our businesses. Progress is also being made in the roll out of HSBC transactional banking facilities across our offshore subsidiaries.

COVID-19 impact

With the sustained growth in our business, Quantum did not qualify for stage three Job-keeper payments in the quarter. Quantum is exploring new initiatives to seek growth opportunities during these improved market conditions.

Our expectation remains that COVID-19 will not materially impact our business performance in the remainder of this financial year.



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 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities	14,654	47,093
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(21)	(73)
(b) product manufacturing and operating costs	(8,019)	(28,072)
(c) advertising and marketing	(150)	(430)
(d) leased assets	-	-
(e) staff costs	(3,378)	(10,046)
(f) administration and corporate costs	(1,236)	(4,027)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	39	29
1.5 Interest and other costs of finance paid	(13)	(61)
1.6 Income taxes paid	136	(420)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	2,012	3,993
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(323)	(394)
(d) investments	(117)	(759)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	79	182
(d) investments	461	1,081
(e) intellectual property	-	-
(f) other non-current assets	-	722
2.3 Cash flows for loans received from / (to) other entities	(63)	(262)
2.4 Dividends received (see note 3)		-
2.5 Other (provide details if material)		-
2.6 Net cash from / (used in) investing activities	37	570

3. Cash flows from financing activities		
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	-	-
3.6 Repayment of borrowings	(149)	(1,773)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Leased Assets)	(245)	(772)
3.10 Net cash from / (used in) financing activities	(394)	(2,545)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	9,128	8,765
4.2 Net cash from / (used in) operating activities (item 1.9 above)	2,012	3,993

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	37	507
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(394)	(2,545)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	10,783	10,783

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	10,783	9,128
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,783	9,128

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
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.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		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"> - HSBC Facility with aggregate limit AUD 5 million. \$Nil drawn balance on this facility at 31 March 2021. 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. 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	2,012
8.2 Cash and cash equivalents at quarter end (item 4.6)	10,783
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)	15,783
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	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: 29th April 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.