

Quantum Health Group Limited and Controlled Entities  
ABN: 19 003 677 245

Appendix 4E

Preliminary Final Report

Financial Year ended 30 June 2021

This information is provided under listing rule 4.3A for the year ended 30 June 2021 and includes comparative information for the year ended 30 June 2020.

Results for announcement to the market

	30 June 2021 \$'000	30 June 2020 \$'000	Change \$'000	Change %
<b>Cash</b>				
Receipts from Customers	65,098	62,189	2,909	5%
<b>Revenue</b>				
Revenue from ordinary activities (sales and services)	55,671	59,398	(3,727)	-6%
<b>EBITDA</b>				
Profit before interest, tax, depreciation & amortisation	10,817	9,334	1,483	16%
<b>NPAT</b>				
Net Profit after tax for the period attributed to members	6,820	5,446	1,374	25%

Net tangible assets per security

Net tangible assets per security as at		
	30 June 2021 cents	30 June 2020 cents
Net tangible assets per ordinary share	1.91	1.34

Dividends

No dividends have been paid, declared or recommended by the Company during the year ended 30 June 2021.



**Quantum Health Group Limited**  
and its controlled entities

A.B.N. 19 003 677 245

**APPENDIX 4E**

**PRELIMINARY FINAL REPORT**

**YEAR ENDED 30 JUNE 2021**



## Review of Operations

### Business Overview

Quantum Health Group Limited (Quantum) is a leading distributor and service provider of high technology medical equipment across Asia. Quantum has direct subsidiaries operating in Australia, New Zealand, Korea, Thailand, Philippines and China representing leading global manufacturers such as Philips, Samsung, Carestream, IBA and Accuray specialising in Radiology, Oncology, Women's Healthcare and Medical IT markets.

Quantum's focus has been to grow its medical technology distribution platform across Asia both organically and through identifying strategic EPS accretive acquisitions in the region. Quantum has a large installed base of over 3,500 systems that can generate ongoing high-margin revenue streams. Quantum has been investing in further expansion of its healthcare operations across Asia, including further investments into a distribution business in Vietnam.

Quantum is also identifying opportunities and investing in its own intellectual property to fully capitalise on this healthcare platform in the future. As part of this initiative, Quantum manufactures energy-efficient water sterilisation systems and is developing AI and Internet of Things (IoT) based healthcare security systems for aged care and healthcare institutions.

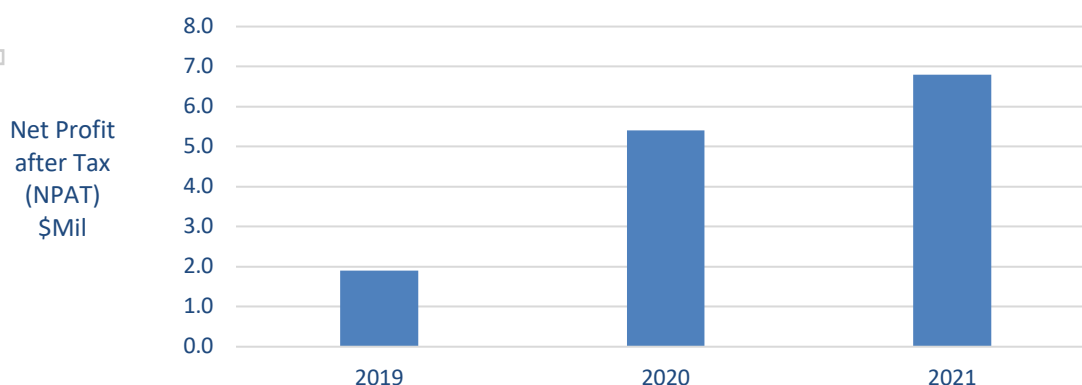
With the sustained growth in our business, Quantum did not seek Job-keeper assistance during this financial year. Quantum is exploring new initiatives to seek growth opportunities in this COVID-19 impacted market. Our current expectation remains that COVID-19 will not materially impact our business.

Throughout the year Quantum has further invested in the global alignment of its management tools and processes including the implementation of NetSuite's OneWorld ERP system and HSBC Business Banking across all our global subsidiaries.

### Financial Results Summary

The Board of Directors are pleased to advise that Quantum Health Group Limited has delivered a strong trading result consistent with our expectations for the year ended 30th June 2021 as follows:

Year	2019 \$'000	2020 \$'000	2021 \$'000
Revenue	59,429	59,398	55,671
EBITDA	4,017	9,334	10,817
NPAT	1,905	5,446	6,820



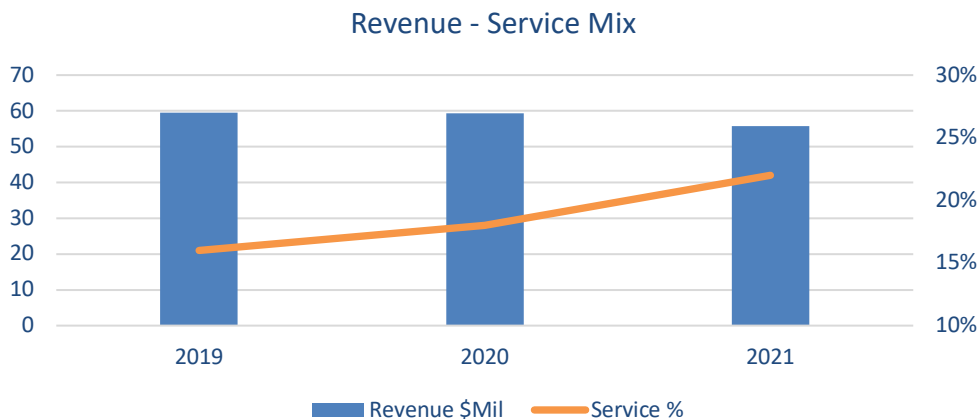
## Stronger Cash Position

Receipts from customers increased by 4.7% to \$65.1 million in the year to 30 June 2021 compared to \$62.2 million in the corresponding period in 2020.

Quantum's cash balance as of 30 June 2021 has increased to \$11.9 million. During the year, Quantum has repaid loans to the sum of \$1.6 million, reducing the current total debt to \$7.4 million resulting in a positive cash position at 30 June 2021.

## Shift to Higher Margin, Recurring Service Model

Quantum has been actively realigning its business mix to a reoccurring, higher margin service model which resulted in a small decline in revenue of 6% but significantly increased the operating profits by 25%, as shown below.



During 2020, Quantum acquired the service businesses of Carestream in Australia, New Zealand and Philippines which significantly increased our service install base to over 3,500 systems. This also contributed to the shift to a higher gross margin service model.



Carestream InSight 3D  
Digital Radiography  
System

## Financial Position

The net assets of the consolidated group have increased to \$47,275,000 as of 30 June 2021, compared to \$40,928,000 as of 30 June 2020. The Directors believe that the group is in a strong and stable financial position to expand and grow its current operations.

## General

There were no significant changes in the nature of the group's principal activities.

## EPS and Diluted EPS

The gain per share for the current financial year was 0.60 cents as compared with a gain per share of 0.49 cents in the previous corresponding period. The diluted gain per share was 0.60 cents as compared with a gain per share of 0.48 cents in the previous corresponding period.

## Future Results

The Company is unaware of any factors which are likely to affect results in the future outside any impact of the COVID-19 pandemic noted above.

## Audited Accounts

This report is based upon accounts that are in the process of being audited.

## Lodgement Extension

ASIC has extended the deadline for ASX listed entities to lodge financial reports by one month. The extended deadline may be utilised to alleviate any pressure on resources for the audit considering challenges presented by COVID-19 conditions.



John Walstab  
CEO/Managing Director  
30<sup>TH</sup> August 2021

# Quantum Health Group Limited

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
<b>Continuing operations</b>			
Revenue from contracts with customers	2	55,113	58,309
Other revenue	2	558	1,089
Fair value gain on financial assets	2	99	67
Cost of sales		(26,653)	(31,032)
Employee benefits expense		(11,421)	(11,337)
Depreciation and amortisation expense		(1,541)	(1,553)
Advertising and promotion expenses		(485)	(847)
Finance costs	3	(701)	(757)
Legal fees		(121)	(138)
Research and development expenditure		(83)	(77)
Travel expenses		(639)	(1,052)
Motor vehicle expenses		(584)	(645)
Warranty expenses		(764)	(559)
Telephones and internet		(276)	(230)
Consultants		(805)	(645)
Freight and delivery expenses		(673)	(327)
Occupancy expenses		(147)	(221)
Insurance		(295)	(302)
Foreign exchange gain / (loss)		340	(222)
Other expenses		(2,348)	(2,286)
<b>Profit from continuing operations before income tax</b>		<b>8,574</b>	<b>7,235</b>
Income tax expense		(864)	(816)
<b>Net profit after tax</b>		<b>7,710</b>	<b>6,419</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss:			
Translation of foreign subsidiaries (loss) / gain		(1,405)	259
Items that will not be reclassified to profit or loss:			
Actuarial gain on post-employment benefit obligations		40	155
<b>Total comprehensive income</b>		<b>6,345</b>	<b>6,833</b>
<b>Profit for the year is attributable to</b>			
Non-controlling interests		890	973
Owners of Quantum Health Group Limited		6,820	5,446
		<b>7,710</b>	<b>6,419</b>
<b>Total comprehensive income for the year is attributable to</b>			
Non-controlling interests		287	1,028
Owners of Quantum Health Group Limited		6,058	5,805
		<b>6,345</b>	<b>6,833</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of Quantum Health Group Limited</b>			
Basic earnings per share (cents per share)	4	0.60	0.49
Diluted earnings per share (cents per share)	4	0.60	0.48

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Quantum Health Group Limited

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

		Consolidated Group	
		30 Jun 2021	30 Jun 2020
	Note	\$'000	\$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	11,945	8,765
Trade and other receivables		14,842	14,963
Inventories		8,147	9,464
Financial assets		1,176	1,043
Other		4,499	3,870
<b>TOTAL CURRENT ASSETS</b>		<b>40,609</b>	<b>38,105</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,137	1,700
Right-of-use-assets		668	1,414
Investment property		2,338	2,444
Deferred tax assets		3,078	3,137
Goodwill and intangible assets	7	22,591	22,719
Financial assets		2,283	2,628
Other		1,657	1,906
Defined benefit plans		44	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>33,796</b>	<b>35,948</b>
<b>TOTAL ASSETS</b>		<b>74,405</b>	<b>74,053</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		11,102	11,401
Contract liabilities		3,918	6,840
Borrowings		7,277	8,888
Lease liabilities		499	929
Current tax liabilities		839	443
Short term provisions		2,597	2,249
<b>TOTAL CURRENT LIABILITIES</b>		<b>26,232</b>	<b>30,750</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		484	880
Contract liabilities		121	237
Borrowings		74	4
Lease liabilities		106	476
Employee benefits		113	443
Defined benefit plans		-	335
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>898</b>	<b>2,375</b>
<b>TOTAL LIABILITIES</b>		<b>27,130</b>	<b>33,125</b>
<b>NET ASSETS</b>		<b>47,275</b>	<b>40,928</b>
<b>EQUITY</b>			
Issued Capital	8	17,452	86,429
Reserves		1,507	2,268
Retained earnings / (accumulated losses)		22,958	(52,840)
Equity attributable to owners of Quantum Health Group Limited		<b>41,917</b>	<b>35,857</b>
Non-controlling interests		5,358	5,071
<b>TOTAL EQUITY</b>		<b>47,275</b>	<b>40,928</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Quantum Health Group Limited

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

### Consolidated

Balance at 1 July 2019  
Profit for the period  
Other comprehensive  
income for the period  
  
Shares Issued  
Balance at 30 June 2020

Balance at 1 July 2020  
Profit for the period  
Other comprehensive  
income for the period  
Capital restructure  
Balance at 30 June 2021

Attributable to the members of Quantum Health Group Limited								
Ordinary Share Capital	Shares to be issued	Undistributable Profits Reserve	Exchange Translation Reserve	Actuarial Gain Reserve	Retained Profits (Losses)	Total	Attributable to non-controlling interests	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
85,709	720	504	1,375	29	(58,286)	30,051	4,043	34,094
-	-	-	-	-	5,446	5,446	973	6,419
-	-	-	211	149	-	360	55	415
720	(720)	-	-	-	-	-	-	-
86,429	-	504	1,586	178	(52,840)	35,857	5,071	40,928
86,429	-	504	1,586	178	(52,840)	35,857	5,071	40,928
-	-	-	-	-	6,820	6,820	890	7,710
-	-	-	(801)	40	-	(761)	(604)	(1,365)
(68,977)	-	-	-	-	68,977	-	-	-
17,452	-	504	785	218	22,958	41,916	5,358	47,275

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Quantum Health Group Limited

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$ 000	2020 \$ 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		65,098	62,189
Payments to suppliers and employees		(57,457)	(52,580)
Interest received		72	94
Finance costs		(287)	(255)
Income tax paid		(402)	(321)
Net cash provided by operating activities		7,024	9,127
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		19	209
Purchase of property, plant and equipment		(174)	(879)
Payments for acquisition of investment		-	(1,670)
Payments for financial assets		(687)	(1,324)
(Payment) / proceeds from (purchase) / sale of financial assets		(615)	947
Net cash used in investing activities		(1,457)	(2,717)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(835)	(784)
Repayment of borrowings		(1,552)	(1,188)
Net cash used in financing activities		(2,387)	(1,972)
Net increase in cash held		3,180	4,438
Cash at beginning of period		8,765	4,327
Cash at end of period	6	11,945	8,765

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Quantum Health Group Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies have been consistently applied by the consolidated entity and are consistent with those applied in the 30 June 2020 annual financial report, other than as noted below.

#### ***New, revised or amending Accounting Standards and Interpretations adopted***

The Group has applied all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The main new Accounting Standards and Interpretations that became effective during the comparative reporting period are as follows:

##### ***AASB 16 Leases***

The Group has adopted AASB 16 from 1 July 2019 which replaces AASB 117 'Leases' and for lessees eliminates the classification of operating leases and finance leases.

Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding liabilities are recognised in the balance sheet. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities. In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

##### ***Right-of-use assets***

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

##### ***Lease liabilities***

A lease liability is recognised at the commencement date of the lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and any anticipated termination penalties.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future leased payments arising from a change in an index or a rate used; lease term; certainty of termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

There are no other Standards that have been issued that are not yet effective and that are expected to have a material impact on financial reports of the Group in the current or future reporting periods.

# Quantum Health Group Limited

## NOTE 2: REVENUE AND OTHER INCOME

	2021 \$'000	2020 \$'000
<b>Revenue from contracts with customers</b>		
Sale of goods	32,455	39,876
Services revenue	22,658	18,433
	<u>55,113</u>	<u>58,309</u>
<b>Other Income</b>		
Interest receivable – other entities	72	94
Interest receivable – related parties	-	118
Other revenue	486	878
	<u>558</u>	<u>1,089</u>
Fair value gain on financial assets	99	67
<b>Total Revenue and Other Income</b>	<u>55,770</u>	<u>59,466</u>

## NOTE 3: PROFIT FOR THE YEAR

Profit for the year includes the following expenses:

### Expenses

Finance costs		
- External	272	328
- Related parties	429	429
Total finance costs	<u>701</u>	<u>757</u>

## NOTE 4: EARNINGS PER SHARE

### Net profit

Earnings used to calculate basic EPS	6,820	5,446
Earnings used to calculate diluted EPS	6,820	5,446

	Shares #	Shares #
(a) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,128,308,291	1,114,455,832
(b) Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	1,128,308,291	1,128,308,291

# Quantum Health Group Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

### NOTE 5: SEGMENT REPORTING

	Environmental Services		Medical		Unallocated		Elimination		Consolidated- Continuing Operations	
	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue - Australia	3,597	2,305	18,200	19,791	-	119	1,034	(2,408)	22,831	19,807
Total revenue- China	349	1,556	-	-	-	17	-	(1,586)	349	(13)
Total revenue - Thailand	-	-	13,882	16,949	-	-	-	(1)	13,882	16,948
Total revenue - Korea	-	-	17,383	22,281	-	-	(78)	(74)	17,305	22,207
Total revenue - Philippines	-	-	1,304	448	-	-	-	-	1,304	448
Total revenue	3,946	3,861	50,769	59,469	-	136	955	(4,069)	55,671	59,397
Profit/(Loss) after income tax - Australia	62	(426)	3,231	5,947	(1,576)	(1,379)	1,631	(907)	3,348	3,235
Profit/(Loss) after income tax - China	-	(207)	-	-	-	(40)	6	(706)	6	(953)
Profit/(Loss) after income tax - Thailand	-	-	1,740	1,928	-	-	1,085	1,637	2,825	3,565
Profit/(Loss) after income tax - Korea	-	-	1,567	(401)	-	-	(42)	949	1,525	548
Profit/(Loss) after income tax - Philippines	-	-	6	24	-	-	-	-	6	24
Total profit / (loss) after income tax	62	(633)	6,544	7,498	(1,576)	(1,419)	2,680	973	7,710	6,419
Segment assets - Australia	808	9,482	45,642	45,133	3,182	9,011	(5,916)	(22,815)	43,716	40,811
Segment assets - China	(1,484)	(1,004)	-	-	-	-	-	-	(1,484)	(1,004)
Segment assets - Thailand	-	-	11,853	11,669	-	-	-	-	11,853	11,669
Segment assets - Korea	-	-	17,171	19,560	-	-	-	-	17,171	19,560
Segment assets - Philippines	-	-	3,149	3,017	-	-	-	-	3,149	3,017
Total segment assets	(676)	8,478	77,815	79,379	3,182	9,011	(5,916)	(22,815)	74,405	74,053
Segment liabilities - Australia	(1,446)	8,080	12,224	13,858	5,446	10,503	1,554	(12,124)	17,779	20,317
Segment liabilities - China	400	120	-	-	-	-	-	-	400	120
Segment liabilities - Thailand	-	-	(59)	135	-	-	-	-	(59)	135
Segment liabilities - Korea	-	-	8,422	12,259	-	-	-	-	8,422	12,259
Segment liabilities - Philippines	-	-	588	294	-	-	-	-	588	294
Total segment liabilities	(1,046)	8,200	21,175	26,546	5,446	10,503	1,554	(12,124)	27,130	33,125

# Quantum Health Group Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

### NOTE 6: CASH AND CASH EQUIVALENTS

	2021 \$'000	2020 \$'000
Cash as shown in the Consolidated Statement of Financial Position is reconciled to cash at the end of the financial year shown in the Consolidated Statement of Cash Flows		
Cash at bank and in hand	11,945	8,765

### NOTE 7: GOODWILL AND INTANGIBLE ASSETS

	2021 \$'000	2020 \$'000
Goodwill is attributed to the following businesses:		
- Quantum Healthcare Australia Pty Ltd	13,353	13,353
- Quantum Healthcare Korea Co., Ltd.	5,102	5,102
- Quantum Healthcare Thailand Co., Ltd.	2,231	2,231
- Hunex Korea Co., Ltd.	839	839
	21,525	21,525
<b>Customer contracts</b>		
Customer contracts - at cost	1,279	1,279
Less: Accumulated amortisation	(213)	(85)
Net carrying value	1,066	1,194
<b>Total Goodwill and intangible assets</b>	22,591	22,719

### NOTE 8: ISSUED CAPITAL AND SHARES TO BE ISSUED

	2021 Shares #	2020 Shares #	2021 \$'000	2020 \$'000
<b>CURRENT</b>				
Fully paid ordinary shares	1,128,308,291	1,128,308,291	17,452	86,429
<b>Movements - Fully paid ordinary shares:</b>				
At the beginning of the year	1,128,308,291	1,128,308,291	86,429	86,429
Section 258F capital reduction	-	-	(68,977)	-
At the end of the year	1,128,308,291	1,128,308,291	17,452	86,429