BIOLIDICS LIMITED
(Company Registration No.: 200913076M)
(Incorporated in the Republic of Singapore)

DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITOR ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Pursuant to Rule 704(4) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the board of directors (the "**Board**") of Biolidics Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent external auditor, Ernst & Young LLP, had issued a disclaimer of opinion (the "**Disclaimer of Opinion**") in their independent auditor's report dated 11 April 2022 (the "**Independent Auditor's Report**") on the audited consolidated financial statements of the Group and the Company for the financial year ended 31 December 2021 ("**FY2021**") (the "**Financial Statements**").

The basis for the Disclaimer of Opinion is in relation to (i) the use of the Group's going concern assumption; and (ii) the impairment assessment of the Group's plant and equipment, right-of-use assets, intangible assets and goodwill, and the Company's investment in subsidiaries and other receivable due from a subsidiary.

In respect of point (i) above, the Board is of the opinion that the use of going concern assumption in the preparation and presentation of the Financial Statements, on the bases set out in Note 2.1 of the Notes to the Financial Statements, is appropriate.

In respect of point (ii) above, the Group has concluded that no impairment is required to be recognised as at 31 December 2021, as set out in Note 3.2 of the Notes to the Financial Statements.

A copy of the Independent Auditor's Report and an extract of Note 2.1 and the relevant sections of Note 3.2 of the Notes to the Financial Statements in relation to the Disclaimer of Opinion are appended to this announcement. Shareholders of the Company ("**Shareholders**") are advised to read this announcement in conjunction with the Independent Auditor's Report and the Financial Statements. The annual report of the Group for FY2021, which will contain the Independent Auditor's Report and the Financial Statements will be released in its entirety on SGXNet in due course.

The Board is of the view that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner and confirms that all material disclosures have been provided for trading of the Company's shares to continue. Accordingly, the Board is of the view that no suspension of trading of the Company's shares pursuant to Rule 1303(3) of the Catalist Rules will be required.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

BY ORDER OF THE BOARD

Song Tang Yih
Executive Director and Chief Executive Officer
11 April 2022

*This announcement has been prepared by the Company and has been reviewed by the Company's sponsor, United Overseas Bank Limited (the "**Sponsor**"), for compliance with Rules 226(2)(b) and 753(2) of the Catalist Rules. This announcement has not been examined or approved by the SGX-ST. The SGX-ST 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 Mr. Lim Hoon Khiat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.*

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Biolidics Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the '*Basis for Disclaimer of Opinion*' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis of disclaimer of opinion

Use of going concern assumption

The Group reported significantly lower revenue of $2,134,000 and recorded a net loss of $5,984,000 and net cash outflow of $6,648,000 for the financial year ended 31 December 2021. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

As disclosed in Note 2.1 to the financial statements, management has prepared the Group's and Company's financial statements for the financial year ended 31 December 2021 on the basis that the Group and the Company will be able to carry on as a going concern for at least twelve months from the date of authorisation of the financial statements based on factors disclosed in that note. However, based on the information available to us and material uncertainties involved in the use of the going concern assumption, we were unable to obtain sufficient appropriate evidence regarding the appropriateness of the use of the going concern assumption.

In the event the going concern assumption is not applied, the financial effects of adjustments to the carrying amounts, and the current and non-current classification of the Group's and Company's assets and liabilities as at 31 December 2021 could be material and pervasive and we were unable to determine the extent of the adjustments that may be required.

Impairment assessment of the Group's plant and equipment, right-of-use assets, intangible assets and goodwill, and the Company's investments in subsidiaries and other receivable due from a subsidiary

As disclosed in Notes 11, 22, 12, and 13 to the financial statements, the Group's plant and equipment, right-of-use assets, intangible assets and goodwill (collectively, "long-lived assets"), amounted to $803,000, $390,000, $3,495,000 and $626,000, as at 31 December 2021, respectively. These long-lived assets belong mainly to two of the Group's cash-generating units (CGUs) that represent the Group's Cancer and Laboratory Services business segments. Additionally, as disclosed in Notes 14 and 17 to the financial statements, the Company's balance sheet included an investment in Biomedics Laboratory Pte Ltd (BML) of $3,569,000 and a receivable due from BML of $1,773,000 as at 31 December 2021. BML carries on the Group's Laboratory Services business segment.

Management has assessed that there exists an indication that the Group's long-lived assets and the Company's investment in BML may be impaired. Accordingly, management has determined that the recoverable amounts based on their value-in-use (VIU) calculated using discounted cash flow projections, exceed their carrying amounts. Consequently, no impairment loss was recognised in relation to these assets as at 31 December 2021. Similarly, management has also determined that there was no expected credit loss (ECL) in relation to the receivable due from BML as at 31 December 2021.

The recoverable amounts of the Group's long-lived assets and the Company's investment in BML and the receivable due from BML are critically dependent on cash flow projections made by management in relation to the Cancer and Laboratory Services business segments. Based on the information available to us, we were unable to obtain sufficient appropriate evidence regarding the reasonableness of the key assumptions used by management in the cash flow projections, including but not limited to future revenue, profit margins and certain items of expenses. Accordingly, we were unable to determine the reasonableness of the aforesaid recoverable amounts and absence of ECL determined by the Group. Consequently, we are unable to determine the appropriateness of the related disclosures, and the extent of adjustments that may be required in relation to the carrying amounts of the Group's long-lived assets, and the Company's investment in BML and receivable due from BML as at 31 December 2021.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the '*Basis for Disclaimer of Opinion*' section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ('ACRA Code')* together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Terry Wee Hiang Bing.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

11 April 2022

Extract of Note 2.1 of the Notes to the Financial Statements

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$"), except when otherwise indicated.

Material Uncertainty Related to Going Concern

As at 31 December 2021, the Group generated a net loss of $6.0 million and net operating cash outflow of $4.6 million for the financial year then ended. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. To support that the financial statements have been prepared on a going concern basis and to ensure the adequacy of funds required to meet its obligations, working capital and capital commitment needs, the Group has prepared a consolidated cash flow forecast covering the period from 1 January 2022 to 30 April 2023 ("**Cash Flow Forecast**"). In preparing the Cash Flow Forecast, management has taken the following into consideration:

(i) the challenges faced by the cancer business during the current COVID-19 pandemic and the impact of the emergence of competing and newer technologies on the sales of COVID-19 related products in the infectious diseases business;

(ii) the forecasted cash flow from the laboratory services business which is mainly dependent on the projected sales uptake of its SARS-CoV-2 polymerase chain reaction (PCR) testing for COVID-19; and

(iii) the cost cutting measures that the Group has planned to streamline its businesses and manage cost.

The ability of the Group to fulfil its obligations is dependent on the Group generating sufficient cash flows from its COVID-19 PCR testing services, and the ability to raise new funding. The directors and management are confident that the Cash Flow Forecast is achievable and noted that the Group's current and total assets exceeded its current and total liabilities by $3.7 million and $2.3 million respectively. This will allow the Group to fulfil its obligations as and when they arise. The Group will also explore other opportunities to grow its business as well as fundraising opportunities to strengthen its financial position.

In addition, due to the rapidly evolving nature of the COVID-19 pandemic, the COVID-19 PCR testing services is exposed to various uncertainties and challenges such as, among others, changes to regulation framework, and international travel policies and requirements, which could affect the sales uptake of the Group's COVID-19 PCR testing services. The Group is closely monitoring the developments of the situation and the impact on its COVID-19 PCR testing services.

If the going concern assumption is no longer appropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities, respectively. Such adjustments have not been made to these financial statements.

Extract of Note 3.2 of the Notes to the Financial Statements

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Expected credit losses

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs in relation to the Group's trade receivables is disclosed in Note 16.

The carrying amount of trade receivables as at 31 December 2021 is $126,842 (31 December 2020: $201,741).

Calculation of loss allowance for amount due from subsidiaries

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical date, assumptions and expectations of future conditions.

The gross carrying amounts (before allowance for expected credit losses) of the Company's trade and other receivables due from subsidiaries as at 31 December 2021 are $210,436 and $1,773,214, respectively.

(b) ***Impairment assessment of plant and equipment, right-of-use assets, intangible assets and goodwill on consolidation***

Plant and equipment, right-of-use assets and intangible assets

Management has carried out a review and determined that there are indicators of impairment for the Group's plant and equipment, right-of-use assets and intangible assets. The Group determines the recoverable amounts of Cancer, Infectious Diseases and Laboratory Services CGUs based on the income method. Refer to Note 3.1(a) to the financial statements for information on the identification of the Group's CGUs. The income method has been prepared based on discounted cash flow model covering a five-year period. The estimated recoverable amounts of the CGUs are in excess of the carrying amount of the CGUs. Accordingly, the Group concluded that no impairment is required to be recognised as at 31 December 2021. The recoverable amounts are sensitive to discount rate, estimated revenue growth rate, estimated gross profit margin and profitability of respective CGUs.

The carrying amounts of plant and equipment, right-of-use assets and intangible assets at the end of the reporting period are disclosed in Notes 11, 22, and 12 to the financial statements respectively.

Goodwill on consolidation

As disclosed in Note 13 to the financial statements, the recoverable amount of the CGU, which goodwill have been allocated to, are determined based on the income method. The income method has been prepared based on discounted cash flow models covering a five-year period. The key assumptions applied in the determination of cash flow forecasts, are disclosed and further explained in Note 13 to the financial statements. The recoverable amounts are sensitive to discount rate, estimated revenue growth rate, estimated gross profit margin and profitability of the CGU.The carrying amount of the goodwill on consolidation as at 31 December 2021 is $625,983.

(d) ***Impairment assessment of investment in subsidiaries***

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication of impairment based on SFRS(I)1-36 requirements. If any indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). The Company has estimated the recoverable amounts for its investment based on income method mentioned in Section 3.2(b) above. The recoverable amounts are sensitive to discount rate, estimated revenue growth rate, estimated gross profit margin and profitability of the subsidiaries.

The carrying amount of the Company's investment in subsidiaries is disclosed in Note 14 to the financial statements.