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

RESPONSE TO QUERIES BY SGX REGCO ON THE COMPANY'S ANNOUNCEMENT ON 28 FEBRUARY 2023

The board of directors (the "**Board**") of Biolidics Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the queries by SGX RegCo on the Company's announcement in relation to the entry into of a partial settlement deed with Clearbridge BSA Pte. Ltd. released on SGXNet on 28 February 2023 ("**Announcement**").

Capitalised terms used and not defined herein shall have the same meanings as ascribed to them in the Announcement.

Query: *We refer to Biolidics Limited ("**Biolidics**" or the "**Company**" and together with its subsidiaries, the "**Group**") announcement on 28 February 2023 with regards to the entry into a partial settlement deed (the "**Partial Settlement Deed**") with Clearbridge BSA Pte. Ltd. ("**CBSA**").*

1. Please provide the Board's consideration when entering into the Partial Settlement Deed with CBSA.

Company's response

The Board had considered the following when entering into the Partial Settlement Deed with CBSA:

(i) Following the completion of the acquisition of the entire issued and paid-up share capital of Biomedics Laboratory Pte. Ltd. in May 2020, the Company had entered into three (3) separate deeds of amendment to amend the due date for the payment of the Deferred Consideration from the original due date of 25 May 2022 to the current due date of 25 November 2023, after taking into consideration the challenging operating environment and tight cash flows of the Group as a result of the COVID-19 pandemic;

(ii) In view of the upcoming payment due date for the Deferred Consideration, the management of the Company had commenced discussions with CBSA on the various settlement options for the Deferred Consideration, including, *inter alia*, the Company partially settling the Deferred Consideration in the form of the Cash Settlement Sum and the Consideration Shares;

(iii) As at 31 December 2022, the Group was in a net equity deficit position of approximately S$1.69 million and had negative working capital of approximately S$0.09 million. Assuming that the issuance of the Consideration Shares, amounting to approximately S$0.61 million (based on the 37,500,000 Consideration Shares and the issue price of S$0.0163 per Consideration Share), was completed on 31 December 2022, the Group's net equity deficit position would improve to approximately S$1.08 million, and the Group would be in a positive working capital position of approximately S$0.52 million; and

(iv) By partially repaying the Deferred Consideration by way of the Consideration Shares instead of by way of cash, it will improve the liquidity and working capital position of the Group and enable the Group to utilise its cash resources for other purposes.

In view of the above, the Board is of the view that the entry into of the Partial Settlement Deed with CBSA is in the best interest of the Company and its shareholders.

Query: *It was announced that Biolidics had negative equity and negative working capital of S$1.69 million and S$0.09 million respectively as at 31 December 2022.*

2. ***Please provide the Board's assessment on Biolidics' ability to settle the amount owed to CBSA.***

   Company's response

   Subject to the completion of the payment of the Partial Settlement Sum, the remaining amount of the Deferred Consideration owing to CBSA will decrease from approximately S$3.30 million to approximately S$2.14 million. As at the date hereof, the Group remains in discussions with CBSA to explore the settlement options for the remaining amount of the Deferred Consideration. The Group may propose further issuance of new Shares to CBSA as settlement of such amount in full or in part.

   As set out in paragraph 10 under Section F – Other information required under the Catalist Rules of the Company's announcement dated 28 February 2023 in relation to the Group's unaudited consolidated financial statements for the financial year ended 31 December 2022, to strengthen its financial position, the Group is exploring opportunities to monetise its assets, as well as fundraising opportunities, including undertaking further equity issuances.

   In addition, as at 28 February 2023, approximately S$3.36 million of the net proceeds raised in December 2022 from the Company's renounceable non-underwritten rights issue ("**Rights Issue**") remained unutilised. Should any of such proceeds remain unutilised by the payment due date of 25 November 2023 for the remaining amount of the Deferred Consideration, and if required, the Board will consider re-allocating all or part of such unutilised proceeds towards payment of the remaining amount of the Deferred Consideration.

   Subject to the discussions with CBSA on the settlement options for the remaining amount of the Deferred Consideration, the Group being able to strengthen its financial position and/or the Group re-allocating any unutilised net proceeds from the Rights Issue towards payment of the remaining amount of the Deferred Consideration as set out above, the Board is of the view that the Company will be able to settle the remaining amount of the Deferred Consideration owing to CBSA.

3. ***Please provide details on the plans of Biolidics' management to settle the amount owed to CBSA, assuming the maximum cash outlay of S$2.75 million to CBSA by no later than 25 November 2023.***

   Company's response

   Please refer to response to query no. 2 above.

4. ***Please provide the Board's and Sponsor's assessment on Biolidics ability to continue operating as a going concern.***

   Company's response

   To improve the financial health and working capital position of the Group, the Company has completed the Rights Issue in December 2022 pursuant to which the Company had raised net proceeds of approximately S$5.42 million. In addition, the completion of the payment of the Partial Settlement Sum is expected to improve the liquidity and working capital position of the Group for the reasons as set out in the response to query no. 1 above.

   To support that the financial statements of the Group 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 for a 16-month

period from 1 January 2023 to 30 April 2024 ("**Cash Flow Forecast**"). In preparing the Cash Flow Forecast, management has taken the following into consideration:

- 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;

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

- the cost cutting measures that the Group has put in place to manage costs.

After taking into consideration the Cash Flow Forecast, the Board is of the opinion that the Group and the Company will be able to operate as a going concern and that the use of the going concern assumption in the preparation of the consolidated financial statements of the Group for FY2022 is appropriate.

Sponsor's response

As at the date hereof and after taking into consideration, *inter alia*, (a) the Board's opinion that the Group and the Company will be able to operate as a going concern as set out above and (b) the Board's views on the ability of the Group to repay the Deferred Consideration as set out in the response to query no. 2 above, nothing has come to the attention of the Sponsor that the Group and the Company will not be able to operate as a going concern currently.

By Order of the Board

Song Tang Yih
Executive Director and Chief Executive Officer
8 March 2023

*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 Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. 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, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.