

COVID-19 ANTIBODY TEST KITS: US MARKET UPDATE

- 1. TERMINATION OF DISTRIBUTION AGREEMENT SIGNED WITH AYTU BIOSCIENCE INC.**
 - 2. SIGNING OF A NON-BINDING LETTER OF INTENT WITH AYTU BIOSCIENCE INC. FOR A NEW JOINT DEVELOPMENT PROJECT**
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The board of directors (the "**Board**") of Biolidics Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcements made on 13 April 2020, 20 April 2020, and 23 April 2020 (the "**Announcements**") in relation to the notification and completion of the Listing of the Company's test kits for the detection of Novel Coronavirus 2019 antibodies (the "**COVID-19 Antibody Test Kits**") under the U.S. Food and Drug Administration ("**US FDA**") "Policy for Coronavirus Disease-2019 Tests during the Public Health Emergency" (the "**FDA Serology Test Policy**"), and the subsequent entry into a distribution agreement (the "**Distribution Agreement**") with Aytu Bioscience, Inc. ("**Aytu**") for the distribution of the COVID-19 Antibody Test Kits in the US. Unless otherwise defined, capitalised terms used herein shall bear the same meanings ascribed to them in the Announcements.

Since the Listing of the COVID-19 Antibody Test Kits under the FDA Serology Test Policy, and owing to the rapidly evolving nature of the COVID-19 situation, the Company has observed that the US market for serology test kits has undergone significant changes in the last few weeks. Competition in the US market for serology test kits has increased since entering into the Distribution Agreement and the Company understands that there are over 190 different serology test kits in the US offered by various manufacturers as at 26 June 2020. Some serology test kits that have obtained US FDA Emergency Use Authorization ("**EUA**") under the FDA Serology Test Policy have established leading US market positions. Additionally, the use of the Company's COVID-19 Antibody Test Kits is limited to testing in laboratories or by healthcare workers at the point-of-care.

The Company understands that there is currently no EUA authorised serology tests which could be used outside of the laboratory or clinical settings in the US market. The Company believes offering a serology test kit with broader use and applications outside the laboratory or clinical settings (for example, by individuals at home) in the US market may present a better commercial opportunity for the Company compared to the current COVID-19 Antibody Test Kits, which are meant for use in only in laboratories or by healthcare workers at the point-of-care.

The Company therefore will be re-focusing its efforts and resources as it relates to the US market to undertake a new joint development project (the "**Development Project**"), which it intends to conduct in collaboration with Aytu, with the aim of developing a new COVID-19 test kit for the detection of Novel Coronavirus 2019 antibodies with broader use and applications in various settings compared to the current COVID-19 Antibody Test Kits. Further, the Company wishes to announce that, having carefully considered various factors including those listed above, it has decided to withdraw the current COVID-19 Antibody Test Kits from the US market at this time. At present, the Company intends to continue to distribute, market and/or sell its COVID-19 Antibody Test Kits in the markets outside of the US. It should be noted that the results from all serology test kits (including the COVID-19 Antibody Test Kits) are not to be used for confirmatory testing or as sole basis for diagnosis. The results will have to be interpreted together with clinical presentation and are to be confirmed with supplementary testing.

In furtherance of the foregoing, the Company has taken the following steps to pursue the Development Project and withdraw its COVID-19 Antibody Test Kits from the US market:

- (1) the Company and Aytu are in the process of negotiating the terms of their proposed collaboration on the Development Project (the "**Proposed Collaboration**") and have, on 27 June 2020, signed a non-binding letter of intent (the "**Non-Binding LOI**"). Pursuant to the terms

of the Non-Binding LOI, the Company and Aytu have agreed to negotiate the terms of a binding definitive agreement regarding the Proposed Collaboration. Shareholders should note that there is no certainty or assurance that (a) the Company will enter into any definitive agreement with Aytu for the Proposed Collaboration; (b) the Company will proceed with the Development Project and/or the Proposed Collaboration; (c) the Company will enter the US market; or (d) the Company's products will achieve commercial success. The Company will make the appropriate announcement(s) when there is further material development relating to the Development Project and/or the Proposed Collaboration. Save for their respective shareholdings in the Company (if any), none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Collaboration;

- (2) the Company and Aytu have entered into a termination agreement (the "**Termination Agreement**") pursuant to which, among other things, each party mutually agreed (a) to terminate the Distribution Agreement with effect from 27 June 2020, and (b) to a release of claims of the other party of all the obligations and duties pursuant to terms of the Termination Agreement. Further, pursuant to the terms of the Termination Agreement, the Company is obligated to process a full refund in favour of Aytu for all deposits paid by Aytu with respect to undelivered orders of the COVID-19 Antibody Test Kits; and
- (3) the Company intends to apply to voluntarily withdraw its application to the US FDA for EUA pursuant to the FDA Serology Test Policy. As a consequence, without authorisation under the FDA Serology Test Policy, the current COVID-19 Antibody Test Kits will no longer be available in the US market.

While the Company had assessed that the Distribution Agreement would likely have contributed positively to the revenue of the Company for the current financial year ending 31 December 2020, to-date, revenue from sales of the COVID-19 Antibody Test Kits under the Distribution Agreement was not material and the Company's decision to (a) terminate the Distribution Agreement, and (b) enter into the Non-Binding LOI, is not expected to have any material impact on the earnings per share and net tangible assets per share of the Group for the financial year ending 31 December 2020.

Shareholders and potential investors should note that policies in relation to diagnosis and/or detection of the COVID-19 virus and/or antibodies in various jurisdictions may change in response to developments in the COVID-19 situation, which is evolving rapidly. 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

Yee Pinh Jeremy
Non-Executive Non-Independent Chairman
28 June 2020

This announcement has been prepared by Biolidics Limited (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.

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