BIOLIDICS LIMITED
(Company Registration Number 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 2022

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 ("**EY**"), had issued a disclaimer of opinion (the "**Disclaimer of Opinion**") in their independent auditor's report dated 10 April 2023 (the "**Independent Auditor's Report**") on the audited consolidated financial statements of the Group and the Company (the "**Financial Statements**") for the financial year ended 31 December ("**FY**") 2022.

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 (collectively "**long-lived assets**"), and the Company's investment in and other receivable due from a wholly-owned subsidiary of the Company, Biomedics Laboratory Pte. Ltd. ("**BML**").

In respect of point (i) above, the Board is of the opinion that the Group and the Company will be able to operate as a going concern and the use of the 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 had recorded total impairment losses of S$4.04 million on the long-lived assets, and the Company recorded an impairment loss of S$3.57 million on the investment in BML and expected credit losses ("**ECL**") allowance of S$2.12 million against the receivable from BML for FY2022. The depreciation and amortisation expenses relating to the Group's long-lived assets were S$0.76 million and S$0.42 million respectively for FY2022. EY was unable to determine whether any adjustments might have been necessary in respect to the aforementioned impairment losses, ECL, depreciation and amortisation expenses recorded by the Group and the Company, and the related disclosures for FY2022 as they were unable to obtain sufficient appropriate evidence on the appropriateness of the carrying and recoverable amount of the aforementioned assets as at 31 December 2021, in which a disclaimer of opinion was issued by EY in their independent auditor's report on the audited consolidated financial statements of the Group and the Company for FY2021. As the balances as at 31 December 2021 forms the opening carrying amounts of the assets as at 1 January 2022, they affect the determination of the impairment losses, ECL, and related depreciation and amortisation expenses for FY2022.

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 FY2022, 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 information in relation to the Group has been provided for trading of the Company's shares to continue.

The Board is of the view that Rule 1303(3) of the Catalist Rules does not apply to the Company's present situation as the Group and Company will be able to operate as a going concern, and the Company is able to demonstrate to the SGX-ST and the Shareholders that it is able to do so. 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 as there are no other material information that Shareholders should be aware of.

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
10 April 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 Catalist Rules.

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.

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 2022, 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 recorded a net loss of $9,374,000 and net operating cash outflow of $3,063,000 for the financial year ended 31 December 2022. 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 2022 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 appropriate, 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 2022 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

For the financial year ended 31 December 2022, management has assessed the recoverable amount and expected credit loss ("**ECL**") of assets relating to the Cancer and Laboratory Services business segments based on their fair value less costs of disposal estimated using valuation techniques. As disclosed in Notes 11 to 14, 17 and 22 to the financial statements, these assets include:

- the Group's plant and equipment, right-of-use assets, intangible assets, and goodwill (collectively, "**long-lived assets**") whose opening carrying amounts on 1 January 2022 were $803,000, $390,000, $3,495,000, and $626,000, respectively; and
- the Company's investment in and amount due from Biomedics Laboratory Pte Ltd ("**BML**") whose opening carrying amounts on 1 January 2022 were $3,569,000 and $1,773,000, respectively.

Pursuant to management's assessments, the Group recorded total impairment loss of $4,042,000 on the long-lived assets, and the Company recorded an impairment loss of $3,569,000 on the investment in BML and ECL allowance of $2,120,000 against the receivable from BML for the financial year ended 31 December 2022. The depreciation and amortization expenses relating to the mentioned Group's long-lived assets were $761,000, and $422,000, respectively for the financial year ended 31 December 2022.

We were unable to determine whether any adjustments might have been necessary in respect to the aforementioned impairment losses, ECL, depreciation and amortization expenses recorded by the Group and the Company, and the related disclosures, for the year ended 31 December 2022 since we were unable to obtain sufficient appropriate evidence on the appropriateness of the carrying and recoverable amount of the aforementioned assets as at 31 December 2021, and we issued a disclaimer of opinion on the financial statements for the financial year ended 31 December 2021. Since the aforementioned balances as at 31 December 2021 forms the opening carrying amounts of the assets as at 1 January 2022, they affect the determination of the impairment losses, ECL, and related depreciation and amortization expenses for the year ended 31 December 2022.

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 Tan Soon Seng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

10 April 2023

1. CORPORATE INFORMATION

Biolidics Limited (the "**Company**") (Registration No. 200913076M) is a limited liability company incorporated and domiciled in Singapore. The Company is listed on the Catalist of Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The registered office and principal place of business of the Company is located at 37 Jalan Pemimpin, #02-07 Mapex Singapore 577177.

The principal activities of the Company are those of technology development, technology transfer, marketing, sale and distribution of biomedical technology, life and medicine science related products and services and investment holding. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 10 April 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Group had recorded a net loss of approximately $9.37 million (2021: $5.98 million) and a net operating cash outflow of approximately $3.06 million (2021: $4.62 million) for the financial year ended 31 December 2022. As at 31 December 2022, the Group's current liabilities exceeded its current assets by approximately $0.09 million (2021: net current assets of $3.69 million) and the Group was in a net deficit equity position of approximately $1.69 million (2021: net assets of $2.33 million). As at 31 December 2022, the Company was in a net deficit equity position of approximately $1.72 million (2021: net assets of $4.03 million). 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 improve the financial health and working capital position of the Group, the Company has completed a renounceable non-underwritten rights issue of new ordinary shares in the issued share capital of the Company ("**Rights Shares**") in December 2022 ("**Rights Issue**") pursuant to which the Company has raised net proceeds of approximately $5.46 million. As at 31 December 2022, the Group had cash of $5.03 million (2021: $3.96 million).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Material Uncertainty Related to Going Concern (Continued)

The financial statements of the Group and Company for the financial year ended 31 December 2022 have been prepared using the going concern assumption. To support the use of the going concern assumption 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 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 ("**PCR**") test services for COVID-19 and new revenue stream from other testing services; 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 of directors of the Company (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 financial statements of the Group for the financial year ended 31 December 2022 is appropriate.

Due to the rapidly evolving nature of the COVID-19 pandemic, the demand for COVID-19 PCR tests continues to be exposed to various uncertainties and challenges such as the emergence of competing and newer technologies, product regulatory changes, and changes in travel policies and restrictions. The Group is closely monitoring the developments of the situation and the impact on its COVID-19 PCR testing services.

The Group will also continue to explore merger and acquisition opportunities to improve its financial position and performance. To strengthen its financial position, in addition to the aforementioned Rights Issue completed in December 2022, the Group may explore opportunities to monetise its assets, as well as fundraising opportunities, including undertaking further equity issuances.

Subsequent to the year end, on 28 February 2023, the Company entered into a partial settlement deed with Clearbridge BSA Pte. Ltd. ("**CBSA**") in respect to the Deferred Consideration owing to CBSA (Note 24). Under the deed, part of the Deferred Consideration of $611,250 is to be settled by way of the Company issuing 37,500,000 new ordinary shares to CBSA (the "**Consideration Shares**"). Satisfying part of the Deferred Consideration using Consideration Shares instead of cash will improve the liquidity and working capital position of the Group and enable the Group to utilise its cash resources for its operations. 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 ordinary shares to CBSA as settlement of such amount in full or in part.

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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement which has the most significant effect on the amounts recognised in the consolidated financial statements:

Identification of a cash-generating unit ("CGU")

The Group assesses annually whether there is an indication that an asset may be impaired. If any indication exists, the Group makes an estimate of the asset's recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units ("**CGUs**")). In making the assessment, the Group is required to determine whether multiple assets should be grouped to form a single CGU, which would affect whether an impairment is recognised. The identification of a CGU involves judgement made in determining whether the carrying amount of the Group's assets can be attributed directly, or allocated on a reasonable and consistent basis, to the CGU.

For the purpose of impairment assessment at year end, management identified the Group's cancer business and laboratory services business as the two CGUs in the Group, having considered the products and services being sold by the Group and the inter-dependency of the cashflows arising from the products and services provided.

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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

3.2 Key sources of estimation uncertainty (Continued)

(a) Expected credit losses (Continued)

Provision for expected credit losses of trade receivables (Continued)

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, net and allowance for expected credit losses as at 31 December 2022 are $515,000 (31 December 2021: $127,000) and $81,000 (31 December 2021: $Nil) respectively.

Calculation of loss allowance for amount due from subsidiaries

The Company has carried out expected credit losses assessment for amount due from subsidiaries. Loss given default constitutes a key input in measuring ECL. 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.

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 2022 are $209,000 and $2,549,000 (2021: $210,000 and $1,773,000), respectively, as disclosed in Note 16 and Note 17.

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

Plant and equipment, right-of-use assets and intangible assets, including goodwill on consolidation

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, including goodwill on consolidation. These assets belong to the Group' Cancer and Laboratory Services CGUs that also form the respective operating segments (Note 31). Refer to Note 3.1 to the financial statements for information on the identification of the Group's CGUs.

The Group determines the recoverable amount of the assets of the Cancer and Laboratory Services CGUs based on the higher of value-in-use and fair value less cost of disposals. The recoverable amount of these assets as at 31 December 2022 have been determined based on their fair value less cost of disposal (2021: value-in-use).

The fair value less cost of disposal of the CGUs' assets as at 31 December 2022 have been estimated by management, with the assistance of external valuers and are categorised in Level 3 of the fair value hierarchy. The valuation techniques, key assumptions and inputs are provided in the table below and the sources of information include the financial forecasts prepared by management, historical information and external data. Significant judgement has been applied by management in determining the adjustment for economic obsolescence.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

3.2 Key sources of estimation uncertainty (Continued)

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

Plant and equipment, right-of-use assets and intangible assets, including goodwill on consolidation (Continued)

Assets	Valuation techniques	Key assumptions and inputs
Plant and equipment (Note 11)	Depreciated replacement cost method	Cost of recent purchases and rent, and adjustments for effects of inflation, the age of assets, functional and economic obsolescence
Right-of-use assets (Note 22)		
Intangible asset: Accreditation (Note 12)		Estimated costs and time required to attain accredited status specified by relevant professional body, and adjustment for economic obsolescence.
Intangible asset: Patent rights (Note 12)	Excess earnings method	Forecasted revenue and earnings for a ten-year period, and discount rate of 11.8%.

In the previous financial year ended 31 December 2021, the recoverable amount of the assets of the Cancer and Laboratory Services CGUs was determined based on their value-in-use estimated using discounted cash flow model covering a five-year period. The discounted cash flow model is sensitive to estimated revenue growth rate, estimated gross profit margin and profitability of respective CGUs, and the discount rate applied.

The carrying amounts of plant and equipment, right-of-use assets, intangible assets, and goodwill on consolidation at the end of the reporting period, and the amount of impairment loss recorded in the financial year ended 31 December 2022 are disclosed in Notes 11, 22, 12, and 13 respectively.

(c) Impairment assessment of investments in subsidiaries

Management has carried out a review and determined that there are indicators of impairment of the Company's investments in subsidiaries. The recoverable amount of the investments as at 31 December 2022 has been estimated based on fair value less cost of disposal (2021: value-in-use) of the relevant CGU's assets as disclosed in Note 3.2(b) above with adjustments to arrive at equity value of the investments.

The carrying amount of the Company's investments in subsidiaries and the amount of impairment loss recorded in the financial year ended 31 December 2022 is disclosed in Note 14 to the financial statements.