

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

**DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITOR ON THE AUDITED
CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2023**

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, Baker Tilly TFW LLP, had issued a disclaimer of opinion (the "**Disclaimer of Opinion**") in their independent auditor's report dated 1 April 2024 (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**") 2023.

The basis for the Disclaimer of Opinion is in relation to (i) the use of the Group's going concern assumption; and (ii) comparative information with respect to 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, which the predecessor auditor Ernst & Young ("**E&Y**") in their disclaimer of opinion report on the financial statements for FY2022 expressed that they were unable to determine whether any adjustments might have been necessary as E&Y 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 they issued a disclaimer of opinion on the financial statements for the FY2021.

A copy of the Independent Auditor's Report and an extract of Note 2(a) 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 FY2023, 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, given the cost cutting measures that the Group has put in place to manage costs, and the financial support from Mr Zhu Hua. *(For more information please refer to the extracts appended to the announcement)*. 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.

In the event that Mr. Zhu Hua does not provide, or is unable to provide, sufficient financial support to the Group for its working capital requirements, the Group will look for alternative sources of funding such as equity or debt fundraising through a placement of securities of the Company to investors or other fundraising opportunities to raise the requisite funding for the Group's working capital requirements. Should the Group fail to raise such alternative funding, the Company and the Group may not be able to operate as a going concern and trading of the Shares may be suspended pursuant to Rule 1303(3) of the Catalist Rules.

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
1 April 2024

This announcement has been reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and 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 details of the contact person for the Sponsor are:

Name: Mr. Jerry Chua (Registered Professional, Evolve Capital Advisory Private Limited) and Mr. Tan Jun Yong (Registered Professional, Evolve Capital Advisory Private Limited)

Address: 138 Robinson Road, Oxley Tower, #13-02, Singapore 068906

Tel: (65) 6241 6626

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIOLIDICS LIMITED

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 (the "Group") as set out on pages [•] to [•], which comprise the balance sheets of the Group and the Company as at 31 December 2023, 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 material accounting policy information.

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet and statement of changes in equity of the Company. 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 for disclaimer of opinion

Use of going concern assumption

The Group recorded a net loss of \$2,488,000 and net operating cash outflow of \$1,966,000 for the financial year ended 31 December 2023, and as of that date, the Group's and the Company's total liabilities exceeded the total assets by \$1,989,000 and \$2,064,000 respectively. 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(a) to the financial statements, management has prepared the Group's and Company's financial statements for the financial year ended 31 December 2023 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 2023 could be material and pervasive, and we were unable to determine the extent of the adjustments that may be required.

Comparative information with respect to 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 ("FY2022"), pursuant to management's assessments, the Group recorded a total impairment loss of \$4,042,000 on the Group's plant and equipment, right-of-use assets, intangible assets, and goodwill (collectively, "long-lived assets"). The Company also recorded an impairment loss of \$3,569,000 on the investment in subsidiary, Biomedics Laboratory ("BML") and expected credit loss ("ECL") allowance of \$2,120,000 against the receivable from BML for the financial year ended 31 December 2022. The depreciation and amortisation 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.

The predecessor auditor in their disclaimer of opinion report on the financial statements for FY2022 expressed that they were unable to determine whether any adjustments might have been necessary with respect to the aforementioned impairment losses, ECL, depreciation and amortisation expenses recorded by the Group and the Company, and the related disclosures for the year ended 31 December 2022 as they are 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 they issued a disclaimer of opinion on the financial statements for the financial year ended 31 December 2021.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIOLIDICS LIMITED

Report on the Audit of the Financial Statements (Continued)

Comparative information with respect to 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 (Continued)

Consequently, for the financial year ended 31 December 2023, we were unable to satisfy ourselves in respect of the possible effect of these matters on the comparability of the above-mentioned current figures and the corresponding figures.

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.

Other Matter

The financial statements of the Group for the financial year ended 31 December 2022 were audited by another auditor who expressed a disclaimer opinion on those financial statements on 10 April 2023.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIOLIDICS LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, 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 the subsidiary corporation incorporated in Singapore of which we are the auditors 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 Foong Chooi Chin.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

1 April 2024

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. CORPORATE INFORMATION

Bioldics 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 18 Howard Road, #11-09, Novelty Bizcentre, Singapore 369585.

The principal activities of the Company during the financial year 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 2023 were authorised for issue by the Board of Directors on 1 April 2024.

2. MATERIAL ACCOUNTING POLICIES

a) 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 ("S\$"), except when otherwise indicated.

Material Uncertainty Related to Going Concern

The Group had recorded a net loss of approximately \$2.49 million (2022: \$9.37 million) and a net operating cash outflow of approximately \$1.97 million (2022: \$3.06 million) for the financial year ended 31 December 2023. As at 31 December 2023, the Group's current liabilities exceeded its current assets by approximately \$1.49 million (2022: \$0.09 million) and the Group was in a net deficit equity position of approximately \$1.99 million (2022: \$1.69 million). As at 31 December 2023, the Company was in a net deficit equity position and net current liabilities position of approximately \$2.06 million and \$1.50 million respectively (2022: net deficit equity of \$1.72 million and net current assets position of \$3,000). 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 had 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 raised gross proceeds of approximately \$5.70 million, before deduction of expenses of approximately \$0.22 million that was capitalised against the share capital of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (Continued)

Material Uncertainty Related to Going Concern (Continued)

In addition, the Company had on 28 February 2023, entered into a partial settlement deed ("Partial Settlement Deed") with Clearbridge BSA Pte Ltd ("CBSA") to partially settle approximately \$1.16 million ("Partial Settlement Sum") of the deferred consideration ("Deferred Consideration") (Note 24) owing by the Company to CBSA in connection with the purchase of the entire issued and paid-up share capital of Biomedics Laboratory Pte. Ltd., of which \$0.55 million of the Partial Settlement Sum ("Cash Settlement Sum") was settled by way of cash and approximately \$0.61 million of the Partial Settlement Sum satisfied by way of issuance of 37,500,000 new ordinary shares in the issued share capital of the Company ("Consideration Shares") at an issue price of \$0.0163 for each Consideration Share to CBSA. The payment of the Cash Settlement Sum and the issuance of the Consideration Shares to CBSA were completed on 20 March 2023.

On 21 November 2023, the Company entered into a subscription agreement with Mr. Zhu Hua, on the share subscription of 98,500,000 new ordinary shares in the issued share capital of the Company at an issue price of \$0.0119 per subscription share, to raise gross proceeds of approximately \$1.17 million. The shares were issued on 21 November 2023 and the Company utilised the net proceeds from the Share Subscription and its cash to fully repay the Deferred Consideration.

On 21 December 2023, the Company entered into a subscription agreement with Mr. Zhou Chao, on the share subscription of 83,000,000 new ordinary shares in the issued share capital of the Company at an issue price of \$0.0121 per subscription share, to raise gross proceeds of approximately \$1.04 million. The shares have been issued on 11 January 2024. The Company will utilise the net proceeds of approximately \$0.93 million from the share subscription for working capital purposes.

To provide additional and recurrent revenue streams for the Group, with the approval of shareholders in the Extraordinary General Meeting ("EGM") held on 23 February 2024, the Group will be diversifying its business into Multi-Channel Networking ("MCN"), E-Sports and Live-streaming. This will allow the Group to reduce its reliance on the Group's existing business in cancer, infectious disease and laboratory services.

The financial statements of the Group and Company for the financial year ended 31 December 2023 have been prepared using the going concern assumption. 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 for a 18-month period from 1 January 2024 to 30 April 2025 ("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;
- the cost cutting measures that the Group has put in place to manage costs; and
- the financial support undertaken by Mr. Zhu Hua.

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 and Company for the financial year ended 31 December 2023 is appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (Continued)

Material Uncertainty Related to Going Concern (Continued)

In the event that Mr. Zhu Hua does not provide, or is unable to provide, sufficient financial support to the Group for its working capital requirements, the Group will look for alternative sources of funding such as equity or debt fundraising through a placement of securities of the Company to investors or other fundraising opportunities to raise the requisite funding for the Group's working capital requirements. Should the Group fail to raise such alternative funding, the Company and the Group may not be able to operate as a going concern and trading of the Shares may be suspended pursuant to Rule 1303(3) of the Catalyst Rules.

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.

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised SFRS(I) and INT SFRS(I) did not have any material effect on the financial results or position of the Group and the Company except as disclosed below:

Amendments to SFRS(I) 1-1 and SFRS (I) Practice Statement 2: Disclosure of Accounting Policies

The amendments to SFRS(I)-1 and SFRS(I) Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments require entities to disclose their material accounting policies rather than their significant accounting policies, and provide guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Group has adopted the amendments to SFRS(I)-1 on disclosures of accounting policies. The amendments have no impact on the measurement, recognition and presentation of any items in the Group's and the Company's financial statements.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2023 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.