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19 October 2020

Universal Biosensors, Inc.

September 2020 Quarterly Activity Report

Universal Biosensors, Inc. (ASX:UBI) (**UBI**) has today released its cash flow report (ASX Appendix 4C) and quarterly activity report for the quarter ending 30 September 2020 (**Q3 2020**). Unless otherwise noted, all references to "$" are references to Australian dollars.

OPERATIONS

There were no material developments or material changes to our business activities when compared to the prior quarter. We continue to develop the electro chemical testing platform for the wine industry and expect to launch our first product for free sulphite testing in Q1 2021 followed by new products to test Glucose, Fructose and Malic Acid (expected during FY21).

FINANCIAL UPDATE

Net cash (cash and cash equivalents less short and long-term debt) as at 30 September 2020 was $28.4 million.

Q3 2020 revenue from the sale of Xprecia Stride™ testing device was $0.2 million, down from $1.3 million in the prior comparable period as a direct result of COVID-19. Siemens made a US$4 million prepayment to UBI for future Xprecia Stride™ strip sales in Q4 2019. Revenue will be recorded against the pre-payment cash balance from Xprecia Stride™ strip sales until the US$4 million prepayment has been exhausted. The Siemens prepayment account reduced by US$0.1 million in Q3 2020 to US$2.2 million.

Total amount invested in research and development activities and HRL operations were $1.2 million and $0.2 million, respectively for Q3 2020.

Payments of $83 thousand as disclosed in item 6 of the attached Appendix 4C comprised of the non-executive directors' fees, allowances and superannuation.

For further information, please contact:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity	
UNIVERSAL BIOSENSORS, INC.	
ABN	**Quarter ended ("current quarter")**
67 950 836 446	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	172	418
1.2	Payments for		
	(a) research and development	(568)	(1,393)
	(b) product manufacturing and operating costs	(971)	(1,260)
	(c) advertising and marketing	(32)	(414)
	(d) leased assets	(251)	(786)
	(e) staff costs	(1,785)	(4,912)
	(f) administration and corporate costs	(488)	(2,073)
1.3	Dividends received (see note 3)		
1.4	Interest received	36	313
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	410	749
1.8	Other (provide details if material) - $600,000 relates to insurance recovery received in Q2 and the balance primarily relates to rental income	42	735
1.9	**Net cash from / (used in) operating activities**	**(3,435)**	**(8,623)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(65)	(259)
	(d) investments		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
	(e) intellectual property		
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(65)**	**(259)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	0	44
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**0**	**44**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	32,146	37,193
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,435)	(8,623)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(65)	(259)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	44
4.5	Effect of movement in exchange rates on cash held	(252)	39
4.6	**Cash and cash equivalents at end of period**	**28,394**	**28,394**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	23,050	26,102
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) - The Company maintains restricted cash which includes tenant security deposits, credit card security deposits and letter of credit issued in favour of a Customer	5,344	6,044
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**28,394**	**32,146**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	83
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Item 6.1 includes non-executive directors' fees and salaries, allowances and superannuation

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	42	
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	42	

7.5	**Unused financing facilities available at quarter end**	0

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The loan is an unsecured government guaranteed loan of CAD$40,000 to help eligible businesses with operating costs. This is among the business support measures introduced in the Canadian Federal Government's COVID-19 Economic Response Plan, with the following terms:

- the loan is interest free, and 25% (i.e. CDN$10,000) of the loan is eligible for loan forgiveness if 75% (i.e. CAD$30,000) has been fully repaid on or before December 31, 2022. It also has no principal repayments during this period;
- if the loan is not repaid by December 31, 2022, it can be converted into a 3-year term loan, and will be charged an interest rate of 5%, payable monthly. It will still not incur any principal payment requirements until December 31, 2025; and
- guaranteed by the Government of Canada.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(3,435)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	28,394
8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	28,394
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	8.3

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

19 October 2020

Date: .....

Chief Financial Officer

Authorised by: .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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