

Universal Biosensors, Inc.
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22 October 2021

Universal Biosensors, Inc.

September 2021 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 ended 30 September 2021 (**Q3 2021**).

UBI is developing and commercialising a range of biosensors in oenology (wine industry), human health including oncology, coagulation, women's health and fertility, veterinarian and environmental testing using our patented platform technology and hand-held point of use devices.

The primary focus of UBI's R&D activities during the third quarter of 2021 were developing:

- additional tests on our wine testing platform (Malic Acid, Glucose and Fructose, Acetic Acid and Total Acid);
- next generation PT-INR coagulation platform;
- Tn Antigen biosensor used for the detection, staging and monitoring of cancer; and
- biosensor strip and meter to be used for the detection and monitoring of diabetes in non-humans.

The primary focus of UBI's commercial activities during the third quarter of 2021 were:

- sale of Sentia wine testing product which measures the levels of FSO₂;
- the sale of Xprecia Stride (UBI's coagulation monitoring device); and
- the provision of coagulation testing services.

OPERATIONS

UBI has continued to make significant in-roads in its lead development and commercial activities in the third quarter of 2021.

In September 2021, the Company entered into agreements with the Peter MacCallum Cancer Centre (Peter Mac), the Victorian Cancer Biobank (part of Cancer Council Victoria) and the internationally recognized Centre for Cooperative Research in Bioscience, CIC bioGUNE – BRTA (together with its clinical partner Basurto University Hospital, Spain) to commence development clinical trials with the Tn Antigen biosensor. Results are expected during Q1 2022.

In October 2021, UBI entered into a three-year Distribution Agreement with French Company, Vivelys SAS which is a part of the Oeneo Group, for the distribution of our Sentia products. Vivelys is a leader in the wine industry in France and more broadly around the world. The Oeneo Group has more than 10,000 customers worldwide.

FINANCIAL UPDATE

Net cash (cash and cash equivalents less short and long-term debt) as at 30 September 2021 was \$18.6 million.

Highlights are as follows:

- Receipts from customers during the three months ended 30 September 2021 increased by 698% to \$1.4 million compared to the previous corresponding period
- Receipts from customers during the nine months ended 30 September 2021 increased by 547% to \$2.7 million compared to the previous corresponding period

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- Total revenue for the three months ended 30 September 2021 increased by 181% to \$1.2 million compared to the previous corresponding period
- UBI invested \$2.5 million in research and development activities in Q3 2021 (\$1.2 million in Q3 2020)

Subsequent to quarter end, the Company received \$2.8million in cash as R&D Tax Incentive rebate for the 2020 financial year. This amount is in line with expectations.

Payments of \$63,000 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:

John Sharman
Chief Executive Officer
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Announcement authorised by the Board of Directors of Universal Biosensors, Inc.

Appendix 4C

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

Name of entity

UNIVERSAL BIOSENSORS, INC.

ABN

67 950 836 446

Quarter ended ("current quarter")

30 September 2021

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	1,372	2,703
1.2 Payments for		
(a) research and development	(1,960)	(3,035)
(b) product manufacturing and operating costs	(869)	(1,625)
(c) advertising and marketing	(180)	(313)
(d) leased assets	(266)	(605)
(e) staff costs	(1,759)	(4,982)
(f) administration and corporate costs	(323)	(2,045)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	46
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	0	302
1.8 Other (provide details if material)	37	141
1.9 Net cash from / (used in) operating activities	(3,945)	(9,413)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(155)	(476)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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	(155)	(476)

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	1	66
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	0	20
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	1	86

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	22,510	28,055
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,945)	(9,413)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(155)	(476)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1	86
4.5	Effect of movement in exchange rates on cash held	288	447
4.6	Cash and cash equivalents at end of period	18,699	18,699

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	15,406	18,864
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 a letter of credit issued in favour of a Customer.	3,293	3,646
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	18,699	22,510

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	63
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		

7. Financing facilities <i>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.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	64	64
7.2 Credit standby arrangements	2,973	2,973
7.3 Other (please specify)	320	320
7.4 Total financing facilities	3,357	3,357
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.		
<p><u>Loan facilities</u> - The long-term unsecured loan is a government guaranteed loan called Canada Emergency Business Account (CEBA) of CAD\$60,000 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:</p> <ul style="list-style-type: none"> • the loan is interest-free and no principal repayment is required before December 31, 2022; • if the Company chooses to repay at least CAD\$40,000 of the loan by December 31, 2022, the remaining balance will be forgiven; • if the loan is not repaid by the above mentioned date, it will be converted into a 3-year term loan and will be charged an interest rate of 5% per annum. Interest-only payments are required each month; and • at the end of the 3-year term, the entire balance of the loan is due for repayment by December 31, 2025. <p><u>Letter of credit</u> – contractual performance guarantee issued in favour of Siemens. The performance guarantee was initially issued for US\$5,000,000 and the same reduces in equal quarterly amounts over the 42 months with effect from September 18, 2019.</p> <p><u>Collateral for facilities</u> represents bank guarantee of A\$250,000 for commercial lease of UBS' premises and security deposit on Company's credit cards of A\$70,000.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,945)
8.2 Cash and cash equivalents at quarter end (item 4.6)	18,699
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	18,699
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.7
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

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

8.6.1 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?

Answer:

N/A

8.6.2 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?

Answer:

N/A

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

Answer:

N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

Date: 22 October 2021

Authorised by: Chief Financial Officer
(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.