



TBG Diagnostics Ltd

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Quarterly Activities Report and Appendix 4C

- The group earned total unaudited revenues of \$1.8 mil during the last quarter of 2020 (\$4.6 mil year-to-date at 31 December 2020)
- TBG Biotechnology (Xiamen) Inc. ("TBG Xiamen") receives CE Mark approval for its SARS-CoV-2 Antigen Rapid Test

Melbourne, Australia, 29 January 2021: TBG Diagnostics Limited (ASX: TDL) ("TDL" or "the Company"), releases today its Quarterly Activities Report and Appendix 4C for the quarter ended 31 December 2020.

Principal activities

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Company has considered this as an opportunity and has taken significant steps to gain competitive advantage for the introduction of its Covid-19 test products.

The Group have obtained the following product certifications and approvals:

- (i) ChangYe Medical Laboratory Corp ("ChangYe") approved as a designated testing lab for coronavirus, ChangYe is a subsidiary of TBG Xiamen. The Company has a 48.23% interest in TBG Xiamen.
- (ii) CE Mark approval of TBG Xiamen's COVID-19 Virus Diagnostic Kit.
- (iii) TBG Biotechnology Corp. ("TBG Taiwan") has received CE Mark approval of COVID-19 Nucleic Acid and Antibody Rapid Test Kits.
- (iv) TBG Taiwan has received US FDA Emergency Use Authorisation (EUA) for its COVID-19 nucleic acid test kits.
- (v) TBG Taiwan has received Taiwan Ministry of Health and Welfare Emergency Use Authorization (EUA) of the COVID-19 Nucleic Acid Test Kits.
- (vi) TBG Taiwan has received US FDA Emergency Use Authorisation (EUA) of its COVID-19 Antibody Rapid Test Kits.
- (vii) TBG Xiamen has received CE Mark approval for its SARS-CoV-2 Antigen Rapid Test.

The group is also currently developing immune function related genetic marker, Killer cell Inhibitor Receptor (KRI) to assess and monitor the efficacy of adoptive Natural Killer (NK) using multiple diagnostic platforms including SSP, real-time PCR, SBT and NGS.

Key highlights during the Quarter 31 December 2020

Revenues and other income

At 31 December 2020, total revenues amounted to \$4.6 mil (unaudited) of which 53% represent sales to its parent entity in Taiwan and its associate in China, Medigen and TBG Xiamen respectively.

The group delivered sales revenues of \$1.8 mil (unaudited) during the quarter which mainly pertained to revenues from Covid-19 diagnostic kits and HLA testing kits/services. Whilst Covid-19 diagnostic kits mainly composed the quarter revenues that made up 29% of total year-to-date sales revenues, HLA testing kits and services has remained at top composing 61% of total year-to-date sales revenues.

TBG Xiamen received CE Mark approval for its SARS-CoV-2 Antigen Rapid Test

On 30 October 2020, CE Mark approval was granted to TBG Xiamen and confirmation of this approval was subsequently received on 10 November 2020.

CE-Mark certification indicates that the SARS-CoV-2 Antigen Rapid Test meets the essential requirements of all the applicable European regulations and allows for its sale throughout the European Economic Area as well as any country that accepts CE-mark, subject to satisfying regulatory requirements and obtaining import permits for individuals countries. This antigen rapid test kit is manufactured by TBG Xiamen in China and will be exported from China.

SARS-CoV-2 Antigen Rapid Test is a lateral flow assay that is able to detect the presence of SARS-CoV-2 (COVID-19) virus in human throat swab and nasal swab samples.

ASX Suspension

The Company's shares have remained suspended from trading on ASX since March 2020. ASX has issued further queries and requests for information to TDL which TDL is responding to.

Listing Rule 4.7C.3

In item 6 of the attached Appendix 4C of the cash flow report for the quarter, payments made to related parties pertain to the following:

- Director's fees to an Executive Chairman and three (3) Non-executive Directors of \$50k; and
- Management consultancy fees to a Non-executive director of \$30k.

Summary of operating expenditures during the quarter

Item	Category	Amount (\$A'000)
(a)	research and development	(34)
(b)	product manufacturing and operating costs ¹	(1,600)
(c)	advertising and marketing	(8)
(d)	leased assets	(88)
(e)	staff costs	(376)
(f)	administration and corporate costs	(849)
Total		(2,955)

¹ This pertain to purchases of inventories, consumables and related costs for production use and research and development processes.

About the Company

TBG Diagnostics Limited is a company dedicated to the research and development, manufacturing, sales and marketing and services of Molecular Diagnostics (MDx) products, including test assays and instruments. With its research and development based in the US, Taiwan and China, TDL manufactures its products in its ISO13485 certified facilities in Xiamen, China serving the clinical labs of both hospitals and independent reference labs, blood centres and bone marrow registry labs around the world. TDL also operates an ASHI (the American Society for Histocompatibility and Immunogenetics) accredited HLA typing lab in Taipei, Taiwan serving bone marrow registries, cord blood banks and medical centres performing organ/bone marrow transplantations.

The Company's objective is to become one of the leading molecular diagnostics (MDx) companies in Asia and particularly in China.

Authorised by Jitto Arulampalam – Chairman

On behalf of the Board of Directors

Contact: Telephone: + 61 7 3088 7926

Appendix 4C

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

Name of entity

TBG Diagnostics Limited

ABN

82 010 975 612

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,613	7,335
1.2 Payments for		
(a) research and development	(34)	(125)
(b) product manufacturing and operating costs	(1,600)	(5,532)
(c) advertising and marketing	(8)	(128)
(d) leased assets	(88)	(353)
(e) staff costs	(376)	(1,641)
(f) administration and corporate costs	(849)	(2,994)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	31
1.5 Interest and other costs of finance paid	(43)	(55)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	7	55
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,375)	(3,407)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(20)	(212)
(d) investments	-	(75)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(20)	(287)

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	924	4,852
3.6	Repayment of borrowings	(13)	(2,554)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(47)	(191)
3.10	Net cash from / (used in) financing activities	864	2,107

4.	Net increase / (decrease) in cash and cash equivalents for the period	(531)	(1,587)
4.1	Cash and cash equivalents at beginning of period	4,251	5,205
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,375)	(3,407)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20)	(287)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	864	2,107
4.5	Effect of movement in exchange rates on cash held	57	159
4.6	Cash and cash equivalents at end of period	3,777	3,777

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	2,012	2,039
5.2	Call deposits	1,002	1,631
5.3	Bank overdrafts		
5.4	Other (provide details) – restricted asset	763	581
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,777	4,251

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	(80)
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>		

<p>7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i></p>	<p>Total facility amount at quarter end \$A'000</p>	<p>Amount drawn at quarter end \$A'000</p>
7.1 Loan facilities	3,235	3,222
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	3,235	3,222
7.5 Unused financing facilities available at quarter end		13
<p>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> <p>The Company's wholly owned subsidiary, TBG Biotechnology Corp. (TBG Taiwan) maintains the following credit facilities/loans at 31 December 2020:</p> <ol style="list-style-type: none"> 1) Taiwan Cooperative Bank (credit facility of \$30 mil TWD) Term: 1 September 2020 to 31 August 2021 Interest: 1.75% (Monthly index interest rate plus 0.91% per annum); but not lower than the annual interest rate of 1.65% during the loan period Restricted asset (guarantee): 20% of borrowing or \$6 mil (20% x \$30 mil TWD) plus interest 2) Taiwan First Commercial Bank (credit facility of \$20 mil TWD) Term: 14 January 2020 to 14 January 2021 Interest: 1.75 % per annum Restricted asset (guarantee): 30% of borrowing or \$6 mil (30% x \$20 mil TWD) plus interest 3) ChangHwa Commercial Bank (credit facility of \$10 mil TWD) Term: 11 November 2020 to 31 October 2021 Interest: 1.90 % per annum Restricted asset (guarantee): 25% of borrowing or \$2.5mil (25% x \$10 mil TWD) plus interest 4) Shanghai Commercial Bank (credit facility of \$10 mil TWD) Term: 5 October 2020 to 5 October 2023 payable in 36 equal monthly instalment payments Interest: 2.5 % per annum Restricted asset (guarantee): 20% of borrowing or \$2 mil (20% x \$10 mil TWD) plus interest 		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,375)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,777
8.3	Unused finance facilities available at quarter end (item 7.5)	13
8.4	Total available funding (item 8.2 + item 8.3)	3,790
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.76
<p><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></p>		
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?	
	<div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div> <p>Answer:</p>	
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?	
	<div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div> <p>Answer:</p>	
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?	
	<div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div> <p>Answer:</p>	
<p><i>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.</i></p>		

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: 29/1/21

Authorised by: Jitto Arulampalam - Chairman
(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.