

Universal Biosensors, Inc.  
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28 January 2022

**Universal Biosensors, Inc.**

## **December 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 31 December 2021 (Q4 2021).

UBI is developing and commercializing a range of biosensors in oenology (wine industry), human health including oncology, coagulation, COVID-19, women's health and fertility, non-human and environmental testing using our patented platform technology and hand-held point of use devices.

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

- The sale of Sentia's wine testing Free Sulphur Dioxide product and the hiring of a direct sales force in the USA;
- The finalization and launch of new Sentia wine testing products including Malic Acid, Glucose and Fructose;
- The development of additional Sentia wine testing products including Acetic Acid and Total Acid tests;
- The commencement of clinical studies and the recruitment of "first patient" across 4 sites in the USA for our next generation PT-INR Coagulation platform (Xprecia Prime);
- The commencement of an Investigational Clinical Study (300 patient/+) for our Tn Antigen biosensor used for the detection, staging and monitoring of cancer;
- The continued development of our diabetes detection and monitoring biosensor product in animals;
- The successful development of next generation aptamer based sensing technology;
- The successful development of an affordable N-Protein based COVID-19 test;
- The generation and transformation of our HRL laboratory business in Canada; and
- The sale of Xprecia Stride coagulation products.

## **OPERATIONS**

In December 2021, the Company entered into a global exclusive license agreement with IQ Science Limited for commercialization of a SARS-CoV-2 N-Protein detection test (which is the virus that causes COVID-19) ('COVID-19 test'). The COVID-19 test will use the Company's proprietary electrochemical strip and device technology designed to provide a positive or negative result as to a patient's viral status within thirty seconds (based on internal validation work performed to date) from a small saliva sample. The Company's electrochemical test method also has the potential to measure the relative viral load associated with a patient's infection status.

The deal with IQ Science is an important breakthrough for the Company since it will be the first time our platform will use aptamers as a detection technique. Aptamers are a next generation biorecognition element which when combined with our existing technology platform should allow us to detect and measure a large number of targets. Based on what we know is available in the world today, a COVID-19 test offering an accurate result within thirty seconds of the patient sample will be the first of its kind globally.

UBI entered into a development agreement with IQ Science for a number of fertility biomarkers aimed at improving the available information for people interested in fertility. UBI believes this is a multi-billion-dollar market and we should have results from this development effort available in H1 2022.

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## FINANCIAL UPDATE

Net cash (cash and cash equivalents less short and long-term debt) as at 31 December 2021 was \$18.1 million.

Highlights are as follows:

- Receipts from customers during the three months ended 31 December 2021 increased by 255% to \$1.3 million compared to the previous corresponding period
- Receipts from customers during the twelve months ended 31 December 2021 increased by 412% to \$4.0 million compared to the previous corresponding period
- Total revenue for the twelve months ended 31 December 2021 increased by 80% to \$5.8 million compared to the previous corresponding period
- UBI invested \$9.3 million in research and development activities in 2021 (\$5.0 million in 2020)

The primary reasons for the increase in receipts from customers included:

- the Company benefited from a new revenue stream in 2021 following the successful global launch of our Sentia Free Sulphur Dioxide wine testing product;
- the contract liability (deferred revenue) relating to the Company's obligation to transfer Xprecia Stride strips to Siemens which was received in 2019 was fully utilised in Q2 of 2021; and
- our revenue from coagulation testing increased by 245% year on year due to our subsidiary, Hemostasis Reference Laboratory Inc. entering into a number of new contracts, including a contract with Bayer Inc.

Development expenditure increased during the year ended 31 December 2021 because the Company invested in multiple development projects (detailed above). In October 2021, the Company received \$2.8 million under the R&D Tax Incentive rebate.

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")**

31 December 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,270	3,973
1.2 Payments for		
(a) research and development	(982)	(4,017)
(b) product manufacturing and operating costs	(626)	(2,251)
(c) advertising and marketing	(204)	(517)
(d) leased assets	(192)	(797)
(e) staff costs	(1,960)	(6,942)
(f) administration and corporate costs	(664)	(2,709)
1.3 Dividends received (see note 3)		
1.4 Interest received	13	59
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	2,826	3,128
1.8 Other (provide details if material)	36	177
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(483)</b>	<b>(9,896)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(189)	(665)
(d) investments		
(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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(189)</b>	<b>(665)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	9	75
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)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>9</b>	<b>95</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	18,699	28,055
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(483)	(9,896)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(189)	(665)

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)	9	95
4.5	Effect of movement in exchange rates on cash held	63	510
4.6	<b>Cash and cash equivalents at end of period</b>	<b>18,099</b>	<b>18,099</b>

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	15,318	15,406
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.	2,781	3,293
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>18,099</b>	<b>18,699</b>

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.	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	65	65
7.2	Credit standby arrangements	2,461	2,461
7.3	Other (please specify)	320	320
7.4	<b>Total financing facilities</b>	2,846	2,846
7.5	<b>Unused financing facilities available at quarter end</b>		0
7.6	<p>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><u>Loan facilities</u> - The 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"> <li>• the loan is interest-free and no principal repayment is required before December 31, 2022;</li> <li>• if the Company chooses to repay at least CAD\$40,000 of the loan by December 31, 2022, the remaining balance will be forgiven;</li> <li>• 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</li> <li>• at the end of the 3-year term, the entire balance of the loan is due for repayment by December 31, 2025.</li> </ul> <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.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(483)
8.2	Cash and cash equivalents at quarter end (item 4.6)	18,099
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	18,099
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	37.5
	<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?

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: 28 January 2022

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.