

Universal Biosensors, Inc.
ARBN 121 559 993

1 Corporate Avenue
Rowville Victoria 3178
Australia

Telephone +61 3 9213 9000
Facsimile +61 3 9213 9099
Email info@universalbiosensors.com
www.universalbiosensors.com



10 August 2022

Universal Biosensors, Inc.

Universal Biosensors releases H1 2022 results

Universal Biosensors, Inc. (ASX:UBI) (**UBI**) has today released its financial results for the six months ended 30 June 2022 which are enclosed herewith.

Yours Sincerely,

Salesh Balak
Company Secretary
+61 (0) 414 508 852

Announcement authorised by the Board of Directors of Universal Biosensors, Inc.

Universal Biosensors, Inc.

Appendix 4D half year report

Lodged with the ASX under Listing Rule 4.2A

1. Company details and details of the reporting period and the previous corresponding period

Entity name: Universal Biosensors, Inc.

Reporting period: Six Months Ended 30 June 2022

Previous period: Six Months Ended 30 June 2021

This report is to be read in conjunction with any public announcements made during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth) and the Listing Rules of the Australian Securities Exchange.

2. Results for announcement to the market

A. Key information

		Six Months Ended June 30	
		2022	2021
		A\$	A\$
Revenue from ordinary activities	Down 9%	3,083,787	3,391,888
Loss from ordinary activities after tax attributable to members	Up 186%	(9,178,939)	(3,210,113)
Loss for the period attributable to members	Up 186%	(9,178,939)	(3,210,113)

B. Other key results

For an explanation of the results refer to the attached Form 10-Q financial results.

3. Net tangible assets per security

		June 30	
		2022	2021
		A\$	A\$
Net tangible assets per ordinary security		A\$0.15	A\$0.12

4. Controlled entities

N/A

5. Dividends

There were no dividends paid, recommended or declared during the current or previous reporting period.

6. Dividend Reinvestment Plans

N/A

7. Associates and Joint Ventures

N/A

8. Foreign entities

The consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

9. Review report

The Form 10-Q is based on the half-year ended 30 June 2022, which has been reviewed by PricewaterhouseCoopers. Refer to the 'Report of Independent Registered Public Accounting Firm'.

10. Attachments

Schedule 1 contains Form 10-Q.

11. Signed

Date: 10 August 2022

Authorised by: Chief Financial Officer

Schedule 1



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Universal Biosensors, Inc.

Results of Review of Interim Financial Information

We have reviewed the accompanying Consolidated condensed balance sheet of Universal Biosensors, Inc. and its subsidiaries (the "Company") as of June 30, 2022 and December 31, 2021, and the related Consolidated condensed statement of comprehensive income/(loss) for each of the three-month and six-month periods ended June 30, 2022 and June 30, 2021 and the Consolidated condensed statement of changes in stockholders' equity and comprehensive income/(loss) for each of the three-month and six-month periods ended June 30, 2022 and June 30, 2021, the Consolidated condensed statement of cash flows for the six-month periods ended June 30, 2022 and June 30, 2021 including the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated balance sheets of the Company as of December 31, 2021, and the related Consolidated statement of comprehensive income/(loss), and of changes in stockholder's equity and comprehensive income/(loss) and of cash flows for the year then ended (not presented herein), and in our report dated February 24, 2022, we expressed an unqualified opinion on those Consolidated financial statements. In our opinion, the information set forth in the accompanying Consolidated condensed balance sheets as of December 31, 2021, is fairly stated, in all material respects, in relation to the Consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers
Melbourne, Australia
10 August, 2022

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001
T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File Number: 000-52607



Universal Biosensors, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

98-0424072

(I.R.S. Employer Identification Number)

**Universal Biosensors, Inc.
1 Corporate Avenue,
Rowville, 3178, Victoria
Australia**

(Address of principal executive offices)

Not Applicable
(Zip Code)

Telephone: +61 3 9213 9000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐
Non-accelerated filer ☒
Emerging growth company ☒

Accelerated filer ☐
Smaller reporting company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 211,844,435 shares of Common Stock, U.S.\$0.0001 par value, outstanding as of August 10, 2022.

UNIVERSAL BIOSENSORS, INC.

TABLE OF CONTENTS

		Page
PART I	FINANCIAL INFORMATION	
Item 1	Financial Statements (unaudited)	
	1) Consolidated condensed balance sheets at June 30, 2022 and December 31, 2021	1
	2) Consolidated condensed statements of comprehensive income/(loss) for the three and six months ended June 30, 2022 and 2021	2
	3) Consolidated condensed statements of changes in stockholders' equity and comprehensive income/(loss) for the three and six months ended June 30, 2022 and 2021	3
	4) Consolidated condensed statements of cash flows for the six months ended June 30, 2022 and 2021	5
	5) Notes to consolidated condensed financial statements	6
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	20
Item 3	Quantitative and Qualitative Disclosures About Market Risk	27
Item 4	Controls and Procedures	27
PART II	OTHER INFORMATION	
Item 1	Legal Proceedings	28
Item 1A	Risk Factors	28
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	28
Item 3	Defaults Upon Senior Securities	28
Item 4	Mine Safety Disclosures	28
Item 5	Other Information	28
Item 6	Exhibits	28
	Exhibit 10.18	
	Exhibit 31.1	
	Exhibit 31.2	
	Exhibit 32	
	Exhibit 101	
	Exhibit 104	
SIGNATURES		29

Unless otherwise noted, references in this Form 10-Q to "Universal Biosensors", the "Company," "Group," "we," "our" or "us" means Universal Biosensors, Inc. ("UBI") a Delaware corporation and, when applicable, its wholly owned Australian operating subsidiary, Universal Biosensors Pty Ltd ("UBS"), its wholly owned US operating subsidiary, Universal Biosensors LLC ("UBS LLC") and UBS' wholly owned Canadian operating subsidiary, Hemostasis Reference Laboratory Inc. ("HRL") and wholly owned Dutch operating subsidiary, Universal Biosensors B.V. ("UBS BV"). Unless otherwise noted, all references in this Form 10-Q to "\$", "A\$" or "dollars" and dollar amounts are references to Australian dollars. References to "US\$", "CAD\$" and "€" are references to United States dollars, Canadian dollars and Euros respectively.

Item 1 Financial Statements
Consolidated Condensed Balance Sheets (Unaudited)

	June 30, 2022	December 31, 2021
	A\$	A\$
ASSETS		
Current assets:		
Cash and cash equivalents	31,556,056	15,318,201
Inventories	2,391,117	2,143,504
Accounts receivable	1,217,381	476,164
Prepayments	905,320	399,290
Restricted cash	1,555,274	1,968,814
Other current assets	6,632,314	4,544,273
Total current assets	44,257,462	24,850,246
Non-current assets:		
Property, plant and equipment	29,778,874	29,622,945
Less accumulated depreciation	(26,118,130)	(25,523,265)
Property, plant and equipment - net	3,660,744	4,099,680
Intangible assets	16,371,996	16,371,996
Less amortization of intangible assets	(4,532,335)	(3,720,908)
Intangible assets - net	11,839,661	12,651,088
Right-of-use asset - operating leases	4,874,134	2,050,336
Right-of-use asset - finance leases	63,095	0
Restricted cash	320,000	812,204
Other non-current assets	91,210	38,421
Total non-current assets	20,848,844	19,651,729
Total assets	65,106,306	44,501,975
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	284,268	436,763
Accrued expenses	3,970,898	2,800,815
Contingent consideration	2,177,385	2,067,255
Other liabilities	2,973,730	2,823,322
Contract liabilities	4,086	38,431
Lease liability - operating leases	735,281	500,284
Lease liability - finance leases	8,610	0
Employee entitlements liabilities	732,656	670,295
Short-term loan - secured	222,757	0
Short-term loan - unsecured	0	64,900
Total current liabilities	11,109,671	9,402,065
Non-current liabilities:		
Asset retirement obligations	2,785,073	2,721,260
Employee entitlements liabilities	43,945	29,268
Deferred income tax liability	3,050,837	3,050,837
Lease liability - operating leases	4,415,217	1,690,716
Lease liability - finance leases	60,092	0
Long-term loan - unsecured	67,530	0
Total non-current liabilities	10,422,694	7,492,081
Total liabilities	21,532,365	16,894,146
Commitments and contingencies	0	0
Stockholders' equity:		
Preferred stock, US\$0.01 par value. Authorized 1,000,000 shares; issued and outstanding nil at June 30, 2022 (nil at December 31, 2021)		
Common stock, US\$0.0001 par value. Authorized 300,000,000 shares; issued and outstanding 211,844,435 shares at June 30, 2022 (177,828,504 at December 31, 2021)	21,184	17,783
Additional paid-in capital	118,931,630	93,737,565
Accumulated deficit	(65,824,231)	(55,317,296)
Current year loss	(9,178,939)	(10,506,935)
Accumulated other comprehensive loss	(375,703)	(323,288)
Total stockholders' equity	43,573,941	27,607,829
Total liabilities and stockholders' equity	65,106,306	44,501,975

See accompanying Notes to Consolidated Condensed Financial Statements.

Consolidated Condensed Statements of Comprehensive Income/(Loss) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	A\$	A\$	A\$	A\$
Revenue				
Revenue from products	1,078,117	1,407,358	2,358,442	2,571,048
Revenue from services	282,457	434,921	725,345	820,840
Total revenue	1,360,574	1,842,279	3,083,787	3,391,888
Operating costs and expenses				
Cost of goods sold	383,027	864,340	1,046,888	1,406,377
Cost of services	151,964	323,040	792,469	620,109
Total cost of goods sold and services	534,991	1,187,380	1,839,357	2,026,486
Gross profit/(loss)	825,583	654,899	1,244,430	1,365,402
Other operating costs and expenses				
Product support	24,337	19,588	35,481	21,513
Depreciation and amortization	847,771	545,759	1,391,471	1,073,440
Research and development	2,769,459	1,408,343	6,326,574	2,815,850
Selling, general and administrative	2,758,032	1,333,008	4,677,459	2,522,825
Total other operating costs and expenses	6,399,599	3,306,698	12,430,985	6,433,628
Loss from operations	(5,574,016)	(2,651,799)	(11,186,555)	(5,068,226)
Other income/(expense)				
Interest income	34,012	14,384	38,615	31,744
Interest expense	(5,800)	0	(13,262)	0
Financing costs	(31,906)	(32,492)	(63,813)	(64,984)
Research and development tax incentive income	865,422	648,019	1,982,614	1,260,285
Exchange gain/(loss)	(5,404)	124,312	(41,590)	248,079
Other income	69,310	117,772	105,052	382,989
Total other income	925,634	871,995	2,007,616	1,858,113
Net loss before tax	(4,648,382)	(1,779,804)	(9,178,939)	(3,210,113)
Income tax benefit/(expense)	0	0	0	0
Net loss	(4,648,382)	(1,779,804)	(9,178,939)	(3,210,113)
Loss per share				
Net loss per share - basic and diluted	(0.02)	(0.01)	(0.05)	(0.02)
Average weighted number of shares - basic and diluted	192,799,788	177,649,647	185,387,934	177,634,362
Other comprehensive loss, net of tax:				
Foreign currency translation reserve	(83,824)	(14,166)	(52,415)	(26,469)
Other comprehensive loss	(83,824)	(14,166)	(52,415)	(26,469)
Comprehensive loss	(4,732,206)	(1,793,970)	(9,231,354)	(3,236,582)

See accompanying Notes to Consolidated Condensed Financial Statements.

Consolidated Condensed Statements of Changes in Stockholders' Equity and Comprehensive Income/(Loss) (Unaudited)

Three Months Ended June 30, 2022

	Ordinary shares		Additional Paid-in Capital	Accumulated Deficit	Other comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
	A\$	A\$				
Balances at April 1, 2022	177,988,504	17,798	93,816,089	(70,354,788)	(291,879)	23,187,220
Net loss	0	0	0	(4,648,382)	0	(4,648,382)
Issuance of common stock at A\$0.77 per share, net of issuance costs	33,775,931	3,378	24,794,312	0	0	24,797,690
Other comprehensive loss	0	0	0	0	(83,824)	(83,824)
Exercise of stock options issued to employees	80,000	8	39,992	0	0	40,000
Stock-based compensation expense	0	0	69,585	0	0	69,585
Capitalized stock-based compensation	0	0	211,652	0	0	211,652
Balances at June 30, 2022	211,844,435	21,184	118,931,630	(75,003,170)	(375,703)	43,573,941

Six Months Ended June 30, 2022

	Ordinary shares		Additional Paid-in Capital	Accumulated Deficit	Other comprehensive Income/(Loss)	Total Stockholders' Equity
	Shares	Amount				
	A\$	A\$				
Balances at January 1, 2022	177,828,504	17,783	93,737,565	(65,824,231)	(323,288)	27,607,829
Net loss	0	0	0	(9,178,939)	0	(9,178,939)
Issuance of common stock at A\$0.77 per share, net of issuance costs	33,775,931	3,377	24,794,313	0	0	24,797,690
Other comprehensive income	0	0	0	0	(52,415)	(52,415)
Performance awards and exercise of stock options issued to employees	240,000	24	43,876	0	0	43,900
Stock-based compensation expense	0	0	144,224	0	0	144,224
Capitalized stock-based compensation	0	0	211,652	0	0	211,652
Balances at June 30, 2022	211,844,435	21,184	118,931,630	(75,003,170)	(375,703)	43,573,941

See accompanying Notes to Consolidated Condensed Financial Statements.

Consolidated Condensed Statements of Changes in Stockholders' Equity and Comprehensive Income/(Loss) (Unaudited)

Three Months Ended June 30, 2021

	Ordinary shares		Additional Paid-in Capital	Accumulated Deficit	Other comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
	A\$	A\$				
Balances at April 1, 2021	177,621,854	17,762	93,578,711	(56,747,605)	(305,374)	36,543,494
Net loss	0	0	0	(1,779,804)	0	(1,779,804)
Other comprehensive loss	0	0	0	0	(14,166)	(14,166)
Exercise of stock options issued to employees	131,650	13	62,362	0	0	62,375
Stock-based compensation expense	0	0	23,229	0	0	23,229
Balances at June 30, 2021	177,753,504	17,775	93,664,302	(58,527,409)	(319,540)	34,835,128

Six Months Ended June 30, 2021

	Ordinary shares		Additional Paid-in Capital	Accumulated Deficit	Other comprehensive Income/(Loss)	Total Stockholders' Equity
	Shares	Amount				
	A\$	A\$				
Balances at January 1, 2021	177,611,854	17,761	93,570,030	(55,317,296)	(293,071)	37,977,424
Net loss	0	0	0	(3,210,113)	0	(3,210,113)
Other comprehensive income	0	0	0	0	(26,469)	(26,469)
Exercise of stock options issued to employees	141,650	14	64,661	0	0	64,675
Stock-based compensation expense	0	0	29,611	0	0	29,611
Balances at June 30, 2021	177,753,504	17,775	93,664,302	(58,527,409)	(319,540)	34,835,128

See accompanying Notes to Consolidated Condensed Financial Statements.

Consolidated Condensed Statements of Cash Flows (Unaudited)

	Six Months Ended June,	
	2022	2021
	A\$	A\$
Cash flows from operating activities:		
Net loss	(9,178,939)	(3,210,113)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,525,098	1,236,975
Stock-based compensation expense	144,224	29,611
Non-cash lease expense	205,365	68,067
Unrealized foreign exchange gains	(31,246)	(309,459)
Change in assets and liabilities:		
Inventories	(271,306)	398,032
Accounts receivable	(741,217)	(656,664)
Prepayments and other assets	(2,594,071)	(1,668,954)
Other non-current assets	(52,790)	0
Contract liabilities	(34,344)	(1,403,854)
Employee entitlements	77,038	93,773
Accounts payable and accrued expenses	1,293,847	(45,405)
Net cash used in operating activities	(9,658,341)	(5,467,991)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(406,134)	(320,792)
Net cash used in investing activities	(406,134)	(320,792)
Cash flows from financing activities:		
Proceeds from borrowings	1,002,404	20,496
Repayment of borrowings	(777,691)	0
Proceeds from exercise of stock options issued to employees	43,900	64,675
Proceeds from the issuance of common stock, net of issuance costs	25,014,325	0
Repayment of finance lease liability	(822)	0
Net cash provided by financing activities	25,282,116	85,171
Net increase/(decrease) in cash, cash equivalents and restricted cash	15,217,641	(5,703,612)
Cash, cash equivalents and restricted cash at beginning of period	18,099,219	28,055,120
Effect of exchange rate fluctuations on the balances of cash held in foreign currencies	114,470	158,094
Cash, cash equivalents and restricted cash at end of period	33,431,330	22,509,602

See accompanying Notes to Consolidated Condensed Financial Statements.

Notes to Consolidated Condensed Financial Statements (Unaudited)

1. Our Business

We are a specialist biosensors company focused on 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.

Key developments during the first half of 2022 include:

- A\$26 million raised pursuant to a A\$20 million fully underwritten rights issue and a A\$6 million placement, both at A\$0.77;
- Sentia quarter on quarter direct sales increased 21% between Q2 2022 and Q1 2022;
- Overall sales of Sentia for H1 2022 were in line with H1 2021;
- Xprecia Prime received regulatory approval to sell in 32 countries in Europe;
- 281 patients have been enrolled in the Xprecia Prime clinical trial in the USA (360 patients required in total);
- UBI established an Ecommerce website for the sale of our suite of Sentia products in the USA;
- UBI appointed a Business Development Manager for Sentia Europe;
- UBI entered into new distribution agreements with Vivelys USA and Vivelys Chile and Vintner Vault (USA) for the sale of Sentia's wine testing platform device;
- Our first Sentia sales order placed in the United Kingdom;
- The finalization of Sentia's Glucose product;
- Ongoing development of Sentia wine testing products;
- The establishment of a distribution centre in the USA to support the global expansion of the Company's wine testing product sales. This is in addition to the distribution centres we have in Australia and Europe;
- The continuing successful development and use of aptamer sensing technology on our hand-held platform device;
- The progression 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 blood glucose monitoring product for dogs and cats with diabetes;
- The appointment of a Business Development Director for our Petrackr Blood Glucose Monitor in the USA;
- The company invested A\$6.33 million in the development of new products, of which \$4.49 million relates to the following non-recurring investment:
 - o A\$2.47 million was invested into the development of the Petrackr blood glucose product;
 - o A\$0.82 million was invested into the development of Xprecia Prime including clinical trial costs;
 - o A\$0.69 million was invested in the development of Sentia malic acid, glucose, fructose, titratable acidity and acetic acid test strips; and
 - o A\$0.51 million was invested in the development of our Tn Antigen oncology product.
- The investment into our manufacturing scale-up project which will add an approximate annual 35 million strip; and
- Investments in sales and marketing included A\$1.2 million (A\$0.4 million in H1 2021) to support Sentia and Xprecia Prime sales.

2. Certain Uncertainties

Depending on the duration of the COVID-19 crisis and continued negative impacts on the macroeconomic environment, the Company may experience negative impacts in 2022 which cannot be predicted.

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP" or "GAAP") and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, they do not include all information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of the Company's management, the consolidated condensed financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. Operating results for the three and six months ended June 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022. These consolidated condensed financial statements and accompanying notes should be read in conjunction with the Company's annual consolidated financial statements and accompanying notes included in its Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Form 10-K" or "Annual Report") filed with the U.S. Securities and Exchange Commission (the "SEC") on February 24, 2022. The year-end consolidated condensed balance sheets data as at December 31, 2021 was derived from audited financial statements but does not include all disclosures required by U.S. GAAP

Notes to Consolidated Condensed Financial Statements (Unaudited)

Principles of Consolidation

The consolidated condensed financial statements include the financial statements of the Company and its wholly owned subsidiaries, UBS, UBS LLC, HRL and UBS BV. All intercompany balances and transactions have been eliminated on consolidation.

Use of Estimates

The preparation of the consolidated condensed financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated condensed financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include deferred income taxes, research and development tax incentive income and stock-based compensation expenses. Actual results could differ from those estimates.

Recent Accounting Pronouncements

The Company assesses the adoption impacts of recently issued accounting standards by the Financial Accounting Standards Board on the Company's financial statements as well as material updates to previous assessments, if any, from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021. There were no new material accounting standards issued in the fiscal second quarter of 2022 that impacted the Company.

Net Loss per Share and Anti-dilutive Securities

Basic and diluted net loss per share is presented in conformity with ASC 260 – Earnings per Share. Basic and diluted net loss per share has been computed using the weighted-average number of common shares outstanding during the period. Diluted net loss per share is calculated by adjusting the basic net loss per share by assuming all dilutive potential ordinary shares are converted.

Foreign Currency

Functional and Reporting Currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of UBI and UBS is "A\$" for all years presented. The functional currencies of UBS LLC, HRL and UBS BV are US\$, CAD\$ and €, respectively, for all years presented.

The consolidated condensed financial statements are presented using a reporting currency of A\$.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated condensed statements of comprehensive income/(loss).

The results and financial position of all the Group entities that have a functional currency different from the reporting currency are translated into the reporting currency as follows:

- assets and liabilities for each balance sheet item reported are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement item reported are translated at average exchange rates (unless this is not a reasonable approximation of the effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to the Accumulated Other Comprehensive Income/(Loss).

Notes to Consolidated Condensed Financial Statements (Unaudited)

Fair Value of Financial Instruments

The carrying value of all current assets and current liabilities approximates fair value because of their short-term nature. The estimated fair value of all other amounts has been determined, depending on the nature and complexity of the assets or the liability, by using one or all of the following approaches:

- Market approach – based on market prices and other information from market transactions involving identical or comparable assets or liabilities.
- Cost approach – based on the cost to acquire or construct comparable assets less an allowance for functional and/or economic obsolescence.
- Income approach – based on the present value of a future stream of net cash flows.

These fair value methodologies depend on the following types of inputs:

- Quoted prices for identical assets or liabilities in active markets (Level 1 inputs).
- Quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active or are directly or indirectly observable (Level 2 inputs).
- Unobservable inputs that reflect estimates and assumptions (Level 3 inputs).

Concentration of Credit Risk and Other Risks and Uncertainties

Cash, cash equivalents, restricted cash and accounts receivable consist of financial instruments that potentially subject the Company to concentration of credit risk to the extent of the amount recorded on the consolidated condensed balance sheets. The Company's cash, cash equivalents and restricted cash are primarily invested with one of Australia's largest banks. The Company is exposed to credit risk in the event of default by the banks holding the cash, cash equivalents and restricted cash to the extent of the amount recorded on the consolidated condensed balance sheets. The Company has not experienced any losses on its deposits of cash, cash equivalents and restricted cash. The Company has not identified any collectability issues with respect to receivables.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. For cash and cash equivalents, the carrying amount approximates fair value due to the short maturity of those instruments.

The Company maintains cash and restricted cash, which includes performance guarantee issued in favor of a customer, tenant security deposits and credit card security deposits.

Inventory

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to dispose. Inventories are principally determined under the average cost method which approximates cost. Cost comprises direct materials, direct labour and an appropriate portion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. The Company recognizes inventory on the consolidated condensed balance sheets when they have concluded that the substantial risks and rewards of ownership, as well as the control of the asset, have been transferred.

Receivables

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for credit losses is the best estimate of the amount of probable credit losses in the existing accounts receivable. The allowance is determined based on a review of individual accounts for collectability, generally focusing on those accounts that are past due. The expense to adjust the allowance for credit losses, if any, is recorded within selling, general and administrative expenses in the consolidated condensed statements of comprehensive income/(loss). Account balances are charged against the allowance when it is probable the receivable will not be recovered.

Prepayments

Prepaid expenses represent expenditures that have not yet been recorded by the Company as an expense but have been paid for in advance. The Company's prepayments are primarily represented by insurance premiums paid annually in advance.

Other Current Assets

The Company's other current assets is primarily represented by the estimated receivable in relation to the research and development tax incentive income.

Property, Plant and Equipment

Property, plant and equipment are recorded at acquisition cost, less accumulated depreciation.

Notes to Consolidated Condensed Financial Statements (Unaudited)

Depreciation on plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful life of machinery and equipment is three to ten years. Leasehold improvements are amortized on the straight-line method over the shorter of the remaining lease term or estimated useful life of the asset. Maintenance and repairs that do not extend the life of the asset are charged to operations as incurred and include normal services and do not include items of a capital nature.

Impairment of Long-Lived Assets

The Company reviews its capital assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. In performing the review, the Company estimates undiscounted cash flows from products under development that are covered by these patents and licenses. An impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition is less than the carrying amount of the asset. If the evaluation indicates that the carrying value of an asset is not recoverable from its undiscounted cash flows, an impairment loss is measured by comparing the carrying value of the asset to its fair value, based on discounted cash flows.

Intangible Assets

The intangible assets, having finite useful lives, are amortized over their estimated useful lives. Finite life intangible assets are amortized over the shorter of their contractual or useful economic lives. The intangible assets comprise of distribution rights and are amortized on a straight-line basis over ten years.

Impairment of Intangible Assets

Intangible assets with an indefinite life are tested for impairment at least annually and when there is an indication of impairment.

Australian Goods and Services Tax, Canadian Harmonized Sales Tax, US Sales Tax and European Value Added Tax, collectively "Sales Tax"

Revenues, expenses and assets are recognized net of the amount of associated Sales Tax, unless the Sales Tax incurred is not recoverable from the taxation authority. In this case it is recognized as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of Sales Tax receivable or payable. The net amount of Sales Tax recoverable from, or payable to, the taxation authority is included with other current assets or accrued expenses in the consolidated condensed balance sheets dependent on whether the balance owed to the taxation authorities is in a net receivable or payable position.

Leases

At contract inception, the Company determines if the new contractual arrangement is a lease or contains a leasing arrangement. If a contract contains a lease, the Company evaluates whether it should be classified as an operating or a finance lease. Upon modification of the contract, the Company will reassess to determine if a contract is or contains a leasing arrangement.

The Company records lease liabilities based on the future estimated cash payments discounted over the lease term, defined as the non-cancellable time period of the lease, together with all the following:

- periods covered by an option to extend the lease if the Company is reasonably certain to exercise the extension option; and
- periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise the termination option.

Leases may also include options to terminate the arrangement or options to purchase the underlying lease property. The Company does not separate lease and non-lease components of contracts. Lease components provide the Company with the right to use an identified asset, which consist of the Company's real estate properties and office equipment. Non-lease components consist primarily of maintenance services.

As an implicit discount rate is not readily determinable in the Company's lease agreements, the Company uses its estimated secured incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future lease payments. For certain leases with original terms of twelve months or less, the Company recognizes lease expense as incurred and does not recognize any lease liabilities. Short-term and long-term portions of operating and finance lease liabilities are classified as lease liabilities in the Company's consolidated condensed balance sheets.

A right-of-use ("ROU") asset is measured as the amount of the lease liability with adjustments, if applicable, for lease incentives, initial direct costs incurred by the Company and lease prepayments made prior to or at lease commencement. ROU assets are classified as operating or finance lease right-of-use assets, net of accumulated amortization, on the Company's consolidated condensed balance sheets. The Company evaluates the carrying value of ROU assets if there are indicators of potential impairment and performs the analysis concurrent with the review of the recoverability of the related asset group. If the carrying value of the asset group is determined to not be fully recoverable and is in excess of its estimated fair value, the Company will record an impairment loss in its consolidated condensed statements of income and comprehensive income/(loss).

Notes to Consolidated Condensed Financial Statements (Unaudited)

Lease payments may be fixed or variable, however, only fixed payments or in-substance fixed payments are included in the Company's lease liability calculation. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments are incurred.

Asset Retirement Obligations

Asset retirement obligations ("ARO") are legal obligations associated with the retirement and removal of long-lived assets. ASC 410 – Asset Retirement and Environmental Obligations requires entities to record the fair value of a liability for an asset retirement obligation when it is incurred. When the liability is initially recorded, the Company capitalizes the cost by increasing the carrying amounts of the related property, plant and equipment. Over time, the liability increases for the change in its present value, while the capitalized cost depreciates over the useful life of the asset. The Company derecognizes ARO liabilities when the related obligations are settled.

The ARO is in relation to our premises where in accordance with the terms of the lease, the lessee has to restore part of the building upon vacating the premises.

Revenue Recognition

The Group recognizes revenue predominantly from the sale of coagulation and wine testing devices and the provision of coagulation testing services based on the provisions of ASC 606 Revenue from Contracts with Customers. In accordance with this provision, to determine whether to recognize revenue, the Group follows a five-step process:

- a) Identifying the contract with a customer;
- b) Identifying the performance obligations within the customer contract;
- c) Determining the transaction price;
- d) Allocating the transaction price to the performance obligation; and
- e) Recognizing revenue when/as performance obligations are satisfied.

Nature of goods and services

The following is a description of products and services from which the Company generates its revenue.

<i>Products and services</i>	<i>Nature, timing of satisfaction of performance obligations and significant payment terms</i>
Coagulation testing products	<p>Our point-of-care coagulation testing products use electrochemical cell to measure Prothrombin Time (PT/INR), a test used to monitor the effect of the anticoagulant therapy warfarin.</p> <p>The performance obligation for the sale of these products is satisfied at a point-in-time when the Company transfers control of the products to its customer. The point of transfer of control of the products is dictated by individual terms contained within a customer agreement, as are the payment terms. The transaction price is fixed.</p>
Laboratory testing services	<p>HRL provides non-diagnostic laboratory services and performs these services on behalf of customers.</p> <p>The performance obligation for the services is satisfied when the testing has been finalized and results have been reported to the customer. In some cases, the performance obligations will be satisfied as predetermined milestones have been achieved by the Company.</p> <p>Standard payment terms are generally 30-60 days upon invoice date. The transaction price is fixed.</p>
Wine testing products	<p>Our Sentia wine analyzer is used to measure free SO₂ and Malic Acid levels in wine.</p> <p>The performance obligation for the sale of this product is satisfied at a point-in-time when the Company transfers control of the products to its customer. The point of transfer of control of the products is dictated by the individual terms contained within a customer agreement, as are the individual payment terms. The transaction price is fixed.</p>

See Note 11 to the consolidated condensed financial statements for a disaggregation of revenue.

Notes to Consolidated Condensed Financial Statements (Unaudited)

Interest Income

Interest income is recognized as it accrues, taking into account the effective yield and consists of interest earned on cash, cash equivalents and restricted cash in interest-bearing accounts.

Research and Development Tax Incentive Income

Research and development tax incentive income is recognized when there is reasonable assurance that the income will be received, the relevant expenditure has been incurred and the consideration can be reliably measured.

The research and development tax incentive is one of the key elements of the Australian Government's support for Australia's innovation system and is supported by legislative law primarily in the form of the Australian Income Tax Assessment Act 1997 as long as eligibility criteria are met. Subject to meeting a number of conditions, an entity which is an R&D entity involved in eligible R&D activities may claim research and development tax incentive income as follows:

- (1) as a 43.5% refundable tax offset if aggregate turnover (which generally means an entity's total income that it derives in the ordinary course of carrying on a business, subject to certain exclusions) of the entity is less than A\$20,000,000, or
- (2) as a 38.5% non-refundable tax offset if aggregate turnover of the entity is more than A\$20,000,000.

In accordance with SEC Regulation S-X Article 5-03, the Company's research and development tax incentive income has been recognized as non-operating income as it is not indicative of the core operating activities or revenue producing goals of the Company.

Management has assessed the Company's R&D activities and expenditures to determine which activities and expenditures are likely to be eligible under the tax incentive regime described above. At each period end management estimates the refundable tax offset available to the Company based on available information at the time. This estimate is also reviewed by external tax advisors on an annual basis.

The Company has recorded research and development tax incentive income of A\$865,422 and A\$1,982,614 for the three and six months ended June 30, 2022. As at June 30, 2022 there is reasonable assurance that the aggregate turnover of the Company for the year ended December 31, 2022 will be less than A\$20,000,000.

Federal and State Government Subsidies

In response to the COVID-19 pandemic, governments in the countries in which we operate implemented government assistance measures to assist in mitigating some of the impact of the pandemic on our results and liquidity. To the extent appropriate, we applied for such government grants in Australia and Canada and recognize the grants at their fair value as other income when there is reasonable assurance that we have complied with all conditions attached to them.

Research and Development Expenditure

R&D expenses consist of costs incurred to further the Company's research and product development activities and include salaries and related employee benefits, costs associated with clinical trial and preclinical development, regulatory activities, research-related overhead expenses, costs associated with the manufacture of clinical trial material, costs associated with developing a commercial manufacturing process, costs for consultants and related contract research, facility costs and depreciation. R&D costs are expensed as incurred as they fall in the scope of ASC 730 'Research and Development'. Of the A\$6.3 million total R&D, \$4.5 million is non-recurring and is a one time investment in the veterinarian blood glucose product, Xprecia Prime (including clinical and development trials), Tn Antigen biosensor and Sentia products.

Clinical Trial Expenses

Clinical trial costs are a component of R&D expenses. These expenses include fees paid to participating hospitals and other service providers, which conduct certain testing activities on behalf of the Company. Depending on the timing of payments to the service providers and the level of service provided, the Company records prepaid or accrued expenses relating to these costs.

Stock-based Compensation

We measure stock-based compensation at grant date, based on the estimated fair value of the award and recognize the cost as an expense on a straight-line basis over the vesting period of the award. We estimate the fair value of stock options using the Trinomial Lattice model.

We record deferred tax assets for awards that will result in deductions on our income tax returns, based on the amount of compensation cost recognized and our statutory tax rate in the jurisdiction in which we will receive a deduction. Differences between the deferred tax assets recognized for financial reporting purposes and the actual tax deduction reported in our income tax return are recorded in expense or in capital in excess of par value if the tax deduction exceeds the deferred tax assets or to the extent that previously recognized credits to paid-in-capital are still available if the tax deduction is less than the deferred tax asset.

Notes to Consolidated Condensed Financial Statements (Unaudited)

Employee Benefit Costs

The Company contributes a portion of each employee's salary to standard defined contribution superannuation funds on behalf of all eligible UBS employees in line with legislative requirements. In line with legislative updates, the contribution rate increased from 9.50% to 10.0% for the period commenced July 1, 2021, and increased to 10.5% on July 1, 2022,. Superannuation is an Australian compulsory savings program plan for retirement whereby employers are required to pay a portion of an employee's remuneration to an approved superannuation fund that the employee is typically not able to access until they have reached the statutory retirement age. Whilst the Company has a third-party default superannuation fund, it permits UBS employees to choose an approved and registered superannuation fund into which the contributions are paid. Contributions are charged to the consolidated condensed statements of comprehensive income/(loss) as the expense is incurred.

Registered Retirement Savings Plan and Deferred Sharing Profit Plan

The Company provides eligible HRL employees a retirement plan. The retirement plan includes a Registered Retirement Savings Plan ("RRSP") and Deferred Profit Sharing Plan ("DPSP"). The RRSP is voluntary and the employee contributions are matched by the Company up to a maximum of 5% based on their continuous years of service and placed into the RRSP. The Company contributes 1% to 2% of the employee's base earnings towards the DPSP. The DPSP contributions are vested immediately.

Benefit Plan

The Company provides eligible HRL employees a Benefit Plan. In general, the Benefit Plan includes extended health care, dental care, basic life insurance, basic accidental death and dismemberment and disability insurance.

401k Plan

The Company acts as a plan sponsor for a 401K plan for eligible UBS LLC employees. A 401K plan is a US-based defined-contribution pension account into which the employees can elect to have a percentage of their salary deducted and contributed to the plan. Their contributions are matched by the Company up to a maximum of 10% of their salary.

Income Taxes

The Company applies ASC 740 - Income Taxes which establishes financial accounting and reporting standards for the effects of income taxes that result from a Company's activities during the current and preceding years. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Where it is more likely than not that some portion or all of the deferred tax assets will not be realized, the deferred tax assets are reduced by a valuation allowance. The valuation allowance is sufficient to reduce the deferred tax assets to the amount that is more likely than not to be realized.

Pursuant to the U.S. tax reform rules, UBI is subject to regulations addressing Global Intangible Low-Taxed Income ("GILTI"). The GILTI rules are provisions of the U.S. tax code enacted as a part of tax reform legislation in the U.S. passed in December 2017. Mechanically, the GILTI rule functions as a global minimum tax for all U.S. shareholders of controlled foreign corporations ("CFCs") and applies broadly to certain income generated by a CFC. The Company can make an accounting policy election to either: (1) treat GILTI as a period cost if and when incurred; or (2) recognize deferred taxes for basis differences that are expected to reverse as GILTI in future years. The Company has elected to treat GILTI as a period cost.

We are subject to income taxes in Australia, Canada, the Netherlands and the United States. Tax returns up to and including the 2020 financial years have been filed in Australia, Canada and the United States for UBI (Australian consolidated group), HRL and UBI (US parent entity). Tax returns for the 2021 financial year will be filed for UBI, HRL, UBS, UBS LLC and UBS BV in 2022.

4. Cash, cash equivalents and restricted cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated condensed balance sheets that sum to the total of the same such amounts shown in the consolidated condensed statements of cash flows.

Notes to Consolidated Condensed Financial Statements (Unaudited)

	June 30, 2022	December 31, 2021
	A\$	A\$
Cash and cash equivalents	31,556,056	15,318,201
Restricted cash – current assets	1,555,274	1,968,814
Restricted cash – non-current assets	320,000	812,204
	<u>33,431,330</u>	<u>18,099,219</u>

Restricted cash maintained by the Company in the form of term deposits is as follows:

	June 30, 2022	December 31, 2021
	A\$	A\$
Performance guarantee (a) - current assets	1,555,274	1,968,814
Collateral for facilities (b) - non-current assets	320,000	320,000
Performance guarantee (a) - non-current assets	0	492,204
	<u>1,875,274</u>	<u>2,781,018</u>

- (a) Performance guarantee represents letter of credit issued in favour of Siemens pursuant to the 2019 Siemens Agreements. 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. At this point, any funds held under this arrangement will no longer be restricted cash.
- (b) Collateral for facilities 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.

Interest earned on the restricted cash for the three months ended June 30, 2022 and 2021 was A\$5,822 and A\$1,838 respectively and A\$7,532 and A\$7,282 for the six months ended June 30, 2022 and 2021, respectively.

5. Inventories

	June 30, 2022	December 31, 2021
	A\$	A\$
Raw materials	1,010,358	1,207,077
Work in progress	425,551	410,731
Finished goods	955,208	525,696
	<u>2,391,117</u>	<u>2,143,504</u>

6. Receivables

	June 30, 2022	December 31, 2021
	A\$	A\$
Accounts receivable	1,217,381	476,164
Allowance for credit losses	0	0
	<u>1,217,381</u>	<u>476,164</u>

7. Leases

The Company's lease portfolio consists primarily of operating leases for office space and equipment with contractual terms expiring from December 2022 to February 2032. Lease contracts may include one or more renewal options that allow the Company to extend the lease. The exercise of lease options is generally at the discretion of the Company. None of the Company's leases contain residual value guarantees, substantial restrictions, or covenants. The Company's leases are substantially within Australia and Canada.

Notes to Consolidated Condensed Financial Statements (Unaudited)

(a) Operating Leases

On January 1, 2021, the lease for 1 Corporate Avenue was terminated and a new lease entered into simultaneously. The lease expires on December 31, 2025 with an option to renew the lease for two further terms of five years each. The renewal option periods have not been included in the lease term as the Company is not reasonably certain that they will be exercised.

On June 28, 2021, HRL entered into a premises lease, which commenced in January 2022, with a ten-year contractual period. The lease does not include an option to renew the lease for a further term.

	June 30, 2022	December 31, 2021
	A\$	A\$
Operating lease right-of-use assets:		
Non-current	4,874,134	2,050,336
Operating lease liabilities:		
Current	735,281	500,284
Non-current	4,415,217	1,690,716
Weighted average remaining lease terms (in years)	7.3	4.0
Weighted average discount rate	4.8%	5.0%

The components of lease income/expense were as follows:

	Six Months ended June 30,	
	2022	2021
	A\$	A\$
Fixed payment operating lease expense	483,107	360,918
Short-term lease expense	6,544	0
Sub-lease income	70,269	92,276

The sub-lease income is deemed an operating lease.

The components of the fixed payment operating and short-term lease expense as classified in the consolidated condensed statements of comprehensive income/(loss) are as follows:

	Six Months ended June 30,	
	2022	2021
	A\$	A\$
Cost of goods sold	45,714	47,162
Cost of services	117,415	50,827
Research and development	129,859	152,843
Selling, general and administrative	196,663	110,086
	489,651	360,918

Supplemental cash flow information related to the Company's leases was as follows:

	Six Months ended June 30,	
	2022	2021
	A\$	A\$
Operating cash outflows from operating leases	353,529	311,393

Supplemental noncash information related to the Company's leases was as follows:

	Six Months ended June 30,	
	2022	2021
	A\$	A\$
Right of use assets obtained in exchange for lease liabilities	3,035,194	0
Right of use asset modifications	0	(1,392,953)

Notes to Consolidated Condensed Financial Statements (Unaudited)

Future lease payments are as follows:

	As at June 30, 2022
	A\$
1 year	966,067
2 years	986,331
3 years	1,010,025
4 years	714,668
5 years	411,905
Thereafter	2,047,619
Total future lease payments	6,136,615
Less: imputed interest	(986,117)
Total operating lease liabilities	5,150,498
Current	735,281
Non-current	4,415,217

(b) Finance Leases

On October 22, 2021, UBS entered into a lease arrangement to install solar panels and inverters ("panels"). The lease commenced in January 2022 upon installation of the panels. The lease has a term of seven years and an option to acquire at the end of the term.

	June 30, 2022	December 31, 2021
	A\$	A\$
Finance lease right-of-use assets:		
Non-current	63,095	0
Finance lease liabilities:		
Current	8,610	0
Non-current	60,092	0
Weighted average remaining lease terms (in years)	6.7	-
Weighted average discount rate	4.7%	-

The components of lease income/expense were as follows:

	Six Months ended June 30, 2022	2021
	A\$	A\$
Fixed payment finance lease expense – Amortization	4,674	0
Fixed payment finance lease expense – Interest expense	1,645	0
	6,319	0

The components of the fixed payment finance lease expense as classified in the consolidated condensed statements of comprehensive income/(loss) are as follows:

	Six Months ended June 30, 2022	2021
	A\$	A\$
Selling, general and administrative	4,674	0
Interest expense	1,645	0
	6,319	0

Notes to Consolidated Condensed Financial Statements (Unaudited)

Supplemental cash flow information related to the Company's leases was as follows:

	Six Months ended June 30,	
	2022	2021
	A\$	A\$
Operating cash outflows from finance leases	2,090	0
Financing cash outflows from finance leases	822	0
	2,912	0

Supplemental noncash information related to the Company's leases was as follows:

	Six Months ended June 30,	
	2022	2021
	A\$	A\$
Right of use assets obtained in exchange for lease liabilities	66,990	0

Future lease payments are as follows:

	As at June 30,
	2022
	A\$
1 year	11,649
2 years	11,649
3 years	11,649
4 years	11,649
5 years	11,649
Thereafter	22,327
Total future lease payments	80,572
Less: imputed interest	(11,870)
Total operating lease liabilities	68,702
Current	8,610
Non-current	60,092

As of June 30, 2022, the Company has not entered into any operating or finance lease agreements that have not yet commenced.

8. Contingent Consideration

Pursuant to the Siemens Acquisition and the agreement dated September 2019, the Company has agreed to pay US\$1,500,000 to Siemens within five days of Siemens achieving a pre-defined milestone. The Company has the discretion of advising Siemens when the milestone is to be achieved but from the date notification is sent by the Company, Siemens has 90 days to fulfill this milestone. Notification has not yet been issued to Siemens. Once the milestone is achieved, it will enable the Company to use Siemens proprietary reagent which will allow the Company to access markets in certain jurisdictions.

9. Other Liabilities

Other liabilities represents a marketing support payment due to one of our partners and is payable in US dollars. The balance will be paid once supporting documentation has been provided to the Company.

10. Borrowings

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. CAD\$40,000 was received by the Company in 2020 and CAD\$20,000 in 2021. 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 no principal repayment is required before December 31, 2023;
- if the Company chooses to repay at least CAD\$40,000 of the loan by December 31, 2023, the remaining balance will be forgiven;
- if the loan is not repaid by the above mentioned date, it will be converted into a 2-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 2-year term, the entire balance of the loan is due for repayment by December 31, 2025.

Notes to Consolidated Condensed Financial Statements (Unaudited)

The secured loan is a short-term loan facility the Company entered into to finance its 2022 insurance premium. The total amount financed was A\$1,002,404 and has the following terms:

- the facility is repayable in 9 monthly instalments which commenced in January 2022;
- interest is being charged at an effective annual interest rate of 1.49%; and
- The short-term borrowing is secured by proceeds of or payable under any insurance including proceeds or refunds from the cancellation or termination of any insurance.

11. Revenue

Disaggregation of Revenue

In the following table, revenue is disaggregated by major product and service lines and timing of revenue recognition.

	Three Months ended June 30,		Six Months ended June 30,	
	2022	2021	2022	2021
	A\$	A\$	A\$	A\$
Major product/service lines				
Coagulation testing products	813,849	1,164,292	1,778,438	1,992,197
Laboratory testing services	282,457	434,921	725,345	820,840
Wine testing products	264,268	243,066	580,004	578,851
	<u>1,360,574</u>	<u>1,842,279</u>	<u>3,083,787</u>	<u>3,391,888</u>
Timing of revenue recognition				
Products and services transferred at a point in time	1,360,574	1,842,279	3,083,787	3,391,888
	<u>1,360,574</u>	<u>1,842,279</u>	<u>3,083,787</u>	<u>3,391,888</u>

Contract Balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	June 30,	
	2022	2021
	A\$	A\$
Receivables	1,217,381	749,317
Contract liabilities	4,086	55,376

The Company's contract liabilities represent the Company's obligation to transfer products to customers for which the Company has received consideration from customers, but the transfer has not yet been completed.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	Six Months ended June 30,	
	2022	2021
	A\$	A\$
Contract Liabilities - Current		
Opening balance	38,431	1,628,426
Closing balance	4,086	55,376
Net decrease	<u>(34,345)</u>	<u>(1,573,050)</u>

The Company expects all of the Company's contract liabilities to be realized by December 31, 2022.

Notes to Consolidated Condensed Financial Statements (Unaudited)

12. Other Income

Other income is recognized when there is reasonable assurance that the income will be received and the consideration can be reliably measured.

Other income is as follows for the relevant periods:

	Three Months ended June 30,		Six Months ended June 30,	
	2022	2021	2022	2021
	A\$	A\$	A\$	A\$
Federal and state government subsidies	0	70,009	0	153,001
Rental income	34,708	46,676	70,269	92,276
Other income	34,602	1,087	34,783	137,712
	69,310	117,772	105,052	382,989

Federal and state government subsidies primarily includes the Canadian Emergency Wage Subsidy which represents assistance provided by government authorities as a stimulus during COVID-19.

13. Total Comprehensive Income/(Loss)

The Company follows ASC 220 – Comprehensive Income. Comprehensive income/(loss) is defined as the total change in shareholders' equity during the period other than from transactions with shareholders and for the Company, includes net income/(loss).

The tax effect allocated to each component of other comprehensive income/(loss) is as follows:

	Before-Tax Amount	Tax (Expense)/ Benefit	Net-of-Tax Amount
	A\$	A\$	A\$
Six Months Ended June 30, 2022			
Foreign currency translation reserve	(52,415)	0	(52,415)
Other comprehensive income	(52,415)	0	(52,415)
Six Months Ended June 30, 2021			
Foreign currency translation reserve	(26,469)	0	(26,469)
Other comprehensive loss	(26,469)	0	(26,469)

14. Related Party Transactions

Details of related party transactions material to the operations of the Group other than compensation arrangements, expense allowances and other similar items in the ordinary course of business, are set out below:

Mr. Coleman is a Non-Executive Chairman of the Company and an Executive Chairman and Associate of Viburnum Funds Pty Ltd ("Viburnum"). Viburnum, as an investment manager for its associated funds, holds a beneficial interest and voting power over approximately 26% of UBI's shares.

On April 20, 2022, the Company announced a fully underwritten non-renounceable rights issue of new CHESS depositary interests over fully paid ordinary shares in UBI ("New CDIs") to raise approximately A\$20.00 million ("Entitlement Offer") at a ratio of 1 New CDI for every 6.85 existing CDIs held at the record date, being April 27, 2022.

In connection with the Entitlement Offer, on April 19, 2022, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Viburnum (the "Underwriter"). Pursuant to the terms of the Underwriting Agreement, the Underwriter agreed to take up its full entitlement under the Entitlement Offer and fully underwrite the Entitlement Offer, which meant that the Underwriter agreed to subscribe for or procure others to subscribe for all securities (if any) not subscribed for by the Company's eligible securityholders under the Entitlement Offer. Following the close of the Entitlement Offer, 25.9 million New CDIs were issued to Viburnum on May 27, 2022, which raised approximately A\$19.94 million.

The Company also agreed, subject to the approval of the stockholders of the Company, to issue to the Underwriter (or its nominee) unlisted options to purchase up to 3,840,000 ordinary shares, in two tranches, as its underwriting fee (the "Underwriter Options") in lieu of cash compensation. The Underwriter Options vested upon issue on May 27, 2022 and have an expiry date of 3 years from their date of issue. The exercise price in respect of half of the Underwriter Options is an amount equal to 120% of the Offer Price, or A\$0.92. The second half of the Underwriter Options have an exercise price equal to 130% of the Offer Price, or A\$1.00. The stockholders of the Company approved the issuance of the Underwriter Options at a special meeting of stockholders held on May 23, 2022.

Notes to Consolidated Condensed Financial Statements (Unaudited)

In accordance with ASC 718, the fair value of the Underwriter Options granted were estimated at the date of the grant using the Trinomial Lattice mode. The key assumptions for the grant were:

	Tranche 1	Tranche 2
Exercise Price (\$A)	0.92	1.00
Share Price at Grant Date (A\$)	0.44	0.44
Volatility	64%	64%
Maximum Life (years)	3.00	3.00
Risk-Free Interest rate	2.78%	2.78%
Fair Value (A\$)	0.06	0.05

Each of the inputs to the Trinomial Lattice model is discussed below.

Share Price and Exercise Price at Valuation Date

The value of the options granted has been determined using the closing price of our common stock trading in the form of CDIs on ASX at the time of grant of the options. The ASX is the only exchange upon which our securities are quoted.

Volatility

We applied volatility having regard to the historical price change of our shares in the form of CDIs available from the ASX.

Risk free rate

The risk free rate which we applied is equivalent to the yield on an Australian government bond with a time to expiry approximately equal to the expected time to expiry on the options being valued.

On May 27, 2022, Viburnum acquired from a member of management, unlisted options to purchase up to 1,000,000 ordinary shares. The options fully vested on March 25, 2020, have an exercise price of \$A0.20 and have an expiry date of March 24, 2024.

There were no material related party transactions or balances as at June 30, 2022 other than as disclosed above.

15. Commitments and Contingencies

Liabilities for loss contingencies, arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated. These were nil as at June 30, 2022 and December 31, 2021. Purchase commitments are entered into with various parties to purchase products and services such as equipment, technology and consumables used in R&D and commercial activities. Purchase commitments contracted for as at June 30, 2022 and December 31, 2021 were A\$5,130,242 and A\$881,134 respectively.

Refer to note 8 for details of the Company's Contingent Consideration.

16. Segment Information

We operate in one segment. We are a specialist biosensors Company focused on the development, manufacture and commercialization of a range of point of use devices for measuring different analytes across different industries.

We operate predominantly in one geographical area, being Australia.

The Company's material long-lived assets are predominantly based in Australia.

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information that we believe is relevant to an assessment and understanding of our results of operations and financial condition. You should read this analysis in conjunction with our audited consolidated financial statements and related footnotes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our most recent Annual Report on Form 10-K filed with the United States Securities and Exchange Commission ("SEC"). This Form 10-Q contains, including this discussion and analysis, certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") which are intended to be covered by the safe harbors created by such acts. For this purpose, any statements that are not statements of historical fact may be deemed to be forward-looking statements, including statements relating to future events and our future financial performance. Those statements in this Form 10-Q containing the words "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "future", "illustration", "intends", "may", "plans", "predicts", "will", "would" and similar expressions constitute forward-looking statements, although not all forward-looking statements contain such identifying words.

The forward-looking statements contained in this Form 10-Q are based on our current expectations, assumptions, estimates and projections about the Company and its businesses. All such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from those results expressed or implied by these forward-looking statements, including those set forth in this Quarterly Report on Form 10-Q. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Results of Operations

Analysis of Consolidated Revenue

Our total revenue decreased by 9% during the six months ended June 30, 2022, compared to the same period in the previous financial year.

Revenue from Products

The financial results of the coagulation and wine testing products we sold during the respective periods are as follows:

	Three Months ended June 30,		Six Months ended June 30,	
	2022	2021	2022	2021
	A\$	A\$	A\$	A\$
Revenue from products	1,078,117	1,407,358	2,358,442	2,571,048
Cost of goods sold	(383,027)	(864,340)	(1,046,888)	(1,406,377)
Gross profit	695,090	543,018	1,311,554	1,164,671

Our wine testing product sales increased 9% during the three months ended June 30, 2022 and remained consistent during the six months ended June 30, 2022, compared to the same period in the previous financial year. The mix of Sentia sales has moved away from large stocking orders to distributors towards more direct sales to wineries and repeat orders for the consumable test strips.

With regards to our coagulation testing products, we have successfully acquired over 50% of the distributors from the old Siemens distribution network which are now buying directly from us. The decline in coagulation testing product revenue during the three and six months ended June 30, 2022, compared to the same periods in the previous financial year has largely been the result of the time it takes to transition customers to our network and a reduction in sales to Siemens during these periods. Our newly acquired distribution network will also champion the sales of Xprecia Prime, our next generation coagulation testing product.

Revenue from Services

The financial results of the laboratory testing services we provided during the respective periods are as follows:

	Three Months ended June 30,		Six Months ended June 30,	
	2022	2021	2022	2021
	A\$	A\$	A\$	A\$
Laboratory testing services	282,457	434,921	725,345	820,840
Cost of services	(151,964)	(323,040)	(792,469)	(620,109)
Gross profit	130,493	111,881	(67,124)	200,731

Revenue from laboratory testing declined during the three and six months ended June 30, 2022, compared to the same periods in the previous financial year due to the timing of completion of a major project for one of HRL's largest customers. The first half of 2022 has been a transitional period for HRL as they moved the laboratory into a new location, which involved almost 6 weeks of shutdown. Alongside the move to the new location, HRL has invested and expanded its specialist services into inflammatory disease, cytokines and multiplex immunoassay platform. The increase in cost of services between the six months ended June 30, 2022, compared to the prior period was primarily driven by increased rent and on-costs following the relocation and increased salaries and wages due to HRL's increased headcount.

Adjusted EBITDA

We use Adjusted EBITDA to evaluate our financial performance. Adjusted EBITDA are financial measures that are not presented in accordance with U.S. GAAP. Adjusted EBITDA is net loss before interest, taxes, depreciation, amortization, accretion of asset retirement obligations and stock-based compensation expense. Management believes the presentation of Adjusted EBITDA provides useful information to investors to make informed investment decisions, including our ability to generate earnings sufficient to service our debt and enhances understanding of our financial performance and operational trends. These measures are not in accordance with, or an alternative for, U.S. GAAP. The most comparable U.S. GAAP measure is net loss. Consolidated Adjusted EBITDA should not be considered in isolation or as a substitution for analysis of our results as reported under U.S. GAAP. Additionally, they may not be comparable to other similarly titled measures of other companies.

Adjusted EBITDA for the respective periods and a reconciliation of net loss to Adjusted EBITDA is as follows:

	Three Months ended June 30,		Six Months ended June 30,	
	2022	2021	2022	2021
	A\$	A\$	A\$	A\$
Net loss	(4,648,382)	(1,779,804)	(9,178,939)	(3,210,113)
Interest income	(34,012)	(14,384)	(38,615)	(31,744)
Interest expense	5,800	0	13,262	0
Depreciation and amortization	873,518	649,081	1,525,098	1,236,975
Accretion expense	31,906	32,492	63,813	64,984
Stock-based compensation expense	69,585	23,229	144,224	29,611
Adjusted EBITDA	(3,701,585)	(1,089,386)	(7,471,157)	(1,910,287)

The decline in Adjusted EBITDA during the three and six months ended June 30, 2022, compared to the same periods in the previous financial year is primarily a result of increased investment in R&D. The company invested an additional A\$1,361,116 and A\$3,510,724 in the three and six month periods ended June 30, 2022 (compared to prior periods) of which A\$771,544 and A\$2,467,583 in the three and six months respectively, was invested into the development of the veterinarian blood glucose product. Additionally, \$141,083 and \$320,040 was spent on our FDA clinical trial for Xprecia Prime in the three and six month periods ended June 30, 2022. Our veterinarian blood glucose product and Xprecia Prime are in final development stages. Selling, general and administrative expenditure increased as a result of investment into our sales and marketing activities for our Sentia and Xprecia Prime products as we expand into new markets.

Product Support

Product support relates to post-market technical support provided by us for the Xprecia Stride and Wine testing devices.

Depreciation and Amortization Expenses

	Three Months ended June 30,		Six Months ended June 30,	
	2022	2021	2022	2021
	A\$	A\$	A\$	A\$
Depreciation	463,226	241,126	708,997	425,548
Amortization	410,292	407,955	816,101	811,427
Depreciation and amortization	873,518	649,081	1,525,098	1,236,975

Depreciation of fixed assets is calculated on a straight-line basis over the useful life of property, plant and equipment. Depreciation is allocated to cost of goods sold and R&D based on output. The increase in depreciation during the three and six months ended June 30, 2022, compared to the same periods in the previous financial year is due to certain plant and equipment being fully written off.

Amortization expense predominantly represents intangible assets amortized over their estimated useful lives. These intangible assets were acquired in September 2019 pursuant to the Siemens Acquisition and are being amortized on a straight-line basis over ten years. Amortization expense also includes the amortization expense calculated on the Company's finance lease liabilities.

Research and Development Expenses

R&D expenditure principally reflects the effort required in product development of the tests we are developing.

The primary focus of the R&D activities during the three and six months ended June 30, 2022 were developing the Company's:

- additional tests on our wine testing platform;
- next generation PT-INR Coagulation platform including FDA clinical trial programs;
- Tn Antigen biosensor used for the detection, staging and monitoring of cancer;
- biosensor strip and meter to be used for the detection and monitoring of diabetes in non-humans; and
- aptamer based sensing platform including a COVID-19 test.

R&D expenditure increased during the three and six months ended June 30, 2022, compared to the same periods in the previous financial year because of the increased development activities noted above.

The timing and cost of any development program is dependent upon a number of factors including achieving technical objectives, which are inherently uncertain and subsequent regulatory approvals. We have project plans in place for all our development programs which we use to plan, manage and assess our projects. As part of this procedure, we also undertake commercial assessments of such projects to optimize outcomes and decision making.

Additionally, R&D expenses are related to the development of new technologies and products based on the electrochemical cell platform.

The Company conducts R&D activities to build an expanding portfolio of product-based revenues and cash flows and increase the value of the Company's core technology assets. Research is focused on demonstrating technical feasibility of new technology applications. Development activity is focused on turning these technology platforms into commercial-ready products and represents the majority of the Company's R&D expenses.

R&D expenses consist of costs associated with research activities, as well as costs associated with our product development efforts, including pilot manufacturing costs. R&D expenses include:

- consultant and employee related expenses, which include consulting fees, salaries and benefits;
- materials and consumables acquired for the research and development activities;
- verification and validation work on the various R&D projects including clinical trials;
- external research and development expenses incurred under agreements with third party organizations and universities; and
- facilities, depreciation and other allocated expenses, which include direct and allocated expenses for rent and maintenance of facilities, depreciation of leasehold improvements and equipment and laboratory and other supplies.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist principally of salaries and related costs, including stock-based compensation expense for certain personnel. Other selling, general and administrative expenses include sales and marketing costs to support our products in the market, shipping and handling costs incurred when fulfilling customer orders, repairs and maintenance, insurance, facility costs not otherwise included in R&D expenses, consultancy fees and professional fees including legal services and maintenance fees incurred for patent applications, audit and accounting services.

General and administrative expenses increased by 107% and 85% during the three and six months ended June 30, 2022, compared to the same periods in the previous financial year primarily due to an investment in the Company's sales and marketing strategy. The Company's direct sales force in the USA and Europe for our wine and coagulation testing products commenced in the first quarter of 2022.

Interest Income

Interest income increased moderately during the three and six months ended June 30, 2022, compared to the same periods in the previous financial year. The increase in interest income is attributable to the higher amount of funds available for investment following the issuance of common stock and higher interest rates.

Financing Costs

Disclosed in this account is accretion expense which is associated with the Company's asset retirement obligations ("ARO").

Interest Expense

Interest expense relates to interest being charged on the secured short-term borrowing initiated by the Company for the 2022 financial year and the interest expense on finance lease liabilities.

Research and Development Tax Incentive Income

As at June 30, 2022 there is reasonable assurance that the aggregate turnover of the Company for the year ending December 31, 2022 will be less than A\$20,000,000 and accordingly an estimated A\$865,422 and A\$1,982,614 has been recorded as research and development tax incentive income for the three and six months ended June 30, 2022. The increase year on year is driven by the increase in eligible research and development expenditure incurred in the three and six months ended June 30, 2022 as compared to the same periods in 2021.

Research and development tax incentive income for the 2021 financial year has not yet been received and as such is recorded in "Other current assets" in the consolidated condensed balance sheet.

Exchange Gain/(Loss)

Foreign exchange gains and losses arise from the settlement of foreign currency transactions that are translated into the functional currency using the exchange rates prevailing at the dates of the transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies.

Other Income

Other income is as follows for the relevant periods:

	Three Months ended June 30,		Six Months ended June 30,	
	2022	2021	2022	2021
	A\$	A\$	A\$	A\$
Federal and state government subsidies	0	70,009	0	153,001
Rental income	34,708	46,676	70,269	92,276
Other income	34,602	1,087	34,783	137,712
	<u>69,310</u>	<u>117,772</u>	<u>105,052</u>	<u>382,989</u>

Federal and state government subsidies primarily includes the Canadian Emergency Wage Subsidy which represents assistance provided by government authorities as a stimulus during COVID-19.

Certain Uncertainties

Depending on the duration of the COVID-19 crisis and continued negative impacts on economic activity, the Company may experience negative impacts in 2022 which cannot be predicted.

Critical Accounting Estimates and Judgments

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles and the Company's discussion and analysis of its financial condition and operating results require the Company's management to make judgments, assumptions and estimates that affect the amounts reported. Significant items subject to such estimates and assumptions include deferred income taxes, research and development tax incentive income and stock-based compensation expenses:

Deferred Income Taxes

We compute our deferred income taxes based on the statutory tax rates, future forecasts and tax planning opportunities. Judgement is required in determining our future forecasts and evaluating our tax positions.

Our estimates are made based on the best available information at the time we prepare our consolidated condensed financial statements. In making our estimates, we consider the impact of legislative and judicial developments. As these developments evolve, we update our estimates, which, in turn, may result in adjustments to our effective tax rate.

We anticipate realization of a significant portion of our deferred tax assets through the reversal of existing deferred tax liabilities. Although realization is not assured, management believes it is more likely than not that our deferred tax assets, net of valuation allowances, will be realized.

Uncertain tax positions taken or expected to be taken in a tax return are recognized (or derecognized) in the financial statements when it is more likely than not that the position would be sustained on its technical merits upon examination by tax authorities, taking into account available administrative remedies and litigation. Assessment of uncertain tax positions requires significant judgments relating to the amounts, timing and likelihood of resolution.

Stock-based Compensation Expenses

Probability of attaining vesting conditions and the fair value of the stock-based compensation is highly subjective and requires judgement, and results could change materially if different estimates and assumptions were used. The probability assumptions are critically examined by management each reporting period and reviewed by the board of directors for reasonableness.

Research and Development Tax Incentive Income

The refundable tax offset is one of the key elements of the Australian Government's support for Australia's innovation system and if eligible, provides the recipient with cash based upon its eligible research and development activities and expenditures. The calculation of the refundable tax offset requires judgement as to what is eligible research and development activity and expenditure and the outcome will change if different assumptions are used.

Note 3, "Summary of Significant Accounting Policies" in Item 1 of this Form 10-Q and Note 1, "Summary of Significant Accounting Policies," of the Notes to Consolidated Financial Statements in Part II, Item 8 of the 2021 Form 10-K describes in further detail the significant accounting policies and methods used in the preparation of the Company's consolidated condensed financial statements. There have been no material changes to the Company's critical accounting policies and estimates since the 2021 Form 10-K. Management bases its estimates on historical experience and on various other assumptions it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recognition of revenue and expenses. Actual results may differ from these estimates.

Financial Condition, Liquidity and Capital Resources

Net Financial Assets

Our net financial assets position is shown below:

	June 30, 2022	December 31, 2021
	A\$	A\$
Financial assets		
Cash and cash equivalents	31,556,056	15,318,201
Accounts receivable	1,217,381	476,164
Total financial assets	32,773,437	15,794,365
Debt		
Short-term debt/ loan	222,757	64,900
Total debt	222,757	64,900
Net financial assets	32,550,680	15,729,465

Since inception, we have financed our business primarily through the issuance of equity securities, funding from strategic partners, government grants and rebates (including the research and development tax incentive income), cash flows generated from operations and a loan.

The increase in our net financial assets position is primarily a result of the A\$26 million raised pursuant to a A\$20 million fully underwritten rights issue and a A\$6 million placement, both at A\$0.77, which occurred during May 2022.

We believe we have sufficient cash and cash equivalents to fund our operations for at least the next twelve months from the date of issuance. Liquidity risk is the risk that the Company may encounter difficulty meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The purpose of liquidity management is to ensure that there is sufficient cash to meet all the financial commitments and obligations of the Company as they come due. In managing the Company's capital, management estimates future cash requirements by preparing a budget and a multi-year plan for review and approval by the Board of Directors ("the Board"). The budget is reviewed and updated periodically and establishes the approved activities for the next twelve months and estimates the costs associated with those activities. The multi-year plan estimates future activity along with the potential cash requirements and is based upon management's assessment of current progress along with the expected results from the coming years' activity. Budget to actual variances are prepared and reviewed by management and are presented on a regular basis to the Board.

The carrying value of the cash and cash equivalents and the accounts receivables approximates fair value because of their short-term nature.

We regularly review all our financial assets for impairment. There were no impairments recognized as at June 30, 2022 or for the year ended December 31, 2021.

The Company is continuing to monitor the potential impact of COVID-19, if any, on the Company's business and financial position.

Derivative Instruments and Hedging Activities

In determining fair value, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as consider our own and counterparty credit risk. For the six months ended June 30, 2022 and for the year ended December 31, 2021, we did not have any assets or liabilities that utilize Level 3 inputs.

We had no derivatives or outstanding contracts in place through the period ended June 30, 2022 and for the year ended December 31, 2021.

Measures of Liquidity and Capital Resources

The following table provides certain relevant measures of liquidity and capital resources:

	June 30, 2022	December 31, 2021
	A\$	A\$
Cash and cash equivalents	31,556,056	15,318,201
Working capital	33,147,791	15,448,181
Ratio of current assets to current liabilities	3.98	2.64
Shareholders' equity per common share	0.21	0.16

The movement in cash and cash equivalents and working capital (calculated as current assets less current liabilities) during the above periods was primarily the result of the A\$26 million raised pursuant to a A\$20 million fully underwritten rights issue and a A\$6 million placement which occurred in May 2022. This was offset by ongoing investment in our R&D activities and expenditure associated with the general operations of the Company.

We have not identified any collection issues with respect to receivables.

Summary of Cash Flows

	Six Months ended June 30, 2022	Year Ended December 31, 2021
	A\$	A\$
Cash provided by/ (used in):		
Operating activities	(9,658,341)	(9,896,620)
Investing activities	(406,134)	(664,584)
Financing activities	25,282,116	95,621
Net decrease in cash, cash equivalents and restricted cash	15,217,641	(10,465,583)

Our net cash used in operating activities for all periods represents receipts offset by payments for our R&D projects including efforts involved in establishing and maintaining our manufacturing operations and selling, general and administrative expenditure. Cash outflows from operating activities primarily represent the ongoing investment in our R&D activities and the general operations of the Company.

Our net cash used in investing activities for all periods is primarily for the purchase of various equipment and for the various continuous improvement programs we are undertaking.

Our net cash increase in financing activities for the six months ended June 30, 2022 is driven by proceeds received pursuant to the issuance of common stock and from the short-term loan facility the Company entered into to finance its 2022 insurance premium. This increase was offset by transaction costs incurred to facilitate the issuance of common stock and repayments of the Company's short-term loan facility.

Off-Balance Sheet Arrangement

As of June 30, 2022 and December 31, 2021, we did not have any off-balance sheet arrangements, as such term is defined under Item 303 of Regulation S-K, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Segment Operating Performance

We operate in one segment. We are a specialist biosensors Company focused on the development, manufacture and commercialization of a range of point of use devices for measuring different analytes across different industries.

We operate predominantly in one geographical area, being Australia.

The Company's material long-lived assets are predominantly based in Australia.

Item 3 Quantitative and Qualitative Disclosures About Market Risk

As a “smaller reporting company”, we are not required to provide the information called for by this Item.

Item 4. Controls and Procedures

Disclosure Controls and Procedures.

At the end of the period covered by this report, the Company and management evaluated the effectiveness of the design and operation of its disclosure controls and procedures. The Company’s disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. John Sharman, Principal Executive Officer and Saleshe Balak, Principal Financial Officer, reviewed and participated in this evaluation. Based on this evaluation, Messrs. Sharman and Balak concluded that, as of the end of the period covered by this report, the Company’s disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting.

During the fiscal quarter ended June 30, 2022, there were no changes in the Company’s internal control over financial reporting identified in connection with the evaluation referred to above in this Item 4 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II

Item 1 Legal Proceedings

None.

Item 1A Risk Factors

The business, financial condition and operating results of the Company can be affected by a number of factors, whether currently known or unknown, including but not limited to those described in Part I, Item 1A of the 2021 Form 10-K under the heading "Risk Factors," any one or more of which could, directly or indirectly, cause the Company's actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect the Company's business, financial condition, operating results and stock price. There have been no material changes to the Company's risk factors since the 2021 Form 10-K.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3 Defaults Upon Senior Securities

None.

Item 4 Mine Safety Disclosures

Not applicable.

Item 5 Other Information

None.

Item 6 Exhibits

<u>Exhibit No</u>	<u>Description</u>	<u>Location</u>
10.18	Underwriting Agreement between Viburnum Funds Pty Ltd and Universal Biosensors, Inc. executed on April 19, 2022	Filed herewith
31.1	Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer)	Filed herewith
31.2	Rule 13a-14(a)/15d-14(a) Certification (Principal Financial Officer)	Filed herewith
32	Section 1350 Certificate	Furnished herewith
101	The following materials from the Universal Biosensors, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 formatted in Inline Extensible Business Reporting Language (XBRL): (i) the Consolidated Condensed Balance Sheets, (ii) the Consolidated Condensed Statements of Comprehensive Income/(Loss), (iii) the Consolidated Condensed Statements of Changes in Stockholders' Equity and Comprehensive Income/(Loss), (iv) the Consolidated Condensed Statements of Cash Flows and (v) the Notes to Consolidated Condensed Financial Statements	As provided in Rule 406T of Regulation S-T, this information is furnished herewith and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.
104	Cover page Interactive Data File (embedded within the Inline XBRL and contained in Exhibit 101)	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNIVERSAL BIOSENSORS, INC.
(Registrant)

Date: August 10, 2022

By: /s/ John Sharman
John Sharman
Principal Executive Officer

Date: August 10, 2022

By: /s/ Satesh Balak
Satesh Balak
Principal Financial Officer



Underwriting Agreement

Viburnum Funds Pty Ltd

and

Universal Biosensors, Inc.



Ref 1116539

**Error! Unknown document
property name.**

Level 20, 240 St Georges

Terrace, Perth WA 6000

Australia

PO Box 7222, Cloisters Square

WA 6850 Australia

Telephone +61 8 6559 6500

Facsimile 1300 704 211

(Australia) +61 28507 6580

(International)

hwlebsworth.com.au

Table of contents

1.	Definitions and interpretation clauses	1
1.1	Definitions	1
1.2	Interpretation	8
1.3	Official quotation	9
2.	Underwriter's rights and obligations	9
2.1	Appointment	9
2.2	Sub-Underwriters	10
2.3	Conditions precedent	10
2.4	Benefit of conditions precedent	11
2.5	Conditions precedent not satisfied or waived	11
2.6	Not acting as adviser	11
3.	Company's obligations	11
3.1	Offer Documents	11
3.2	Conduct of the Offer and Placement	12
3.3	Due Diligence Program	13
3.4	Obligation to Underwriter	13
4.	Representations and warranties	14
4.1	Company representations and warranties	14
4.2	Underwriter representations and warranties	18
4.3	Company to disclose	19
4.4	Notice of breach	20
4.5	Acknowledgments	20
5.	The Offer Shares and Additional Shares	20
5.1	Offer of Offer Shares	20
5.2	Top Up Facility	21
5.3	Valid Applications to go in relief of Underwriter's obligations	21
5.4	Review of applications	21
5.5	Consents of authorities	21
5.6	Prompt banking of cheques	22

Underwriting Agreement

5.7	Retention of subscription moneys	22
5.8	Records	22
6.	Shortfall Securities	22
6.1	Allocation by Underwriter	22
6.2	Applications	22
6.3	Issue of Shortfall Securities	23
7.	Fees and expenses	23
7.1	Underwriting fee	23
7.2	Costs and expenses	25
8.	GST	26
8.1	GST payable	26
8.2	Variation	26
8.3	Definitions	26
9.	Discharge of Underwriter's obligations	27
10.	Termination by Underwriter	27
10.1	Notice of termination	27
10.2	Termination events	27
10.3	Material Adverse Effect	30
10.4	No prejudice	30
10.5	Survival	30
11.	Indemnification of Underwriter	30
11.1	Underwriter not responsible	30
11.2	Indemnity	31
11.3	Reimbursement of expenses	31
11.4	Benefit of indemnity	31
11.5	Limit of indemnity	31
11.6	No waiver of indemnity	32
11.7	Indemnity survives termination	32
11.8	Contribution	32
11.9	No excess contribution	32
12.	Inquiries by Underwriter	32

12.1	Additional information	32
12.2	Access	32
12.3	Retention of documents	33
13.	Notifications to Underwriter	33
14.	General	33
14.1	Further acts	33
14.2	Notices	33
14.3	Jurisdiction and governing law	34
14.4	Amendments	34
14.5	Assignment	35
14.6	Severability of provisions	35
14.7	Waiver	35
14.8	Enurement	35
14.9	Indemnities	35
14.1	Entire agreement	35
14.11	No representation or reliance	36
14.12	Counterparts	36
Annexure A	Form of Certificate	38
Annexure B	Timetable	39
Annexure C	Underwriter Option Terms	40

Underwriting Agreement

Underwriting Agreement

Date		
Parties	Universal Biosensors, Inc. of 1 Corporate Avenue, Rowville, VIC 3178	
	(Company)	
	Viburnum Funds Pty Ltd ACN 126 348 990 of 31 Carrington Street, Nedlands WA 6009	
	(Underwriter)	
Recitals	A.	The Company proposes to make an offer to Eligible Shareholders, on the terms and conditions contained in the Offer Documents.
	B.	The Company has requested the Underwriter to underwrite the Offer Shares, which the Underwriter has agreed to do on the following terms and conditions.

The Parties agree, in consideration of, among other things, the mutual promises contained in this agreement as follows:

1. Definitions and interpretation clauses

1.1 Definitions

In this agreement the following terms shall bear the following meanings:

Accounts	means the annual financial statements of the Relevant Companies as at and for the period ending 31 December 2021.
Additional Shares	means the Offer Shares that may be applied for by Eligible Shareholders under the Top Up Facility as described in the Offer Booklet.
Appendix 3B	means the document to be prepared by the Company in accordance with Appendix 3B of the Listing Rules in respect of the Offer Shares and lodged by the Company with ASX.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited (ABN 98 008 624 691) and, where the context requires, its related bodies corporate (as defined in the Corporations Act), or the financial market operated by ASX Limited.

ASX Announcement	means the ASX announcement issued by the Company regarding the Offer on the Lodgement Date.
Authorisation	includes any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with any governmental agency.
Board or Directors	means the board of directors of the Company from time to time.
Business Day	means a day upon which ASX is open for trading in securities and trading banks in Melbourne, Victoria are open for general banking business.
CDI	means a CHESS Depositary Interest representing a unit of beneficial ownership in a Share.
Certificate	means a letter to the Underwriter signed by two authorised representatives of the Company as set out in the Annexure A.
Cleansing Notice	means the notice given to ASX by the Company under section 708AA(2)(f) in respect of the Offer.
Closing Date	means the closing date set out in the Timetable, or such other date as the Company and the Underwriter agree in writing.
Contract	means any agreement of a Relevant Company disclosed to ASX where the consideration or amount paid or payable by or to a Relevant Company thereunder is at least \$1 million.
Controller	means, in respect of a Relevant Company, any person described in section 419(1) of the Corporations Act.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Due Diligence Committee	means the committee established by the Company to carry out Due Diligence Program.
Due Diligence Program	means the investigations of the assets, operations and affairs of each Relevant Company implemented under a resolution of the Board for the purpose of preparing and verifying the Offer Documents and ensuring that the Offer Documents comply with the Corporations Act.
Due Diligence Results	means the results of the investigations which make up the Due Diligence Program, as maintained by the Company, including but not limited to any reports of the committee established in connection with the Due Diligence Program and all supporting documents and work papers to which the Due Diligence Program relates.
Eligible Shareholder	<p>means a Shareholder who:</p> <ul style="list-style-type: none"> (a) as at the Record Date, has a registered address in Australia or New Zealand; (b) is not in the United States; (c) is not, and is not acting for the benefit or account of, a US Person within the meaning of Regulation S; and (d) is eligible under all applicable laws to receive an offer under the Offer.

**Entitlement and
Acceptance Form**

means any entitlement and acceptance form accompanying the Offer Booklet.

**Event of
Insolvency**

means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, Controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable law to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

**Excluded
Information**

means excluded information as defined in section 708AA(8) of the Corporations Act.

Excluded Shareholder	means a Shareholder that is not an Eligible Shareholder.
Execution Date	means the date on which this agreement is executed.
Force Majeure	means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the Parties.
Insolvency Provision	means any law relating to insolvency, sequestration, liquidation or bankruptcy (including any law relating to the avoidance of conveyances in fraud of creditors or of preferences, and any law under which a liquidator or trustee in bankruptcy may set aside or avoid transactions), and any provision of any agreement, arrangement or scheme, formal or informal, relating to the administration of any of the assets of any person.
Intellectual Property	means the business names, present and future copyright, circuit layout rights, moral rights, trade marks, designs and similar industrial and commercial and intellectual property (whether registered or not and whether protected by statute or not and including know how) of a Relevant Company throughout the world.
Investor Presentation	means an investor presentation to be prepared by the Company in respect of the Offer and lodged by the Company with ASX in accordance with the Timetable.
Listing Rules	means the listing rules and settlement operating rules of ASX from time to time, as waived or modified in respect of the Company or the Offer.
Lodgement Date	means the date set out in the Timetable, or such other date as the Company and the Underwriter agree in writing.
Material Adverse Effect	means: <ul style="list-style-type: none"> (a) a material adverse effect on the outcome of the Offer or on the likely trading price for the Offer Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Offer Shares); or (b) a material adverse effect on the assets, liabilities, condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries either individually or taken as a whole.
Offer	means the non-renounceable pro rata entitlement offer to Eligible Shareholders on the basis of 1 (one) Offer Share for every 6.85 Shares held by that Eligible Shareholder on the Record Date, as well as the offer to apply for Additional Shares under the Top Up Facility, in each case at the Price, to raise \$20,000,000.

Offer Booklet	means an offer document issued or published by or on behalf of the Company in respect of the Offer to be sent to Eligible Shareholders.
Offer Share	means a Share issued pursuant to the Offer and, for the avoidance of doubt, includes Offer Shares representing an Eligible Shareholder's Entitlement not taken up by that Eligible Shareholder, and Offer Shares which would have been offered to Excluded Shareholders if they had been entitled to participate in the Offer.
Opening Date	means the date set out in the Timetable, or such other date as the Company and the Underwriter agree in writing.
Option	means an option to acquire a Share.
Offer Documents	means the documents issued or published by or on behalf of the Company in respect of or relating to the Offer, including: <ul style="list-style-type: none"> (a) the Offer Booklet; (b) the ASX Announcement; (c) the Cleansing Notice; (d) the Investor Presentation; (e) the Appendix 3B; (f) the Entitlement and Acceptance Form; and (g) any communications (whether written or electronic) that are presented or provided to Shareholders and other parties (including any roadshow and management presentations or other investor presentations) in connection with the Offer by or on behalf of the Company.
Party	means a party to this agreement.
Placement	means a potential non-underwritten placement of new Shares to institutional investors to raise up to \$5,000,000, with the ability for the Company to, in consultation with the lead manager for the Placement, accept oversubscriptions.
Placement Shares	means the Shares to be offered or issued under the Placement at a price per Share equal to at least the Price.
Prescribed Occurrence	means: <ul style="list-style-type: none"> (a) a Relevant Company converting all or any of its shares into a larger or smaller number of shares; (b) a Relevant Company resolving to reduce its share capital in any way;

- (c) a Relevant Company:
 - (i) entering into a buy back agreement or;
 - (ii) resolving to approve the terms of a buy back agreement under section 257D or 257E of the Corporations Act;
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares or any other securities, or agreeing to make such an issue or grant such an option (other than in the circumstances referred to in clause 4.1(g) or as previously notified to the Underwriter prior to the date of this agreement);
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

Price	means \$0.77 per Offer Share.
QIB	means a “qualified institutional buyer” as defined in Rule 144A.
Record Date	means the record date specified in the Timetable.
Regulation S	means Regulation S promulgated under the Securities Act.
Related Parties	has the meaning in clause 11.2.
Relevant Company	means the Company and each Subsidiary.
Rule 144	means Rule 144 promulgated under the Securities Act.
Rule 144A	means Rule 144A promulgated under the Securities Act.
Securities Act	means the US Securities Act of 1933, as amended.

Share	means a fully paid ordinary share in the capital of the Company, or CDI, as the context requires.
Shareholder	means a holder of a Share on the Record Date.
Shortfall Notice Deadline Date	means the date of notification of undersubscription to ASX as set out in the Timetable, or such other date as the Company and the Underwriter agree in writing, as the date by which the Company must give the Underwriter written notice of the Shortfall Securities and the Certificate.
Shortfall Securities	means, subject to the deeming provisions of clause 5.2, Offer Shares for which Valid Applications have not been received by 5:00 pm on the Closing Date.
Subsidiary	means each company which is now, or before the issue of all the Offer Shares becomes, a subsidiary of the Company as that term is defined in the Corporations Act.
Sub-Underwriter	means any sub-underwriter that enters into a sub-underwriting agreement with the Underwriter in relation to the Offer.
Timetable	means the timetable set out in Annexure B, or as otherwise varied as the Parties agree in writing.
Top Up Facility	means the offer to Eligible Shareholders to apply for Additional Shares in excess of their Entitlement, provided that no Eligible Shareholder shall be entitled to subscribe for Additional Shares which represent more than 100% of their Entitlement.
Underwritten Amount	means \$20,000,000.
Underwriter Options	means the options to be issued to the Underwriter, subject to receipt of approval of the Company's shareholders, pursuant to clause 7.1(a) and on the terms set out in Annexure C.
Underwriter Shares	means the Shares issuable upon exercise of the Underwriter Options.
United States or US	means the United States of America, its territories and possessions, and any state of the United States and the District of Columbia and other areas subject to its jurisdiction.
US Person	has the meaning given to such term in Regulation S.
Valid Application	means an acceptance of the Company's offer to subscribe for the Offer Shares (including Additional Shares): <ul style="list-style-type: none"> (a) that is made on an entitlement and acceptance form which was attached to or accompanied the Offer Booklet that is properly completed in accordance with the instructions in that form and in the Offer Booklet;

- (b) that is accompanied by any supporting documents required by the Offer Booklet to accompany that form;
- (c) that is received by the Company on or before the Closing Date at a place specified in the Offer Booklet for lodgement of forms;
- (d) that is not withdrawn before the Closing Date; and
- (e) in respect of which payment of the Price for the relevant number of Offer Shares and any Additional Shares is received and is cleared when presented for payment by the relevant financial institution on which the payment is drawn.

**Verification
Material**

means the material maintained by the Company, being the documents and information provided by the Company in verification of statements made in the Offer Documents, as inspected and approved by the Underwriter immediately before the Lodgement Date.

1.2 Interpretation

In this agreement:

- (a) headings are for convenience only and do not affect interpretation; and
- (b) the recitals to this agreement are to be construed as part of this agreement,

and unless the context indicates a contrary intention:

- (c) the expression 'person' includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (e) a reference to any document (including this agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (h) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this agreement, and a reference to this agreement includes any schedule, exhibit or annexure to this agreement;

- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) the word 'includes' in any form is not a word of limitation;
- (k) a reference to '\$' or 'dollar' is to Australian currency;
- (l) all references to time are to Australian Eastern Standard Time;
- (m) if any day appointed or specified by this agreement for the payment of any money or doing of any thing falls on a day which is not a Business Day, the day so appointed or specified shall be deemed to be the next Business Day; and
- (n) the Parties acknowledge and agree that all securities issued under or in connection with the Offer (other than Options) will be in the form of CDIs.

1.3 Official quotation

A reference in this agreement to grant of "official quotation" includes a reference to unconditional approval (or conditional approval, provided such condition would not, in the reasonable opinion of the Underwriter, have a Material Adverse Effect) by ASX in writing for all the Offer Shares to be officially quoted on ASX. Without limitation, granting of official quotation must be taken to have been refused if any prior approval is withdrawn or if a statement to the effect that official quotation will be refused or withdrawn is made to the Company, the Underwriter or to the public by ASX before the Closing Date.

2. Underwriter's rights and obligations

2.1 Appointment

The Company appoints the Underwriter to underwrite the Offer Shares, on the terms and conditions of this agreement, and the Underwriter accepts the appointment.

2.2 Sub-Underwriters

- (a) The Underwriter may, at its own expense, engage Sub-Underwriters on such terms and conditions as it determines in its absolute discretion.
- (b) Other than as reasonably necessary by law or the Listing Rules, the Company must not make or cause to be made any announcement or other disclosure of or in relation to the identity of any Sub-Underwriter without the prior written consent of the Underwriter, which consent cannot be unreasonably withheld or delayed.

2.3 Conditions precedent

- (a) The obligations of the Underwriter under this agreement are subject to and conditional upon:
 - (i) **Legal sign-off:** a legal sign-off letter being provided to the Due Diligence Committee by the Company's solicitors before the Lodgement Date and to the satisfaction of the Underwriter (acting reasonably), addressed to be for the benefit of the Underwriter confirming that:
 - (A) the Due Diligence Program has been implemented and completed in accordance with the planning memorandum adopted by the Due Diligence Committee;

- (B) the verification and sign-off procedures for the Offer Documents have been conducted in accordance with the Due Diligence Program; and
 - (C) the Due Diligence Program and the sign-off procedures for the Offer Documents referred to above constitute all inquiries and precautions that are reasonable in the circumstances and involved the exercise of due diligence by the directors of the Company to ensure that all material statements in the Offer Documents are not misleading or deceptive and that there are no material omissions from the Offer Documents;
- (ii) **Due diligence:** the Underwriter being satisfied (acting reasonably) with the results of its due diligence investigations in relation to the affairs of the Company, the Due Diligence Program and the Due Diligence Results by the Lodgement Date;
 - (iii) **ASX Lodgement:** the Appendix 3B, ASX Announcement and Cleansing Notice, in a form and substance acceptable to the Underwriter (acting reasonably), being lodged with ASX before 10:00 am on the Lodgement Date in accordance with the Timetable; and
 - (iv) **Regulatory:** the Company obtains before 10:00am on the Lodgement Date all consents and approvals, including regulatory and board approvals, including any ASX or ASIC waivers (in a form and substance reasonably acceptable to the Underwriter) required to enable the Offer to proceed in accordance with the Offer Documents, the Timetable and the terms and conditions of this agreement.

2.4 Benefit of conditions precedent

The conditions precedent in clause 2.3 are for the benefit of the Underwriter and may only be waived by the Underwriter.

2.5 Conditions precedent not satisfied or waived

- (a) If each of the conditions precedent referred to in clause 2.3 are not satisfied by the Company or waived by the Underwriter, the Underwriter (in its absolute and unfettered discretion) may terminate this agreement by notice in writing to the Company.
- (b) If the Underwriter terminates this agreement in accordance with clause 2.5(a), the Underwriter will have no further obligations under this agreement but the Company will remain liable to meet its obligations and liabilities to the Underwriter under clause 7.

2.6 Not acting as adviser

The Parties agree that it is not the intention of the Parties to create a fiduciary relationship between them. Without limiting this, each Party acknowledges and agrees that:

- (a) the Underwriter is only acting in its capacity as underwriter in relation to the Offer and that the Underwriter is not acting as adviser to the Company in respect of the Offer;
- (b) the Parties are contracting on an arm's-length basis to request that the Underwriter provide the services set out in this agreement; and
- (c) the Underwriter is not acting in a fiduciary capacity with respect to the Company or any of the Company's directors, officers or employees.

3. Company's obligations

3.1 Offer Documents

The Company must:

- (a) **Lodge Offer Documents:** lodge the Offer Documents with ASX in accordance with the Timetable and, subject to its obligations under the ASX Listing Rules, only after receiving the Underwriter's approval;
- (b) **Complying Offer Documents:** ensure that the Offer Documents comply with the Corporations Act and the Listing Rules;
- (c) **Complying Offer:** ensure that the Offer takes place in compliance with the terms of the Offer Documents, the Listing Rules, any applicable law or regulation and any modification, exemption, declaration, waiver, direction or ruling by ASIC or ASX and complies with the regulatory requirements of all countries and jurisdictions outside the Commonwealth of Australia and all States and Territories of Australia where the Offer will be made; and
- (d) **Defective Cleansing Notice:** if the Company is notified, forms the view or becomes aware:
 - (i) of any Excluded Information that would have been required to be disclosed in any Offer Documents under sections 708AA(7)(d), (8) and (9) (including, in the case of a new circumstance which arises after a relevant document is given to ASX, if it had arisen before the document was given to ASX);
 - (ii) that the Cleansing Notice is defective (as defined in section 708AA(11));
 - (iii) of a material change to the potential effect of the Offer on control of the Company or to the consequences of that effect; or
 - (iv) that any of the Offer Documents is, or contains a statement which is, false, misleading or deceptive in any respect (including by misstatement or omission or as a result of a new circumstance that has arisen since the relevant document was issued),

the Company must promptly notify the Underwriter of that information or matter and must, if required by the Underwriter (acting reasonably) or the Corporations Act, as soon as practicable give a correcting notice under subsections 708AA(10) of the Corporations Act (**Supplementary Cleansing Notice**) to ASX and prepare and give to ASX an amendment or supplement in respect of that information or matter in a form approved in writing by the Underwriter, such approval not to be unreasonably withheld or delayed. Any such approval is provided without prejudice to the rights of the Underwriter to terminate this agreement. Following the issue of any such correcting notice, amendment or supplement, the Company must promptly take such action as may reasonably be requested by the Underwriter (including dispatching copies of such correcting notice, amendment or supplement to all recipients of the Offer Documents).

3.2 Conduct of the Offer and Placement

The Company must:

- (a) **Open the subscription list:** on the Opening Date open the subscription list for the Offer;
- (b) **Close the subscription list:** not, except with the prior written consent of the Underwriter, close the subscription list before the Closing Date;
- (c) **Compliance:** otherwise conduct the Offer in accordance with the Timetable, the Offer Documents, the Listing Rules, the Corporations Act, this agreement, and all other applicable laws;
- (d) **Requisition notice:** immediately upon receipt thereof, notify the Underwriter of any requisition, notice, claim or requirement issued or raised by ASIC or the ASX in relation to the Offer Documents or any order, direction or notice issued by ASIC or the ASX in relation to the Offer Documents, together with any reply, request or response provided by the Company to ASIC and/or the ASX from time to time. Any alterations or amendments required to the Offer Documents arising from any requisition or requirement of ASIC and/or the ASX must be agreed by the Underwriter in writing, which agreement shall not be unreasonably withheld or delayed; and
- (e) **Consent of Underwriter:** obtain the prior written consent of the Underwriter to the form and contents of and to any amendments to the Offer Documents, which consent shall not be unreasonably withheld or delayed.

3.3 Due Diligence Program

The Company must:

- (a) **Due Diligence Program:** ensure the Due Diligence Program is implemented up to the Lodgement Date, and continues until the date that the Offer Shares are issued, by making all inquiries that are reasonable in the circumstances and taking all reasonable steps and conducting Due Diligence Investigations to ensure that:
 - (i) there are no omissions from the Offer Documents of information required to be included by the Corporations Act, the Listing Rules and other applicable laws;
 - (ii) no statement in the Offer Documents is, or becomes, false, misleading or deceptive, or is likely to be false, to mislead or to deceive, including by omission;
 - (iii) the issue of the Offer Documents does not constitute conduct by any person which is misleading or deceptive and the Offer Documents do not become misleading or deceptive, including by omission; and
 - (iv) the Company is made aware as soon as practicable of any new circumstance that has arisen since the Lodgement Date that would have been required by the Corporations Act to be included in the Offer Documents if it had arisen before the Lodgement Date;

- (b) **File copies:** maintain Due Diligence Program files with the Due Diligence Results and make those files available to the Underwriter on reasonable request from the Underwriter at any time from the date of this agreement; and
- (c) **Copies:** upon request, give the Underwriter copies of all documents, notices and circulars despatched to Shareholders in respect of the Offer from the date of this agreement.

3.4 Obligation to Underwriter

The Company must:

- (a) **Copies of the Offer Documents:** not later than 2 days after their lodgement, make available to the Underwriter such copies of the Offer Documents as the Underwriter reasonably requires;
- (b) **Obtain Underwriter's approval:** not make any announcement as to the success or otherwise of the Offer nor otherwise advertise or publicise the Offer before the Closing Date except with the prior written consent of the Underwriter (such consent not to be unreasonably withheld) except to the extent required by ASX, the Listing Rules, the Corporations Act, by statute or by regulatory authorities in any relevant governing jurisdiction; and
- (c) **Inform Underwriter of breach:** inform the Underwriter of the occurrence of any termination event specified in clause 10.2, material breach of, or material default under, this agreement as soon as practicable in writing.

4. Representations and warranties

4.1 Company representations and warranties

As an inducement for the Underwriter to enter this agreement, the Company represents, warrants and undertakes to the Underwriter that now and at all times up until and as at the close of business on the day of issue of the Offer Shares:

- (a) **Related parties:** none of the Company's related parties (as that term is defined in the Listing Rules) will participate in the Offer other than as permitted under the Listing Rules (or any waiver granted by ASX);
- (b) **Due Diligence Results:** the Due Diligence Results and the Verification Material are correct and accurate in all material respects and there is no omission from them having regard to the purpose and scope of the Due Diligence Program;
- (c) **Offer Shares:**
 - (i) the Shares to be issued will be validly issued on the terms and subject to the conditions set out in the Offer Documents, fully paid, rank equally with existing Shares on issue and will be issued free from all encumbrances, other than those provided for in the Certificate of Incorporation and Bylaws of the Company;

- (ii) there are no restrictions on the voting or transfer of the Offer Shares, or on the declaration or payment of any dividend or distribution on them, except for those fully and fairly disclosed in the Offer Documents or as provided in the Company's Certificate of Incorporation and Bylaws or other regulatory filings, the Corporations Act or Australia's taxation legislation (as they apply to the Company), or any other legislation applicable to the Company;
 - (iii) the Offer Shares are being issued for the purposes disclosed in the Offer Documents and not for the purpose referred to in section 707(3)(b)(i) of the Corporations Act;
 - (iv) the Offer Shares are and will be in a class of securities that were quoted securities at all times in the 12 months prior to the date of their issue, and trading in that class of securities on ASX has not been suspended for more than a total of 5 days in those 12 months;
 - (v) no ASIC determination under section 708AA(2) of the Corporations Act is in force in relation to the Company, and no such determination in respect of the Company has been in force at any time in the 12 months prior to the date of this agreement; and
 - (vi) other than in respect of the issue of Underwriter Options, Shareholder approval is not required to undertake the Offer, or to offer or issue or agree to issue the Offer Shares;
- (d) **Compliance:**
- (i) the Offer and the content, issue and distribution of the Offer Documents will comply with the Corporations Act, any ASX approvals, any ASIC relief, the Listing Rules and all other applicable laws;
 - (ii) to the best of the Company's knowledge, the Company is not in breach of any applicable laws and it has appropriate procedures in place to ensure continued compliance with the requirements of all applicable laws;
 - (iii) the Company is able to provide, and there is nothing preventing it from providing a notice under subsections 708AA(2)(f) and (7) of the Corporations Act in accordance with the Timetable and the offer of the Offer Shares for sale from the day of their issue will be an offer to which section 708AA(2) of the Corporations Act applies in respect of the Company; and
 - (iv) no exemption under sections 111AS or 111AT of the Corporations Act or order under sections 340 or 341 of the Corporations Act, has been made in respect of the Company, or any person, as a director or auditor of the Company at any time in the 12 months before the Offer Shares are issued;
- (e) **Offer Documents:**
- (i) the Offer Documents will comply with all applicable laws including the Corporations Act, the Listing Rules and any other applicable laws, rules and binding regulatory requirements;
 - (ii) there have not been any, and there will be no, omissions from any Offer Documents of material required by the Corporations Act;

- (iii) the Offer Documents do not and will not contain any statements which are untrue, inaccurate, misleading or deceptive or likely to mislead or deceive (whether by inclusion or omission), in each case, in any material respect;
- (iv) any statement of opinion or belief contained in the Offer Documents was (at the time made), and is, truly and honestly held by the person making the statement, and the maker of the statement has reasonable grounds for holding the opinion or belief;
- (v) the distribution of the Offer Documents, of itself, or the making of the Offer, will not constitute conduct by any person which is misleading or deceptive; and
- (vi) except as disclosed to ASX prior to the date of this agreement, as at the Lodgement Date the Company:
 - (A) is in compliance with all disclosure obligations applicable under all laws and regulations including all relevant continuous disclosure requirements under the Corporations Act and Listing Rules; and
 - (B) has disclosed, or will disclose, to ASX all information that the Company is required by law to disclose, including all information which would be disclosable if the exception in Listing Rule 3.1A were not available and all information that the Company is required to disclose as Excluded Information in the Cleansing Notice (in compliance with subsections 708AA(7)(d), (8) and (9)), in connection with an issue of Offer Shares;
- (f) **Recitals correct:** the recitals to this agreement are true and correct;
- (g) **No rights to securities:** other than any Shares which may be issued on conversion of any Options on issue, any securities under an employee or executive incentive plan currently in place, the Placement Shares, the Offer Shares in accordance with the Offer Documents or Shortfall Securities or Underwriter Options under this agreement, no Relevant Company will issue or agree to issue any shares, options, securities or interests and no other person has or will have any right to subscribe for or to receive or be issued any shares, securities or interests of any Relevant Company;
- (h) **Authorisations:** each Relevant Company holds all Authorisations required for the conduct of its business and, to the best of the knowledge, information and belief of the Company (after having made all due and proper enquiries) all of those Authorisations are in full force and effect and not liable to be revoked or reviewed;
- (i) **Intellectual Property:** except as disclosed in the Offer Booklet, each Relevant Company owns or is entitled to use all Intellectual Property necessary to carry on the business now operated by them in the manner described in the Offer Booklet and no Relevant Company has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or which may have a Material Adverse Effect;
- (j) **No litigation:** other than as disclosed in the Offer Documents, there are no litigation, arbitration, industrial or administrative proceedings on foot or to the best of the Company's knowledge, threatened, which could reasonably be expected to have a Material Adverse Effect;

- (k) **No encumbrances:** other than as disclosed in the Offer Documents or in the Due Diligence Results, or otherwise disclosed to the Underwriter in writing, no Relevant Company has or will have created or agreed to create any mortgage, charge, lien or other security or encumbrance over any or all of its assets;
- (l) **Contracts disclosed:** other than the Contracts, there is no contract to which any Relevant Company is a party which is material to the making of an informed investment decision in relation to the Offer Shares which has not been disclosed in the Offer Documents;
- (m) **No Prescribed Occurrence:** no Prescribed Occurrence exists or will occur in respect of any Relevant Company after the execution of this agreement other than the issue of securities in accordance with the Offer Documents or this agreement;
- (n) **Corporate authority:** all necessary corporate action and authorisations to permit the Company to enter into this agreement and the Contracts, for the Company to lodge the Offer Documents with ASX and for the Company to make the Offer have been obtained and are and will be in full force and effect;
- (o) **Binding obligations:** this agreement constitutes a legal, valid and binding obligation on the Company and subject to any necessary stamping is enforceable in accordance with its terms;
- (p) **No Event of Insolvency:** no Event of Insolvency has occurred in relation to any Relevant Company nor is there any act which has occurred or any omission made which may reasonably be expected to result in an Event of Insolvency occurring in respect of a Relevant Company;
- (q) **Certificate correct:** the Certificate will be true and correct;
- (r) **Agreement does not result in breach:** the execution and carrying out of this agreement will not conflict with or result in a breach of or a default under any of the terms or provisions of any mortgage, deed or trust or other instrument binding on any Relevant Company;
- (s) **No default or breach:** the Contracts are all the material agreements to which a Relevant Company is a party and no Relevant Company is in breach in any material respect under any of the Contracts and nothing has occurred which is, or with giving of notice, lapse of time, satisfaction of some other condition, or any combination of the above, constitutes an event (whatever called) which causes or enables the expenditure or acceleration of expenditure of any payment to be made under, or the enforcement, termination or rescission of, any Contract binding on a Relevant Company;
- (t) **Compliance with laws:** other than as disclosed to the Underwriter as part of the Due Diligence Program, each Relevant Company has complied with the Corporations Act and all applicable laws that relate in any way to them in all material respects;
- (u) **Accounts:** the Accounts present a true and fair view of the financial position of the Relevant Companies as at and for the period ending on the last balance date of the Accounts and there has been no material adverse change since that date in the trading results or financial position of any of the Relevant Companies;

- (v) **Financial statements:** the financial statements (including any notes) of the Company and its Subsidiaries as announced on ASX:
 - (i) present fairly the financial position of the Company and its Subsidiaries as at the dates indicated and the results of their operations and changes to cash flows for the periods specified; and
 - (ii) except as otherwise disclosed, have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) applied on a consistent basis throughout the relevant reporting periods;
- (w) **No breach:** other than as disclosed to the Underwriter as part of the Due Diligence Program, no Relevant Company is in breach of any obligations or in violation of any provision of any judgement binding on it or its constituent documents, any law or any document, agreement or other arrangement binding on it or its assets including:
 - (i) any provision of the Company's Certificate of Incorporation and Bylaws;
 - (ii) the Corporations Act;
 - (iii) the Listing Rules;
 - (iv) any other applicable laws in any jurisdiction where the Offer is made;
 - (v) any Contract; and
 - (vi) any indenture, mortgage, deed of trust, loan arrangement or any other agreement or instrument to which the Relevant Company is a party;
- (x) **Certificate of Incorporation and Bylaws:** the Company's Certificate of Incorporation and Bylaws comply with the Listing Rules and the requirements of ASX for the purpose of it being admitted to the Official List of ASX and otherwise the laws of Delaware;
- (y) **No inside information:** other than the Offer and information contained in the drafts of the Offer Documents provided to the Underwriter immediately prior to execution of this agreement, it is not aware of any information that is not generally available at the date of this agreement which, if made generally available, would be likely to have a material effect upon the price or value of the Shares;
- (z) **Due diligence:** it has made reasonable enquiries to ensure that there are no omissions of Excluded Information or other required information from the Offer Documents and that the statements included in the Offer Documents are true and are not misleading or deceptive or likely to mislead or deceive and do not constitute conduct by any person which is misleading or deceptive or likely to mislead or deceive;
- (aa) **Information:** all information provided to the Underwriter by or on behalf of the Company is true and correct in all material respects and does not contain statements which are misleading or deceptive or likely to mislead or deceive and there is no material information that has not been disclosed to the Underwriter which has, or could reasonably be expected to have, a Material Adverse Effect;
- (bb) **Past security issues:** other than as disclosed to the Underwriter or in the Due Diligence Results, or as previously announced to the market, the Company confirms that there are no outstanding issues with respect to previous capital raisings in the Company or the issuance of securities pursuant to such raisings and that all funds have been received by the Company under such raisings; and

- (cc) **No directed selling efforts in the US:** neither the Company nor any person acting on its behalf, has engaged or will engage in any directed selling efforts (as defined in Rule 902(c) of Regulation S) in the United States with respect to the Offer Shares.

4.2 Underwriter representations and warranties

The Underwriter represents, warrants and undertakes to the Company that now and at all times up until and as at the close of business on the day of issue of the Offer Shares:

- (a) **(status)** it is a body corporate validly existing under the laws of its place of incorporation;
- (b) **(power)** it has full legal capacity and power to enter into and perform its obligations under this document;
- (c) **(authorisations)** all approvals and authorities that may be required to permit it to enter into this document and to perform its obligations under this document have been obtained and such authorisations remain valid and subsisting;
- (d) **(binding obligation)** this document is a valid and binding obligation on it, enforceable against it in accordance with its terms;
- (e) **(price stabilisation)** it has not taken and will not take directly or indirectly, any action designed to cause or result in the stabilisation or manipulation of the price of the ordinary shares in the Company;
- (f) neither it nor any of its affiliates, nor any person acting on its behalf, including any Sub-Underwriters:
 - (i) has engaged or will engage in any form of directed selling efforts (as such term is defined in Regulation S) in connection with any offer and sale of the Offered Shares; or
 - (ii) has offered or sold (or solicited an offer to buy), or will offer or sell (or solicit an offer to buy), any Offered Shares except in accordance with Rule 903 or 904 of Regulation S or to a prospective investor whom the Underwriter, its affiliates or person acting on its behalf, immediately prior to soliciting any such offer or sale, had reasonable grounds to believe, and did believe not to be a US Person;
- (g) neither the Underwriter nor any Sub-Underwriter is a U.S. Person; and
- (h) that:
 - (i) the Offer Shares have not been and will not be registered under the Securities Act and may not be offered or sold in, into or within the United States or to, or for the account or benefit of, any US Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and
 - (ii) all purchasers of the Offer Shares (including any Sub-Underwriters) will be informed that the Offer Shares have not been and will not be registered under the Securities Act and that the Offer Shares are being offered and sold to such purchasers in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and that the Underwritten Securities may not be offered or sold, directly or indirectly, in or into the United States, or to a U.S. Person or resident of the United States, except in compliance with the registration requirements of the Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States (which the Company has no obligation or intention to do or procure) or pursuant to an exemption from, or in a transaction exempt from or not subject to, such registration requirements and any other applicable securities laws.

4.3 Company to disclose

The Company will immediately disclose to the Underwriter any matter it becomes aware of and any circumstance arising after the Execution Date and prior to the completion of the Offer which:

- (a) causes, or is likely to cause, any information or document provided to the Underwriter by the Company to be false, misleading or incomplete in any material respect; or
- (b) has, or is likely to have an adverse effect on the financial position or prospects of the Company.

4.4 Notice of breach

The Company must immediately give notice in writing to the Underwriter of any breach by the Company of this agreement that occurs before the day of issue of the Offer Shares. Such notification does not limit or affect the liability of the Company for any such breach.

4.5 Acknowledgments

Each party acknowledges that:

- (a) the other party has entered into this agreement in reliance on the representations, warranties and undertakings given by that party;
- (b) the Company has given the representations, warranties and undertakings with the intention of inducing the Underwriter to enter into this agreement; and
- (c) except where a representation, warranty or undertaking expressly states otherwise, each party gives all the representations, warranties and undertakings to the best of its knowledge and belief and after having made full and proper enquiries on the subject matter to which the representation, warranty or undertaking relates.

5. The Offer Shares and Additional Shares

5.1 Offer of Offer Shares

Subject to clause 5.2, the Company must:

- (a) **Notify Underwriter:** from the Business Day after the Opening Date to the Closing Date, give written notice to the Underwriter on a daily basis of the Valid Applications received, the identity of the applicants and the number of Offer Shares and Additional Shares validly applied for unless otherwise reasonably requested by the Underwriter;

- (b) **Final list:** cause a final computerised list of Valid Applications to be delivered to the Underwriter as soon as possible after the Closing Date and in any event, by the Shortfall Notice Deadline Date;
- (c) **Acceptance of Valid Applications:** accept all Valid Applications for Offer Shares and Additional Shares;
- (d) **Issue Offer Shares and Additional Shares:** issue the Offer Shares and Additional Shares in accordance with the Valid Applications and the Timetable;
- (e) **Issue holding statements:** complete the despatch of holding statements for the Offer Shares in accordance with the Listing Rules;
- (f) **Documents to ASX and ASIC:** execute and perform all documents and things as may be reasonably necessary to procure official quotation of the Offer Shares and send to ASX and the ASIC on completion of the Offer the details of issues and other information required by the Listing Rules and the Corporations Act; and
- (g) **Advise Underwriter of issues:** notify the Underwriter of the days on which issue of the Offer Shares commences and terminates.

5.2 Top Up Facility

- (a) Where an Eligible Shareholder has submitted a Valid Application for their full Entitlement to Offer Shares under the Entitlement Offer, the parties agree that the Eligible Shareholders may apply for Additional Shares under the Top Up Facility on the following basis:
 - (i) Additional Shares will only be issued to the extent not every Eligible Shareholder has submitted a Valid Application for its full Entitlement under the Entitlement Offer by 5.00pm on the Closing Date, and Valid Applications in excess of the available Additional Shares may be scaled back by the Company at its absolute discretion in accordance with terms of the Offer Booklet; and
 - (ii) the Additional Shares will be issued at the Price.
- (b) The allocation of Additional Shares to Eligible Shareholders under the Top Up Facility will be determined by the Company at its absolute discretion, having regard to the allocation policy set out in the Offer Booklet.

5.3 Valid Applications to go in relief of Underwriter's obligations

All Valid Applications received by the Company will be deemed to have been accepted in full by the Company and will go in relief of the obligations (if any) of the Underwriter under this agreement.

5.4 Review of applications

If there is a shortfall in Valid Applications received by the Company by the Closing Date:

- (a) the Underwriter may review applications for the Offer Shares which were rejected by the Company;

- (b) the Underwriter may re-lodge those applications which are or have become Valid Applications following the Closing Date but prior to the Shortfall Notice Deadline Date; and
- (c) the Company must accept those applications as Valid Applications, unless the Company has reason to believe that such application is made on behalf of a U.S. Person.

5.5 Consents of authorities

It is the sole responsibility of the Company to obtain any Authorisation (including from ASX) which is required for the issue of any of the Offer Shares under any Valid Application, whether the Valid Application is lodged by the Underwriter or not.

5.6 Prompt banking of cheques

The Company undertakes that it will promptly bank for collection all cheques accompanying applications for Offer Shares and will otherwise observe the requirements of the Corporations Act in relation to this matter.

5.7 Retention of subscription moneys

The Company undertakes to the Underwriter that it will retain all subscription moneys in trust for the relevant applicants for Offer Shares, and will not permit any subscription moneys of an applicant to be withdrawn or committed other than immediately after the issue of the relevant number of Offer Shares to that applicant.

5.8 Records

The Company will maintain (and permit the Underwriter to inspect at any reasonable time) accurate records of the receipt of applications for Offer Shares, the banking of subscription moneys, the processing of applications and the despatch of holding statements for the Offer Shares.

6. Shortfall Securities

6.1 Allocation by Underwriter

Any Shortfall Securities must be allocated to Sub-Underwriters, as determined by the Underwriter, in its absolute discretion.

6.2 Applications

If:

- (a) the Company has complied with its obligations under this agreement and has not breached any of the representations, warranties and undertakings made by it in this agreement (other than a breach which is capable of remedy and which is remedied by the Company promptly following request by the Underwriter);
- (b) this agreement has not been terminated under clause 10;

- (c) the Company has not received Valid Applications for all of the Offer Shares on or before the Closing Date;
- (d) the Company has, after the Closing Date but before 2.00pm (Melbourne time) on the Shortfall Notice Deadline Date, given to the Underwriter notice in writing stating the number of Shortfall Securities, and that notice is accompanied by a Certificate made up to the time and date of that notice; and
- (e) provided that it has not, before that time, been shown that the Certificate is incorrect,

the Underwriter must lodge or cause to be lodged Valid Applications for the Shortfall Securities (**Shortfall Applications**) with the Company on or before 5.00pm (Melbourne time) on the Settlement Date accompanied by a cheque or cheques in payment of the Price for those Shortfall Securities.

6.3 Issue of Shortfall Securities

Subject to the Underwriter complying with clause 6.1, as soon as practicable and, in any event, not later than 2 Business Days after the date on which the Company receives Valid Applications for the Shortfall Securities in accordance with clause 6.2, the Company will issue the Shortfall Securities in accordance with those Valid Applications.

7. Fees and expenses

7.1 Underwriting fee

- (a) Subject to receipt of approval of shareholders of the Company for the purposes of Listing Rule 10.11 (**Shareholder Approval**), the Company must issue the Underwriter Options to the Underwriter (or its nominees) as soon as reasonably practicable and in any event, within 1 month of receipt of Shareholder Approval (or such later date as agreed between the parties in writing, subject to the Listing Rules).
- (b) The Company agrees to use reasonable endeavours to convene and hold a meeting of its shareholders for the purposes of seeking Shareholder Approval as soon as reasonably practicable after the date of this agreement, and in any event, by no later than 30 June 2022 (**Approval End Date**).
- (c) In the event that:
 - (i) Shareholder Approval is not obtained by the Approval End Date; or
 - (ii) where Shareholder Approval is obtained by the Approval End Date, the Underwriter Options are not issued by the date referred to in clause 7.1(a) (**Issue End Date**),

the Company must within 1 month of the Approval End Date or Issue End Date, whichever occurs first) pay to the Underwriter an underwriting fee of 4.5% of the Underwritten Amount in the manner directed by the Underwriter.

- (d) The Underwriter understands and acknowledges that the Underwriter Options are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and that the Underwriter Options and the Underwriter Shares have not been, and will not be, registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States. The Underwriter understands and acknowledges that the Underwriter Options and the Underwriter Shares are being offered and sold in reliance on an exemption from the registration requirements of Section 5 of the Securities Act. The Underwriter understands and acknowledges that neither the Underwriter Options nor the Underwriter Shares have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Underwriter Options or the Underwriter Shares.
- (e) The Underwriter represents and warrants that it is:
 - (i) a QIB as defined in Rule 144A;
 - (ii) acquiring the Underwriter Options for its own account or for the account of one or more other persons, each of which is a QIB, for which Underwriter is acting as a duly authorised fiduciary or agent, or discretionary account or accounts, each of which is a QIB and as to each of which Underwriter has complete investment discretion and the authority to make the representations, warranties, agreements and acknowledgements contained in this clause 7;
 - (iii) not acquiring the Underwriter Options with a view to distribution, within the meaning of the Securities Act, of any of the Underwriter Options.
- (f) The Underwriter represents and warrants that it satisfies any and all standards for investors that are imposed by the jurisdiction of its residence or domicile or otherwise with respect to its purchase of the Underwriter Options or the Underwriter Shares.
- (g) In the normal course of its business, the Underwriter invests in or purchases securities similar to the Underwriter Options and the Underwriter Shares. The Underwriter has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Underwriter Options and the Underwriter Shares. The Underwriter, and any accounts for which it is acting, is able to bear the economic risk of an investment in the Underwriter Options or the Underwriter Shares for an indefinite period.
- (h) The Underwriter understands that the Underwriter Options and the Underwriter Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, and understands and acknowledges that to the extent the Underwriter Options or the Underwriter Shares are issued in certificated form, upon the initial issuance thereof and unless and until otherwise determined by the Company in accordance with applicable law, the certificate delivered in respect of the Underwriter Options or the Underwriter Shares shall bear a legend substantially in the form below:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT") OR ANY SECURITIES ACTS OF ANY STATE OF THE UNITED STATES (THE "STATE ACTS"). THE SHARES ARE "RESTRICTED SECURITIES" AS DEFINED UNDER RULE 144(A)(3) UNDER THE US SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, WITHIN, INTO OR FROM THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT ("REGULATION S")) EXCEPT IF SUCH TRANSFER IS EFFECTED (1) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULES 901 THROUGH 905 (INCLUDING THE PRELIMINARY NOTES) OF REGULATION S UNDER THE US SECURITIES ACT, (2) PURSUANT TO AN EFFECTIVE REGISTRATION UNDER THE US SECURITIES ACT AND ANY APPLICABLE STATE ACTS, OR (3) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT (WHICH THE COMPANY IS UNDER NO OBLIGATION TO DO), IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE US FEDERAL AND STATE SECURITIES LAWS AND IN THE CASE OF (3) AN OPINION OF COUNSEL SHALL BE DELIVERED TO THE COMPANY (AND UPON WHICH THE COMPANY MAY RELY) REGARDING THE AVAILABILITY OF SUCH EXEMPTION. HEDGING TRANSACTIONS INVOLVING THE COMMON STOCK OF THE COMPANY MAY NOT BE CONDUCTED, DIRECTLY OR INDIRECTLY, UNLESS IN COMPLIANCE WITH THE US SECURITIES ACT. THE COMPANY IS REQUIRED BY UNITED STATES SECURITIES LAWS TO REFUSE TO REGISTER ANY TRANSFER OF SHARES NOT MADE IN ACCORDANCE WITH THE ABOVE RESTRICTIONS."

- (i) The Underwriter understands and acknowledges that no representation has been or will be made by the Company as to the availability of Rule 144A, Rule 144, Regulation S or any other exemption from registration, under the Securities Act or any exemption under any securities laws of any state or other jurisdiction of the United States for the reoffer, resale, pledge or transfer of the Underwriter Options or the Underwriter Shares.
- (j) The Underwriter understands and acknowledges that the Company may make notation on its records or give instructions to the registrar and any transfer agent of the Underwriter Options or the Underwriter Shares in order to implement the restrictions on transfer set forth and described in this clause 7. Underwriter understands that no registrar or transfer agent for the Underwriter Options or the Underwriter Shares, as applicable, will be required to accept for registration or transfer any Underwriter Options or the Underwriter Shares by it except upon presentation of evidence satisfactory to the Company and the registrar or transfer agent for the Underwriter Options or the Underwriter Shares, as applicable, that the foregoing restrictions on transfer have been complied with, including, but not limited to, an opinion, in the form and substance acceptable to the Company, of counsel experienced in securities law matters and acceptable to the Company.
- (k) The Underwriter acknowledges that the Company and its affiliates and other persons acting on its behalf, the transfer agent or registrar and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements and acknowledgements. The Underwriter agrees that if any of the representations, warranties, agreements and acknowledgements made in this clause 7 are no longer accurate, it will promptly notify the Company in writing.

7.2 Costs and expenses

- (a) The Company will pay and will indemnify and keep indemnified the Underwriter against and in relation to, all reasonable costs and expenses of and incidental to the Offer, including but not limited to:
 - (i) **Legal fees:** all reasonable legal costs incurred by the Underwriter associated with the preparation, negotiation and execution of this agreement, the Option Subscription Agreement and any other documents agreed between the Company and the Underwriter (each acting reasonably), even if such documentation is not agreed or signed by the Company and the Underwriter; and

- (ii) **Out-of-pocket expenses:** the reasonable disbursements and reasonable out-of-pocket expenses of the Underwriter, including airfares (economy standard domestic travel and business standard international travel), accommodation, other travelling expenses and investor/equity analyst presentation costs, provided that the Underwriter will seek the approval of the Company before incurring any individual item of expense in an amount exceeding \$2,000, such approval not to be unreasonably withheld.
- (b) The Company will ensure that all other amounts described in clause 7.2(a) are paid by the Company to the Underwriter promptly upon receipt of the relevant tax invoice.
- (c) In addition, the Company will pay any reasonable legal costs incurred by the Underwriter which are required to enforce the sub-underwriting obligations of Sub-Underwriters to the Offer appointed by the Underwriter where such Sub-Underwriters were introduced to the Underwriter by the Company.
- (d) In the event that this agreement is terminated, the Company must pay in cleared funds to the Underwriter, within 3 Business Days after the termination, any costs and expenses incurred or accrued up to and including the date of termination.

8. GST

8.1 GST payable

If GST becomes payable by a Party (**Supplier**) on any supply it makes under or in connection with this agreement:

- (a) any amount payable or consideration to be provided under this agreement for that supply (**Agreed Amount**) is exclusive of GST;
- (b) an additional amount will be payable by the Party providing consideration for that supply under this agreement (**Recipient**), equal to the amount of GST payable on that supply as calculated by the Supplier in accordance with the GST law and payable at the same time and in the same manner as for the Agreed Amount; and
- (c) the supplier will provide a tax invoice (or equivalent documentation which complies with the GST law) to the Recipient in respect of that supply, no later than the time at which the Agreed Amount for that supply is to be provided under this agreement.

8.2 Variation

If, for any reason, the GST payable by the Supplier in respect of a supply it makes under this agreement varies from the additional amount it receives from the Recipient under clause 8.1 in respect of that supply, the Supplier will provide a refund or credit to or will be entitled to receive the amount of this variation from the Recipient (as appropriate).

8.3 Definitions

GST, GST law and other terms used in this clause have meanings used in the *A New Tax System (Goods and Services Tax) Act 1999* (as amended from time to time) or any replacement or other relevant legislation and regulations, except GST law also includes any applicable rulings. Any reference to GST payable by the Supplier includes any GST payable by the representative members of any GST group of which the Supplier is a member.

9. Discharge of Underwriter's obligations

All obligations of the Underwriter under this agreement are discharged when any of the following events occurs:

- (a) the date on which the Company receives Valid Applications (including full payment) for all of the Offer Shares;
- (b) the Underwriter lodging or causing to be lodged with the Company, applications for Shortfall Securities accompanied by the Price, in accordance with clause 6.1;
- (c) the Underwriter terminating this agreement under clause 10; or
- (d) the Company having failed to give a valid notice (accompanied by the Certificate) in accordance with clause 6.2(d) by 2.00pm (Melbourne time) on the Shortfall Notice Deadline Date.

10. Termination by Underwriter

10.1 Notice of termination

The Underwriter may terminate this agreement under this clause 10 upon the occurrence of any of the events in clause 10.2 by giving notice in writing to the Company on or at any time before the issue of all the Offer Shares, without cost or liability to itself.

10.2 Termination events

The Underwriter may terminate its obligations under this agreement if:

- (a) **Indices fall:** the S&P ASX 200 Index is 10.0% or more below its level as at the close of business on the Business Day prior to the date of this agreement, at close of trading for more than 3 consecutive Business Days;
- (b) **Offer Documents:** the Company does not lodge the Offer Documents in accordance with the Timetable (other than with the prior consent of the Underwriter) or the Offer is withdrawn by the Company;
- (c) **No official quotation:** ASX has advised the Company that it will not or may not grant official quotation to the Offer Shares or admit the Company to trading on the ASX following completion of the Offer (including issue of the Shortfall Securities) on or prior to the Shortfall Notice Deadline Date;

- (d) **Supplementary Cleansing Notice:**
- (i) the Underwriter, having elected not to exercise its right to terminate its obligations under this agreement as a result of an occurrence as described in clause 10.2(l)(iv), forms the view on reasonable grounds that a Supplementary Cleansing Notice should be lodged with ASX and the Company fails to lodge a Supplementary Cleansing Notice in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a Supplementary Cleansing Notice without the prior written agreement of the Underwriter;
- (e) **Disclosures in Offer Documents:** it transpires that there is a statement in the Offer Documents that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Offer Documents or if any statement in the Offer Documents becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Offer Documents is or becomes misleading or deceptive or likely to mislead or deceive;
- (f) **Restriction on issue:** the Company is prevented from issuing the Offer Shares within the time required by this agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (g) **ASIC application:** an application is made by ASIC for an order under any provision of the Corporations Act in relation to the Offer Documents, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (h) **Authorisation:** any authorisation which is material to anything referred to in the Offer Documents is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- (i) **Event of Insolvency:** an Event of Insolvency occurs in respect of a Relevant Company;
- (j) **Acquisition:** a Relevant Company makes, or agrees to make a major acquisition or enters into any major expenditure other than in accordance with any disclosure in the Offer Documents or any announcement released to the ASX prior to the date of this agreement;
- (k) **Indictable offence:** a director or senior manager of a Relevant Company is charged with an indictable offence or is disqualified from managing a corporation under the Corporations Act;
- (l) **Termination events:** subject always to clause 10.3, upon the occurrence of any of the following events:
- (i) **Default:** default or breach by the Company under this agreement of any terms, condition, covenant or undertaking;
 - (ii) **Incorrect or untrue representation:** any representation, warranty or undertaking given by the Company in this agreement is or becomes untrue or incorrect;
 - (iii) **Contravention:** a contravention by a Relevant Company of any provision of its constituent documents, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;

- (iv) **Adverse change:** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of this agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Offer Documents becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (v) **Error in Due Diligence Results:** it transpires that any of the Due Diligence Results or any part of the Verification Material was false, misleading or deceptive or that there was an omission from them, in each case, at the time they were given;
- (vi) **Public statements:** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Offer Documents other than a statement the Company is required to make in order to comply with its disclosure obligations under the Listing Rules and/or the Corporations Act;
- (vii) **Misleading information:** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (viii) **Change in Act or policy:** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of this agreement;
- (ix) **Prescribed Occurrence:** a Prescribed Occurrence occurs, other than as disclosed in the Offer Documents;
- (x) **Judgment against a Relevant Company:** a judgment in an amount exceeding \$1,500,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xi) **Litigation:** litigation, arbitration, administrative or industrial proceedings are after the date of this agreement commenced against any Relevant Company, other than any claims foreshadowed in the Offer Documents;
- (xii) **Board and senior management composition:** there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Offer Shares without the prior written consent of the Underwriter, such consent not to be unreasonably withheld;
- (xiii) **Force Majeure:** a Force Majeure affecting the Company's business or any obligation under the agreement lasting in excess of 7 days occurs;
- (xiv) **Certain resolutions passed:** a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constituent documents without the prior written consent of the Underwriter;

- (xv) **Capital structure:** any Relevant Company alters its capital structure in any manner not contemplated by the Offer Documents, other than in circumstances referred to in clause 4.1(g);
- (xvi) **Breach of Contracts:** any of the Contracts is terminated or substantially modified;
- (xvii) **Investigation:** the Company becomes aware that any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company;
- (xviii) **Hostilities:** there is an outbreak of hostilities not presently existing or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Japan, the United Kingdom, the United States of America, Hong Kong or the Peoples Republic of China, or any member of the European Union, or a terrorist act is perpetrated on any of the mentioned countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or
- (xix) **Market conditions:** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America, Hong Kong, the People's Republic of China or the international financial markets, other than Russia and Ukraine.

10.3 Material Adverse Effect

The events listed in clause 10.2(l) entitle the Underwriter to exercise its termination rights under clause 10 if in the opinion of the Underwriter, the breach or the event has or is likely to have, or could be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act.

10.4 No prejudice

The exercise by the Underwriter of any of its rights under clause 10 does not prejudice any right the Underwriter may have under clause 7 or any rights the Underwriter may have to seek damages for loss caused to the Underwriter as a result of a breach of this agreement by the Company.

10.5 Survival

This clause 10 and clauses 4, 7, 11 and 14 survive termination of this agreement.

11. Indemnification of Underwriter

11.1 Underwriter not responsible

The Company acknowledges that it, and not the Underwriter, is solely responsible and liable for the form and contents of the Offer Documents or any advertising in respect of the Offer which accompanies or relates to the Offer Documents.

11.2 Indemnity

Subject to clause 11.5, the Company will indemnify and keep indemnified the Underwriter and its directors, officers, employees and agents (**Related Parties**) and hold them harmless from and against all prosecutions, losses (including losses or costs incurred in connection with any investigation, enquiry or hearing by ASIC, ASX or any governmental authority or agency but excluding any indirect, special or consequential losses), penalties, actions, suits, claims, costs (including legal costs on a solicitor and own client basis), demands and proceedings (whether civil or criminal) (**Liability**) arising out of or in respect of:

- (a) the Offer, including any advertising, publicity, announcements or statements made in relation to the Offer with the consent of the Company (notwithstanding that the Underwriter may have consented to it) or any documents in respect of the Offer;
- (b) any breach or failure by the Company to observe any of the terms of this agreement;
- (c) non-compliance with or breach of any legal requirement or the Listing Rules in relation to the Offer Documents (or any supplementary Offer Documents); or
- (d) any statement, misstatement, misrepresentation, non-disclosure, inaccuracy in or omission from the Offer Documents (or any supplementary Offer Documents).

11.3 Reimbursement of expenses

Without limiting clause 11.2 but subject to clause 11.5 and notwithstanding clause 7.2, the Company agrees to indemnify and keep indemnified and immediately on receipt of an invoice reimburse the Underwriter and each Related Party for all reasonable costs and expenses (including legal expenses and disbursements) as they are incurred, and pay the Underwriter and each Related Party at their standard professional charge out rate for all time spent, in connection with investigating, preparing or defending any claim or potential claim whatsoever relating to or arising out of or in connection with the Offer Documents, any supplementary Offer Documents, the Offer or in connection with any investigations, enquiries or legal proceedings by ASIC or ASX or any third party in respect of or arising out of the Offer Documents any supplementary Offer Documents or the Offer.

Without limiting the foregoing, this includes expenses relating to and time spent in a court as a witness, responding to approaches by directors and shareholders, ASX or ASIC or otherwise for the purpose of defending proceedings brought or which may be brought against the Underwriter or a Related Party.

11.4 Benefit of indemnity

The Company and each Related Party shall be entitled to the benefit of this clause 11 and this clause 11 may be enforced on behalf of each Related Party by the Underwriter.

11.5 Limit of indemnity

This indemnity does not apply:

- (a) to any amount in respect of which the indemnities in clauses 11.2 and 11.3 would be illegal, void or unenforceable; or
- (b) in respect of Liability which results from the wilful default, fraud or the gross negligence of the person claiming the indemnity.

However, if it is alleged that any amount to which the indemnity applies results from the wilful default, fraud or the gross negligence of the person claiming the benefit of the indemnity, the Company agrees to reimburse the amount in accordance with this clause 11 until such wilful default, fraud or such gross negligence is established by a Court of final jurisdiction, at which time such amount must be repaid to the Company by the person concerned.

11.6 No waiver of indemnity

The consent or approval of the Underwriter to any act, matter or thing will not itself constitute the waiver of or in any way prejudice the right to indemnity under clause 11.2.

11.7 Indemnity survives termination

Each indemnity in this agreement is a continuing obligation, separate and independent from all the other obligations of the Parties and survives termination of this agreement for whatever cause, including without limitation, termination by the Underwriter under clause 10.

11.8 Contribution

In the event that the indemnity in clause 11.2 is held invalid in whole or in part, the Underwriter and the Company will share the Liability on a proportional basis, with the Underwriter contributing that proportion of the Liability that its fees as specified in clause 7.1 bear to the total amount raised by the Offer and the Company contributing the balance of the Liability.

11.9 No excess contribution

The Company and the Underwriter and the Related Parties agree that the Underwriter and the Related Parties will not be required to contribute under clause 11.8 an aggregate amount exceeding the fees (or the value of the fees) paid to the Underwriter as specified in clause 7.1.

12. Inquiries by Underwriter

12.1 Additional information

The Company will if so requested by the Underwriter at any time during the continuance of this agreement, promptly provide to the Underwriter any information concerning the business, assets, liabilities, financial position, performance, profits and losses and prospects of any Relevant Company, as the Underwriter reasonably requires for the purpose of the Offer and this agreement.

12.2 Access

At all times until the Offer is fully subscribed or the Underwriter fulfils its obligations under clause 6, the Company will procure that the Underwriter and its professional advisers are entitled to full and free access to the premises, books and records of any Relevant Company at all reasonable times and on reasonable notice, and are entitled to make any examinations and inquiries of and concerning the business, assets, liabilities, books and accounts of any Relevant Company as the Underwriter reasonably requires for the purposes of the Offer and this agreement.

12.3 Retention of documents

The Company agrees to retain and securely store for a period of seven years from the date of issue of the Offer Documents, the materials relating to preparation of the Offer Documents including the Due Diligence Results, the Verification Material and all other documentation collected, produced or prepared by a Relevant Company in connection with the Offer Documents and the Offer subject to any obligation of the Company to return to the Underwriter any material in the event that the Offer does not occur. The Company must notify the Underwriter of where the documentation is kept and give it free and unfettered access to the documentation at all reasonable times and enable it to make any copies of the documentation it reasonably requires.

13. Notifications to Underwriter

The Company undertakes to comply with the terms and conditions of this agreement in all material respects and immediately give notice to the Underwriter of:

- (a) any material breach of this agreement, including the representations, warranties and undertakings contained in this agreement; and
- (b) the occurrence of any event which will, or which with the giving of notice or lapse of time will, give the Underwriter the right to terminate their obligations under this agreement.

14. General

14.1 Further acts

Each Party will promptly do and perform all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that Party) required by law or reasonably requested by the other Party to give effect to this agreement.

14.2 Notices

Any communication under or in connection with this agreement:

- (a) must be in writing;
- (b) must be addressed as shown below:

In the case of the Underwriter:

Name:	Viburnum Funds Pty Ltd
Address:	31 Carrington Street, Nedlands WA 6009
Email:	rob.martino@viburnumfunds.com.au
For the attention of:	Rob Martino - Partner, Public Equities

In the case of the Company:

Name:	Universal Biosensors, Inc.
Address:	1 Corporate Avenue, Rowville, VIC 3178
Email:	sbalak@universalbiosensors.com

Attention: Salesesh Balak – Company Secretary

(or as otherwise notified by that Party to the other Party from time to time);

- (c) must be signed by the Party making the communication or (on its behalf) by the solicitor for, or by any attorney, director, secretary, or authorised agent of, that Party;
- (d) must be delivered or posted by prepaid post to the address, or sent by email to the email address of the addressee, in accordance with clause 14.2(b); and
- (e) will be deemed to be received by the addressee:
 - (i) (in the case of prepaid post) on the third business day after the date of posting to an address within Australia, and on the fifth business day after the date of posting to an address outside Australia;
 - (ii) (in the case of email) on the day a delivery confirmation report is received by the sender which records the time that the email was delivered to the addressee's email address (unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee); and
 - (iii) (in the case of delivery by hand) on delivery at the address of the addressee as provided in clause 14.2(b), unless that delivery is made on a non-business day, or after 5.00 pm on a business day, when that communication will be deemed to be received at 9.00 am on the next business day,

and where 'business day' means a day which is not a Saturday, Sunday or public holiday in the place of receipt of that communication.

14.3 Jurisdiction and governing law

- (a) This agreement is governed by and will be construed according to the laws of Western Australia.
- (b) Each Party irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia, and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating in any way to this agreement.
- (c) Each Party irrevocably waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, where that venue falls within clause 14.3(b).

14.4 Amendments

This agreement may only be varied by a document signed by or on behalf of each of the Parties.

14.5 Assignment

A Party cannot assign, novate or otherwise transfer any of its rights or obligations under this agreement without the prior written consent of the other Party.

Underwriting Agreement

14.6 Severability of provisions

Any provision of this agreement which is illegal, void or unenforceable will be ineffective to the extent only of that illegality, voidness or unenforceability without invalidating the remaining provisions.

14.7 Waiver

- (a) Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this agreement by any Party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this agreement.
- (b) Any waiver or consent given by any Party under this agreement will only be effective and binding on that Party if it is given or confirmed in writing by that Party.
- (c) No waiver of a breach of any term of this agreement will operate as a waiver of another breach of that term or of a breach of any other term of this agreement.

14.8 Enurement

The provisions of this agreement will enure for the benefit of and be binding on the Parties and their respective successors and permitted substitutes and assigns and (where applicable) legal personal representatives.

14.9 Indemnities

- (a) Each indemnity in this agreement is a continuing obligation, separate and independent from the other obligations of the Parties, and survives termination, completion or expiration of this agreement.
- (b) It is not necessary for a Party to incur expense or to make any payment before enforcing a right of indemnity conferred by this agreement.

14.10 Entire agreement

To the extent permitted by law, in relation to the subject matter of this agreement, this agreement:

- (a) embodies the entire understanding of the Parties and constitutes the entire terms agreed upon between the Parties; and
- (b) supersedes any prior agreement (whether or not in writing) between the Parties.

14.11 No representation or reliance

- (a) Each Party acknowledges that no Party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement.
- (b) Each Party acknowledges and confirms that it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other Party, except for any representation or inducement expressly set out in this agreement.

Underwriting Agreement

14.12 Counterparts

This agreement may be executed in any number of counterparts. All counterparts will be taken to constitute one instrument.

Underwriting Agreement

Executed as an agreement.

**Executed by Viburnum Funds Pty Ltd ACN
126 348 990** in accordance with section 127(1)
of the *Corporations Act 2001* (Cth) by:

/s/ Craig Coleman
Signature of Director

Craig Coleman

Full name (print)

/s/ David St Quintin
Signature of Director/Company Secretary

David St Quintin

Full name (print)

Executed for and on behalf of **Universal
Biosensors, Inc.** by its authorized signatory in
the presence of:

/s/ Claire Kelly
Signature of witness

Claire Kelly

Full name (print)

/s/ Salesh Balak
Signature of authorized signatory

Salesh Balak

Full name (print)

Underwriting Agreement

Annexure A Form of Certificate

To: Viburnum Funds Pty Ltd (ACN 126 348 990)

We hereby certify on behalf of the Company that, at the date of delivery of this Certificate, the following statements are, to the best of our knowledge having made due inquiries, true and not misleading or deceptive:

- (a) the Company has complied with all of its obligations required to be performed as at the date of this Certificate in respect of the Offer whether arising under the Underwriting Agreement, the Listing Rules, the Company's Certificate of Incorporation and Bylaws, the Timetable, statute or otherwise;
- (b) the Company is not in default under the Underwriting Agreement and there has not been any breach by the Company of any of the terms, conditions and warranties given by the Company under that agreement;
- (c) were the representations and warranties in the Underwriting Agreement repeated as at the date of this Certificate, they would still be true and correct; and
- (d) none of the events referred to in clause 10 of the Underwriting Agreement has occurred.

For the purposes of this Certificate:

- (a) "Underwriting Agreement" means the underwriting agreement dated on or about [insert date] April 2022 between Viburnum Funds Pty Ltd and the Company; and
- (b) words and expressions used shall have the meanings ascribed to them in the Underwriting Agreement.

Dated:

Authorised Representative
For and on behalf of
Universal Biosensors, Inc.

Authorised Representative
For and on behalf of
Universal Biosensors, Inc.

Underwriting Agreement

Annexure B Timetable

Event	Business Day	Date
Offer announced and Appendix 3B lodged with ASX. (Lodgement Date)		Wednesday, 20 April 2022 (pre-open)
Lodgment of Cleansing Notice		Wednesday, 20 April 2022 (pre-open)
Inform existing Option holders they cannot participate in the Offer without first exercising their Options		Wednesday, 20 April 2022 (pre-open)
Day 0		Wednesday, 20 April 2022
"Ex" date (date from which securities commence trading without the entitlement to participate in the Offer)		Friday, 22 April 2022
Record Date to determine entitlements		Tuesday, 26 April 2022
Dispatch of Offer Document and Opening Date		Friday, 29 April 2022
Closing Date		Friday, 20 May 2022
Securities quoted on a deferred settlement basis		Monday, 23 May 2022
Notification to ASX of undersubscriptions (Shortfall Notice Deadline Date)		Tuesday, 24 May 2022
Settlement Date		Tuesday, 24 May 2022
Issue date and end of deferred settlement trading		Friday, 27 May 2022
Company announces results of Offer and lodges an Appendix 2A with ASX		Friday, 27 May 2022
Normal trading resumes		Monday, 30 May 2022
Despatch of holding statements for Offer Shares		Monday, 30 May 2022

Underwriting Agreement

Annexure C Underwriter Option Terms

- (a) 50% of the Underwriter Options (being 1,920,000 Underwriter Options) will be exercisable at an exercise price of \$0.92, representing the Price per Offer Share, plus 20%.
- (b) 50% of the Underwriter Options (being 1,920,000 Underwriter Options) will be exercisable at an exercise price of \$1.00, representing Price per Offer Share, plus 30%.
- (c) The Underwriter Options will vest immediately on issue, and will expire 3 years after the date of issue.
- (d) Each Underwriter Option entitles the holder to subscribe for one fully paid share in the Company upon exercise of that Underwriter Option.
- (e) The Underwriter Options may be exercised by written notice by the holder to the Company and payment of the exercise price for each Underwriter Option.
- (f) Within 3 Business Days after the date on which the exercise notice takes effect, the Company must issue to the holder the Shares to be issued on exercise of the Underwriter Options.
- (g) Shares issued on exercise of the Underwriter Options rank equally with the then issued Shares of the Company.
- (h) The Company will make an application to ASX for quotation of the Shares issued upon exercise of the Underwriter Options through the ASX "FOR" Facility and comply with any on-sale disclosure requirements regarding the Shares within 3 Business Days of the issue of the Shares.
- (i) The Underwriter Options may be transferred at any time by the holder on prior written notice to the Company but only:
 - (i). pursuant to a registration statement that has been declared effective under the Securities Act;
 - (ii). to a person that the holder, and any person acting on the holder's behalf, reasonably believes to be a QIB purchasing for its own account or the account of a QIB to whom notice is given that the offer, sale or transfer is being made in reliance on Rule 144A under the Securities Act; or
 - (iii). in another transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act (including an "offshore transaction" in accordance with Rule 903 or 904 of Regulation S under the Securities Act),and, in each case, in accordance with all applicable securities laws of any state or other jurisdiction of the United States, including any restrictions applicable to the holder resulting from the holder's status as an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act. The holder of Underwriter Options must notify subsequent transferees of the transfer restrictions set forth herein.
- (j) The number of Shares to be delivered in respect of each Underwriter Option or the amount payable, if any, by the holder in respect of Shares to be delivered to the holder will be reorganised in accordance with the ASX Listing Rules as applicable to Underwriter Options at the time of any such reorganization (if the Company is listed on the ASX), or otherwise as determined by the Board.
- (k) If the Company makes a pro rata issue of securities, bonus issue of securities or other new issue of securities, the Company must notify the holder in writing on the earlier of 20 Business Days prior to the closing date, and 5 Business Days prior to the record date, of any such issue to enable the holder to exercise the Underwriter Options prior to that date, and participate in the issue if the holder elects to do so.
- (l) The holder may only participate in new issues of Shares by reason of Underwriter Option if the holder exercises that Underwriter Option and becomes the holder of Shares on or prior to the record date for the new issue of Shares.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John Sharman, certify that:

1. I have reviewed this report on Form 10-Q of Universal Biosensors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2022

/s/ John Sharman

John Sharman
Principal Executive Officer
Universal Biosensors, Inc.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Salesh Balak, certify that:

1. I have reviewed this report on Form 10-Q of Universal Biosensors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2022

/s/ Salesh Balak

Salesh Balak
Principal Financial Officer
Universal Biosensors, Inc.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 ***

In connection with the quarterly report of Universal Biosensors, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. The undersigned have executed this Certificate as of the 10th day of August, 2022.

/s/ John Sharman

John Sharman
Principal Executive Officer

/s/ Salesh Balak

Salesh Balak
Principal Financial Officer

* This certification is being furnished as required by Rule 13a-14(b) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent such certification is explicitly incorporated by reference in such filing.