

Universal Biosensors Inc.
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Universal Biosensors

20 December 2018

Business Update

Universal Biosensors, Inc. (UBI or the Company) announces today that Mr. Salesh Balak, UBI's Chief Financial Officer, has been appointed Company Secretary. Mr. Balak is taking over from Mr. Cameron Billingsley who is stepping down. As a long-term officer of the company, management wishes Cameron much success as he undertakes his new career endeavours and appreciates his availability to provide transitional support following retirement as Company Secretary and as Australian legal counsel.

In addition, Dr. Adrian Oates has resigned as Vice President, Quality and Clinical. Dr. Oates will serve out the notice period through early March 2019 for an orderly, internal transition of responsibilities. On behalf of the Company and given Adrian's long tenure and numerous achievements, management wishes to thank Adrian for his many contributions and wish him success with his new role outside UBI.

On 26 November 2018, the Company's outstanding secured loan of US\$15,000,000 was repaid, which will reduce the Company's financing costs and total operating expenditures while extinguishing all of the Company's secured debt obligations as announced by the Company on 20 November 2018. Additional recent cost reduction actions taken by management to reduce expenditures and manage cash flow include suspending development spending on the company's "in house" coagulation test device and redirecting those engineering and science resources to the Siemens program development initiatives while other prospective partner development options are explored.

Pursuant to the new U.S. tax reform rules, Universal Biosensors, Inc. (parent entity of the Universal Biosensors Group domiciled in U.S.) is subject to regulations addressing Global Intangible Low-Taxed Income ("GILTI") effective from this calendar year. The GILTI rules are new 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. At a very broad level, the U.S. domiciled entity will be subject to GILTI taxes in 2018 for the expected earnings and subject to certain other criteria of its non-U.S. domiciled subsidiaries (CFCs) due to the new tax reform regulations.

The Internal Revenue Services in the U.S. ("IRS") issued their first set of guidance on GILTI in September 2018 and are expected to provide further guidance on the treatment of GILTI. We continue to review the anticipated impacts of the GILTI rules and other legislation passed under the U.S. Tax Cuts and Jobs Act. The final taxes to be paid will be determined after financial year

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end and once further advice and confirmation is received including further guidance from the IRS. U.S. tax liability is expected to be between US\$3.5 million to \$4.5 million. The Australian income tax liability is expected to be nil as the Company has sufficient carry forward losses however the final determination will be made once the year end accounts are finalised.

The plan and timing for the deployment of surplus cash arising from LifeScan's "buy-out" of its quarterly service fee obligations (as announced on 26 September 2018) cannot be further addressed at this time given our pending implementation of the cost reduction actions described above and ongoing discussions with current and prospective business partners.

Ends

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About Universal Biosensors

For additional information in relation to Universal Biosensors, refer to <http://www.universalbiosensors.com>

Universal Biosensors is a specialist medical diagnostics company, founded in 2001, that is focused on the development, manufacture and commercialisation of a range of in vitro diagnostic tests for point-of-care use. These tests capitalise on a technology platform which uses a novel electrochemical cell that can be adapted for multiple analyses and provide for enhanced measurements in whole blood.

Forward-Looking Statements

The statements contained in this release that are not purely historical are forward-looking statements within the meaning of the Securities Exchange Act of 1934, as amended. Forward-looking statements in this release include statements regarding our expectations, beliefs, hopes, intentions or strategies regarding the company. All forward-looking statements included in this release are based upon information available to us as of the date hereof, and we assume no obligation to update any such forward-looking statement as a result of new information, future events or otherwise. Our actual results could differ materially from our current expectations. Factors that could cause or contribute to such differences include, but are not limited to, factors and risks disclosed from time to time in reports filed with the SEC.