

## Universal Biosensors, Inc. Announces Q2 Appendix 4C Cash Flow Summary

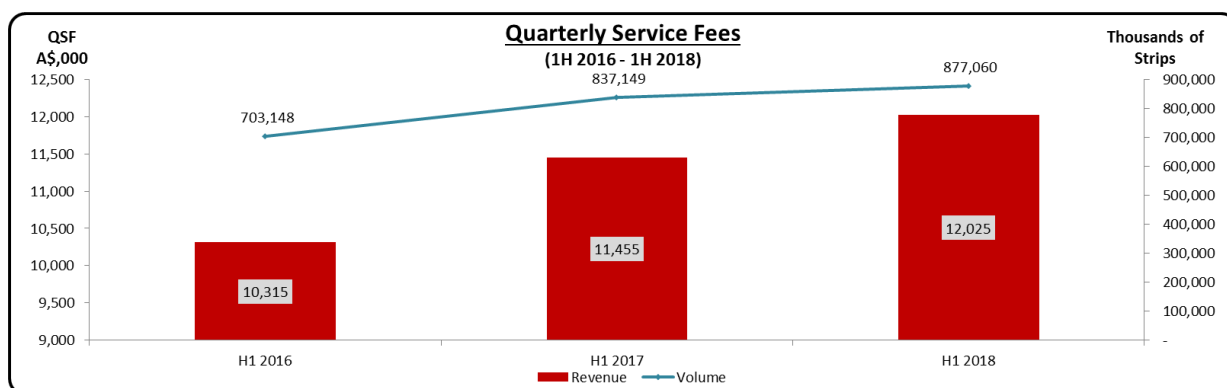
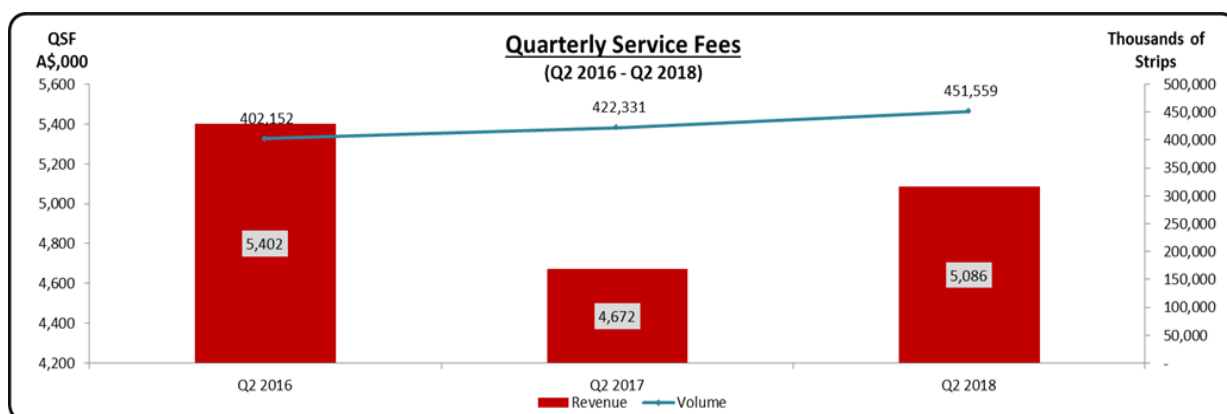
Universal Biosensors, Inc. (ASX: UBI) has today released its cash flow report (ASX Appendix 4C) for the quarter ending 30 June 2018.

### Summary

- UBI's cash on hand and restricted cash as at 30 June 2018 was \$31.14m (30 June 2017: \$23.19m), an improvement of \$7.94m when compared to 30 June 2017.
- Revenue for H1 FY2018 of \$13.49m (H2 FY2017: \$14.33m) impacted by a reduction in Xprecia Stride™ PT-INR test strips sold to Siemens compared to the prior comparable period.
- QSF increased by 5% in H1 2018 to \$12.03m compared to H1 2017.
- Net cash position (after accounting for the US\$15m Athyrium term loan facility) improved by \$7.09m to \$10.98m as at 30 June 2018 when compared to 30 June 2017.
- Revenue growth and cost management initiatives over the past twelve months delivering growth in cash flows to allow increasing R&D investment

### Quarterly Service Fees (QSF) from LifeScan

- QSF for Q2 2018 of \$5.09m increased by 9% compared to the prior comparable quarter (Q2 2017)
- Q2 2018 QSF of \$5.09m is less than the QSF for the immediately preceding quarter Q1 FY2018 (\$6.94m) despite 6% volume growth, reflective of the lower strip pricing of US0.75c that applies once the volume threshold of 0.5B strips are sold within each year
- QSF for H1 2018 of \$12.03m increased by 5% when compared to H1 2017



\* Unless otherwise noted, all references to "\$" are references to Australian dollars.

### Siemens Xprecia Stride revenue

- Revenue from the sale of Xprecia Stride™ PT-INR test strips was \$0.45m for Q2 2018 (Q2 2017: \$1.43m)
- Revenue from the sale of Xprecia Stride™ PT-INR test strips was \$0.90m for H1 2018 (H1 2017: \$2.30m)
- These lower revenues are consistent with earlier management guidance indicating high levels of customer inventory build-up orders from Siemens during Q1 to Q3 2017 to seed the supply chain. As per previous guidance, UBI's management expects that PT-INR test strip volume and revenues will be sequentially lower for 2018 until the Xprecia Stride™ product gains meaningful global market share.

### Cash flow

A summary of the net cash flows compared to prior comparable periods is as follows:

Cash flow comparison to prior comparable period	3 months ending 30 June,		6 months ending 30 June,	
	2018 (\$ M)	2017 (\$ M)	2018 (\$ M)	2017 (\$ M)
Net cash provided used in operating activities	1.77	2.74	0.81	1.61
Net cash used in investing activities	-0.05	-0.20	-0.28	-0.73
Net cash used in financing activities	0.00	-0.12	-0.26	-0.26
Movement in exchange rates	0.90	-0.24	1.37	-1.05
<b>Net movement in cash and restricted cash at period end</b>	<b>2.62</b>	<b>2.18</b>	<b>1.64</b>	<b>-0.43</b>
<b>Cash and restricted cash at period end</b>	<b>31.14</b>	<b>23.19</b>	<b>31.14</b>	<b>23.19</b>

UBI's cash and restricted cash balance is \$31.14m as at the end of Q2 2018, compared to \$23.19m as at the end of Q2 2017. Key factors to note include:

- Operating cash inflow for Q2 2018 was \$1.77m compared to an inflow of \$2.74m in Q2 2017, the prior comparable quarter, reflective of increased spend on research and development in the quarter;
- Investment in new products, via research and development, is increasing as UBI begin to ramp-up tests for Siemens that are required prior to regulatory clinical trials, as well as re-commencing work on the company's in-house PT-INR self-testing device. This increased investment is currently funded from operating cash flows;
- The movement in exchange rates is a non-cash current financial year translation adjustment caused by the fluctuation of the USD against the AUD. UBI has built cash reserves in USD in anticipation of the July 2019 loan repayment and will continue to hold such reserves. As at 30 June 2018, funds held in US denominated currency were US\$19.62m; and
- Management remains committed to control expenditures which include cost reduction efforts such as over 20% Rowville full-time staff reduction over the past nine months. Attaching to this will be one time separation payments in staff costs which will be paid out in Q3.

UBI's Net Cash position (cash on hand including restricted cash less short and long term debt) as at 30 June 2018 is \$10.98m – this represents an improvement of \$7.09m from 30 June 2017.

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**Investor Relations**  
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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

UNIVERSAL BIOSENSORS, INC.

**ABN**

67 950 836 446

**Quarter ended ("current quarter")**

30 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	8,043	12,619
1.2 Payments for		
(a) research and development	(1,784)	(2,015)
(b) product manufacturing and operating costs	(105)	(358)
(c) advertising and marketing	0	(4)
(d) leased assets	(290)	(577)
(e) staff costs	(3,230)	(7,186)
(f) administration and corporate costs	(384)	(673)
1.3 Dividends received (see note 3)		
1.4 Interest received	109	157
1.5 Interest and other costs of finance paid	(590)	(1,153)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,769</b>	<b>810</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(49)	(283)
(b) businesses (see item 10)		
(c) investments		

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	3	3
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(46)</b>	<b>(280)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings	0	(256)
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>0</b>	<b>(256)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	28,513	29,495
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,769	810
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(46)	(280)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	0	(256)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	902	1,369
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>31,138</b>	<b>31,138</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	27,903	25,278
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) – The Company maintains restricted cash which includes tenant security deposits, credit card security deposits and cash collateral for its borrowings	3,235	3,235
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>31,138</b>	<b>28,513</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
93

6.1

Non-executive directors' fees and salaries, including superannuation.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
8.1 Loan facilities	15,000	15,000
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On December 19, 2013, Universal Biosensors, Inc. ("UBI") and its wholly owned subsidiary, Universal Biosensors Pty Ltd ("UBS") entered into a credit agreement with Athyrium Opportunities Fund (A) LP, as administrative agent and as a lender, and Athyrium Opportunities Fund (B) LP as a lender for a secured term loan of up to US\$25 million, which was amended on January 30, 2015 ("Credit Agreement"). Of this amount, US\$15 million had been drawn at December 31, 2013 with a further US\$10 million available to be drawn down on or before July 31, 2015, which UBS determined not to draw down.

The credit agreement was amended again on December 29, 2017 ("Amendment"). Subject to the terms of the Amendment, the Amendment modifies the Credit Agreement to (i) extend the maturity date to July 1, 2019 ("Maturity Date"), (ii) add the Borrower's wholly owned subsidiary, Hemostasis Reference Laboratory, Inc. ("HRL"), as a guarantor of the Borrower's obligations under the Credit Agreement and (iii) subject to the prior written consent of the Lenders in their sole discretion, permit UBI to repurchase shares in an aggregate amount up to US\$2,000,000 within 12 months after the date Lenders provide any such consent.


The term loan bears interest at 10.5% per annum payable in cash quarterly in arrears over the term, and as otherwise described in the Credit Agreement. A default interest rate of 13% per annum shall apply during the existence of a default under the Credit Agreement. Other than as detailed in the Credit Agreement, UBS is not required to make payments of principal for amounts outstanding under the term loan until maturity, July 1, 2019. The term loan under the Credit Agreement is secured by substantially all of UBI, UBS' and HRL's assets. UBI and HRL (together with any future subsidiaries) guarantees all of UBS's obligations under the term loan.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	1,916
9.2 Product manufacturing and operating costs	228
9.3 Advertising and marketing	-
9.4 Leased assets	288
9.5 Staff costs	3,804
9.6 Administration and corporate costs	745
9.7 Other (provide details if material: Interest to Lender (\$577k, and capital expenditure \$250k)	827
<b>9.8 Total estimated cash outflows</b>	<b>7,808</b>

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



19 July 2018

Sign here: .....  
(Chief Financial Officer)

Date: .....

Print name: Sales Balak

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.