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Universal Biosensors

8 March 2019

Universal Biosensors, Inc. (**UBI**) is pleased to provide an update on its business activities and a review of its fiscal year ended 31 December 2018 (**FY18**) results. All figures contained in this announcement are reported in A$, unless otherwise stated.

1. Coagulation Activities

UBI is undertaking several initiatives to maximise the value of its coagulation intellectual property.

Siemens Term Sheet Agreement and Negotiations

On 8 February 2019, UBI and Siemens Healthcare Diagnostics Inc. entered into a term sheet agreement, to negotiate possible modifications to the parties' commercial relationship in good faith[1]. The term sheet provides for a negotiation period ending on 8 June 2019. UBI is unable to determine the likely outcome of the negotiations and will provide an update once these are concluded.

UBI continues to provide in-market support of Siemen's Xprecia Stride™ Coagulation Analyser.

Scaling back of Research and Development Spending

All proprietary coagulation product research and development spending was suspended in 4Q FY18. Research and development obligations relating to Siemens have been scaled back.

Partner Discussions

Discussions have commenced with parties to explore coagulation product development and manufacturing outsourcing opportunities.

2. Receipt of Lump Sum Service Fee

On 18 February 2019, UBI received a US$31,503,880 lump sum service fee from LifeScan. UBI will no longer receive any quarterly service fees from LifeScan beyond 2018.

3. Cost Reductions

On 6 March 2019, UBI ceased employment of approximately one third of its workforce in Rowville, Melbourne. This cost reduction initiative is expected to deliver an annualised saving of approximately $3.0 million.

[1] Please refer to the company's Term Sheet Agreement and Appendix 4E and Annual Report on Form 10-K FY2018 announcements released to the ASX platform on 11 and 22 February 2019 respectively for further details

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4. Hemostasis Reference Laboratory (HRL)

HRL continues to provide internal and third-party laboratory testing services for quality assurance and accreditation purposes. Management has successfully transitioned HRL from a 'cost center' to near-breakeven in FY18. HRL is expected to remain at breakeven operating performance during FY19, as a minimum.

5. Cash Position

UBI's net cash position as at 28 February 2019 was $57.9 million. An estimate of key cash flow movements to 30 June 2019 is provided below and excludes any outcome of the Siemens negotiations.

Net Cash Position - 28 February 2019	**$57.9m**
Less:	
Operating Cash Outflows	$5.0-6.0m
One-off Termination and Legal Costs	$2.0m
US Tax Liability due 15 April 2019	$4.4m[2]
Indicative Net Cash Position - 30 June 2019	**$45.5-46.5m**

UBI intends to provide an update on its cash deployment plan following conclusion of the Siemens negotiations.

6. FY18 Result Commentary

A review of the FY18 result is provided below. Management cautions against extrapolation of FY18 results into future periods due to the significant initiatives implemented during and since FY18 (outlined prior).

Revenue

Total revenue for FY18 was $69.5 million, an increase of 176% from $25.2 million in the prior comparable period (**pcp**). Total revenue for the period included the recognition of one-off revenue of $44.6 million from the lump sum service fee payable to UBI under the terms of the Master Services & Supply Agreement with LifeScan[3]. During 2018, LifeScan gave notice and exercised its right to convert its obligation to pay future Quarterly Service Fees (**QSF**) to UBI. No further QSF will be received by UBI beyond FY18.

QSF for the supply of blood glucose test strips to LifeScan in FY18 were $21.4 million, a 7% increase above the pcp. This was in-line with management's previous guidance and growth

[2] Based on AUD:USD $0.71. Please refer to the company's Business Update and Appendix 4E and Annual Report on Form 10-K FY2018 announcements released to the ASX platform on 20 December 2018 and 22 February 2019 respectively for further details

[3] The Master Service & Supply Agreement, executed between UBI and LifeScan (a division of Cilag GmbH International) on 14 May 2009, specifies that the Lump Sum Service Fee is calculated by multiplying the total QSFs for the 2018 LifeScan financial year by two.

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expectations and driven by both volume growth and the weakening of the AUD against the USD.

Revenue from the sale of Xprecia Stride™ Coagulation Analyser test strips were $1.7 million in FY18 compared to $4.1 million in the pcp, and is reflective of inventory build-up by Siemens during 2017 as it commenced its full commercial launch of the Xprecia Stride™ in various markets, including the US. As previously reported, UBI Management expects that Xprecia Stride™ test strip volume and revenues will remain low and volatile unless and until the Xprecia Stride™ product gains meaningful global market share.

Research & Development

During FY18, UBI continued its research and development program focused on blood coagulation testing technologies. Research and development expense in FY18 was $11.6 million, a 7% increase on pcp ($10.8 million). The increase primarily reflects ramp up of further tests in connection with our agreement with our collaboration partner, Siemens Healthcare Diagnostics Inc. (Siemens) in relation to an alternative coagulation product that is being designed to expand PT-INR functionality and penetration in the Point-of-Care coagulation market. These tests are required as this product progresses toward regulatory clinical trials.

All proprietary coagulation product research and development spending was suspended in 4Q FY18. Research and development obligations relating to Siemens have been scaled back.

Other Expenses and Income

General & Administrative expenses of $7.0 million for FY18 increased 5% compared to the pcp despite management's on-going cost containment focus and headcount reductions. The increase was primarily due to one-off costs including separation costs related to certain staff departures during the year and legal and specialist consultant fees incurred as part of contract negotiations supporting customer relationship management and partner development.

Management remains committed to controlling expenditures.

EBITDA

FY18 EBITDA was $45.8 million, a significant uplift from $3.9 million in the pcp given the recognition of the one-off LifeScan lump sum service fee. EBITDA in FY2018 excluding the one-off item is $3.7 million (essentially flat compared to pcp).

HRL contributed a small loss of $44k on a turnover of $1.2 million. Management has successfully transitioned HRL from a ‘cost center’ to near-breakeven performance.

Net income for FY2018 was $37.6 million. Excluding one-off items, including LifeScan lump sum service fees ($44.6 million), income tax expense ($4.4 million) and fixed assets impairment ($2.6 million), UBI’s net loss for FY2018 was $0.1 million, an improvement compared to the net loss of $0.8 million in the pcp.

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Balance Sheet

Net cash[4] as at 31 December 2018 was $12.1 million, an improvement of $1.7 million from the pcp. UBI extinguished all outstanding secured debt obligations via the repayment of the Athyrium loan of US$15 million in November 2018.

On 18 February 2019, UBI received a US$31,503,880 lump sum service fee from LifeScan. UBI will no longer receive any quarterly service fees from LifeScan beyond 2018.

As previously disclosed[5], UBI has become subject to new US tax reform rules addressing Global Intangible Low-Taxed Income. Under these reforms UBI have a US tax liability of US$3.1 million payable by 15 April 2019.

7. Outlook

UBI intends to provide an update on its continuing business activities (including progress on coagulation product partner discussions) and future cash deployment plan following conclusion of the Siemens negotiations.

--Ends--

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About Universal Biosensors

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

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 analytes and provide for enhanced measurements in whole blood.

4 Cash and restricted cash less debt
5 Please refer to the company's Business Update and Appendix 4E and Annual Report on Form 10-K FY2018 announcements released to the ASX platform on 20 December 2018 and 22 February 2019 respectively for further details

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Forward-Looking Statements

The statements contained in this release that are not purely historical are forward-looking statements within the meaning of the Exchange Act. Forward-looking statements in this release include statements regarding our expectations, beliefs, hopes, intentions or strategies regarding the proposed offering. 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. We cannot assure you when, if at all, the proposed offering will occur, and the terms of any such offering are subject to change. 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.

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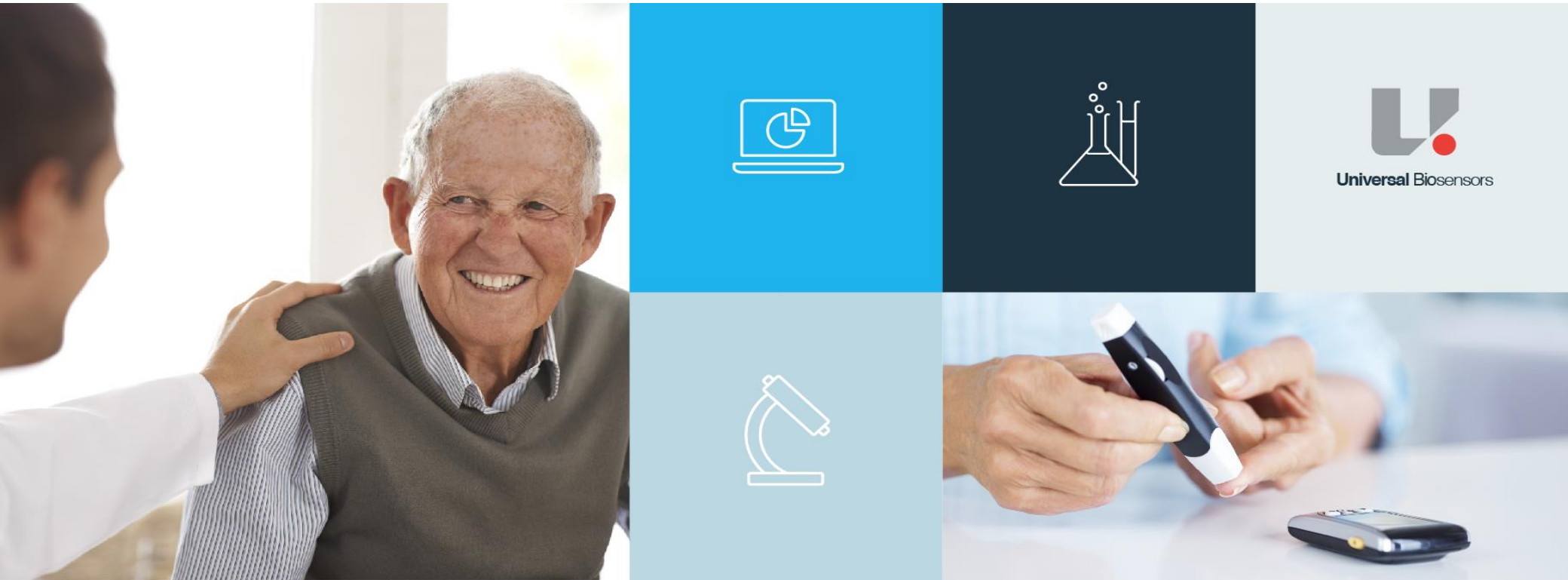
2018 Financial Results

Mr. Rick Legleiter – Chief Executive Officer
Mr. Salesh Balak – Chief Financial Officer



Important Disclaimer

- This presentation is intended to provide a general outline only and is not intended to be a definitive statement on the subject matter. This presentation is not financial advice and has been prepared without taking into account the objectives, financial situation or needs of a particular person.
- Neither the Company, nor its officers or advisors or any other person warrants the accuracy of the analysis herein or guarantees the investment performance of the Company. Investors must make their own independent assessment of the Company and undertake such additional enquiries as they deem necessary or appropriate for their own investment purposes.
- The statements contained in this presentation that are not purely historical are forward-looking statements within the meaning of the United States Exchange Act. Forward-looking statements in this presentation include statements regarding our expectations, beliefs, hopes, intentions or strategies. All forward-looking statements included in this presentation 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.
- The Company is subject to a number of risks. For a summary of key risks, refer to the Company's most recent Form 10-K filed with the United States Securities and Exchange Commission and the Australian Securities Exchange.
- Under applicable United States securities laws all of the shares of our common stock are "restricted securities" as that term is defined in Rule 144 under the Securities Act of 1933, as amended. Restricted securities may be resold in the public market to United States persons as defined in Regulation S only if registered for resale or if they qualify for an exemption from registration under the Securities Act. We have not agreed to register any of our common stock for resale by security holders.

1. Summary

Financial Highlights

***Lifescan lump sum service fee** delivered one-off revenue increase*

- ***Lump sum service fees of $44.6 million received on 18 February 2019 (recognised as revenue in FY2018)***
- ***Total revenue of A$69.5 million in FY2018 up from $25.2 million in the pcp***
- ***FY18 LifeScan OneTouch® Verio® quarterly service fees of $21.4 million up 7% on pcp***
- ***Siemens Xprecia Stride™ strip revenue of A$1.7 million down from $4.1 million in the pcp***
- ***FY18 EBITDA of $45.8 million up from $3.9 million in the pcp.***
  (EBITDA in FY2018 of $3.7 million excluding one-off items)
- ***Term loan of US$15 million repaid in November 2018. No further outstanding debt liabilities***
- ***FY18 net cash of $12.1 million, up from $10.4 million in the pcp***

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2. Corporate Overview

FY18 Priorities Review

Status update

Priority	Rationale	Status
▪ Complete and confirm new PT-INR assay design meets FDA expectations	▪ Data analysis from clinical studies to evaluate new, next generation assay	▪ Completed
▪ Identify new PT-INR product clinical trial sites and enter into site agreements	▪ Suitable clinical trial sites need to be identified and agreements signed prior to undertaking clinical trials	▪ Sites identification completed , regulatory strategy revised
▪ Submit FDA pre-submission and complete first prototype for the consumer, patient self-test product	▪ Reduce regulatory clearance risk and provides more certainty on product development pathway	▪ Completed
▪ Within the current capital structure and investment prospects, manage expenditures based on revenue available to spend from increase quarterly service fees projected to be 7% in USD offsetting lower Stride strip revenue and the R&D Tax Incentive rebate	▪ Cost control and expenditure management to maintain financial flexibility	▪ Completed
▪ Develop and execute Stride strip cost reduction initiative to improve market competitiveness	▪ Lower manufacturing breakeven point and allow for pricing flexibility to support business partner and to achieve target return profile	▪ Completed and continuing
▪ Manufacturing verification and validation production for new assay in development	▪ Ensures product is predictable and stable post-manufacturing according to marketed claims	▪ Completed pre-verification as scheduled
▪ Manufacturing Operational and Process Qualification production for new PT-INR assay	▪ Validates manufacturing equipment and processes	▪ Completed
▪ Execute business development plan to grow current and new customer revenue to transition HRL from a cost centre to a profit centre in the mid-term	▪ Transition HRL into accretive business	▪ Completed

Recent Events

Major partners LifeScan and Siemens business relationship changes

Sep'18	***LifeScan sends notice of buyout of quarterly service fee obligation on Wednesday 26 September***
Sep'18	***UBI recognizes revenue of LifeScan buyout on Sunday 30 September***
Oct'18	***Platinum Equity closes US$2.1 billion LifeScan buyout offer on Monday 1 October in U.S.***
Nov'18	***Prepaid the US$15 million Athyrium Opportunities Fund loan on Monday 26 November***
Feb'19	***Announced Siemens Term Sheet on Monday 11 February***
Feb'19	***Received US$31,503,880 LifeScan buyout of quarterly service fee obligation on Monday 18 February***
Mar'19	***Significant headcount reductions at Rowville head office to deliver annualised cost saving of ~$3.0 million***

Siemens Term Sheet

Contract negotiations update

To facilitate their negotiations, the Parties have agreed that during the period of time of 120 days from 8 February 2019:

- ***UBI shall not make dividend payments or similar distributions, or engage in M&A transactions (subject to an exception which would allow UBI to enter into M&A transactions where the Directors determine, in good faith, that not proceeding with such a transaction would be inconsistent with their fiduciary duties);***
- ***the obligations of UBI to apply commercially reasonable efforts and to apply reasonably necessary resources to certain research and development activities under the Collaboration Agreement are suspended; and***
- ***the Parties shall not initiate arbitration against one another.***

As is common with these types of agreements, potential outcomes of negotiation may include but are not limited to changes in the business relationship.

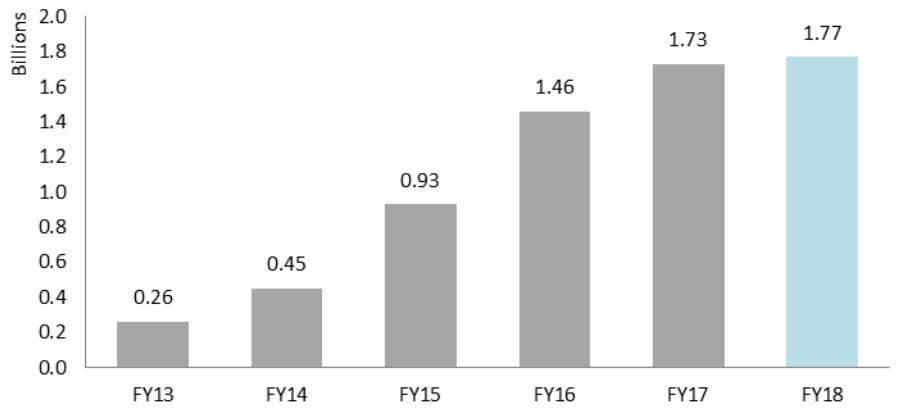
3. Products and Services

Blood Glucose Monitoring – FY18 Summary

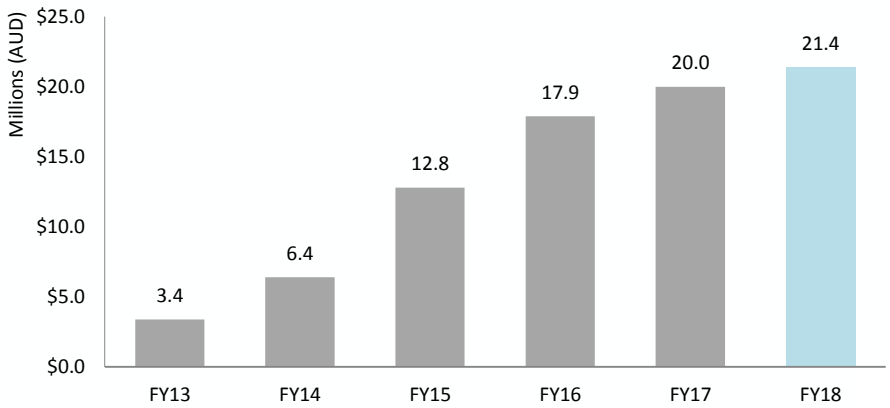
Volume growth and exchange rate benefit

	Comment
FY18 Commentary	▪ FY18 volumes up 2% on pcp ▪ Quarterly service fees for FY18 up 7% on pcp, reflective of weakening AUD against USD over the period ▪ LifeScan gave notice and exercised its right to convert its obligation to pay quarterly service fees in September 2018 ▪ Lump sum service fee revenue recognised during FY18 with cash proceeds received in February 2019 ▪ No quarterly service fees to be received by UBI beyond FY18

OneTouch® Verio® Strip Volumes



Quarterly Service Fees



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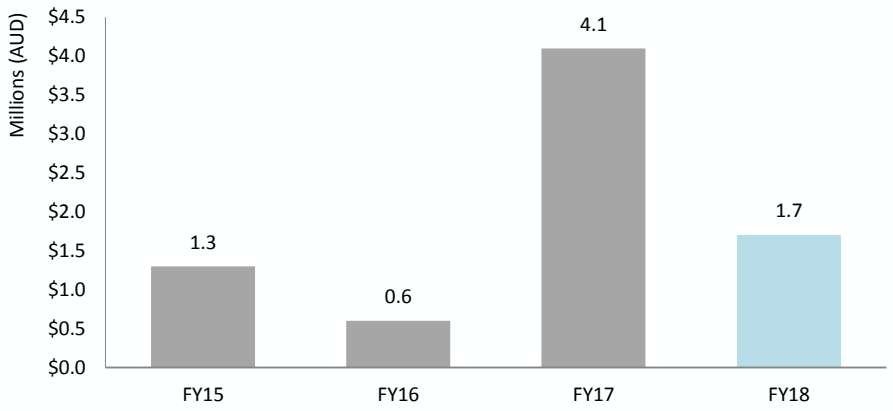
Coagulation Testing – FY18 Summary

Revenue volatility until Siemens gains meaningful market share

	Comment
FY18 Commentary	▪ Test strip sales of A$1.7 million, down from A$4.1 million compared to pcp ▪ UBI revenues continue to be volatile given global partner Siemens is yet to gain meaningful market share ▪ FY2017 revenue reflective of inventory pipeline stocking as part of full commercial launch of Xprecia Stride device (FDA approval received in late 2016) ▪ UBI internal manufacturing cost reduction efforts lowers the break-even volume and has been intended to support Siemens improving market share with price concessions ▪ Percentage margin contribution is effectively zero reflective of lower throughput offset by UBI's cost reduction efforts

Coagulation Testing Revenue



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4. FY18 Results (Year ended 31 December)

Profit and Loss

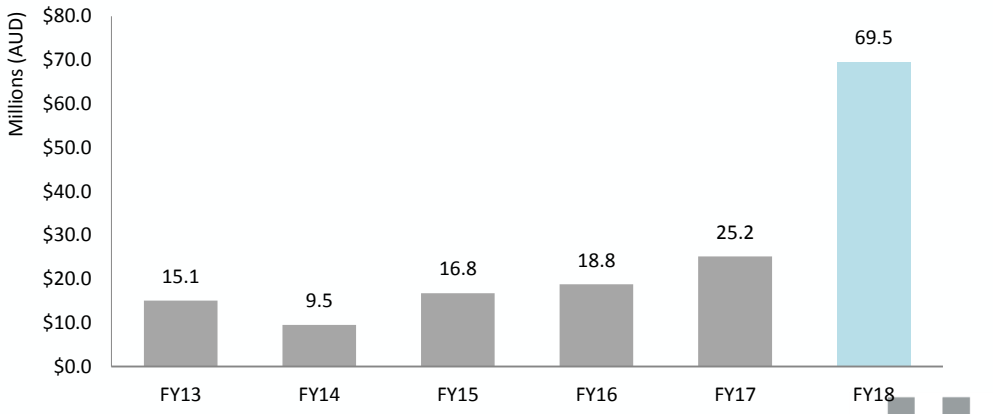
Record revenue and profits driven by lump sum service fee recognition

A$m, 12 months ended 31 Dec	2018	2017	Change
Blood Glucose	66.1	20.1	229.5%
Coagulation Testing	2.2	4.6	-52.3%
HRL	1.2	0.5	110.3%
Total Revenue	**69.5**	**25.2**	**175.7%**
Cost of Goods Sold and Services	2.5	4.0	-36.4%
Research and Development	11.6	10.8	6.9%
Selling, General and Administrative	7.0	6.7	4.6%
Financing costs	3.0	2.8	7.1%
R&D cash rebate	0.0	(0.1)	-100.0%
Other	3.4	1.8	90.8%
Total Expenses	**27.5**	**26.0**	**6.1%**
Income Tax Expense	4.4	0.0	nm
NPAT	**37.6**	**(0.8)**	nm
NPAT (before one-off items) [3]	**(0.1)**	**(0.8)**	nm
Reconciliation: NPAT to EBIT and EBITDA			
Add Back Net Interest[1]	1.7	2.1	-18.9
Income Tax Expense	4.4	0.0	nm
EBIT	**43.7**	**1.3**	**3115.5%**
Add Back Depreciation and Amortisation[2]	2.1	2.6	-18.4%
EBITDA	**45.8**	**3.9**	**1059.2%**
EBITDA (before one-off items) [3]	**3.7**	**3.9**	**-0.1%**

Commentary

- Underlying growth in QSF revenue of 7.0% in FY2018 vs pcp
- Coagulation Testing revenue reflects lack of market penetration for the product
- Business development initiatives generating increasing revenues for HRL
- Cost of Goods Sold reflects Siemens coagulation test strip manufacture
- Increase in R&D primarily as a result of further tests undertaken for Siemens and in-house program
- S,G&A expenses increased due to separation costs & consultants fees
- NPAT before one-off items adjusted to exclude lump sum service fee ($44.6 million), impairment of fixed assets ($2.6 million) and US GILTI tax expense ($4.4 million)
  - Fixed assets impaired as carrying value no longer supported by future revenue streams
  - UBI subject to new tax reforms in the US. Under these reforms, UBI have a tax liability of $4.4 million

Total Product and Services Revenue



1. *Included in 'Financing costs' and 'Other income/expense' lines in the Profit and Loss statement*
2. *Included in 'Cost of Goods Sold and Services' and 'Other operating costs & expenses' lines in the Profit and Loss statement*
3. *One-off items include lump sum service fees, income tax and impairment of fixed assets*

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Cash Flow

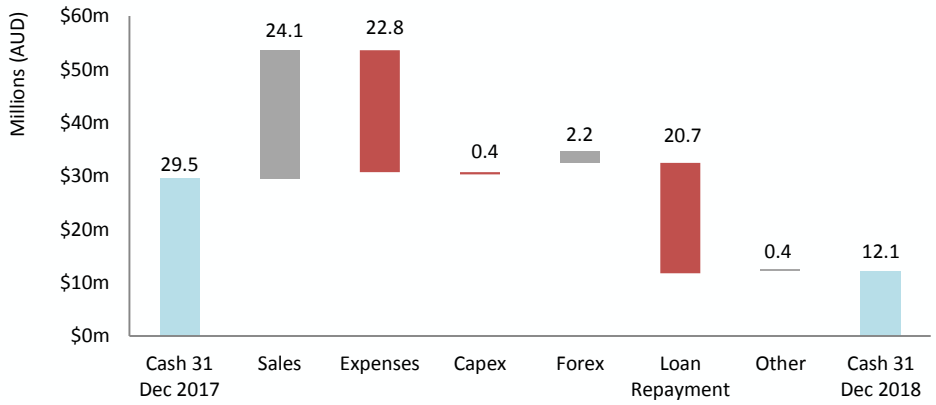
Receipt of lump sum service fees in February 2019 to further boost UBI's cash position

A$m, 12 months ended 31 Dec	2018	2017	Change
Net cash provided by operating activities	**1.8**	**8.7**	**-79.7%**
Net cash used in investing activities	**-0.4**	**-1.0**	**-65.1%**
Net cash used in financing activities	**-20.9**	**-0.4**	**5578.5%**
Movement in exchange rates	2.2	-1.4	**-250.9%**
Net movement in cash at period end	-17.3	5.9	**-395.6%**
Cash at period end	**12.1**	**29.5**	**-58.9%**

Commentary

- Positive operating cash flow in FY2018 of $1.8 million reflective of cost management focus
- FY2017 operating cash flow includes R&D tax cash rebate of $7.5 million
- Financing activities outflow reflects repayment of loan of $20.7 million
- Lump sum service fees of US$31.5 million receipted in February 2019 to increase cash balance in Q1 2019

Cash Reconciliation



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Balance Sheet

Balance Sheet strengthens with debt repayment and lump sum service fees

A$m, as at 31 Dec	2018	2017	Change
Cash and cash equivalents	11.8	26.3	-55.1%
Trade and other receivables	50.2	4.4	1041.8%
Prepayments	0.2	0.9	-82.1%
Other current assets	1.9	1.5	21.3%
Current Assets	**64.1**	**33.1**	**93.6%**
Property, plant and equipment	5.6	10.0	-43.5%
Other non current assets	0.3	3.2	-90.1%
Non Current Assets	**5.9**	**13.2**	**-54.9%**
Total Assets	**70.0**	**46.3**	**51.3%**
Income taxes payable	4.4	0.0	nmf
Trade and other payables	2.4	1.8	32.7%
Deferred revenue	2.3	2.3	0.0%
Other current liabilities	4.1	4.2	-1.8%
Total Current Liabilities	**13.2**	**8.3**	**58.4%**
Long term borrowings	0.0	19.0	-100.0%
Deferred revenue	3.5	3.5	0.0%
Other non current liabilities	2.6	2.7	-0.9%
Total Non Current Liabilities	**6.1**	**25.2**	**-75.7%**
Total Liabilities	**19.3**	**33.5**	**-42.4%**
Net Assets	**50.7**	**12.8**	**296.8%**
Total Equity	**50.7**	**12.8**	**296.8%**

Commentary

- Long term borrowings repaid in November 2018 (US$15 million)
- Cash position at balance date impacted by loan repayment. Cash will improve with the receipt of the lump sum service fees in Q1 FY2019
- Trade receivables include $44.6 million lump sum service fee
- Decline in fixed assets as certain fixed assets were written off during the year
- Decline in other non current assets as $2.9 million was released as security upon the repayment of the debt facility
- UBI subject to new tax reforms in the US. Under these reforms, UBI have a tax liability of $4.4 million payable by 15 April 2019

5. Future Outlook

Future Operations

FY2018 financial results not indicative of expected FY2019 results and operations

- ***FY2019 results will not bear resemblance to FY2018 due to the following recent activities:***
  - ***Receipt of the lump sum service fees of $44.6 million in February 2019***
  - ***Execution of the term sheet with Siemens in February 2019***
  - ***Discussions with other potential partners within the Coagulation platform***
  - ***Re-alignment of costs***

- ***Negotiation period with Siemens pursuant to the Term Sheet executed in February 2019 ends on 8 June 2019***
  - ***Not feasible to provide forecasts or guidance beyond this date as outcome of decisions currently not known***

- ***Normalised burn rate during the four months to 30 June 2019 is expected to be an outflow of $5.0 - $6.0 million***

Indicative future cash position to 30 Jun 2019

	$M
Net cash – 28 Feb 2019	**57.9**
Less:	
Operating cash outflows	(5.0-6.0)
One-off termination & legal costs	(2.0)
US tax liability (due 15/4/2019)[1]	(4.4)
Indicative net cash position – 30 June 2019	**45.5 – 46.5**

Notes
1 Based on AUD:USD $0.71