

17 March 2025



Dear Shareholders,

Universal Biosensors (UBI) is focused on leveraging its advanced electrochemical sensor technology to expand into high-value, global markets. Its long-term strategy revolves around **scaling its core business units** (Sentia, Xprecia, Petrackr, and AQUASCOUT), **driving adoption of consumables** (test strips), **broadening market reach** through partnerships and digital channels, and **enhancing technology leadership** through continuous innovation.

Key pillars of UBI's long-term strategy include:

- **Increasing Market Penetration:** Expanding installed device bases across all product segments, ensuring a growing revenue stream from consumables.
- **Consumables Utilization Growth:** Driving customer behaviour changes to increase the frequency of test strip usage per device across all segments.
- **Technology Leadership:** Enhancing existing products and developing next-generation devices using machine learning, AI integration, data management app tools and improved electrochemical sensor technology.
- **Geographic Expansion:** Targeting new markets with high potential for growth and regulatory approval pathways.
- **Strategic Partnerships:** Collaborating with distributors, industry leaders, and digital health platforms to expand reach and streamline sales.
- **E-commerce & Direct-to-Consumer (DTC) Growth:** Strengthening digital and B2C channels, particularly for Petrackr and Sentia.

UBI acknowledges adoption has been slower than expected due to entrenched customer habits, limited awareness, regulatory delays, and competitive market environments, however we are confident the prospects for the future are brighter than ever. We have been listening to feedback from our shareholders and would like to address the most common themes below.

Xprecia Sales Growth below market expectations

- In H1 2024, Xprecia Prime received FDA (510K) clearance and a CLIA Waiver, marking a significant milestone and commercial opportunity for UBI.
- In H2 2024, we expanded our U.S. sales team, hiring a Global Head of Sales (June), a Commercial Director, and four additional team members to strengthen direct and distributor support.
- In the U.S. Point-of-Care market, Xprecia Prime's adoption depends on middleware integration for seamless communication with hospital and clinic patient record systems. Establishing and validating these platforms has taken time, but one of the largest platforms is expected to go live within the next month, removing the last barrier to widespread adoption in major US clinics and medical institutions.
- In Q4 2024, we secured major U.S. distribution agreements, received our first shipment of Xprecia Prime devices, and recorded our first initial sales.

- While building sales momentum takes time, I am encouraged by the team's progress and the strong foundations we've established for future growth.

Sentia sales growth below market expectations

Sentia is a disruptive next-generation technology and the world's first electrochemical handheld analyser for winemakers, enabling rapid, on-site testing of key chemical compounds essential to wine production. I make the following observations:

- Gaining market share in this sector requires time, investment, and a strategic approach to distribution.
- As a disruptive technology, we have learned that large-scale distribution partnerships do not provide the most effective solution for driving market penetration. While major distributors showed initial interest in Sentia, many lacked the technical sales expertise and commitment needed to financially create and grow a new product category. In contrast, we have found direct sales, complemented by distributors to handle logistics and supply, a more effective strategy.
- Our market penetration is progressing well, with Sentia now adopted by:
 - ✓ 9% of wineries in the U.S. (900 devices in use)
 - ✓ 25% of wineries in Australia
 - ✓ 17% of wineries in Canada
 - ✓ 9% of wineries in New Zealand
- In early 2024, we encountered performance issues with Free SO₂ test strips due to a Machine Learning algorithm bias within the device software. After rigorous testing and investigation with winemakers across the globe this problem was successfully resolved by reverting to verified electro chemical testing methods and replacing affected strips at no cost to customers. While sales were impacted in H1 2024, demand rebounded in H2, with record test strip sales in Q3 and a 23% year-over-year increase in H2 sales.
- Europe, the world's largest wine market, remains more cautious and reliant on more traditional methods compared to their counterparts in the "New World" regions, leading to a slower adoption curve for new technologies. To date, we have sold 430 devices in Europe.
- While Sentia has been in development for several years, the full suite of six tests has only been available for approximately 18 months with a number of these being further improved during 2024 to meet the real expectations of wine makers and also address the multiple differences in wine chemistry due to grape varieties and growing conditions seen around the world.
- UBI's goal is to reach 10,000+ wineries worldwide, with each winery expected to use 500 –1,000 test strips annually, driving strong recurring revenue growth.

Competitive barriers preventing sales growth for UBI's products

In terms of UBI's competitive position:

- Sentia is a world-first, disruptive technology for winemakers, offering a unique solution with no direct competitors. While traditional laboratory methods and winery based benchtop devices and basic reference testing equipment exist, no other product replicates Sentia's on-the-spot testing capabilities.
- Xprecia is the latest and best-performing PT/INR device on the market, albeit competing as a late market entrant in a highly competitive space driven primarily by hospital tenders. We now have an established distribution network in Europe and are actively expanding in the U.S., which accounts for over 50% of the global market.
- Petrackr is the most advanced, integrated veterinary blood glucose monitor available. While our initial focus was on distributors and veterinary clinics, the

North American market is dominated by e-commerce giants such as Amazon, Chewy and Walmart. Over the past eight months, we have built internal systems and e-commerce capabilities to compete at this level. Petrackr was launched on Amazon in Q1 2025, with additional platforms set to go live in Q2, positioning us for stronger sales growth as a focused consumer brand.

- Our e-commerce platform investment extends beyond Petrackr, as it also enables Sentia sales, streamlining the purchasing process and enhancing accessibility for customers.

UBI is burning cash? What measures are being taken

Given the tighter than expected operating conditions and cash position, management of expenses and cash has become an area of focus during H2 2024. The addition of our new Finance Director indicates our intention to drive operational and cost management efficiency initiatives in 2025.

Our approach is:

- To preserve the value of investments in key resources and people that will deliver long term success for UBI.
- Prioritise key near-term growth opportunities in our wine (Sentia), blood (Xprecia) and water (AQUASCOUT) businesses, whilst maintaining our other core capabilities.
- Drive costs and cash optimization initiatives. In Q4 2024 we eliminated \$1.1m of annual costs and expect to reduce costs by another \$1m during Q1 2025.
- Assess potential asset disposals and licensing options.
- Assess all funding options to support our strategy.

Conclusion & Outlook for Universal Biosensors (UBI)

Universal Biosensors (UBI) has made significant progress in expanding its market presence, strengthening distribution channels, and refining its commercialization strategies across Sentia, Xprecia, and Petrackr. As we continue to scale operations, our focus remains on driving adoption, increasing consumables utilization, and expanding into high-growth markets.

Looking ahead, UBI is well-positioned to capitalize on its disruptive technologies, leveraging its direct sales approach, e-commerce expansion, and strategic partnerships to accelerate growth. With Xprecia gaining traction in the U.S., Sentia continuing to penetrate the global wine industry, and Petrackr entering major e-commerce platforms, we expect strong momentum in 2025 and beyond. Our long-term vision is to solidify UBI as a global leader in advanced electrochemical diagnostic solutions, driving sustainable revenue growth and delivering innovative products that transform industries.

We have gained **valuable insights** in our approach to **commercialising our products**, refining our strategies to drive market adoption more effectively. The Board remains **optimistic and encouraged** by the **opportunities ahead**, as well as the **advancements in product development, sales infrastructure, and business improvements** delivered by our dedicated team.

We look forward to a successful future.

Graham McLean
Chairman
Universal Biosensors Inc

About Universal Biosensors

Universal Biosensors, founded in 2001, specialises in the design and development of electrochemical cells (strips) used in conjunction with point of use devices that are used in various industries such as healthcare (point of care), wine, food, and agriculture. UBI's ambition is to build a multi product stable of biosensors in large markets which generate ongoing revenue streams. For additional information regarding Universal Biosensors, Inc., refer to: <http://www.universalbiosensors.com>.

About Petrackr Blood Glucose Monitoring System

The PETRACKR® Veterinary Blood Glucose Monitoring System is specifically calibrated for cats and dogs. The starter kit and PETRACKR® App allows pet parents to easily track, monitor and share their pet's blood glucose results with their veterinarian. The analyzer is Bluetooth enabled to connect with the PETRACKR® mobile app to track, download and share the pet's blood glucose results, insulin doses, meals, and exercise routine. The PETRACKR® handheld Point of Care analyzer puts the power of a lab in the palm of your hand. For additional information visit:

<https://www.universalbiosensors.com/products/petrackr/>

Forward-Looking Statements

The statements contained in this release that are not purely historical are forward-looking statements within the meaning of the US Securities Exchange Act of 1934. Forward-looking statements in this release include statements regarding our expectations, beliefs, hopes, intentions or strategies. 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 proposals outlined in this release will occur, and the terms of any such proposal 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.