

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 March 31, 2025

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 | <input type="checkbox"/>            | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| Emerging growth company | <input checked="" type="checkbox"/> |                           |                                     |

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: 298,067,435 shares of Common Stock, U.S.\$0.0001 par value, outstanding as of May 12, 2025.

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UNIVERSAL BIOSENSORS, INC.

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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)

|  | March 31, 2025    | December 31, 2024 |
|--|-------------------|-------------------|
|  | A\$               | A\$               |
| <b>ASSETS</b>  |                   |                   |
| <b>Current assets:</b>   |                   |                   |
| Cash and cash equivalents  | 4,561,315         | 8,544,105         |
| Inventories  | 5,970,853         | 5,585,866         |
| Accounts receivable  | 933,054           | 956,500           |
| Prepayments  | 895,653           | 915,196           |
| Restricted cash  | 35,000            | 35,000            |
| Research and development tax incentive receivable  | 2,534,246         | 2,188,203         |
| Other current assets   | 258,597           | 248,041           |
| <b>Total current assets</b>  | <b>15,188,718</b> | <b>18,472,911</b> |
| <b>Non-current assets:</b>   |                   |                   |
| Property, plant and equipment  | 32,721,302        | 32,690,674        |
| Less accumulated depreciation  | (28,406,819)      | (28,243,602)      |
| Property, plant and equipment - net  | <b>4,314,483</b>  | <b>4,447,072</b>  |
| Right-of-use asset - operating leases  | 2,397,128         | 2,468,019         |
| Right-of-use asset - finance leases  | 37,390            | 39,726            |
| Restricted cash  | 320,000           | 320,000           |
| Other non-current assets   | 93,036            | 93,036            |
| <b>Total non-current assets</b>  | <b>7,162,037</b>  | <b>7,367,853</b>  |
| <b>Total assets</b>  | <b>22,350,755</b> | <b>25,840,764</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                   |                   |
| <b>Current liabilities:</b>  |                   |                   |
| Accounts payable   | 684,086           | 356,222           |
| Accrued expenses   | 2,182,891         | 1,795,801         |
| Contract liabilities   | 12,193            | 4,781             |
| Lease liability - operating leases   | 757,013           | 900,402           |
| Lease liability - finance leases   | 9,793             | 9,679             |
| Employee entitlements liabilities  | 976,110           | 896,933           |
| Short-term loan  | 462,006           | 697,284           |
| <b>Total current liabilities</b>   | <b>5,084,092</b>  | <b>4,661,102</b>  |
| <b>Non-current liabilities:</b>  |                   |                   |
| Asset retirement obligations   | 1,319,277         | 1,296,533         |
| Employee entitlements liabilities  | 94,050            | 109,311           |
| Lease liability - operating leases   | 2,291,357         | 2,365,667         |
| Lease liability - finance leases   | 34,227            | 36,718            |
| <b>Total non-current liabilities</b>   | <b>3,738,911</b>  | <b>3,808,229</b>  |
| <b>Total liabilities</b>   | <b>8,823,003</b>  | <b>8,469,331</b>  |
| <b>Commitments and contingencies</b>   |                   |                   |
| <b>Stockholders' equity:</b>   |                   |                   |
| Preferred stock, US\$0.01 par value. Authorized 1,000,000 shares; issued & outstanding nil at March 31, 2025 (nil at December 31, 2024). Common stock, US\$0.0001 par value. Authorized 750,000,000 shares; issued & outstanding 298,067,435 shares at March 31, 2025 (Authorized 300,000,000 shares; issued & outstanding 298,067,435 at December 31, 2024) | 29,807            | 29,807            |
| Additional paid-in capital   | 131,347,039       | 131,347,039       |
| Accumulated deficit  | (113,660,090)     | (99,407,192)      |
| Current year loss  | (3,837,950)       | (14,252,898)      |
| Accumulated other comprehensive loss   | (351,054)         | (345,323)         |
| <b>Total stockholders' equity</b>  | <b>13,527,752</b> | <b>17,371,433</b> |
| <b>Total liabilities and stockholders' equity</b>  | <b>22,350,755</b> | <b>25,840,764</b> |

See accompanying Notes to the Consolidated Condensed Financial Statements.

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

|   | Three Months Ended March 31, |             |
|---|------------------------------|-------------|
|   | 2025                         | 2024        |
|   | A\$                          | A\$         |
| <b>Revenue</b>  |                              |             |
| Revenue from products                                 | 1,329,813                    | 1,179,843   |
| Revenue from services                                 | 224,846                      | 289,667     |
| Total revenue   | 1,554,659                    | 1,469,510   |
| <b>Operating costs and expenses</b>                   |                              |             |
| Cost of goods sold                                    | 625,874                      | 481,467     |
| Cost of services                                      | 85,441                       | 110,177     |
| Total cost of goods sold and services                 | 711,315                      | 591,644     |
| <b>Gross profit</b>                                   | 843,344                      | 877,866     |
| <b>Other operating costs and expenses</b>             |                              |             |
| Depreciation and amortization                         | 150,643                      | 253,098     |
| Research and development                              | 795,503                      | 254,217     |
| Selling, general and administrative                   | 4,364,974                    | 4,025,382   |
| Total operating costs and expenses                    | 5,311,120                    | 4,532,697   |
| Loss from operations                                  | (4,467,776)                  | (3,654,831) |
| <b>Other income/(expense)</b>                         |                              |             |
| Interest income                                       | 63,391                       | 68,656      |
| Interest expense                                      | (2,236)                      | (6,687)     |
| Financing costs                                       | (22,744)                     | (16,895)    |
| Research and development tax incentive income         | 346,044                      | 114,348     |
| Exchange loss   | 167,295                      | 13,846      |
| Other income  | 78,076                       | 42,752      |
| Total other income/(expenses)                         | 629,826                      | 216,020     |
| <b>Net loss before tax</b>                            | (3,837,950)                  | (3,438,811) |
| Income tax benefit/(expense)                          | 0                            | 0           |
| <b>Net loss after tax</b>                             | (3,837,950)                  | (3,438,811) |
| <b>Net loss per share</b>                             |                              |             |
| Net loss per share - basic and diluted                | (0.01)                       | (0.02)      |
| Average weighted number of shares - basic and diluted | 298,067,435                  | 213,833,384 |
| <b>Other comprehensive income/(loss), net of tax:</b> |                              |             |
| Foreign currency translation reserve                  | (5,731)                      | 175,537     |
| Other comprehensive loss                              | (5,731)                      | 175,537     |
| Comprehensive loss                                    | (3,843,681)                  | (3,263,274) |

See accompanying Notes to the Consolidated Condensed Financial Statements.

Universal Biosensors, Inc.

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

Three Months Ended March 31, 2025

|                                   | Ordinary shares    |               | Additional paid-in capital | Accumulated deficit  | Other comprehensive income/ (loss) | Total stockholders' equity |
|-----------------------------------|--------------------|---------------|----------------------------|----------------------|------------------------------------|----------------------------|
|                                   | Shares             | Amount        |                            |                      |                                    |                            |
|                                   |                    | A\$           |                            |                      |                                    |                            |
| Balances at January 1, 2025       | 298,067,435        | 29,807        | 131,347,039                | (113,660,090)        | (345,323)                          | 17,371,433                 |
| Net loss                          | 0                  | 0             |                            | (3,837,950)          | 0                                  | (3,837,950)                |
| Other comprehensive loss          | 0                  | 0             | 0                          | 0                    | (5,731)                            | (5,731)                    |
| <b>Balances at March 31, 2025</b> | <b>298,067,435</b> | <b>29,807</b> | <b>131,347,039</b>         | <b>(117,498,040)</b> | <b>(351,054)</b>                   | <b>13,527,752</b>          |

Three Months Ended March 31, 2024

|  | Ordinary shares    |               | Additional paid-in capital | Accumulated deficit  | Other comprehensive income/ (loss) | Total stockholders' equity |
|--|--------------------|---------------|----------------------------|----------------------|------------------------------------|----------------------------|
|  | Shares             | Amount        |                            |                      |                                    |                            |
|  |                    | A\$           |                            |                      |                                    |                            |
| Balances at January 1, 2024  | 212,369,435        | 21,237        | 119,239,087                | (99,420,347)         | (332,168)                          | 19,507,809                 |
| Net loss   | 0                  | 0             | 0                          | (3,438,811)          | 0                                  | (3,438,811)                |
| Issuance of common stock at A\$0.15 per share, net of issuance costs | 16,666,667         | 1,667         | 1,901,301                  | 0                    | 0                                  | 1,902,968                  |
| Other comprehensive loss   | 0                  | 0             | 0                          | 0                    | 175,537                            | 175,537                    |
| Performance awards and exercise of stock options                     | 2,364,666          | 236           | 472,697                    | 0                    | 0                                  | 472,933                    |
| Stock-based compensation expense                                     | 0                  | 0             | 43,222                     | 0                    | 0                                  | 43,222                     |
| <b>Balances at March 31, 2024</b>                                    | <b>231,400,768</b> | <b>23,140</b> | <b>121,656,307</b>         | <b>(102,859,158)</b> | <b>(156,631)</b>                   | <b>18,663,658</b>          |

See accompanying Notes to the Consolidated Condensed Financial Statements.

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Consolidated Condensed Statements of Cash Flows (Unaudited)

|   | Three Months Ended March 31, |                         |
|---|------------------------------|-------------------------|
|   | 2025                         | 2024                    |
|   | A\$                          | A\$                     |
| <b>Cash flows from operating activities:</b>  |                              |                         |
| Net loss  | (3,837,950)                  | (3,438,811)             |
| Adjustments to reconcile net loss to net cash used in operating activities:             |                              |                         |
| Depreciation and amortization   | 163,210                      | 253,098                 |
| Stock-based compensation expense  | 0                            | 43,222                  |
| Non-cash lease (benefit)/expense  | (51,117)                     | (155,127)               |
| Unrealized foreign exchange losses  | (9,537)                      | 134,606                 |
| Change in assets and liabilities:   |                              |                         |
| Inventories   | (384,987)                    | (1,004,970)             |
| Accounts receivable   | 23,447                       | (211,144)               |
| Prepayments and other assets  | (337,055)                    | (40,539)                |
| Contract liabilities  | 7,412                        | (36,132)                |
| Employee entitlements   | 63,918                       | 61,065                  |
| Accounts payable and accrued expenses   | 643,395                      | (1,346,103)             |
| Net cash used in operating activities   | <u>(3,719,264)</u>           | <u>(5,740,835)</u>      |
| <b>Cash flows from investing activities:</b>  |                              |                         |
| Purchases of property, plant and equipment  | (30,622)                     | (77,728)                |
| Net cash used in investing activities   | <u>(30,622)</u>              | <u>(77,728)</u>         |
| <b>Cash flows from financing activities:</b>  |                              |                         |
| Repayment of borrowings   | (237,588)                    | (303,694)               |
| Proceeds from issuance of common stock, net of issuance costs                           | 0                            | 2,500,000               |
| Exercise of options   | 0                            | 472,933                 |
| Other   | 0                            | (2,309)                 |
| Net cash provided by/(used in) financing activities                                     | <u>(237,588)</u>             | <u>2,666,930</u>        |
| Net decrease in cash, cash equivalents and restricted cash                              | <u>(3,987,474)</u>           | <u>(3,151,633)</u>      |
| Cash, cash equivalents and restricted cash at beginning of period                       | 8,899,105                    | 10,595,429              |
| Effect of exchange rate fluctuations on the balances of cash held in foreign currencies | 4,684                        | (49,700)                |
| <b>Cash, cash equivalents and restricted cash at end of period</b>                      | <u><u>4,916,315</u></u>      | <u><u>7,394,096</u></u> |

See accompanying Notes to the Consolidated Condensed Financial Statements.

Notes to Consolidated Condensed Financial Statements (Unaudited)

1. 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 months ended March 31, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. 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, 2024 (the "2024 Form 10-K" or "Annual Report") filed with the U.S. Securities and Exchange Commission (the "SEC") on February 26, 2025. The year-end consolidated condensed balance sheets data as at December 31, 2024 was derived from audited financial statements but does not include all disclosures required by U.S. GAAP.

**Going Concern**

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the continuity of operations, realization of assets and the satisfaction of obligations in the normal course of business. The Company has experienced recurring losses since its inception and has not generated any significant revenues. The Company incurred a net loss of A\$3,837,950 and A\$3,438,811, respectively for the three month period ended March 31, 2025 and 2024, and used A\$3,719,264 and A\$5,740,835, respectively during the three month period ended March 31, 2025 and 2024 in cash to fund operations and had an accumulated deficit of A\$113,660,090 and A\$99,407,192, respectively as of March 31, 2025 and December 31, 2024. The Company expects to continue to generate operating losses for the foreseeable future. As of March 31, 2025, the Company had cash and cash equivalents of A\$4,916,315 (March 31, 2024: A\$7,394,096). The Group has not generated significant revenues resulting in the net cash outflows and accumulated losses to date and is forecasting to incur further cash outflows while growing the business over the coming period. The Company believes that its current cash and cash equivalents are only sufficient to fund its operations into Q3 2025 and this raises substantial doubt about the ability of the Company to continue as a going concern within one year from the date of the issuance of these consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this going concern. In view of these matters, continuation as a going concern is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financial requirements, raise additional capital, and the success of its future operations. Management plan to fund the operations of the Company by growing revenue, pursuing joint venture or partnerships for our product portfolio and raising cash through the issuance of new equity, until such a time as the Group's operations generate positive cash flows or other profitable investments may be achieved. Although the Company has commenced a process to raise additional capital, there are currently no written agreements in place for such funding or issuance of securities and there can be no assurance that such funding sources will be available at terms acceptable to the Company, or at all in the future. However, the Company has successfully raised new equity capital in the past and has demonstrated growth in revenue as new product lines have been launched. Management continues to explore options for the Company to continue as a going concern. The inability to obtain funding, as and when needed, would have a negative impact on the Company's financial condition and ability to pursue its business strategies. If the Company has insufficient funding to meet its working capital needs, it could be required to limit or cease operations.

**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 the adequacy of the provision for expected credit losses, stock obsolescence, 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, 2024.

*(a) Recent issued accounting standards not yet adopted*

**ASU No. 2024-03 "Disaggregation of Income Statement Expenses"**

On November 4, 2024, the FASB issued ASU 2024-03 "*Income Statement: Reporting Comprehensive Income-Expense Disaggregation Disclosures*", which requires disaggregated disclosure of income statement expenses for public business entities. The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. Early adoption is permitted. This ASU is effective for fiscal years beginning after December 15, 2026 and for interim periods within fiscal years beginning after December 15, 2027. The amendments may be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating this guidance to determine the impact it may have on the consolidated financial statements.

**Notes to Consolidated Condensed Financial Statements (Unaudited)**

*(b) Recent adopted accounting standards*

ASU No. 2024-02 "Removes Concepts Statement References From Codification"

The FASB issued ASU 2024-024 on March 29, 2024, to remove references to its concepts statements from the FASB Accounting Standards Codification. The ASU is part of the Board's standing project to make "Codification updates for technical corrections such as conforming amendments, clarifications to guidance, simplifications to wording or the structure of guidance, and other minor improvements." The ASU's amendments are effective for public business entities (PBEs) for fiscal for fiscal years beginning after December 15, 2025.

On October 1, 2024, the Company adopted the new accounting pronouncement ASU No. 2024-02. The adoption of ASU No. 2024-02 did not have any impact on the consolidated financial statements or results of operations.

ASU No. 2023-09 "Improvement to Income Tax Disclosures"

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures, which requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. The amendments in this ASU are effective for annual periods beginning on January 1, 2025, and should be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted.

On January 1, 2024, the Company adopted the new accounting pronouncement ASU No. 2023-09 in the current period and retrospectively. The adoption of ASU No. 2023-09 did not have any impact on the consolidated condensed financial statements or results of operations.

ASU No. 2023-07 "Improvements to Reportable Segment Disclosures"

In November 2023, the FASB issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures, which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The purpose of the amendments is to enable investors to better understand an entity's overall performance and assess potential future cash flows. For public business entities, the amendments in this ASU are effective for fiscal years beginning after December 15, 2023 and interim periods in fiscal years beginning after December 15, 2024, and should be applied on a retrospective basis for all periods presented. For entities other than public business entities, the ASU is effective for annual periods beginning after December 15, 2025.

The Company adopted the new accounting pronouncement ASU No. 2023-07 in the fourth quarter of 2024. For additional information, see Note 13.

**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. In relation to receivables, the Company performs ongoing credit evaluations of our customers. The provision for expected credit losses is determined principally on the basis of past collection experience as well as consideration of current economic conditions and changes in our customer collection trends.

***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 collateral for facilities.

***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 Company evaluates the collectability of accounts receivable and records a provision for expected credit losses based on factors including the length of time the receivables are past due, the current business environment and the Company's historical experience. The expense to adjust the provision for expected credit losses, if any, is recorded within selling, general and administrative expenses in the consolidated 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 are primarily represented by sundry receivables.

***Property, Plant and Equipment***

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

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.

**Notes to Consolidated Condensed Financial Statements (Unaudited)**

***Impairment of Long-Lived Assets***

The Company reviews its long-lived assets, including property, plant and equipment and definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss is recognized when the undiscounted future cash flows expected to result from the use of the asset is less than the carrying amount of the asset. Accordingly, we recognize an impairment loss based on the excess of the carrying value amount over the fair value of the asset.

***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).

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 is 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 analyzers and test strips and the provision of laboratory 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.

**Universal Biosensors, Inc.**

**Notes to Consolidated Condensed Financial Statements (Unaudited)**

*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 ("Xprecia") | <p>Our point-of-care coagulation testing products use electrochemical cell technology 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 variable.</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>   |
| Wine testing products ("Sentia")         | <p>Our Sentia wine analyzer is used to measure Free SO<sub>2</sub>, Malic Acid, Glucose, Fructose, Total Sugar, Acetic Acid and Titratable Acidity 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 variable.</p>                      |
| Veterinary diabetes product ("Petrackr") | <p>Our veterinary blood glucose product, Petrackr, is a blood glucose monitoring product for dogs and cats with diabetes.</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 variable.</p>   |

See Note 8 to the Consolidated Condensed Financial Statements for a disaggregation of revenue.

*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 involved in eligible research and development ("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.

**Notes to Consolidated Condensed Financial Statements (Unaudited)**

The Company has recorded research and development tax incentive income of A\$346,044 and A\$114,348 for the three months ended March 31, 2025 and 2024, respectively. In the three months ended March 31, 2025 there is reasonable assurance that the aggregate turnover of the Company for the year ended December 31, 2025 will not exceed A\$20,000,000.

**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'.

**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.

**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. The contribution rate was 10.5% on July 1, 2022 and increased to 11.0% on July 1, 2023 and further increased to 11.5% on July 1, 2024. 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 with 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.

**Employee Entitlements Liabilities**

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

**Income Taxes**

We are subject to income taxes in Australia, Canada, the Netherlands and the United States. 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.

**Notes to Consolidated Condensed Financial Statements (Unaudited)**

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.

**2. 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 amounts shown in the consolidated condensed statements of cash flows.

|                                      | <b>March 31, 2025</b> | <b>December 31, 2024</b> |
|--------------------------------------|-----------------------|--------------------------|
|                                      | <b>A\$</b>            | <b>A\$</b>               |
| Cash and cash equivalents            | 4,561,315             | 8,544,105                |
| Restricted cash – current assets     | 35,000                | 35,000                   |
| Restricted cash – non-current assets | 320,000               | 320,000                  |
|                                      | <u>4,916,315</u>      | <u>8,899,105</u>         |

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

|  | <b>March 31, 2025</b> | <b>December 31, 2024</b> |
|--|-----------------------|--------------------------|
|  | <b>A\$</b>            | <b>A\$</b>               |
| Collateral for facilities - current assets     | 35,000                | 35,000                   |
| Collateral for facilities - non-current assets | 320,000               | 320,000                  |
|  | <u>355,000</u>        | <u>355,000</u>           |

Collateral for facilities represents a letter of credit for A\$35,000 issued in favour of American Express Australia Ltd (current), bank guarantee of A\$250,000 for commercial lease of UBS' premises (non-current) and security deposit on Company's credit cards of A\$70,000 (non-current).

Interest earned on the restricted cash for the three months ended March 31, 2025 and 2024 was A\$3,745 and A\$3,849 respectively.

**3. Inventories**

|                                  | <b>March 31, 2025</b> | <b>December 31, 2024</b> |
|----------------------------------|-----------------------|--------------------------|
|                                  | <b>A\$</b>            | <b>A\$</b>               |
| Raw materials                    | 505,965               | 330,347                  |
| Work in progress                 | 356,986               | 611,170                  |
| Finished goods                   | 6,079,600             | 5,368,183                |
|                                  | 6,942,551             | 6,309,700                |
| Provision for stock obsolescence | (971,698)             | (723,834)                |
|                                  | <u>5,970,853</u>      | <u>5,585,866</u>         |

**4. Receivables**

|                             | <b>March 31, 2025</b> | <b>December 31, 2024</b> |
|-----------------------------|-----------------------|--------------------------|
|                             | <b>A\$</b>            | <b>A\$</b>               |
| Accounts receivable         | 1,357,245             | 1,359,936                |
| Allowance for credit losses | (424,191)             | (403,436)                |
|                             | <u>933,054</u>        | <u>956,500</u>           |

Notes to Consolidated Condensed Financial Statements (Unaudited)

5. Property, Plant and Equipment

|                                   | March 31, 2025 | December 31, 2024 |
|-----------------------------------|----------------|-------------------|
|                                   | A\$            | A\$               |
| Plant and equipment               | 23,378,550     | 23,347,922        |
| Leasehold improvements            | 9,342,752      | 9,342,752         |
|                                   | 32,721,302     | 32,690,674        |
| Accumulated depreciation          | (28,406,819)   | (28,243,602)      |
| Property, plant & equipment - net | 4,314,483      | 4,447,072         |

6. Leases

The Company's lease portfolio consists primarily of operating leases for office space and equipment with contractual terms expiring from December 2025 to February 2032. Lease contracts may include one or more renewal options that allow the Company to extend the lease term. 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.

|   | March 31, 2025 | December 31, 2024 |
|---|----------------|-------------------|
|   | A\$            | A\$               |
| Operating lease right-of-use assets:              |                |                   |
| Non-current                                       | 2,397,128      | 2,468,019         |
| Operating lease liabilities:                      |                |                   |
| Current   | 757,013        | 900,402           |
| Non-current                                       | 2,291,357      | 2,365,667         |
| Weighted average remaining lease terms (in years) | 6.0            | 6.0               |
| Weighted average discount rate                    | 4.7%           | 4.8%              |

The components of lease income/expense were as follows:

|                                       | Three Months Ended March 31, |         |
|---------------------------------------|------------------------------|---------|
|                                       | 2025                         | 2024    |
|                                       | A\$                          | A\$     |
| Fixed payment operating lease expense | 103,358                      | 115,336 |
| Short-term lease expense              | 1,556                        | 787     |
| Sub-lease income                      | 38,891                       | 36,391  |

The sublease 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:

|                                     | Three Months Ended March 31, |         |
|-------------------------------------|------------------------------|---------|
|                                     | 2025                         | 2024    |
|                                     | A\$                          | A\$     |
| Cost of services                    | 2,531                        | 14,979  |
| Research and development            | 3,146                        | 34,963  |
| Selling, general and administrative | 97,681                       | 65,394  |
|                                     | 103,358                      | 115,336 |

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

|   | Three Months Ended March 31, |         |
|---|------------------------------|---------|
|   | 2025                         | 2024    |
|   | A\$                          | A\$     |
| Operating cash outflows from operating leases | 104,914                      | 249,971 |

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

|  | Three Months Ended March 31, |      |
|--|------------------------------|------|
|  | 2025                         | 2024 |
|  | A\$                          | A\$  |
| Right-of-use assets obtained in exchange for lease liabilities | 0                            | 0    |
| Right-of-use asset modifications                               | 0                            | 0    |

**Universal Biosensors, Inc.**

**Notes to Consolidated Condensed Financial Statements (Unaudited)**

Future lease payments are as follows:

|  | <b>March 31, 2025</b> | <b>December 31, 2024</b> |
|--|-----------------------|--------------------------|
|  | <b>A\$</b>            | <b>A\$</b>               |
| 1 year                                   | 868,517               | 1,022,251                |
| 2 years                                  | 409,642               | 407,413                  |
| 3 years                                  | 417,014               | 416,427                  |
| 4 years                                  | 421,205               | 418,875                  |
| 5 years                                  | 430,862               | 428,300                  |
| Thereafter                               | 852,358               | 950,633                  |
| <b>Total future lease payments</b>       | <b>3,399,418</b>      | <b>3,653,899</b>         |
| Less: imputed interest                   | (351,048)             | (387,830)                |
| <b>Total operating lease liabilities</b> | <b>3,048,370</b>      | <b>3,266,069</b>         |
| Current                                  | 757,013               | 900,402                  |
| Non-current                              | 2,291,357             | 2,365,667                |

On March 1, 2024, HRL entered into a tenancy agreement for an office space for a 12-month period in Hamilton, Canada. As of March 31, 2025, the Company has not entered into any operating or finance lease agreements that have not yet commenced.

**7. Short-Term Loan**

In December 2024 the Company entered into a short-term loan facility to finance its 2025 Insurance Premium. The total amount available and drawn down under the facility is \$697,284. The facility is repayable in nine monthly instalments which commenced in January 2025 and has an effective annual interest rate of 1.84%. 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.

**8. Revenue**

*Disaggregation of Revenue*

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

|  | <b>Three Months Ended March 31,</b> |                  |
|--|-------------------------------------|------------------|
|  | <b>2025</b>                         | <b>2024</b>      |
|  | <b>A\$</b>                          | <b>A\$</b>       |
| <b>Major product/service lines</b>                   |                                     |                  |
| Coagulation testing products                         | 569,237                             | 627,992          |
| Laboratory testing services                          | 224,846                             | 289,667          |
| Wine testing products                                | 693,149                             | 526,688          |
| Veterinary diabetes products                         | 67,427                              | 25,163           |
|  | <b>1,554,659</b>                    | <b>1,469,510</b> |
| <b>Timing of revenue recognition</b>                 |                                     |                  |
| Products and services transferred at a point in time | 1,554,659                           | 1,469,510        |

*Contract Balances*

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

|                      | <b>Three Months Ended March 31,</b> |             |
|----------------------|-------------------------------------|-------------|
|                      | <b>2025</b>                         | <b>2024</b> |
|                      | <b>A\$</b>                          | <b>A\$</b>  |
| Receivables          | 1,357,245                           | 2,336,644   |
| Contract liabilities | 12,193                              | 0           |

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.

Notes to Consolidated Condensed Financial Statements (Unaudited)

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

|                                 | Three Months Ended March 31, |          |
|---------------------------------|------------------------------|----------|
|                                 | 2025                         | 2024     |
|                                 | A\$                          | A\$      |
| Contract Liabilities - current: |                              |          |
| Opening balance                 | 4,781                        | 36,132   |
| Closing balance                 | 12,193                       | 0        |
| Net increase/(decrease)         | 7,412                        | (36,132) |

The Company expects all of the Company's contract liabilities to be realized by December 31, 2025.

9. 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 March 31, |        |
|---------------|------------------------------|--------|
|               | 2025                         | 2024   |
|               | A\$                          | A\$    |
| Rental income | 40,267                       | 36,391 |
| Other income  | 37,809                       | 6,361  |
|               | 78,076                       | 42,752 |

10. 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).

|  | Before-Tax Amount | Tax (Expense)/ Benefit | Net-of-Tax Amount |
|--|-------------------|------------------------|-------------------|
|  | A\$               | A\$                    | A\$               |
| <b>Three Months Ended March 31, 2025</b> |                   |                        |                   |
| Foreign currency translation reserve     | (5,731)           | 0                      | (5,731)           |
| Other comprehensive loss                 | (5,731)           | 0                      | (5,731)           |
| <b>Three Months Ended March 31, 2024</b> |                   |                        |                   |
| Foreign currency translation reserve     | 175,537           | 0                      | 175,537           |
| Other comprehensive loss                 | 175,537           | 0                      | 175,537           |

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

11. 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:

On May 8, 2024, the Company announced that a fully underwritten non-renounceable rights issue of new CHESSE depository interests over fully paid ordinary shares in UBI ("New CDIs") raised A\$10 million ("Entitlement Offer") at a ratio of 1 New CDI for approximately every 3.47 existing CDIs held at the record date, being April 16, 2024. In addition, participants in the Entitlement Offer received one attaching option to acquire CDIs for each New CDI acquired under the Entitlement Offer at an exercise price of A\$0.20 ("Options"). The Options vested upon issue, expire 3 years from the date of issue, are exercisable in multiple tranches and each entitle the option holder to 1 CDI upon exercise (subject to any adjustments for reconstructions or bonus issues in accordance with the Listing Rules).

In connection with the Entitlement Offer, the Company received a binding commitment from the Underwriter, Viburnum Funds Pty Ltd ("Viburnum") to fully underwrite the Entitlement Offer. Following the close of the Entitlement Offer, 29,289,424 New CDIs and Options were issued to Viburnum.

Mr. Craig Coleman is a Non-Executive Director of the Company and an Executive Chairman and associate of the Underwriter. Viburnum, as investment manager for its associated funds and entities currently holds voting power over approximately 29% of the Company's shares.

The Company, after receiving the approval of the stockholders of the Company at a special meeting of stockholders held on April 10, 2024 (the "Meeting"), issued Viburnum 13,849,567 options, as its underwriting fee ("Underwriter Options"), equal in value to 5.0% of the underwritten amount of A\$10 million. The Underwriter Options were issued on the same terms as the Options issued to investors under the Entitlement Offer.

**Notes to Consolidated Condensed Financial Statements (Unaudited)**

The Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to, or for the account of, a U.S. Person (within the meaning of Regulation S under the Securities Act), absent registration or an applicable exemption from the registration requirements. Hedging transactions involving these securities may not be conducted unless in compliance with the Securities Act.

In addition, the Company received stockholder approval at the Meeting to amend its certificate of incorporation to increase the number of authorized shares of common stock available for issuance.

On May 27, 2022, Viburnum acquired from Mr. Sharman, unlisted options to purchase up to 1,000,000 ordinary shares at A\$0.57 per option. The options fully vested on March 25, 2020, had an exercise price of A\$0.20 and have an expiry date of March 24, 2024. These options were exercised on March 22, 2024. In March 2024, Mr. Sharman and his associates exercised 1,364,666 options at an exercise price of A\$0.20 per option.

There were no material related party transactions or balances as of March 31, 2025 other than as disclosed above.

**12. 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 March 31, 2025 and December 31, 2024. 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 March 31, 2025 and December 31, 2024 were A\$5,547,517 and A\$3,858,779, respectively, and these are fixed and determinable. The amounts purchased under the purchase obligations for each period generally resemble the purchase commitments as of the balance sheet date

**13. Segment Information**

Universal Biosensors, Inc. has one reportable segment: specialist biosensors company. The biosensors segment consists of the development, manufacture and commercialization of a range of point of use devices for measuring different analytes across different industries and the provision of testing services. The Company's chief operating decision maker ("CODM") is the Managing Director.

The accounting policies of the biosensors segment are the same as those described in the summary of significant accounting policies. The CODM assesses performance for the biosensors segment based on net loss, which is reported on the income statement as net loss. The measure of segment assets is reported on the balance sheet as total assets.

To date, the Company has not generated significant revenue. The Company expects to continue to incur significant expenses and operating losses as our products mature in their various markets.

As such, the CODM uses revenue growth and cash forecast models in deciding how to invest into the biosensors segment. Such models are reviewed to assess the entity-wide operating results and performance. Net loss is used to monitor budget versus actual results. Monitoring budgeted versus actual results is used in assessing performance of the segment and in establishing management's compensation, along with revenue growth and cash forecast models.

Universal Biosensors, Inc.

Notes to Consolidated Condensed Financial Statements (Unaudited)

The table below summarizes the significant expense categories regularly reviewed by the CODM for the three months ended March 31, 2025, and 2024:

|   | <b>Three Months Ended March 31,</b> |                    |
|---|-------------------------------------|--------------------|
|   | <b>2025</b>                         | <b>2024</b>        |
|   | <b>A\$</b>                          | <b>A\$</b>         |
| Revenue from products & services              | 1,554,659                           | 1,469,510          |
| Cost of goods sold & services                 | 711,315                             | 591,644            |
| Gross margin                                  | <u>843,344</u>                      | <u>877,866</u>     |
| Operating expenses & income                   |                                     |                    |
| Accounting, tax and audit                     | 206,915                             | 200,311            |
| Depreciation & amortisation                   | 150,643                             | 237,878            |
| Distribution, sales & marketing               | 136,840                             | 455,003            |
| Employee compensation                         | 2,973,132                           | 2,749,595          |
| HRL operating expenses                        | 266,124                             | 378,185            |
| Insurance                                     | 163,927                             | 211,902            |
| IT costs                                      | 179,043                             | 127,381            |
| Legal fees & consultancy                      | 103,340                             | 23,123             |
| Occupancy expenses                            | 143,248                             | 121,863            |
| Office administration                         | 170,926                             | 80,883             |
| Other R&D expenses                            | 296,217                             | 254,217            |
| Product registration & compliance             | 35,553                              | 161,130            |
| Sundry costs                                  | 249,468                             | (570,329)          |
| Travel & conferences                          | 91,193                              | 87,709             |
| Interest expense                              | 2,236                               | 23,582             |
| Interest income                               | (63,392)                            | (68,656)           |
| Research and development tax incentive income | (346,044)                           | (114,348)          |
| Sundry income                                 | (78,076)                            | (42,752)           |
| Total operating expenses & income             | <u>4,681,294</u>                    | <u>4,316,677</u>   |
| Consolidated net loss                         | <u>(3,837,950)</u>                  | <u>(3,438,811)</u> |

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Universal Biosensors, Inc.

Notes to Consolidated Condensed Financial Statements (Unaudited)

|                                   | Three Months Ended March 31, |                |
|-----------------------------------|------------------------------|----------------|
|                                   | 2025                         | 2024           |
|                                   | A\$                          | A\$            |
| Research and development expenses |                              |                |
| Consumables                       | 253,064                      | (477,637)      |
| Development costs                 | 23,521                       | 22,791         |
| Employee compensation             | 307,985                      | 526,741        |
| Insurance                         | 87,236                       | 57,767         |
| IT costs                          | 14,159                       | 11,996         |
| Office Administration             | 61,523                       | 60,553         |
| Travel & conference               | 19,089                       | 1,259          |
| Other                             | 28,926                       | 15,757         |
|                                   | <u>795,503</u>               | <u>254,217</u> |

|  | Three Months Ended March 31, |                  |
|--|------------------------------|------------------|
|  | 2025                         | 2024             |
|  | A\$                          | A\$              |
| Selling, general & administrative expenses |                              |                  |
| Accounting, tax and audit                  | 206,915                      | 197,656          |
| Consultancy                                | 43,333                       | 43,029           |
| Cost of sales                              | 106,299                      | 140,091          |
| Doubtful debts                             | 21,832                       | -                |
| Insurance                                  | 163,927                      | 174,228          |
| IT   | 179,043                      | 113,321          |
| Legal                                      | 103,341                      | 36,429           |
| Manufacturing costs                        | 35,554                       | 99,864           |
| Occupancy                                  | 143,248                      | 168,967          |
| Regulatory                                 | 103,341                      | 139,830          |
| Sales & Marketing                          | 163,349                      | 145,809          |
| Employee compensation                      | 2,665,148                    | 2,382,081        |
| Travel                                     | 91,193                       | 121,624          |
| Other                                      | 304,952                      | 262,453          |
|  | <u>4,364,974</u>             | <u>4,025,382</u> |

Our operations are in Australia, US, Europe and Canada.

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.

### Our Business

We are a specialist biosensor technology company focused on commercializing a range of biosensors using proprietary electrochemical cells (strips) and point-of-use devices. Our ambition is to build a multi-product stable of biosensors in large markets which generates ongoing revenue streams. Our products are sold to the following industries: human health, oenology (wine) and veterinary.

Key developments include:

- Total revenue from products and services increased by 6% during the current quarter when compared to the comparable quarter from previous year. Our gross profit remained stable during the same period. Our net loss increased to \$3.8 million during the same period as we continue to bring innovative products into the market and support the same in the marketplace
- Developing a handheld water testing platform, AQUASCOUT, which can detect and monitor heavy water metals in water samples. AQUASCOUT is expected to be launched during the second half of 2025. The initial application of AQUASCOUT will be the testing of lead and copper in drinking water to enable cost-effective identification and removal of lead service line infrastructure by utilities
- 12 distribution agreements signed in 2024 and 3 distribution agreements signed in 2025 so far for Sentia and Xprecia
- 1 tender won, 10 tenders ongoing and 14 tender opportunities about to commence

### Results of Operations

#### Analysis of Consolidated Revenue

The financial results of the products and services we generated revenues from during the three months ended March 31, 2025 and 2024 are as follows:

|                                  | Three Months Ended March 31, |           |
|----------------------------------|------------------------------|-----------|
|                                  | 2025                         | 2024      |
|                                  | A\$                          | A\$       |
| Revenue from products & services | 1,554,659                    | 1,469,510 |
| Cost of goods sold and services  | (711,315)                    | (591,644) |
| Gross profit                     | 843,344                      | 877,866   |

- Revenue from products and services increased by 6%
- Gross profit remained stable

#### Revenue from Products

The financial results of the products we sold during the three months ended March 31, 2025 and 2024 are as follows:

|                    | Three Months Ended March 31, |           |
|--------------------|------------------------------|-----------|
|                    | 2025                         | 2024      |
|                    | A\$                          | A\$       |
| Xprecia            | 569,237                      | 627,992   |
| Sentia             | 693,149                      | 526,688   |
| Petrackr           | 67,427                       | 25,163    |
|                    | 1,329,813                    | 1,179,843 |
| Cost of goods sold | (625,874)                    | (481,467) |
| Gross profit       | 703,939                      | 698,376   |

Our total revenue from products remained stable.

Revenue from Xprecia decreased by 9% during the three months ended March 31, 2025, compared to the same period in the previous financial year as we lost a major account during Q4 2024. Sentia and Petrackr revenue increased by 32% and 168%, respectively during the three months ended March 31, 2025, compared to the same period in the previous financial year through our sales and marketing initiatives.

Gross profit remained stable.

### Revenue from Services

The financial results of the laboratory testing services we provided during the three months ended March 31, 2025 and 2024 are as follows:

|                             | Three Months Ended March 31, |           |
|-----------------------------|------------------------------|-----------|
|                             | 2025                         | 2024      |
|                             | A\$                          | A\$       |
| Laboratory testing services | 224,846                      | 289,667   |
| Cost of services            | (85,441)                     | (110,177) |
| Gross profit                | 139,405                      | 179,490   |

Revenue from laboratory testing services decreased by 22% during the three months ended March 31, 2025, compared to the same period in the previous fiscal year due to leadership challenges faced by HRL. A new management structure has been established to improve our laboratory testing services business.

### Depreciation and Amortization Expenses

|   | Three Months Ended March 31, |         |
|---|------------------------------|---------|
|   | 2025                         | 2024    |
|   | A\$                          | A\$     |
| Depreciation  | 106,996                      | 210,798 |
| Amortization  | 43,647                       | 43,822  |
| Depreciation allocated to cost of goods sold & services | 0                            | (1,522) |
|   | 150,643                      | 253,098 |

Depreciation of fixed assets is calculated on a straight-line basis over the useful life of property, plant and equipment. Decrease in depreciation is as a result of certain assets being fully depreciated.

Amortization expense are consistent with prior comparable period and represents the Company's software being amortized.

### Research and Development Expenses

|                                   | Three Months Ended March 31, |         |
|-----------------------------------|------------------------------|---------|
|                                   | 2025                         | 2024    |
|                                   | A\$                          | A\$     |
| Research and development expenses | 795,503                      | 254,217 |

Our research and development ("R&D") expenditure increased by 213% during the three months ended March 31, 2025, compared to the same period in the previous financial year. The primary focus of the R&D activities during the three months ended March 31, 2025 were:

- further enhancement of certain Sentia tests that have already been launched
- developing a device to detect heavy metals and other impurities in water ("AQUASCOUT" project)
- developing the Company's Oncology platform biosensors used for the detection, staging and monitoring of cancer
- developing the Company's Aptamer based sensing platform

Increase in R&D is primarily attributed towards the effort put into our AQUASCOUT project which is near completion and is expected to be launched in the second half of 2025.

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.

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

|                                     | Three Months Ended March 31, |           |
|-------------------------------------|------------------------------|-----------|
|                                     | 2025                         | 2024      |
|                                     | A\$                          | A\$       |
| Selling, general and administrative | 4,364,974                    | 4,025,382 |

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 taxation services.

Selling, general and administrative expenses increased by 8% during the three months ended March 31, 2025, compared to the same period in the previous financial year primarily due to an investment in the Company's sales and marketing efforts. The Company now has multiple products in the market compared to the same period in the previous financial year and these products are supported by various marketing campaigns and awareness including sales personnel to support our pipeline of products, webinar series and focused direct marketing campaign.

#### *Interest Income*

Interest income decreased by 8% during the three months ended March 31, 2025, compared to the same period in the previous financial year. The decrease in interest income is generally attributable to the lower amount of funds available for investment.

#### *Interest Expense*

Interest expense relates to interest being charged on the secured short-term borrowing initiated by the Company for the 2025 financial year and the interest expense on finance lease liabilities.

#### *Financing Costs*

Disclosed in this account is accretion expense which is associated with the Company's asset retirement obligations ("ARO"). Decrease in financing costs is as a result of change of estimate for the ARO liability.

#### *Research and Development Tax Incentive Income*

As at March 31, 2025 there is reasonable assurance that the aggregate turnover of the Company for the year ending December 31, 2025 will be less than A\$20,000,000 and accordingly an estimated A\$346,044 has been recorded as research and development tax incentive income for the three months ended March 31, 2025. The increase period on period is driven by the increase in eligible research and development expenditure incurred during the three months ended March 31, 2025 as compared to the previous financial year.

Research and development tax incentive income for the 2024 financial year has not yet been received and as such is recorded in "Research and development tax incentive receivable" 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:

|               | <b>Three Months Ended March 31,</b> |               |
|---------------|-------------------------------------|---------------|
|               | <b>2025</b>                         | <b>2024</b>   |
|               | <b>A\$</b>                          | <b>A\$</b>    |
| Rental income | 40,267                              | 36,391        |
| Other income  | 37,808                              | 6,361         |
|               | <b>78,076</b>                       | <b>42,752</b> |

#### **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 provision for expected losses, research and development tax incentive income, stock-based compensation expenses and asset retirement obligations:

#### *Provision for Expected Credit Losses*

The Company evaluates the collectability of accounts receivable and records a provision for expected credit losses based on factors including the length of time the receivables are past due, the current business environment and the Company's historical experience.

#### *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 were used.

## 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.

## Asset Retirement Obligations

ARO are legal obligations associated with the retirement and removal of long-lived assets. ARO reflects estimates of future costs directly attributable to remediating the liability, inflation, assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting future cash outflows. Changes in these factors can result in a change to the ARO recognized by the Company.

Note 1, "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 2024 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. 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 Cash/(Debt)

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the continuity of operations, realization of assets and the satisfaction of obligations in the normal course of business. The Company has experienced recurring losses since its inception and has not generated any significant revenues. The Company incurred a net loss of A\$3,837,950 and A\$3,438,811, respectively for the three month period ended March 31, 2025 and 2024, and used A\$3,719,264 and A\$5,740,835, respectively during the three month period ended March 31, 2025 and 2024 in cash to fund operations and had an accumulated deficit of A\$113,660,090 and A\$99,407,192, respectively as of March 31, 2025 and December 31, 2024. The Company expects to continue to generate operating losses for the foreseeable future. As of March 31, 2025, the Company had cash and cash equivalents of A\$4,916,315 (March 31, 2024: A\$7,394,096). The Group has not generated significant revenues resulting in the net cash outflows and accumulated losses to date and is forecasting to incur further cash outflows while growing the business over the coming period. The Company believes that its current cash and cash equivalents are only sufficient to fund its operations into Q3 2025 and this raises substantial doubt about the ability of the Company to continue as a going concern within one year from the date of the issuance of these consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this going concern. In view of these matters, continuation as a going concern is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financial requirements, raise additional capital, and the success of its future operations. Management plan to fund the operations of the Company by growing revenue, pursuing joint venture or partnerships for our product portfolio and raising cash through the issuance of new equity, until such a time as the Group's operations generate positive cash flows or other profitable investments may be achieved. Although the Company has commenced a process to raise additional capital, there are currently no written agreements in place for such funding or issuance of securities and there can be no assurance that such funding sources will be available at terms acceptable to the Company, or at all in the future. However, the Company has successfully raised new equity capital in the past and has demonstrated growth in revenue as new product lines have been launched. Management continues to explore options for the Company to continue as a going concern. The inability to obtain funding, as and when needed, would have a negative impact on the Company's financial condition and ability to pursue its business strategies. If the Company has insufficient funding to meet its working capital needs, it could be required to limit or cease operations.

Our net cash position is shown below:

|                           | March 31, 2025 | December 31, 2024 |
|---------------------------|----------------|-------------------|
|                           | A\$            | A\$               |
| Cash and cash equivalents |                |                   |
| Cash and cash equivalents | 4,561,315      | 8,544,105         |
| Debt                      |                |                   |
| Short term debt/ loan     | (462,006)      | (697,284)         |
| Net cash                  | 4,099,309      | 7,846,821         |

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 Group has experienced net cash outflows over recent periods, predominantly in conducting research & development activities, product approval and registrations, launch of our products and support of the same in the marketplace. We continue to reduce research & development expenditure and other operating expenditure in the foreseeable future and focus on increasing our commercialization efforts. We are closely monitoring the success of our commercialization efforts in relation to the newly launched product portfolio and their impact on our cash position. Given the natural uncertainty that arises with the launch of new products, if we were to experience delays or encounter issues in these commercialization efforts, we would need and expect to adjust our operating expenditure accordingly, to ensure sufficient cash remains available to fund our operations for at least the next twelve months from the date of issuance. We do not have any external long-term debt obligations and are not subject to any covenant obligations.

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 is 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. A financial asset is a non-physical asset whose value is derived from a contractual claim and in our case includes cash and cash equivalents, accounts receivables, fixed assets and equity shares. There were no impairments recognized as at March 31, 2025 or for the year ended December 31, 2024.

#### Measures of Liquidity and Capital Resources

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

|  | March 31, 2025 | December 31, 2024 |
|--|----------------|-------------------|
|  | A\$            | A\$               |
| Cash and cash equivalents                      | 4,561,315      | 8,544,105         |
| Working capital                                | 10,104,626     | 13,811,809        |
| Ratio of current assets to current liabilities | 2.99           | 3.96              |
| Shareholders' equity per common share          | 0.05           | 0.08              |

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 ongoing investment in our R&D activities and the general operations of the Company. The Company also raised A\$2.50 million via an institutional placement at an issue price of A\$0.15 per New CDIs in March 2024. There were certain options exercised in March 2024 which raised A\$0.47 million.

In relation to receivables, the Company performs ongoing credit evaluations of our customers. A provision for expected credit losses of A\$424,191 has been determined principally on the basis of past collection experience as well as consideration of current economic conditions and changes in our customer collection trends.

#### Summary of Cash Flows

|  | March 31, 2025 | December 31, 2024 |
|--|----------------|-------------------|
|  | A\$            | A\$               |
| Cash provided by/(used in):                                |                |                   |
| Operating activities                                       | (3,719,264)    | (5,740,835)       |
| Investing activities                                       | (30,622)       | (77,728)          |
| Financing activities                                       | (237,588)      | 2,666,930         |
| Net decrease in cash, cash equivalents and restricted cash | (3,987,474)    | (3,151,633)       |

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 efforts to promote brand awareness of our products, R&D activities and the general operations of the Company. As our products capture increases market share, we expect our inflows from the receipt from our customers to eventually exceed the cash outflows from operating activities.

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 three months ended March 31, 2024 is primarily the result of A\$2.50 million raised pursuant to a placement which occurred in March 2024. There were certain options exercised in March 2024 which raised A\$0.47 million. The balance, including the financing activities for the three months ended March 31, 2025 primarily represents proceeds received in the form of a short-term loan to finance our insurance program and repayment of the same.

#### Off-Balance Sheet Arrangement

As of March 31, 2025 and December 31, 2024, 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.

Our operations are in Australia, US, Europe and Canada.

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 (as defined in Rules 13a-15(e) or 15d-15(e)). 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. Peter Mullin, our Principal Executive Officer and Principal Financial Officer, reviewed and participated in this evaluation. Based on this evaluation, Peter Mullin 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 March 31, 2025, there were no changes in the Company’s internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

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**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 2024 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 2024 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.

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**Item 5 Other Information**

None.

**Item 6 Exhibits**

| <u>Exhibit No</u> | <u>Description</u>  | <u>Location</u>  |
|-------------------|---|--|
| 31.1              | <a href="#">Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer)</a>  | Filed herewith   |
| 31.2              | <a href="#">Rule 13a-14(a)/15d-14(a) Certification (Principal Financial Officer)</a>  | Filed herewith   |
| 32                | <a href="#">Section 1350 Certificate</a>  | Furnished herewith   |
| 101               | The following materials from the Universal Biosensors, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 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)   |  |

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**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: May 12, 2025

By: /s/ Peter Mullin  
Peter Mullinn  
Principal Executive Officer

Date: May 12, 2025

By: /s/ Peter Mullin  
Peter Mullin  
Principal Financial Officer

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

I, Peter Mullin, 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:
  - 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: May 12, 2025

/s/ Peter Mullin

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Peter Mullin  
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, Peter Mullin, 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: May 12, 2025

/s/ Peter Mullin

Peter Mullin  
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 March 31, 2025, 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 12th day of May 2025.

/s/ Peter Mullin  
Peter Mullin  
Principal Executive Officer

/s/ Peter Mullin  
Peter Mullin  
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.

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