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Uscom Quarterly Report to 31 December 2018

Total receipts \$1.3M (up 20%), Operating cash inflow \$0.44M (up), Cash \$2.18M (up 23%), Uscom Kft profitable, international operations expanding.

SYDNEY, Australia, Tuesday 29th January 2019: Uscom Limited (ASX code: UCM) (the **Company** or **Uscom**) is pleased to release its Appendix 4C – Quarterly cash flow report for the period ended 30 December 2018 (the **Quarter**). The results disclosed in the attached Appendix 4C are in Australian dollars.

Highlights

For the Quarter, we note the following:

- Total receipts **\$1.30M up 20%** on prior corresponding period (pcp) (\$1.09M), and **up 195%** on Q1 (\$0.44M). Total receipts for FY2018 were \$2.75M.
- Operating cash inflow **\$0.44M, up** from pcp \$0.04M and up \$1.13M from Q1
- Cash on hand **\$2.18M up 23%** on Q1 (\$1.77M)
- Total operating costs **\$0.86M down 24%** from Q1 (\$1.14M)
- **Uscom Kft (Budapest) - profitable quarter**
- **Expansion of China and Europe operations**

The Uscom 4C for Q2 FY 2019 reports total receipts of \$1.30M, up 20% from prior pcp, with cash on hand up \$0.41M on the quarter to \$2.18M. Total estimated costs for Q3 are estimated at \$.98M (down \$0.1M on the Q2 estimate) to be offset receipts from sales in Q2 and Q3.

Business Review

Q2 saw a 20% increase in total receipts and a 24% decrease in operating costs. This was in part due to increased sales, and the receipt of R&D payments from Australian and European Governments, and advanced payments of non-recurring costs reported in Q1.

Business activity for Q2 has been focused on the development of China operations. We have established a China office, registered our business, opened operating bank accounts, advanced regulatory approvals, employed management and admin staff, developed new importation pathways, developed clinical and technical support materials, and new distribution and financial models. These changes are to comply with evolving Chinese guidelines and regulatory requirements, and to simplify and make more profitable our China operations. This also facilitates closer communication with the Chinese NMPA regulatory body to accelerate our current submissions, however the exact timing of approvals are not provided by the NMPA.

Uscom has also significantly developed its Budapest operation in Q2. This included a name change to Uscom Kft, an office relocation, and a new strategy to support and sell Uscom's other products in Europe, the BP+ and USCOM 1A. Uscom Kft will now become the new European Uscom hub and will provide regional R&D, manufacturing, sales, distribution, technical and clinical support.



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US activities remain actively focused on USCOM 1A sales, while our two direct sales staff continue to prepare the market and evaluate distributors in advance of our FDA approvals of the BP+ and SpiroSonic devices.

Uscom CEO Associate Professor Rob Phillips said, *“These results show continued trend growth and rapidly improving fundamentals. For the quarter we had record cash inflows, increased our cash on hand, and are approaching profitability while continuing an aggressive global investment strategy focused on expanding our China and European operations. The last 5 years has seen execution of an expansionary corporate acquisition strategy which is now generating real results; we develop, manufacture and sell multiple cardiovascular and pulmonary devices into multiple rapidly growing global medical markets. We anticipate increasing growth from our China and European operations over the coming 12 months, while the impact of our impending NMPA and FDA regulatory approvals will only further supplement this growth.*

While world markets have become increasingly unpredictable, Uscom has continued to incrementally grow operational fundamentals, meeting milestones and consolidating an aggressive global growth strategy to underwrite investor value for the coming decade.”

About Uscom

Uscom Limited (UCM) is an ASX listed innovative medical technology company specialising in development and marketing of premium cardiovascular and pulmonary medical devices. Uscom has a mission to demonstrate leadership in science and create noninvasive devices that assist clinicians improve clinical outcomes. Uscom has three practice leading suites of devices; the USCOM 1A advanced haemodynamic monitor, Uscom BP+ central blood pressure monitor and the Uscom SpiroSonic ultrasonic spirometers. All Uscom devices are premium resolution, and deploy innovative and practice leading technologies, with FDA, CE, NMPA (ex CFDA) and TGA regulatory approval granted or in application, and which are currently being marketed into global distribution networks.

The **USCOM 1A** is a simple to use, cost-effective and non-invasive advanced haemodynamic monitor that measures cardiovascular function, detects circulatory irregularities and is used to guide cardiovascular therapy. The USCOM 1A device has major applications in Paediatrics, Emergency, Intensive Care Medicine and Anaesthesia, and is the device of choice for management of adult and paediatric sepsis, hypertension, heart failure and for the guidance of fluid, inotrope and vasoactive therapy.

The Uscom **BP+** is a supra systolic oscillometric Central Blood Pressure monitor which measures blood pressure and blood pressure waveforms only previously available using cardiac catheterisation. The Uscom BP+ replaces conventional and more widespread sub systolic blood pressure monitors, and is the emerging standard of care measurement in hypertension, heart failure and vascular health. The Uscom BP+ provides a highly accurate and repeatable measurement of central and brachial blood pressure and pulse pressure waveforms using a familiar upper arm cuff. The BP+ is simple to use and requires no complex training with applications in hypertension, heart failure, intensive care, general practice and home care.

Uscom **SpiroSonic** digital ultrasonic spirometers are high fidelity, digital, pulmonary function testing devices based on multi path ultrasound technology. They are simple and accurate to use and disinfect, don't require calibration, and provide research quality pulmonary function testing in small hand held devices that can be used in research, clinical and home care environments. The devices are specialised for assessment of asthma, COPD, sleep disordered breathing, occupational lung diseases and monitoring of pulmonary therapeutic compliance.

For more information, please visit: www.uscom.com.au

Uscom Contacts

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

USCOM LIMITED

ABN

35 091 028 090

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A	Year to date (6 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	597,311	915,918
1.2 Payments for		
(a) research and development	(202,543)	(389,722)
(b) product manufacturing and operating costs	(110,635)	(295,781)
(c) advertising and marketing	(91,919)	(244,386)
(d) leased assets	(44,150)	(85,656)
(e) staff costs	(330,498)	(608,290)
(f) administration and corporate costs	(82,331)	(375,685)
1.3 Dividends received (see note 3)		
1.4 Interest received	7,135	34,903
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	699,957	790,962
1.8 Other (provide details if material)	46	46
1.9 Net cash from / (used in) operating activities	442,373	(257,691)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5,820)	(23,489)
(b) businesses (see item 10)		

Consolidated statement of cash flows	Current quarter \$A	Year to date (6 months) \$A
(c) investments		
(d) intellectual property	(21,637)	(37,759)
(e) other non-current assets-term deposit		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)	1,470	8,384
2.6 Net cash from / (used in) investing activities	(25,987)	(52,864)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(1,884)	(1,884)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	(1,884)	(1,884)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,766,581	2,493,575
4.2 Net cash from / (used in) operating activities (item 1.9 above)	442,373	(257,691)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(25,987)	(52,864)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(1,884)	(1,884)

Consolidated statement of cash flows		Current quarter \$A	Year to date (6 months) \$A
4.5	Effect of movement in exchange rates on cash held	53	-
4.6	Cash and cash equivalents at end of quarter	2,181,136	2,181,136

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A	Previous quarter \$A
5.1	Bank balances	1,130,006	488,026
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) – Term Deposit	1,051,130	1,278,555
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,181,136	1,766,581

6. Payments to directors of the entity and their associates

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

**Current quarter
\$A**

57,250

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

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

**Current quarter
\$A**

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

9. Estimated cash outflows for next quarter	\$A
9.1 Research and development	190,000
9.2 Product manufacturing and operating costs	200,000
9.3 Advertising and marketing	150,000
9.4 Leased assets	43,000
9.5 Staff costs	250,000
9.6 Administration and corporate costs	150,000
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	983,000

Note: Average quarterly receipts for FY2018 is \$678k.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1		
10.2		
10.3		
10.4		
10.5		

Compliance statement

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



Sign here:
(Director)

Date: 29/01/2019

Print name: Rob Phillips

Notes

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