

## **\$7M OVERSUBSCRIBED PRIVATE PLACEMENT & Launch of \$1m Share Purchase Plan**

**Adelaide, Australia, 6 March 2018:** LBT Innovations Limited (ASX:LBT) (**LBT** or the **Company**), a leader in medical technology automation using artificial intelligence, is pleased to announce that it has received commitments totalling approximately \$7 million, for new fully paid ordinary shares in the Company at 15 cents per share (the **Placement**).

The Placement was targeted to raise \$6 million to \$7 million and was oversubscribed. The Company is pleased to welcome a number of new institutional and sophisticated investors as shareholders in addition to the support of several existing shareholders. The Company also reserved the right to accept oversubscriptions in the Placement and is currently in negotiations with a strategic investor to subscribe for up to an additional \$0.4 million under the Placement with an expectation that this subscription will be confirmed prior to the second tranche.

Additionally, all of the Directors together with members of senior management have committed to subscribe for over \$0.5 million of Placement Shares, with the allotment to Directors being subject to shareholder approval.

In the Company Update presentation attached, the Company states it is targeting self-sustaining cashflow in early 2020. The Company estimates that with the recently announced \$4 million funding facility from the South Australian Government and the Company's estimated sales, \$6.5 million of additional funding is required to reach cashflow breakeven. The Placement is therefore intended to fully fund the Company's anticipated cashflow requirements.

The Company intends to use the proceeds of the Placement to fund the commercial launch and development of its APAS® technology and product extensions, working capital and costs associated with the Placement.

PAC Partners and Hawkesbury Partners acted as Joint Lead Managers for the Placement.

The Company is also pleased to announce an opportunity for eligible shareholders of the Company to subscribe for shares at the same price as the Placement, under a Share Purchase Plan (**SPP**).

### **Details of the Placement**

The key terms of the Placement are as follows:

- Approximately 46.8 million Placement shares at \$0.15 per Placement Share to raise approximately \$7 million
- The Placement Price represents a
  - 25.0% discount to last traded price of 20 cents on 1 March 2018
  - 16.6% discount to the 5-day volume weighted average price (**VWAP**), 18.6% discount to the 15-day VWAP and 20.7% discount to the 30-day VWAP immediately prior to the date of the Placement
- The Placement will take place in two tranches with:
  - Approximately 25.36 million Placement shares (approximately \$3.8 million) to be issued under the remainder of the Company's 25% placement capacity under ASX Listing Rules 7.1 and 7.1A, which will be issued on or about 12 March 2018;
  - An additional approximately 21.43 million Placement shares (approximately \$3.2 million), will be issued subject to shareholder approval.
- Each of the Company's Directors have subscribed in the Placement, for a total of approximately 3.3 million Placement Shares (approximately \$0.5 million), which is also subject to shareholder approval.
- Shareholder approval will be sought at an Extraordinary General Meeting that is scheduled to take place on or about 18 April 2018
- The Placement was available to investors in Australia who qualified as professional or sophisticated investors under the requirements of the Corporations Act 2001 (Cth) and sophisticated and professional investors in select other jurisdictions. The Placement shares will rank equally in all respects with existing ordinary shares of the Company.

## Share Purchase Plan

The Company is also pleased to announce the terms of an offer to eligible shareholders of the Company with a registered address in Australia or New Zealand (**Eligible Shareholders**) under a Share Purchase Plan (**SPP**). The SPP will allow Eligible Shareholders to subscribe for up to \$15,000 worth of new ordinary shares in the Company at 15 cents per share, (**SPP Price**) without incurring brokerage or other transaction costs. The SPP Price is the same as the Placement Price.

The SPP will be capped at \$1 million and will not be underwritten. If total applications for participation in the SPP exceed the \$1 million limit, applicants will be scaled back proportionately to the \$1 million maximum, although the directors have reserved the right to accept oversubscriptions.

### Use of Proceeds

The Company intends to use the proceeds of the SPP to fund the commercial launch and development of its APAS® technology and product extensions, working capital and costs associated with the Placement.

### Eligible Shareholders

Eligible Shareholders who are registered holders of shares in the Company at 7.00pm (ACST) on Friday 2 March 2018 with a registered address in either Australia or New Zealand, provided that such Shareholder is not in the United States, or acting for the account or benefit of a person in the United States. The SPP is also being extended to Eligible Shareholders who are Custodians to participate in the SPP on behalf of eligible beneficiaries.

Each Eligible Shareholder is limited to participating in the SPP to the extent of \$15,000 being the total of:

- A. the SPP Share application; and
- B. any other shares issued to a holder under a previous SPP, or any similar arrangement, in the 12 months before the SPP application. The Company notes an SPP was last undertaken in June 2017 and Eligible Shareholders that participated in the prior SPP will need to consider the extent to which that are able to participate in this SPP.

The SPP is optional and the right to participate in the SPP will not be transferable. All SPP shares will rank equally with existing fully paid ordinary shares in the Company.

### Issue Price

The SPP will provide shareholders with an opportunity to increase their holding of shares in the Company at the SPP Price of \$0.15 per share, which represents a 25% discount to the last closing price of \$0.20 on 1 March 2018, and a 16.6% discount to the volume weighted average price of the Company's shares traded on the ASX over the five days preceding today's announcement.

### SPP Offer Documents

An SPP Offer Booklet with further details on the SPP will be despatched to shareholders within the next week.

– ENDS –

## About LBT Innovations

### CONTACTS

LBT Innovations	Media Relations
<p><b>Brent Barnes</b> Chief Executive Officer &amp; Managing Director Tel: +61 8 8227 1555 E: <a href="mailto:info@lbtinnovations.com">info@lbtinnovations.com</a></p>	<p><b>Sarah Kemter</b> Monsoon Communications Tel: +61 3 9620 3333 E: <a href="mailto:sarahk@monsoon.com.au">sarahk@monsoon.com.au</a></p>



**LBT INNOVATIONS**

ASX code: LBT  
lbtinnovations.com

# LBT Innovations Limited (ASX:LBT) Company Update

**Brent Barnes**

**Chief Executive Officer & Managing Director**

*2 March 2018*

# Disclaimer

This document contains certain forward-looking statements that involve risks and uncertainties. Although we believe that the expectations reflected in the forward-looking statements are reasonable at this time, we can give no assurance that these expectations will prove to be correct.

Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements. Actual results could differ materially from those anticipated in these forward-looking statements due to many important factors, risk and uncertainties including, without limitation, risks associated with medical device development and manufacture, risks inherent in the extensive regulatory approval processes mandated by regulatory authorities, delays in clinical trials, future capital needs, general economic uncertainty and other risks detailed from time to time in the Company's announcements to the ASX.

Moreover, there can be no assurance that others will not independently develop similar products or processes or design around patents owned or licensed by the Company, or that patents owned or licensed by the Company will provide meaningful protection or competitive advantages.



# What are we trying to solve?



**Microbiology laboratories – still a manual processes**

# Overview

## Artificial intelligence platform automating manual healthcare processes

**Commercial launch underway** - EU & US in 2018

**Cost and efficiency** gains for Pathology labs by automatic screening & interpreting

**Attractive revenue model**  
– upfront + annual fees

Addressable market of  
**13,000 labs globally**

**FDA cleared** - 10,000 patient clinical study

Proprietary **patented** technology

**Successful clinical validation**  
- St. Vincent's Hospital, Melb

**Expanding leadership**  
team & board



APAS® Independence

# Commercial Update & Progress

**Focus for 2018** is establishing a **global footprint** for APAS® Independence in strategic markets + **distribution partners** and establishing **customer reference labs**

 **sales commence in 2018**  scaling up in 2019 and beyond

- **Building awareness**

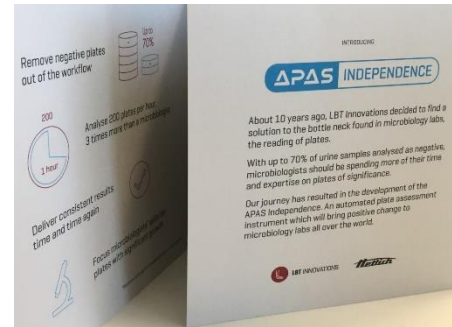
- **Increased digital engagement** - updated CCS website + new video content
- **Marketing campaigns** - direct mailers and online banner digital media
- **Value proposition** - Cost justification tool developed to support customer business case
- **Key global conferences** - Exhibiting APAS® Independence at a CCS booth
  - total attendee's ~25,000+ across ECCMID & ASM
- **Abstract** (with St. Vincent's evaluation) accepted for ECCMID meeting in Madrid (21-24 Apr)  
Title: "Image interpretation of urine cultures using the APAS Independence - artificial intelligence in the routine clinical laboratory" (Paper poster #P0122)

- **Evaluation, Distribution and Development**

- **Distributors** to be appointed for EU & US markets - Working with on the ground partner in EU
- **First shipment** of APAS® Independence to Europe in the first half CY2018
- **Additional modules** – ongoing development to add analysis modules to APAS® instrument

# Australia Sales & Marketing Updates

- Sales process commenced in Dec 17
- Capital procurement / sales process
  - > raise awareness
  - > place instrument to evaluate performance & efficiency
  - > buying decision (budget and timing)
- Sales specialist (ex large device) starts March 2018 and service technician started Oct-17 (east coast located)
- Direct mailers sent to 100 targeted candidate labs Dec-17, follow up mailer in Mar-18
- Sales visits completed in major public and private labs in QLD, VIC, NSW, SA



Direct mailer (Dec-17)



Online banner advertisements



## Market segmentation well understood:

- Target market: **~100 labs** (*processing a minimum of 400 plates per day*)
- Total market size **~272 labs**

### 60 laboratories

- NT: 8
- SA: 15
- WA: 37



### 212 laboratories east coast

- QLD: 78
- NSW: 79
- ACT: 3
- VIC: 44
- TAS: 8



# Capital Management

## Targeting self-sustaining cash flow commencing early 2020

- Assumes revenue contribution from sales
- CY18 & CY19 sales estimates are conservative - period of validation & building acceptance of technology

## \$4m South Australian Govt. facility - contributes ~\$1.5m in net funding during period

- Brings forward development of software modules for new specimen types, facilitating:
  - Extending market potential in clinical pathology
  - Increasing potential licence fee income per instrument sold
  - Cementing first mover advantage
  - Opening new markets (Agriculture & water)

## Estimate ~ **\$6.5m additional funding to achieve cash flow breakeven**

- 31 Dec 2017 cash on hand \$4.23m
- Includes contribution from SA Govt. facility of ~ \$1.5m
- Monitor and manage discretionary expenditure as necessary

*\* Subject to Disclaimer on slide 1. There is no guarantee sales estimates will be achieved and actual funding requirements may vary*

# Placement – Term Sheet

<b>Placement</b>	<ul style="list-style-type: none"> <li>Private Placement to raise <b>A\$7 million</b>, with a minimum raise of A\$6 million by way of an excluded offer under Chapter 6D of the <i>Corporations Act 2001</i> (Cth) (reserve right to accept oversubscriptions)</li> </ul>										
<b>Use of proceeds</b>	<ul style="list-style-type: none"> <li>LBT intends to use the funds for the commercial launch and development of APAS® technology (analysis module development) and product extensions, working capital and costs of the Placement</li> </ul>										
<b>Pricing</b>	<ul style="list-style-type: none"> <li>The Placement will be undertaken at a Placement Price of <b>\$0.15</b> per share:             <ul style="list-style-type: none"> <li>25% discount to the <b>last traded price of \$0.20</b> on 1 March 2018</li> <li>16.6% to the 5-day VWAP</li> <li>18.6% to the 15-day VWAP</li> <li>20.7% to the 30-day VWAP</li> </ul> </li> </ul>										
<b>Timing</b>	<table border="0"> <tr> <td>Trading Halt</td> <td>Friday, 2 March 2018</td> </tr> <tr> <td><b>LBT Recommences Trading &amp; SPP record date</b></td> <td><b>Tuesday, 6 March 2018</b></td> </tr> <tr> <td><b>Allotment of Tranche 1 shares</b></td> <td><b>Monday, 12 March 2018</b></td> </tr> <tr> <td>EGM to approve T2 shares</td> <td>Monday, 23 April 2018</td> </tr> <tr> <td><b>Allotment of Tranche 2 shares</b></td> <td><b>Tuesday, 24 April 2018</b></td> </tr> </table>	Trading Halt	Friday, 2 March 2018	<b>LBT Recommences Trading &amp; SPP record date</b>	<b>Tuesday, 6 March 2018</b>	<b>Allotment of Tranche 1 shares</b>	<b>Monday, 12 March 2018</b>	EGM to approve T2 shares	Monday, 23 April 2018	<b>Allotment of Tranche 2 shares</b>	<b>Tuesday, 24 April 2018</b>
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<b>Approvals</b>	<ul style="list-style-type: none"> <li>Tranche 1 shares issued under the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A respectively</li> <li>Issuance of Tranche 2 is subject to shareholder approval to be obtained at an EGM, timing is estimate only</li> </ul>										
<b>Director's participation</b>	<ul style="list-style-type: none"> <li>Intention to invest <b>\$0.4m</b> (subject to EGM approval)</li> </ul>										
<b>Capital Structure</b>	<table border="0"> <tr> <td><b>Share on issue:</b></td> <td><b>148.8m</b></td> </tr> <tr> <td>Shares to be issued:</td> <td>33.3m – 46.7m</td> </tr> <tr> <td>- Tranche 1 (\$7m raised):</td> <td>25.4m (\$3.8m or 54% of Placement)</td> </tr> <tr> <td>- Tranche 2 (\$7m raised):</td> <td>21.3m (\$3.2m or 46% of Placement)</td> </tr> <tr> <td><b>Total Shares Post Placement:</b></td> <td><b>182.1m - 195.5m</b></td> </tr> </table>	<b>Share on issue:</b>	<b>148.8m</b>	Shares to be issued:	33.3m – 46.7m	- Tranche 1 (\$7m raised):	25.4m (\$3.8m or 54% of Placement)	- Tranche 2 (\$7m raised):	21.3m (\$3.2m or 46% of Placement)	<b>Total Shares Post Placement:</b>	<b>182.1m - 195.5m</b>
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<b>Total Shares Post Placement:</b>	<b>182.1m - 195.5m</b>										
<b>Placement Shares</b>	<ul style="list-style-type: none"> <li>New shares issued will be fully paid ordinary shares, ranking pari passu with existing shares in LBT</li> </ul>										
<b>Share Purchase Plan</b>	<ul style="list-style-type: none"> <li>SPP to existing shareholders at \$0.15 per share - <b>capped at \$1m</b> - reserve right to accept oversubscriptions</li> </ul>										



# Our Product - APAS® Independence

Automated Plate Assessment System (APAS®) - a platform technology for the automation of culture plate **screening** and **interpretation**,

APAS® uses **intelligent imaging** and **machine learning** technology to **read** and **interpret** the presence of bacteria in culture plates.

Being launched by Clever Culture Systems AG (CCS), a joint venture between LBT Innovations and Hettich\*



## Features

- At least **3 times** more efficient than manual plate reading;
- First and only (to date) intelligent imaging **cleared by FDA**;
- Hence, only system able to be used in the US;
- **First to market** with intelligent imaging device;
- **Modular design** easily integrated into culture plate work flow;
- More **affordable** stepwise entry into lab automation.

\* Hettich Holding Beteiligungs- und Verwaltungs-GmbH

# First Customer Evaluation Completed Nov-17

- St Vincent's Hospital, Melbourne: Centre of Excellence reference laboratory
- First customer evaluation of APAS® Independence instrument completed, confirming utility and efficiencies in a “real life” clinical setting
- Evaluation successfully achieved performance targets and laboratory efficiencies realised
- Over 3000 urine samples, automatically read and interpreted by APAS® Independence
- Generated interest from other laboratories in Australia
- Results of the global first evaluation accepted for presentation at ECCMID meeting in Madrid (21-24 Apr)



Channel 7 Melbourne, Sunday 8<sup>th</sup> October 2017

<https://www.facebook.com/7NewsMelbourne/videos/10155915549244301/>

## Feedback from St Vincent's evaluation:

- The instrument works and performance targets were successfully met
- Laboratory efficiencies were observed
- Installation was easy with no special requirements as the instrument is simply wheeled into a lab and plugged in
- High level of user engagement
- User interface intuitive and easy to use.



# Attractive Revenue Model

## End Customer Pricing



Instrument once off purchase price:  
**~USD\$300,000**

Annual Software License:  
**~USD\$20K - \$40K**

Annual accessories:  
**~USD\$1K - \$2K**

5 year revenue opportunity  
**~USD\$0.45m**  
per instrument

## 50:50 Joint Venture



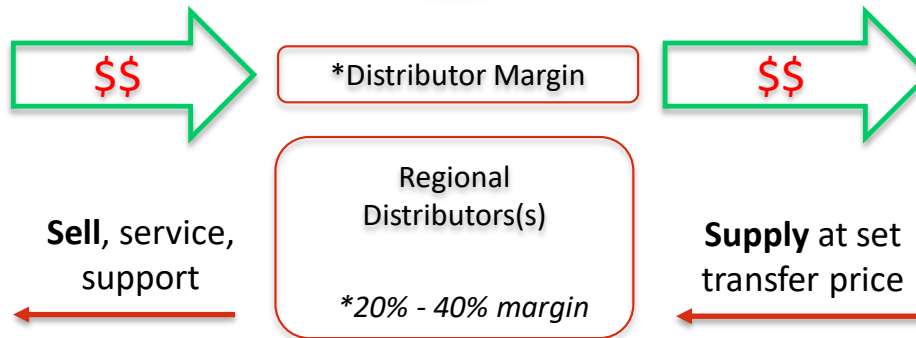
**Profits and costs shared**



Instrument development



Legal manufacturer of APAS® Independence



# Global Market Opportunity – APAS® Independence

Number of labs globally

**Small Labs**  
Less than 400 plates  
per day

15,000 labs

**Medium Labs**  
400 – 1,000 plates per  
day

12,000 labs

**Large Labs**  
More than 1,000 plates per  
day

1,000 labs



Total market opportunity:  
**~13,000 laboratories**

*Solution for all sized laboratories*

## APAS® Independence:

- First and only **artificial intelligence** technology in microbiology to be cleared by FDA
- At least 3 times faster than manual process
- Stand-alone instrument; fast, flexible and affordable

# Customer Value Proposition

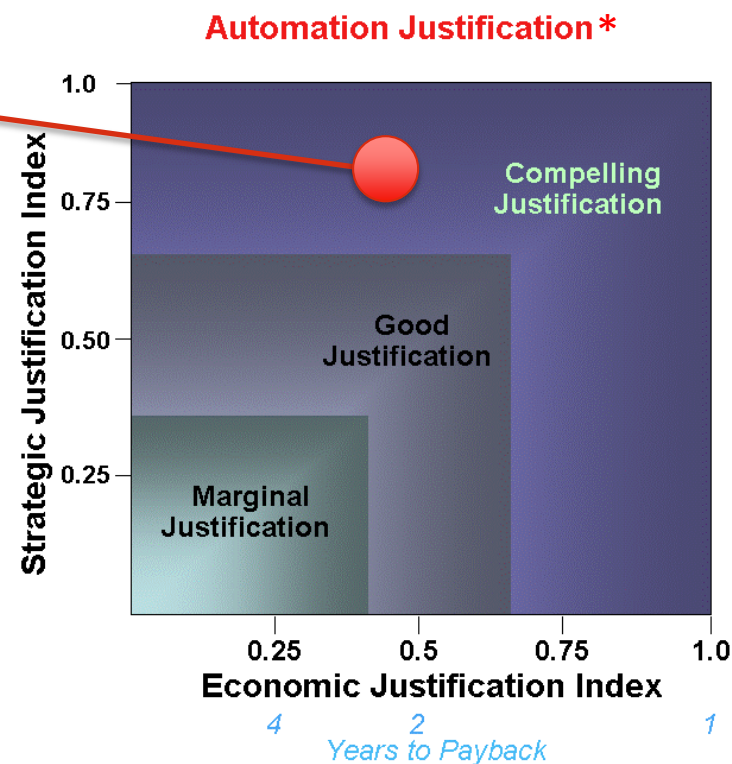
**A laboratory processing 400 urine plates per day  
Payback ~2.5 years for APAS® Independence**

APAS® Independence:

Economic Justification Index: **0.41**

Strategic Justification Index: **0.83**

A standard methodology has been created to determine whether investing in automation is justified for laboratories\*



\*Society for Laboratory Automation and Screening

# Comparable product launch : MALDI-TOF

Step change in technology for identification of bacteria

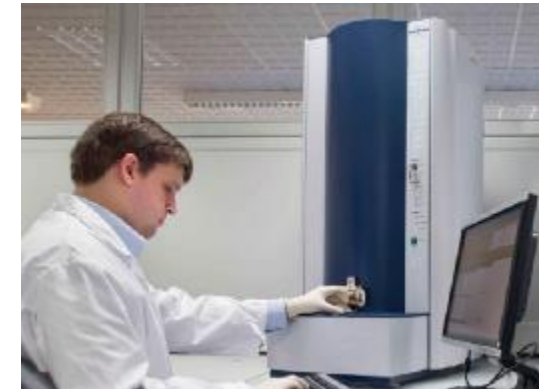
Automation: results in ~10 minutes versus ~12 hours

Two instruments dominate the market.

- Bruker Biotyper
- bioMérieux Vitek MS
- Average selling price US\$250K

Sales Penetration:

- 2004 First MALDI-TOF installed
  - 2007 Bruker release Biotyper
  - 2011 bioMérieux release Vitek MS
  - 2013 1<sup>st</sup> FDA clearance
- } **2004 – 2013:**  
800 units placed globally
- 2013 – 2015: 700 units sold in the US following FDA clearance



Bruker Biotyper

**TOTAL SALES 2004 – 2015: 1500 UNITS GLOBALLY**

LBT research

- \* Clinical Laboratory Products Magazine February 4, 2015
- \* [http://www.ecmm.eu/files/Prof.\\_Alex\\_van\\_Belkum\\_MALDI\\_India.pdf](http://www.ecmm.eu/files/Prof._Alex_van_Belkum_MALDI_India.pdf)



# Competitor Landscape – Culture plate workflow

## APAS® Independence Difference:

- First & only FDA-Cleared: automated reading & interpretation
- Modular in design
- Affordable: USD\$300K
- Large market segment



APAS® Independence



Competition: Targeting end-to-end automation



WASPLab™

Image: <http://www.copanusa.com/products/automation/wasplab/>

Large labs only:  
~150 installs over  
~11 years

Plate Reading:  
Still requires  
manual assessment

Large capital cost:  
USD\$2.5m+

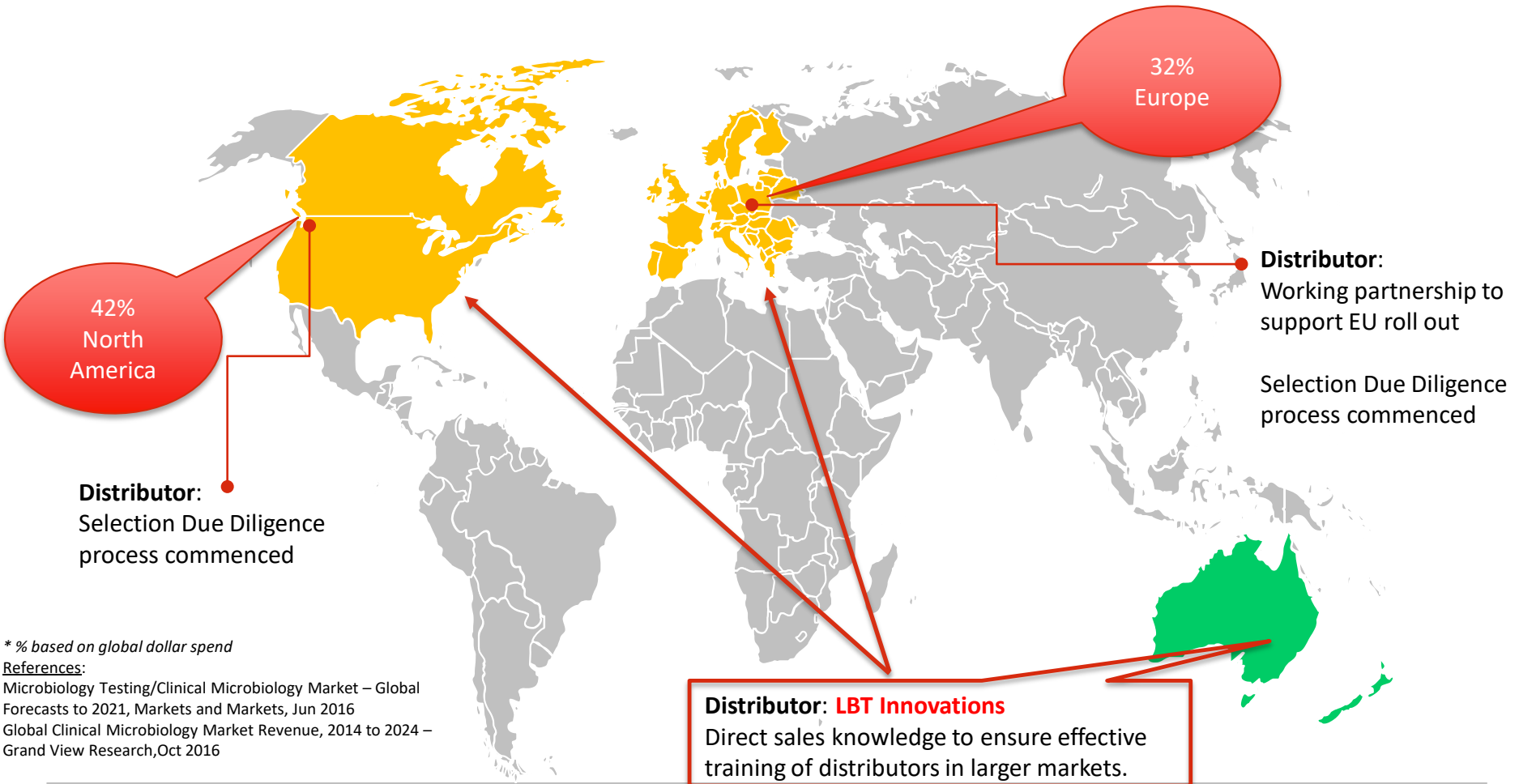


BD Kiestra™ Total  
Lab Automation

<http://www.bd.com/europe/labautomation/>

# Clear Distribution Strategy

## Global reach through allocation of the right strategic distribution partner(s)



# Corporate Snapshot

## Key Statistics (as at 1-March-18)

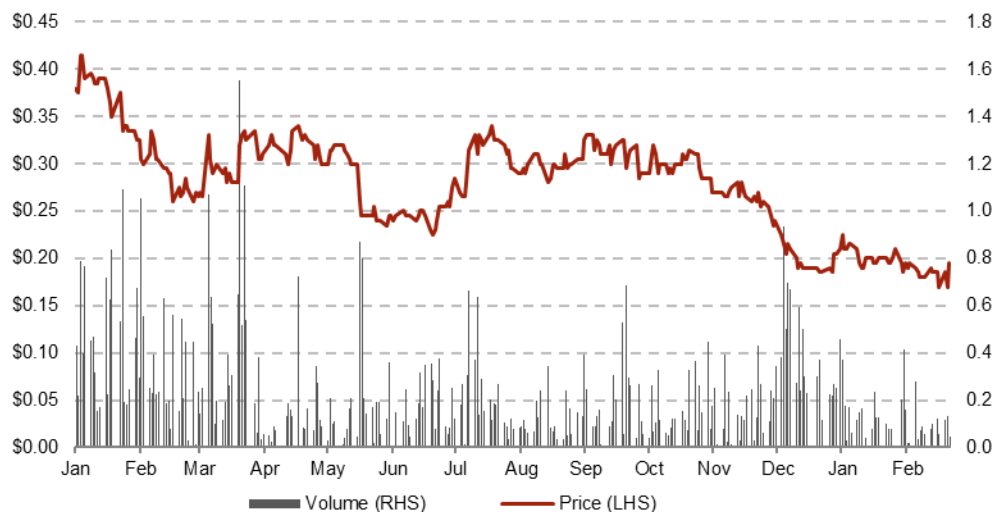
Code	ASX:LBT
Current Price	\$0.200
12 month trading range	\$0.17 - \$0.34
Shares Outstanding	148.8 million
Options Issued	18.1 million
Market Cap	~A\$30 million

## Shareholder Base

- ~1,900 Shareholders
- Directors & Management ~4%
- Autobio escrow 90 days (1-Dec-17)
- Free Float 96%

## Financials

- Cash as at 31 Dec ~AUD4.2m
- 2017 overheads ~\$1.8m /qtr
- Commercialisation costs completed ~Q1 CY18
- 2018 focus on commercial launch sales, marketing & production
- Evaluating alternatives to raise funds



# Achievements and Milestones

Delivered on technology and instrument development

CY 2017

- ✓ *CCS showcased the first functional APAS® Independence instrument at major global conferences, starting in April 2017*
- ✓ *Global first laboratory evaluation of APAS® Independence at St Vincent's Hospital in Melbourne, Australia. Validates utility and efficiencies of the instrument in a clinical setting*
- ✓ *Built internal capability to deliver milestones, while creating bench strength for the future*
- ✓ *Raised capital to ensure critical milestones could be achieved*

Focus: Commence sales, customer awareness.  
Establishing a global footprint for scale.

CY 2018

- **FDA 510(k) Supplement cleared for APAS® Independence (APAS® technology already cleared)**
- **CE Marking for APAS® Independence instrument**
- **Sales of APAS® Independence commence: Australia, then EU and US**
- **Signing of alliance / distribution agreement with global partner(s) for APAS®**
- **CCS booth and demonstration of APAS®, with key opinion leader / customer publications, white papers at major trade shows**
- **Continued development of new analysis modules to extend applications of use in global markets**



# Investment Highlights

- **Breakthrough APAS technology** for automation of pathology processing - **proprietary artificial intelligence**
- **FDA-Cleared** and customer **validation completed** – St Vincent’s Melbourne
- **Attractive revenue model** – each APAS represents \$0.45m revenue opportunity
- Poised for commercial launch – **2018 sales pipeline**
- Multiple **product extensions** of platform technology



**LBT INNOVATIONS**

**Brent Barnes**

Chief Executive Officer & Managing Director

Level 8, 44 Waymouth St,  
Adelaide SA 5000

P +61 (0)8 8227 1555

F +61 (0)8 8223 1775

[info@lbtinnovations.com](mailto:info@lbtinnovations.com)

[lbtinnovations.com](http://lbtinnovations.com)

# LBT Board



Kate Costello  
Chairman



Brent Barnes  
Managing Director



Steve Mathwin  
NED



Caroline Popper  
NED



Matt Michalewicz  
NED



Glenn Haifer  
NED

*Started Sep-17*

- Dec-16 board completed reflective board skills assessment defining competencies required to achieve its strategic goals
- Two new Non-executive Directors appointed as a result
- New competencies introduced: Artificial Intelligence, computer science, entrepreneur, capital markets, medical and healthcare

