

QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDING 31 MARCH 2018

Investor call at 8.30am AEST, Thursday 10 May 2018 to discuss Results and Business Outlook

Adelaide, Australia, 26 April 2018: LBT Innovations Limited (ASX:LBT) (**LBT** or the **Company**) a leader in medical technology automation using artificial intelligence, is pleased to release its Appendix 4C – Quarterly Cashflow report and Update for the quarter ended 31 March 2018 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Highlights for the Quarter

- **St Vincent's evaluation of APAS® Independence presented at major industry meeting, ECCMID**
- **APAS® Independence instrument shipped to the largest laboratory in Germany, and one of the largest in Europe - to form the basis of a centre of excellence reference laboratory for Europe**
- **Recruitment in core AI and software capability - to expedite development of APAS® further analysis modules**
- **\$4 million low interest loan awarded by the South Australian Government**
- **\$7 million oversubscribed Placement & \$0.5 million raised in a Share Purchase Plan – fully funding the Company through to estimated breakeven in early 2020**
- **Closing cash balance of \$5.7 million – a further \$3.7 million due shortly from the Placement & SPP**

Operations

During the Quarter, the Company continued its commercialisation and launch activities for the APAS® Independence instrument which remains the highest priority for LBT.

In Australia, the newly appointed sales executive has engaged with a number of targeted laboratories, resulting in ongoing discussions with these prospective customers. The sales process involves raising awareness of the instrument, agreeing timing for a laboratory evaluation, submissions and providing supporting information for the laboratory's approval process. With both field sales and technical service roles in place, the Company believes it is well resourced to execute its sales activities in Australia, and provide sales and service support for distributors in global markets.

Another focus during the Quarter was preparations for the largest microbiology conference of the year, the European Congress of Clinical Microbiology and Infectious Diseases (**ECCMID**) held in late April. LBT's joint venture company Clever Culture Systems (**CCS**) exhibited the APAS® Independence at its booth, and conference delegates had the opportunity to hear directly from Lisa Brenton, St Vincent's Hospital, Melbourne, as Ms Brenton delivered a presentation entitled "*Image interpretation of urine cultures using the APAS Independence - artificial intelligence in the routine clinical laboratory*". These activities facilitated numerous stakeholder and potential customer conversations.

In April 2018, CCS announced the placement of an instrument to Laboratory Dr Wisplinghoff as an evaluation site and to form the basis of a centre of excellence reference laboratory for Europe. Laboratory Dr Wisplinghoff, located in Cologne, is the largest clinical laboratory in Germany and one of the largest in Europe. This is the first placement of APAS® Independence in the northern hemisphere and was well received by attendees visiting the CCS booth at ECCMID.

In January 2018, Brent Barnes, the Company's CEO, attended the JP Morgan Biotech Showcase in San Francisco and met with institutional investors and potential industry partners to build further awareness of the APAS® technology.

During the Quarter, four new staff have been recruited in the core capability areas of AI and software engineering to expedite the development of additional APAS® analysis modules which will expand the application of use for APAS® Independence around the world.

Financial and Corporate

During the Quarter, the Company successfully raised approximately \$7 million through an oversubscribed Private Placement (**Placement**) at 15 cents per share. The Placement was in two tranches with the first ~\$3.8 million on 12 March 2018 and the second tranche of ~\$3.2 million, due to be completed on 26 & 27 April 2018, following the shareholder approval at the EGM held last week. An additional \$0.4m Placement is awaiting final confirmation and is expected to be settled in the near term. The Company also raised a further \$0.5 million via a Share Purchase Plan (**SPP**) at the same share price as the Placement. The Placement was a key milestone for the Company as it is expected that the Company is now fully funded through to anticipated cashflow breakeven in early 2020.

As part of the Placement, the Company attracted several new institutional and sophisticated investors as well as being supported by several existing shareholders. In a further sign of support, all the Company's Directors, together with members of senior management, participated in the Placement for approximately \$0.5 million.

The Company also announced \$4 million in funding from the South Australian Government as part of a jobs and innovation initiative, to enable LBT to recruit 16 full time Adelaide based staff in AI, science, and software engineering over the next two years. The funding is based on milestones, with the first \$1 million due to be received on signing of the legal agreements in the near future.

Overall, cash outflow from operations and investing for the quarter was \$2.1 million, offset by cash inflows from financing of \$3.5 million. The Company reported a cash balance of \$5.7 million as at 31 March 2018, with a further \$3.7 million due to be received in April 2018 from the SPP and second tranche of the Placement. The Company expects operating and investing cash outflows for the Quarter ending 30 June 2018 to be approximately \$1.9 million.

Future Outlook

LBT's key focus remains the commercialisation of the APAS® Independence instrument in key markets which is well underway following the first independent validation at St Vincent's Hospital and the first instrument in Europe at Laboratory Dr Wisplinghoff. Laboratory Dr Wisplinghoff is expected to be set up as a European centre of excellence laboratory that will perform independent evaluations of APAS® Independence and become a facility for other laboratories to view the instrument.

Appointing distributors in markets outside of Australia remains an important focus for 2018, as the Company seeks to establish a global distribution footprint, setting the foundation for scaling sales in subsequent years. Discussions are expected to progress with a number of potential distribution partners, supported by increasing confidence in the technology as the number of independent evaluations grow.

In the United States, CCS will be exhibiting the APAS® Independence at the American Society Microbiology "Microbe" meeting in Atlanta, USA from 7 to 11 June 2018, followed by attending the American Society for Clinical Chemistry meeting in Chicago, USA from 29 July to 2 August 2018. Combined, these meetings attract over 30,000 attendees. It is expected that the first shipment of APAS® Independence to the USA will occur in the second half of CY2018.

Investor Conference Call

The Company will hold a conference call at **8.30am AEST on Thursday 10 May 2018** to discuss the Company's activities and financial results for the Quarter and the business outlook. The Company's CEO and Managing Director, Brent Barnes, will host the call. Details of the call will be provided shortly in a separate ASX Announcement.

– ENDS –

About LBT Innovations

LBT Innovations (LBT) uses artificial intelligence (AI) to improve patient outcomes, making healthcare more efficient. The company has developed a patent protected machine learning and intelligent imaging platform technology to deliver the only FDA cleared instrument utilising AI technology in clinical microbiology. Based in Adelaide, South Australia, the Company has two world class-leading products in microbiology automation: MicroStreak®, which provides automated culture plate streaking and the Automated Plate Assessment System (APAS®). LBT has entered into a joint venture Clever Culture Systems AG (CCS) with Hettich Holding Beteiligungs- und Verwaltungs-GmbH to commercialise APAS® products. LBT has extended its core FDA Cleared AI technology in the area of chronic wound management. WoundVue® is prototype hand-held device which automatically analyses and records progress of long-term chronic wounds.

CONTACTS

LBT Innovations	Investor Enquiries	Media Relations
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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

LBT Innovations Ltd

ABN

95 107 670 673

Quarter ended ("current quarter")

March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (....9...months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(2)	(288)
(b) product manufacturing and operating costs	(1,887)	(6,960)
(c) advertising and marketing	(4)	(24)
(d) leased assets	0	0
(e) staff costs	(138)	(728)
(f) administration and corporate costs	(228)	(464)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	13	60
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	18	4,342
1.8 Other:		
Reimbursement of expenses from JV Company, Clever Culture Systems	1,195	6,029
1.9 Net cash from / (used in) operating activities	(1,033)	1,967

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (....9...months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(11)	(45)
	(b) businesses (see item 10)	0	0
	(c) investments	0	0
	(d) intellectual property (APAS)	(859)	(2,073)
	(e) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	0	0
	(b) businesses (see item 10)	0	0
	(c) investments	0	0
	(d) intellectual property	0	0
	(e) other non-current assets	0	0
2.3	Cash flows from loans to other entities	(190)	(3,684)
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	(1,060)	(5,802)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	3,775	6,275
3.2	Proceeds from issue of convertible notes	0	0
3.3	Proceeds from exercise of share options	0	0
3.4	Transaction costs related to issues of shares, convertible notes or options	(248)	(271)
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	Net cash from / (used in) financing activities	3,527	6,004

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (....9...months) \$A'000
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	4,233	3,498
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,033)	1,967
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,060)	(5,802)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,527	6,004
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of quarter	5,667	5,667

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'000	Previous quarter \$A'000
5.1	Bank balances	1,649	715
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (Term Deposits)	4,018	3,518
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,667	4,233

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

Current quarter
\$A'000

115

0

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Item 6.1 includes remuneration paid to the Directors including remuneration paid to the Chief Executive Officer.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	0
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	(190)
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Loan to Clever Culture Systems AG; a joint venture company that is owned 50/50 between LBT Innovations and Hettich Holding Beteiligungs- und Verwaltungs-GmbH.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	0	0
8.2 Credit standby arrangements	50	19
8.3 Other (please specify)	0	0
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.		

Item 8.2 is a corporate credit card facility which is paid off in full each month.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(251)
9.2 Product manufacturing and operating costs	(252)
9.3 Advertising and marketing	(9)
9.4 Leased assets	0
9.5 Staff costs	(181)
9.6 Administration and corporate costs	(136)
9.7 Other (intellectual property APAS)	(629)
Other (Loan to Clever Culture Systems (LBT's Joint Venture Company)	(480)
Capital Expenditure	(8)
9.8 Total estimated cash outflows	(1,946)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

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: 
(Company secretary)

Date: 26 April 2018

Print name:Dan Hill.....

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.