

MARKET UPDATE

KEY POINTS

- Advanced negotiations for the first sale of an APAS® Independence instrument
- Commercialisation activities targeting five instrument sales by 31 December 2018
- APAS® Independence installed and operational at Labor Dr Wisplinghoff
- APAS® technology well received at ASM Microbe conference
- Commissioned market research confirms strong interest in APAS® technology

Adelaide, Australia, 29 June 2018: Australian medical technology company LBT Innovations Limited (ASX: LBT) (LBT or the Company), a leader in medical technology automation using artificial intelligence, provides this market update on its commercialisation activities and progress towards its first sale of an APAS® Independence instrument.

The Company had given guidance of an expected first APAS® Independence instrument sale to occur by 30th June 2018. This has not occurred, although the Company is in an advanced stage of negotiations and expects to be in a position to conclude negotiations and to be in a position to provide further details to the market imminently.

The Company remains focussed on its commercialisation and marketing activities targeted to achieve approximately five APAS® Independence instrument sales in the 2018 calendar year. Currently, the Company has two APAS® Independence installations at laboratories in Australia which are conducting instrument evaluations. Following the laboratory evaluation, the results are compiled, clinical performance and utility assessed, before making a buying decision by the customer and a purchase order is issued.

In relation to potential sales of the APAS® Independence in Europe, the Company is pleased to report that the system shipped to the prestigious German facility Labor Dr Wisplinghoff, Cologne, Germany, has been successfully installed and commissioned. This was completed by the Company's joint venture company Clever Culture Systems (CCS), which also conducted the training of laboratory staff. As previously announced, this is the largest clinical microbiology laboratory in Germany and one of the largest laboratories in Europe.

Following the commissioning, the Labor Dr Wisplinghoff laboratory have already processed several thousand plates of different plate types through the instrument. This is a far greater number of plates than processed and evaluated at St Vincent's Melbourne and has therefore provided valuable insights on a large-scale laboratory environment and their operational and workflow requirements. The formal evaluation of the APAS® Independence at Labor Dr Wisplinghoff is expected to commence during the September quarter and should provide large amounts of data for infection control modules and additional urine modules over time. CCS will also be collaborating with Labor Dr Wisplinghoff to help develop future analysis modules and have publications completed.

The Company has also trained a local European partner to provide technical support going forward as required. The intention is to create a European centre of excellence to test automation efficiency, new innovations and clinical validation, and become an important European reference facility for other laboratories to visit and see the instrument in operation. This is consistent with the early commercialisation initiatives within the Australia launch market.

In addition, the Company has completed some commissioned market research for the UK, Germany and United States. This market research confirmed feedback that there is high degree of interest in an instrument like APAS® Independence in the market, and this research will be used to guide both development and commercialisation plans.

In mid-June 2018, a team of senior commercial and technical staff from CCS attended and hosted an industry booth at the American Society for Microbiology Microbe. There was positive feedback received following many demonstrations of the instrument. Participants were extremely interested and accepting of the St Vincent's published evaluation of the instrument, which added credibility that clinical utility can be realised. Additionally, a number of laboratories expressed interest in conducting early evaluations and these are being considered as part of commercialisation plans.

Brent Barnes, CEO and Managing Director commented:

"We are disappointed that the first sale has not yet occurred and we recognise achieving this by 30 June 2018 was an important milestone we have been guiding shareholders on and working towards. We still believe the first sale is very close and expect this to occur in the very near term.

With a dedicated sales executive in the field starting three months ago, we have confidence in our pipeline and our previous guidance to sell approximately five instruments before the end of 2018 calendar year."

– ENDS –

About LBT Innovations

LBT Innovations (LBT) improves patient outcomes by making healthcare more efficient. Based in Adelaide, South Australia, the Company has two world class-leading products in microbiology automation: MicroStreak[®], which provides automated culture plate streaking and Automated Plate Assessment System (APAS[®]). Based on LBT's intelligent imaging and interpretative software, US FDA-cleared APAS[®] automates imaging, analysis and interpretation of culture plates following incubation. LBT has entered into a joint venture Clever Culture Systems AG (CCS) with Hettich Holding Beteiligungs-und Verwaltungs-GmbH to commercialise APAS[®] products. LBT's third product WoundVue[®] is in early development; this is a proposed automated solution to assist in the management of chronic wounds.

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