

## QUARTERLY ACTIVITIES & CASHFLOW REPORT

### QUARTER ENDING 30 JUNE 2018

Investor call at 9.00am AEST, Wednesday 15 August 2018 to discuss Results and Business Outlook

**Adelaide, Australia, 30 July 2018:** Australian medical technology company 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 30 June 2018 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

#### Highlights for the Quarter

- **APAS® Independence first European installation at Labor Dr Wisplinghoff**
- **Completion of Placement & SPP - \$4.1m in the Quarter and Planet Innovation becoming a shareholder**
- **Strategic Plan & Asset Review, WoundVue™**
- **Presentation of APAS® Independence at ECCMID by Lisa Brenton of St Vincent's Hospital, Melbourne**
- **APAS® technology presented and well received at ASM Microbe conference**
- **Commissioned market research confirms strong interest in APAS® technology**
- **Significant progress towards finalising the first APAS® Independence sale**

#### Operations

During the Quarter, the Company remained focussed on its commercialisation and marketing activities which are aimed at building awareness to support early instrument sales. The Company installed another APAS® Independence instrument at a laboratory in Australia for an instrument evaluation and continued to engage with St Vincent's Hospital, Melbourne and Labor Dr Wisplinghoff in Germany.

While the Company expected to have concluded its first sale by this time, negotiations have progressed and LBT expects to finalise a first sale imminently. This timing is related to an approvals process and is not due to instrument clinical utility.

The Company reported that the first system shipped to Europe was successfully installed and commissioned in the prestigious German facility Labor Dr Wisplinghoff, Cologne, Germany. 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.

LBT continues to prioritise the development of the APAS® technology to expand the clinical utility of the instrument in the global markets. Since commissioning, Labor Dr Wisplinghoff laboratory has 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.

In June, the Company completed an updated strategic planning review, where the Board of Directors identified and approved its strategic priorities along with funding requirements over the short to medium term. As part of the review, the Company has decided not to proceed with the WoundVue™ programme and the Cooperative Research Centre Projects Grants Scheme. The Company will consider co-developing WoundVue™ with a commercial partner or licensing the technology, if appropriate.

In addition, the Company has commissioned market research for the UK, Germany and United States. This market research of over 100 laboratories confirmed 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 analysis module development and commercialisation plans.

The Company, together with CCS, has continued its active engagement of the international medical community by attending and hosting industry booths at two notable international conferences:

- The 28<sup>th</sup> European Congress of Clinical Microbiology & Infectious Diseases in Madrid, Spain, 21 to 24 April 2018  
Lisa Brenton of St Vincent's Hospital, Melbourne presented a poster presentation titled *"Image interpretation of urine cultures using the APAS Independence – artificial intelligence in the routine clinical laboratory"*
- American Society for Microbiology Microbe in Atlanta, United States of America, 7 to 11 June 2018  
CCS presented a poster presentation titled *"Discrepant result analysis for emerging technologies in microbiology"*

Brent Barnes, CEO and Managing Director commented:

*"We have made meaningful progress during the Quarter in relation to the commercialisation of the APAS® Independence with various installations and evaluations underway with Australian laboratories. Bringing new technology to market requires a focus on building awareness and independent publications are particularly important, such as the one published by St Vincent's. Australia remains an important launch market and we are pleased with the positive feedback from customers, acknowledging that the budgeting process for laboratories are varied and take time."*

## Financial and Corporate

The Company successfully completed its Private Placement and SPP, raising \$4.1m in the Quarter and \$7.9 million in total. Planet Innovation, a key engineering partner for CCS, participated in the Placement.

Overall, cash outflows from operations and investing for the Quarter was \$1.8 million, consistent with the Company's forecast outflows of \$1.9 million, as provided in the March 2018 Quarterly. These outflows were offset by cash inflows from financing of \$3.8 million, after capital raising costs. The Company reported a cash balance of \$7.6 million as at 30 June 2018. The Company expects operating and investing cash outflows for the Quarter ending 30 September 2018 to be approximately \$2.3 million with \$0.6 million of this forecast expenditure for LBT's 50% funding of CCS.

## Future Outlook

Early commercialisation of APAS® Independence remains the key focus for the Company and sales activities are targeted to achieve approximately five APAS® Independence instrument sales in the 2018 calendar year.

In relation to the further development of the APAS® technology, CCS will be collaborating with Labor Dr Wisplinghoff to develop future analysis modules and complete publications. The first step is the evaluation of the APAS® Independence by Labor Dr Wisplinghoff, expected to commence during the September quarter and designed to provide data to support the development of further analysis modules. Each new analysis module increases the clinical and commercial utility of the Instrument.

The Company will continue its active participation in conferences globally and Brent Barnes presented at the 14<sup>th</sup> Bioshares Biotech Summit in Queenstown, New Zealand from 27 to 28 July 2018. In the United States, CCS will be attending the 79<sup>th</sup> AACC Annual Scientific Meeting & Clinical Lab Expo in Chicago from 29 July to 2 August 2018. This is the largest global scientific conference and tradeshow in the field of laboratory medicine.

## Investor Conference Call

The Company will hold a conference call at **9.00am AEST on Wednesday 15<sup>th</sup> August 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.

To dial into the call directly, please dial in 5 to 10 minutes prior to the call time and enter the **Conference ID: 332129**

Dial in numbers are as follows:

<b>Australian Toll Free:</b>	<b>1800 908 299</b>
New Zealand callers:	0800 452 795
Other callers:	+61 2 9007 8048

To pre-register for the call, please follow the link below. A unique pin number will be provided for use when dialling into the call, which will bypass the operator and provide immediate access to the event.

<https://services.choruscall.com.au/diamondpass/LBT-332129-invite.html>

A recording of the call will be available on the Investors section of the Company's website for 60 days after the call.

– ENDS –

#### About LBT Innovations

LBT Innovations (LBT) improves patient outcomes by making healthcare more efficient. Based in Adelaide, South Australia, the Company has a history of developing world leading products in microbiology automation. Its first product, MicroStreak®, was a global first in the automation of the culture plate streaking process. The Company's second product, the Automated Plate Assessment System (APAS®) is being commercialised through LBT's 50% owned joint venture company Clever Culture Systems AG (CCS) with Hettich Holding Beteiligungs- und Verwaltungs-GmbH. The APAS® instrument is based upon LBT's intelligent imaging and machine learning software, and remains the only US FDA-cleared artificial intelligence technology for automated imaging, analysis and interpretation of culture plates following incubation. LBT's third product WoundVue® is in early development; this is a proposed automated solution to assist in the management of chronic wounds.

#### Contacts

LBT Innovations	Investor Enquiries	Media Relations
<b>Brent Barnes</b> Chief Executive Officer & Managing Director Tel: +61 8 8227 1555 E: <a href="mailto:info@lbtinnovations.com">info@lbtinnovations.com</a>	<b>David Allen / John Granger</b> Hawkesbury Partners Tel: +61 2 9103 9494 E: <a href="mailto:dallen@hawkesburypartners.com">dallen@hawkesburypartners.com</a>	<b>Sarah Kemter</b> Monsoon Communications Tel: +61 3 9620 3333 E: <a href="mailto:sarahk@monsoon.com.au">sarahk@monsoon.com.au</a>

## 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")**

June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (....12...months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(91)	(379)
(b) product manufacturing and operating costs	(1,317)	(8,277)
(c) advertising and marketing	(15)	(39)
(d) leased assets	-	-
(e) staff costs	(667)	(1,395)
(f) administration and corporate costs	(143)	(607)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	18	78
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	10	4,352
1.8 Other:		
Reimbursement of expenses from JV Company, Clever Culture Systems	1,563	7,592
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(642)</b>	<b>1,325</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (....12...months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(23)	(68)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property (APAS)	(415)	(2,488)
	(e) other non-current assets	-	-
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	(767)	(4,451)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,205)</b>	<b>(7,007)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	4,047	10,322
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	(295)	(566)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,752</b>	<b>9,756</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (....12...months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,667	3,498
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(642)	1,325
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,205)	(7,007)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,752	9,756
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>7,572</b>	<b>7,572</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	1,552	1,649
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposits)	6,020	4,018
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,572</b>	<b>5,667</b>

**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'000
106
-

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	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	(767)
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	-	-
8.2 Credit standby arrangements	50	24
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.		

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

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(642)
9.2 Product manufacturing and operating costs	(292)
9.3 Advertising and marketing	(24)
9.4 Leased assets	
9.5 Staff costs	(302)
9.6 Administration and corporate costs	(293)
9.7 Other (intellectual property APAS)	(131)
Other (Loan to Clever Culture Systems (LBT's Joint Venture Company)	(593)
Capital Expenditure	(21)
<b>9.8 Total estimated cash outflows</b>	<b>(2,298)</b>

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:



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Date: 30 July 2018

(Company secretary)

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.