LBT INNOVATIONS
ACN 107 670 673

The Manager
Company Announcements Office
ASX Limited

CHAIRMAN'S ADDRESS – 2018 AGM

Adelaide, 28 November, 2018: On behalf of the LBT Innovations Board, I'm pleased to welcome shareholders who have made it here today and present the strategic areas of progress LBT has made over the past twelve months.

Looking back over the past year, we have focused the vast majority of our efforts on advancing the development of our technology, commencing commercialisation and building the necessary supporting sales infrastructure to achieve early sales.

We set ourselves ambitious sales targets and planned entry into our multiple target markets. Despite progress, sales have taken longer than we anticipated and longer than we indicated to you, our shareholders, and the broader market. On reflection, we now have a better understanding of the various elements that play into the buying patterns and cycles of our customers. These early learnings will benefit our overall business as we expand our sales focus to the larger markets in Europe and the US.

I strongly believe that our technology with its cutting edge artificial intelligence and intelligent imaging capabilities, is well positioned to play a key role in the future of clinical microbiology globally. It's a disruptive technology in a market segment that predominately still relies on manual processing.

Now, I would like to turn to some of LBT's achievements over the past year, as we have worked on multiple fronts to build a global footprint.

One of our key objectives has been to establish our three centre of excellence laboratories, in each of Australia, Europe and, most recently, the United States.

In April 2018, our joint venture company, Clever Culture Systems or CCS, commissioned an APAS® Independence instrument in Labor Dr Wisplinghoff in Cologne, Germany, the largest clinical laboratory in Germany and one of the largest in Europe. Since then, thousands of plates have been processed to support development of the next analysis module. Positive feedback has been received about the instrument.

The United States is the world's single, largest, pathology market and entry into that market is naturally a key strategic goal for us. Hennepin Healthcare System located in Minneapolis has now taken delivery of the first APAS® Independence in the United States and will act as a key opinion leader ahead of an expected U.S. market launch in 2019.

In August 2018, we sold our first APAS® instrument to Melbourne's St Vincent's Hospital, who were also the first centre of excellence reference site globally to use the instrument. Their Deputy Principal Scientist, Lisa Brenton, presented St

Vincent's clinical data, and spoke highly of their clinical experience with the APAS® Independence, at the European Congress of Clinical Microbiology and Infectious Diseases conference in Madrid in April this year.

Earlier this week, the Company provided an update on early sales in Australia, noting recent feedback on a multi-site sales opportunity that the APAS® business case met the customer's needs. The instrument is now being considered as a potential catalyst for a wider work-flow optimisation. While this is positive feedback, it does slow the sales process compared to the timeline we originally envisaged. It is also a good reminder that the early sales process is a slow one for capital equipment in the health care sector, particularly when involving a new technology.

As the first launch market globally, these early sales in Australia will be important in setting the foundation for distributor appointments in the larger global markets of the US and Europe. We believe that distributors want a finalised product that is not only clinically proven, but has also progressed through a large part of the early sales process with a limited number of sales and key opinion leader placements achieved. While we have made progress along this path with the first sale at St Vincent's and the placements into Europe and the US, continued effort is required to increase the number of laboratories using the instrument.

The Board acknowledged and appreciated the support of new and existing institutional and sophisticated investors when LBT raised $7.9 million via a private placement earlier this year. This funding runway allows us to plan, execute and focus on our commercialisation strategies and we remain strictly conscious of prudent capital management. As of September 30th, our cash balance stood at $5.3 million. We also expect to receive a net contribution from the R&D tax concession of $1.9 million and have an additional $4 million of funding secured from the South Australian Government. This funding can be drawn down through milestone payments anytime until December 31st 2019.

While we have transitioned to a commercialisation phase, there is ongoing work to develop additional analysis modules or software for the instrument. These modules allow the APAS® instrument to process more specimens in addition to the urine specimen for which we have FDA Clearance. Put simply, the clinical utility and market size for the APAS® instrument increases as more specimen analysis modules are added. From our perspective, there is also an opportunity to charge additional annual software licenses per modules developed.

Longer-term we believe there is opportunity to extend the application to the agricultural sector which further expands the market for the instrument.

Strategically we have invested in building internal capability in the core areas of artificial intelligence, software engineering and science, coupled with the establishment of robust processes to increase the efficiency of developing new analysis modules. With the core technology now proven, this insourcing strategy has enabled us to reduce reliance on expensive outsourced engineering companies and make improvements in our processes, while reducing cost. This will be an important continued initiative for the company over the coming 12 months.

In October 2018 Matthew Michalewicz advised he was not in a position to contribute the necessary time to the Company's affairs and resigned from the Board. Moving into a new phase of maturity, the Board has commenced a skills' assessment to define what competencies are required to achieve our strategic goals over the coming years.

As I said at the outset, our achievements in building commercial activities this year were positive although we are disappointed this did not translate into the number of actual sales we set to achieve. That said, we believe we are on the cusp of positive achievements over the coming year and we remain extremely optimistic about our outlook. I will shortly hand over to your CEO, Brent Barnes, who will provide a short update on operational matters and then outline our plans and goals for the coming year.

I wish to thank you for your continued and much valued support as loyal LBT shareholders.

– 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.

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