

## **\$5M OVERSUBSCRIBED PRIVATE PLACEMENT**

*Capital raising to accelerate US and EU sales activity for FDA-approved APAS® Independence*

**Adelaide, Australia, 5 June 2019:** 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 announce it has received commitments totalling approximately \$5 million, for new fully paid ordinary shares in the Company at 14.5 cents per share (the **Placement**).

The Placement targeted to raise \$4 million with the right to accept oversubscriptions, to provide additional funds to accelerate the sales activities in the United States and Europe as well as ongoing analysis module development and working capital. This Placement follows the receipt of FDA clearance on 17 May 2019 for the APAS® Independence with urine module.

The Company increased the Placement to approximately \$5 million and is pleased to welcome a number of new institutional shareholders to the register in addition to the support of existing shareholders.

Hawkesbury Partners acted as Lead Manager and PAC Partners acted as Broker to the Issue and Settlement Agent.

A copy of the Company Presentation is *attached*.

### **Details of the Placement**

The key terms of the Placement are as follows:

- Approximately 34.5 million ordinary shares at \$0.145 per share (**Placement Share**), raising approximately \$5 million
- The Placement Price represents a discount of:
  - 17.4% to the 1-day volume weighted average price (**VWAP**) on 31 May 2019
  - 12.1% to last traded price of 16.5 cents on 31 May 2019
  - 23.2% discount to the 15-day VWAP and 22.8% discount to the 30-day VWAP, on 31 May 2019
- The Placement Shares will be issued on or about 11 June 2019, under the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A.
- 14,320,060 Placement Shares will be issued under 7.1 and 20,092,702 Placement Shares will be issued under 7.1A placement capacity.

The Placement was available to investors in Australia who qualified as professional or sophisticated investors under the requirements of the Chapter 6D of the Corporations Act 2001 (Cth) and sophisticated and professional investors in other select jurisdictions. The Placement Shares will rank *pari passu* in all respects with existing ordinary shares of the Company.

– 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.

### **CONTACTS**

<b>LBT Innovations</b>	<b>Investor Enquiries</b>
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LBT INNOVATIONS

# Company Presentation

5 June 2019

Brent Barnes

Managing Director & Chief Executive Officer

ASX code: LBT

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

# 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 estimating potential quantity and timing of sales, 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.

All reasonable efforts have been made to provide accurate information, but the Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this presentation, except as may be required under applicable laws. Recipients should make their own enquiries in relation to any investment decisions from a licensed investment advisor.



# Agenda

**1. Company Overview**

**2. Sales & Commercial Strategy**

**3. Placement Terms**

**4. Value Proposition & Conclusions**



# Overview

## Artificial intelligence platform automating manual healthcare processes

**Commercial launch underway** US, EU and AU

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

**Cost and efficiency** gains for Pathology labs **3 times faster** than manual reading

Proprietary **patented** technology

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

**1<sup>st</sup> sale completed**  
St. Vincent's Hospital, Melb

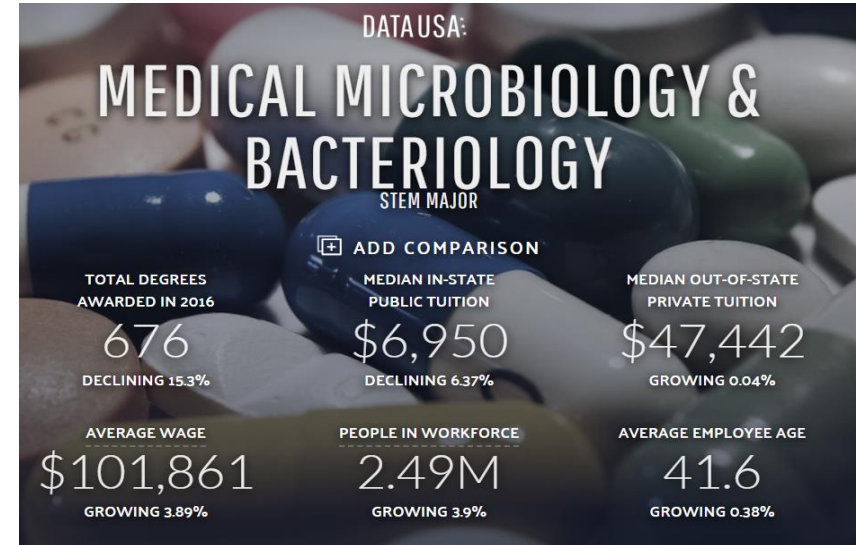
Addressable market of **13,000 labs globally**

**Expanding leadership**  
team & board



APAS® Independence

# Problems facing our customers



## Poor resource utilisation

- Up to 85% of plates can be negative

## Ensuring consistent results

- Microbiologist **error rates** of 5.5% - 6.6%; over 12% morphology

## Increasing costs

- Microbiologist **costs** AUD\$80,000 - 150,000+

## Shortage of Microbiologists

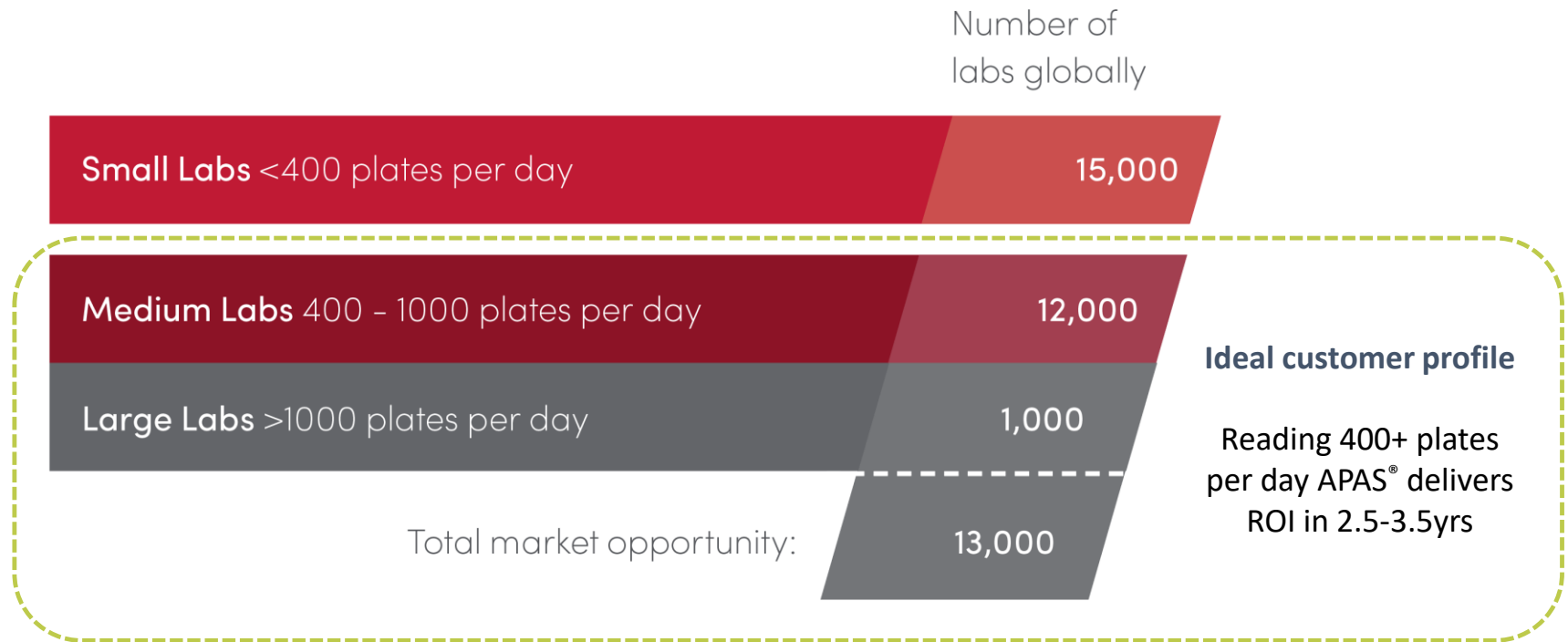
- US vacancy rate at any one time is 9%
- Declining profession / labour shortage

## Workplace safety issues

- Strain injuries caused by repetitive manual processes
- Management: sick days, annual leave



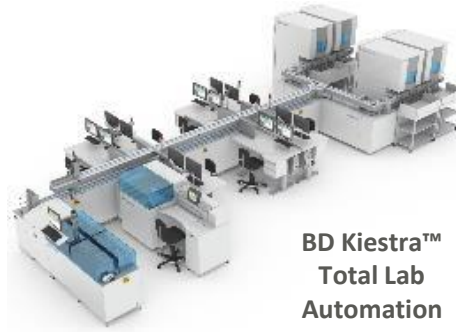
# Potential target market ~ 13,000 labs



# First mover advantage



WASPLab™



BD Kiestra™  
Total Lab  
Automation

## Two main competitors in automation of microbiology

- Automate lab work flow but not plate reading - still require microbiologists
- Large capital cost ~ US\$2.5m+ cost
- Complex and long lead times
- Low penetration ~ 150 units in 10 yrs

## APAS® Independence difference

- First & only FDA-Cleared: automated reading & interpretation
- Modular design – works with other solutions
- Much more affordable @ US\$0.3m



APAS® Independence

Inoculation and Culture  
Plate Streaking

Incubate

**Automated Plate  
Reading**

Identification & antibiotic  
sensitivity testing





# Capital & annuity sales model

## End Customer Pricing



Purchase price

**~US\$300,000**

leasing model available

Annual Software  
License:



**~US\$20K - \$40K**

Annual accessories:



**~US\$1K - \$2K**

5 year revenue  
opportunity

**~US\$0.45m**  
per instrument



**CLEVER CULTURE  
SYSTEMS**

**50:50 Joint Venture**



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**HETTICH**  
LABORAPPARATE

Contribute equally to operational  
and development costs

**Profits shared equally**



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Slide No. 8

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# Experienced Board and Management



**Brent Barnes**  
CEO and MD

*Commenced Oct-16*



**Kate Costello**  
Chairman

*Commenced Aug-05*



**Damian Lismore**  
NED



**Steve Mathwin**  
NED



**Simon Arkell**  
NED



**Caroline Popper**  
NED

## **LBT Board**

LBT's board bring broad knowledge and experiences to the business, including:

- Public listed company business (ASX and NASDAQ)
- Healthcare and technology focus
- Financial management, capital raisings and law
- International board members with US focus

## **LBT Management Team**

LBT's management team bring together specialist skills across core disciplines:

- Artificial intelligence and software engineering
- Medical device product development
- Quality and regulatory affairs
- Early product commercialisation



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# Path to market strategy

## Pre-sales commercialisation

Publications  
& white  
papers

Reference  
site(s)

Sales pipeline

Instrument  
Development

Analysis  
Module  
Development

Regulatory  
Clearances



Instrument +  
Analysis Module  
cleared for sale

## Sales Process

### Build Awareness

- Grow prospective customer base
- Demonstrate at conferences
- Publications
- Establish Reference sites and key opinion leaders

### Laboratory Feasibility

- APAS target laboratory profile:
  - >400 samples per day
  - Agar media used
  - Specimen types processed

### Customer Evaluation

- Instrument demonstration
- Onsite customer evaluation
- Develop evaluation protocol
- LIS Integration

### Buying Decision

- Customer workflow assessment
- Maintenance and support
- ROI assessment
- Investment committee decision

## Product Development

**Strategy:** Development, global footprint, product cleared for sale, early sales

## Distributor Appointment



sales, service, expanded reach

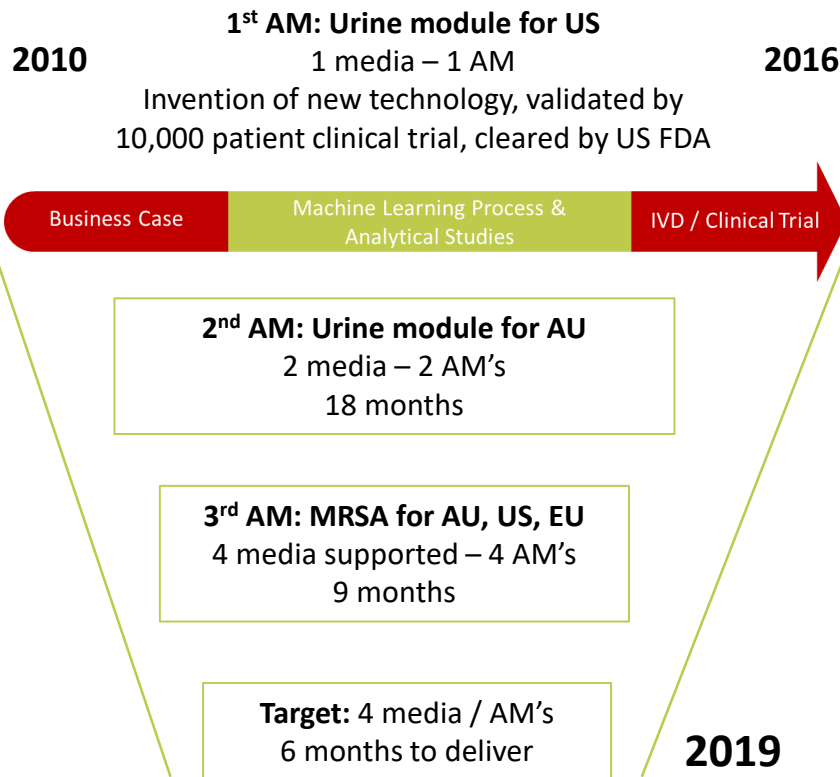
## Engaging Distributors

- Routine clinical use in their market
- Demonstrate customer engagement
- Initial sales pipeline established
- Regulatory cleared product



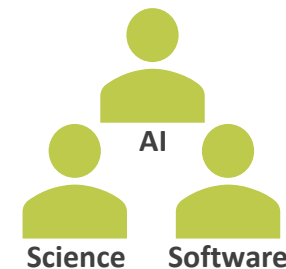
# Analysis Module development

AM development: critical process allowing the APAS® instrument to be used on more specimens  
More specimens = increased clinical utility = larger addressable market for sales

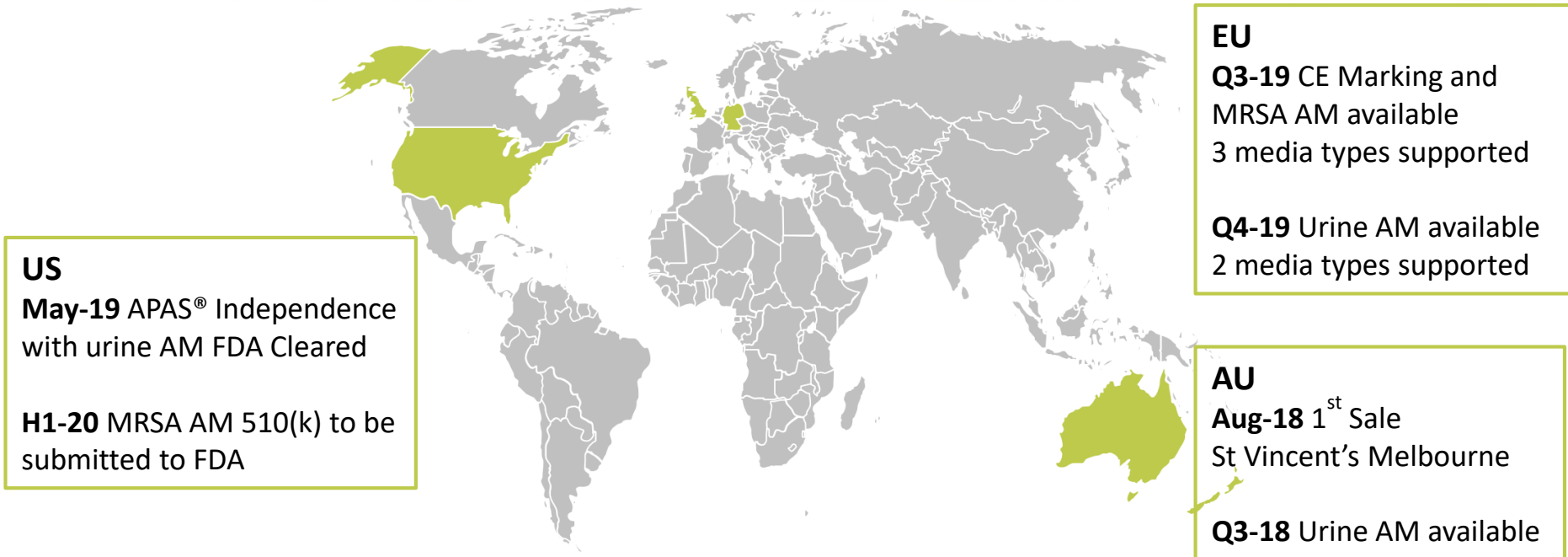


Moving from invention to software manufacturing of AM's over past 15 months:

- Optimisation of end-to-end process
- 10 people added over past 15 months to increase throughput
- Insourcing strategy aligned to SAFA funding



# 2019 expanding global availability



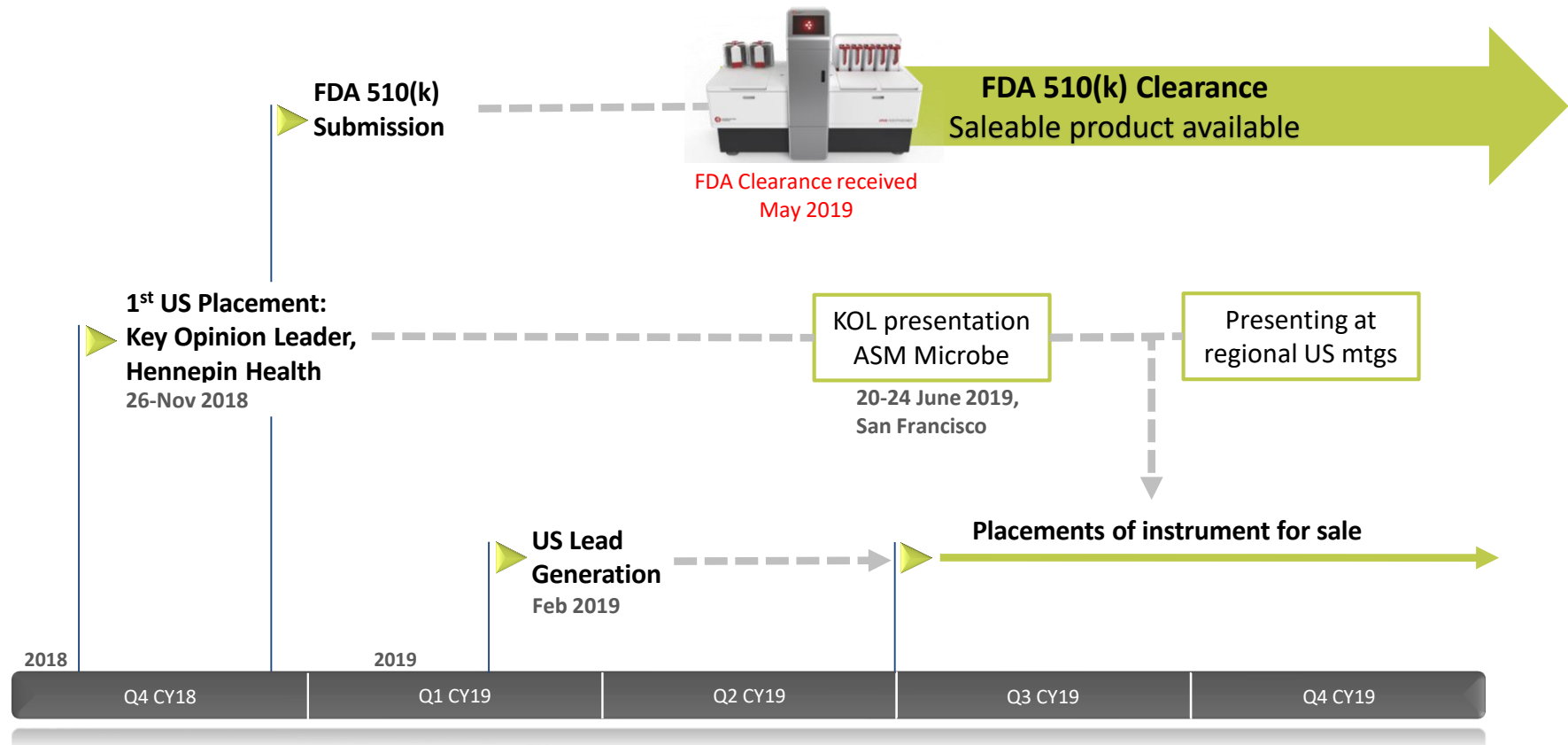
**APAS® available for sale in Germany and United States in second half of CY 2019**

- Sales process commenced ahead of product availability in DE & US
- Focus on heavy lifting with goal to appoint distributor(s)
- Presentation of APAS® at major conferences
- **Nominal sales conversion expected**



# US commercialisation pathway

APAS Independence cleared for sale in the United States



# EU commercialisation pathway

CE Mark for MRSA AM **targeted for Q3 2019**

Sales focussed on 4 laboratory providers operating 71 sites in Germany

Commercialisation underway to build sales pipeline

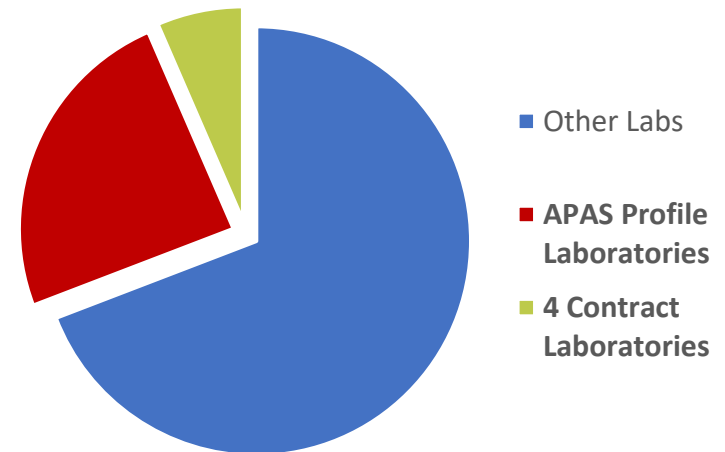
- Sales executive started Dec-18
- MRSA study completed by Labor Dr Wisplinghoff
- Data presented at ECCMID 2019
- Evaluation to procure underway

## CE Mark and commercial launch in 2019

### – MRSA and urine

- Combined MRSA and urine specimens account for ~70% of culture plate volume

## German Market Snapshot



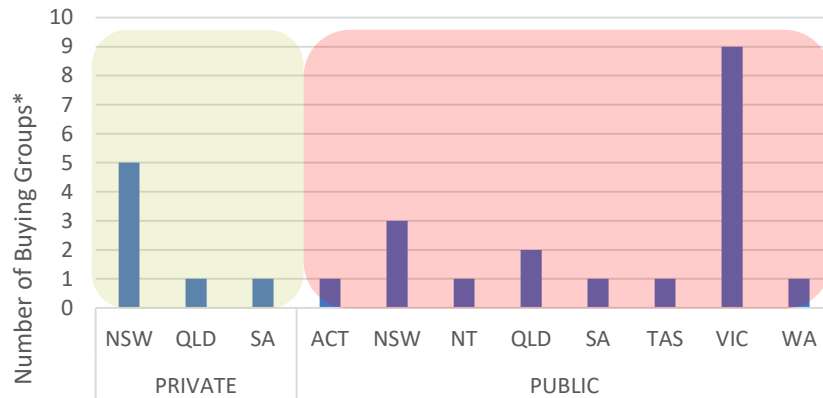
1,090 laboratories, > 300 laboratories meeting APAS® target profile

**4 contract laboratory providers cover 71 sites and > 50% of microbiology testing for the region**



# Australian opportunities

Decision making groups



\* Buying Group: purchasing decision makers that represent a number of hospitals or sites

- 26 Total decision making groups:
  - 7 private
  - 19 public
- Total market: 20 - 40 Instruments

## 2019 sales opportunities

Private: 2-3 buying groups in sales pipeline

Public: 0 tenders confirmed for release



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# Key Terms of Placement

<b>Placement</b>	Private Placement of <b>A\$4 million</b> by way of an excluded offer under Chapter 6D of the <i>Corporations Act 2001</i> (Cth) . The Company <b>reserves right to accept oversubscriptions up to \$5 million.</b>	
<b>Use of proceeds</b>	LBT intends to use the funds for the commercial launch of APAS® Independence in the United States and the EU, development of analysis modules and product extensions, working capital and costs of the Placement	
<b>Pricing</b>	<p>The Placement will be undertaken at a Placement Price of <b>\$0.145 per share</b> which represents a discount of:</p> <ul style="list-style-type: none"> <li>○ <b>17.4% to 1-day VWAP on the last traded day, 31 May 2019</b></li> <li>○ 24.4% to the 5-day VWAP</li> <li>○ 23.2% to the 15-day VWAP</li> <li>○ 22.8% to the 30-day VWAP</li> <li>○ 12.1% to the last traded price of \$0.165</li> </ul>	
<b>Timing &amp; Settlement</b>	<p>Trading Halt</p> <p><b>Deadline for Bids</b></p> <p><b>Announcement of Placement</b></p> <p><b>LBT Recommences Trading</b></p> <p>Manual settlement of Offer</p> <p><b>DvP Settlement of Offer</b></p> <p><b>Allotment of Placement Shares</b></p>	<p>Monday, 3 June 2019</p> <p><b>9am, Tuesday , 4 June 2019</b></p> <p><b>Wednesday , 5 June 2019</b></p> <p>Friday, 7 June 2019</p> <p><b>Friday, 7 June 2019</b></p> <p><b>Tuesday, 11 June 2019</b></p>
<b>Approvals</b>	The Placement Shares shall be issued in accordance with the Company's capacity under ASX Listing Rule 7.1 (15% rule) and also ASX Listing Rule 7.1A (additional 10%)	
<b>Capital Structure</b>	<p>Shares on issue</p> <p>Shares to be issued:</p> <p><b>Total Shares Post-Placement:</b></p>	<p>200.93m</p> <p>34.48m (Offer - \$5m)</p> <p><b>235.41m (Offer - \$5m)</b></p>
<b>Placement Shares</b>	New shares issued through the Placement will be fully paid ordinary shares, ranking pari passu with existing shares	

\* The Company reserves the right to vary the proposed Placement terms in its absolute discretion

^ All dates are indicative only and subject to change at the discretion of the Company



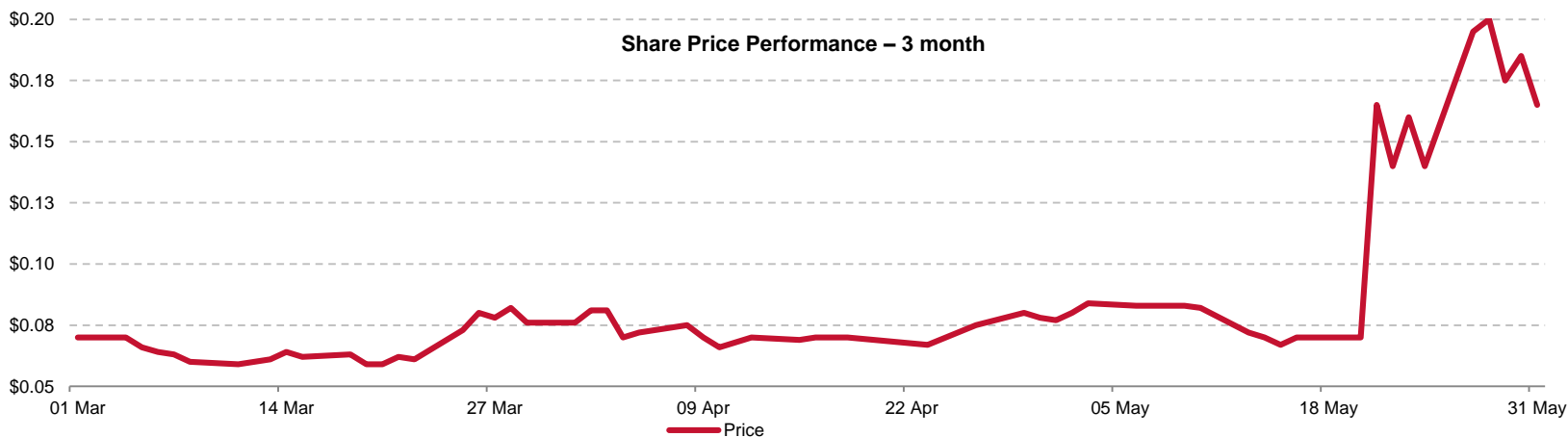
# Corporate overview

## Key Statistics (Closing on 31 May 2019)

Share Price	<b>\$0.165 per share</b>
12-month range	\$0.059 - \$0.020
Number of shares	200.9 million
Options Issued	3.6 million
Market Cap (pre money)	<b>~\$33.2 million</b>

## Financials

Current Cash	<b>\$4.2 million</b> (as at 31 March 2019)
SAFA Loan Facility	\$4 million facility – \$1m drawn down Low interest rate, 5-year term
Enterprise value	\$28.9 million (before Placement)
Shareholders	<b>Insto (29%), Industry (8%), Dir + Mgmt (4%)</b>





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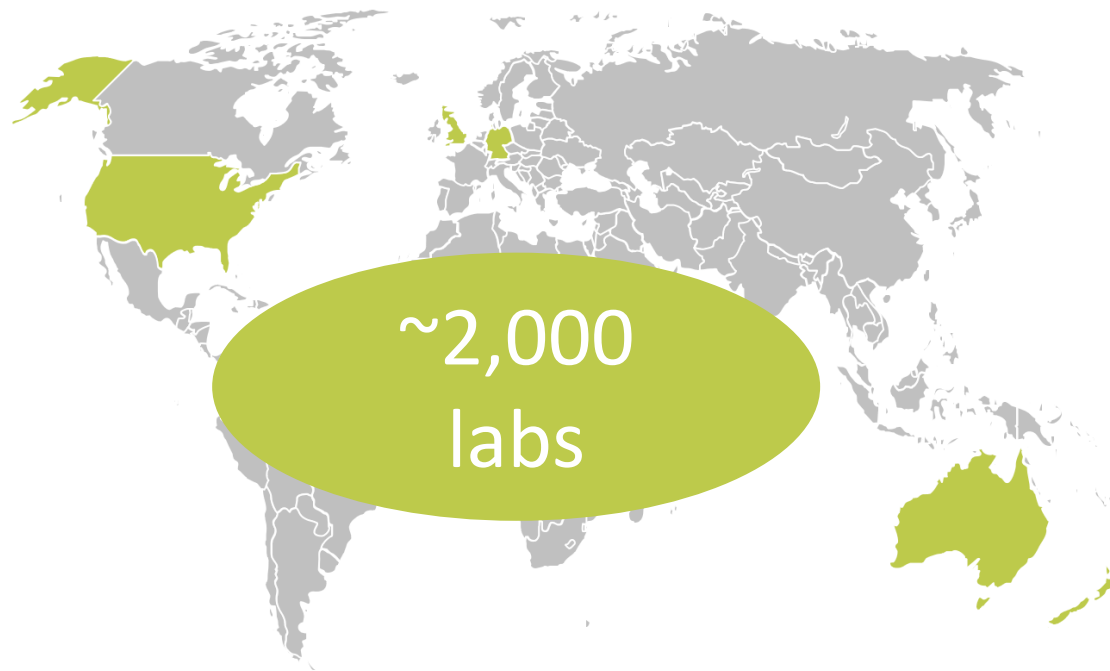
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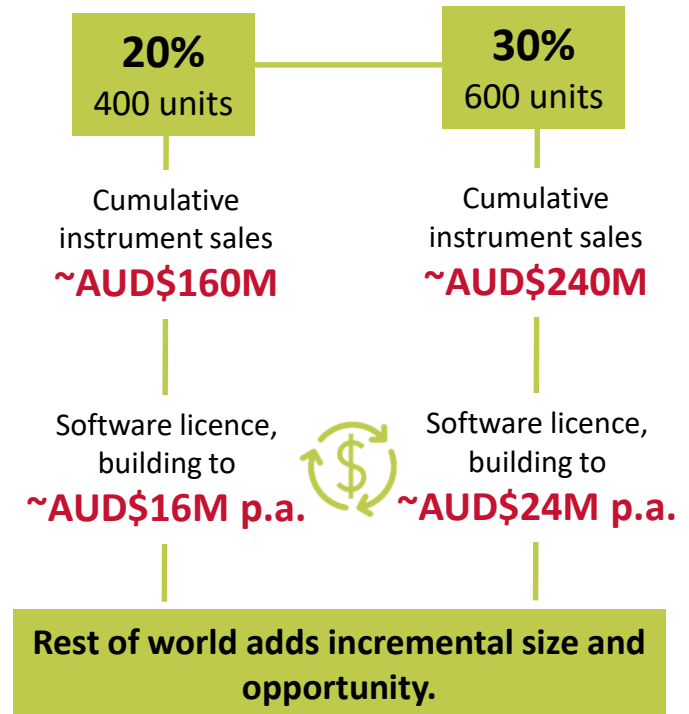


# LBT opportunity remains large

## Addressable market H2-19



## Penetration rate of 4 planned countries



# 2019 opens large markets

## United States

The largest single market for APAS® Independence with an estimated **1,500 laboratories** meeting our target profile

**2019: FDA clearance for the APAS® Independence obtained in May**

Lead generation activities have commenced to build active pipeline of qualified sales

## UK and Germany

**2018:** Established local sales presence and reference site supporting MRSA AM development

**2019:** building sales pipeline ahead of product launch in Q3

> 400 laboratories meeting APAS® target profile

## Australia

**2018:** Establish the sales process

20 – 40 labs that meet APAS® target profile



# Investment Highlights

## Competitive positioning remains strong

- APAS® Independence remains first in class as the only FDA cleared product using AI for automated clinical microbiology reading
- Commercial launch phase commenced 2018 and first sale in Aug 18

## Commercial strategy updated for 2018 lessons

- Overcoming lessons of 2018 – optimisation of analysis module development facilitating path to market
- Commercial launch in EU and US targeted for H2-19 with a focus on building the sales pipeline ahead of commercial release

## Placement extends funding beyond 2020

- Available cash of \$4.2m as at 31 Mar 2019 and \$1m of the SA Govt loan facility drawn (further \$3m available to 31 Dec 2019)
- Cash spend limited to < \$1.6m per quarter, over next 12 months
- **Placement accelerates US sales activities and extends funding runway**

## Large value proposition

- 2019 will see modest sales while the infrastructure is being built out
- Size of the target market potential from the end of 2019 > 2,000 labs
- Attractive sales model with upfront payment and annual recurring fees





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