

## QUARTERLY ACTIVITIES & CASHFLOW REPORT

### QUARTER ENDED 30 JUNE 2019

*Investor call at 9.00am AEST, Tuesday 30 July 2019 to discuss Results and Business Outlook*

**Adelaide, Australia, 29 July 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 release its Appendix 4C – Quarterly Cashflow report and Update for the quarter ended 30 June 2019 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

### Highlights for the Quarter

- **APAS® Independence receives FDA 510(k) Clearance - US market commercial launch underway**
- **US Clinical Data presented at ASM Microbe conference**
- **MRSA Analysis Module clinical trial underway - Clinical data presented at ECCMID meeting**
- **\$5 million private placement & \$2.5 million loan drawdown**
- **Closing cash balance of \$10.2 million**

### Operations

During the Quarter, there was significant progress on the US commercialisation strategy for the APAS® Independence. On 17 May 2019, 510(k) clearance was received from the United States Food and Drug Administration (**FDA**) for the APAS® Independence instrument together with the urine analysis module. This FDA clearance for the commercial instrument represented the final regulatory milestone enabling commercial sales of the APAS® Independence in the United States, which is the single largest global market.

In the lead up to the FDA clearance, the Company's joint venture partner, Clever Culture Systems or CCS completed an outsourced lead generation campaign. Through this process over 1,400 laboratory stakeholders in the United States have been contacted to build interest in the instrument. In parallel, a number of LBT staff have spent significant time in the United States actively supporting these commercialisation activities. This included sales visits to three tier one hospital facilities in the United States and attendance at the American Society of Microbiology or ASM Microbe conference in San Francisco at the end of June. At the ASM Microbe meeting, Hennepin County Medical Center, presented U.S. clinical data on its experience using the APAS® Independence. Conversion of qualified leads into sales will take time, however feedback from the potential customers has been very encouraging.

As previously advised, the Company has a dual strategy for entry into global markets: a direct sales presence and appointment of one or more large distributors. Following the end of the Quarter, CCS has shipped an APAS® Independence instrument to a United States based leading global healthcare manufacturer and distributor. A process of installation and training is underway and then this potential distributor will undertake a clinical assessment on performance, suitability, serviceability and alignment with their existing complementary products. While a positive step, this is not a commitment to sales or to enter into a Distribution Agreement.

In Europe, a poster presentation was released at the world's premier clinical microbiology conference, the European Congress of Clinical Microbiology and Infectious Diseases or ECCMID, held in Amsterdam in April. During the Conference, CCS hosted a meeting for microbiology laboratory directors with talks from our Scientific Director, Dr Steve Giglio and key opinion leaders from each of the Company's global reference sites. The CCS Sales Executive has since continued to meet with laboratories in Germany and the United Kingdom to generate early sales interest.

The sales focus in Australia continues to be the private sector laboratories as public laboratories remain challenging with no new tenders expected in the 2019 calendar year. In June, to coincide with the Australian Society of Microbiology conference

held in Adelaide, the Company hosted a laboratory tour and demonstration of the APAS® Independence at its technology development facility.

The Company has also continued its development of new APAS® Analysis Modules or AMs. With the support of our European reference site, Labor Dr Wisplinghoff in Cologne, Germany, the Company imaged over 17,000 culture plates that supported the machine learning, software and algorithm development work to create the MRSA AM. The data from this study was presented at the ECCMID conference in April and a MRSA clinical study has commenced at St Vincent's Hospital, Melbourne, to validate the performance of the AM and support regulatory clearance.

Brent Barnes, CEO and Managing Director said:

*"Over the past Quarter the Company has made significant progress on both its United States and European market access plans. The FDA clearance in the United States was our biggest step forward and now opens access to our largest single market. The finalisation of our MRSA AM in the coming months is also key to us entering the European market where MRSA specimens are the most significant by volume. I would also like to make special mention of our shareholders and the new investors who supported our recent capital raising."*

## Financial and Corporate

During the Quarter, the Company completed a private placement of approximately 34.5 million shares to raise approximately \$5 million. The funds raised will provide additional funds to accelerate sales activities in the United States and Europe as well as ongoing Analysis Module development and working capital.

The Company also made two drawdowns totalling \$2.5 million, under the \$4 million loan facility provided by the South Australian Government. There is a final drawdown of \$1.5 million available through to 31 December 2019, subject to achievement of operational milestones.

Overall, the Company achieved a net cash outflow from operating and investing activities for the Quarter of \$1.3 million, excluding the interest income and government grants. This compares to the Company's forecast outflow of \$1.4 million for the Quarter, provided in the March 2019 Quarterly Report. The lower than forecast spend is due to timing of funding payments provided to its joint venture company CCS. The forecast outflows for the quarter ending 30 September 2019 are \$1.8 million, which reflects the reversal of the timing of payments to CCS from the quarter ended 30 June 2019, and expected higher administration costs following the end of financial year. The Outflows from operating and investing activities in the Quarter and the forecast for the next quarter ending 30 September 2019, remain consistent with guidance provided of an average quarterly cash spend of \$1.5 million.

The Company reported a cash balance of \$10.2 million as at 30 June 2019, based on the total net cash inflows of \$5.9 million for the Quarter.

## Future Outlook

In the United States, CCS will continue building its direct sales presence in the region with a sales resource expected to be on board shortly. There is an expectation that multiple hospitals will receive an instrument for testing and evaluation for commercial purposes in the second half of this year.

CCS will also be working closely with the potential distributor who will shortly commence their evaluation of the instrument. Their early experiences and a positive outcome will remain a key objective.

In Europe, CCS intends to complete the CE Mark self-certification process for the APAS® Independence and the clinical validation of the MRSA AM in the third Quarter. This self-certification process will then enable sales of the instrument in Europe. The Company will also file for TGA registration in Australia with the MRSA AM in a similar timeframe.

## Investor Conference Call

The Company will hold a conference call at **9.00am AEST on Tuesday 30 July 2019** 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: 10001323**. Dial in numbers are as follows:

**Australian Toll Free:**      **1800 908 299**  
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 will be provided for use when dialling into the call, which will bypass the operator and provide immediate access to the event.

<https://s1.c-conf.com/DiamondPass/lbt-10001323-invite.html>

A recording of the call will be available on the Investor Centre 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 Beetling's- 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

LBT Innovations	Investor Enquiries
<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>

## 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 2019

<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	(252)	(434)
(b) product manufacturing and operating costs	(417)	(2,268)
(c) advertising and marketing	(17)	(99)
(d) leased assets	0	0
(e) staff costs	(216)	(1,573)
(f) administration and corporate costs	(117)	(598)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	32	117
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	54	1,946
1.8 Other:		
Reimbursement of expenses from JV Company, Clever Culture Systems	640	2,290
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(294)</b>	<b>(620)</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)	(42)
	(b) businesses (see item 10)	0	0
	(c) investments	0	0
	(d) intellectual property (APAS)	(581)	(2,418)
	(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	(321)	(1,476)
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(925)</b>	<b>(3,936)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	4,990	4,990
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	(331)	(331)
3.5	Proceeds from borrowings	2,500	2,500
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
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>7,159</b>	<b>7,159</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	4,235	7,572
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(294)	(620)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(925)	(3,936)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,159	7,159
4.5	Effect of movement in exchange rates on cash held	0	0
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>10,175</b>	<b>10,175</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	757	317
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (Term Deposits)	9,418	3,918
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>10,175</b>	<b>4,235</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

91

0

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	(321)
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	4,000	2,500
8.2 Credit standby arrangements	50	25
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 8.1 is a loan facility provided by the South Australian Government. The first and second drawdowns, totalling \$2.5 million, occurred during the quarter ended 30 June 2019. Interest is payable on the drawdown balance at 2% margin above the SA Government cost of funds. The final drawdown of \$1.5 million is available through to 31 December 2019, subject to achievement of agreed milestones. After 31 December 2019, the drawdown amount at that point will convert to a principal and interest loan to be repaid over five years from the first drawdown date (May 2019). The Company has provided the SA Government with a first ranking general security.

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	0
9.2 Product manufacturing and operating costs	(158)
9.3 Advertising and marketing	(26)
9.4 Leased assets	
9.5 Staff costs	(343)
9.6 Administration and corporate costs	(260)
9.7 Other (Loan to Clever Culture Systems (LBT's Joint Venture Company)	(494)
Residual capital raising costs	(30)
Capital Expenditure	(7)
Intellectual Property (APAS)	(473)
<b>9.8 Total estimated cash outflows</b>	<b>(1,791)</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:  .....  
(Director/Company secretary)

Date: 29 July 2019

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.