QUARTERLY ACTIVITIES & CASHFLOW REPORT
QUARTER ENDED 31 MARCH 2021

Investor call at 9.00am AEST, Wednesday 5th May 2021 to discuss Results and Business Outlook

Adelaide, Australia, 29 April 2021: 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 business update for the quarter ended 31 March 2021 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Highlights for the Quarter

- **US distributor appointment(s) progressing – targeted before end of Q3 CY2021**
- **VRE clinical study data capture complete – CE Mark for Europe expected Q3 CY2021**
- **First APAS® Independence evaluation in France – scheduled by Beckman Coulter**
- **Board rejuvenation process underway to recruit new Chair and Non-Exec Director**
- **$0.83m R&D Tax Incentive received – 31 March 2021 cash balance of $11.2 million**

Commercialisation & Product Development

The Company's long stated commercialisation strategy remains to build a global distribution network to sell its APAS® Independence technology. This should include one or more highly credentialled distributors whose existing footprint and access to customers can be leveraged for greater revenue opportunities. In parallel, the Company is focused on supporting the distributor diligence process, building users and early adopters of the technology and expanding the number of applications available for the APAS® Instrument with additional high value analysis modules. This Quarter there was considerable progress made in each of these areas.

Sales and Distribution

This Quarter the Company through its 50% owned joint venture company, Clever Culture Systems (**CCS**), made significant progress in negotiations with several potential distributors for the United States (**US**) market. CCS has been working with these potential distributors in the US since mid-2020 and has now commenced contract discussions and due diligence activities. Successful due diligence will be critical to ensuring a successful engagement of a distributor(s) and supporting these activities has been a high-effort focus of the LBT team during the Quarter. Each of these potential distribution partners has a large active sales force and deep customer network in the US, which are believed to provide a highly beneficial commercial fit for the APAS® Independence.

In addition, CCS has been contacting Integrated Health Network's (**IDNs**) within the US as a strategy to target sales opportunities across a large network of potential laboratory customers. These IDNs operate multi-hospital and laboratory systems, typically with a centralised procurement channel for their network. The US based CCS sales executive completed a number of presentations and interviews during the Quarter, with APAS® Independence reaching a pre-approval stage with one of the larger US IDNs.

In Europe, CCS has continued to work in close partnership with Beckman Coulter to market and sell the APAS® Independence as part of their suite of automation solutions for clinical microbiology. During the Quarter, the team conducted the first joint customer visit in France, following previous joint online meetings, and digital marketing activities including a well-attended customer webinar event in the United Kingdom (**UK**). Having locally based Beckman Coulter Sales Representatives has been especially relevant with travel and access to laboratories in Europe still restricted due to COVID-19.

Following the sale to Labor Dr Gärtner in Ravensburg, Germany last year, this Quarter our EU based sales executive has been supporting the clinical use of the instrument to demonstrate the full efficiencies. This is an important next step for other laboratories within the Limbach Group to consider the adoption of the APAS® technology.

In the UK, the Health Services Laboratory in London has completed all of its clinical evaluations of the APAS® Independence, with the APAS® urine analysis module completed this Quarter following their successful evaluation of the MRSA analysis module in December 2020. The results of both analysis modules met the performance objectives and discussions to procure one or more instruments are progressing.

With sales progress slower than anticipated, CCS has undertaken a review of its sales and marketing strategy to take on broad early market learnings and feedback, with the objective to improve commercialisation timelines and outcomes. Whilst appointment of distribution partners remains the key priority, for the near-term CCS has focused its sales and marketing activities on innovators within target markets who will be the early adopters and industry advocates of the APAS® technology. This strategy will be combined with building a body of clinical and economic evidence demonstrating the performance and benefits of the APAS® instrument in a range of clinical settings. As a first step in this strategy, CCS completed the placement of an instrument at a highly regarded US West Coast-based laboratory in March 2021.

COVID-19 Impact

Outside of Australia, COVID-19 continues to affect CCS' ability to access potential customers. Cross-border travel restrictions are in place throughout Europe, and laboratories in both Europe and the United States remain under huge pressure to deliver the required ongoing COVID-19 testing. Some customers also have restrictions in place that prevent external visitors entering their facility. Unfortunately, this has and will impact the timing of expected sales. However, the sales team remains vigilant in their efforts to get in front of customers, build the pipeline and firm up the US channel strategy.

APAS® Analysis Module Development

Expanding the number of analysis modules available to customers is an important parallel activity to expand the market opportunity for the APAS® Independence. Currently there are 10 analysis module projects underway, across different testing requirements and different agar plate media. Having a suite of analysis modules available for customers is required to support the sales process. Where a customer uses a media that has not been validated for an APAS® analysis module, they are not likely to change media and hence will not agree to evaluate or use the APAS® Independence instrument until that media is available. While the strategy is not to support all media, LBT continues to prioritise its development activities to support the most common media types in each market. The Company has also developed a process for customers to trial early versions of analysis modules prior to full regulatory clearances enabling customers to test the utility of the instrument prior to full regulatory clearance, as well as providing early customer feedback and clinical data.

During the Quarter, the Company made good progress on its VRE analysis module (for Vancomycin-resistant *enterococcus*), by completing the data capture for the clinical study. This module, once approved for release in the second half of this year, will support sales activities in Southern Germany and France where the prevalence and associated testing of VRE is high.

Progress was also made to develop a suite of Urine analysis modules using different high volume media types for the European market. These modules are currently in trial with Labor Dr Wisplinghoff, for customer feedback prior to commencing a formal clinical study. It is expected that these analysis modules will support approximately 60% of the European market.

MRSA FDA 510(k) Submission

During the Quarter, the Company had positive engagement with the United States Food and Drug Administration (**FDA**), including an interactive review of the data. An outcome on this FDA submission is expected in third Quarter of 2021.

Financial & Corporate

The Company continued to proactively engage with Shareholders during the Quarter and address feedback received. With respect to Board rejuvenation, an external recruitment firm has been working with the Board to identify suitable, high quality candidates for the roles of Chair and Non-Executive Director, to replace the outgoing Chair, Kate Costello and Director, Caroline Popper. The Board have also implemented a new Policy, requiring all Non-Executive Directors to salary sacrifice 25% of Directors fees to acquire new LBT shares until each Non-Executive Director has invested a total amount equal to a

full year's gross Director fees. The Policy is a positive commitment ensuring all current and future Non-Executive Directors are invested in the future performance of the Company.

Quarterly cashflows and cash at bank

For the Quarter, the Company had:

- net cash outflows from Operating and Investing activities of $0.6 million which included a cash inflow of $0.9 million for the Company's research and development tax incentive claim;
- net cash outflows from Financing activities of $0.2 million, being the quarterly SAFA loan repayments;
- total net cash outflows for the Quarter of $0.8 million; and
- a reported cash balance of $11.2 million as at 31 March 2021.

The Company's underlying net cash outflows from Operating and Investing activities for the Quarter was $1.4 million (excluding receipt of the research and development tax incentive claim).

Cashflows for the Quarter include related party payments of $133,000 to Directors, comprising the Managing Director's salary and Non-Executive Directors' fees.

Future Outlook

For the remainder of 2021, a key priority will be to secure a US distribution partner for the APAS® Independence. The progress made over the past 6 months has been positive and there are multiple distribution partners interested in the technology. It is expected that an appointment will occur before the end of the third quarter of 2021.

In the short term the first installation of APAS® Independence in France will be completed for a combined evaluation of the APAS® instrument and the Beckman Coulter AutoPlak. This opportunity would not have been realised without the Beckman Coulter partnership and will provide a valuable reference point, demonstrating the combined utility of the APAS® Independence alongside the AutoPlak.

Converting the sales pipeline opportunities into contracted sales remains difficult to predict for the balance of 2021. The sales team are cautiously optimistic that some opportunities from the first Quarter may convert during the coming Quarter of 2021.

In July 2021, CCS and Beckman Coulter will be attending the European Congress of Clinical Microbiology and Infectious Diseases (**ECCMID**) meeting, which will be 100% online this year. CCS has submitted a number of abstracts for poster presentations at the conference, including data generated from evaluations by The Doctors Laboratory, in London, and SA Pathology, in Adelaide. The effort to produce scientific publications is high and are a meaningful method to support the commercialisation of new technology such as APAS® Independence.

In product development, the CE Mark for the VRE analysis module is targeted for completion during the third quarter of 2021 to then be sold in the EU and UK. The development focus will then shift to finalising the Urine analysis module for Europe and additional Urine analysis modules for the US market.

Brent Barnes, CEO and Managing Director said:

"We have been upfront about the challenge of getting into labs, arranging placements and evaluations of the APAS® Independence and then actually completing sales has been unfavourably impacted by COVID-19. We are handling this in multiple ways including a finer focus on potential early technology adopters; building supporting clinical evidence from labs such as The Doctor's Laboratory, SA Pathology and Labor Dr Wisplinghoff and using this time to complete negotiations and due diligence with potential US distributors.

I want to assure all Shareholders that customers who have tried the technology see the ease of use and commercial benefits. We are working hard to build the sales pipeline as the world slowly starts to return to pre-COVID-19 conditions."

Investor Conference Call

The Company will hold a conference call at **9.00am AEST on Wednesday 5th May 2021** to discuss the Company's activities, financial results for the Quarter and the business outlook. The Company's CEO and Managing Director, Brent Barnes, will host the call.

All attendees must register to attend the call. Please register using the link below. After registering, you will receive a confirmation email about joining the webinar including options to attend via computer or telephone.

https://zoom.us/webinar/register/WN_ISAVDEu2Sx6rz4LecesbRQ

A Q&A session will be held at the end of the conference call, in order to participate in this, you will need to join the conference via computer. A recording of the call will be available on the Investor Centre section of the Company's website for 60 days after the call.

Approved for release by the LBT Board.

– 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. Beckman Coulter have also been appointed as Marketing Agent in Europe to assist in facilitating sales. 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

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
LBT Innovations Ltd	
ABN	**Quarter ended ("current quarter")**
95 107 670 673	March 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (..9....months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) research and development	(35)	(149)
	(b) operating costs	(17)	(130)
	(c) advertising and marketing	(5)	(19)
	(d) leased assets	(28)	(78)
	(e) staff costs	(856)	(2,816)
	(f) administration and corporate costs	(212)	(525)
1.3	Dividends received (see note 3)		
1.4	Interest received	12	52
1.5	Interest and other costs of finance paid	(24)	(76)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	884	1,317
1.8	Other		
	Consulting Income (Receipts JV Company, CCS)	162	748
1.9	**Net cash from / (used in) operating activities**	**(119)**	**(1,676)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(28)	(41)
	(d) investments		
	(e) intellectual property	(138)	(438)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (..9....months) $A'000
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities	(260)	(921)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(426)**	**(1,400)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	8,468
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(555)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(232)	(691)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Repayment of lease principal)	-	(6)
3.10	**Net cash from / (used in) financing activities**	**(232)**	**7,216**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	12,013	7,096
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(119)	(1,676)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(426)	(1,400)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (..9....months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(232)	7,216
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	**Cash and cash equivalents at end of period**	**11,236**	**11,236**

5.	Reconciliation of cash and cash equivalents 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	598	695
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	10,638	11,318
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**11,236**	**12,013**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(133)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Item 6.1 relates to Cash remuneration paid to the Directors, including remuneration paid to the Managing Director.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	3,170	3,170
7.2	Credit standby arrangements	50	13
7.3	Other (please specify)		
7.4	**Total financing facilities**	3,220	3,183

7.5	**Unused financing facilities available at quarter end**	37

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Item 7.1 relates to a loan facility provided by the South Australian Government. The loan is a principal and interest loan, at an interest rate of 2.8% and being repaid by fixed quarterly instalments of $256,000 through to 21 May 2024. The Company has provided the SA Government with a first ranking general security.

Item 7.2 is a corporate credit card facility which is paid off in full each month.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(119) *
8.2	Cash and cash equivalents at quarter end (item 4.6)	11,236
8.3	Unused finance facilities available at quarter end (item 7.5)	37
8.4	Total available funding (item 8.2 + item 8.3)	11,273
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1) ***	94.7 *

***** *If the net cash used at item 8.1 were ($1,429,000) instead of ($119,000), being based on the net cash used in operating activities excluding the inflow received for the annual R&D Tax Incentive plus the cash used in investing activities, then the calculation at item 8.5 would be 7.9 quarters.*

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
Answer:	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer:	

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

29 April 2021

Date: .....

the Board of Directors

Authorised by: .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.