QUARTERLY ACTIVITIES & CASHFLOW REPORT
QUARTER ENDED 30 JUNE 2021

Investor call at 9.00am AEST, Wednesday 4th August 2021 to discuss Results and Business Outlook

Adelaide, Australia, 28 July 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 30 June 2021 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Highlights for the Quarter

- **Two APAS® Independence instruments sold in the UK to Health Services Laboratory**
- **US multi-laboratory purchasing opportunities - AdventHealth and Vizient**
- **EU Urine analysis modules released as evaluation modules ahead of regulatory clearance**
- **First published data demonstrating use of APAS® Independence for early culture plate reading**
- **Joanne Moss appointed as Chair-Elect as part of planned Board rejuvenation**
- **30 June 2021 cash balance of $9.6 million**

Commercialisation & Product Development

This Quarter LBT made advances on multiple fronts with the key objective still being the appointment of a highly qualified distributor for the United States which is the single largest market for the APAS® Independence. In parallel, the Company continues to target additional sales with the focus being on customers who can act as early adopters or reference sites to build a sales platform. On this front, the Company was pleased to announce the sale of two APAS® instruments to a leading laboratory in the United Kingdom. In conjunction with this, a large body of scientific data from five studies, was published at the largest industry meeting, ECCMID, to further build credibility with customers around the clinical performance and value proposition of the APAS® Independence.

Sales and Distribution

Europe

During the Quarter, two APAS® Independence sales were completed in the United Kingdom to the Health Services Laboratory (**HSL**), a subsidiary of Sonic Healthcare Limited (ASX: SHL). The sales were made directly by the Company's 50% owned joint venture company, Clever Culture Systems (**CCS**) and included both the Urine and MRSA analysis modules. Both instruments have now been delivered and commissioned. The HSL laboratory is a state-of-the-art facility in London's life sciences hub, "Medcity", and will be a key reference site for other laboratories in the country.

Elsewhere in Europe, work has continued with our Marketing Partner, Beckman Coulter, on building the sales pipeline. The easing of COVID-19 restrictions across many European countries has also been improving customer access and collaboration with Beckman Coulter. As part of this, hands-on face-to-face training on the APAS® instrument was undertaken with the Beckman Coulter sales teams in France and Germany. Due to the impact of COVID-19, this was the first time many of Beckman Coulter's sales representatives had seen the APAS® Independence in person, greatly increasing their knowledge and confidence in the technology supporting their engagement with new customer opportunities.

Shortly after the Quarter, the 2021 European Congress of Clinical Microbiology and Infectious Diseases (**ECCMID**) was held online from 9-12 July 2021. ECCMID is the premier conference for clinical microbiology, attended by key laboratory decision makers from around the world. At this year's conference, there were five posters presenting clinical data from recent customer evaluations demonstrating the performance of the APAS® Independence. This was the largest body of scientific data featuring the APAS® Independence presented at the conference, helping to further raise awareness of the technology in the market

and providing important clinical reference points for customers when evaluating the technology. Importantly, one of the posters demonstrated the use of the APAS® technology to read culture plates much earlier than currently recommended. This is an exciting new technology development in response to industry demands that may have the potential to greatly accelerate the time to make a diagnosis when running infection control screening, such as testing for Vancomycin Resistant Enterococci (VRE) or Methicillin Resistant Staphylococcus aureus (MRSA or Golden Staph).

United States

During the Quarter, great strides were made towards the goal of appointing a United States distributor. There are advanced contract negotiations underway with two potential distributors along with customary technology evaluation and voice of customer engagement.

Whilst a distributor is not in place, the CCS US-based sales executive remains active developing sales opportunities. With travel restrictions largely lifted since early May 2021, several onsite laboratory workflow assessments were conducted with a number of customers progressing towards a clinical evaluation. A prominent US West Coast laboratory has commenced its evaluation, and this will continue into the coming quarter. This revival in face-to-face customer engagement is building a pipeline of advanced sales opportunities that can be targeted and accelerated once a distribution agreement is signed.

Progress has also been made with two multi-laboratory purchasing groups. A Master Product Agreement for the APAS® Independence was signed between CCS and AdventHealth, one of the largest not-for-profit hospital networks in the United States. The agreement provides pre-approved terms for sale across their laboratory network, with two sites expressing an interest to conduct an evaluation of the APAS® instrument. Separately, the APAS® Independence was also selected to be showcased at the Vizient Innovative Technology Exchange in September 2021. Vizient is the largest healthcare performance improvement company in the United States and this event provides the opportunity to present the APAS® Independence across their member hospital network.

COVID-19 Impact

Whilst the workload of COVID-19 testing continues to restrict availability of customers in the United States and Europe, improved customer access is now being observed in both these territories. Travel and social restrictions are decreasing, enabling face-to-face customer engagement and meetings to resume, at a rate close to those in the pre-COVID-19 times.

Operations and Product Development

From a product development perspective, the Company remains focussed on expanding the number of APAS® analysis modules that are available to be sold to customers. This is critical to opening the wider market potential of the instrument in the EU and US, with each new analysis module increasing the number of laboratories able to process a commercially viable volume of culture plates.

During the Quarter, several steps were made to improve the process of analysis module development to make it more scalable. This included moving to a new office in Adelaide, bringing together the core technical teams of artificial intelligence, microbiology and software engineering under one site. This is already providing benefits and efficiencies, improving the communication and technical understanding between the groups.

The Company has also progressed its suite of EU Urine analysis modules. Several of these were released as evaluation modules ahead of the formal regulatory cleared product. This provides customers a greater number of modules to trial when evaluating the instrument, enabling them to assess the full potential benefit of the instrument for their laboratory.

Progress was also made during the Quarter, on the APAS®-AMR product for the reading of antimicrobial susceptibility test plates. An updated version of the product was released to the German key opinion leader, Labor Dr Wisplinghoff, for early customer feedback that will help the next stages of development. This development is supported by funding from MTPConnect's Biomedical Translation Bridge program.

MRSA analysis module FDA 510(k) Submission

The Company continue to follow up with the United States Food and Drug Administration (**FDA**), in relation to the 510(k) submission for its MRSA analysis module. The FDA have advised that their normal assessment timelines has been adversely impacted by the COVID-19 pandemic and that a final determination is still expected during Q3 2021.

Financial & Corporate

Board Composition

During the Quarter, the Company progressed with its planned Board rejuvenation process. Caroline Popper retired from the Board as a Non-Executive Director after nine years of service and Joanne Moss was appointed to the Board as a Non-Executive Director and Chair-Elect commencing 1st July 2021. Over the coming months, Joanne will work with the outgoing Chair, Kate Costello, to manage an orderly transition of the role of Chair. The Company will now commence a process to appoint the open Non-Executive Director role which is likely to have aligned industry experience. A number of high-quality candidates from the previous search for Chair will form part of the candidate group for selection.

Quarterly Cashflows and Cash at Bank

For the Quarter, the Company had:

- net cash outflows from Operating and Investing activities of $1.3 million;
- net cash outflows from Financing activities of $0.3 million, largely relating to the quarterly SAFA loan repayments;
- total net cash outflows for the Quarter of $1.6 million; and
- a reported cash balance of $9.6 million as at 30 June 2021.

Cashflows for the Quarter include related party payments of $126,000 to Directors, comprising the Managing Director's salary and Non-Executive Directors' fees.

Future Outlook

The number one priority for the Company remains successfully executing its commercialisation strategy for the APAS® Independence by building a base of early, key reference sites and highly reputable distributors with deep market penetration. Securing a distribution partner for the APAS® Independence in the United States is on track and is expected to be announced in the coming months.

With customer access improving, expanding the number of laboratories using and evaluating the APAS® Independence is also planned over the coming Quarters. In the United States, there is one active evaluation underway and a number in the process of being scheduled for this year by the US-based, CCS sales representative.

In Europe, the planned evaluation in France has been moved to September to accommodate the laboratory following their summer break. Following the sales made to HSL, a second site in the United Kingdom has been identified by the Beckman Coulter sales team and recently commenced an evaluation. The Company will work hard with the laboratory to ensure a positive experience.

From a technology development perspective, finalising the development of the EU Urine analysis modules is a priority for the Company. This is an important activity that supports the sales efforts in the region and has been prioritised to address the large market opportunity. An evaluation module is available for the VRE analysis module, ensuring customers are able to trial the technology, which is expected to be finalised with CE marking towards the end of the calendar year.

Following the office move in May 2021, the Company is planning to host an office opening and shareholder open day in the near term, subject to travel and COVID-19 restrictions.

Brent Barnes, CEO and Managing Director said:

"The past Quarter has been an extremely busy one and has set the groundwork for an important 6-months ahead. While we only completed two sales, the Health Services Laboratory in the UK who bought these, are highly renowned and they are already proving to be a great advocate for the technology. Generating success stories, such as these will be valuable in growing the market awareness and adoption of our technology.

Looking ahead, the expected milestones over the rest of 2021 are really exciting, with the most important of these being a distributor for the US, a long-stated aim and which should provide a strong platform for sales in the region."

Investor Conference Call

The Company will hold a conference call at **9.00am AEST on Wednesday 4th August 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://us06web.zoom.us/webinar/register/WN_QgUWOZduTiC22EqDgmYZbg

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	June 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (..12....months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	18	18
1.2	Payments for		
	(a) research and development	(44)	(193)
	(b) operating costs	(75)	(205)
	(c) advertising and marketing	(1)	(20)
	(d) short term leases	(10)	(88)
	(e) staff costs	(945)	(3,761)
	(f) administration and corporate costs	(122)	(647)
1.3	Dividends received (see note 3)		
1.4	Interest received	9	61
1.5	Interest and other costs of finance paid	(28)	(104)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	66	1,383
1.8	Other		
	Consulting Income (Receipts JV Company, CCS)	135	883
1.9	**Net cash from / (used in) operating activities**	**(997)**	**(2,673)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(70)	(111)
	(d) investments		
	(e) intellectual property	(123)	(561)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (..12....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	(149)	(1,070)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(342)**	**(1,742)**

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	(234)	(925)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Repayment of lease principal)	(48)	(54)
3.10	**Net cash from / (used in) financing activities**	**(282)**	**6,934**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	11,236	7,096
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(997)	(2,673)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(342)	(1,742)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (..12....months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(282)	6,934
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**9,615**	**9,615**

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	819	598
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	8,796	10,638
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**9,615**	**11,236**

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	(126)
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	2,936	2,936
7.2	Credit standby arrangements	50	13
7.3	Other (please specify)		
7.4	**Total financing facilities**	2,986	2,949

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)	(997)
8.2	Cash and cash equivalents at quarter end (item 4.6)	9,615
8.3	Unused finance facilities available at quarter end (item 7.5)	37
8.4	Total available funding (item 8.2 + item 8.3)	9,652
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	9.7*

** If investing cash outflows of $342,000 were included in the above calculation, the estimated number of Quarters of Available Funding (item 8.5 above) would be 7.2*

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.

28 July 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.