QUARTERLY ACTIVITIES & CASHFLOW REPORT
QUARTER ENDED 30 SEPTEMBER 2021

Investor conference call at 9.00am AEDT, Wednesday 3rd November 2021 to discuss Results and Business Outlook

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

LBT delivers with new channel relationships, transforming the potential scale and reach of the global market for its leading AI technology, APAS® Independence.

Key Highlights

- **Thermo Fisher Scientific, Inc. appointed Exclusive US Distributor for APAS® Independence**
- **Sales opportunities and customer evaluations in Europe – sourced by Beckman Coulter**
- **Johns Hopkins APAS® Independence evaluation published in leading academic journal**
- **Board renewal process completed – Joanne Moss and Brian O'Dwyer appointed to LBT Board**
- **30 September 2021 cash balance of $8.2 million**

Commercialisation & Product Development

In the Quarter the Company realised its long-stated strategy of establishing channel partners to sell the APAS® Independence in both the United States and Europe. These partnerships with Thermo Fisher Scientific, Inc. (**Thermo Fisher**) and Beckman Coulter, Inc. (**Beckman Coulter**) provide LBT, through its 50% owned joint-venture company Clever Culture Systems (**CCS**), with critical commercial support and resources from two of the global leaders in clinical microbiology for the sale of the APAS® Independence in the United States and Europe. These are the two largest markets globally with a total addressable market of approximately 2,000 laboratories. This achievement is pivotal for the Company, transforming the scale of its customer reach and enabling delivery on the commercial potential of the APAS® technology.

Sales and Distribution

United States – Expanded sales resources with Thermo Fisher as United States distributor

During the Quarter, CCS appointed Thermo Fisher as the exclusive distributor for the APAS® Independence in the United States. Under the five-year agreement, Thermo Fisher will take over all sales and marketing activities for the APAS® instrument, as well as providing installation, maintenance and support services to customers. This is a major milestone for the commercialisation strategy in the United States, significantly expanding the sales reach in the largest market globally. Thermo Fisher are one of the leading providers of instrumentation and consumables to the clinical microbiology market in the United States, with sales of over US$20 billion achieved in North America[1] through an established network of sales representatives and existing customer relationships with laboratories across the region.

Initial pre-launch work has commenced with Thermo Fisher to create training and marketing material for their sales and services teams. As part of this activity, the APAS® Independence was presented at the Thermo Fisher booth at the American Association of Clinical Chemistry or AACC, Annual Scientific Meeting in Atlanta, Georgia (Sep 26-30). This provided a great opportunity to introduce the Thermo Fisher sales teams to the product and present the partnership to the broader laboratory community.

[1] 2020 Thermo Fisher Annual Report

CCS's US Sales Executive also presented the APAS® Independence at two regional conferences in the United States to build further awareness of the APAS® technology with laboratory decision makers helping to facilitate new sales leads. This included the Southwestern Association for Clinical Microbiology (**SWACM**). This is the regional arm of the American Society for Microbiology (**ASM**) covering Texas, Louisiana, Arkansas, Oklahoma, Kansas and Missouri. In September, the APAS® Independence was also showcased at the Vizient Innovative Technology Exchange, a global platform to introduce innovative medical technology and solutions to hospitals.

The Company continued to advance its existing United States sales opportunities, including an ongoing evaluation of the APAS® Independence at a West Coast laboratory. As the relationship with Thermo Fisher progresses, there is a process to transfer pipeline opportunities to their sales network.

Europe – Customer evaluations growing

In Europe, LBT continued to work closely with the Beckman Coulter regional team to advance sales opportunities for the APAS® Independence. There is a growing momentum with Beckman Coulter's network of sales representatives, and the team have identified a pipeline of high priority customer opportunities and transferred a number of leads under the Marketing Agent Agreement for CCS to advance.

Customer evaluations progressed in the United Kingdom and France, in each case having been originated from Beckman Coulter. In the United Kingdom, a customer evaluation of the APAS® Independence with the Urine analysis module was completed, with positive results, at a Beckman Coulter centre-of-excellence laboratory. Another evaluation has commenced in France, which is the first installation of the APAS® Independence in the country.

In July, the Company presented the APAS® Independence at the European Congress for Clinical Microbiology and Infectious Diseases (**ECCMID**) virtual conference. ECCMID is the largest conference for clinical microbiology held each year and is attended by leading laboratory decision makers from around the world. During this year's conference, there were 5 poster presentations featuring the APAS® technology providing the largest body of scientific data presented to date.

COVID-19 Impact

The COVID-19 pandemic continues to restrict customer access globally, as new outbreaks of the virus create huge surges in demand for COVID-19 testing services. However, some improvements in customer availability have been observed, particularly in Europe where international border restrictions are now easing. The Company expects this trend to continue and welcome the opportunity to re-engage with customers in person.

Operations and Product Development

MRSA analysis module FDA 510(k) submission

The Company expected to receive a positive outcome of its 510(k) submission to the United States Food and Drug Administration (**FDA**), for clearance of the APAS® Independence with MRSA analysis module. As previously indicated, COVID-19 has impacted timeframes associated with many active FDA submissions. Based on ongoing communication with the FDA, the Company expect a positive outcome although exact timing of a final determination remains uncertain. Importantly this is not impacting customer evaluations and sales opportunities.

Product development

During the Quarter, an evaluation module of the EU urine analysis module was released to support the customer placement in France. The Company also advanced a second Urine analysis module for the United States market to support additional culture plate manufacturers, extending the number of United States customers who can benefit from the technology. Development of the APAS®-AMR module for anti-microbial susceptibility testing continues to progress well, with the completion of the antimicrobial disc recognition feature of the technology.

In September, the clinical data from The Johns Hopkins Hospital evaluation of the APAS® Independence with MRSA analysis module was published in the Journal of Clinical Microbiology (**JCM**). The study demonstrated the accuracy and efficiency of the APAS® technology over 5,913 patient samples, including the identification of 5 positive MRSA samples previously missed by manual culture plate reading.

Financial & Corporate

Board Composition

In the Quarter, LBT completed its planned Board renewal process as announced on 1 February 2021. Ms Joanne Moss joined the Board on 1 July 2021 and worked closely with outgoing Chair, Ms Kate Costello to complete a handover of the role, before Ms Kate Costello retired from the LBT Board on 30 September 2021. Shortly after the end of the Quarter, Mr Brian O'Dwyer was appointed to the Board as Non-Executive Director bringing with him over 20 years of leadership experience in healthcare and the laboratory testing industries. Mr O'Dwyer is also the CEO of Q^2 Solutions, a wholly owned subsidiary of IQVIA and leader in clinical trials laboratory testing.

Both Ms Moss and Mr O'Dwyer will stand for election at the upcoming AGM.

Quarterly Cashflows and Cash at Bank

After the end of the Quarter, the Company executed an extension to its current Loan Facility with the South Australian Finance Authority (the **SAFA Facility**). The extension defers loan repayments of $0.512 million over the next 6-months. This is intended to extend the cash runway to support ongoing development and commercialisation activities and was provided by the Government in recognition of the COVID-19 impact on global commercialisation activities for the APAS instrument.

For the Quarter, the Company had:

- net cash outflows from Operating and Investing activities of $1.4 million;
- net cash outflows from Financing activities of $0.04 million, reflecting the deferral of the SAFA loan repayment for the Quarter;
- total net cash outflows for the Quarter of $1.4 million; and
- a reported cash balance of $8.2 million as at 30 September 2021.

Cashflows for the Quarter include related party payments of $180,000 to Directors, comprising the Managing Director's salary and Non-Executive Directors' fees.

Future Outlook

During the next 6-months, the Company will focus on working with both Thermo Fisher and Beckman Coulter to ensure the commercial success of these partnerships and improve the sales traction for the APAS® Independence.

The Company have begun onboarding the Thermo Fisher sales, marketing and service teams, and expect this activity to increase over the next Quarter. The CCS US Sales Executive will transition from a role of active customer sales to channel management, working closely with the Thermo Fisher sales representatives around the United States to transfer the existing pipeline of sales opportunities. The Company will also work with Thermo Fisher to finalise the business plan for the launch of the APAS® Independence within their product portfolio, including performance metrics for the 2022 calendar year.

In Europe, the Company expects to finalise the French customer evaluation and continue to work on new leads to progress the next scheduled evaluation for the region. As customer access improves, the Company is seeing the benefit of the Beckman Coulter relationship with a clear pipeline of customer evaluations to be completed. The CCS EU Sales Executive will continue to provide feet on the ground to progress and close these opportunities.

In Australia, as COVID-19 restrictions ease, LBT will re-commence customer visits in NSW and Queensland, targeting new evaluations in Q1, 2022.

Technology development will continue to support the needs of channel partners to support sales opportunities. The Company is able to leverage their broader market reach to inform APAS® analysis module development priorities. The next update for the APAS® instrument software is expected in Q1 2022 and will include all of the new features required to support the release of the APAS®-AMR module later in the year, as well as addressing known software bugs for improved user experience.

Brent Barnes, CEO and Managing Director said:

"The appointment of Thermo Fisher as distributor for the US puts the Company in a stronger position to begin to realise the full market potential of the APAS® technology. I am impressed by their sales and marketing teams, in particular the speed and professionalism with which they mobilised to present the APAS® Independence on their booth at AACC, only days after signing the contract.

The feedback from the ground in both Europe and the US is encouraging, and I expect us to realise the true benefits of channel partners sales over the next 12 months."

Investor Conference Call

The Company will hold a conference call at **9.00am AEDT on Wednesday 3rd November 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_JxNUOk4AQ4qhPGdDA5L9hg

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

LBT Innovations	**Investor Enquiries**
Brent Barnes Chief Executive Officer & Managing Director Tel: +61 8 8227 1555 E: info@lbtinnovations.com	**David Allen / John Granger** Hawkesbury Partners Tel: +61 2 9103 9494 E: dallen@hawkesburypartners.com

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	September 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (..3....months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	17	17
1.2	Payments for		
	(a) research and development	(61)	(61)
	(b) operating costs	(15)	(15)
	(c) advertising and marketing	(4)	(4)
	(d) short term leases		
	(e) staff costs	(976)	(976)
	(f) administration and corporate costs	(194)	(194)
1.3	Dividends received (see note 3)		
1.4	Interest received	5	5
1.5	Interest and other costs of finance paid	(16)	(16)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	120	120
1.8	Other Consulting Income (Receipts JV Company, CCS)	177	177
1.9	**Net cash from / (used in) operating activities**	**(947)**	**(947)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(40)	(40)
	(d) investments		
	(e) intellectual property	(189)	(189)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (..3....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	(196)	(196)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(425)**	**(425)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
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		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Repayment of lease principal)	(41)	(41)
3.10	**Net cash from / (used in) financing activities**	**(41)**	**(41)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,615	9,615
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(947)	(947)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(425)	(425)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (..3....months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(41)	(41)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**8,202**	**8,202**

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	542	819
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	7,660	8,796
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**8,202**	**9,615**

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	(180)
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	25
7.3	Other (please specify)		
7.4	**Total financing facilities**	2,986	2,961

7.5	**Unused financing facilities available at quarter end**	25

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 November 2024. The Company has provided the SA Government with a first ranking general security. [The SA Government have provided a deferral of the quarterly instalments due in August 2021 and November 2021, with a resulting extension of the final payment from 21 May 2024 to 21 November 2024. No interest is accruing on the loan during this six-month deferral period. The deferral was in recognition of the COVID-19 impact on the Company's global commercialisation activities.]

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)	(947)
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,202
8.3	Unused finance facilities available at quarter end (item 7.5)	25
8.4	Total available funding (item 8.2 + item 8.3)	8,227
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	8.7*

** If investing cash outflows of $425,000 were included in the above calculation, the estimated number of Quarters of Available Funding (item 8.5 above) would be 6.0.*

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 October 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.