



ASX ANNOUNCEMENT

Lumos Diagnostics – Operational Update and Entitlement Offer to raise approximately A\$11.2 million

HIGHLIGHTS

- Doug Ward, an experienced, commercial diagnostics professional, has been appointed as Chief Executive Officer and will commence with Lumos in mid-June 2022
- The company is undertaking a cost reduction program which is targeting a reduction in Lumos' operating cash burn to below US\$1.0 million per month by the end of FY22
- Launching a 1 for 2.55 pro rata accelerated non-renounceable entitlement offer to raise approximately A\$11.2 million (US\$7.9 million¹)
- Offer price of A\$0.19 per new share, a 22.4% discount to the closing price of Lumos' shares on Wednesday, 1 June 2022
- 1 free new option for every 1 new share issued under the entitlement offer, with an exercise price of A\$0.30 per option and expiry date of 30 November 2022
- The funds raised from the entitlement offer will fully fund the company's activities until the end of CY22
- Pro forma cash balance as at 30 April 2022 of US\$12.4 million¹ following completion of the entitlement offer

Melbourne, VIC. (6 June 2022) - Lumos Diagnostics (ASX:LDX, **Lumos** or the **Company**), a leader in rapid point-of-care (POC) diagnostic technologies, is pleased to announce a fully underwritten A\$11.2 million (US\$7.9 million¹) equity raising via a 1 for 2.55 pro rata accelerated non-renounceable entitlement offer to eligible existing shareholders (**Entitlement Offer**). Participants will also receive 1 free option for every 1 share subscribed for under the Entitlement Offer with an exercise price of A\$0.30 per option and an expiry date of 30 November 2022 (**Option**), (the offer of Options, together with the Entitlement Offer, the **Offer**).

The Company is currently in trading halt and such halt will continue until the Company releases an announcement in respect of the outcome of the institutional element of the Entitlement Offer (described below), expected to be released on Wednesday, 8 June 2022.

The Offer will be conducted under a transaction specific prospectus prepared in accordance with s 713 of the Corporations Act 2001 (Cth), to be lodged with ASIC on 6 June 2022.

¹ Assumes AUD / USD exchange rate of 0.70.

Operating update

Key management changes

Lumos previously announced, on 11 April 2022, changes to the Company's management team and the appointment of Executive Chair, Sam Lanyon, as Interim Chief Executive Officer (**CEO**) while an extensive executive search was undertaken for a permanent replacement CEO.

Lumos is pleased to announce that Doug Ward, an experienced commercial diagnostics executive, has been appointed to the CEO role and will commence with Lumos in mid-June following completion of his notice obligations to his current employer. Doug brings over 30 years of experience in the diagnostics and life sciences industries, and has held senior executive roles with leading, multinational healthcare companies including Roche / Ventana Medical, GE, Siemens, Bayer, Chiron and Hologic. Details of the key terms and conditions of employment for Doug Ward are provided in Attachment 1.

A number of other leadership changes have also been implemented, including the transition of Rob Sambursky to an external consultant role. In addition, there has been a rationalisation of staff numbers across all functions within the Company.

Cost reduction program

As previously announced², the Company is undertaking an extensive cost reduction program which is targeting a reduction of Lumos' monthly cash burn rate to below US\$1.0 million per month by the end of FY22. This has included:

- an approximately 55% reduction in headcount from 124 FTEs to 55; and
- future discretionary expenses and investments will be subjected to detailed review and scrutiny.

The cost reduction program is designed to better align Lumos' current resources with its immediate, near-term commercial opportunities and to ensure that future expenditure is closely tied with company growth.

Outlook & Prospects

Lumos filed a formal supplementary response to the FDA on 9 May 2022 in relation to FebriDx[®]. Based on the FDA stated approval timeframes under the current process, Lumos believes it is on track to receive a decision from the FDA on the regulatory clearance and CLIA status of FebriDx[®] in the coming months³. If Lumos receives final clearance from the FDA, it will be allowed to commence sales and marketing activities for FebriDx[®] in the U.S.

Regulatory applications for Lumos' ViraDx[™] in the U.S. and Canada are also currently under review by the relevant government bodies which, if successful, may provide co-marketing opportunities alongside FebriDx[®].

² Refer to ASX Announcement dated 11 April 2022, Lumos Operational Review and Management Changes

³ CLIA refers to the Clinical Laboratory Improvement Amendments. The FDA categorises diagnostic tests on the complexity of the setting in which they can be used in. Tests that are classified as 'waived' tests are simple tests with a low-risk for incorrect result. Waived tests can be used in all primary care and outpatient settings. FebriDx clearance from the FDA within the current timetable is not guaranteed. Refer to Risks on page 24 of the Investor Presentation released to the market today.

Lumos intends to prudently and selectively invest in targeted business development activities with a view to building the pipeline of commercial development services and contract manufacturing opportunities and diversifying pipeline of commercial projects that it is working on.

Potential contracts for the purchase of CoviDx™ are currently under consideration by government departments in Canada and Australia, as well as a few niche opportunities from North American media companies working in Canada.

Equity raising use of proceeds⁴

Following completion of the Entitlement Offer, raising approximately A\$11.2 million (US\$7.9 million⁵), Lumos will have pro forma cash balance as at 30 April 2022 of US\$12.5 million⁵, after paying the costs of the offer.

The funds raised from the Entitlement Offer will fully fund the company's activities until the end of CY22. This will align with the expiry of the options on 30 November 2022 which would potentially raise up to a further A\$17.7 million subject to being fully exercised.

The Company intends to use the proceeds of the Entitlement Offer (excluding any funds raised on exercise of Options), together with its existing cash reserves as of 30 April 2022, as follows:

- progress the current applications for regulatory clearances of FebriDx®, ViraDx™ and CoviDx™;
- initiate the commercial launch of these products in the relevant jurisdictions, if applications for regulatory clearances are successful;
- support the development of Lumos' contract development and manufacturing business; and
- for working capital purposes.

Sources of funds	US\$ million ⁵
Cash at Bank (30 April 2022)	5.0
Proceeds of the Entitlement Offer	7.9
Total Funds Available	12.9

Expected uses of funds	US\$ million ⁵
Infrastructure and Capacity Expansion	0.1
Sales and Marketing	3.1
Regulatory, Clinical and Quality	2.3
Development of Test Pipeline	1.0
Technology Platform Development	0.5

⁴ Discussion regarding use of proceeds assumes that the Entitlement Offer will be fully subscribed.

⁵ Assumes AUD / USD exchange rate of 0.70.

Working Capital	5.5
Offer Costs	0.4
Total Uses	12.9

Any proceeds from the exercise of Options issued under the Offer are intended to be used to support commercial sales and marketing activities for Lumos' cleared products in relevant markets, business development activities to support the growth of Lumos' services business, and as working capital to support the Company's operations. The above represents a statement of the Company's current intentions as at the date of this ASX Announcement. Investors should note that this may change depending on a number of factors, including the changes in the competitive environment, business performance, strategic and operational considerations, regulatory developments, and market and general economic conditions.

Equity Raising

The fully underwritten equity raising of A\$11.2 million (US\$7.9 million⁵) will be completed via a 1 for 2.55 pro rata accelerated non-renounceable entitlement offer to eligible existing shareholders of approximately 59.1 million new fully paid ordinary shares in Lumos (**New Shares**) and 1 free new Option for every 1 New Share issued, with an exercise price of A\$0.30 and exercisable on or before 30 November 2022.

The Offer Price of A\$0.19 per New Share under the Offer represents:

- a 17.2% discount to the TERP⁶ of A\$0.230, based on the closing price of Lumos shares on Wednesday, 1 June 2022; and
- a 22.4% discount to the last close of A\$0.245, based on the closing price of Lumos shares on Wednesday, 1 June 2022

The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferable. Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value with respect to those entitlements not taken up.

Each New Share issued under the Offer, and each share issued on exercise of an Option, will rank equally with existing fully paid ordinary shares on issue in Lumos. The Company will seek quotation of the Options, subject to satisfaction of the relevant ASX Listing Rules criteria.

Lumos' largest shareholder Planet Innovation has committed for up to A\$6.0 million of the Entitlement Offer. This consists of:

- subscribing for its full pro rata entitlement in the Offer, equating to approximately A\$3.0 million; and
- a total sub underwriting of A\$3.0 million of the Entitlement Offer.

Planet Innovation's voting power in Lumos may increase from its current holding of ~27% up to a maximum of ~34% following completion of the Entitlement Offer.

Lumos' Australian directors who are shareholders intend to participate in the Entitlement Offer.

⁶ The Theoretical Ex rights Price (TERP) is calculated by reference to Lumos' closing price on Wednesday, 1 June 2022 of A\$0.245 per share, being the last trading date prior to the announcement of the Offer. TERP is a theoretical calculation only and the actual price at which Lumos' shares trade immediately after the ex date of the Offer will depend on many factors and may not approximate TERP.

Bell Potter Securities Limited and Wilsons Corporate Finance Limited are acting as Joint Lead Managers and Underwriters to the Offer.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which will commence 10:00am (AEDT) on Monday, 6 June 2022 and is expected to close on Tuesday, 7 June 2022. Eligible institutional shareholders can choose to take up all, part, or none of their entitlement. New Shares not taken up by eligible institutional shareholders by the close of the Institutional Entitlement Offer, and New Shares that would have been offered to ineligible institutional shareholders had they been entitled to participate, will be offered to eligible institutional investors via a shortfall bookbuild to be conducted concurrently with the Institutional Entitlement Offer.

Lumos' shares have been placed in trading halt while the Institutional Entitlement Offer and shortfall bookbuild are undertaken.

Retail Entitlement Offer

Eligible Retail Shareholders (defined below) will be invited to participate in the Retail Entitlement Offer on the same terms as the Institutional Entitlement Offer. The Retail Entitlement Offer is expected to open on Friday, 10 June 2022 and close at 5:00pm (Sydney time) on Thursday, 23 June 2022.

Eligible Retail Shareholders who subscribe for their full entitlement may also apply for additional New Shares under the Top Up Facility (**Additional New Shares**).

There is no guarantee that those Shareholders will receive the number of Additional New Shares applied for under the Top Up Facility, or any. The number of Additional New Shares available under the Top Up Facility will not exceed the shortfall from the Retail Entitlement Offer. The Directors, after consultation with the Joint Lead Managers, reserve the right to allot and issue Additional New Shares under the Top Up Facility at their discretion.

The Retail Entitlement Offer will be made to all shareholders who:

- were registered as the holder of Shares as at 7:00pm (Sydney time) on the Record Date (being 7:00pm on Wednesday, 8 June 2022);
- have a registered address in Australia or New Zealand;
- are not in the United States nor acting for the account or benefit of a person in the United States or elsewhere outside Australia and New Zealand; and
- do not hold Shares on behalf of another person who resides outside Australia or New Zealand (unless they hold Shares in another eligible capacity),

being, an Eligible Retail Shareholder.

Any Retail Shareholders who are not Eligible Retail Shareholders are 'Ineligible Retail Shareholders'. The Company reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

Lumos intends to provide an online presentation to Eligible Retail Shareholders during the period that the Retail Entitlement Offer is open (i.e., Friday, 10 June 2022 to 5:00pm on Thursday, 23 June 2022). Eligible Retail Shareholders who wish to be notified of the online presentation need to register on Lumos' 'Subscribe to investor news' facility on Lumos' website which can be accessed using the following link: <https://lumosdiagnostics.com/subscribe-to-investor-news/>

Offer timetable

Event	Date
Announcement of Entitlement Offer. Prospectus lodged with ASIC	Monday, 6 June 2022
Institutional Entitlement Offer opens	Monday, 6 June 2022
Institutional Entitlement Offer closes	Tuesday, 7 June 2022
Announcement of completion of Institutional Entitlement Offer, trading halt lifted and existing Shares re-commence trading on an ex-entitlement basis	Wednesday, 8 June 2022
Record date for the Entitlement Offer (7:00 pm Sydney time)	Wednesday, 8 June 2022
Retail Entitlement Offer opens	Friday, 10 June 2022
Prospectus and Entitlement and Acceptance Form distributed to eligible shareholders	Friday, 10 June 2022
Settlement of the Institutional Entitlement Offer	Friday, 10 June 2022
Issue of New Shares under the Institutional Entitlement Offer	Tuesday, 14 June 2022
Commencement of trading of New Shares issued under the Institutional Entitlement Offer	Wednesday, 15 June 2022
Retail Entitlement Offer closes (5:00 pm Sydney time)	Thursday, 23 June 2022
Issue of New Shares under the Retail Entitlement Offer, and Options under the Entitlement Offer	Thursday, 30 June 2022
Commencement of trading of New Shares under the Retail Entitlement Offer and Options ⁷	Friday, 1 July 2022
Dispatch of holding statements for New Shares under the Retail Entitlement Offer, and Options	Monday, 4 July 2022

The above timetable is indicative only and subject to change. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, Lumos in consultation with the Joint Lead Managers, reserves the right to amend this timetable and withdraw the offer at any time.

This announcement has been approved by the Lumos Board of Directors.

-Ends-

⁷ Quotation of the Options is subject to satisfaction of the ASX Listing Rules criteria. If the ASX Listing Rules criteria is not satisfied the Options will still be issued but will not be tradeable on the market conducted by ASX.

About Lumos Diagnostics

Lumos Diagnostics specialises in rapid, cost-effective, and complete point-of-care (POC) diagnostic test technology to help healthcare professionals more accurately diagnose and manage medical conditions. Lumos offers customised assay development and manufacturing services for POC tests and proprietary digital reader platforms. Lumos also directly develops, manufactures, and commercialises novel Lumos-branded POC tests that target infectious and inflammatory diseases.

For more information visit lumosdiagnostics.com or febridx.com.

Forward-Looking Statements

This announcement contains forward-looking statements, including references to forecasts. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions, and other important factors, many of which are beyond Lumos' control and speak only as of the date of this announcement. Readers are cautioned not to place undue reliance on forward-looking statements.

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Important Notices

This announcement is issued by Lumos Diagnostics Holdings Limited. This announcement is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation, solicitation, advice or recommendation to subscribe for, retain or purchase any entitlements or securities in Lumos Diagnostics Holdings Limited in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of Lumos Diagnostics Holdings Limited ordinary shares.

Forward Looking Statements

This announcement contains certain “forward-looking statements” that are based on management’s beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can be generally identified by the use of forward-looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target”, “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Equity Raising and the use of proceeds thereof and statements about the plans, objectives and strategies of the management of Lumos.

You are strongly cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this announcement speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Lumos, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the key risks in the Investor Presentation and in Section 5 of the Prospectus for a non-exhaustive summary of certain key business, offer and general risk factors that may affect Lumos.

Not for Distribution or Release in the United States

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any person in the United States or in any other jurisdiction in which such an offer would be illegal. The New Shares have not been, nor will be, registered under the U.S. Securities Act of 1933 as amended (U.S. Securities Act) or under the securities laws of any state or other jurisdiction of the United States. The New Shares may not be issued to, purchased or traded by, or taken up by, any person in the United States or any person acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

Important Notice to Nominees

Because of legal restrictions, you must not send copies of this letter nor any material relating to the Retail Entitlement Offer to any of your clients (or any other person) acting for the account or benefit of any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws.

Attachment 1

Mr Doug Ward – Key Terms and Conditions of Employment

Commencement Date	Mid-June 2022 subject to fulfillment of Mr Ward's notice obligations to his current employer
Term	Appointment on an on-going basis subject to customary probationary period and termination by either party (see termination and notice below)
Fixed Remuneration	Starting base salary of US\$415,000 per annum with potential to increase to US\$485,000 per annum on achievement of key, near-term commercial catalysts determined by Lumos' Board of Directors
One-off payment	US\$120,000 as compensation for lost bonus remuneration from Mr Ward's current employer due to early resignation to take up the CEO role with Lumos, subject to the company receiving FDA clearance for FebriDx [®] or US\$5 million in product sales
Short Term Incentives	Annual allocation of short-term incentives conditional on achievement of key regulatory and commercial milestones as determined by the Board of Lumos
Long Term Incentives	Options package of 7.5M options each over on ordinary share with 40% vesting after 2 years employment and the remaining 60% vesting pro-rata over the subsequent 2 years (4 years total vesting period). All unexercised options will expire after 7 years post issue. The exercise price of the options will be A\$0.30 each.
Termination	90-day notice period for resignation to be provided by Mr Ward. 12-month's severance for termination without cause by Lumos and other termination benefits subject to shareholder approval.