

QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 30 JUNE 2022

Adelaide, Australia, 29 July 2022: 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 2022 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Key Highlights

- **Quarter sales revenue of \$1.6 million, comprising:**
 - **Direct APAS® Independence sale completed to Albany Medical Center, US**
 - **Sale and shipment of four of the five APAS® instruments ordered by Thermo Fisher**
 - **With the fifth APAS® instrument expected to be shipped to Thermo Fisher in August**
- **First clinical data demonstrating APAS®-AMR performance highlights the potential for Rapid-AST**
- **APAS® Independence showcased on Thermo Fisher booth at US microbiology conference**
- **30 June 2022 cash balance of \$2.8 million and receivables of \$3.0 million**

Commercialisation & Product Development

Sales and Distribution

Working with commercial partners, Thermo Fisher Scientific, Inc (**Thermo Fisher**) in the United States and Beckman Coulter, Inc (**Beckman Coulter**) in Europe, the Company has experienced improved customer engagement during the Quarter. This has largely been driven by successful attendance at recent microbiology conferences in the United States and Europe. As a result, the Company's wholly owned subsidiary Clever Culture Systems (**CCS**), has seen its sales pipeline grow in the last Quarter as laboratories are looking for technologies that can deliver workflow efficiencies throughout their laboratory.

United States – Four APAS® Instruments shipped to Thermo Fisher

During the Quarter, CCS recognised the sale of four APAS® Independence instruments following shipment to Thermo Fisher. This partially fulfills the purchase orders for five instruments, received in March 2022, with the remaining instrument scheduled to be shipped in August. These were the first purchase orders received from Thermo Fisher, received just six months after being appointed as exclusive distributor for the United States in September 2021. Since then, commercial activities have continued to accelerate, with the typical 18-24 month sales cycle previously experienced by the Company set to improve under the expanded sales reach of Thermo Fisher.

The Company continues to work hand-in-hand with Thermo Fisher's sales team to progress opportunities in the United States, supporting customer workflow evaluations and completing sales visits. In June, Thermo Fisher presented the APAS® Independence at the American Society of Microbiology annual conference (**ASM Microbe**), held in Washington D.C. The APAS® Independence was showcased on the Thermo Fisher booth, and an educational workshop held with presentations from key opinion leaders Dr Hilmar Wisplinghoff (Labor Dr Wisplinghoff, Germany) and Jacqueline Getty (Hennepin County Medical Center, US).

On 3 May 2022, CCS, completed a direct sale of an APAS® Independence to Albany Medical Center in the United States. CCS had been working with the Albany Medical Center prior to January 2020, and highlights the previous impact of the pandemic on sales activities. As this sales opportunity had significantly progressed prior to the appointment of Thermo Fisher as distributor, CCS continued to work with the customer to finalise this as a direct sale. The sale was completed after a successful 6-week evaluation-to-buy completed by the laboratory.

Europe – APAS® showcased at largest global microbiology meeting

In Europe, CCS's EU Sales Executive has been focussed on progressing advanced sales opportunities following recent evaluations completed by customers in the United Kingdom, Germany and France. This involves working with customers to present the results of the evaluation and detailed engagement to work through their purchasing processes.

In April, the Company presented the APAS® Independence at the European Congress for Clinical Microbiology and Infectious Diseases (**ECCMID**). The APAS® Independence was showcased on the CCS booth and was also featured on Beckman Coulter's stand as part of their suite of workstation automation solutions. As the largest global microbiology meeting, the conference was extremely well attended with over 10,000 global delegates attending in person.

During the meeting, the first clinical data featuring the Company's new APAS® Antimicrobial Resistance (**APAS®-AMR**) module for antimicrobial susceptibility testing was presented by the Company's key opinion leader Dr Hilmar Wisplinghoff. This study compared the performance of the APAS® Independence versus manual plate reading by two experienced microbiologists at both the standard 18 hours and 6 hours (for early reading or Rapid-AST). The APAS® Independence demonstrated an overall agreement of 96.01% at 18 hours and 98.1% at 6 hours, highlighting the potential of the APAS® Independence for this new application. The module gained a lot of attention during the conference, including a visual demonstration on the CCS booth.

Operations and Product Development

Product Development

Development work has progressed on expanding the Company's suite of analysis modules for Urine specimens in the United States, covering culture plate media from the largest two media suppliers, Thermo Fisher and Becton Dickinson, including new bi-plate configurations. This will extend the coverage of the Urine analysis module in the United States to approximately 80% of the plates sold in the market. This project has now commenced the final performance testing phase, including LBT's largest ever analytical testing program conducted to date, requiring a significant amount of work to collect and compile the data at the Company's development facility in Adelaide.

An Evaluation Module of the Company's APAS®-AMR product has been released and installed at the Company's key opinion leader sites in Germany (Labor Dr Wisplinghoff) and Australia (St Vincent's Melbourne). These initial sites are being used to gather initial performance data, and user input to inform the final development of the module prior to final performance testing.

Financial & Corporate

Quarterly Cashflows and Cash at Bank

For the Quarter, the Company had:

- net cash outflows from Operating and Investing activities of \$2.5 million which included a cash outflow of \$0.7 million associated with increasing the level of inventory held;
- net cash outflows from Financing activities of \$0.3 million, reflecting in the quarterly loan repayments for the SAFA loan;
- total net cash outflows for the Quarter of \$2.8 million; and
- a reported consolidated cash balance of \$2.8 million as at 30 June 2022.

Cash on hand is supplemented by \$3.0 million in receivables as at 30 June 2022, all expected to be received in the next quarter ended 30 September 2022. This amount comprises trade debtors relating to recent sales, the estimated FY22 Research & Development Tax Incentive claim and government grants. In addition, the Company expects to complete the sale and shipment of the fifth instrument to Thermo Fisher in August 2022.

Cashflows for the Quarter include related party payments of \$118,000 to Directors, comprising the Managing Director's salary and Non-Executive Directors' fees. This amount excludes \$29,000, being the amount of Directors' fees where Directors have elected to receive payment in the form of LBT Shares (subject to approval at the Company's next AGM), in lieu of cash that would have otherwise been paid during the Quarter.

Future Outlook

The Company will continue to focus on its sales execution strategy with partners in the United States and Europe. In the United States, CCS will work with Thermo Fisher to complete new customer visits following the ASM Microbe meeting in June 2022. The APAS® Independence will also be presented at regional microbiology conferences such as the Southwest Association of Clinical Microbiology conference in Kansas City, Missouri. These conferences are well attended and provide another platform to generate new sales opportunities.

In the EU, CCS will attend a regional Clinical Microbiology meeting in Berlin. During the meeting new data is expected to be presented on a recent evaluation of APAS® Independence completed by a prominent German lab group.

The Company's development team are focussed on executing the performance testing of its US Urine analysis modules prior to submission to the US Food and Drugs Administration. In parallel, the Company will execute the final changes required for the APAS®-AMR module for antimicrobial susceptibility testing.

Brent Barnes, CEO and Managing Director said:

"In this Quarter, we have recognised revenue for five instrument sales, the largest number we have ever sold in an entire year. This is an important phase for the Company as we work towards building repeatable sales revenues for the business."

Investor Conference Call

The Company will hold a conference call at **9.00am AEST on Wednesday 3rd August 2022** 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_2Sajj80fS_ac4DSWyRLnUg

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 culture plate specimen processing. The Company's second product, the Automated Plate Assessment System (APAS® Independence) uses LBT's intelligent imaging and machine learning software to automate the imaging, analysis and interpretation of culture plates following incubation. The technology remains the only US FDA-cleared artificial intelligence technology for automated culture plate reading and is being commercialised through LBT's wholly owned subsidiary Clever Culture Systems AG (CCS). Channel partners for the sale and distribution of the APAS® Independence are in place for the United States (Thermo Fisher Scientific, Inc; Exclusive Distributor) and Europe (Beckman Coulter, Inc; Marketing Agent).

INVESTOR ENQUIRIES

LBT Innovations
Brent Barnes Chief Executive Officer & Managing Director Tel: +61 8 8227 1555 E: info@lbtinnovations.com

Appendix 4C

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

Name of entity

LBT Innovations Ltd

ABN

95 107 670 673

Quarter ended ("current quarter")

June 2022

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	24	465
1.2 Payments for		
(a) research and development	(69)	(236)
(b) operating costs & manufacturing	(1,144)	(1,658)
(c) advertising and marketing	(61)	(97)
(d) short term leases		
(e) staff costs	(1,245)	(4,136)
(f) administration and corporate costs	(95)	(867)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	14
1.5 Interest and other costs of finance paid	(36)	(104)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	89	1,389
1.8 Other		
Consulting Income (Receipts JV Company, CCS)	-	281
1.9 Net cash from / (used in) operating activities	(2,534)	(4,949)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	-	(283)
(c) property, plant and equipment	(8)	(71)
(d) investments		
(e) intellectual property	(21)	(584)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	(f) other non-current assets 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	-	(303)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(29)	(1,241)
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	(238)	(473)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Repayment of lease principal)	(41)	(164)
3.10	Net cash from / (used in) financing activities	(279)	(637)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,630	9,615
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,534)	(4,949)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29)	(1,241)

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)	(279)	(637)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,788	2,788

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	1,328	1,770
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	1,460	3,860
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,788	5,630

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	(118)
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.

The amount at item 6.1 excludes \$29,000, being the amount of Directors' fees where Directors have elected to receive payment in the form of LBT Shares, in lieu of cash payment otherwise owing during the quarter (subject to approval at the Company's next AGM).

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>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.</i>		
7.1 Loan facilities	2,464	2,464
7.2 Credit standby arrangements	50	16
7.3 Other (please specify)		
7.4 Total financing facilities	2,514	2,480
7.5 Unused financing facilities available at quarter end		34
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.		
<p>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.</p> <p>Item 7.2 is a corporate credit card facility which is paid off in full each month.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,534)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,788
8.3 Unused finance facilities available at quarter end (item 7.5)	34
8.4 Total available funding (item 8.2 + item 8.3)	2,822
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.1
<i>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.</i>	
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?	
<p>Answer: No. The Company's most recent quarter's operating cash outflows were higher than usual given the \$0.7m in cash outflows to increase inventory held. Removing this provides an underlying net cash used in operating activities of \$1.8m.</p>	

- 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: The Company expects to receive payment of \$3.0m in the next quarter ended 30 September 2022 from existing trade debtors, government grants and the estimated FY22 Research & Development Tax Incentive. The Company also expects to finalise the sale and shipment of the fifth instrument to Thermo Fisher in August 2022.

- 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: The Company expects to continue its operations and to meet its business objectives, on the basis of the \$2.8m in cash held as at 30 June 2022, together with \$3.0m in receivables, providing available funding of \$5.8m. This compares to the underlying net cash used in operating activities of \$1.8m. Future cashflows will also be positively impacted by any further sales. The Company continues to manage its capital requirements over the longer term.

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 July 2022

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.