

\$1.5M FUNDING AWARDED FOR NEW APAS® INSTRUMENT

Funding awarded through MTPConnect's Clinical Translation and Commercialisation Medtech program

Adelaide, Australia, 24 October 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 announce the Company has been awarded \$1.5 million funding from the Australian Government's Medical Research Future Fund (**MRFF**) initiative through MTPConnect's Clinical Translation and Commercialisation Medtech (**CTCM**) program to support the development of a new smaller benchtop APAS® instrument (**APAS® Compact**).

Key Points:

- **APAS® Compact: Small low-cost benchtop instrument**
 - **Targeting largest market segment: Small-medium sized laboratories**
 - **Expands recurring revenue potential from licencing existing APAS® analysis modules (AI Software)**
 - **Development simplified and de-risked: Re-using critical APAS® components already developed**
- **\$1.5 million CTCM Funding enables LBT to accelerate planned APAS® Compact product development**
- **Funding progresses strategy to bring digital microbiology to all laboratories globally**
- **Project will include a detailed market assessment, concluding in Q1 CY23, to clarify development program**

APAS® Compact Awarded \$1.5 Million CTCM Funding

The APAS® Compact will deliver LBT's next automated culture plate reader, designed specifically for smaller or remote laboratories. Once completed, LBT will be able to offer laboratories a range of digital microbiology solutions that address the needs and workflows of all laboratories regardless of size.

LBT's APAS® Compact Project (the **Project**) has been awarded \$1.5 million funding under the CTCM program to support product development activities. The CTCM program, delivered by MTPConnect, is a competitive program with projects selected based on their commercial and technical merit. The funding will be paid Quarterly, in advance over the next two years based on an agreed budget schedule, with LBT required to match the funding contribution under the CTCM program.

The planned product development for the APAS® Compact will leverage the Company's core APAS® intellectual property by re-using the existing imaging analysis hardware and software from the APAS® Independence. This approach has the benefit of de-risking the overall Project while also minimising development costs.

The Project will adopt a phased approach, with the first stage focussed on executing further market research to define specific product requirements, validate Project cost estimates, and confirm the strength of the business case. This critical first phase of the Project is estimated to cost LBT \$50,000 (net of the grant) and is expected to conclude in the first quarter of calendar year 2023.

MTPConnect CEO, Stuart Dignam said:

"MTPConnect champions the continued growth of Australia's vibrant medical products sector, so we are delighted to fund and support the product development of LBT's next compact automated culture plate reader through our CTCM program, which aims to benefit patients in regional and remote areas waiting for microbiology tests and test results.

The Round One funding from our CTCM program provides a substantial boost for the translation, commercialisation and implementation of Australian medical devices, with five promising projects being funded – including LBT's project – all providing new solutions for Australia's Medical Technology and Pharmaceutical (MTP) sector, Australians and people around the world."

Expanding Market Opportunity: Intelligent Automation Solutions for All Laboratories

Resourcing challenges are growing in the United States, with laboratories suffering as a result of the “Great Resignation”¹ and reported workforce vacancy rates over 10%². This challenge is being felt by all laboratories regardless of size and there exists a large opportunity with smaller laboratories underserved by current laboratory automation solutions. The APAS[®] Compact will bring digital plate reading to these smaller laboratories, which is a larger market segment in terms of overall number of laboratories. The market opportunity is expected to be increased with the recent addition of APAS[®] Pharma, which opens up a new market segment for the APAS[®] technology.

LBT Managing Director and CEO, Brent Barnes said:

“There remains a significant opportunity to disrupt microbiology and introduce automation at scale to optimise the culture plate workflow. This CTCM funding accelerates delivery of a key component of the Company’s Product Pipeline Strategy by adding a smaller, lower cost APAS[®] instrument that means we are able to offer digital microbiology solutions that meet the needs of all laboratories globally.

I would like to thank MTPConnect for approving the APAS[®] Compact as one of the projects to be selected for funding under this round of the CTCM program.”

Approved for release by the Chair of the LBT Board.

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About MTPConnect’s Clinical Translation and Commercialisation Medtech (CTCM) Program

The Clinical Translation and Commercialisation Medtech (CTCM) program, delivered by MTPConnect, is a \$19.75 million MRFF initiative. The CTCM program identifies and nurtures high quality medical device projects that have commercial potential and supports their translation through early clinical trials. By championing Australian SMEs along the commercialisation journey, the CTCM program is improving the health and wellbeing of Australians while supporting the Australian medical products sector.

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 selected countries in Europe (Beckman Coulter, Inc; Marketing Agent).

INVESTOR ENQUIRIES

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¹ <https://www.darkdaily.com/2022/02/23/clinical-laboratories-suffer-during-the-great-resignation/>

² MLO’s 2021 Annual Salary Survey of laboratory professionals; Feb. 22, 2021.