

The Manager
Company Announcements Office
ASX Limited

CHAIR'S ADDRESS – 2022 AGM

Adelaide, Australia, 26 October 2022

Dear Shareholders

The 2022 Financial Year has been an important year for the Company. We have delivered strategic and operational milestones that position the Company positively for the future.

The acquisition of our joint venture company Clever Culture Systems (**CCS**), which is now a 100% owned subsidiary of LBT Innovations, simplifies the ownership structure. Hettich is now LBT's largest Shareholder, which is indicative of an ongoing investment in the potential future success of APAS®. As a result of the simplification, 100% of all product revenues flow directly through to LBT which is expected to bring forward the path to cashflow break-even for the Company. This milestone is an important building block that has the potential to unlock enhanced Shareholder value.

In September 2021 we delivered an important part of our commercialisation strategy by appointing Thermo Fisher Scientific, Inc. (**Thermo Fisher**) as our exclusive distributor for the United States. Integration initiatives have been completed in the first 12-months which has established a robust and growing sales pipeline. Overall sales velocity has markedly improved over previous years and we have recognised revenue for seven instrument sales in this 2022 calendar year. We have now transitioned to a revenue generating Company and expect continued sales growth. We are ambitious for the Company, our customers and the industry, however we are mindful that ambition must be executed via a sustainable and holistic strategic plan which takes time. We thank you for your patience and confidence in LBT.

Whilst LBT has achieved positive commercial traction, FY22 has brought its share of challenges to the industry including labour shortages, supply chain disruption and a soft capital market.

Clinical laboratories and pathology groups continue to struggle filling vacated positions with new hires and retaining adequate staff due to the "Great Resignation" felt across many industries¹. This has driven high wage growth across the industry with salaries for medical technologists significantly increasing in the United States². High inflation seen in many parts of the

¹ Dark Daily - <https://www.darkdaily.com/2022/09/02/mckinsey-and-company-report-offers-analysis-and-insights-on-how-companies-can-deal-with-the-great-resignation-occurring-in-the-us-labor-market/>

² Laboratory Economics – May22

western world is adding to the pressures faced by our customers, who now face even greater pressure to find efficiencies in their processes.

Our APAS® technology offers a solution to address laboratory labour challenges. Automation assists to free up time for critical resources to address other testing needs and to perform other critical tasks around the laboratory. It also provides additional capacity for laboratories who are concerned with the next emerging health threat and require the flexibility within their workflows to manage an agile laboratory.

LBT is now focused on fine tuning the processes and systems we have in place to streamline our product delivery into the market. Supply chains globally that were disrupted by the COVID-19 pandemic, have not recovered and remain stretched. We are working closely with both our manufacturer, Planet Innovation, and commercial channel partners to manage inventory levels and ensure we are well placed to meet future customer demand.

This year has been extremely challenging from a capital markets perspective, with ASX listed healthcare stocks down by an average of 23.5%³ in the last 6-months. The Board and Management remain focused on delivering business milestones within the direct control of the Company and have taken steps to best manage capital during challenging economic conditions that have existed over the previous 12 months.

Within this context, this week we launched a Rights Issue, seeking to raise up to \$3.5 million. This approach gives existing Eligible Shareholders an opportunity to acquire new Shares and free attaching options under the Rights Issue, in addition to the possibility of applying for additional Shares and attaching free options in excess of their Entitlement. I encourage Shareholders to review the Prospectus for specific information and disclosures in relation to the offer. This additional funding will allow the Company to pursue its next stage of growth.

Our recently announced product pipeline strategy has the potential to expand the commercial opportunity for the Company by opening up new market segments for our APAS® technology. The Board takes a strict business case approach to any investment in new products, acknowledging the primary focus is to steer the Company to a cashflow positive position. External funding provided by partners to develop new products would contribute favourably to any new product development opportunity.

Looking forward, the Board is focused on all activities that support the generation of sales of our APAS® instrument. We have prioritised our development activities towards those that deliver value and an improved path to breakeven for the Company. Commercially we recognise the need to upgrade the European sales and marketing agreement to a full distribution agreement and Management are working towards delivering this. We expect that an upgraded and expanded distribution reach in Europe to deliver sales during the 2023 calendar year, with a more meaningful positive impact in the 2024 calendar year. In relation

³ Morgans - Healthcare – Overall Micro to mid-cap catalyst table (2Q CY22) report

to the outlook for the United States, we remain optimistic based on what we view to be an expanded sales funnel with Thermo Fisher.

As I complete my first year as Chair, I am pleased to state that the LBT Board is diligent, committed, ethical and commercial. I thank my fellow directors for their contribution this year, we've carried a heavy workload at the board and committee level to support management in delivering on strategic and operational milestones. I also congratulate Brent, his executive leadership team and all our people within the Company for going the extra mile always to achieve our objectives.

On behalf of the Board, I express our sincere gratitude for your continued and much valued support as Shareholders.

I would now like to hand over to our CEO, Brent Barnes, who will provide a short Company presentation.

Approved for release by the Chair on behalf of 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) is being commercialised through LBT's 50% owned joint venture company Clever Culture Systems AG (CCS) with Hettich Holding Beteiligungs- und Verwaltungs-GmbH. 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). 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.

INVESTOR ENQUIRIES

LBT Innovations
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