ASX ANNOUNCEMENT

Lumos Diagnostics' Quarterly Activity Statement and Cash Flow Report

Key Highlights from the Quarter

- Unaudited revenue of $2.8 million for the quarter (v $2.5 million for Q4 FY2022)
- Closed Sarasota facility in Florida and consolidated operations to Carlsbad in California
- Expanded services pipeline with multiple, non-Covid development and manufacturing projects
- Cash usage for the quarter of $3.4 million, average of $1.1 million per month (excl. impact of FX)
- Cash balance on 30 September 2022 of $4.4 million (v $8.0 million at 30 June 2022)

MELBOURNE, Australia (28 October 2022) – Lumos Diagnostics (ASX: LDX), ("Lumos" or the "Company") a leader in rapid point-of-care (POC) diagnostic technologies, is pleased to release its Quarterly Activity Statement and its Appendix 4C Cash Flow Report for the first quarter of fiscal year FY2023 ending 30 September 2022. All numbers in USD, the Company's reporting currency, unless otherwise stated.

Operations Update

Lumos recorded unaudited revenue of $2.8 million for the quarter ending 30 September 2022 compared with $2.5 million for the preceding quarter ending 30 June 2022. The majority of revenue coming from the Services side of the business for the provision of diagnostic test development and manufacturing services to clients while product sales were minimal during the quarter, pending regulatory approvals.

Development Services and Contract Manufacturing

Lumos generated $2.7 million from the provision of development services and contract manufacturing during the September quarter.

In August, Lumos announced it had received $270k in purchase orders for the manufacture of a unique, multi-assay, rapid diagnostic cartridge to be used in combination with a customized Lumos digital reader platform as part of a novel hormone monitoring platform. The commencement of pilot manufacturing at the Lumos Carlsbad Californian facility followed the completion of a $320k manufacturing validation program by Lumos and the product receiving CE-Mark certification. The hormone monitoring platform will be used by IVF patients at-home and within the clinical environment as part of several clinical studies to be conducted across Asia Pacific, Europe and the USA. The clinical studies will assess the impact of the use of the hormone monitoring platform on clinical workflows and decision making. The studies are being conducted as a pre-cursor to a potential market launch in FY2024.

During the quarter, the Company received an order to supply test strips for a nutrition test that it had developed for a US-based client. These test strips will be used for in-field, end-user studies that are being conducted in the US and Africa.

Following the successful completion of an initial assay feasibility project with US-based Alden, Lumos has secured a commercial contract to develop six tests for the food safety testing market. This program has the potential to evolve into a longer term manufacturing partnership in the event that Alden uses or supplies these food safety tests on a commercial basis.

As part of Lumos' ongoing program to reduce its cash burn, in August the Company announced the closure of its facility in Sarasota, FL, and the consolidation of its development and manufacturing operations to Carlsbad, CA. This closure was completed within the short timeframe set internally and released Lumos from further lease obligations for the Sarasota site from 30 September 2022. Lumos was able to negotiate termination of the lease with a single, final payment of $0.3 million which relieved the Company from more than $3.1 million in future lease payment obligations plus the additional costs for running the facility. Equipment and key personnel for Lumos' manufacturing production line have been transferred and installed in Carlsbad and provide sufficient capacity to meet the needs of Lumos' services business.

FebriDx®

FebriDx is Lumos' rapid, point-of-care test which can be used to detect and aid in differentiating bacterial from viral acute respiratory infections. To date, Lumos has received regulatory registrations for the use of FebriDx in the UK, Europe, Canada, UAE, Brazil and Australia. In 2021, Lumos filed a 510(k) application for FebriDx with the US FDA.

In July, Lumos was advised that the FDA had decided that FebriDx did not demonstrate substantial equivalence to the predicate device that was used to support the 510(k) application. In August, Lumos filed an appeal requesting the FDA to review this decision. At the end of September, the FDA advised Lumos that it had completed the requested review and that it was upholding its initial decision that, based on the original submission, FebriDx had not demonstrated substantial equivalence to the predicate device and consequently was not eligible for US clearance based on this application. Lumos is continuing to work with the FDA to identify a potential path forward to obtain marketing clearance for FebriDx in the US.

ViraDx™

ViraDx is a point-of-care, three-in-one COVID-19/Flu A/Flu B rapid antigen test.

ViraDx is currently under review by the US FDA for Emergency Use Authorization (EUA). During the quarter, and at the FDA's request, the NIH successfully completed testing ViraDx against different strains of SARS-CoV-2 that have emerged during the course of the pandemic. With these data now provided to the FDA, Lumos is expecting an outcome from its EUA application to the FDA in the coming months. In June, Health Canada awarded Interim Authorization for the use of ViraDx in Canada.

As we enter the North American flu season and as a contingency to any delay to a decision by the FDA regarding Viradx, Lumos has completed a distribution agreement with LifeSign LLC to distribute the Status™ COVID-19/Flu A&B product.

CoviDx™

CoviDx is Lumos' SARS-CoV-2 point-of-care rapid antigen test for the detection of COVID-19 which was granted Interim Order authorization from Health Canada in November 2021.

In February 2022, Lumos announced that the Victorian State Government had proposed an intended package of support for a Rapid Antigen Test (RAT) manufacturing facility in Victoria to potentially be established in collaboration with Lumos. During the quarter, the Board of Lumos determined that the Company is currently not in a position where it is able to commit to providing the capital investment and human resources required to support the establishment of such a facility within the intended timeframes. In light of this, the Company advised the Victorian State Government that it is no longer able to participate in the establishment of this facility at this time.

Summary of Cash Receipts and Outflows

During the quarter, Lumos recorded cash receipts from customers of $1.7 million. Lumos closed Q1 FY2023 with cash of $4.4 million. The expenditure on operating activities, and payment of employee entitlements, included one-off costs associated with the operational review and restructure of approximately $0.5 million.

Operating activities included project service delivery costs plus research and development expenditure of $1.2 million, as well as product manufacturing and operating costs of $0.8 million. The advertising and marketing costs of $0.1 million within Q1 FY2023 are costs related to services and corporate marketing, and the creation of materials for Lumos branded products.

Lumos is continuing to target an average monthly cash burn of less than $1.0 million per month for FY2023 with the completion of severance payments and the implementation of cost reductions identified in the initial organization review. Cash burn for this quarter averaged $1.1 million per month (excluding the impact of foreign exchange movements) due to costs associated with the closure of the Sarasota facility and pre-payment by customers for some of the services activities conducted by Lumos during the quarter.

Payments to Related Entities

In accordance with Listing Rule 4.7C.3 and as outlined in Section 6.1 of the Appendix 4C the Company discloses payment to related entities of $73,000 comprising directors' fees, salary and superannuation.

Use of Funds Table

In accordance with Listing Rule 4.7C.2 the following table includes the Use of Funds summary:

Use of Funds	Per Prospectus[1]	Use of Funds to 30 September 2022[2]
	$m	$m
Infrastructure and Capacity Expansion	4.4	1.9
Sales and Marketing	6.3	3.9
Regulatory, Clinical and Quality	2.8	3.5
Development of test pipeline	2.3	3.1
Technology platform development	4.1	1.2
Working Capital[3]	5.2	17.5
Offer Costs	3.5	3.6
TOTAL	**28.6**	**34.7**

[1] Per the Prospectus dated 7 June 2021. Total proceeds received by the company was A$38.0m. At a conversion of approximately US$0.75 this equated to US$28.6m.

[2] For comparison purposes the Use of Funds table includes some items from FY2021 that relate to the IPO Prospectus (i.e., offer costs and other items) plus 12 months of FY2022, plus 3 months of FY2023 to 30 September 2022. As a result, this table will not agree to the total cash flows and foreign exchange movements in cash for FY2023 outlined in Appendix 4C.

[3] Working Capital is comprised of the following items: Finance, Information Technology, Manufacturing, Technical Operations, Corporate & Administration, Movement in Accounts Receivable, Inventory, Accounts Payable and Other Items, and Operating Lease Payments.

Outlook and Future Activities

The key focus for Lumos during FY2023 is on building its pipeline of commercial, revenue-generating projects for both its development services and contract manufacturing businesses with a view to accelerating the growth of a sustainable revenue stream from these business units.

Lumos will continue to seek regulatory clearances to market its own point-of-care products, and to focus its sales and marketing efforts on those markets where its products have secured clearances.

-Ends-

This announcement has been approved by the Lumos Disclosure Committee.

About Lumos Diagnostics

Lumos Diagnostics specializes 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 customized assay development and manufacturing services for POC tests and proprietary digital reader platforms. Lumos also directly develops, manufactures, and commercializes novel Lumos-branded POC tests that target infectious and inflammatory diseases.

For more information visit lumosdiagnostics.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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Appendix 4C

Quarterly Cash Flow report for entities subject to Listing Rule 4.7B

Name of entity

Lumos Diagnostics Holding Limited

ABN	**Quarter ended ("current quarter")**
66 630 476 970	30 September 2022

Consolidated statement of cash flows		**Current quarter US$'000**	**Year to date (3 months) US$'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,668	1,668
1.2	Payments for		
	(a) service delivery, research and development	(1,177)	(1,177)
	(b) product manufacturing and operating costs	(764)	(764)
	(c) advertising and marketing	(93)	(93)
	(d) leased assets	-	-
	(e) staff costs*	(1,202)	(1,202)
	(f) administration and corporate costs	(1,286)	(1,286)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(88)	(88)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,942)**	**(2,942)**

*Staff costs have been allocated to their respective departments above.

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

Consolidated statement of cash flows		Current quarter US$'000	Year to date (3 months) US$'000
	(f) other non-current assets (capitalised product development costs)	(14)	(14)
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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(16)**	**(16)**

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:		
	Lease payments	(424)	(424)
3.10	**Net cash from / (used in) financing activities**	**(424)**	**(424)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	7,978	7,978
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,942)	(2,942)

Consolidated statement of cash flows		Current quarter US$'000	Year to date (3 months) US$'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(16)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(424)	(424)
4.5	Effect of movement in exchange rates on cash held	(162)	(162)
4.6	**Cash and cash equivalents at end of period**	**4,434**	**4,434**

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 US$'000	Previous quarter US$'000
5.1	Bank balances	4,434	7,978
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**4,434**	**7,978**

6.	Payments to related parties of the entity and their associates	Current quarter US$'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	73
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.

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 US$'000**	**Amount drawn at quarter end US$'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-
7.5	**Unused financing facilities available at quarter end**		-
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.		

8.	**Estimated cash available for future operating activities**	**US$'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,942)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,434
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,434
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1.51

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: The Company continues to target net operating cash flow improvements in subsequent quarters from cost reduction measures that have been implemented and are ongoing. The current quarter includes a number of restructuring payments which amounted to $0.5 million (i.e. severance payments, paying out accrued vacation, lease termination and other items).

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: In addition to the cost cutting and rightsizing which is underway, the Company proposes to explore additional financing options.

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 does expect to continue operations and meet immediate business objectives on the basis of the reduction in all areas of operational expenditure and additional financing options that are being explored.

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.

Date: **28 October 2022**

Authorised by: **The Lumos Disclosure Committee**
(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.