QUARTERLY ACTIVITIES & CASHFLOW REPORT
QUARTER ENDED 31 DECEMBER 2022

Adelaide, Australia, 23 January 2023: 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 31 December 2022 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Key Highlights

- **Over $3.0 million non-dilutive funding secured for strategic product development**
- **NEW $10bn pharmaceutical microbial quality control testing market for APAS® Pharma**
  - **APAS® Pharma product development initiated with AstraZeneca and Thermo Fisher**
  - **LBT retains IP and commercialisation rights**
- **EU go-to-market sales outlook improved**
  - **Thermo Fisher become exclusive EU distributor for APAS® Independence**
  - **Expanded total addressable market to 34 countries across Europe**
- **$0.5 million raised from eligible shareholders through LBT Entitlement Offer**
- **31 December 2022 cash balance of $2.5 million plus $1.0 million in near term receivables**

Commercialisation & Product Development

Over the last Quarter, LBT's wholly owned subsidiary Clever Culture Systems (**CCS**) has made significant progress to upgrade the European go-to-market commercial agreements for APAS® Independence and has established new partnerships, with associated funding to develop the APAS® technology for the pharmaceutical market.

Thermo Fisher – Expanded exclusive distribution agreement to cover United States and Europe

In December 2022, CCS appointed Thermo Fisher Scientific (**Thermo Fisher**) as Exclusive Distributor for the APAS® Independence in Europe. The appointment expands the existing distribution agreement for the APAS® Independence to include 35 countries in Europe and the United States. The new agreement significantly expands the number of countries and associated market opportunity throughout Europe where APAS® Independence will be promoted and sold.

The appointment of Thermo Fisher as a full distributor in Europe has required a change to existing commercial arrangements in the region. As a result, the Company has come to mutual agreement to terminate the existing Marketing Agent Agreement with Beckman Coulter, Inc and Servicing Agreement with oneservice AG. All existing sales opportunities are owned and managed by CCS and will be transferred to Thermo Fisher as part of the transition.

In the United States, during the Quarter, senior management completed trips to the United States to meet with potential strategic customers and sales planning with the Thermo Fisher team. Sales and marketing goals were established for the 2023 calendar year. While Thermo Fisher's first year as distributor was focussed on growing the breadth of the pipeline of qualified sales leads, the emphasis has shifted to accelerating sales conversion, with specific initiatives established for execution.

APAS® Pharma product development funded by AstraZeneca and Thermo Fisher

New development partnerships with AstraZeneca and Thermo Fisher have been established to accelerate the development of the APAS® platform for the application of pharmaceutical microbial quality control testing, opening up a **new global market**

opportunity estimated at $10bn[1]. The successful APAS® Pharma proof-of-concept was an important achievement that established confidence in the APAS® technology.

Microbial quality control is an important production control process used to monitor the environment during sterile drug manufacture. In this process, settle plates are used continuously for the detection of microbial contamination in the air, with the vast majority, over 90%, of settle plates being negative (i.e., showing no microbial growth).

The APAS® Pharma analysis modules (*artificial intelligence software*) will be developed to identify microbial growth on settle plates used in sterility monitoring during drug manufacturing. Over $1.5 million will be received under the new collaborations:

- In December 2022, the Company received an initial AU$0.58m from Thermo Fisher that will support development of an APAS® Pharma analysis module that specifically supports Thermo Fisher's culture plate media
- In January 2023, LBT was engaged by AstraZeneca who will fund the development of the APAS® Pharma analysis module and validate the final product for their processes. LBT expects to invoice AstraZeneca ~AU$1m for the project, with invoicing linked to delivery of technical milestones. All IP and commercialisation rights remain with the Company.

Receiving funding from two global industry leaders provides a strong validation of the product-market-fit for this new application and represents a major strategic milestone for the Company and the future of the APAS® technology.

APAS® Compact: a benchtop APAS® instrument

A $1.5 million grant was awarded to LBT by 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, the APAS® Compact. 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 development of the APAS® Compact will leverage the Company's core APAS® intellectual property by utilising 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.

Importantly, the new APAS® Compact instrument is expected to be immediately compatible with all developed analysis modules, including the newly developed APAS® Pharma analysis module. This means the instrument is expected to be sold in both clinical and pharmaceutical markets.

The APAS® Compact project will adopt a phased approach, with the first stage, having already commenced, focussing on executing further market research to define specific product requirements and to confirm the strength of the business case. This critical first phase is expected to be completed in next quarter ending 31 March 2023 and will clarify the path forward for this project.

Analysis module development for the clinical microbiology market

The Company has also continued to progress its existing APAS® analysis modules, focussing on the formal validation of the European Urine analysis modules and APAS®-AMR modules. A German laboratory group is conducting the first fully independent evaluation of the APAS®-AMR as part of an overall technology evaluation of the instrument. The Company also released an updated version the core APAS® software to improve usability.

Financial & Corporate

LBT Entitlement Offer Results

In November, LBT conducted a Non-Renounceable Pro-Rata Entitlement Offer to existing eligible shareholders (**Entitlement Offer**). Through the Entitlement Offer, the Company raised A$502,202 before expenses. The Company now has the option to place the Entitlement Offer shortfall of A$2,986,555 with new investors under same terms of the Entitlement Offer, within

three months of the Entitlement Offer close date of 22 November 2022. The Company is exploring a number of funding alternatives, including working with PAC Partners to assist with placing the Entitlement Offer shortfall.

Quarterly Cashflows and Cash at Bank

For the Quarter, the Company had total net cash outflows of $0.3 million:

- net cash outflows from Operating and Investing activities of $0.5 million which included $0.4 million in receipts from customers and $1.2m received for the Research & Development Tax Incentive;
- net cash inflows from Financing activities of $0.2 million, reflecting the $0.5m proceed received from the Entitlement Offer less $0.3m quarterly loan repayments for the SAFA loan and office lease payments; and
- a reported consolidated cash balance of $2.5 million as at 31 December 2022.

In addition to the cash balance at 31 December 2022, the Company has $1.0 million in near term receivables, expected to be received in the next quarter ended 31 March 2023. This amount comprises trade debtors relating to a previously reported sale and the APAS® Pharma development funding being provided by Thermo Fisher. The Company also expects to start receiving the AstraZeneca funding for the APAS® Pharma development.

Cashflows for the Quarter include related party payments of $116,000 to Directors, comprising the Managing Director's salary and Non-Executive Directors' fees. This amount excludes $55,000, being the amount of Directors' fees where Directors have agreed to forfeit Director fees and 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.

The Company continues to manage costs closely. During the Quarter, the Company implemented a number of cost reductions in the business that will reduce the underlying cost base by more than $0.6 million per annum. This did result in one-off redundancy costs of $0.3m during the current Quarter.

As a result of inflows from customers, the Entitlements Offer, alternative sources of funds and cost management, the total net cash outflows for the half year period ending 31 December 2022 were just $0.3 million.

Future Outlook

The Company is focused on supporting Thermo Fisher's sales teams effort to convert sales opportunities, with a goal of establishing a cadence of routine sales throughout the 2023 calendar year. Particular focus will be in Europe to support Thermo Fisher launch APAS® Independence in new territories throughout the year. Senior staff (sales, marketing and service) will travel to Europe throughout the next 6 months to support various training activities across the region. CCS's EU based Sales Executive will provide frequent on-the-ground product training and support Thermo Fisher's sales teams with joint customer visits. There will be a transition process of customer lead handover conducted with Thermo Fisher and Beckman Coulter to build upon the progress made over the last 2 years.

In April 2023, the Company will attend the European Congress for Clinical Microbiology and Infectious Diseases, being held in Copenhagen. This is the largest global conference for Clinical Microbiology and provides a great opportunity to showcase the APAS® Independence to potential customers. The Company expects to present new clinical data featuring the Company's APAS®-AMR analysis module for antimicrobial susceptibility testing.

From a product development perspective, the Company will commence the full product development for its APAS® Pharma analysis module. This will advance the initial proof-of-concept already completed to improve performance and expand the number of media supported by the module. In parallel, the Company will undertake detailed market research activities for both the APAS® Pharma and APAS® Compact products.

Brent Barnes, CEO and Managing Director said:

"In the past 3 months, the Company has made significant progress against the delivery of both our go-to-market and product pipeline strategies. Securing agreements with AstraZeneca and Thermo Fisher takes time, as they go through their internal

due diligence and approval processes. As a result, these partnerships provide a hugely positive validation and endorsement of our technology and the market opportunity that exists."

Investor Conference Call

The Company will hold a conference call at **9.00am AEDT on Wednesday 25 January 2023** 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_LpU3X1TvQ1muOkWnfFSpBw

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.

[1] *Source LBT Innovations. Referencing registered pharma manufacturing permits and expected customer segmentation*

Approved for release by the LBT Board.

– ENDS –

About LBT Innovations
LBT Innovations (LBT) improves laboratory practices through the delivery of intelligent automation solutions. 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). Thermo Fisher Scientific, Inc is exclusive distributor of the APAS® Independence in the United States and selected countries in Europe.

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	**Quarter ended ("current quarter")**
95 107 670 673	December 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (..6....months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	371	2,106
1.2	Payments for		
	(a) research and development	(35)	(98)
	(b) operating costs & manufacturing	(331)	(698)
	(c) advertising and marketing	(12)	(38)
	(d) short term leases		
	(e) staff costs	(1,420)	(2,346)
	(f) administration and corporate costs	(222)	(361)
1.3	Dividends received (see note 3)		
1.4	Interest received	6	11
1.5	Interest and other costs of finance paid	(31)	(63)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	1,232	1,402
1.8	Other		
1.9	**Net cash from / (used in) operating activities**	**(442)**	**(85)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	-	(1)
	(d) investments		
	(e) intellectual property	(37)	(103)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (..6....months) $A'000
	(f) other non-current assets		
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**	**(37)**	**(104)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	502	502
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	(20)	(20)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(240)	(479)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Repayment of lease principal)	(45)	(88)
3.10	**Net cash from / (used in) financing activities**	**197**	**(85)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,796	2,788
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(442)	(85)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(37)	(104)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (..6....months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	197	(85)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,514**	**2,514**

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	2,354	2,636
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	160	160
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,514**	**2,796**

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	(116)
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.

Directors have agreed to forfeit $55,000, being the amount of Directors' fees where Directors have agreed to forfeit Director fees and 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. In the absence of this, the amount at item 6.1 would have been $171,000.

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 $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	1,969	1,969
7.2	Credit standby arrangements	50	34
7.3	Other (please specify)		
7.4	**Total financing facilities**	2,019	2,003

7.5	**Unused financing facilities available at quarter end**	16

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.

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.

Item 7.2 is a corporate credit card facility which is paid off in full each month.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(442)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,514
8.3	Unused finance facilities available at quarter end (item 7.5)	16
8.4	Total available funding (item 8.2 + item 8.3)	2,530
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A*

**** The result of the required calculation would be 5.7 which is not considered an appropriate indicator of the number of quarters funded. The Company has an estimated two quarters of cash, taking into account $1.0m in debtors expected in the next quarter, excluding any sales and other funding received by the Company.***

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 expects total cash outflows, before sales and other income, to average approximately $1.8m per quarter. This is expected to be partly offset by $1.05m in receivables expected to be received in the next quarter. Actual net cash flows will also be dependent on the level of cash inflows from customers.

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 announced a non-renounceable rights issue on 25 October 2022, seeking to raise up to $3.5m before costs of the rights issue. The Company raised $0.5m and is seeking to place the shortfall not taken up by shareholders. The Company is also progressing alternative capital raising plans.

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 through available cash at the end of the quarter of $2.5m, together with $1.05m of trade debtors and the commencement of receipts from AstraZeneca for the APAS Pharma development. Additional funding is also expected to be provided through further instrument sales and the finalisation of the capital raising plans.

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: 23 January 2023 .....

Authorised by: the Board of Directors .....
(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.