



**LBT INNOVATIONS**

**ASX code: LBT**  
**lbtinnovations.com**

# **LBT Innovations Limited (ASX:LBT)**

## **Capital Raise**

**Brent Barnes**

**Chief Executive Officer & Managing Director**

*2<sup>nd</sup> December 2016*

# Disclaimer

*This document contains certain forward-looking statements that involve risks and uncertainties. Although we believe that the expectations reflected in the forward-looking statements are reasonable at this time, we can give no assurance that these expectations will prove to be correct.*

*Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements. Actual results could differ materially from those anticipated in these forward-looking statements due to many important factors, risk and uncertainties including, without limitation, risks associated with medical device development and manufacture, risks inherent in the extensive regulatory approval processes mandated by regulatory authorities, delays in clinical trials, future capital needs, general economic uncertainty and other risks detailed from time to time in the Company's announcements to the ASX.*

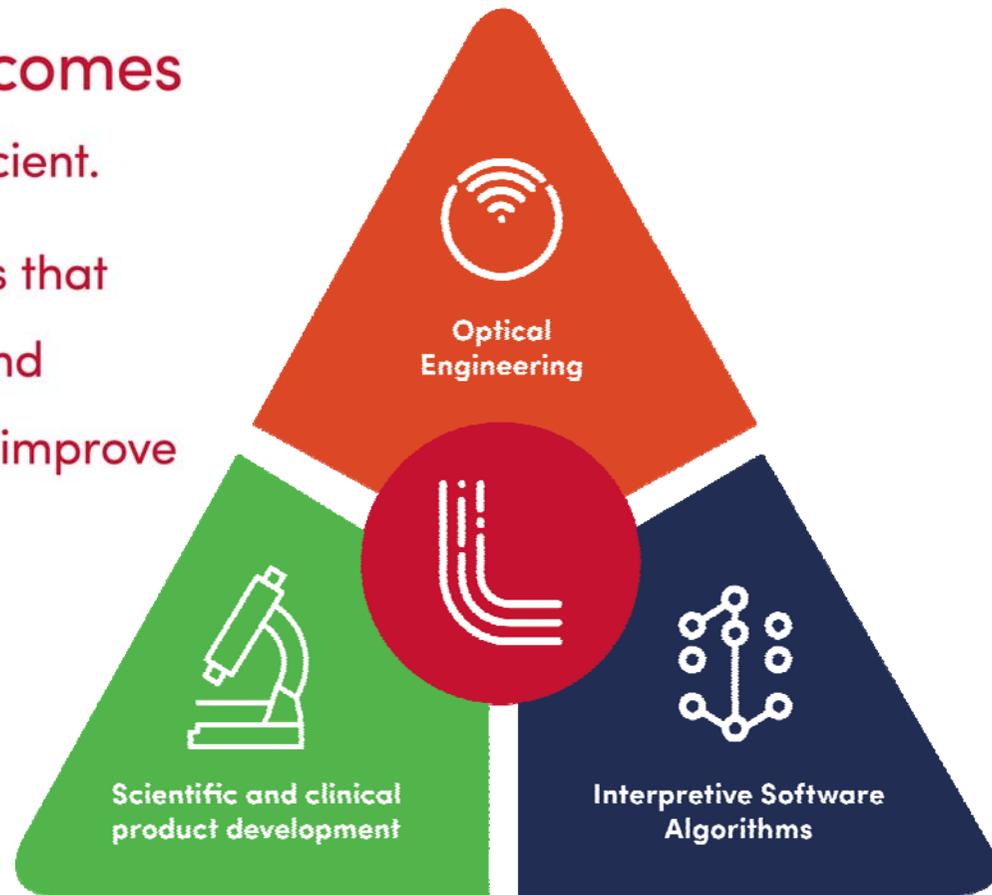
*Moreover, there can be no assurance that others will not independently develop similar products or processes or design around patents owned or licensed by the Company, or that patents owned or licensed by the Company will provide meaningful protection or competitive advantages.*



# Our Purpose

LBT improve patient outcomes by making healthcare more efficient.

We develop automated products that use **intelligent imaging** and **interpretive software** to improve healthcare delivery.



# Our Business

The benefits of APAS® is for patients who can receive quicker and more reliable treatment so they can get back to full health faster.

Portfolio of products by LBT:

**Automated Plate Assessment System** - a platform technology for the automation of culture plate **screening** and **interpretation**, currently being developed under a JV with Hettich AG Switzerland called Clever Culture Systems.

**Microstreak** - an automated microbiology system for streaking biological samples onto agar plates. MicroStreak was licensed to the French diagnostics company "BioMérieux", who sold it internationally as PREVI Isola.

**Woundvue** - a small, portable, hand-held imaging device with software embedded providing a proposed automation solution to assist in the management of chronic wounds. It is focussed on fast-growing chronic wound market.

# Business Outlook

- APAS® technology approaching the end of a comprehensive development cycle.
- Now, with FDA Clearance, the next 12 months is about bringing product to market:
  - Production scale demonstration devices on display at global conferences starting April 2017;
  - Instruments in key opinion leader laboratories completing market acceptance testing in 2017;
  - Global distribution partner(s) confirmed; and
  - First product sales in 2017.

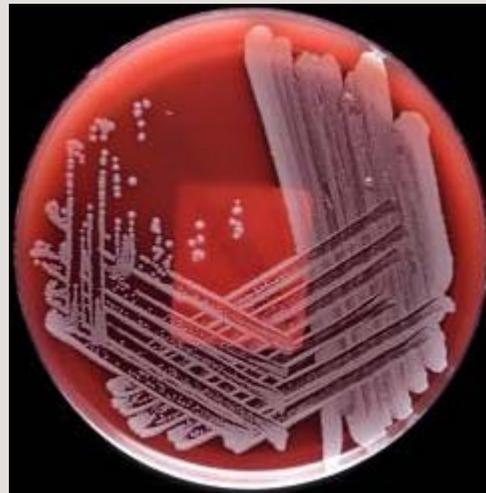
LBT at a positive inflection point, the technology works, beginning the commercialisation phase.

# Our Core Technology

APAS® uses intelligent imaging technology to quickly and efficiently **read** and **interpret** the presence of bacteria in culture plates.



APAS® Independence prototype



Culture Plate

- FDA Clearance received;
- At least 3 times faster than current method;
- No competitive product which “reads and interprets” plates.

# APAS® Product Line Overview - Primary competitive advantage through **Intelligent** Imaging



**APAS® Independence prototype – demonstrated at conferences:**  
European Congress of Clinical Microbiology and Infectious Diseases, April 2016  
American Society of Microbiology, June 2016

## Features

- At least **3 times** more efficient than manual plate reading;
- Expect to be **first to market** with Intelligent Imaging;
- Modular design easily integrated into culture plate work flow;
- More affordable stepwise entry into Lab automation;
- Attractive small footprint for busy laboratories.

## Opportunity

- APAS® targets small, medium and large laboratories;
- Modular approach.

# The Capital Raising - \$7million Successful Placement

Two tranche placement of new shares to professional and sophisticated investors at 31 cents per share. The placement also includes 1 free attaching option for every 2 shares subscribed, exercisable at 44.25 cents before 9 December 2018.

## **Tranche 1, issued under the Company's existing placement capacity (ASX Listing Rule 7.1):**

Shares	11.4m shares	\$3.5m
Options	5.7m	

## **Tranche 2 (*incl Director Shares*), subject to approval by LBT's shareholders:**

Shares	11.2m shares	\$3.5m
Options	5.6m	

Shareholders will be asked to approve the second tranche shares and attaching options at an extraordinary general meeting, which is scheduled for Wednesday, 18 January.

# A Proven Technology with confirmed market opportunity

## Technology works

- Validated by an extensive independent clinical study encompassing 10,000 patients on two continents completed in 2015;
- Supported by a number of peer review research publications in leading journals such as the American Society of Microbiology's prestigious Journal of Clinical Microbiology;
- FDA Clearance, 10<sup>th</sup> October 2016 after the exhaustive 510(k) *de novo* review process.

## Market Need Met

- APAS<sup>®</sup> was developed in response to extensive market research and validation across Australia, the US and Europe;
- APAS<sup>®</sup> fills the market niche for a modular approach to dealing with increased workloads, increased quality demands, decreasing budgets and difficulty in employing experienced staff;
- The APAS<sup>®</sup> Independence design prototype warmly received at the key microbiology industry meetings in the US and Europe in 2016 with requests for in laboratory trials in over 20 key laboratories.

# APAS® Automation: Manual Microbiology Culture Plate Process Flow

## Process Steps for Culture Plate Flow

Culture Plate  
Streaking

Incubate

Plate  
Reading

Identification &  
antibiotic  
sensitivity testing

Products that  
automate  
manual steps

APAS®  
Independence  
H2 2017

1

APAS® Incubot  
2018

2

Potential APAS® Line Extensions  
Timing dependent on product prioritisation

3

# Commercialisation of APAS®

Focus is on the delivery to market of laboratory instruments integrated with APAS®.

**APAS® Independence** and **APAS® Incubot** are automated culture plate readers integrated with APAS® and plate handling robotics:

- Demonstrations at ECCMID, Vienna (April, 2017) and ASM, San Diego (June, 2017);
- Placement of instruments in key opinion leader laboratories to validate technology in market place;
- Sales commence in 2017;
- LBT will produce the APAS® software plug-ins for the APAS® supply chain.

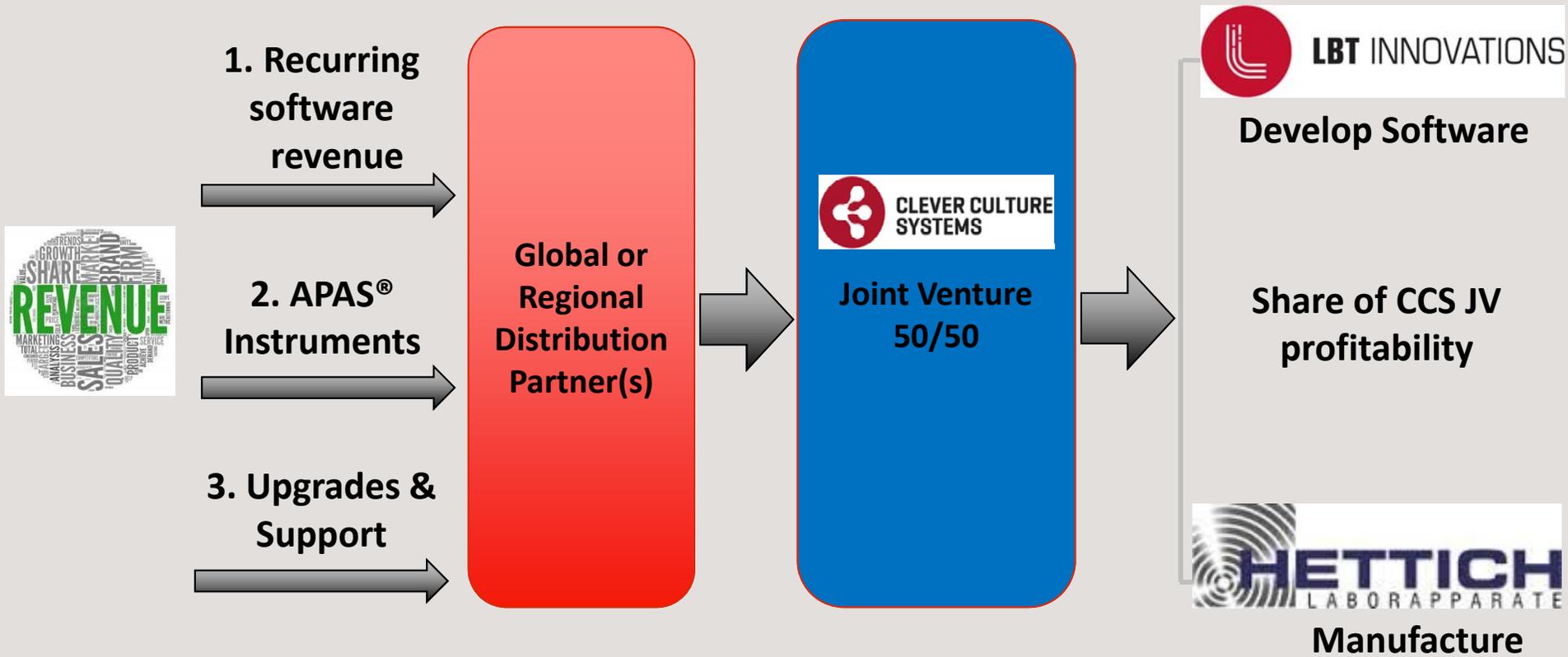
Joint Venture company Clever Culture Systems AG (CCS) is in discussions with international diagnostic companies to form a marketing and distribution alliance.

**APAS® Independence first sales in 2017**

# Use of Proceeds

- Funds used to **ACCELERATE** the delivery to market of two products:
  1. APAS® Independence; and
  2. APAS® Incubot;
- Technology reaching the end of the development phase and now with FDA Clearance, the regulatory pathway is clear and de-risked. Therefore:
  - The Engineering development plan is being expedited as much as practically (and fiscally) possible;
  - Established partnerships with capable Engineering companies to fast track development; an example of focusing on development speed;
  - Both APAS® Independence and APAS® Incubot development projects are being done in parallel, APAS® Incubot will follow APAS® Independence.
- Accelerate the development and delivery of Analysis Modules (software that interprets the plates).

# Revenue Model: APAS<sup>®</sup> Joint Venture Structure



LBT future revenue streams from share of supply of annual software income plus share of profitability of CCS including any license fees.

# Target Market

Laboratory Size	Plates Processed per Day	No. Labs Globally	APAS® Independence	APAS® Auto-incubator
Small	< 400	15,000	✓	
Medium	400 – 1000	12,000	✓	✓
Large	> 1,000	400	✓	✓

**APAS® brings a new level of **Intelligence** into microbiology automation via culture plate **reading** and **interpretation**. **FDA Approved, First in Class.****

# Anticipated news flow 2016 - 2017

Date	Category	News details
2016	JV CCS	Discussions continue with global partner(s). Increased interest post FDA Clearance. Timing of Letter Of Intent to be decided.
	Imaging Platform	Evaluation of further clinical applications for product pipeline
2017	JV CCS	Signing of alliance/distribution agreement with global partner(s) for APAS®
	JV CCS	Market acceptance testing of APAS® lab instruments
	JV CCS	APAS® Product demonstrators at European Congress of Clinical Microbiology and Infectious Diseases in Austria and American Society of Microbiology in USA.
	Joint Venture CCS	APAS® Independence first commercial sale by global alliance partner
	MicroStreak®	Signing of license or sale agreement with new partner(s)
	Imaging Platform	WoundVue® prototype complete and new phase decision point.
	Imaging Platform	Market analysis of applicable future product pipeline

# Financials – Year Ended June 2016

<b><u>Profit &amp; Loss</u></b>	Year Ending June 15 \$'000	Year Ending June 16 \$'000
<b>Revenue</b>	\$ 2,367	\$ 7,726
Including License Fees, Upfronts & Milestones	\$ 1,000	\$ -
MicroStreak license fee renegotiation	\$ -	\$ 7,519
Net Profit/(Loss) before tax	-\$ 336	\$ 4,120
Net Profit/(Loss) after tax	\$ 549	\$ 3,541
Basic EPS (cents)	0.28	3.08
<b><u>Balance Sheet</u></b>		
Cash Position	\$ 1,818	\$ 4,684
Accounts Receivable	\$ 838	\$ 525
R&D tax concession receivable	\$ 1,825	\$ 1,331
Intangible assets MicroStreak & APAS		
Development Costs	\$ 16,868	\$ 20,583

## **Key Driver in 2015/16**

Renegotiation of MicroStreak® license with bioMérieux A\$7.5 million.

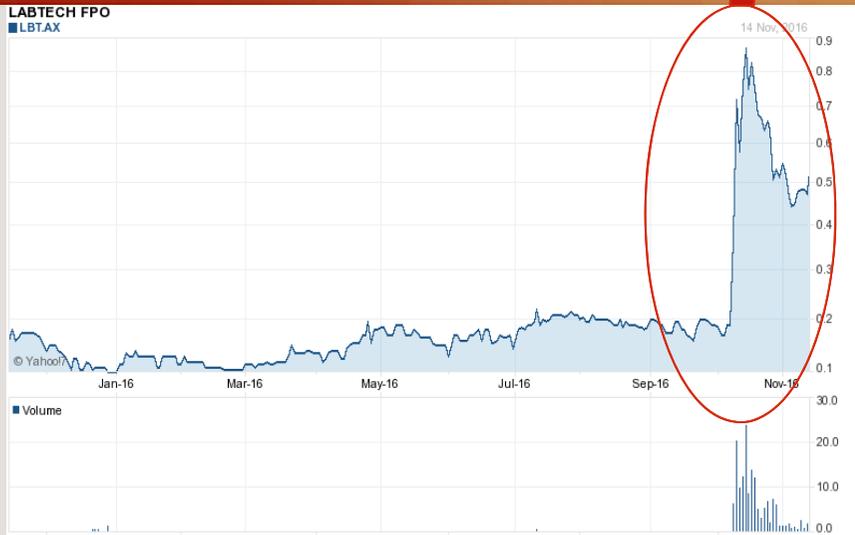
## **Future Direction**

- Building recurring product revenue stream via APAS® and its line extensions;
- Relicense or sale of MicroStreak®;
- New product direction building off Intelligent Imaging Platform.

## **September Quarterly 2016 Appendix 4C**

- Cash at end of September 2016 \$2.34 million;
- R&D tax claim submitted with a refund estimated at \$1.1m;
- Options exercised in October has raised an additional \$0.45m cash.

# LBT Investor Summary November 2016



## Key Statistics

Code	ASX:LBT
Listed	ASX 2006
Current Price (14 November 2016)	51.5 cents
52 Week High (14 November 2016)	1.085 cents
52 Week Low (14 November 2016)	9.5 cents
Shares Outstanding (14 November 2016)	117.39 million
Market Cap (14 November 2016)	A\$60.46 million
Net Cash (30 September 2016)	\$2.34 million
Directors and Senior Management (14 November 2016)	10.0%

- Significant new levels of interest in LBT due to FDA Clearance for APAS®;
- High liquidity;
- Key regulatory step toward APAS® commercialisation has been achieved
- Incubator stock transitioning into becoming a growth stock.



**Brent Barnes**

Chief Executive Officer & Managing Director

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