

EMPLOYEE INCENTIVE PLAN

Adelaide, Australia, 5 June 2020: 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 an offer to issue fully paid ordinary shares (**Shares**) made to employees under an Employee Incentive Plan (the **Incentive Plan**).

Key Points

- **From 1 June 2020, all LBT staff moved to 4 day working week to conserve cashflow**
- **83% of staff have elected to work a 5 day week - with 20% of salary remunerated in LBT shares**
- **Shares to be issued to participating employees in the weeks commencing 27 July 2020 and 28 September 2020**
- **Commercial and operational momentum being maintained - sales activities and APAS® module development**
- **Incentive Plan creates strategic alignment between participating employees and shareholders**

As previously announced, LBT has undertaken a range of cost reductions across its business to prudently manage its cash runway, as a result of the uncertainty created by the Covid-19 pandemic on global markets. As part of these overall cost reduction measures, LBT has reduced the standard working hours for all employees by 20%, similar to a four-day working week, effective from 1 June 2020 through to 27 September 2020.

The Company has also established an Incentive Plan for employees, where eligible employees may revert to their standard hours and receive 20% of their standard salary or wages through the issue of fully paid Shares. The Company is pleased to report that 83% of eligible employees have elected to participate in the Incentive Plan. The Company's CEO and MD, Brent Barnes has also elected to participate in the offer, subject to the requisite shareholder approval at the next convened General Meeting of shareholders. This level of staff participation is a positive confirmation of staff engagement and commitment to the Company and its technology. This means that 83% of employees will continue their normal working hours helping to maintain LBT's positive operational momentum including sales and commercial activities as well as the development of future APAS® analysis modules.

The offer price of \$0.10 per Share represents a 4% discount to the volume weighted average price for the 5 trading days prior to the Board approval of the Incentive Plan on 29 April 2020. Under the Incentive Plan, a participating LBT employee may elect to cease further participation with two weeks' notice. The maximum number of Shares that can be issued under this Incentive Plan is 1,028,094, with a maximum of 483,810 to be issued in the week beginning 27 July 2020 and 544,284 in the week beginning 28 September 2020. The issue of these Shares will be undertaken utilising available capacity under ASX Listing Rule 7.1.

The cost reductions implemented across the business, including a temporary reduction in Directors' fees, are now estimated to achieve the targeted overall reduction of 20% of operating costs. In undertaking this exercise, LBT has sought to balance the Company's needs to conserve cash whilst also maintaining its focus on further technology development and execution on existing sales prospects. The expenditure reductions, together with available cash of \$6.8 million reported at 31 March 2020 and the \$1.5 million received on 26 May 2020 under the recently extended South Australian Government loan facility, improves LBT's ability to manage through this period of global uncertainty.

LBT CEO and MD, Brent Barnes said:

"I would like to thank all employees for their ongoing commitment to the Company. Their support is a strong endorsement of the Company's strategy and progress made in commercialising the APAS® Independence.

It is really positive to have so many employees as shareholders of LBT, I believe this helps establish a strong connection between the Company and our shareholders as we seek to grow the business for the benefit of all stakeholders."

Approved for release by the Chair of the LBT Board.

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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 the culture plate streaking process. The Company's second product, the Automated Plate Assessment System (APAS®) is being commercialised through LBT's 50% owned joint venture company Clever Culture Systems AG (CCS) with Hettich Holding Beteiligungs- und Verwaltungs-GmbH. 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.

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