

STRATEGIC PLAN & ASSET REVIEW, WOUNDVUE™

KEY POINTS

- **Strategic review confirms priority is commercialisation of APAS® to achieve near term revenue**
- **Additional APAS® modules and extended technology applications are medium term revenue opportunities**
- **The Company is not taking up the CRC-P funding programme for WoundVue™ as previously announced – development paused and current funding is being targeted into APAS commercialisation.**
- **WoundVue™ remains a delivered capability demonstrating the ability to extend LBT's AI platform technology**
- **LBT remains fully funded through to break-even estimated in early 2020**

Adelaide, Australia, 6 June 2018: Australian medical technology company LBT Innovations Limited (ASX: LBT) (**LBT** or the **Company**), a leader in medical technology automation using artificial intelligence, announces that it has recently completed an updated strategic planning review.

Following the completion of the recent \$7.9m placement and SPP, the Company has been focussed on its commercial activities to drive shareholder value. As part of the review process, a number of strategic priorities have been identified and approved by the Board along with funding requirements over the short to medium term.

The most critical focus for the near term remains the commercialisation of the APAS® Independence instrument to deliver early revenues and lead to broader market adoption. The Company believes this is a critical step to deliver further shareholder value. The strategic objective remains revenues from APAS® Independence sales in 2018, leading to expected cashflow breakeven for the Company in early 2020.

As such, the ongoing development and support of applications in clinical microbiology remains the priority to ensure expanded clinical utility of the instrument in global markets. Secondary to this is utilising the already developed APAS® Independence instrument for possible use in broader sectors such as agriculture, which will require extending the Artificial Intelligence (**AI**) platform to read and interpret water and dairy specimens. This is in early stages of investigation from a commercial perspective.

The Company also conducted analysis on the WoundVue™ research and development programme where to date ~\$1.0m has been spent, primarily in technology development, market research and early development activities. This has resulted in a prototype device in use at the Central Adelaide Local Health Network and a body of intellectual property owned by the Company. The Company estimates considerable financial resources will be required to complete development of a commercial product, conduct clinical trials, navigate the regulatory pathway and then launch it commercially. While \$2.513m of funding was available for the WoundVue™ programme as part of the Cooperative Research Centre Projects (**CRC-P**) Grants Scheme, it was contingent upon an overall forecast project spend of up to \$10.9m over a three year period.

Based on this assessment, the Company has decided not to proceed with the project previously announced on 7th December, 2017 by the CRC-P. The Company has worked collaboratively with the CRC Advisory Committee reaching the final decision, and it is open for the Company to apply for future CRC-P applications.

The Company will consider co-developing with a commercial partner and licensing the technology to a partner if appropriate.

Brent Barnes, CEO and Managing Director commented:

“Our focus remains wholly on commercialising APAS to generate sales, cashflow and confidence in our business model. The WoundVue™ development programme demonstrates our AI platform technology can be extended which is a major asset to the Company and our shareholders. For now we are focused on achieving an immediate or near term commercial payback and being strategic about how we deploy our resources and further expand our product portfolio.”

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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 two world class-leading products in microbiology automation: MicroStreak®, which provides automated culture plate streaking and Automated Plate Assessment System (APAS®). Based on LBT's intelligent imaging and interpretative software, US FDA-cleared APAS® automates imaging, analysis and interpretation of culture plates following incubation. LBT has entered into a joint venture Clever Culture Systems AG (CCS) with Hettich Holding Beteiligungs- und Verwaltungs-GmbH to commercialise APAS® products. LBT's third product WoundVue® is in early development; this is a proposed automated solution to assist in the management of chronic wounds.

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