

QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 31 MARCH 2024

Adelaide, Australia, 30 April 2024: Australian medical technology company LBT Innovations Limited (ASX: LBT) (**LBT** or the **Company**), a leader in microbiology automation using artificial intelligence, is pleased to release its Appendix 4C – Quarterly Cashflow report and business update for the quarter ended 31 March 2024 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Key Highlights

- **Primary validation of APAS® PharmaQC for settle plates completed – Product launched**
- **First sales completed for APAS® PharmaQC product – Thermo Fisher and NovaCina¹**
- **Company executing on strategy to maximise opportunity in the biopharmaceutical market**
- **Increasing sales and marketing focus to create growing pipeline of opportunities**
- **31 March 2024 cash balance of \$2.5 million**

Regarding the Quarter, Brent Barnes, CEO and Managing Director said:

“The successful completion and release of our APAS® PharmaQC product was completed on track and aligned with the project schedule agreed with AstraZeneca under the development program. To have also completed our first sales ahead of original expectations is a clear indicator of the market opportunity for our technology.”

The commercial progress achieved over the last 6 months in the biopharma market reflects a positive shift for the Company where future APAS® Independence sales are expected to be driven by our biopharma customers. Following this initial success and market interest, we are now focussing our efforts on progressing the AstraZeneca multi-site opportunity through its internal validation, finalising installation agreements for new validations, expanding our reach into the influential top 20 pharmaceutical companies, and building wider product awareness and lead generation. The next 6 months will be important period for the Company in establishing a solid platform for sales growth.”

Commercialisation & Product Development

APAS® PharmaQC product completion and first sales

During the Quarter, the Company successfully finalised the development of its APAS® PharmaQC analysis module for the automated reading of settle plates used in pharmaceutical environmental monitoring. The development was concluded with the successful primary validation of the analysis module which importantly establishes a body of evidence supporting its performance as an alternative microbiology method. The technology is now commercially ready and available for sale globally, with no further regulatory clearances required.

Completion of the primary validation, and formal release of the product, also finalises the development project with AstraZeneca Plc (**AstraZeneca**). AstraZeneca will now undertake an internal secondary validation of the system within its own manufacturing processes, scheduled to be completed in the September quarter with a planned roll out of the APAS® Independence to commence thereafter, subject to the results of their validation.

In anticipation of successfully completing the development of APAS® PharmaQC, the Company has been actively building interest in the pharmaceutical industry since October 2023, with the expectation of setting the foundation for initial sales to other pharmaceutical companies to follow any roll out by AstraZeneca. These early sales opportunities have progressed quicker than expected, with the first sale to the contract drug manufacturer (**CDMO**), Thermo Fisher Scientific Inc (**Thermo Fisher**), announced in February 2024. This has been followed by a further sale to Perth-based CDMO, NovaCina¹, completed

¹ The sale to Novacina was completed subsequent to the end of the Quarter as announced on 29 April 2024 - <https://www.lbtinnovations.com/wp-content/uploads/APAS-PharmaQC-Sale-to-NovaCina.pdf>

subsequent to the end of the Quarter. LBT has also advanced several other sales opportunities which appear likely to progress to internal secondary validations in the coming two quarters.

APAS® PharmaQC market development

It is common practice in the pharmaceutical industry for prospective customers to request primary validation performance data early in the sales process. As such, the completion of the primary validation report for the APAS® PharmaQC product opens the way to wider marketing and sales activities. This has included a focussed initiative to build awareness and positioning of the product through engagement at targeted pharmaceutical conferences and events.

During the Quarter, the Company attended and presented at multiple pharmaceutical microbiology events focussing primarily on the European and the United States markets. This included the presentation of the APAS® PharmaQC technology to the influential BioPhorum working group for Alternative and Rapid Microbiology Methods and demonstration of the system at AstraZeneca's UK site as part of the Pharmig Modern Micro Methods event in February.

Following the launch of the APAS® PharmaQC product and positive momentum received from customers in the biopharmaceutical market, the Company has made the decision to accelerate sales by prioritising its sales teams' efforts on developing new opportunities with pharmaceutical customers. This has been done to optimise current sales resources and focus efforts on developing the commercial opportunity in the biopharmaceutical market which the Company expects to be the primary driver for future sales growth.

Clinical sales and distribution strategy

Given the slower than expected sales in the clinical market and the shift in priorities for the Company's sales team towards the biopharmaceutical market, the Company has commenced discussions with Thermo Fisher to explore alternate distribution and sales models. The objective is to maximise the execution of opportunities in a cost-effective manner.

APAS® Independence instrument service strategy

LBT expects accelerated placements and sales of APAS® instruments for the biopharmaceutical market which is managed directly by the Company from a sales, installation and service perspective. The existing installed base of APAS® instruments for the clinical market is currently managed by Thermo Fisher. Giving consideration to both markets and the growth expectations for the biopharmaceutical market, the Company is in discussions with Thermo Fisher to streamline and consolidate servicing of all instruments to LBT. The Company expects the change will positively impact revenue and margins with the growing installed base.

Financial & Corporate

Financial Summary

For the Quarter, the Company had total net cash outflows for the Quarter of \$0.7 million, represented by:

- net cash outflows from Operating and Investing activities of \$1.1 million, which included \$0.3 million in receipts from customers for analysis module renewals and development funding from AstraZeneca;
- net cash inflows from Financing activities of \$0.4 million, largely being the proceeds from the exercise of options;
- These cashflow movements in the quarter resulted in a reported consolidated cash balance of \$2.5 million as at 31 March 2024.

Other expected sources of funding in the near term include \$0.3m in debtors at 31 March 2024, \$0.5 million from the CTCM grant and customer receipts in the next quarter, \$0.6 million to \$0.8 million for the Research and Development Tax Incentive in the September quarter, together with proceeds from any sales to customers. In addition, the outstanding listed options at 31 March 2024 are as follows:

- 410,125,237 listed options with an exercise price of \$0.005 (ASX: LBTO) that if fully exercised, prior to their expiry date of 15 September 2024, would raise proceeds of \$2.1 million, with \$0.8 million of these proceeds committed to part repayment of the loan from the South Australian Government.

- 414,135,192 listed options with an exercise price of \$0.008 (ASX: LBTOA) that if fully exercised, prior to their expiry date of 15 November 2025, would raise \$3.3 million, with \$1.0 million of these proceeds committed to the final repayment of the loan from the South Australian Government.

Cashflows for the Quarter include related party payments of \$127,000 to Directors, comprising the Managing Director's salary and Non-Executive Directors' fees.

Outlook

Biopharmaceutical sales activation – Increasing focus on market development and lead generation

The Company will continue to increase its sales and marketing efforts for the APAS® PharmaQC in the biopharmaceutical sector with a particular focus on:

- **AstraZeneca:** the Company is working closely with AstraZeneca to support their internal validation of APAS® PharmaQC, expected to be completed in the September quarter, as a precursor to their planned roll out commencing in the December quarter. In addition to this sales opportunity, AstraZeneca's roll out of the APAS Independence will cement a powerful key opinion leader utilising the instrument across multiple sites.
- **Early Adopter Focus:** The Company has also developed an Early Adopter Program to accelerate the placement of APAS® PharmaQC with other key opinion leaders to further demonstrate the performance of the system and establish broader credibility for the technology.
- **Industry Conferences:** Building awareness and new lead generation through participation and promotion of APAS® PharmaQC at industry conferences. Over the next 6 months the Company has identified a program of high impact biopharma events to attend and exhibit APAS® PharmaQC, including Parenteral Drug Association (**PDA**) events in Europe and United States, as well as the PharmaLab and PharmIG events in Europe.

Investor Conference Call

The Company will hold a conference call at **9.00am AEST on Wednesday 8th May 2024** 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_W1djcM2kT0Wo2FrpCUm_VA

A Q&A session will be held at the end of the conference call, to participate in this, you will need to join the conference via a 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.

Approved for release by the LBT Board.

– ENDS –

About LBT Innovations

LBT Innovations (LBT) provides intelligent automation solutions to microbiology laboratories. Based in Adelaide, South Australia, the Company has developed a best-in-class technology, the Automated Plate Assessment System (APAS® Independence), using artificial intelligence and machine learning software to automate the imaging, analysis and interpretation of microbiology culture plates. 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). The product is currently being sold to microbiology laboratories in the pharmaceutical manufacturing sector for the reading of environmental monitoring culture plates and to

clinical laboratories as an in vitro diagnostic for infectious diseases. Thermo Fisher Scientific, Inc is exclusive distributor of the APAS® Independence to clinical customers 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

95 107 670 673

Quarter ended ("current quarter")

March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..9....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	266	865
1.2 Payments for		
(a) research and development	(174)	(316)
(b) operating costs & manufacturing	(253)	(873)
(c) advertising and marketing	(17)	(78)
(d) short term leases		
(e) staff costs	(856)	(2,560)
(f) administration and corporate costs	(124)	(554)
1.3 Dividends received (see note 3)		
1.4 Interest received	30	37
1.5 Interest and other costs of finance paid	(21)	(89)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	1,073
1.8 Other		
1.9 Net cash from / (used in) operating activities	(1,149)	(2,495)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	-	(2)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..9....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	-	(2)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,540
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options	483	487
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(47)	(546)
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 (Repayment of lease principal)	(49)	(144)
Other (Repayment of share placement facility)	-	(1,380)
3.10 Net cash from / (used in) financing activities	387	2,957

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,242	2,020
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,149)	(2,495)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..9....months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	387	2,957
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,480	2,480

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	1,700	1,482
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	780	1,760
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,480	3,242

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	(127)
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.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>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.</i>		
7.1 Loan facilities	1,743	1,743
7.2 Credit standby arrangements	50	15
7.3 Other (please specify)		
7.4 Total financing facilities	1,793	1,758
7.5 Unused financing facilities available at quarter end		35
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.	
	<p><u>Item 7.1</u> 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 previously being repaid by fixed quarterly instalments of \$256,000, with the final payment due May 2025. In the December 2023 Quarter, the Company received written approval from the Government to restructure the loan facility whereby Quarterly repayments have changed to interest only, with the principal repayments deferred to:</p> <ul style="list-style-type: none"> • \$0.87 million payable on 30 April 2026; and • \$0.87 million payable on 31 October 2026. <p>The loan restructure includes an early repayment clause contingent on future proceeds being received by LBT for the exercise of options that were issued under the Partly Underwritten Entitlement Offer (refer ASX announcement 13 October 2023):</p> <ul style="list-style-type: none"> • LBT will retain the first \$1.0 million of such options exercised (ASX: LBTO, expiring September 2024), with the remainder of any proceeds to be applied to an early prepayment of the loan to a maximum of \$790,000; and • Any proceeds from the exercise of such options (ASX: LBTOA, expiring November 2025) will be applied as a further early repayment of the loan that, if sufficient, will extinguish the remaining debt of \$950,000. <p>The SA Government continues to hold a first ranking general security.</p> <p><u>Item 7.2</u> is a corporate credit card facility which is paid off in full each month.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,149)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,480
8.3 Unused finance facilities available at quarter end (item 7.5)	35
8.4 Total available funding (item 8.2 + item 8.3)	2,515
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.2
<i>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.</i>	

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:

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:

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:

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: 30 April 2024

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.