

## QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 30 SEPTEMBER 2023

**Adelaide, Australia, 26 October 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 30 September 2023 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

### Key Highlights

- **APAS® PharmaQC performance demonstrated in pilot validation program**
  - **First performance data from AstraZeneca installation – 100% sensitivity for growth detection**
  - **New data released at major US pharmaceutical microbiology conference, PDA Micro 2023**
- **R&D Tax Incentive of \$848,673 received**
- **Cash balance of \$1.6 million at 30 September 2023**

### Subsequent to the Quarter:

- **The launch of a renounceable entitlement offer capped at \$4.5 million and underwritten to \$3.025 million**
- **Full repayment of \$1.38 million outstanding debt under the Share Placement Facility**

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

*“Our development program for APAS® PharmaQC continues to progress to schedule with promising performance data generated through our partnership with AstraZeneca. Understanding the sales process for capital equipment takes time, we have commenced a measured business development program ahead of a formal product launch. The feedback we are receiving from customers, directly and at conferences, is encouraging and gives us confidence in our outlook for this market.*

*Subsequent to the Quarter, we launched a partly underwritten \$4.5 million entitlement offer which provides priority to existing shareholders. The proceeds of the entitlement offer will provide funding to the business whilst we are progressing the APAS® PharmaQC product and market development. The product development is expected to be completed during the second Quarter of the 2024 calendar year, with sales expected in the second half of that year”.*

### Commercialisation & Product Development

#### *APAS® PharmaQC – Preliminary performance data demonstrates 100% sensitivity for growth detection*

The APAS® PharmaQC development project with AstraZeneca has continued to progress to schedule with the Company meeting a number of milestones for the analysis module and software development during the Quarter. The preliminary testing of the technology is largely complete with positive performance demonstrating suitability for the application. The Company has now commenced the process of collecting data for the formal validation of the technology.

As part of the testing, a study was completed at AstraZeneca’s facility, assessing the ability of APAS® PharmaQC to detect microbial growth, when compared with manual reading by a microbiologist. The study was completed on >1,500 plates collected during AstraZeneca’s routine environmental monitoring process. APAS® PharmaQC achieved 100% sensitivity for microbial growth detection, and identified an additional plate with growth that was missed by manual reading. The results were extremely positive and demonstrated the potential of the technology for this application.

In October, the Company attended the Parenteral Drug Association Annual Pharmaceutical Microbiology conference (**PDA Micro 2023**) held in Washington DC, United States. During the conference, the Company had a booth, providing attendees the opportunity to meet with the Company and observe virtual demonstrations of the technology. This was the first time the

Company has exhibited APAS® PharmaQC commercially at a pharmaceutical microbiology industry event. Feedback from delegates was positive, with additional performance data from LBT's pilot secondary validation study released during the conference.

### *Clinical sales and distribution update*

The sales traction with clinical customers continues to progress slowly with the Company facing challenging market conditions. Hospitals continue to impose budget restrictions for new capital purchases as they recover operationally post-Covid. The APAS® Independence therefore has to compete for investment prioritisation across many different departments within the healthcare administration. To overcome these challenges, the Company, with its exclusive distributor, Thermo Fisher Scientific, Inc (**Thermo Fisher**), has put in place a number of procurement options for customers that remove the need for upfront capital investment. The Company is seeing some interest in these alternate financing models, but still expects the sales cycle with procurement to take some time to complete.

Despite these challenges, the Company continues to receive positive interest in the technology and the value it offers to the laboratory. In August, the Company completed a successful installation with a major reference laboratory group in the United States. In Europe momentum is building with Thermo Fisher and the Company is starting to see an increasing number of tender opportunities.

## **Financial & Corporate**

### *Shareholder entitlement offer – LBT seeking to raise \$4.5 million, Underwriting commitment of ~\$3 million*

The Company is seeking to raise up to \$4.5 million (before costs) through a 4 for 1 pro rata partially underwritten renounceable entitlement offer at the price of \$0.005 per New Share with the offer of 1 attaching Option for every 1 New Share issued (**Entitlement Offer**). The issue price of Shares under Entitlement Offer represents a 55% discount to the closing price of \$0.011 for LBT's Shares on 12 October 2023, the last trading day prior to the announcement of the Entitlement Offer.

The Company has received an underwriting commitment of approximately \$3 million. These include commitments from a number of sub-underwriters including, CEO, Brent Barnes, Chair Rebecca Wilson and Director, Damian Lismore.

Full details of the Entitlement Offer can be found in the Prospectus, available on the Company's website: <https://www.lbtinnovations.com/wp-content/uploads/Target-Market-Determination-Option-Issue-1.pdf>

### *Full repayment of Share Placement Facility*

Subsequent to end of the Quarter, the Company completed the full repayment of the outstanding debt owing under the Share Placement Agreement with Lind Global Fund II, LP (**Facility**). To date, the Company had issued \$0.32 million in Shares under the Facility. The Company exercised its right to repay the remaining \$1.38 million in cash. The full repayment of the amount outstanding under the Facility terminates the Share Placement Agreement.

### *Financial Summary*

As a result of inflows from customers, receipt of the Research & Development Tax Incentive and continued cost management, the total net cash outflows for the Quarter was just \$0.4 million, summarised as follows:

- net cash outflows from Operating and Investing activities of \$0.3 million which included \$0.3 million in receipts from customers and \$0.8 million receipt for the Research & Development Tax Incentive;
- net cash outflows from Financing activities of \$0.1 million, noting the South Australian Government again granting a deferral of the usual \$0.2m quarterly loan repayment otherwise due in the Quarter; and
- resulting in a consolidated cash balance of \$1.6 million as at 30 September 2023.

In addition to the cash balance, in the next two quarters the Company expects to continue to receive the AstraZeneca funding for the APAS® PharmaQC development, receipts from sales and the proceeds from the Entitlement Offer.

Cashflows for the Quarter include related party payments of \$140,000 to Directors, comprising the Managing Director's salary and Non-Executive Directors' fees.

## Outlook

### *APAS® PharmaQC product development execution and commercial activation*

The Company's focus from an R&D perspective will be to continue to execute the APAS® PharmaQC analysis module development in accordance with the schedule agreed with AstraZeneca. This is important to not only ensure delivery against the agreed timeline, but also to achieve ongoing revenues under the partnership.

The next steps of the development program will focus on formal primary validation of the technology performed by the Company, demonstrating the technical performance of the product against a number of criteria aligned with pharmacopeial requirements. The Company expect to complete this work over the next 3-6 months ahead of formal product release of the analysis module planned for H1 2024.

In parallel the Company is steadily focusing on a business development program to build a pipeline of sales opportunities ahead of having a fully Validated product available. The Company's strategy is to be highly targeted, focussing on "Big Pharma" companies and Contract Drug Manufacturers who represent large opportunities with the potential for multi-instrument sales over time. To date the Company has active engagement with 12 of the top-20 Pharma companies by revenue.

As part of the business development program, the Company expects to increase its presence at pharmaceutical laboratory conferences. The Company will have a booth at the upcoming PharmaLab Congress in Dusseldorf (20-22 November). This is one of the leading events for pharmaceutical microbiology held annually in Europe. During this year's event, AstraZeneca has been accepted to present and share their experience with APAS® PharmaQC as part of a series on Alternative and Rapid Microbiological Methods. The session is titled "Automated Environmental Monitoring Plate Reading Powered by AI", covering the following topics:

- Overcoming Automated Plate Reader Challenges using AI
- Proof of concept and validation approach
- Future process state for EM plate reading
- Key points for Industry and Regulatory acceptance

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**

<b>LBT Innovations</b>
<b>Brent Barnes</b> Chief Executive Officer & Managing Director Tel: +61 8 8227 1555 E: <a href="mailto:info@lbtinnovations.com">info@lbtinnovations.com</a>

## 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")**

September 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (..3....months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	306	306
1.2 Payments for		
(a) research and development	(78)	(78)
(b) operating costs & manufacturing	(380)	(380)
(c) advertising and marketing	(25)	(25)
(d) short term leases		
(e) staff costs	(760)	(760)
(f) administration and corporate costs	(225)	(225)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(30)	(30)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	849	849
1.8 Other		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(341)</b>	<b>(341)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..3....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)		
<b>2.6 Net cash from / (used in) investing activities</b>	-	-

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
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	(26)	(26)
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)	(48)	(48)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(74)</b>	<b>(74)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,020	2,020
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(341)	(341)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (..3....months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(74)	(74)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,605</b>	<b>1,605</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,445	1,860
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	160	160
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,605</b>	<b>2,020</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(134)
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.	<b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	<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	2
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>	1,793	1,745
7.5	<b>Unused financing facilities available at quarter end</b>		48
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>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. During the Quarter, the South Australian Government agreed to defer the principal repayments by 3 months, with the final quarterly repayment now due May 2025. The SA Government has a first ranking general security.</p> <p>Item 7.2 is a corporate credit card facility which is paid off in full each month.</p> <p>In the quarter ended March 2023, LBT received \$1,500,000 cash proceeds (before costs) from Lind Global Fund II, LP (Lind), and in return LBT has an obligation to issue shares to Lind to the total value of \$1,700,000 as subscription notices are received from Lind over the year term of the agreement.</p> <p>During the Quarter ended 30 September 2023, LBT received two subscription notices, with shares issued to Lind to the value of \$160,000, leaving a remaining face value of \$1,380,000.</p> <p>Subsequent to the quarter ending September 2023, LBT exercised its right under the agreement to repay the remaining balance of \$1,380,000 in cash. As such, the agreement is now terminated and there will be no further share issuances under the agreement.</p>		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(341)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,605
8.3	Unused finance facilities available at quarter end (item 7.5)	48
8.4	Total available funding (item 8.2 + item 8.3)	1,653
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	4.8 *
	<p><b>* The result of the calculation is not considered an appropriate indicator of the number of quarters funded, as the September 2023 quarter included the receipt of the R&amp;D Tax Incentive (RDTI) of \$849,000. Removing the RDTI receipt, total net cash outflows would have been (\$1,190,000) and the above calculation would indicate an ending cash balance representing 1.4 quarters of funding.</b></p> <p><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></p>	

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: Yes the Company expects to have a similar level of net operating cashflows, subject to the level of sales achieved.

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: On 13 October 2023, the Company announced a renounceable rights issue seeking to raise \$4,500,000, underwritten to an amount of \$3,025,000. Proceeds are expected to be received in November 2023.

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: Based on the partly underwritten rights issue, the Company expects to continue its operations and to meet its business objectives.

*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.

26 October 2023

Date: .....

the Board of Directors

Authorised by: .....  
(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.