



QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 30 JUNE 2023

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

Key Highlights

- **MedTech leader Ms Rebecca Wilson appointed Chair of the Board of Directors**
- **AstraZeneca receive 1st APAS[®] Independence for APAS[®] PharmaQC program**
- **EU Urine Analysis Module receives IVDR CE Mark certification in Europe**
- **30 June 2023 cash balance of \$2.0 million**
- **Net operating outflows were \$0.9m in the Quarter and \$1.3 million for the full financial year**

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

“With a firm focus on commercial activation, the Company has refocused its internal resources on the development of its environmental monitoring product APAS[®] PharmaQC, with the aim of launching by the end of the 2023 calendar year. Delivery of technical milestones enable us to receive funding through our agreement with AstraZeneca and we are pleased to be on-track with our development collaboration, with meaningful progress achieved during the Quarter.

A targeted commercialisation focus on the pharmaceutical market continues to progress well and we now view this as our major driver for Company growth in the coming years, adding to the Clinical market sales channel.

As reported last quarter, challenging economic factors for clinical microbiology laboratories continue to be observed, with some restriction on capital expenditure, and purchasing decisions delayed. However, we remain confident in the product proposition of APAS[®] Independence and the benefits it delivers to laboratories. Our commercial partner Thermo Fisher continues to invest in sales and marketing initiatives and are reporting expanded sales opportunities in the pipeline, and importantly customers progressing through the sales process to advanced consideration.”

Commercialisation & Product Development

APAS[®] PharmaQC – Project delivery progressing to schedule

As part of the company’s commercialisation strategy to expand the market opportunity for APAS[®], the Company’s product development priority for the Quarter has been to progress the new APAS[®] PharmaQC analysis module for environmental monitoring and meet the project milestones agreed with AstraZeneca. The original proof-of-concept analysis module has evolved to support additional media manufacturers and deliver enhanced colony counting performance required for the application. In April, an APAS[®] instrument was shipped to AstraZeneca for real-world data collection and to support the overall technology development process. The project has progressed on schedule and the Company will now commence a preliminary testing phase, before entering formal validation.

The Company has continued to increase its business development activities within the pharmaceutical market engaging with potential customers and partners for the technology. The response has been highly positive with the product clearly addressing an unmet need in the market and aligning with regulatory drivers for greater data integrity within environmental monitoring processes.

Sales and Distribution Update

There has been a focused push on marketing activities for the APAS® Independence with the Company's Exclusive Distribution partner, Thermo Fisher Scientific (**Thermo Fisher**) in both the European and United States markets. In Europe, Thermo Fisher presented the APAS® Independence at the European Congress of Clinical Microbiology and Infectious Diseases (ECCMID) in Copenhagen (April 15 – 18) as part of an official launch campaign for the region. This was followed by a scientific webinar featuring LBT's Scientific Director, Dr Steven Giglio, and APAS® user, Dr Ulrike Schumacher from the Limbach Group in Germany. In the United States, the APAS® Independence was on display, on the Thermo Fisher booth, at the annual American Society of Microbiology Conference (ASM Microbe) in Texas (June 15-19). This has generated new leads for the APAS® Independence, building a sales funnel of over 110 qualified opportunities, including 20-30 advanced sales opportunities¹.

Sales traction has been slower than expected with hospital budget restrictions creating a challenging market environment for capital equipment sales. To overcome these headwinds, the Company, in partnership with Thermo Fisher, has established alternate financing structures for presentation to laboratories that are aimed to streamline the purchasing process. There are several current opportunities where this strategy is being pursued, with a goal of advancing procurement into CY2023.

In addition, the Company has increased its focus on the larger reference laboratory groups, whose purchasing processes are not directly tied to hospital administration budgets. This has the added benefit of creating multiple APAS® Independence sales opportunities if the technology is identified as a solution that can be implemented across their network.

IVDR CE Mark for EU Urine analysis module and APAS® Compact Update

In June, the Company received CE Mark certification for the APAS® Independence with EU Urine analysis module under the new In-Vitro Diagnostics Regulation (IVDR) in Europe. This followed the clearance for the Company's MRSA analysis module received in March-23, and means the Company now has analysis modules available for sale in Europe that cover the two most important clinical culture plate applications in the market.

In June, LBT agreed a 6-month extension to the APAS® Compact project delivery with MTPConnect's CTCM program. The extension has allowed the Company to focus on achieving near-term deliverables for its APAS® PharmaQC product development, whilst maintaining access to the full \$1.5 million available under the CTCM program.

Financial & Corporate

New Chair Appointment – Rebecca Wilson appointed as Chair of the Board

In July, LBT appointed Ms Rebecca Wilson, as Chair of the LBT Board. Ms Wilson brings a high level of experience and expertise to the Company, having spent over 25 years' working in the MedTech sector as both an executive advisor and in Non-Executive Director positions.

Financial Summary

As a result of inflows from customers, alternative sources of funds and cost management, the total net cash outflows from Operating and Investing activities for the full year ending 30 June 2023 was \$1.6 million, funded by net inflows from financing activities of \$0.8 million. The net cash outflows for Operating and Investing activities is significantly lower than the \$6.2 million for the prior year ended 30 June 2022.

For the Quarter, the Company had total net cash outflows for the Quarter of \$1.0 million:

- net cash outflows from Operating and Investing activities of \$0.9 million which included \$0.6 million in receipts from customers;
- net cash outflows from Financing activities of \$0.1 million, noting the South Australian Government granting a deferral of the usual \$0.2m quarterly loan repayment otherwise due in the Quarter; and

¹ Qualified Leads = Established customer relationship and APAS® buying criteria met; Advanced Sales Opportunities = Evaluation phase or further

- a reported consolidated cash balance of \$2.0 million as at 30 June 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, the F23 Research & Development Tax Incentive and receipts from sales.

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

First APAS® PharmaQC performance data and launch at global conferences

The Company's development priority will continue to be on executing the APAS® PharmaQC product development in line with the delivery schedule agreed with AstraZeneca. Over the next couple of months, the product development will move into a formal internal validation phase before being released to AstraZeneca. Through this process, the Company expects to generate the first detailed data outlining the product performance.

Over the next 6-months, the Company will continue to increase its business development activities within the pharmaceutical market. As part of this, the Company expects to conduct a pre-launch of the product at global pharmaceutical microbiology conferences in the United States and Europe ahead of having the product available at the end of the 2023 calendar year.

Focussed delivery on APAS® Independence sales execution

In the clinical market, the Company remains highly focussed on sales execution and supporting Thermo Fisher in the United States and Europe to progress existing opportunities. In particular, the Company will work with Thermo Fisher to concentrate efforts on the 20-30 advanced sales opportunities that exist within the sales pipeline.

Investor Conference Call

The Company will hold a conference call at **9.00am AEST on Tuesday 8th August 2023** 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_BI-7Hko5RnKfmOaddb1cMw

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) 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

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")

June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..12....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	586	3,803
1.2 Payments for		
(a) research and development	(27)	(176)
(b) operating costs & manufacturing	(618)	(1,885)
(c) advertising and marketing	(23)	(77)
(d) short term leases		
(e) staff costs	(678)	(3,663)
(f) administration and corporate costs	(116)	(637)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	18
1.5 Interest and other costs of finance paid	(27)	(118)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	27	1,429
1.8 Other		
1.9 Net cash from / (used in) operating activities	(872)	(1,306)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(4)	(6)
(d) investments		
(e) intellectual property	(90)	(299)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..12....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	(94)	(305)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,002
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	(29)	(259)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	-	(721)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (Repayment of lease principal)	(46)	(179)
3.10 Net cash from / (used in) financing activities	(75)	843

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,061	2,788
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(872)	(1,306)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(94)	(305)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..12....months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(75)	843
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,020	2,020

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	1,860	2,901
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	160	160
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,020	3,061

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	(140)
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	7
7.3	Other (please specify)		
7.4	Total financing facilities	1,793	1,750
7.5	Unused financing facilities available at quarter end		22
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>Item 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 repayment now due 21 February 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 two following years. For further information, refer to the ASX Announcement of 20 March 2023. During the Quarter ended 30 June 2026, LBT received the first two subscription notices, with shares issued to Lind to the value of \$160,000, leaving a remaining face value of \$1,540,000.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(872)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,020
8.3	Unused finance facilities available at quarter end (item 7.5)	22
8.4	Total available funding (item 8.2 + item 8.3)	2,042
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.3 *
	<p>* The result of the calculation is not considered an appropriate indicator of the number of quarters funded, as it does not include the quarterly loan repayments of \$256,000. However, the Company expects to have sufficient cash to fund the business for two quarters, subject to the achievement of sales.</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: The Company expects to maintain or reduce the current level of net operating cashflows over the next two Quarters, subject to the achievement of sales and receipt of the expected Research & Development Tax Incentive (RDTI).

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: The Company is progressing capital raising alternatives.

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: The Company expects to continue in operations and meet its business objectives for the next two quarters through available cash at the end of the quarter of \$2.0 million plus its expected RDTI receipt, debtor receipts, further income from the AstraZeneca funded development of APAS PharmaQC, and expected instrument sales. The Company is also progressing its capital raising alternatives.

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 July 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.