

QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 31 MARCH 2023

Adelaide, Australia, 28 April 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 31 March 2023 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Key Highlights

- **Three APAS® instruments shipped to customers during the Quarter**
 - **Two instruments for clinical applications in Europe**
 - **One instrument shipped to AstraZeneca for support APAS® Pharma validation**
- **APAS® Independence launched by Thermo Fisher at leading global conference**
- **APAS® Pharma formal product development program commenced with AstraZeneca**
- **\$1.5 million new equity raised**
- **31 March 2023 cash balance of \$3.1 million**
- **Net operating outflows were \$0.3m in the Quarter and \$0.4 million YTD**

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

“The Company has created an opportunity to disrupt a large market across two major global microbiology segments. In the clinical market, our product remains unique and with Thermo Fisher we are making steady commercial progress. The pharmaceutical market is a game-changer for the Company, and we are focused on delivering product development milestones that are linked to funding through our agreement with AstraZeneca. We are targeting to ship at least one instrument to another pharmaceutical customer in 2023 as part of the plan to run development and commercialisation in parallel. A “land and expand” sales strategy has the potential to quickly expand APAS® sales once product development is complete.

Pleasingly, our focus on cost management has delivered net operating cash outflow of \$0.3m in the Quarter and \$0.4 million year to date.”

Commercialisation & Product Development

The Company is focussed on activities that deliver revenue and cash inflows. During the Quarter, LBT shipped three APAS® instruments to customers, including an instrument to AstraZeneca to support APAS® Pharma development. Product development for the new APAS® Pharma product line commenced in January 2023 and delivers revenues as milestones are achieved, under the agreement with AstraZeneca and Thermo Fisher. These development activities delivered \$0.2m of cash inflows for the Quarter, with a further \$0.9m expected through to December 2023 (upon the delivery of development milestones).

APAS® Independence sales and distribution update

Following the appointment of Thermo Fisher Scientific (**Thermo Fisher**) as Exclusive Distributor for Europe in December 2022, the Company has been focussed on supporting their product launch for the region. The initial priority has been to deliver a series of product training initiatives with Thermo Fisher’s sales teams across Europe and initial customer account

qualification and handover to build the sales pipeline. As part of the product launch, Thermo Fisher purchased a demonstration APAS® instrument to be used at conferences and for customer evaluations.

In April, Thermo Fisher held an official launch event for the APAS® Independence at the European Congress of Clinical Microbiology and Infectious Diseases (ECCMID) in Copenhagen (April 15 – 18). This included a number of APAS® focussed customer events, as well as having the APAS® Independence instrument on display at their booth.

A direct sale was completed during the Quarter to Labor Dr Wisplinghoff, who purchased the first APAS® Independence in Europe in 2020. This sale is the second full production instrument purchased to support their routine laboratory testing.

In the United States, the market is experiencing challenging economic factors causing laboratories to impose restrictions on capital allocations for new equipment. Procurement strategies have been established during the Quarter to offer customers various financing options aimed to address these market headwinds. Sales conversion remains the priority, with steady, yet slower than expected sales traction due to observed market conditions during the Quarter.

Analysis module development – IVDR CE Mark for MRSA analysis module

The Company has continued to progress its analysis module development for clinical applications. In March, the Company received it's updated CE Mark for the APAS® instrument and MRSA analysis modules under the new In-Vitro Diagnostics Regulation (IVDR) in Europe. Companies are required to comply with the new IVDR in order to maintain regulatory status and sell products into Europe.

In April, the Company presented new clinical data for the APAS®-AMR module for antimicrobial susceptibility testing at the ECCMID conference. The data, presented by LBT's key opinion leaders, highlighted the accuracy of the technology and potential to deliver workflow efficiencies to laboratories.

APAS® Pharma product development – Project funded by global partners

In January, the Company partnered with AstraZeneca to develop a new APAS® analysis module for environmental monitoring. Environmental monitoring is an essential and critical process for sterility assurance of sterile drug manufacturing. The full development project is progressing to schedule, with an APAS® instrument delivered to AstraZeneca in April to be used for real-world data collection and formal validation of the technology. The APAS® Pharma project includes funded product development by Thermo Fisher, to support their culture plate media for the pharmaceutical application.

The Company has commenced active business development in the Pharmaceutical market, initially targeting “Big-Pharma” companies that have a strategic initiative for implementing automation across their environmental monitoring processes. The Company has appointed a pharmaceutical consultant with global experience to support the Company's go-to-market strategy for this new industry vertical. During the Quarter, a number of face-to-face and virtual meetings with targeted industry stakeholders were successfully completed, generating strong interest in the APAS® Pharma product.

APAS® Compact – Market research conducted shows high product potential

During the Quarter, the Company completed a voice of customer research study to better understand the market opportunity for a smaller APAS® instrument targeted specifically at lower volume laboratories. The market research was overwhelmingly positive and was delivered on schedule, with progress payments received through MTPConnect's Clinical Translation and Commercialisation Medtech (CTCM) program. With the current focus on revenue generating activities (product sales and funded APAS® Pharma development), the Company is contemplating how to manage execution of near-term next steps of the project and has initiated discussions with CTCM stakeholders on ways to progress the Government grant.

Financial & Corporate

\$1.5 million raised to support pharmaceutical commercialisation and EU expansion

In March, the Company completed a \$1.5 million share placement with Lind Global Fund II an entity managed by New York-based The Lind Partners (together “Lind”). The placement provides additional funding to support the Company’s commercialisation efforts in the pharmaceutical market and the expanded distribution agreement with Thermo Fisher for Europe.

The Company continues to manage costs closely

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 nine months ending 31 March 2023 was \$0.6 million, funded by net inflows from financing activities of \$0.9 million.

For the Quarter, the Company had total net cash inflows for the Quarter of \$0.5 million:

- net cash outflows from Operating and Investing activities of \$0.5 million which included \$1.1 million in receipts from customers. Outflows included \$0.4 million in inventory purchases;
- net cash inflows from Financing activities of \$1.0 million, reflecting the \$1.5m proceeds received from the Lind share placement less \$0.5m for the quarterly loan repayments for the SAFA loan and capital raising costs; and
- a reported consolidated cash balance of \$3.1 million as at 31 March 2023.

In addition to the cash balance at 31 March 2023, in the next two quarters the Company expects to continue to receive the AstraZeneca funding for the APAS® Pharma development, the F23 Research & Development Tax Incentive and receipts from sales.

Cashflows for the Quarter include related party payments of \$90,000 to Directors, comprising the Managing Director’s salary and Non-Executive Directors’ fees. Directors agreed to receive payment in the form of LBT Shares (subject to approval at the Company’s next AGM), in lieu of cash that would have otherwise been paid during the Quarter.

Future Outlook

LBT’s focus will remain on revenue generating activities in the following two categories:

1. APAS® Independence product sales in the clinical microbiology market through Thermo Fisher; and
2. Funded product development of APAS® Pharma – leading to potential sales in a new market vertical.

Clinical market: APAS® Independence product sales

The Company will continue to support Thermo Fisher’s sales teams in the United States and Europe with a goal of improving conversion of sales from the growing sales funnel. This will include ongoing training activities and supporting customer workflow assessments and evaluations for advanced opportunities. In June, the Company will attend the annual American Society of Microbiology - Microbe conference, the largest US microbiology conference of the year.

Analysis module development for the European Urine analysis module will progress and it’s expected the documentation dossier will be completed and sent to the European Authorised Representative in early July 2023. CE-IVDR certification for the European Urine analysis module is expected shortly after the dossier is submitted which is an important deliverable that supports sales in Europe.

Pharmaceutical market: APAS® Pharma product development

APAS® Pharma will continue to be the priority for the Company’s product development teams, who are working to a delivery schedule agreed with AstraZeneca. Funding is linked to the successful delivery of milestones and therefore product development is an important activity for cash inflows. Market research will commence to seek broader customer workflow

information aimed to ensure industry wide product requirements are incorporated into product development of the technology. The Company expects to have the APAS® Pharma product available for evaluation in the fourth Quarter of 2023, with sales expected in 2024.

The Company will continue expanding business development activities for the Pharmaceutical market vertical. Interest from industry “Big-Pharma” is building and the Company has set a goal to place an instrument at a second Pharma company by the end of 2023 as part of a go-to-market strategy to run product development and commercial activities in parallel.

Investor Conference Call

The Company will hold a conference call at **9.00am AEST on Thursday 4th May 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_-HtNG5BFQ_SxH1jUeQ0S1Q

A Q&A session will be held at the end of the conference call, in order 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@btinnovations.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 2023

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	1,111	3,217
1.2 Payments for		
(a) research and development	(51)	(149)
(b) operating costs & manufacturing	(569)	(1,267)
(c) advertising and marketing	(16)	(54)
(d) short term leases		
(e) staff costs	(639)	(2,985)
(f) administration and corporate costs	(160)	(521)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	14
1.5 Interest and other costs of finance paid	(28)	(91)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	1,402
1.8 Other		
1.9 Net cash from / (used in) operating activities	(349)	(434)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(1)	(2)
(d) investments		
(e) intellectual property	(106)	(209)

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	(107)	(211)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,500	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	(210)	(230)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	(242)	(721)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (Repayment of lease principal)	(45)	(133)
3.10 Net cash from / (used in) financing activities	1,003	918

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,514	2,788
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(349)	(434)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(107)	(211)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..9....months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,003	918
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,061	3,061

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	2,901	2,354
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)	3,061	2,514

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	(90)
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.

Directors have agreed to receive payment of \$55,000 in Director fees in the form of LBT Shares (subject to approval at the Company's next AGM), in lieu of cash that would have otherwise been paid during the Quarter. In the absence of this, the amount at item 6.1 would have been \$145,000.

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		43
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 through to 21 November 2024. The Company has provided the SA Government with 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>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(349)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,061
8.3	Unused finance facilities available at quarter end (item 7.5)	43
8.4	Total available funding (item 8.2 + item 8.3)	3,104
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	8.9 *
	<p>* The result of the calculation is not considered an appropriate indicator of the number of quarters funded. However, the Company believes it expects to have sufficient cash to fund the business for at least two quarters.</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:	
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: 28 April 2023
.....

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.