QUARTERLY ACTIVITIES & CASHFLOW REPORT
QUARTER ENDED 30 JUNE 2024

Adelaide, Australia, 25 July 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 30 June 2024 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Key Highlights

- **Sales strategy building momentum with pharmaceutical customers**
  - **Sales focus targeting multinational pharmaceutical manufacturers with potential to acquire APAS® instruments across manufacturing sites globally**
  - **APAS® instruments placed for evaluations with two multinational pharmaceutical companies - scheduled to commence in the Sept-24 Quarter**
- **AstraZeneca's final onsite validation commenced as a prerequisite step ahead of potential multiple APAS® instrument sales within the 2024 calendar year**
- **~$1 million Options exercised early by 5 of the top 10 largest shareholders, including Non-Executive Chair Ms Rebecca Wilson and Non-Executive Director Mr Dan Hill**
- **30 June 2024 cash balance of $2.4 million, with short term receivables exceeding $1.7 million**

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

"AstraZeneca is progressing its formal onsite validation for APAS® Independence, which has been an important focus for our teams during the Quarter. Given the longstanding collaboration and positive pilot validation results, we remain optimistic that the formal validation will be successful and lead to a potential initial purchase of multiple APAS® instruments within 2024 calendar year.

Evidence that our focused sales strategy to target large multinational pharmaceutical manufacturers is gaining traction. We have commitment with two multinationals to commence evaluations of APAS® Independence in the coming quarter which gives us confidence in the sales building initiatives we continue to execute on."

Commercialisation & Product Development

Engagement with multinational pharmaceutical companies is building the pipeline of potential sales

The Company's sales strategy for APAS® Independence in the pharmaceutical manufacturing market is focussed on developing opportunities within large global pharmaceutical companies. This strategy creates opportunities with customers who have the potential to acquire multiple APAS® instruments for deployment across their global manufacturing network. For these customers, implementing change is rigorously managed and follows a structured product evaluation and validation using high quality data demonstrating the technology's performance before proceeding to routine use.

The completion of the Company's primary validation for automated reading of settle culture plates used in pharmaceutical environmental monitoring [*ASX:APAS PharmaQC Commercially Ready - Performance Finalised*] was a critical step for commercial readiness. The delivery of this milestone meant APAS® Independence was validated as an alternative microbiology method, evidenced by a significant body of scientific data demonstrating the performance of the technology. This data has enabled the Company to mature sales opportunities with potential customers who were waiting for performance data ahead of investing their time to progress with technology evaluation. The Company has subsequently updated its sales and marketing resources as part of an ongoing awareness campaign regarding the APAS® technology.

The Company has recently agreed to provide APAS® instruments for two multinational pharmaceutical companies to evaluate the performance of the APAS® technology for use within their routine environmental monitoring program. The evaluations

form part of a sales process where pharmaceutical companies are willing to pay to conduct an evaluation of the technology prior to committing to purchase. The Company believes this activity is an early but promising validation of the interest and sales potential of the APAS® Independence within this large market.

AstraZeneca Validation – Progressing as scheduled

Following completion of the development project with AstraZeneca, AstraZeneca has now moved into an implementation phase for the APAS® Independence within its routine processes. This process will include a formal onsite validation of technology, where the APAS® Independence is demonstrated to be non-inferior to current methods, as well as a technical integration with existing IT systems, such as the laboratory information management system. The Company is continuing to support AstraZeneca through this process with success clearing the path for a global rollout of the technology across multiple manufacturing sites.

Clinical sales, distribution and service

The Company has finalised arrangements with Thermo Fisher to transfer the service for existing clinical customers back to the Company. This strategy enables the Company to consolidate the servicing of all APAS® instruments for both the clinical and pharmaceutical markets. The Company has commenced a process to establish an outsourced servicing model and expects to transition all customers back to the Company in the first half of FY25, adding a further profitable revenue stream to the Company. The Company continues to work with Thermo Fisher on alternate distribution and sales models for Clinical customers.

Increased pharmaceutical marketing focus – New Clever Culture Systems website launched

During the Quarter, the Company has launched a new website for its Clever Culture Systems subsidiary to better align with the focus of its marketing activities on the pharmaceutical market. Two sales executives in the EU and US have been up skilled and are actively engaging with potential customers in the pharmaceutical industry. A number of leads have been generated from demonstrating the APAS® technology at global pharmaceutical events. The new website can be seen here: www.cleverculturesystems.com

Financial & Corporate

Financial Summary

For the Quarter, the Company had total net cash outflows for the Quarter of $0.1 million, represented by:

- net cash outflows from Operating and Investing activities of $1.2 million, which included $0.2 million in receipts from customers which includes development funding from AstraZeneca;
- net cash inflows from Financing activities of $1.1 million, largely being the proceeds from the early exercise of options. The options exercised included participation of some of the Company's larger shareholders and ~$0.4 million of options exercised by Board and Management;
- These cashflow movements in the Quarter resulted in a reported consolidated cash balance of $2.4 million as at 30 June 2024.

Other expected sources of funding in the next quarter include $0.8m receipts from debtors and a CTCM grant amount outstanding at 30 June 2024, and $0.9 million for the Research and Development Tax Incentive, together with proceeds from any sales to customers and further grant amounts. The Company also awaits the results of the AstraZeneca validation of APAS® Independence, potentially clearing the way for the sale of multiple instruments which may impact cashflows within the next two quarters.

In addition, the outstanding listed options at 30 June 2024 are as follows:

- 191,312,123 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 $1.0 million, with $0.8 million of these proceeds committed to part repayment of the loan from the South Australian Government.

- 413,824,526 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 $125,000 to Directors, comprising the Managing Director's salary and Non-Executive Directors' fees.

Outlook

Continued sales focus with pharmaceutical customers - $2.8bn addressable market[1]

Over past 6 months, the Company has focused on its strategy to launch APAS® Independence into the pharmaceutical market providing a solution to customers who seek to automate their environmental monitoring program during sterile drug manufacture. This has represented a positive shift for the Company, opening up a new $2.8bn market opportunity for the APAS® technology. In this short time, the Company has created an exciting pipeline of sales opportunities with some of the largest pharmaceutical manufacturers and Contract Drug Manufacturing Organisations (CDMO's) laying strong foundations for growth. Over the next 6 months, the Company will continue to execute against this strategy with a focus on three key areas:

- **Customer Experience:** Working with customers to support their internal validation processes and establish APAS® Independence in routine operation. This is a critical next step in establishing further market credibility and maximising revenue opportunity with existing customers.
- **Sales Execution:** The Company will work with prospective customers to develop existing opportunities and advance them through the sales pipeline. This will include supporting customers develop their business case for the APAS® Independence and conducting targeted product evaluations with key customers as a pre-cursor to sales completion.
- **Market Expansion:** A continued marketing push to increase product awareness and create new customer leads and sales opportunities for the APAS® Independence in the pharmaceutical market. The Company will attend and demonstrate high impact conferences in Europe and the United States in October and November as well as hosting a customer experience day in Europe in September.

Investor Conference Call – Timing to Follow

The Company will schedule its quarterly conference call in the coming weeks with details of the call to be announced separately.

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.

[1] Global Pharmaceuticals & Medicine Manufacturing; IBISWorld Industry Report C1933-GL; Eva Koronios; June 2021 and internal company analysis and estimate of 25% of total permits relating to sterile sites of a sufficient size to justify automation.

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	**Quarter ended ("current quarter")**
95 107 670 673	June 2024

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	214	1,079
1.2	Payments for		
	(a) research and development	(188)	(504)
	(b) operating costs & manufacturing	(307)	(1,180)
	(c) advertising and marketing	(59)	(137)
	(d) short term leases		
	(e) staff costs	(758)	(3,318)
	(f) administration and corporate costs	(79)	(633)
1.3	Dividends received (see note 3)		
1.4	Interest received	15	52
1.5	Interest and other costs of finance paid	(29)	(118)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	-	1,073
1.8	Other	13	13
1.9	**Net cash from / (used in) operating activities**	**(1,178)**	**(3,673)**

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		

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**	**(4)**	**(6)**

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	1,096	1,583
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(543)
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)	(47)	(194)
	Other (Repayment of share placement facility)	-	(1,380)
3.10	**Net cash from / (used in) financing activities**	**1,049**	**4,006**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,480	2,020
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,178)	(3,673)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (..12....months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,049	4,006
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,347**	**2,347**

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	1,558	1,700
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	789	780
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,347**	**2,480**

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	(125)
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** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	1,743	1,743
7.2	Credit standby arrangements	50	20
7.3	Other (please specify)		
7.4	**Total financing facilities**	1,793	1,763

7.5	**Unused financing facilities available at quarter end**	30

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.

Item 7.1 relates to an interest only loan facility provided by the South Australian Government at an interest rate of 2.8%, with the principal repayments deferred to:

- $0.87 million payable on 30 April 2026; and
- $0.87 million payable on 31 October 2026.

The loan 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):

- 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.

The SA Government continues to hold a first ranking general security.

Item 7.2 is a corporate credit card facility which is paid off in full each month.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,178)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,347
8.3	Unused finance facilities available at quarter end (item 7.5)	30
8.4	Total available funding (item 8.2 + item 8.3)	2,377
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.0

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.

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.

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 expecting:

- $0.8m in receipts from debtors and a CTCM grant amount outstanding at 30 June 2024;
- $0.9m from its Research & Development Tax Incentive claim expected to be lodged in the next quarter; and
- completion of the AstraZeneca validation and potential resulting order to acquire multiple instruments, with part of the associated cashflows expected to impact in the next two quarters.

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: Yes the Company expects to be able 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.

Date: 25 July 2024
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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.