

QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 31 DECEMBER 2020

Investor call at 9.00am AEDT, Wednesday 3rd February 2021 to discuss Results and Business Outlook

Adelaide, Australia, 29 January 2021: 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 December 2020 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Highlights for the Quarter

- **Sale and installation of APAS® Independence to the Limbach Group, Germany**
- **Successful completion of evaluations with Health Services Laboratory, UK and SA Pathology, AU**
- **Beckman Coulter partnership progressing well – First leads generated**
- **All additional data submitted to FDA for MRSA 510(k) submission - COVID-19 delaying FDA feedback**
- **31 December 2020 cash balance of \$12.0 million**
- **\$833k lodged for claims under the Research & Development Tax Incentive and BTB program**

Commercialisation & Sales

During the Quarter, the Company's continued focus has been on building the sales pipeline and advancing opportunities for the APAS® Independence in Europe, the United States and Australia. Progress has been made with several existing sales opportunities as well as positive momentum emerging from the Beckman Coulter partnership.

In October 2020, LBT announced the sale of an APAS® Independence with MRSA analysis module to Labor Dr Gärtner of the Limbach Group in Germany. The sale was made directly by the Company's 50% joint venture company, Clever Culture Systems (**CCS**), and includes a 5-year software licence agreement and ongoing service and maintenance contract. This is the first sale made to the Limbach Group, one of the largest laboratory networks in Germany, operating over 30 laboratories across the country. Installation and commissioning were completed by CCS's Service Agent partner, oneservice®.

As previously reported, Health Services Laboratory in London has completed their clinical evaluation of the APAS® Independence with MRSA analysis module (Dec-2020). The clinical performance successfully met their target evaluation criteria for MRSA screening. The results are expected to be released for future publication, providing additional positive clinical data supporting the performance of APAS® Independence. The laboratory has now commenced a further evaluation using the APAS® urine analysis module as part of their interactive assessment of the instrument. The Company continues to engage and support the Health Services Laboratory as part of the evaluation and procurement process.

Domestically, LBT completed a strategic placement of an APAS® Independence at SA Pathology, located in the prestigious Royal Adelaide Hospital. During the quarter, SA Pathology completed an independent evaluation of APAS® Independence with MRSA analysis module, generating extremely positive results. In 2017, during the construction of the Royal Adelaide Hospital, SA Pathology invested millions to commence installation of the BD Kiestra Total Lab Automation system to fully automate the processing of microbiology specimens. It is beneficial for LBT to gain hands-on experience observing how the APAS® Independence, operating alongside a Total Lab Automation platform, can deliver increased benefits to customers. LBT expect to continue the collaboration with SA Pathology going forward.

The Beckman Coulter partnership in Europe has continued to progress well and remains a key priority for the Company for 2021. The APAS® Independence is now well established within their product portfolio and the benefit of their extended sales reach is starting to be realised, especially during times where travel is restricted.

COVID-19 Impact

The Quarter has seen second waves of the COVID-19 global pandemic emerge in both Europe and the United States with the numbers of cases continuing to rise. This has continued to limit access to laboratories as they have focussed on meeting the increasing need for COVID-19 testing and face-to-face meetings have not been possible.

In Europe, the partnership with Beckman Coulter has provided the opportunity to continue to develop new accounts through their active sales presence across the region. This has ensured the Company is able to build on the existing sales pipeline generated by CCS's European Sales Executive and grow the number of opportunities in the region. Importantly, the partnership with Beckman Coulter also extends the sales footprint for APAS® Independence into France.

In the United States, CCS has continued with a series of webinars to develop new leads. The campaign has proved a successful way of engaging with customers at this time. The US Sales team continues to build relationships and follow up with these leads.

Operations & Technology Development

The Company has focussed on the development of new analysis modules for the APAS® instrument. This continued development increases the number of clinical specimens that can be processed by the technology, increasing its clinical utility for our customers. Developing additional modules for the APAS® instrument is an important commercialisation step as it supports the Company's sales efforts by increasing the customer's return on investment in the technology.

An evaluation module of the EU Urine analysis module was released and is currently under evaluation at the Health Services Laboratory in London and with the Company's key opinion leader in Germany, Labor Dr Wisplinghoff. LBT has also continued to progress with the validation of its VRE analysis module and development of the new APAS®-AMR module, supported by the Biomedical Translation Bridge (BTB) funding program.

Version 1.2 of the APAS® Instrument software has been completed and is due to be released for use in the next month. The upgrade is part of the ongoing software maintenance for the instrument and improves user experience and reliability in the field.

MRSA FDA 510(k) Submission

During the Quarter, the Company completed the submission of additional data to the United States Food and Drug Administration (FDA), in support of its active 510(k) submission for the APAS® Independence with MRSA analysis module. The FDA has updated their guidance due to the effects of the COVID-19 pandemic, announcing an extension to the timeframe for processing all active submissions with the regulator. The FDA has advised an extension for the MRSA submission to the end of May 2021. All information has been sent to the FDA and the Company eagerly await resolution of its application.

The Company does not believe that the delay will impact any current sales opportunities or distribution appointments in the United States.

Financial & Corporate

Quarterly cashflows and cash at bank

For the Quarter, the Company had:

- net cash outflows from Operating and Investing activities of \$1.5 million;
- net cash outflows from Financing activities of \$0.2 million, being the quarterly SAFA loan repayments partly offset by the second and final share issue to employees participating in the offer to work a fifth day per week for shares;
- total net cash outflows for the Quarter of \$1.7 million; and
- a reported cash balance of \$12.0 million as at 31 December 2020.

Cashflows for the Quarter include related party payments of \$0.2 million to Directors, comprising the Managing Director's salary and Non-Executive Directors' fees.

Subsequent to the end of the Quarter, the Company has lodged both its research and development tax incentive claim and its first progress payment under the BTB program. A total of \$883,000 is expected to be received in the current quarter, ended 31 March 2021.

Future Outlook

The priority for LBT is to grow sales of the APAS® Independence. The Company will seek to build on the positive progress made in Europe with Beckman Coulter and advance its current pipeline of sales opportunities. During the quarter, CCS expect to ship its first instrument to France for a customer evaluation as part of a joint opportunity with Beckman Coulter. A number of marketing campaigns will be launched to generate new sales leads in addition to expected new customer evaluations to commence in the first half of CY2021.

Over the coming 6 months, the Company will ramp up development activity for the new APAS®-AMR technology. In September 2020, LBT was awarded \$0.75 million in matched funding through MTPConnect's BTB program. Using this additional funding, the Company will accelerate the development timeframe for the module. The addition of the APAS®-AMR module, adds a new technology capability to the APAS® Independence enabling the instrument to be used to antimicrobial susceptibility testing culture plates.

Brent Barnes, CEO and Managing Director said:

"It is pleasing to see the progress made with Beckman Coulter in Europe gathering pace. In the US, we are focussed on delivering an expanded go-to-market strategy and are making progress with this, even during the COVID-19 pandemic."

Investor Conference Call

The Company will hold a conference call at **9.00am AEDT on Wednesday 3rd February 2021** 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://zoom.us/webinar/register/WN_Yvny2C2GS2CxaJZKRSEXg

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 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 patient outcomes by making healthcare more efficient. 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 the culture plate streaking process. The Company's second product, the Automated Plate Assessment System (APAS®) is being commercialised through LBT's 50% owned joint venture company Clever Culture Systems AG (CCS) with Hettich Holding Beetling's- und Verwaltungs-GmbH. Beckman Coulter have also been appointed as Marketing Agent in Europe to assist in facilitating sales. The APAS® instrument is based upon LBT's intelligent imaging and machine learning software and remains the only US FDA-cleared artificial intelligence technology for automated imaging, analysis and interpretation of culture plates following incubation.

Contacts

LBT Innovations	Investor Enquiries
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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")

December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..6....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(83)	(114)
(b) operating costs	(29)	(113)
(c) advertising and marketing	(9)	(14)
(d) leased assets	(40)	(50)
(e) staff costs	(1,077)	(1,960)
(f) administration and corporate costs	(161)	(313)
1.3 Dividends received (see note 3)		
1.4 Interest received	25	40
1.5 Interest and other costs of finance paid	(25)	(52)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	116	433
1.8 Other (Receipts JV Company, CCS) Consulting Income	293	586
1.9 Net cash from / (used in) operating activities	(990)	(1,557)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(11)	(13)
(d) investments		
(e) intellectual property	(148)	(300)
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..6....months) \$A'000
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	(338)	(661)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(497)	(974)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	52	8,468
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	0	(555)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(230)	(459)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Repayment of lease principal)	0	(6)
3.10	Net cash from / (used in) financing activities	(178)	7,448

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,678	7,096
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(990)	(1,557)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(497)	(974)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..6....months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(178)	7,448
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	12,013	12,013

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	695	160
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	11,318	13,518
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	12,013	13,678

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	(197)
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	3,402	3,402
7.2 Credit standby arrangements	50	9
7.3 Other (please specify)	0	0
7.4 Total financing facilities	3,452	3,411
7.5 Unused financing facilities available at quarter end		41
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 May 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)	(990)
8.2 Cash and cash equivalents at quarter end (item 4.6)	12,013
8.3 Unused finance facilities available at quarter end (item 7.5)	41
8.4 Total available funding (item 8.2 + item 8.3)	12,054
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	12.2
<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.

27 January 2021

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.