

## QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 31 MARCH 2022

**Adelaide, Australia, 29 April 2022:** 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 2022 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

### Key Highlights

- **First Thermo Fisher purchase orders received for five APAS® instruments**
- **APAS® Independence showcased at leading microbiology conferences**
- **Five clinical studies featuring the APAS® Independence presented at ECCMID**
- **Integration of Clever Culture Systems Joint Venture completed**
- **R&D Tax Incentive of \$824,500 received**
- **31 March 2022 cash balance of \$5.6 million**

### CCS Acquisition

*Integration of Clever Culture Systems Joint Venture completed*

On 31 December 2021, LBT completed the purchase of the remaining 50% shareholding in its joint venture company, Clever Culture Systems (**CCS**), from Hettich Holding Beteiligungs-und Verwaltungs-GMBH (**Hettich**). The acquisition is transformational and means that CCS is now a wholly owned subsidiary of LBT, whereby 100% of revenues from APAS® sales flow directly to LBT. Following the acquisition, LBT has implemented cost reduction measures, both within LBT and the newly acquired CCS, to reduce the impact of increased funding requirements from owning 100% of CCS. The cost reductions have been targeted to avoid disrupting current commercialisation or product development outcomes.

### Commercialisation & Product Development

#### Sales and Distribution

*United States – First purchase order for multiple APAS® instruments received from Thermo Fisher*

During the Quarter, CCS has worked closely with its US distributor, Thermo Fisher Scientific, Inc (NYSE: TMO) (**Thermo Fisher**) to support sales activities in the region. This is highlighted by the completion of several joint customer visits conducted by Thermo Fisher and our CCS US Sales Executive to develop interest, identify early opportunities, and further progress advanced sales discussions. An APAS® instrument was installed at Thermo Fisher's training facility in Ohio, and further sales and instrument service training conducted with the Thermo Fisher team.

On 16 March 2022, Thermo Fisher issued its first purchase orders for the APAS Independence, for a total of five instruments. The instruments will be progressively shipped over the coming months, with the full order expected to be shipped by 31 July 2022.

*Europe – APAS® Independence presented at leading microbiology conferences in United Kingdom and Portugal*

The APAS® Independence was presented at both the Institute of BioMedical Science Conference (**IBMS**), held in the United Kingdom in March, and the European Congress of Clinical Microbiology and Infectious Diseases (**ECCMID**) annual conference held in Portugal in April. For the first time since 2019, these conferences have been held in person, providing an opportunity to meet directly with laboratory stakeholders and industry collaboration partners.

At ECCMID, a total of five clinical studies featuring the APAS® Independence were presented, including the first published data demonstrating the performance of the Company's APAS®-AMR product. The presentations came from laboratories located in France, Germany, United Kingdom and the United States and included two platform oral presentations. This large body of data from third party laboratories provides important independent clinical evidence supporting the performance and utility of the APAS® Independence.

During the Quarter, CCS completed a further product evaluation with a customer in Germany. The evaluation assessed the performance of the APAS® Independence with the Urine, MRSA and VRE analysis modules, with each analysis module delivering positive results.

#### *Market Update – COVID-19*

COVID-19 related restrictions to customer access and travel have continued to ease, including the return of in-person events and conferences. This has led to greater customer availability, enabling our sales representatives and commercial partners to again meet face-to-face with customers. The Company remains cautiously optimistic in relation to continued improvements with access to customers and is closely monitoring the flow through to the capital budgeting process by customers.

### **Operations and Product Development**

#### *Product Development*

The Company's product development focus continues to be to expand the number of Urine analysis modules available for the APAS® Independence in the United States. This will increase the number of media manufacturers that are supported by the APAS® Independence, making it easier for customers to integrate the instrument into their existing workflow. Evaluation modules are currently available for the major media manufacturers in the United States which allows customers to trial the instrument with a variety of media suited to their specific laboratory workflow.

Work has also continued on the Company's APAS®-AMR analysis module for reading of antibiotic susceptibility tests (**ASTs**). An evaluation of the module was completed by the Company's European key opinion leader, Labor Dr Wisplinghoff, with positive results. In the study, the APAS® Independence with the APAS®-AMR module was compared to manual plate reading by two experienced microbiologists at incubation times of both 18-hours and 6-hours (for early reading, or Rapid-AST). The APAS® Independence demonstrated an overall agreement of 96.01% at 18-hours and 98.1% at 6-hours, highlighting the potential of the APAS® Independence for this new application.

### **Financial & Corporate**

#### **Quarterly Cashflows and Cash at Bank**

For the Quarter, the consolidated group, comprising LBT and its wholly owned subsidiary CCS, had:

- net cash outflows from Operating and Investing activities of \$0.4 million which included cash inflows of \$0.4 million for receipts from customers and \$1.0 million from government grants (including the R&D tax incentive of \$0.8 million);
- net cash outflows from Financing activities of \$0.3 million, reflecting the quarterly loan repayments for the SAFA loan;
- total net cash outflows for the Quarter of \$0.7 million; and
- a cash balance of \$5.6 million as at 31 March 2022.

Cashflows for the Quarter include related party payments of \$148,000 to Directors, comprising the Managing Director's salary and Non-Executive Directors' fees.

## Future Outlook

During the month of April, the Company participated in the well-attended ECCMID conference and had a number of subsequent meetings with channel partners and customers in Europe. Commercial traction in Europe has been slower than expected over the past two years and the Company is focused on turning this around.

In the United States, the American Society of Microbiology conference, ASM Microbe, will be held in June (9-13) in Washington, D.C. Thermo Fisher is representing APAS® as the exclusive distributor for the United States. Representatives of LBT will attend the conference and it's expected that further clinical data featuring the APAS® Independence will be presented at the meeting.

For product development, the priority is the completion of the additional Urine analysis modules to support the US market and moving into the clinical testing phase. In parallel, the LBT will continue to progress the development the APAS®-AMR module, including incorporating feedback from the Company's European Key Opinion Leader site, Labor Dr Wisplinghoff.

Brent Barnes, CEO and Managing Director said:

*"Receiving the first purchase order for five instruments from Thermo Fisher was clearly a highlight of the quarter. Our sales cycle is typically over 12 months, so with this context in mind, it's clear that we have appointed a fantastic partner in the single largest market globally. Moreover, it demonstrates why it was the perfect time to acquire 100% of CCS as we start to see commercial traction. We see the 2022 year as being a clear turning point for the Company and our outlook."*

## Investor Conference Call

The Company will hold a conference call at **9.00am AEST on Wednesday 4<sup>th</sup> May 2022** 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\\_ftUch8vMThq-3cenVaF1Ug](https://us06web.zoom.us/webinar/register/WN_ftUch8vMThq-3cenVaF1Ug)

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 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). Channel partners for the sale and distribution of the APAS® Independence are in place for the United States (Thermo Fisher Scientific, Inc; Exclusive Distributor) and Europe (Beckman Coulter, Inc; Marketing Agent).

### 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")**

March 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (..9....months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	424	441
1.2 Payments for		
(a) research and development	(44)	(167)
(b) operating costs & manufacturing	(375)	(514)
(c) advertising and marketing	(7)	(36)
(d) short term leases		
(e) staff costs	(902)	(2,891)
(f) administration and corporate costs	(310)	(772)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	11
1.5 Interest and other costs of finance paid	(36)	(68)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	1,030	1,300
1.8 Other		
Consulting Income (Receipts JV Company, CCS)	-	281
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(218)</b>	<b>(2,415)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	-	(283)
(c) property, plant and equipment	(9)	(63)
(d) investments		
(e) intellectual property	(198)	(563)

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	-	(303)
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>(207)</b>	<b>(1,212)</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		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	(235)	(235)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (Repayment of lease principal)	(41)	(123)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(276)</b>	<b>(358)</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	6,331	9,615
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(218)	(2,415)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(207)	(1,212)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (..9....months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(276)	(358)
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>5,630</b>	<b>5,630</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	1,770	2,071
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	3,860	4,260
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,630</b>	<b>6,331</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	(148)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		

Item 6.1 relates to Cash remuneration paid to the Directors, including remuneration paid to the Managing Director.

7.	<b>Financing facilities</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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	2,701	2,701
7.2	Credit standby arrangements	50	13
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>	2,751	2,714
7.5	<b>Unused financing facilities available at quarter end</b>		37
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.	<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)	(218)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,630
8.3	Unused finance facilities available at quarter end (item 7.5)	37
8.4	Total available funding (item 8.2 + item 8.3)	5,667
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	26.0*
	<p><b>* The figure of 26.0 at item 8.5 above is not an appropriate indicator of the number of quarters funded by existing cash resources, due to the inclusion of the Company's annual R&amp;D Tax Incentive at item 8.1 and the calculation does not include other cash commitments under investing and financing activities. Adjusting for these items, the result of the calculation provided at item 8.5 is approximately 4 quarters which, as a broad indicator, is more consistent with the Company's internal forecasts, subject to the level of sales achieved by the Company over that period.</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:	

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.

29 April 2022

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.