

\$8M PRIVATE PLACEMENT & LAUNCH OF \$1M SHARE PURCHASE PLAN

Funds for the expansion of sales activities in Europe with Beckman Coulter and commercial activities in the United States

Adelaide, Australia, 9 July 2020: 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 announce it has received commitments totalling approximately \$8 million, for new fully paid ordinary shares in the Company at 16 cents per share (the **Placement**).

Key Points

- **\$8 million Placement to sophisticated and professional investors**
- **Beckman Coulter marketing partnership for APAS® announced 7 July 2020 – to accelerate sales and scale**
- **Funds from Placement will be used to support these sales activities in Europe with Beckman Coulter, as well as commercial activities in the United States and ongoing APAS® analysis module development**
- **New institutional investors to join the register**
- **Placement funds plus \$7.1 million cash at 30 June 2020 provides funding runway into 2022**
- **A Share Purchase Plan for existing investors targeting \$1 million**

The Company has received significant demand from new and existing shareholders in relation to the Placement and has accepted commitments for \$8 million under the Placement. The Company is pleased to welcome a number of new institutional shareholders to the register in addition to the support of existing shareholders. The Company will also be making a Share Purchase Plan available to existing eligible shareholders targeting \$1 million as detailed below.

The funds raised from the Placement and the Share Placement Plan will be deployed to expand the Company's commercialisation activities in Europe, in support of the appointment of Beckman Coulter as Marketing Agent, as announced on 7 July 2020. The Placement will also support ongoing commercialisation activities in the United States, continued APAS® analysis module development and working capital as well as costs associated with the Placement and Share Purchase Plan.

Hawkesbury Partners and Bell Potter acted as Joint Lead Managers to the Placement.

A copy of the Company Presentation is attached to this announcement.

Details of the Placement

The key terms of the Placement are as follows:

- The issue of 50 million new fully paid ordinary shares in the Company at an issue price of \$0.16 (**Placement Price**) per share (**Placement Shares**) raising approximately \$8 million
- The Placement Price of \$0.16 per Placement Share represents a discount of:
 - 15.8% to last traded price of 19.0 cents on 6 July 2020
 - 21.9% discount to the 5-day volume weighted average price (VWAP), 17.0% discount to the 15-day VWAP, 13.4% discount to the 20-day VWAP and 7.2% discount to the 30-day VWAP, on 6 July 2020
- The Placement Shares will be issued on or about 15 July 2020, under the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

The Placement was available to investors in Australia who qualified as professional or sophisticated investors under the requirements of Chapter 6D of the Corporations Act 2001 (Cth) and sophisticated and professional investors in other select jurisdictions. The Placement Shares will rank *pari passu* in all respects with existing ordinary shares of the Company.

Details of Share Purchase Plan

The Company is also pleased to announce the terms of an offer to eligible shareholders of the Company with a registered address in Australia or New Zealand (**Eligible Shareholders**) to subscribe for new fully paid ordinary shares in the Company (**SPP Shares**) under a Share Purchase Plan (**SPP**). The SPP will allow Eligible Shareholders to each subscribe for up to \$30,000 worth of new ordinary shares in the Company at 16 cents per SPP Share, (**SPP Price**) without incurring brokerage or other transaction costs. The SPP Price is the same as the Placement Price.

The SPP Offer has obtained the benefit of the ASX 'Class Wavier Decision – Temporary Extra Placement Capacity' dated 23 April 2020 for the purposes of conducting a security purchase plan at a price no greater than the Placement Price, such that the SPP Shares will not be counted towards the 15% limit on the issue of securities without Shareholder approval pursuant to ASX Listing Rule 7.1, or the 10% limit on the issue of securities without Shareholder approval pursuant to ASX Listing Rule 7.1A.

The SPP is targeted to raise \$1 million and will not be underwritten. The \$1 million target is the estimated amount the Company believes balances the likely demand for the SPP Offer and an amount sufficient to provide existing shareholders with a reasonable opportunity to participate in the capital raising at the same price as the Placement. The directors have reserved the right to accept oversubscriptions under the SPP to ensure all Eligible Shareholders do have a reasonable opportunity to participate in the SPP. Any level of over subscriptions not accepted will be scaled back on a pro rata basis to each participant based on the number of securities validly applied for.

Eligible Shareholders

Eligible Shareholders who are registered holders of shares in the Company at 7.00pm (ACST) on Wednesday 8 July 2020 with a registered address in Australia or New Zealand, provided that such Shareholder is not in the United States, or acting for the account or benefit of a person in the United States. The SPP is also being extended to Eligible Shareholders who are Custodians to participate in the SPP on behalf of eligible beneficiaries.

The key terms of the Share Purchase Plan are as follows:

- Each Eligible Shareholder is limited to participating in the SPP to the amount of \$30,000 worth of SPP Shares;
- The SPP is optional and the right to participate in the SPP will not be transferable. All SPP Shares will rank equally with existing fully paid ordinary shares in the Company.
- The issue price of Shares under the SPP is the same as the issue price of the Placement Shares and represents a discount of:
 - 15.8% to last traded price of 19.0 cents on 06 July 2020
 - 21.9% discount to the 5-day volume weighted average price (VWAP), 17.0% discount to the 15-day VWAP and 7.2% discount to the 30-day VWAP, on 06 July 2020

An SPP Offer Booklet with further details on the SPP is expected to be despatched to shareholders on or about Friday 17 July 2020.

Key dates

The key dates for the Placement and SPP are summarised below.

Event	Date
Record date for the SPP Offer	7.00pm (ACST), Wednesday, 8 July 2020
Announcement of Placement & Share Purchase Plan	9.00am (ACST), Thursday, 9 July 2020
DvP Settlement for Placement Shares	Tuesday, 14 July 2020
Allotment of Placement Shares	Wednesday, 15 July 2020
SPP Offer Booklet despatched to shareholders	Friday, 17 July 2020
Opening date for the SPP	Friday, 17 July 2020
Closing date for the SPP	Friday, 7 August 2020



Event	Date
Announcement of SPP results	Wednesday, 12 August 2020
Issue and allotment of SPP Shares	Tuesday, 18 August 2020

Dates and times are indicative only and subject to change.

The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary any or all of the dates and times of the Placement and SPP without prior notice, including extending the SPP, closing the SPP early in the case of excess demand, or withdrawing the SPP without prior notice. Any extension or early close of the SPP will have a consequential effect on the issue date of shares under the SPP.

The commencement of quotation of SPP Shares under the SPP is subject to confirmation from ASX.

This announcement is approved by the Board of LBT Innovations Limited

– 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 Beteiligungs- und Verwaltungs-GmbH. 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
Brent Barnes Chief Executive Officer & Managing Director Tel: +61 8 8227 1555 E: info@lbtinnovations.com	David Allen / John Granger Hawkesbury Partners Tel: +61 2 9103 9494 E: dallen@hawkesburypartners.com



LBT INNOVATIONS

Capital raising to accelerate growth & Beckman Coulter partnership

Disruptive AI technology for healthcare

9 July 2020

ASX code: LBT

lbtinnovations.com

Disclaimer

This document contains certain forward-looking statements that involve risks and uncertainties. Although we believe that the expectations reflected in the forward-looking statements are reasonable at this time, we can give no assurance that these expectations will prove to be correct.

Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements. Actual results could differ materially from those anticipated in these forward-looking statements due to many important factors, risk and uncertainties including, without limitation, risks associated with estimating potential quantity and timing of sales, risks associated with medical device development and manufacture, risks inherent in the extensive regulatory approval processes mandated by regulatory authorities, delays in clinical trials, future capital needs, general economic uncertainty and other risks detailed from time to time in the Company's announcements to the ASX.

Moreover, there can be no assurance that others will not independently develop similar products or processes or design around patents owned or licensed by the Company, or that patents owned or licensed by the Company will provide meaningful protection or competitive advantages.

All reasonable efforts have been made to provide accurate information, but the Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this presentation, except as may be required under applicable laws. Recipients should make their own enquiries in relation to any investment decisions from a licensed investment advisor.

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UNITED STATES

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OTHER JURISDICTIONS

This Presentation may only be accessed in other jurisdictions where it is legal to do so.

1. Overview & Beckman Coulter partnership

2. Global Market Opportunity

3. APAS[®] Value Proposition

4. Funding & Future Outlook

Disruptive AI technology – commercial ready

APAS® Independence - **First** and **only** automated culture plate reader



One of the largest global diagnostic companies
7 July 20 – new EU partnership agreement



\$8m Placement to scale growth – extends runway to 2022



Patent protected



Global regulatory clearances



Innovative platform technology



Product launched – **EU and US sales**



Marketing partnership with Beckman Coulter

Expands sales presence with leading global healthcare distributor



3 year sales and marketing agreement

Benefit from Beckman Coulter's market leading brand and customer reach



Hybrid distribution model

Ensure aligned sales performance



Expanded European sales presence

Germany, UK and France



Co-ordinated sales strategy

Major meetings targeted for 2021



Maintain direct customer relationship

Joint customer partnerships to win



**BECKMAN
COULTER**



Plate Streaking

DxM Autoplak



Plate Reading

APAS INDEPENDENCE



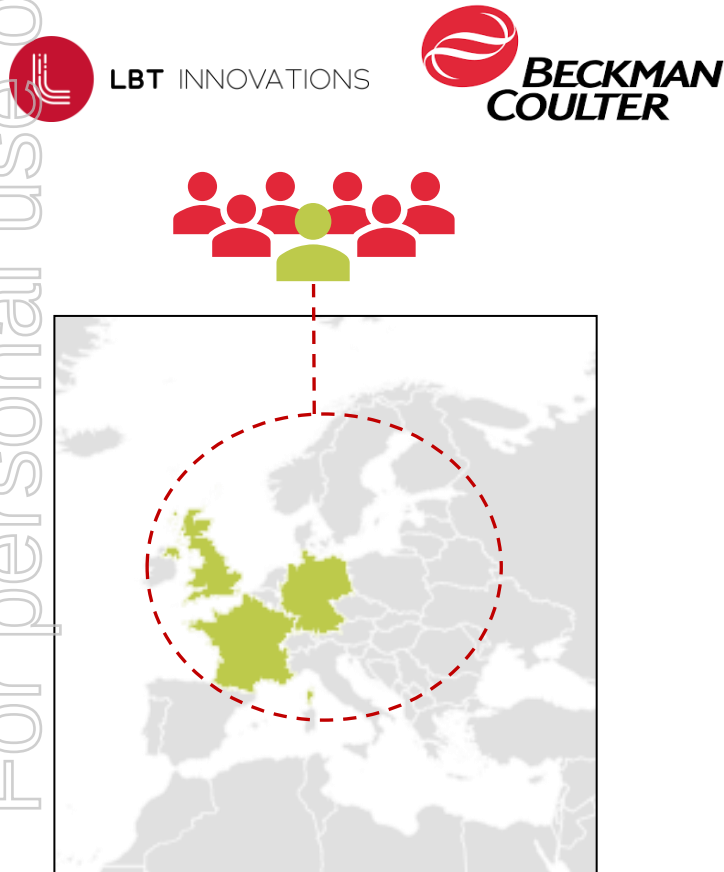
ID and AST

Bruker MALDI Biotyper
DxM MicroScan



LBT is delivering on its distribution strategy

Hybrid commercialisation model. **Template for success – EU launch initially**



Partnership to accelerate sales and scale

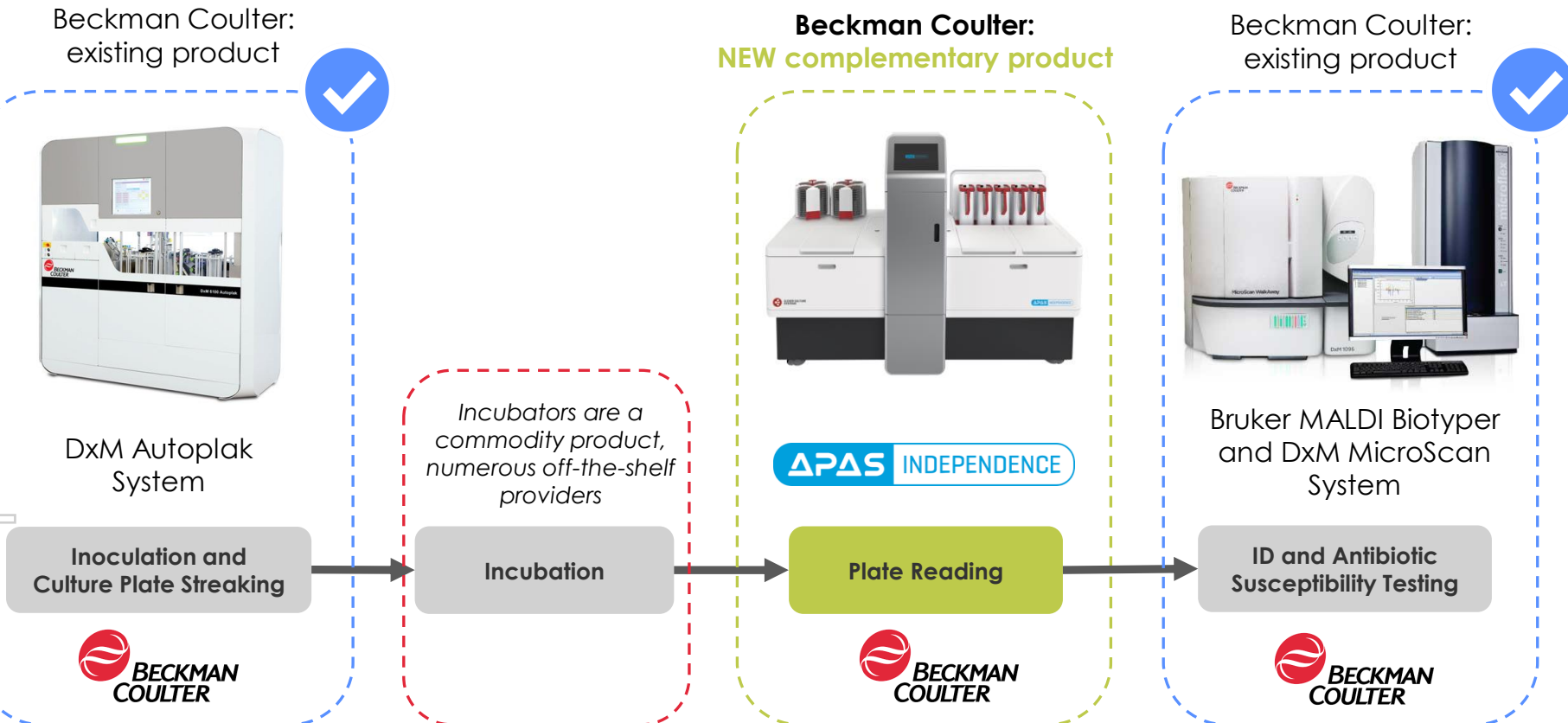
- **Trusted** global brand
- **Leading** market presence
- **Expanded** sales reach
- **Existing** customer base
- **Complementary** product portfolio

LBT deliver

- **Technology** and product expertise
- Existing sales **pipeline**
- **Service** and support capability

Beckman Coulter microbiology solutions

APAS® completes a best in class lab automation portfolio



Agenda

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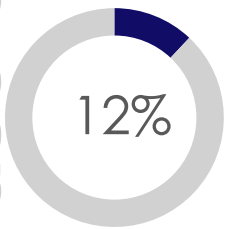
Challenges for microbiology laboratories

Around the world scientists still read plates **manually**
2.4 billion plates per annum and growing



Challenges for microbiology laboratories

Challenges



Inconsistent results

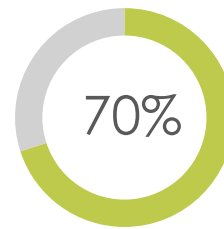
Variability in plate reading
Error rates up to 12%



Workplace safety issues

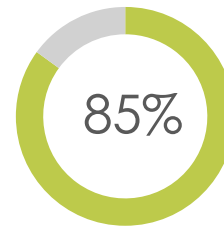
Strain injuries caused by
repetitive manual processes
Staff sick days and annual
leave

Market Need



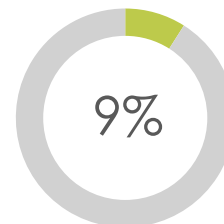
High demand

70% of clinical decisions based
on *in vitro* diagnostic results



Inefficient use of resources

Up to 85% of plates read
are negative



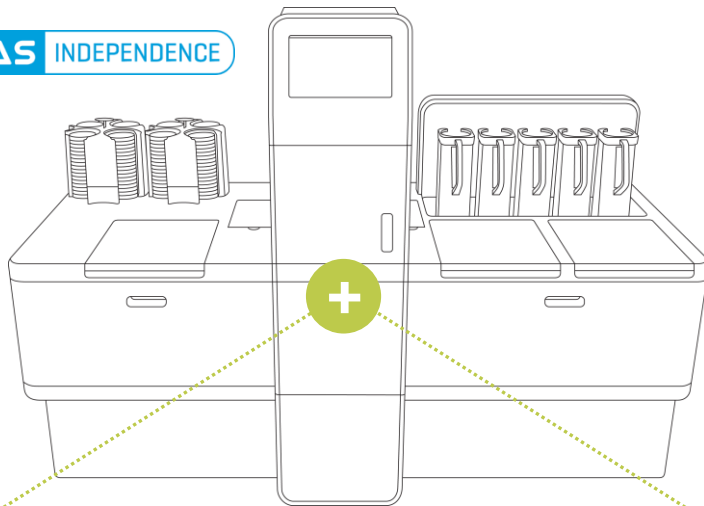
Qualified Microbiologists

9% vacancy rate in the US
Microbiologist average age is
high (51 AUS / 42 US)

APAS® Independence

The first and only automated culture plate reader – **Powered by AI**

APAS INDEPENDENCE



APAS® analysis modules

Increases number of specimen types that can be tested

Increases customer utility



Clinically proven

in a 10,000-patient clinical trial



3x faster

than manual culture plate reading



Available

regulatory cleared in US, EU, AU



Attractive return on investment

payback between 2 - 3 years



Initial launch markets – 2,000+ addressable market

Early sales. Global footprint. Key opinion leaders. Foundation to scale.

USA

FDA Clearance
CoE: Hennepin Health, MN
1 Sales Exec
~1,500 Target Labs
1st Sale Hennepin Health



Australia (HQ)

TGA established
CoE: St Vincent's, Melbourne
Sales team
>30 Target Labs
1st Sale St Vincent's Hospital



EU: UK, Germany and France

CE Mark
CoE: Labor Dr Wisplinghoff, DE
**1 Sales Exec + Marketing Agent:
Beckman Coulter**
>500 Target Labs + France
1st Sale Labor Dr Wisplinghoff



**BECKMAN
COULTER**

CoE: Centre of Excellence

Total addressable market even larger

Compelling value proposition for medium and large laboratories

Delivering payback
in 2 – 3 years

Number of labs globally

Small Labs

<400 plates per day

15,000

Medium Labs

400 - 1000 plates per day

12,000

Large Labs

>1000 plates per day

1,000

Total Market Opportunity

13,000

Agenda

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First mover advantage – clinical plate reading

APAS® Independence uses AI for advanced decision making



ONLY FDA CLEARED instrument
Reads and interprets plates



AFFORDABLE
USD 300,000



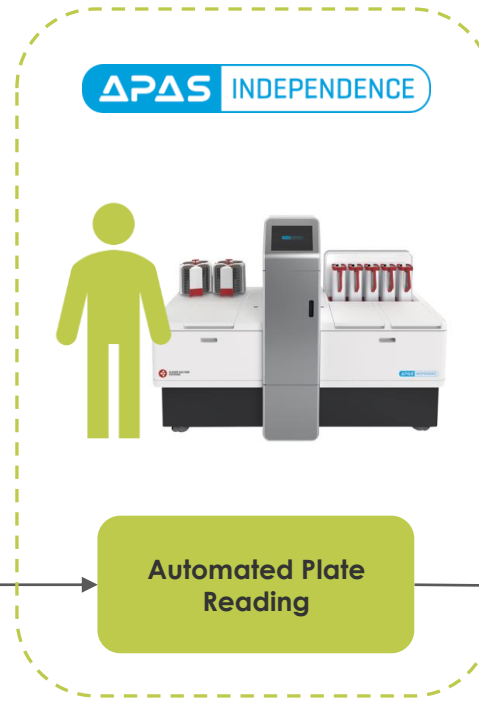
SMALL footprint
Plug and play



START AND WALK AWAY
Workflow efficiencies



BROAD market opportunity
Suitable for large and medium labs



Inoculation and Culture
Plate Streaking

Incubate

**Automated Plate
Reading**

Identification and
Antibiotic Sensitivity
Testing

Johns Hopkins ePoster Presentation



ASM-Microbe Jul-2020

Competitive landscape

Competitors offer large and expensive process automation



DO NOT read plates
Automate lab workflow



HIGH capital cost
~USD 2.5m+ cost



LARGE footprint
Complex installation



LONG integration period
Plates still read manually



LOW penetration
150 units in 10 years



Copan WASPLab™



BD Kiestra™ Total Lab Automation



Sales model & market opportunity

Dual strategy of **direct** to market and **partner** appointments

50:50 Joint Venture

Profits shared equally



1. CAPEX: Instrument

~USD 300k

Flexible leasing models
and SaaS established



2. Annual Licenses: Analysis Module

~USD 20k – 40k



5 year revenue opportunity ~**USD 450k** per instrument

Launch markets



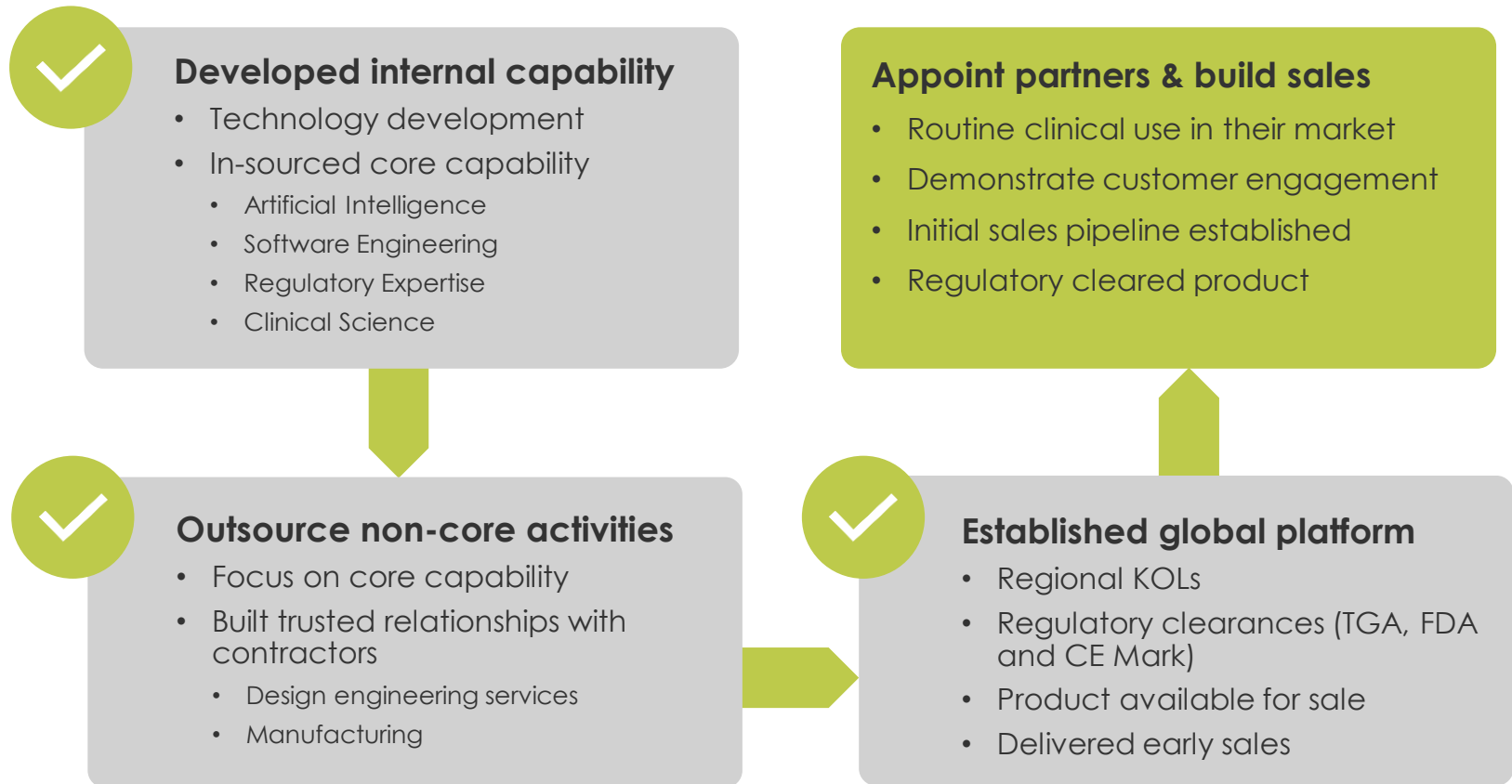
> **2000+ labs**

Market penetration	Instrument*	Analysis Module
20%	~USD 80 - 120 million	~USD 12 million p.a.
30%	~USD 120 - 180 million	~USD 18 million p.a.

* Sales estimate includes expected distributor margin

Template for future product development

Repeatable process: new opportunities – underpinned by core capability



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Corporate overview

Key Statistics (Closing on 6 July 2020)

Share Price	\$0.190 per share
12-month range	\$0.080 - \$0.240
Number of shares	235.5 million
Options Issued	5.0 million
Market Cap	~\$44.8 million

Financials (AUD)

Cash at 30 June 2020	\$7.1 million
SAFA Loan Facility	\$4 million facility, drawn down Low interest rate, 5-year term
Enterprise value	\$41.7 million
Shareholders	Insto (8%), Industry (7%), Dir + Mgmt (4%)

Prudent cash management - 2Q 2020 reduced operational cash costs by 20% to \$1.2m/Qtr and implemented staff equity plan for 5th day of working week



Board and leadership team



Brent Barnes

CEO and MD, AU

- 11 years senior executive at Cochlear Ltd (ASX: COH)
- Experience across Class I, II and III medical devices
- Held leadership roles in the US and Asia-Pacific
- Non-Executive Director Connek Ltd



Kate Costello

Chairman, AU

- Expertise in legal, corporate governance and company strategy
- Diverse Board experience across multiple industries
- Established leading governance consultancy
- Fellow of the Institute of Company Directors



Damian Lismore
NED, AU



Simon Arkell
NED, US



Caroline Popper
NED, US



Ray Ridge
CFO, AU



International board



Healthcare and technology



Public listed company experience (ASX and Nasdaq)



Compliance and financing expertise

Key Terms of Placement

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Placement	Private Placement of A\$8 million by way of an excluded offer under Chapter 6D of the <i>Corporations Act 2001</i> (Cth).			
Placement Shares	New shares issued through the Placement will be fully paid ordinary shares, ranking pari passu with existing shares			
Use of Proceeds	USE OF PROCEEDS		(A\$'000)	Notes
	1. APAS® commercialisation in US ¹		\$2.00m	1. Some costs are direct to LBT and others are through the CCS JV
	2. APAS® commercialisation in EU – activities with Beckman Coulter ¹		\$2.00m	
	3. Analysis module development, trials and regulatory ¹		\$2.00m	2. Additional funds from the SPP will be applied to working capital
	4. Working Capital ²		\$1.50m	
	Costs of the Offering		\$0.50m	
Total		\$8.00m		
Pricing	The Placement Price of \$0.16 per share represents a discount of: ○ 21.9% to the 5-day VWAP ○ 17.0% to the 15-day VWAP ○ 7.2% to the 30-day VWAP ○ 15.8% to the last traded price of \$0.19 per share			
Timing & Settlement	Trading Halt	7 July 2020	Manual settlement of Offer	14 July 2020
	Deadline for Bids & SPP Record Date	8 July 2020	DvP Settlement of Offer	14 July 2020
	Announcement of Placement	9 July 2020	Allotment of Placement Shares	15 July 2020
	LBT Recommences Trading			
Approvals	Placement Shares shall be issued in accordance with the Company's capacity under ASX Listing Rule 7.1 & 7.1A			
Capital Structure	Shares on issue:		235.5m shares + 5.0m options	
	Placement Shares to be issued:		50.0m shares	
	Total Shares post Placement:		285.5m shares + 5.0m options	
SPP	Share Purchase Plan to existing shareholders at \$0.16 per share – targeted at \$1 million – reserve right to accept oversubscriptions.			

* The Company reserves the right to vary the Placement and SPP terms in its absolute discretion

^ All dates are indicative only and subject to change at the discretion of the Company

Use of Funds - APAS[®] commercialisation

Continuing to scale commercial activities to deliver sales potential

• EU: \$2m – Execute on sales pipeline

✓ Beckman Coulter appointed as marketing agent

- Opportunity to expand regional sales presence beyond UK, Germany and France
- Possible expansion of Sales Exec to support marketing agent lead conversion
- Establish service support to create additional revenue stream
- Increase direct to consumer marketing

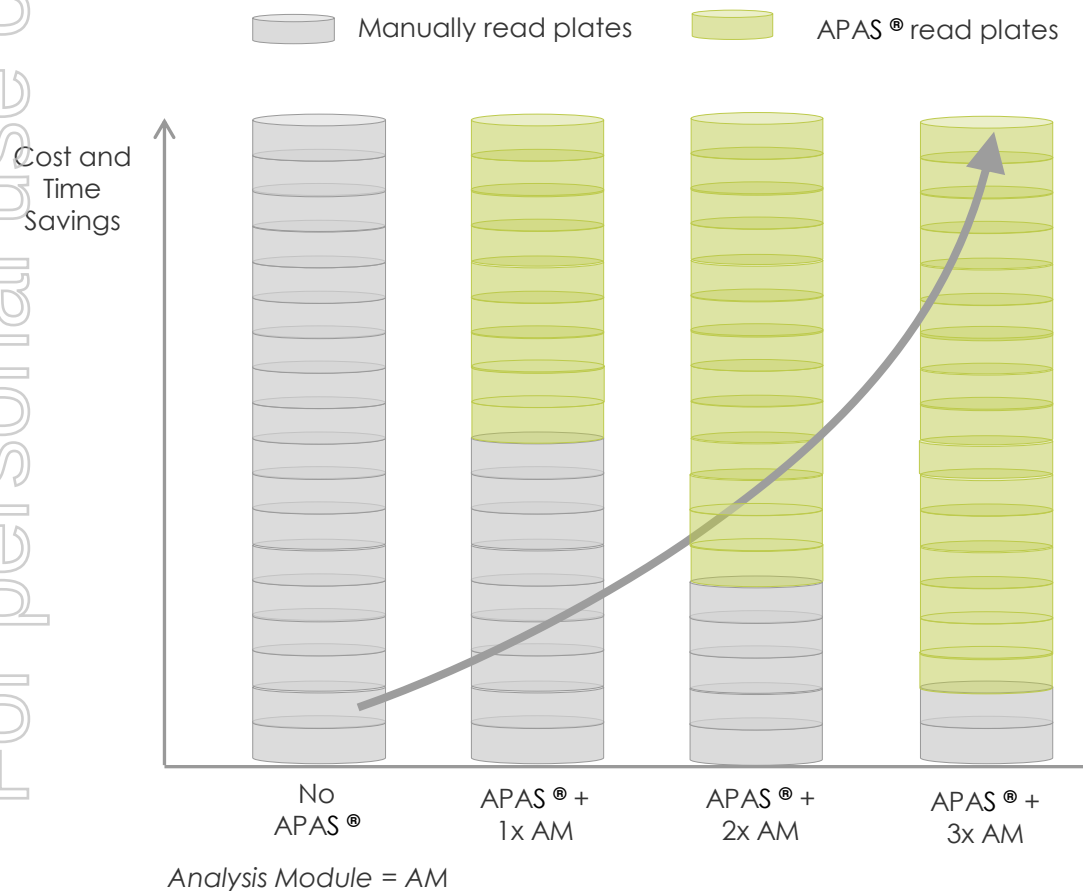
• US: \$2m – Build out sales presence

✓ Appointed regional Business Development Exec to execute on lead conversion

- Appoint local marketing agent for expanded sales presence
- Expand targeted sales activity to secure sales with customers
- Marketing: Trade shows and regional American microbiology conferences
- Appointment of US sales/marketing/distribution partner(s) (2021)

Use of Funds – APAS[®] technology development

Additional APAS[®] analysis modules - \$2m - VRE and Anti Microbial Resistant



Expand suite of available analysis modules in US and EU to support commercialisation activities

- Finalise MRSA regulatory clearance in US
- Continue technology development in-house to control timetable and costs
- Complete clinical trials and regulatory submissions for EU Urine and VRE analysis modules
- Commence AMR analysis module for antibiotic susceptibility testing

Investment highlights

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Competitive positioning strong

APAS® Independence - the **only FDA and CE cleared** product using **artificial intelligence** for microbiology plate reading

Clinically **proven** and **Independently verified** – The Johns Hopkins Hospital study

Large value proposition

Initial launch market - **2,000+ labs** meet APAS® target profile

5-year revenue opportunity **~USD 450,000 per instrument**

Platform for growth

Advanced technology and **internal capability** supports future product opportunities

\$8m Placement + cash \$7.1m
(30 June 2020) **funds into 2022**

Expanding sales & market access

Regulatory clearances - **US, EU, AU** with **first sales** in USA, Australia & Germany

Beckman Coulter marketing partnership accelerates EU sales



Appendices

10 years of APAS[®] development – ready for launch

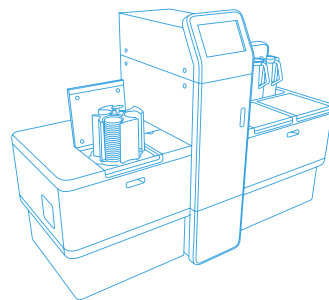
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2010 →

Early technology development
Feasibility completion

2018

Regulatory clearances
Establish KOLs
Market awareness



2019

Market launch
Early sales
Build sales pipeline



2020+

Beckman Coulter partnership

Market penetration – US, AU, DE, UK

New markets – FR

AM library development



Comparable products case study

Large market opportunity for laboratory automation

Case Study	Launch	Sales <u>Potential</u>
APAS Independence 	2018	Launched with FDA Clearance 1,500 units after 10 years <i>(and still growing)</i> Cumulative instrument sales: ~USD 450 million 50% flows to LBT (after distributor fees & JV costs) Licence fees, building to: ~USD 45 million per annum Majority flows to LBT (after distributor fees)
Comparison Products	Launch	Sales <u>Achieved</u>
MALDI-TOF 2 Manufacturers: Bruker & bioMérieux 	2004	~800 units placed after 8 years FDA Clearance after ~9 years 700 units placed in US following FDA Clearance & years of clinical data ~1,500 units placed after 10 years ~12% global penetration
Previ Isola 	2009	~500 units placed after 5 years ~4% global penetration bioMérieux terminated agreement with LBT in 2015 - Product no longer sold

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LBT INNOVATIONS

LBT Innovations

Level 8, 44 Waymouth Street

Adelaide SA 5000

+61 (0)8 8227 1555

info@lbtinnovations.com

lbtinnovations.com