



QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 31 DECEMBER 2023

Adelaide, Australia, 22 January 2024: 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 2023 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Key Highlights

- **APAS® PharmaQC customer placement expectations brought forward by approximately 6 months; now anticipating deliveries in H1 CY24**
- **Successful capital raising of \$4.5 million to support expansion into the pharmaceutical microbiology market**
- **Financing restructure improves the financial position to support the updated business strategy**
- **Primary validation of APAS® PharmaQC for settle plates on track for completion in Q1 CY24**
- **31 December 2023 cash balance of \$3.2 million**

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

“The Company finished 2023 completing a financial reset while making solid progress on the updated commercial activation strategy to expand into the pharmaceutical market. We now expect customer placements to new pharmaceutical manufacturing companies to commence in the first half of 2024 calendar year, six months ahead of our previous estimates.

Our R&D teams remain on track to finalise the APAS® PharmaQC settle plate product in the first quarter of the 2024 calendar year. The performance data generated is important to support our commercial launch of the product and initial customer placements.”

Commercialisation & Product Development

APAS® PharmaQC customer placement expectations accelerated following initial commercial activation

The Company outlined an important change in strategy that focuses on expanding into the pharmaceutical microbiology market. The pharmaceutical market is the significant growth driver for the Company and an updated commercialisation strategy has commenced. Positive progress with potential customers has resulted in upgraded guidance for first installations of APAS® PharmaQC, which are now expected to be completed in the first half of calendar year 2024. This is approximately six months ahead of prior expectations.

During the Quarter, the Company commenced a program of global commercial activation for APAS® PharmaQC with demonstrations at major pharmaceutical conferences in the United States, Europe, and Australia. The Company presented APAS® PharmaQC at the annual PDA Micro Conference (United States), PharmaLab Congress (Germany) and the PDA Asia Pacific Regulatory Conference (Australia). We are already seeing the results of building awareness of the technology within the pharmaceutical microbiology segment through an increasing pipeline of interested pharmaceutical customers for the technology.

As part of the programme for “*Alternative and Rapid Microbiological Methods*” at the PharmaLab Congress, AstraZeneca provided an oral presentation on **Automated Environmental Monitoring Plate Reading Powered by AI**. The presentation outlined the benefits and considerations of implementing automated plate reading within AstraZeneca’s routine environmental monitoring processes, as well as presenting initial performance data where APAS® PharmaQC has detected microbial colonies missed by manual human assessment. This provided an impactful message with strong customer validation to delegates at the conference and highlighted the value of automation for this process.

Releasing APAS® PharmaQC performance data is an essential precursor for broader market adoption of the technology. AstraZeneca is the first pharmaceutical customer to present performance data which was based on a pilot validation study performed using a pre-released APAS® analysis module version (AI software that automates plate reading). The development of LBT’s APAS® analysis module for settle plates is expected to be completed in the first quarter of calendar year 2024, including the formal validation and testing of the technology to establish the final performance specifications for release of the product. Releasing final performance data for APAS® PharmaQC is an important milestone that new potential customers will want to review as part of their assessment of the APAS® technology.

Clinical sales and distribution

LBT continue to work closely with Thermo Fisher Scientific, Inc¹ (**Thermo Fisher**) to develop updated operational plans and budgets for calendar year 2024 with new sales initiatives to be rolled out with the Thermo Fisher sales team to kick-off the 2024 calendar year. The Company maintains a continued conservative outlook for clinical sales in calendar year 2024.

Financial & Corporate

Financial restructure completed – LBT successfully raises \$4.5 million to support APAS® PharmaQC

During the Quarter, LBT successfully raised \$4.5 million under the Company’s Renounceable Pro-Rata Entitlement Offer and Shortfall Offer (collectively the **Offers**) to complete a financial restructure for the Company. The Company repaid a \$1.38m debt-facility under the Lind Partners Share Placement Facility that removed any further obligation to issue shares under that facility and restructured future repayments otherwise due under the South Australian Government Loan. Together these three initiatives significantly improve the Company’s financial position, strengthens the balance sheet, and provides cash runway supporting the Company’s updated business strategy focussed on the launch of APAS® PharmaQC in the pharmaceutical manufacturing industry.

The \$4.5 million Offers were strongly supported by new cornerstone investors as well as the Company’s Board, Management and existing shareholders.

Refer to the Prospectus for full details of the Offers:

https://www.lbtinnovations.com/wp-content/uploads/Rights_Issue_Prospectus.pdf

Company Board changes support updated Company outlook

In December, the Company appointed Mr Dan Hill as Non-Executive Director to the LBT Board. Mr Hill became a substantial shareholder in LBT, participating as a cornerstone sub-underwriter in the Company’s recent entitlement offer, and brings a strong background in finance, as well as being an experienced Company Director.

In November, Mr Damian Lismore retired as Non-Executive Director after almost 5 years on the LBT Board.

¹ The exclusive distributor for the APAS® Independence to clinical customers in the United States and Europe

Financial Summary

For the Quarter, the Company had total net cash inflows for the Quarter of \$1.6 million, represented by:

- net cash outflows from Operating and Investing activities of \$1.0 million, which included \$0.5 million in receipts from customers and government grants;
- net cash inflows from Financing activities of \$2.6 million, reflecting \$4.5 million in proceeds from the Entitlement Offer and Shortfall Offer less \$1.9 million in costs associated with the Offers together with the repayment of the Lind Partners Share Placement Facility. Financing cashflows benefitted from the restructuring of repayments that would have otherwise been due under the South Australian Government Loan;
- These cashflow movements in the quarter resulted in a reported consolidated cash balance of \$3.2 million as at 31 December 2023.

In addition to the cash balance, in the next two quarters the Company expects to continue to receive the AstraZeneca funding for the APAS® PharmaQC development and receipts from sales.

Cashflows for the Quarter include related party payments of \$150,000 to Directors, comprising the Managing Director's salary and Non-Executive Directors' fees.

Outlook

APAS® PharmaQC product launch – Finalisation of development under AstraZeneca project

The Company remains on track to complete the final deliverables under its partnership with AstraZeneca in the first quarter of calendar year 2024. Importantly, LBT will complete the formal testing and primary validation of the APAS® PharmaQC technology for settle plates, demonstrating an ability to meet the performance requirements for the product. Once this is completed the product will be released to AstraZeneca who are expected to subsequently complete their own secondary validation of the product, testing the performance within their manufacturing process. This is expected to be completed in the third quarter of calendar year 2024.

The Company will continue its program of building awareness and lead generation in the pharmaceutical microbiology market, including developing additional marketing materials and sales activity for this new market segment. In February, the Company will deliver a joint virtual presentation with AstraZeneca to the BioPhorum for Alternative Microbiology Methods. This is a group of influential industry key opinion leaders who are working together to advance practices within the pharmaceutical microbiology industry.

Once the Company has completed its primary validation program for the technology in the first quarter of calendar year 2024, the APAS® PharmaQC product is considered released, covering multiple media manufacturers. The Company has been working with potential early adopters, with upgraded guidance of first placements to now occur in the first half of calendar year 2024.

Investor Conference Call – deferred to end of February 2024

The Company will hold a quarterly conference call towards the end of February to allow more time to include a detailed market update for investors. Details of the investor call will be announced in February 2024.

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.

INVESTOR ENQUIRIES

LBT Innovations
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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 2023

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	293	599
1.2 Payments for		
(a) research and development	(64)	(142)
(b) operating costs & manufacturing	(240)	(620)
(c) advertising and marketing	(36)	(61)
(d) short term leases		
(e) staff costs	(944)	(1,704)
(f) administration and corporate costs	(205)	(430)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	7
1.5 Interest and other costs of finance paid	(38)	(68)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	224	1,073
1.8 Other		
1.9 Net cash from / (used in) operating activities	(1,005)	(1,346)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(2)	(2)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..6....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	(2)	(2)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,540	4,540
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	4	4
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(473)	(499)
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)	(95)
	Other (Repayment of share placement facility)	(1,380)	(1,380)
3.10	Net cash from / (used in) financing activities	2,644	2,570

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,605	2,020
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,005)	(1,346)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..6....months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,644	2,570
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,242	3,242

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	1,482	1,445
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	1,760	160
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,242	1,605

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	(150)
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	1,743	1,743
7.2	Credit standby arrangements	50	24
7.3	Other (please specify)		
7.4	Total financing facilities	1,793	1,767
7.5	Unused financing facilities available at quarter end		26
7.6	<p>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> <p><u>Item 7.1</u> 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 previously being repaid by fixed quarterly instalments of \$256,000, with the final payment due May 2025. During the Quarter, the Company received written approval from the Government to restructure the loan facility whereby Quarterly repayments have changed to interest only, with the principal repayments deferred to:</p> <ul style="list-style-type: none"> • \$0.87 million payable on 30 April 2026; and • \$0.87 million payable on 31 October 2026. <p>The loan restructure 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):</p> <ul style="list-style-type: none"> • 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; 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 debt. <p>The SA Government continues to hold a first ranking general security.</p> <p><u>Item 7.2</u> is a corporate credit card facility which is paid off in full each month.</p> <p><u>Share Placement Facility Terminated</u> During the Quarter ended 31 December 2023, the Company exercised its right to repay in cash the remaining \$1.38 million balance of a Share Placement Agreement. The full repayment of the amount outstanding terminates the Share Placement Agreement, with no further shares required to be issued under that Agreement.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,005)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,242
8.3	Unused finance facilities available at quarter end (item 7.5)	26
8.4	Total available funding (item 8.2 + item 8.3)	3,268

8.5 **Estimated quarters of funding available (item 8.4 divided by item 8.1)**

3.3

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:

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: 22 January 2024

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.