LBT Innovations
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QUARTERLY ACTIVITIES & CASHFLOW REPORT
QUARTER ENDED 30 SEPTEMBER 2024

Adelaide, Australia, 28 October 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 September 2024 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Key Highlights

- **Sales commitments set expectations to generate positive operating and investing cash flows in coming two quarters:**
  - **Initial AstraZeneca order for five APAS® Independence instruments**
  - **Bristol Myers Squibb order (ahead of completing an evaluation to assess suitability of wider deployment)**
- **8 APAS® instruments sold to pharmaceutical customers, product launched in March 2024 – Total expected revenue ~$5.3 million[1]**
- **Clinical sale completed by Thermo Fisher to Quest Diagnostics – One of the largest providers of diagnostics services, with an extensive network of laboratories across the United States**
- **New APAS® Contact Plate application used in pharmaceutical monitoring under development to increase the market and annual recurring revenue opportunity**
  - **First installation of new application completed at AstraZeneca's UK facility**
  - **$1.1 million of CTCM program funding to be assigned for APAS® Contact Plate application**
- **US pharmaceutical leader Mr Ian Wisenberg appointed as non-executive director**
- **Proceeds from the exercise of LBTO Options raising an additional $1.0 million during the Quarter and $2.2 million in total**
- **30 September 2024 cash balance of $2.5 million, and expectations for positive net operating and investing cash flows over the next two quarters, underpinned by over $4.4 million of committed sources of cash inflows**

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

"Since launching APAS® Independence in the pharmaceutical market in March of this year we have achieved 8 sales to customers and have a growing pipeline of sales opportunities including some of the largest pharmaceutical manufacturers globally. This is a positive reflection of the efforts the Company has made to position our technology for use in this market and demonstrates a growing demand from industry for advanced technology solutions, such as APAS® Independence, that improve traditional microbiology methods.

Driven by this strong sales performance over the last six months we expect positive cash flows for the remainder of the 2025 Financial Year and remain in a strong position to continue to execute on our commercialisation strategy."

Commercialisation & Product Development

Sales to large multinational pharmaceutical companies underpin increasing sales velocity for APAS® *Independence*

During the Quarter, the Company secured a purchase order from AstraZeneca AB (**AstraZeneca**) for 5 APAS® instruments for delivery in CY24. The purchase followed initial positive data from AstraZeneca's internal validation of the APAS® system and marks the commencement of a broader deployment of the technology across their key manufacturing sites globally. The

[1] Management estimate total expected revenue over 7 years including expected service and AM fees; USD : AUD 1.5

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total order value is approximately $2.3 milllion to be received in FY25, with additional annual service and maintenance fees expected over the useful life of the instrument. The majority of the contract value is expected to be received up-front as the APAS® instruments are progressively installed.

Further to the initial purchase order from AstraZeneca, the Company's commercialisation strategy remains focused on targeting large multinational companies that, like AstraZeneca, have the potential to acquire multiple APAS® instruments across their manufacturing networks. This strategy has gained traction as the Company actively engages with many of the world's largest pharmaceutical companies, including the installation of APAS® Independence instruments for evaluation with two major multinational pharmaceutical customers during the Quarter. These evaluations are being conducted by a centralised group responsible for assessing the performance and suitability of the technology prior to implementation into their global manufacturing network.

One of the evaluations that commenced during the Quarter is with Bristol Myers Squibb's Microbiology Centre of Excellence group, based in the United States. Within 3-months of the evaluation commencing, Bristol Myers Squibb placed a purchase order to buy the APAS® instrument whilst they continue to assess the suitability of the technology for potential deployment to additional sites across their global network.

Since the Company launched the APAS® Independence as a validated product for environmental monitoring, the Company has completed the sale of 8 APAS® instruments to customers in the pharmaceutical market, delivering an estimated ~$5.3 million[1] in expected revenues for the Company. This record sales performance demonstrates a successful increase in sales velocity that is expected to continue and provides confidence in the sales strategy described by the Company during CY2024.

Clinical market sales – APAS® Independence sold to Quest Diagnostics Group in the United States

In the clinical market, the Company has continued its collaboration with Thermo Fisher Scientific, Inc (**Thermo Fisher**) to advance sales opportunities across the United States and Europe. Progress during the September Quarter has been positive, with several opportunities advancing in the sales cycle. Most significantly, Thermo Fisher completed a sale of an APAS® Independence instrument to the Quest Diagnostics Group (**Quest**), based in the United States. Quest are a leading provider of diagnostic services with an extensive network of clinical laboratories across the United States. This marks the first sale to this laboratory group and once fully implemented may serve as a case study to support broader adoption throughout the Quest network.

New APAS® Independence performance data launched at PDA Micro conference in the United States

The Company continues to implement a targeted marketing strategy aimed at building awareness and establishing thought leadership in pharmaceutical microbiology through key industry events.

In September, the Company held its inaugural APAS® Independence Technology Showcase event at Labor Dr Wisplinghoff, in Cologne, Germany and recently presented the APAS® Independence at the PDA Micro Conference in Washington DC, United States. Both events featured presentations from AstraZeneca, highlighting their experience and data using the APAS® technology. In line with the Company's commercialisation strategy, these events both attracted key decision makers from leading pharmaceutical companies and provided opportunities to accelerate important sales prospects.

At the PDA Micro conference, the Company released new performance data and validation approaches for the APAS® Independence, including data from AstraZeneca's own performance studies. This data serves as a critical asset in supporting the sales process, enhancing product awareness and fostering confidence in the technology among prospective customers. The publications are available in the Company's Scientific Library on the Clever Culture Systems website (Clever Culture Systems Scientific Library).

New development project commenced for contact plate application – Increases overall market opportunity for APAS® Independence in pharmaceutical market

The Company has commenced a new APAS® development project to extend the application of the APAS® Independence instrument to support the smaller 55mm contact plates used in pharmaceutical environmental monitoring for surface and personnel sampling. Upon completion, the project will add key functionality to the APAS® Independence making it the only automation device available in the market capable of processing both plate types used by pharmaceutical manufacturers.

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This enhancement is anticipated to be a key feature in accelerating sales opportunities, particularly in the United States where contact plates are frequently used. Importantly the addition will increase the recurring revenue opportunity for each instrument sold in the pharmaceutical market. For the existing 8 instruments sold to pharmaceutical customers this has the potential to generate up to $2.5 million additional revenues over 7 years.

Approximately $1.1 million in funding for the new APAS® contact plate development project will be provided through the Company's existing Clinical Translation and Commercialisation Medtech program (**CTCM**) (an initiative of the Medical Research Future Fund). The project is expected to be completed by mid-CY25. To support the development of the application, the Company recently installed an early version of the technology on the existing APAS® instrument at AstraZeneca's facility in the UK.

Financial & Corporate

Financial Summary – Record sales significantly improve financial outlook

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

- net cash outflows from Operating and Investing activities of $0.8 million, which included $0.6 million in receipts comprising the deposits received on four of the five instruments ordered by AstraZeneca and other income for consulting, maintenance, software renewals and installation fees;
- net cash inflows from Financing activities of $0.9 million, largely being the proceeds from the exercise of options ahead of the expiry of the LBTO options on 15 September 2024;
- These cashflow movements in the Quarter resulted in a reported consolidated cash balance of $2.5 million as at 30 September 2024.

Cashflows for the Quarter include related party payments of $199,000 to Directors, comprising the Managing Director's salary and annual bonus, and Non-Executive Directors' fees.

The Company expects total net operating and investing cashflows to be positive over the next two quarters, underpinned by over $4.4 million of committed sources of cash inflows which are expected to be received within that period. This includes receipts of $2.7 million for the remaining proceeds from sales contracts with AstraZeneca and Bristol Myers Squibb, $0.5 million for the CTCM grant, $0.9 million R&D Tax Incentive and $0.3 million other income. This expectation is taking into account higher cash outflows of approximately $0.9 million in the next quarter as the Company replenishes inventory.

Known and potential near-term financing cashflows include:

- Outflows of $0.7 million cash outflow for part repayment of the loan from the South Australian Government was made mid-October, leaving a remaining balance of $1.0 million. The original loan value was $4.0 million.
- 409,184,570 listed options (ASX: LBTOA) remain outstanding at 30 September 2024, with an exercise price of $0.008 per option, 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.

Appointment of US pharmaceutical leader Mr Ian Wisenberg as non-executive director

During the Quarter, US based pharmaceutical leader Ian Wisenberg was appointed to the LBT Board, commencing on 1 October 2024. In recent years he led the acquisition of Bridgewest Group's first biologics manufacturing facility and operation from Pfizer in Adelaide, Australia. Ian has an extensive global network of pharmaceutical and large biotechnology companies with that includes specific relationships in drug manufacturing.

Mr Brian O'Dwyer has elected not to stand for re-election at the Company's Annual General Meeting to be held on 14 November 2024 due to increasing executive responsibilities in his role as Chief Executive Officer Q2 Solutions & Clinical FSP at IQVIA. He will retire at the Company's AGM.

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Outlook

Continuing momentum in the pharmaceutical market – Paving the way for APAS® Independence as the new standard in routine use

The Company's top priority in research, development and commercialisation is to establish APAS® Independence as the new standard for microbiology culture plate reading in the pharmaceutical market.

During the upcoming December quarter, the Company is expected to complete the delivery, installation and qualification of the 5 APAS® instruments ordered by AstraZeneca. Throughout this process, we will be working closely with each site to ensure the seamless integration of the instruments into routine use. As our first customer, AstraZeneca represents a significant milestone serving as a reference for other pharmaceutical companies interested in learning from their experience with the technology.

From a sales perspective, the Company's focus remains on targeting large pharmaceutical manufacturers that have the potential to lead to multi-instrument sales. This strategy is gaining traction with two major global pharmaceutical customers, including Bristol Myers Squibb, already engaging in evaluating the technology and we anticipate more prospects to follow throughout the CY25. To support this activity, we will continue our targeted marketing approach, focussing on attendance at key conferences and industry events to cultivate both existing and new opportunities.

Developing the new contract plate application will be our top priority in product development, strengthening our sales efforts by offering a comprehensive solution enhancing our market appeal to prospective customers. We anticipate completing the development work by mid-CY25, adopting the Company's proven data driven approach to technology development and validation.

Over the next 3 months, the Company will finalise the transition of all service contracts from Thermo Fisher to the Company for all existing customers in the clinical market. This will add an ongoing recurring revenue stream for service and maintenance of approximately $350,000 per annum.

Investor Conference Call

The Company will hold a conference call at **9.00am AEDT on 31 October 2024** 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_t6mV3SfKQs-mlwo5qZ8vMg

A Q&A session will be held at the end of the conference call; to participate in this, you will need to join the conference via a 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) 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.

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INVESTOR ENQUIRIES

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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	30 September 2024

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (..3....months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	609	609
1.2	Payments for		
	(a) research and development	(248)	(248)
	(b) operating costs & manufacturing	(551)	(551)
	(c) advertising and marketing	(136)	(136)
	(d) short term leases		
	(e) staff costs	(874)	(874)
	(f) administration and corporate costs	(156)	(156)
1.3	Dividends received (see note 3)		
1.4	Interest received	11	11
1.5	Interest and other costs of finance paid	(25)	(25)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	561	561
1.8	Other	18	18
1.9	**Net cash from / (used in) operating activities**	**(791)**	**(791)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(6)	(6)
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		

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

3.	**Cash flows from financing activities**		
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	971	971
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(1)
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)	(51)	(51)
	Other (Repayment of share placement facility)	-	-
3.10	**Net cash from / (used in) financing activities**	**919**	**919**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,347	2,347
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(791)	(791)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (..3....months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	919	919
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,469**	**2,469**

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	2,389	1,558
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	80	789
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,469**	**2,347**

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	(199)
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	8
7.3	Other (please specify)		
7.4	**Total financing facilities**	1,793	1,751

7.5	**Unused financing facilities available at quarter end**	42

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 the remaining balance from a loan facility provided by the South Australian Government. Quarterly repayments are interest only (at an annual rate 2.8%), with the principal repayments as follows:

- $0.77 million was repaid on 15 October 2024 under an early repayment clause arising from part proceeds of the exercise of options (ASX: LBTO);
- $0.10 million payable on 30 April 2026; and
- $0.87 million payable on 31 October 2026.

Under the loan terms, the $0.97 million scheduled for repayment in 2026 will be repaid early to the extent that proceeds are received by LBT for the exercise of options (ASX: LBTOA, expiring November 2025). Such repayment is to occur on 15 December 2025.

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)	(791)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,469
8.3	Unused finance facilities available at quarter end (item 7.5)	42
8.4	Total available funding (item 8.2 + item 8.3)	2,511
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	3.2

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: 28 October 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.