# PRELIMINARY FINANCIAL REPORT & APPENDIX 4E
# FOR THE YEAR ENDED 30 JUNE 2023

**Adelaide, Australia, 31 August 2023:** Australian medical technology company LBT Innovations Limited (ASX: LBT) (**LBT** or the **Company**), provides its unaudited preliminary financial report and Appendix 4E, for the year ended 30 June 2023 (the **Year**).

## Key Highlights

- **Limited full-year cash outflows from operating and investing activities to $1.6 million, down from $6.2 million in the prior year**
- **Expanded product development to include APAS® PharmaQC, targeting a significant new market opportunity in pharmaceutical sterile manufacturing**
- **Secured $1.7 million in funding from AstraZeneca and Thermo Fisher Scientific, for the development of APAS® PharmaQC**
- **Expanded the Company's sales reach to a further 34 countries in Europe through an extension of its exclusive distribution agreement with Thermo Fisher**
- **Established new procurement models with Thermo Fisher, to present to laboratories experiencing budgetary pressures, particularly in the US**
- **Built a strong sales funnel of over 110 qualified opportunities, including 20-30 advanced sales opportunities**
- **Released new and updated analysis modules for both Europe and the United States**

### Review of Operations

Careful cash flow management has been a priority for the Company during the Financial Year. Full-year cash outflows from operating and investing activities were $1.6 million, down from $6.2 million in the prior year. This has been achieved through improved cash inflows from instrument sales and a shift towards funded research and development streams for the Company's APAS® PharmaQC technology, and a focus on reducing costs. The Company also raised approximately $2 million in new funding through a Shareholder Entitlement Offer (Nov-22) and Share Placement Agreement with the Lind Partners (Mar-23).

The Company finished the year with a cash balance of $2.0 million at 30 June 2023.

During the 2023 Financial Year, LBT expanded its product development strategy to target new culture plate reading applications for pharmaceutical manufacturing quality control applications (APAS® PharmaQC). This has created a significantly expanded market opportunity, with the Company now targeting two major industry verticals for the commercialisation of APAS® Independence in both the Clinical and Pharmaceutical markets.

Through commercial agreements with AstraZeneca (Jan-23) and Thermo Fisher Scientific Inc (Dec-22), the Company secured $1.7 million in funding for the development of APAS® PharmaQC for the reading of culture plates used in pharmaceutical environmental monitoring ("Pharmaceutical EM"). The product leverages the same APAS® imaging system and instrumentation, with the addition of a new APAS® analysis module for the application. Product development has progressed to schedule, with the Company extending the functionality of the original proof-of-concept to support additional culture media types and improve colony counting performance. As part of the development process, an APAS® Independence instrument was installed at AstraZeneca to enable on-site data collection and validation of the technology.

The Company believes that the development of APAS® PharmaQC opens up an estimated new $2.8 billion addressable market (internal estimate) for the technology in pharmaceutical sterile manufacturing. LBT's APAS® technology is ideally

[1] Qualified Leads = Established customer relationship and APAS® buying criteria met; Advanced Sales Opportunities = Evaluation phase or further

suited to the application addressing an unmet need, improving data integrity through automation and eliminating the subjectivity of manual plate reading. The Company have commenced active business development activities with a focus on pharmaceutical companies, such as AstraZeneca, who operate multiple manufacturing sites worldwide.

In the Clinical market, LBT expanded its exclusive distribution agreement with Thermo Fisher from the United States to include Europe (Dec-22), expanding the Company's sales reach to a further 34 countries. This agreement replaced the previous Marketing Agent agreement held with Beckman Coulter Inc for Europe (France, Germany, United Kingdom).

With Thermo Fisher, there has been a focused push on marketing activities for the APAS® Independence in Europe and the United States. The APAS® Independence was featured on the Thermo Fisher booth at both the European Congress for Clinical Microbiology and Infectious Diseases congress (ECCMID, Apr-23) and American Society of Microbiology conference (ASM Microbe, Jun-23), creating new sales leads in each region. At each conference there was new scientific data featuring the APAS Independence published as well as dedicated oral presentations from key opinion leaders and users of the technology. With Thermo Fisher the Company has now built a strong sales funnel of over 110 qualified opportunities, including 20-30 advanced sales opportunities [1].

Sales progress has been slower than anticipated, with the Company recognising four sales in the Financial Year. This included two direct sales in Europe and a further two sales to Thermo Fisher to support their distribution efforts in the United States and Europe. High inflation and increasing staffing shortages are creating challenging economic conditions for the sale of capital equipment. To address these headwinds, the Company, in partnership with Thermo Fisher, has established procurement models to present to laboratories and streamline the purchasing process. The benefit of these alternate structures is expected to be realised in the 2024 Financial Year.

To support these sales and marketing activities, the Company has released new and updated analysis modules for both Europe and the United States. In Europe, the Company received CE Mark under the new In Vitro Diagnostics Regulations (IVDR) for its MRSA (Mar-23) and Urine (Jun-23) analysis modules. In the United States, the Company has released updated versions of its Urine analysis module to support additional culture media brands. LBT has also progressed development for its APAS-AMR analysis module for antimicrobial susceptibility testing (AST) and released early versions of the module to four key opinion leaders for early feedback.

In November, the Company was awarded $1.5 million matched funding from the Australian Government's Medical Research Future Fund initiative through MTPConnect's Clinical Translation and Commercialisation Medtech (CTCM) program for the development of a new smaller benchtop APAS® instrument (APAS® Compact). The project is expected to last 2 years and will use the same core intellectual property to deliver a new APAS® instrument specifically designed for smaller laboratories, further increasing the market opportunity for the technology.

In July, the Company appointed Ms Rebecca Wilson replacing Ms Joanne Moss as Chair (Jul-23). Mr Simon Arkell also retired as a Non-Executive Director during the year (Mar-23).

**Financial Overview**

The consolidated net loss after income tax for the Year was ($22.52) million, comprising a loss before income tax of ($20.88) million and income tax expense of ($1.64) million. The loss before income tax of ($20.88) million included a ($13.41) million non-cash impairment expense. Excluding that impairment expense, the loss before income tax of ($7.47) million comprises:

- $2.27 million in total revenue, including $1.34 million of revenue from APAS® Independence sales, together with associated license fees and maintenance & support income and $0.79 Consulting Income related to the development of APAS® PharmaQC;
- ($0.43) million for cost of goods sold;
- ($4.04) million for total employee expenses;
- ($3.30) million depreciation and amortisation; and
- ($1.97) million other expenses including marketing, research & development and corporate expenses.

The net assets of the consolidated group have decreased by $21.4 million from 30 June 2022, to ($0.01) million at 30 June 2023. This reduction reflects the ($13.4) million non-cash write down of the intangible assets and the associated ($5.7) million write down of the deferred tax asset.

[1] Qualified Leads = Established customer relationship and APAS® buying criteria met; Advanced Sales Opportunities = Evaluation phase or further

The non-cash impairment expense of $13.4 million relates to a full write down of the $13.4 million carrying value of the Company's intangible assets relating to the APAS technology. The decision to write down the intangible assets was based on the Company not receiving the sales it expected for the 12-month period ending 30 June 2023. Despite a strengthening pipeline of opportunities, the Company was unable to provide a "reasonable and supportable" forecast for the timing of sales and sales growth, as required by the Accounting Standard AASB 136 Impairment of Assets.

The Company remains positive on the medium to longer-term clinical market opportunity. The Company's distribution partner, Thermo Fisher remains highly engaged and active in the sale and marketing of the technology and has developed a robust sales pipeline of over 110 qualified opportunities in the United States and Europe, including 20-30 advanced opportunities. The Company also expects APAS® PharmaQC to be a strong contributor to growth in future years. However, potential future sales of APAS® PharmaQC have been excluded from the recoverable amount assessment of the intangible assets, being considered a future product enhancement under Accounting Standard AASB 136 Impairment of Assets.

The Company also recognised a non-cash adjustment of $5.7 million to write down the carrying value of its deferred tax asset. The deferred tax assets arise from deductible temporary differences and previously booked tax losses, for both CCS and LBT. The benefit of these future tax deductions are only recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the deferred tax assets may be utilised. This assessment of future taxable profits was based upon the same assumptions as used in the impairment testing of the intangible assets noted above. This is a non-cash expense and in no way impacts the Company's ability to utilise these tax losses in the future.

Net cash utilisation of ($0.8) million in the Year was largely to fund the consolidated group's net operating expenses of ($1.3) million, ($0.3) million for the continued development of additional analysis modules, partly funded by $0.8 million in net financing inflows after raising capital of $2.0 million throughout the financial year. The total net cash outflows for operating and development activities of ($1.6) million reflects significant new income brought into the business from consulting income for the development of APAS® PharmaQC and a focus on cost management.

The loan provided by the South Australian Government is being repaid in quarterly instalments of principal and interest. During the Year, the South Australian Government agreed to defer the repayment due in May 2023, and subsequent to 30 June 2023 agreed to defer the repayment due in August 2023. At 30 June 2023, the remaining principal balance is $1.7 million with the final quarterly repayment now due in May 2025.

LBT recognised a current tax asset of $0.85 million which is attributable to the Research and Development Tax Incentive claim lodged for eligible expenditure incurred during the Year. The Company expects to receive this in the September 2023 quarter.

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). Thermo Fisher Scientific, Inc is exclusive distributor of the APAS® Independence in the United States and selected countries in Europe.

**INVESTOR ENQUIRIES**


| **LBT Innovations** |
|---|
| **Brent Barnes**<br>Chief Executive Officer & Managing Director<br>Tel: +61 8 8227 1555<br>E: info@lbtinnovations.com |

LBT INNOVATIONS
ACN 107 670 673

**APPENDIX 4E FULL YEAR REPORT**
**FINANCIAL YEAR ENDED 30 JUNE 2023**
**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

This information should be read in conjunction with the 2023 Preliminary Unaudited Annual Financial Report on LBT Innovations Ltd. (**LBT** or the **Company**) and its 100% owned subsidiary Clever Culture Systems AG (**CCS**) (together the **Group**).

| | **June 2023** $'000s | **June 2022** $'000s | **Change** $'000s | **Change** % |
|---|---|---|---|---|
| Revenue | 2,268 | 2,900 | (632) | (21.8%) |
| Net profit / (loss) | (22,254) | (6,641) | (15,613) | (235.1%) |
| Total comprehensive income / (loss) | (22,254) | (6,641) | (15,613) | (235.1%) |

**Revenue**

Revenue for the year ended 30 June 2023 was $2.27 million, a decrease of 21.8% from the prior year. This Revenue comprised:

- $1.05 million from the sale of four APAS® Independence instruments by LBT's subsidiary CCS.
- $0.29 million revenue from annual licence fees, maintenance & support fees.
- $0.79 million APAS® PharmaQC related income.
- $0.14 million other income.

The Group's principal source of revenue during the year was $2.13m from the sales of the APAS® Independence including revenue for the annual licence fees, maintenance & support fees and APAS® PharmaQC related consulting fees.

**Net profit / (loss) for the year**

The Company's net loss for the year was ($22.52) million. This comprised a loss before income tax of ($20.88) million together with an income tax loss of ($1.64) million. The loss before income tax of ($20.88) million included a ($13.41) million non-cash impairment expense. Excluding that impairment expense, the loss before income tax of ($7.47) million comprises:

- $2.27 million in total revenue, as detailed above;
- ($0.43) million for the cost of goods sold;
- ($4.04) million for total employee expenses;
- ($3.30) million of depreciation and amortisation expenses;
- ($1.97) million other expenses including finance, research & development and corporate expenses.

**Dividends**

It is not proposed to pay a dividend.

**Net Tangible Assets per security**

The net tangible assets per LBT share was 0.06 of a cent per share as at 30 June 2023, compared with 0.88 of a cent per share as at 30 June 2022.

**Control Gained or lost over entities**

Not applicable.

**Dividend or distribution reinvestment scheme**

Not applicable.

**Details of associates and joint venture entities**

Not applicable.

**Audited Financial Statements**

At this stage, the Company does not expect the audited annual financial report for the year ended 30 June 2023 to be subject to an audit dispute or qualification.

The preliminary financial statements of the Group have been prepared on a going concern basis. We draw attention to the material uncertainty reflected in Note 1 to the financial statements, particularly in relation to cash receipts form sales and the Company's ability to raise capital. The preliminary financial statements do not include adjustments relating to the recoverability and classification of recorded assets amounts, nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

# LBT Innovations Ltd

ACN 107 670 673

PRELIMINARY UNAUDITED
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

# Preliminary Annual Financial Report

## 30 June 2023

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## Consolidated Statement of Comprehensive Income/(Loss)

## For the Year Ended 30 June 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | $000 | $000 |
| Revenue | 2 | 2,132 | 2,128 |
| Other Income | 2 | 136 | 772 |
| | | | |
| Cost of Sales | | (426) | (950) |
| Employee Benefits Expense | 3b | (4,035) | (4,658) |
| Corporate Expenses | | (581) | (669) |
| Research & Development Expenses | | (295) | (238) |
| Marketing Expenses | | (86) | (134) |
| Finance Expenses | 3c | (470) | (104) |
| Other Expenses | 3d | (554) | (448) |
| Depreciation & Amortisation Expense | | (3,296) | (2,931) |
| Impairment Expense | 11 | (13,408) | - |
| Share of Loss of Joint Ventures Accounted for Using the Equity Method | 10 | - | (554) |
| Loss on Revaluation of Joint Venture Interest | 25 | - | (973) |
| **Consolidated Loss Before Income Tax** | | **(20,883)** | **(8,759)** |
| Income Tax (Expense) Benefit | 4 | (1,641) | 2,118 |
| **Consolidated Net Loss for the Half Year** | | **(22,524)** | **(6,641)** |
| | | | |
| **Basic Loss per Share (cents per share)** | 19 | **(6.83)** | **(2.18)** |
| **Diluted Loss per Share (cents per share)** | 19 | **(6.83)** | **(2.18)** |

The accompanying notes form part of the financial statements.

## Consolidated Statement of Financial Position

As at 30 June 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | $000 | $000 |
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and Cash Equivalents | 5 | 2,020 | 2,788 |
| Trade and Other Receivables | 6 | 482 | 2,004 |
| Inventory | 7 | 1,490 | 981 |
| Current Tax Asset | | 849 | 1,206 |
| **Total Current Assets** | | **4,841** | **6,979** |
| **Non-Current Assets** | | | |
| Property Plant and Equipment | 8 | 51 | 89 |
| Right of Use Assets | 9 | 1,622 | 1,830 |
| Deferred Tax Assets | 20a | 856 | 6,472 |
| Intangible Assets | 11 | - | 16,154 |
| **Total Non-Current Assets** | | **2,529** | **24,545** |
| **Total Assets** | | **7,370** | **31,524** |
| **Current Liabilities** | | | |
| Trade and Other Payables | 12 | 1,165 | 1,473 |
| Lease Liabilities | 13a | 208 | 192 |
| Other Financial Liabilities | 14a | 2,816 | 1,191 |
| **Total Current Liabilities** | | **4,189** | **2,856** |
| **Non-Current Liabilities** | | | |
| Lease Liabilities | 13b | 1,436 | 1,631 |
| Other Financial Liabilities | 14b | 757 | 1,499 |
| Deferred Tax Liabilities | 20b | 856 | 3,969 |
| Provisions | 15 | 237 | 234 |
| **Total Non-Current Liabilities** | | **3,286** | **7,333** |
| **Total Liabilities** | | **7,475** | **10,189** |
| **Net Assets** | | **(105)** | **21,335** |
| **Equity** | | | |
| Issued Capital | 16 | 47,017 | 46,271 |
| Reserves | 17 | 1,947 | 1,651 |
| Accumulated Losses | | (49,069) | (26,587) |
| **Total Equity** | | **(105)** | **21,335** |

The accompanying notes form part of the financial statements.

## Consolidated Statement of Changes in Equity

## For the Year Ended 30 June 2023

| | Option Reserve | Foreign Currency Translation Reserve | Share Capital | Accumulated Losses | Total |
|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 |
| **Balance at 30 June 2021** | **1,234** | **63** | **43,544** | **(19,961)** | **24,880** |
| New Shares Issued | - | - | 2,790 | - | 2,790 |
| Shares Issued as Remuneration | - | - | 13 | - | 13 |
| Options Granted as Remuneration | 229 | - | - | - | 229 |
| Options Lapsed | (15) | - | - | 15 | - |
| Tax Effect Attributable to Capital Raising Costs | - | - | (76) | - | (76) |
| Options Issued for CCS Acquisition | 203 | - | - | - | 203 |
| Foreign Currency Translation Loss on Equity Accounting | - | (274) | - | - | (274) |
| Reclassify Foreign Currency Translation Reserve (On | - | 211 | - | - | 211 |
| Net Loss for the Year | - | - | - | (6,641) | (6,641) |
| **Balance at 30 June 2022** | **1,651** | **-** | **46,271** | **(26,587)** | **21,335** |
| New Shares Issued | - | - | 710 | - | 710 |
| Options Granted as Finance Expenses | 196 | - | - | - | 196 |
| Shares Issued as Remuneration | - | - | 226 | - | 226 |
| Options Granted as Remuneration | 142 | - | - | - | 142 |
| Options Lapsed | (42) | - | - | 42 | - |
| Capital Raising Costs | - | - | (177) | - | (177) |
| Tax Effect Attributable to Capital Raising Costs | - | - | (13) | - | (13) |
| Net Loss for the Year | - | - | - | (22,524) | (22,524) |
| **Balance at 30 June 2023** | **1,947** | **-** | **47,017** | **(49,069)** | **(105)** |

The accompanying notes form part of the financial statements.

## Consolidated Statement of Cash Flows

## For the Year Ended 30 June 2023

| | Note | 2023<br>$000 | 2022<br>$000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Revenue from Customers | | 3,803 | 465 |
| Revenue from Consulting Services to Joint Venture Company | | - | 281 |
| Government Grants Received | | 223 | 565 |
| Payments to Suppliers and Employees | | (6,648) | (7,098) |
| Research and Development Tax Concession | | 1,206 | 824 |
| Interest Received | | 18 | 14 |
| **Net Cash used in Operating Activities** | 18 | **(1,398)** | **(4,949)** |
| **Cash Flows from Investing Activities** | | | |
| APAS® Analysis Module Development (intangible asset) | | (299) | (584) |
| Payments for Plant and Equipment | | (6) | (49) |
| Payments for Right of Use Asset (office fit-out) | | - | (22) |
| Loan Provided to Joint Venture Company | | - | (303) |
| Cash Payment on Subsidiary Acquisition | | - | (283) |
| **Net Cash used in Investing Activities** | | **(305)** | **(1,241)** |
| **Cash Flows from Financing Activities** | | | |
| Cash Proceeds from New Shares Issued | | 2,002 | - |
| Loan Repayments | | (721) | (473) |
| Repayment of Lease Principal | | (179) | (164) |
| Capital Raising Costs | | (167) | - |
| **Net Cash provided by Financing Activities** | | **935** | **(637)** |
| Net Increase (Decrease) in Cash and Cash Equivalents | | (768) | (6,827) |
| Cash and Cash Equivalents at Beginning of Year | | 2,788 | 9,615 |
| **Cash and Cash Equivalents at End of Year** | 5 | **2,020** | **2,788** |

The accompanying notes form part of the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023**

## 1. Statement of Significant Accounting Policies

The preliminary financial report is based on the Group's consolidated financial statements which are in the process of being audited. The preliminary financial reports present the financial information of LBT Innovations Limited (**LBT** or the **Company**) consolidated with its 100% owned company, Clever Culture Systems AG (**CCS**) (collectively, the **Group**) from 31 December 2021, being the date that LBT obtained control of CCS through the completion of its acquisition of the other 50% ownership of CCS. The fair values of the CCS assets and liabilities acquired on 31 December 2021 are disclosed in Note 25.

LBT is a public company incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the preliminary consolidated financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### Basis of Preparation

The preliminary consolidated financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

The preliminary consolidated financial report complies with all International Financial Reporting Standards (IFRS) in their entirety and are presented in Australian dollars, which is the Group's functional and presentation currency.

The preliminary consolidated financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### Parent Entity Information

In accordance with the Corporations Act 2001, these preliminary financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 26.

#### Principles of Consolidation

The consolidated financial statements incorporate the results, assets and liabilities of all subsidiaries of LBT Innovations Limited (the Group) for the year ended 30 June 2023. The consolidated financial statements for the prior year incorporate the assets and liabilities of all subsidiaries as at 30 June 2022 and the results of all subsidiaries for the period from when control was obtained on 31 December 2021 through to the reporting date of 30 June 2022. LBT Innovations Limited and its subsidiary, together are referred to in these financial statements as the 'Group'.

Subsidiaries are any entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interests in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 1. Statement of Significant Accounting Policies cont.

**Going Concern basis of Accounting**

The Group's financial statements have been prepared on the basis of continuity of operations, the realisation of assets and the satisfaction of liabilities in the ordinary course of business. As disclosed in the financial statements, for the year ended 30 June 2023 the Group has incurred a net loss after taxes of $22,524,000 and had net cash outflows from operating and investing activities of $1,643,000. At 30 June 2023, the Company has a cash balance of $2,020,000 at 30 June 2023 and negative net assets of $105,000. These events and conditions represent a material uncertainty on the ability of the Group to continue as a going concern.

The future viability of the Group is largely dependent on the number and timing of sales, and on its ability to raise capital to finance its operations. The Group's level of sales and ability to raise capital in the near term could have a negative impact on its financial condition and its ability to pursue its business strategies. The Group believes that it has sufficient liquidity to prepare the preliminary financial statements on a going concern basis based on a number of capital raising activities being progressed at the time of releasing the preliminary financial statements. If the capital raising activities are not successfully concluded in the near term or sales do no occur, the Group may be required to delay, reduce or eliminate research and development programs, reduce costs, reduce or eliminate commercialisation efforts, obtain funds through arrangements with collaborators, pursue merger or acquisition strategies or cease operations. The preliminary financial statements do not include adjustments relating to the recoverability and classification of recorded assets amounts, nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

**Accounting Policies**

**a) Income Tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income or loss based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

The Group also recognised a non-cash adjustment of $5.7 million to write down the carrying value of its deferred tax assets. The deferred tax assets arise from deductible temporary differences and previously booked tax losses, for both CCS and LBT. The benefit of these future tax deductions are only recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the deferred tax assets may be utilised. This assessment of future taxable profits was based upon the same assumptions as used in the impairment testing of the Group's intangible assets (refer Note 1 (f)). This is a non-cash expense and in no way impacts the Group's ability to utilise these tax losses in the future.

**b) Plant and Equipment**

Plant and equipment is measured on the cost basis less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

**Depreciation**

The depreciable amount of all plant and equipment is depreciated on a straight-line basis over its useful life to the Group, commencing from the time the asset is held ready for use.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 1. Statement of Significant Accounting Policies cont.

**Plant and Equipment cont.**

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate Per Annum |
|---|---|
| Plant and Equipment | 5 – 33% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Any asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

**c) Intangibles**

**APAS® Development Costs**

Capitalised APAS® Development costs include software development, consulting and some internal salaries incurred from December 2013.

Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these costs can be reliably measured.

The development was finalised for the APAS® Independence instrument together with the Urine Analysis module applicable to Australia in the year ended 30 June 2019.

Amortisation of the APAS® development costs commenced from August 2018, being the month of the first sale of an APAS® Independence instrument. LBT have assessed the useful life of the instrument to be 8 years, based on a review of other similarly priced capital items involving new technology within the same culture plate process. The amortisation is calculated on a straight-line basis as being the most appropriate method to reflect the realisation of the future economic benefits arising from the development of the APAS® technology.

**APAS® Analysis Module Development Costs**

The APAS® Independence instrument will not function without the Analysis Module (AM) software. A separate AM needs to be developed for each particular specimen type and for the different particular type of culture plate media used. Different geographies globally utilise different culture plate media for the same specimen testing. A core group of AMs are required to ensure at least the two most common specimen tests are available on the most commonly used culture plate media used in each of the target markets. The development costs for these core group of AMs are required to realise the sales potential of the physical instrument. These development costs have been capitalised as a separate asset from August 2018 onwards.

CCS Development costs include costs incurred by CCS for the engineering and design of the physical APAS® Independence instrument, and the costs associated with clinical trials and regulatory clearance for Analysis Modules. These costs were restated to fair value as at 31 December 2021, being the date that LBT obtained control of CCS through the completion of its full acquisition of CCS. The fair values of the CCS assets and liabilities acquired are disclosed in Note 25.

At 30 June the Company reviewed sales performance and sales projections and it became evident that there was not a "reasonable and supportable" basis for forecast future sales within the context of Australian Accounting Standard AASB 136 Impairment of Assets, and as such Directors approved management's recommendation to write down the carrying value of the intangible assets to nil as at 30 June 2023.

**License Fees and Option Fees**

Licence fees and option fees are valued in the accounts at cost of acquisition and are amortised over the period in which their benefits are expected to be realised.

**Research Expenditure**

Expenditure during the research phase of a project is recognised as an expense when incurred.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 1. Statement of Significant Accounting Policies cont.

**d) Financial Instruments**

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**Trade and Other Receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

**Other receivables are recognised at amortised cost, less any allowance for expected credit losses.**

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**e) Investment Accounted for Using the Equity Method**

**CCS Joint Venture (pre 31 December 2021)**

In 2013, LBT established a joint venture company, Clever Culture Systems AG (**CCS**), with Hettich. LBT held a 50% interest in CCS into which it contributed CHF25,000 share capital and granted an exclusive licence to use its APAS® technology. Hettich also held a 50% interest in CCS into which it contributed CHF25,000 share capital and an initial shareholder loan of $4 million. Subsequent funding was provided by LBT and Hettich equally as shareholder loans.

Following 31 December 2021, when LBT obtained 100% ownership and control of CCS , the financial information of CCS and LBT are consolidated**.**

Prior to the 31 December 2021, LBT accounted for its 50% investment in CCS using the equity method in accordance with AASB 128 Investments in Associates & Joint Ventures. This prior year equity accounting information is presented in Note 10.

The financial statements of CCS were aligned to the same reporting period as LBT and were amended where CCS' accounting policies were inconsistent with that of LBT.

In the prior year, during the six-months prior to the date of Acquisition on 31 December 2021, LBT's 50% share of the change in net assets of CCS over that period was a loss of $554,000. The equity accounted loss, net of any foreign exchange impact, was applied to reduce the carrying amount of LBT's shareholder loans.

On 31 December 2021, equity accounting ceased and LBT revalued its previously held 50% equity interest and shareholder loans to fair value based on the acquisition consideration paid for the other 50% interest and shareholders loans acquired from Hettich (refer Note 25). This resulted in a loss of ($973,000) on the revaluation of LBT's pre-existing 50% interest and shareholder loans, and the foreign currency reserve of $211,000 was recognised in profit or loss.

Subsequent to 31 December 2021, the functional currency for CCS was amended to AUD. The AUD financial information for CCS is consolidated into the Group's financial statements post 31 December 2021.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 1. Statement of Significant Accounting Policies cont.

**f) Impairment of Non-Financial Assets**

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset. An impairment test is also performed annually for intangible assets with indefinite lives and intangible assets not yet available for use.

The Group previously prepared an impairment assessment as at 31 December 2022.

An impairment test compares the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

**Critical Accounting Estimates and Judgements**

The Directors evaluate managements' estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

**Key Estimates – Impairment**

The carrying amount for intangible assets, before any provision for impairment, of $13.4 million (2022: $16.2 million), comprise the capitalised development costs for the APAS® instrument and the development costs for the initial analysis modules. The recoverability of these intangible assets are dependent on sufficient future cash flows generated through repeatable clinical market sales of the APAS® instrument and ongoing licence fees for the analysis modules.

The carrying amount of $13.4 million (2022: $16.2 million) for the intangible assets have been assessed against their estimated recoverable amount, consistent with Accounting Standard AASB 136 Impairment of Assets. This formal assessment was undertaken in both the years ending 30 June 2022 and 30 June 2023, and for the half year ending 31 December 2022. At each reporting date, the recoverable amount was assessed using a value-in-use calculation, comprising a forecast of cash flows associated with future sales of the APAS® instrument, discounted to net present value. The forecast incorporates various key assumptions outlined further below. For the purpose of the cash flow forecasts, the cash generating unit has been identified as comprising the Group in its entirety, excluding projected costs and revenues associated with the development of a new analysis module for use in environmental monitoring within pharmaceutical manufacturing sites (APAS® PharmaQC).

As at 30 June 2023, Directors have determined that the Group is not in a position to provide a “reasonable and supportable” forecast for a level of sales to the clinical microbiology market that would indicate a recoverable amount of the APAS® assets.

On this basis, Directors have agreed with management’s recommendation to take a conservative view regarding impairment related to APAS® assets of $13.4 million as at 30 June 2023. Accordingly, a non-cash impairment expense of $13.4 million has been recognised in the Group's Statement of Comprehensive Income/(Loss) for the year ended 30 June 2023 (2022: Nil). This follows a significant reduction in the recoverable amount assessment at 31 December 2022 which is detailed further below. The recoverable amount assessment for the prior year, ended 30 June 2022, is also detailed below.
The decision to include an impairment expense of intangible assets was announced to the ASX on 4 August 2023.

Two key factors impacted the Group's assessment of whether a “reasonable and supportable” forecast of future sales was sufficient to justify a continued carrying amount for the APAS® related assets:

- ***Sales to the Clinical Microbiology Market.*** The Group's actual sales over the past 12 months has not delivered against expected forecast sales. Whilst many of the near-term sales opportunities remain engaged, and the pipeline of qualified leads and the advanced opportunities remain positive, there is sufficient uncertainty that sales may take longer to build than previously expected. Despite this longer-term potential, the inability to achieve sales forecasts over the last 12 months does increase the uncertainty of forecasting the expected timing of near-term sales and the pattern of sales growth thereafter. This makes it very difficult to provide a “reasonable and supportable” forecast for sales, as required by AASB 136 Impairment of Assets.
- ***Indicative Market Value.*** The Company’s reduced share price and market capitalisation at 30 June 2023 provided an additional indicator of impairment, pointing to an indicative valuation of the intangible assets that is materially below their $13.4 million carrying value. This is the first time, since the Company commenced the recoverable amount assessment in the year ended 30 June 2019, that the market capitalisation indicative valuation has been materially less than the carrying value.

In addition to difficulties in forecasting near term sales, the macro-economic environment for clinical laboratories has added greater uncertainty to future forecasts. The clinical market is still recovering from the COVID-19 pandemic, and many hospital systems are facing financial pressures made worse by the high-inflation rates experienced in the US and Europe. This has led to many hospital systems imposing restrictions or deferrals on capital equipment purchases which has further impacted the Group's ability to forecast the timing and extent of future sales growth, particularly in the near term.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 1. Statement of Significant Accounting Policies cont.

**f) Impairment of Non-Financial Assets cont.**

*APAS® PharmaQC excluded*
For the purpose of the cash flow forecasts undertaken for the recoverable amount assessment, projected revenues associated with the development of APAS® PharmaQC have been excluded. Although future expected cashflows associated with APAS® PharmaQC are expected to improve the commercial returns of the APAS® instrument, they are considered a future product enhancement and therefore excluded from the recoverable amount assessment under Accounting Standard AASB 136 Impairment of Assets.

*Future Recoverable Amount Assessments*
The Group will reassess the recoverable amount of the APAS® related assets and the recoverability of the deferred tax asset associated with past tax losses, at each future reporting date. That assessment will be guided by actual sales achieved in the clinical microbiology market and completion of the APAS® PharmaQC development, together with a view of the pipeline of potential sales in the pharmaceutical market.

**Recoverable Amount Reassessed at the half year ended 31 December 2022**

The Group last performed a recoverable amount assessment as at 31 December 2022, where the recoverable amount had been revised down to $28.5 million, from $49.6 million at 30 June 2022. The assessed recoverable amount of $28.5 million was in excess of the carrying value of the APAS® related assets at that time by $13.8 million (2022: $33.4 million), and the indicative market value of the APAS® related assets implied by the Group's market capitalisation remained at or in excess of the $13.8 million carrying value.

The decrease in the estimated recoverable amount from $49.6 million to $28.5 million, was primarily a result of a 6-month delay in the expected increase in sales in both the US and Europe. At that time, the delay was thought to point towards a sales cycle at the higher end of the expected 12 to 18 month sales cycle, noting that 'on the ground' sales activities for Thermo Fisher in the US only commenced in January 2022, and customer access in the Group's target market in the US and Europe remained significantly impacted by the COVID-19 pandemic (the target market being pathology laboratories and hospitals at the frontline of the pandemic).

Furthermore, the Group had broadly observed customer budget constraints following the COVID-19 pandemic, where expenditure was being directed towards renewal of existing instrumentation over procurement of new technologies.

In December 2022, the Group completed meetings in the US with potential strategic customers and sales planning for the 2023 calendar year with Thermo Fisher. While Thermo Fisher's first year as distributor was focussed on growing the breadth of the pipeline of qualified sales leads, the emphasis had shifted to accelerating sales conversion, with specific initiatives established for execution. Near term forecasts at this point were consistent with Thermo Fisher's internal sales targets, the sales activities planned and the status of advanced opportunities.

Also at that time, the distribution agreement with Thermo Fisher was extended, on the same terms, to 34 countries in Europe. This extension of the Thermo Fisher distribution agreement was a positive reinforcement of the sales potential of the APAS® instrument, consistent with feedback from the US sales activities to date and being subject to a separate due diligence process by Thermo Fisher, including a 'voice of customer' assessment for market fit.

**Recoverable Amount Assessment for the prior year ended 30 June 2022**

As at 30 June 2022, the discounted cash flow forecast indicated a recoverable amount of $49.6 million. The assessed recoverable amount was in excess of the carrying value of the APAS® related assets by $33.4 million. On the basis of management's estimates of the recoverable amount, Directors concluded an impairment of the APAS® related assets was not required at that time.

The increase in the estimated recoverable amount from $25.9 million, for the impairment testing as at 30 June 2021, to $49.6 million for the impairment testing as at 30 June 2022, was primarily a result of the CCS Acquisition, with the forecast future cash flows now including 100% of the forecast cashflows for CCS (2021: 50%).

**Assumptions**

A description of the assumptions underlying the forecast cash flows for 30 June 2022 is described below.

*Sales Projections*
Sales projections were based on an end customer unit sales price of approximately USD300,000 (AUD$400,000) per instrument and USD30,000 (AUD$40,000) per instrument per annum ongoing licence fee with an expected minimum useful life of six years per instrument, less distributor fees ranging from 30% to 40%. This assumption remains applicable as at 30 June 2023.

The forecast period was through to June 2027. The unit sales were based upon the targeted markets and prior experience in bringing a new medical device technology to the market, together with historical market knowledge for other devices in the clinical microbiology culture plate workflow, involving new technology at a similar price per unit.

The appointment of Thermo Fisher, in September 2021, as exclusive distributor in the United States, was a key commercialisation milestone for the Group. Despite the depth and coverage of the Thermo Fisher sales force, the Group maintained the view that the sales cycle for this new technology will remain between 12 to 18 months. That timeframe translated to expectations that Thermo Fisher's end-customer sales would commence and build over the course of the financial year ended 30 June 2023. The Group's early sales expectations were reinforced when, in March 2022, Thermo Fisher placed an order for five APAS® instruments, based on positive market feedback and interest being received during this initial phase of sales activity.

Sales were assumed to grow following an initial 18-month period after the commencement of sales activities by Thermo Fisher in the US. It was expected that the sales cycle would shorten as the number of instruments in the market increased and the APAS® Independence becomes a more widely adopted technology. The growth rates were consistent with historical market knowledge for other devices in the clinical microbiology culture plate workflow, involving new technology at a similar price per unit.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 1. Statement of Significant Accounting Policies cont.

### f) Impairment of Non-Financial Assets cont.

*Terminal Value*
The terminal value was calculated based on a reduced ongoing sales projection of 20% of the final year peak sales, or 14 instruments per annum, with the installed base reducing over time to 86 units. A price earnings multiple of three times earning has been used, reflecting that the instrument would be late in its product life cycle at that point. Terminal value also includes the annual licence fee 'run-off' for the installed base at June 2027, assuming an average of five annual licence renewals per instrument following the year of sale.

*Discount Rate*
A nominal pre-tax discount rate of 23.7% has been used in the discounted cash flow modelling. This was based on the average Price-Earnings ratio of ASX listed entities, adjusted for management's view of a risk premium appropriate for LBT as a listed entity that is pre-break-even revenues, for the current stage of commercialisation of the APAS® instrument.

**Key Estimates – Deferred Tax Asset Recoverability**

In the addition to the carrying value of the intangible assets noted above, the Group also has net deferred tax assets of $5.7 million (2022: $2.5 million), arising from deductible temporary differences and unused carried forward tax losses, for both CCS and LBT. These are recognised to the extent that it is probable that future tax profits will be available against which the deductible temporary differences and carried forward tax losses may be utilised. This assessment of future taxable profits is based upon the same assumptions as used in the impairment testing of the intangible assets outlined in this note. On this basis, the Group has written off Deferred Tax assets as at 30 June 2023 of $5.7 million, recognised as part of the Group's Tax Expense included within the Statement of Comprehensive Income/(Loss).

**Key Estimates – Share Based Payments**

A key area of judgement relates to the calculation of the market value of the unlisted options issued to Directors, employees and other service providers. The market value of each option series is assessed using the Binomial method, and a key assumption in this calculation is the Company's future share price volatility. Future volatility was based on the historic daily price movements of the Company's ASX listed shares for the 48 months immediately prior to the relevant valuation date for each of the option series. For further information in relation to the options issued, refer to Notes 17 and 23.

### g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at call deposits with banks or financial institutions.

### h) Revenue Recognition

**Revenue from Contracts with Customers**

In accordance with AASB 15, sales are recognised by the Group by dividing the sales contracts into two performance obligations, each being a promise to transfer to the customer a good or service that is distinct. Revenue is then recognised when (or as) the Group satisfies each performance obligation by transferring a promised good or service (i.e. an asset) to the customer. An asset is transferred when (or as) the customer obtains control of that asset. The performance obligations are as follows:

- One year maintenance and support. Part of the total contracted sale price is attributed to this service based on the list price of $40,000 per annum for annual maintenance and support following the one-year 'free' maintenance and support included in the contract price. This portion of the contracted sales price is recognised as revenue over the course of that 12-month warranty period.

- The remainder of the contracted sales price is attributed to the sale of the instrument. This portion of the contracted sales price is recognised as revenue once the instrument is delivered at the customer site.

Each Analysis Module enables the instrument to read and interpret different specimen types. An annual end user licence agreement is entered into by CCS for each Analysis Module required by a customer. Annual licence fees are recognised as revenue when the end customer enters into the annual end user license agreement. In the prior year, prior to the full acquisition of CCS on 31 December 2021, LBT would only recognise the amount of 6,000 CHF per annum for each Analysis Module license, based on a pre-existing agreement between LBT and its then 50% owned JV Company. Post 31 December 2021 the full amount of the end user licence fee earned by CCS is now recognised in the consolidated financial statements.

Annual fees payable for maintenance & support are recognised progressively over the year that these services are provided. Future instruments sold in the US and EU through Thermo Fisher will have maintenance and support services provided by Thermo Fisher.

**Revenue from Consulting Services provided to CCS (pre 31 December 2021)**

LBT's staff provided a number of services to CCS, such as general management of CCS, management of the design and development of the APAS® instrument, management of clinical trials, regulatory submissions, and some sales related activities outside of Australia including installation and support at potential customer sites and key opinion leader sites.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 1. Statement of Significant Accounting Policies cont.

**Revenue Recognition cont.**

The costs of staff time were invoiced by LBT on a cost plus a standard mark-up for oncosts and was recognised as revenue in the month the services were provided. After the date of the full acquisition of CCS by LBT on 31 December 2021, all intercompany transactions are eliminated in full in preparing the consolidated financial information.

**Interest Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**Government Grants**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expenses are recognised as income over the periods necessary to match grants to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

**Other Revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

**i) Share-Based Payments**

**Equity Settled Transactions**

The Group currently has a Directors and Employee Share Option Plan in place to provide benefits to Directors and Executives in the form of share-payments whereby they render services in exchange for shares or rights over shares (equity-settled transactions).

The Group may also provide options to selected consultants in exchange for their services.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted or in the case of options subject to shareholder approval, then fair value at the date of shareholder approval. The fair value is determined using the Binomial option pricing model. Although for more complex options that include market vesting conditions, the Group utilises a Monte Carlo simulation together with a net present value calculation.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant party becomes fully entitled to the award (the vesting period).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**j) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**k) Foreign Currency Transactions and Balances**

Foreign currency transactions during the year were converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date were converted at the rates of exchange ruling at that date.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income.

Prior to 31 December 2021, foreign currency transactions of LBT's then JV Company, CCS, were initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange at the statement of financial position's date. Any resulting exchange differences are included in the comprehensive income statement. Non-monetary assets and liabilities, other than those measured at fair value are not retranslated subsequent to initial recognition.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 1. Statement of Significant Accounting Policies cont.

**l) Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**m) Leases - the Group as lessee**

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group. However, all contracts that are classified as short-term leases (i.e. a lease with a lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

**n) Business Combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.
Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss.

Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 1. Statement of Significant Accounting Policies cont.

The business combination disclosures related to gaining control of CCS on 31 December 2021 are detailed in Note 25.

**o) Adoption of New and Revised Accounting Standards (issued but not yet effective)**

At the date of authorisation of the financial statements, the Group has not applied any new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective, as they will not have a material impact on the financial statements of the Group.

## 2. Revenue

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| Instrument Sales | 1,046 | 1,504 |
| License Fees [(1)] | 187 | 98 |
| Maintenance Revenue | 98 | 61 |
| Revenue from Consulting Services [(4)] | 788 | 59 |
| Instrument Accessories | 13 | - |
| Revenue from Consulting Services to JV Company | - | 406 |
| **Revenue** | **2,132** | **2,128** |
| Government Grants [(2)] | 48 | 620 |
| Foreign Exchange Gain (Loss) | 71 | 11 |
| Interest [(3)] | 17 | 141 |
| **Other Income** | **136** | **772** |

1. Includes $NIL (2022: $27,000) revenue received from CCS prior to completion of the full acquisition of CCS on 31 December 2021.
2. For the year ended 30 June 2023, Grant income was in relation to the matched funding being provided by the Government under the CTCM grant for the development of a smaller APAS instrument. For the year ended 30 June 2022, Grant income of $620,000 was in relation to the matched funding being provided by the Government under the BTB grant for the development of an analysis module for Antibiotic Sensitivity Testing. (ASX Announcement 3 September 2020).
3. In the year ended 30 June 2022, interest income included $127,000 accrued on loans to CCS, prior to obtaining control of CCS on 31 December 2021.
4. Revenue from consulting services includes income from AstraZeneca and Thermo Fisher for the development of the APAS® PharmaQC product.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 3. Loss for the Year

Loss Before Income Tax Benefit includes the following Items:

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| **(a) Corporate Expenses** | | |
| ASX Fees and Share Registry costs | 78 | 82 |
| Auditors Remuneration (1) | 66 | 53 |
| Insurance | 132 | 103 |
| Corporate Consulting and Legal (2) | 98 | 273 |
| General Office Expenses and Other | 207 | 158 |
| **Total Corporate Expenses** | **581** | **669** |
| **(b) Employee Benefits Expense** | | |
| Cash Based Employee Benefits Expense (Includes directors' fees, contractor fees, salaries | 3,893 | 4,429 |
| Share Based Payments (refer Note 23) (4) | 142 | 229 |
| **Total Employee Benefits Expense** | **4,035** | **4,658** |
| **(c) Finance Expenses** | | |
| Interest Expense | 115 | 104 |
| Share Placement Obligation (refer Note 14) (5) | 355 | - |
| **Total Finance Expenses** | **470** | **104** |
| **(d) Other Expenses** | | |
| Short-Term Lease Payments and Outgoings | - | 24 |
| Travel and Accommodation | 294 | 201 |
| Patents and Trademarks | 106 | 69 |
| APAS® Independence customer maintenance and support | 106 | 47 |
| Sustaining Engineering | 42 | 87 |
| Other | 6 | 20 |
| **Total Other Expenses** | **554** | **448** |

1. The Auditor did not provide any Non-Audit Services to the Group during the Year.
2. Consulting expenses during the year ended 30 June 2022 included $123,000 related to completion of the full acquisition of CCS.
3. Employee benefits expense includes $209,000 (2022: $204,000) of remuneration to Directors and Executives otherwise settled, or proposed to be settled, through the issuance of LBT Shares, as follows:
   - $156,000 (2022: $53,000) of Directors Fees, where individual Directors have elected to receive part of their cash-based Directors fees in LBT shares. Shares relating to $29,000 of this expense (together with the $46,000 owing for 2022) was issued following shareholder approval at the 2022 AGM, and $127,000 remains subject to approval by shareholders LBT's 2023 AGM. (refer Notes 14 and 16).
   - $24,750 (2022: $59,942) payable as an annual bonus to the CEO and Managing Director. The F23 bonus is payable in cash, however the CEO and Managing Director elected to receive the bonus in LBT Shares, subject to approval at LBT's 2023 AGM. (refer Remuneration Report)
   - $28,000 (2022: $91,000) payable in LBT Shares as an annual bonus for the Executive Team. The maximum annual bonus is 10% of an individual's annual salary, with the actual amount awarded according to performance of the Group against its annual Corporate KPI's (70%) and against individual performance (30%). The Shares owing for the year ended 30 June 2023 are yet to be issued.

   The total liability to be settled through the issuance of LBT Shares to Directors and employees is $180,000 (2022: $197,000) – refer Note 14.
4. Share based payments relate to amounts expensed in the period for options granted to employees and Directors (refer Notes 17 and 23).
5. Comprises $287,597 transaction costs associated with the establishment of the Share Placement Agreement and $67,856 being the discount to market at the time the shares were issued for the first two subscription notices under the Share Placement Agreement (Refer to Notes 14).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 4. Income Tax

| | 2023 $000 | 2022 $000 |
|---|---|---|
| **a) The Components of Tax Benefit Comprise:** | | |
| Current Tax | 849 | 1,206 |
| Deferred Tax - Origination and Reversal of Temporary Differences | 3,197 | 962 |
| Adjustment recognised for prior periods | - | (50) |
| Derecognition of Deferred Tax Assets | (5,687) | |
| **Income Tax (Expense) Benefit** | **(1,641)** | **2,118** |
| **b) The Prima Facie Income Tax Benefit on the Pre-Tax Accounting Loss is Reconciled to the Income Tax as follows:** | | |
| Prima Facie Income Tax Benefit on the Pre-Tax Accounting Loss, at the domestic tax rates applicable in the countries concerned | 4,514 | 2,282 |
| Adjusted for the Tax Effect of: | | |
| R&D Concession Claim | 355 | 398 |
| Capital Raising Costs | 59 | 73 |
| Non-Deductible Expenses | (58) | (472) |
| Derecognition of Deferred Tax Assets | (5,687) | - |
| Other | (824) | (163) |
| **Income Tax Benefit** | **(1,641)** | **2,118** |

## 5. Cash and Cash Equivalents

| | | |
|---|---|---|
| Cash on Hand and at Bank | 1,860 | 1,328 |
| Cash on Deposit | 160 | 1,460 |
| **Total Cash and Cash Equivalents** | **2,020** | **2,788** |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 6. Trade and Other Receivables

| | 2023 | 2022 |
|---|---|---|
| | $000 | $000 |
| Trade Receivables | 320 | 1,739 |
| Other Receivables | 138 | 218 |
| GST Refundable | 24 | 47 |
| **Trade and Other Receivables** | **482** | **2,004** |

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days, unless otherwise disclosed.

Current Trade Receivables includes receivables of $158,000 for amounts due from Pharmaceutical EM work with AstraZeneca and the residual amount being APAS software licence renewals. Current Trade Receivables in the prior year ended 30 June 2022 included receivables denominated in USD, US$1,109,000 (A$1,610,000) for amounts due from the sales of APAS® instruments. Of this amount, US$795,000 (A$1,153,000) was receivable from Thermo Fisher, as the Group's exclusive distributor in the United States.

**Credit Risk**

All material receivables are within agreed payment terms.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than Thermo Fisher as exclusive distributor for the APAS® Independence in the United States. The class of assets described as "Trade and Other Receivables" (Note 6) is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has credit risk exposures in Australia, the EU and the US.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date. As at 30 June 2023, the Group has determined that no credit loss provision is required.

## 7. Inventory

| | 2023 | 2022 |
|---|---|---|
| | $000 | $000 |
| Finished Goods | 277 | 407 |
| Work in Progress | 765 | 363 |
| Spare Parts | 448 | 211 |
| **Total Inventory (1)** | **1,490** | **981** |

1. Inventory held by 100% owned CCS (Refer Note 25 for the acquisition and consolidation accounting).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 8. Plant and Equipment

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| Plant and Equipment at Cost | 280 | 273 |
| Less: Accumulated Depreciation | (229) | (184) |
| **Total Plant and Equipment** | **51** | **89** |

**Movements in Carrying Amount**

Movements in carrying amounts of plant and equipment between the beginning and the end of the financial year were as follows:

| | | |
|---|---|---|
| Opening Balance | 89 | 105 |
| Additions | 7 | 37 |
| Disposals | - | - |
| Depreciation Expense | (45) | (53) |
| **Closing Balance** | **51** | **89** |

## 9. Right of Use Assets

The Group's right of use assets is a property lease for its sole office in Adelaide CBD, which commenced 15 April 2021. This is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The remaining term of the lease is 2.9 years. The rent increases on an annual basis by 3.5% or CPI whichever is the greater.

**Options to extend or terminate**

An option exists to renew the lease at the end of the five-year term for an additional term of five years. The extension option is only exercisable by the Group. The extension option is included in the calculation of the lease liability and right to use asset only to the extent management are reasonably certain to exercise that option.

**Variable Lease Payments**

The Group does not have any variable lease payments.

*(i) AASB 16 related amounts recognised in the Statement of Financial Position*

| | | |
|---|---|---|
| Leased Building | 2,088 | 2,088 |
| Less: Accumulated Depreciation | (466) | (258) |
| **Total Right of Use Assets** | **1,622** | **1,830** |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 9. Right of Use Assets cont.

**Movements in Carrying Amount**

Movements in carrying amounts of Right of Use Assets between the beginning and the end of the year were as follows:

| | 2023 | 2022 |
|---|---|---|
| | $000 | $000 |
| Opening Balance | 1,830 | 1,974 |
| CPI Rental Adjustment | - | 64 |
| Depreciation Expense | (208) | (208) |
| **Closing Balance** | **1,622** | **1,830** |

*(ii) AASB 16 related amounts recognised in the Statement of Statement of Comprehensive Income/(Loss)*

| | | |
|---|---|---|
| Depreciation Charge related to Right of Use Assets | (208) | (208) |
| Interest Expense on Lease Liabilities (under Finance Expense) | (58) | (64) |
| Short-Term Leases Expense | - | - |

| | | |
|---|---|---|
| *(iii) Total Year Cash Outflows for Leases* | (179) | (164) |

## 10. Investments Accounted for Using the Equity Method

In the prior year, the voting power held by LBT through to 31 December 2021 was 50%. LBT equity accounted for 50% share of the financial results of CCS through to 31 December 2021. Financial statements of CCS were aligned to the same reporting period as LBT and were amended where the accounting policies were inconsistent with that of LBT. From 31 December 2021, LBT ceased equity accounting for its equity interest in CCS and commenced consolidating the financial results of its 100% owned subsidiary CCS from that date (Refer Note 25 for further details related to the accounting related to the Acquisition).

**b) Summarised Financial Information for the Joint Venture at the date of Acquisition (31 December 2021)**

Set out below is the summarised financial information for CCS for the prior year, through to the date of Acquisition on 31 December 2021. Unless otherwise stated, the disclosed information reflects the amounts presented in the financial statements of CCS as at 31 December 2021 in Australian Dollars, in accordance with Australian Accounting Standards. The following summarised financial information reflects the adjustments made by LBT when applying the equity method, including adjustments for any differences in accounting policies between LBT and the joint venture.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 10. Investments Accounted for Using the Equity Method cont.

**Summarised Financial Position**

| | 31/12/21<br>Prior to Acquisition<br>$000 |
|---|---|
| **Asset** | |
| **Current Assets** | |
| Cash and Cash Equivalents | 717 |
| Trade and Other Receivables | 357 |
| Inventory | 1,281 |
| **Total Current Assets** | **2,355** |
| | |
| **Non-Current Assets** | |
| Intangible Assets | 12,241 |
| **Total Non-Current Assets** | **12,241** |
| | |
| **Total Assets** | **14,596** |
| | |
| **Current Liabilities** | |
| Trade and Other Payables | 1,553 |
| **Total Current Liabilities** | **1,553** |
| | |
| **Non-Current Liabilities** | |
| Non-Current Financial Liabilities (loans from Joint Venture shareholders) | 30,056 |
| **Total Non-Current Liabilities** | **30,056** |
| | |
| **Total Liabilities** | **31,609** |
| | |
| **Net Liabilities** | **(17,013)** |
| | |
| LBT's Share (%) | 50% |
| LBT's Share of Joint Venture's Net Liabilities | (8,507) |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 10. Investments Accounted for Using the Equity Method cont.

**Summarised Financial Information for CCS cont.**

**Summarised Financial Performance**

| | 31/12/21 Prior to Acquisition $000 |
|---|---|
| Revenue | 52 |
| Depreciation and Amortisation | (1,191) |
| Interest Expense | (303) |
| Other Expenses | 334 |
| **Loss After Tax from Continuing Operations** | **(1,108)** |
| | |
| Other Comprehensive Income | - |
| | |
| **Total Comprehensive Loss for the Year** | **(1,108)** |
| | |
| Dividends Paid | - |
| **LBT's Share of Joint Venture's Comprehensive Loss** | **(554)** |
| Foreign Currency Translation | (274) |

In the prior year, through to the date of the Acquisition on 31 December 2021, LBT's 50% share of the change in net assets of CCS was a loss of ($554,000), or ($828,000) including the foreign currency translation loss of ($274,000). The amount of ($828,000) was applied to increase the provision against the recoverability of the shareholder loans to ($8,507,000). The balance of the shareholder loans at 31 December 2021, net of the loan provision, were eliminated upon the cessation of equity accounting on that date.

## 11. Intangible Assets

| | 2023 $000 | 2022 $000 |
|---|---|---|
| APAS® Development Costs (Note 1 (c)) | 18,491 | 18,491 |
| Less: Accumulated Amortisation | (11,419) | (9,121) |
| | 7,072 | 9,370 |
| Analysis Module Development (Note 1 (c)) | 4,038 | 3,741 |
| Less: Accumulated Amortisation | - | - |
| | 4,038 | 3,741 |
| CCS Development Costs (Fair Value on Acquisition) | 3,416 | 3,416 |
| Less: Accumulated Amortisation | (1,118) | (373) |
| | 2,298 | 3,043 |
| Provision for Impairment (Note 1 (f)) | (13,408) | - |
| **Total Intangible Assets** | **-** | **16,154** |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 11. Intangible Assets cont.

**Movements in Carrying Amount**

| | AM Development Costs | APAS® Development Costs | CCS Development Costs | Total Intangible Assets |
|---|---|---|---|---|
| | $000 | $000 | $000 | $000 |
| **Balance 30 June 2021** | **3,155** | **11,667** | **-** | **14,822** |
| Additions (1) | 586 | - | 3,416 | 4,002 |
| Disposals | - | - | - | - |
| Amortisation Expense | - | (2,297) | (373) | (2,670) |
| Impairment | - | - | - | - |
| **Balance 30 June 2022** | **3,741** | **9,370** | **3,043** | **16,154** |
| Additions | 297 | - | - | 297 |
| Disposals | - | - | - | - |
| Amortisation Expense | - | (2,298) | (745) | (3,043) |
| Impairment Expense | (4,038) | (7,072) | (2,298) | (13,408) |
| **Balance 30 June 2023** | **-** | **-** | **-** | **-** |

1. The additions in the prior year included $4,319,000 being the fair value of the intangibles acquired as part of the Acquisition of CCS (refer to Note 25).

## 12. Trade and Other Payables

| | 2023 | 2022 |
|---|---|---|
| | $000 | $000 |
| | | |
| Trade Creditors | 680 | 823 |
| Other Payables | 485 | 650 |
| | **1,165** | **1,473** |

## 13. Lease Liability

The Group's Lease Liability relates to the lease of LBT's office space (refer Note 9 for further details). The lease liability has been calculated with the assumption that the lease will be extended to 2031.

| | 2023 | 2022 |
|---|---|---|
| | $000 | $000 |
| **a) Current Lease Liability** | **208** | **192** |
| **b) Non-Current Lease Liability** | **1,436** | **1,631** |
| **Total Lease Liability** | **1,644** | **1,823** |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 14. Other Financial Liabilities

| | 2023 $000 | 2022 $000 |
|---|---|---|
| **a) Current** | | |
| Loan [(1)] | 986 | 965 |
| Unearned Income [(2)] | 291 | 29 |
| Share-Based Liability to Directors and Eexecutives [(3)] | 180 | 197 |
| | | |
| Share Placement Obligation - Market Value[(4)] | 1,856 | - |
| Share Placement Obligation - Discount to Market | (497) | - |
| | **1,359** | - |
| | | |
| **Total Current Other Financial Liabilities** | **2,816** | **1,191** |
| **b) Non-Current** | | |
| Loan [(1)] | 757 | 1,499 |
| **Total Non-Current Other Financial Liabilities** | **757** | **1,499** |

1. LBT secured a $4 million loan from the South Australian Government. The interest rate for the loan is a 2% margin above the South Australian Government cost of funds and the South Australian Government have received a first ranking general security over LBT and its assets. The loan is being repaid through fixed quarterly repayments of $256,000 comprising principal and interest. The South Australian Government paused interest and principal repayments for six months during the year ended 30 June 2022 and paused principal repayments for six months commencing May 2023. The final quarterly repayment is due May 2025.
2. Unearned income is that portion of the contracted sales price of instruments sold that is attributable to the first-year warranty period. That part of the contracted price has been treated as a contract liability to provide these services in the future and are recognised as revenue as these warranty services are provided (refer Note 1 (h)). At 30 June 2023, unearned income also includes cash received for an APAS® instrument that is yet to be installed at the customer's site. The sales revenue will be recognised when the instrument is installed.
3. Comprises 1) an annual bonus due to the Managing Director of $24,750 subject to shareholder approval (2022: $59,942), 2) an Executive team annual bonus of $28,000 (2022: $91,000), and 3) Directors fees to be paid in LBT Shares of $127,000 subject to Shareholder approval (2022: $46,000). Refer Note 3(b) and the Remuneration Report.
4. LBT executed a Share Placement Agreement with Lind Global Fund II, LP ("Lind") on 18 March 2023.

   Under the Share Placement Agreement LBT received up front gross cash proceeds of $1,500,000. In return LBT has an obligation to issue Lind with LBT shares to the value of $1,700,000 ("Placement Obligation"), over a 24-month term, at the Subscription Price per share described further below. Lind may elect to extend the term by up to 6 months.

   LBT will have the right (but not obligation) to refuse an issuance of shares in relation to the Lind's request for issuance and instead to repay the subscription amount by making a payment to the Subscriber equal to the number of shares that would have otherwise been issued multiplied the Purchase Price or, if greater, the market value of the Placement Shares at that time (being the average of the VWAP of the last two trading days immediately prior to the Subscriber's request to issue shares.

   In addition, LBT paid Lind a cash commitment fee of $60,000, granted Lind 7,500,000 options with an exercise price of $0.05 each (expiry date of 23 March 2027), and issued an initial 10,000,000 shares ("Initial Shares"). Lind may choose to either apply the Initial Shares against the Company's obligation to issue shares to the value of $1,700,000 or may treat the Initial Shares as an additional placement with additional funds to be provided to LBT, at the same Subscription Price (detailed below).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 14. Other Financial Liabilities cont.

*Subscription Notices*

Lind may elect when to provide LBT with subscription notices for the issuance of shares to the aggregate value of $1,700,000 over the 24-month term, subject to the following:

- Until 30 April 2023, any subscriptions by Lind were to be at a fixed price of $0.092 (no subscription notices were provided in this period)
- From 1 May 2023 until 28 February 2024, any subscriptions by Lind will be either at:
  - the Subscription Price, with the aggregate subscription amount in any one month at the Subscription Price limited to $80,000; or
  - $0.092 per share, with the aggregate subscription amount unlimited.

  Lind may, at its sole discretion, increase the maximum monthly aggregate subscription amount to $500,000, for one month only.
- From 1 March 2024 until 28 February 2025, any subscriptions by Lind will be at the Subscription Price.

Any part of the $1,7000,000 obligation remaining at the expiry of the 24-month term, will be subscribed for at the Subscription Price.

The Company can elect, upon receipt of a subscription notice, to repay in cash the market value of the shares to be issued. The Company can also elect, at any time after 1 June 2023, to repay in full the then remaining balance of the $1,700,000 obligation, although it must first provide Lind the ability to subscribe, in accordance with the Share Placement Agreement for one-third of that amount.

*Subscription Price*

The Subscription Price is the lesser of:

- $0.092 per share; and
- 90% of the average of the three lowest daily VWAPs during the 20 trading days prior to the subscription.

**Fair Value of the Share Placement Obligation at Commencement**

The Share Placement Obligation constitutes a financial obligation of the Company to issue Shares and/or settle in cash and is therefore recognised as a financial liability upon execution of the Share Placement Agreement.

The initial fair value of LBT's Share Placement Obligation has been estimated as $2,048,686 based on the following:

- $1,700,000 face value of the shares to be issued;
- $143,818 to allow for the inherent discount in the pricing formula being the average of the lowest three daily VWAPs in the preceding 20 trading days immediately prior to receipt of a subscription notice. The inherent discount has been calculated as 7.8% based on the average discount to the daily closing market price from applying the formula daily over the preceding two years; and
- $204,869 to allow for the further 10% discount.

The fair value determined above has been calculated based on 'Level 3' inputs and therefore the difference between the fair value as determined above and the initial proceeds received ($1,500,000) is required to be deferred and offset against the fair value of the liability.

**Finance costs – Share Placement Agreement**

The costs associated with the Subscription Agreement have been estimated as $287,597 comprising the following:

a) $195,893 fair value of the 7,500,000 options issued to Lind using the Binomial valuation methodology, using a underlying ordinary share price of $0.045 at the closing price the day prior execution of the Share Placement Agreement, a volatility of 80%, a risk free rate of 3.06%, and an expiry date of 23 March 2027.
b) $60,000 commitment fee paid to Lind; and
c) $31,705 legal and other associated costs.

These costs have been recognised as an expense in the income statement (refer note 3(c)).

**Fair Value of the Share Placement Obligation as at 30 June 2023**

LBT has received two subscription notices prior to 30 June 2023, for a combined a face value of $160,000, being 9.41% of the $1,700,000 total face value. The average Purchase Price calculated for these two subscription notices was $0.031 per share, resulting in LBT issuing a total of 5,161,292 shares to Lind. The net liability of $1,500,000 was reduced by 9.41% or $141,176 to $1,358,824. The market value of the 5,161,292 shares was $209,032, being the closing price the day prior to the two subscription notices. The $67,856 difference between the market value of the shares issued and the reduction in the net liability was recognised as a cost of funding expense in the year ended 30 June 2023 (refer note 3(c)).

The fair value of LBT's remaining Share Placement Obligation as at 30 June 2023 has been estimated as $1,855,869 being the initial fair value of $2,048,686 reduced by 9.41% for the subscription notices received to 30 June 2023.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 14. Other Financial Liabilities cont.

**Additional Funding**

A further $3,500,000 in funding is accessible on the same terms by mutual agreement. The additional funding is available in minimum increments of $1,000,000. As this additional funding requires mutual consent, it has not been recognised as a liability as at 30 June 2023.

## 15. Provisions

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| **Non-Current** | | |
| Provision Long Service Leave | 237 | 234 |
| **Total Non-Current Provisions** | **237** | **234** |

## 16. Issued Capital

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| Issued and Paid Up Capital | | |
| 345,795,679 (30 June 2022: 319,901,544) Ordinary Shares Fully Paid | 50,790 | 49,854 |
| Less: Costs Associated with Capital Raising | | |
| Opening Balance | (3,583) | (3,508) |
| Capital Raising Costs | (177) | - |
| Tax Effect of Capital Raising Costs | (13) | (75) |
| **Total Issued Capital** | **47,017** | **46,271** |

| | | |
|---|---|---|
| Ordinary Shares | No. | No. |
| At the Beginning of the Reporting Period | 319,901,544 | 289,115,164 |
| New Shares Issued during the Period: | | |
| In lieu of Directors Fees 29 December 2021 (1) | - | 126,003 |
| Subsidiary Acquisition 30 December 2021 (2) | - | 30,660,377 |
| Employee Incentive Plan 24 August 2022 (3) | 1,265,521 | - |
| In Lieu of CEO/Managing Director Bonus 26 October 2022 (4) | 832,533 | - |
| In Lieu of Directors Fees 31 October 2022 (1) | 627,940 | - |
| In Lieu of Directors Fees 25 November 2022 (1) | 280,674 | - |
| Rights Issue 28 November 2022 (5) | 7,726,175 | - |
| Share Placement Agreement Initial Shares 23 March 2023 (Refer Note 14) (6) | 10,000,000 | - |
| Share Placement Agreement Subscription Notice 26 May 2023 (Refer Note 14) (6) | 2,580,646 | - |
| Share Placement Agreement Subscription Notice 2 June 2023 (Refer Note 14) (6) | 2,580,646 | - |
| **At Balance Date** | **345,795,679** | **319,901,544** |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 16. Issued Capital cont.

1. The Group has a formal Policy which represents an ongoing commitment for all Non-Executive Directors to invest a minimum of one year's Directors fees within four years of commencing. Directors may elect to acquire shares on market or sacrifice a portion of their gross Directors fees. The following shares were issued to Directors in lieu of their Directors fees.
    - 2022: At the AGM on 29 November 2021 approval was provided for the Issue of 52,239 shares to Simon Arkell and 68,764 shares to Damian Lismore consisting of 6 months of sacrificed Directors fees between April and September 2021, with $7,000 included in employee benefits expense for the year ended 30 June 2022 and $6,000 for the year ended 30 June 2021 (Refer Note 3(b)).
    - 2023: At the AGM on 26 October 2022 shareholders approved the issue of a total of 908,614 LBT Shares to Directors in lieu of Directors fees. 617,940 of these LBT Shares were issued on 31 October 2022, comprising 156,574 to Simon Arkell, and 189,943 to Damian Lismore representing 25% of their Directors fees between October 2021 and August 2022 inclusive, and 281,423 to Joanne Moss representing 100% of her Directors fees (excluding superannuation) between June and August 2022 inclusive. The remaining 280,674 LBT shares were issued on 25 November 2022 to Brian O'Dwyer representing 100% of his Directors fees between April and August 2022 inclusive.
2. LBT obtained full ownership of its JV Company, CCS, on 31 December 2021. The consideration was $4.0 million consisting of $1.0 million cash, 30.66 million shares and 8.0 million options exercisable at $0.25 expiring 31 December 2024. The issue price of the shares was based on the market closing price of LBT's shares on the trading day prior to execution of the binding Share Purchase Deed of $0.091 or a total of $2.78 million.
3. The issue of shares to six Executives under the Company's Employee Incentive Plan. The value of the short-term incentive was $91,118 across six employees. The Executive team STI is payable in LBT shares. The number of shares was determined using the VWAP for the last five days traded to, and including 11 August 2022 (being $0.072 per LBT Share).
4. As part of his remuneration, the CEO / Managing Director is eligible for a maximum annual cash bonus of 30% of his annual salary, subject to achievement of performance targets set annually by the Board. For the year ended 30 June 2022, the Board awarded a cash bonus of $59,942. Mr Barnes elected to receive this cash bonus in LBT shares, at price per share of $0.072, being the VWAP of the LBT shares for the last 5 days traded up to and including the date of Board approval on 11 August 2022. The bonus was recognised as an expense in the year ended 30 June 2022. The shares were issued on 26 October 2022 following shareholder approval at the AGM held on 26 October 2022.
5. The Issue of shares at $0.065 per share under the Non-Renounceable Rights Issue announced on 25 October 2022. These shares have an attaching option for every 3 shares subscribed, exercisable at $0.13 expiring 28 November 2024.
6. Initial Shares of 10,000,000 issued to Lind under the Share Placement Agreement announced on the ASX 20 March 2023 and a total of 5,161,292 shares issued pursuant to two subscription notices received under the Share Placement Agreement (Refer Note 14).

**Voting Rights**

The voting rights attached to each class of equity security are as follows:

**Ordinary Shares**

Each ordinary share is entitled to one vote when a poll is called. LBT decides all resolutions at a general meeting by a poll, consistent with ASX Corporate Governance Principles 4th edition.

**Option Holders**

Each option entitles the holders to subscribe for one ordinary share in the capital of LBT. Options do not have voting rights attached, however ordinary shares issued on conversion carry the same voting rights as described above.

**Capital Management**

Management controls the capital of the Group with the objective of the Group funding its operations and continuing as a going concern.
The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

The Group has fully drawn-down its $4,000,000 loan facility provided by the South Australian government. The balance of the loan at 30 June 2023 is $1,743,000 (refer Note 14). There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 17. Options Reserve

The option reserve represents the cumulative amortised value of share options issued as share based remuneration (refer Note 23).
The following details the change in the number and value of options during the Year:

| | Number | Value<br>$000 |
|---|---|---|
| Options Reserve Opening Balance 1 July 2022 | **25,663,335** | 1,651 |
| Rights Issue (1) | 2,575,449 | - |
| Share Placement Agreement Options (Refer to Note 14) (2) | 7,500,000 | 196 |
| Chair Options Forfeited (3) | (1,250,000) | (39) |
| CEO / Managing Director Long Term Incentive Options (4) | - | 122 |
| Director Options (5) | - | 16 |
| Executive Team Long Term Incentive Options (6) | (1,100,000) | 43 |
| Employee Options Lapsed (7) | (551,668) | (42) |
| **Options Reserve Closing Balance 30 June 2023** | **32,837,116** | **1,947** |

The total of $142,000 (2022: $229,000) for employee options is included in the share-based payments expense for the Year (refer to Note 3(b)), relating to items 3, 4, 5 and 6, detailed further below.

1. The Issue of options under the Non-Renounceable Rights Issue announced on 25 October 2022. One option granted for every 3 shares subscribed. The options are exercisable at $0.13 and expire 28 November 2024.

2. The issue of options to Lind on 23 March 2023 under the Share Placement Agreement announced to the ASX on 20 March 2023. These options are exercisable at $0.05 and expire 23 March 2027. The $196,000 valuation, using the binomial method, has been expensed as a Finance Expense (refer Note 3 (c)).

3. An issue of 1,250,000 options to Joanne Moss (former LBT Chair) was approved at the AGM on 29 November 2021. The options had a two-year vesting period and an expiry date of 29 December 2023. The combined fair value of the options was calculated to be $98,000. In accordance with AASB 2 “Share based Payment”, the fair value of the options was being expensed over the two-year vesting period. These options lapsed on 30 June 2023, as the condition of continued engagement as a Director over the two year vesting period not being met. As the options lapsed prior to the vesting date, the value of the options previously expensed of $39,000 has been reversed through the Consolidated Statement of Comprehensive Income/(Loss) in the year ended 30 June 2023.

4. Based on the conclusions of a report from a Remuneration Specialist, LBT’s Board proposed a Long-Term Incentive (LTI) that principally aligns with shareholder interest, in respect to growth in share price, to incentivise, retain and reward the Managing Director. The LTI was approved by shareholders at LBT's AGM held on 25 November 2020. The LTI comprises 6,000,000 share options to take up Ordinary shares at an exercise price of $0.16 each and if not exercised will expire on 25 November 2025. The options are available for initial vesting in three tranches at 30 June 2023, 2024 and 2025, subject to the share price performance hurdles in each of those years.

   The fair value of the options was calculated as $418,000, using a Monte Carlo simulation, discounted to calculate a present value for each simulation, and the average of all simulations is then taken to provide a value for the options. Inputs into the Monte Carlo simulation included the share price at the date of shareholder approval of $0.125, share price volatility over the past four years of 93.52% and a risk-free rate based on the historical data available from the Reserve Bank of Australia for 5 year Treasury Bonds. In accordance with AASB 2 “Share based Payment”, the $418,000 fair value of the options is being expensed over the vesting period through to 25 November 2025.

5. It is the practice of the Group to issue 500,000 options to new Directors upon commencement, subject to shareholder approval. 500,000 options were issued to Mr Brian O'Dwyer in year ended 30 June 2022. These options have a two-year vesting period and an expiry date of 29 December 2031. The combined fair value of the options was calculated to be $37,000. In accordance with AASB 2 “Share based Payment”, the fair value of the options is being expensed over the two-year vesting period.

6. An Executive team LTI was implemented to mirror the share price growth targets of the LTI for the CEO / Managing Director. As part of this LTI, 4,200,000 share options, were issued on 14 January 2022, to take up ordinary shares at an exercise price of $0.12 each. The options vest on 14 January 2026, subject to share price performance hurdles, and if not exercised will expire on 14 April 2026. Further details are provided earlier in the Remuneration Report. The fair value of the options was calculated as $0.055 per option or $231,000 in total, using a Monte Carlo simulation, and is being expensed over the four-year vesting period through to 14 January 2026. 1,100,000 of these options have since lapsed during the year ended 30 June 2023 due to the condition of continuity of employment not being met.

7. 301,668 employee options lapsed during the Year due to cessation of employment, with the fair value of these options removed from the options reserve.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 18. Cash Flow Information

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| **Reconciliation of Cash Flow from Operations with Loss after Income Tax** | | |
| **Net Loss for the Year** | (22,524) | (6,641) |
| **Add Back Non-Cash Items** | | |
| Amortisation | 3,043 | 2,670 |
| Depreciation | 253 | 261 |
| Share Based Payments Expense | 142 | 229 |
| Employee Benefits Expense paid/payable through LBT Shares | 209 | 204 |
| Unrealised Foreign Exchange (Gains) / Losses | - | 3 |
| Share of Joint Venture Loss using the Equity Method | - | 554 |
| Loss on Revaluation of Joint Venture Interest | - | 973 |
| Tax Effect Attributable to Capital Raising Costs | (13) | (73) |
| Interest Income on CCS Loan Income | - | (127) |
| Impairment Expense | 13,408 | - |
| Options Issued as Finance Expenses | 196 | - |
| **Changes in Assets and Liabilities** | | |
| (Increase) / Decrease in Current Trade and Other Receivables | 1,522 | (1,432) |
| (Increase) / Decrease in Inventory | (513) | 299 |
| (Increase) / Decrease in Deferred Tax Asset | 5,525 | (524) |
| (Increase) / Decrease in Current Tax Asset | 357 | (332) |
| Increase / (Decrease) in Current Trade and Other Payables | 16 | (719) |
| Increase / (Decrease) in Provisions | 3 | 69 |
| Increase / (Decrease) in Deferred Tax Liability | (3,022) | (363) |
| **Cash Flow used in Operating Activities** | **(1,398)** | **(4,949)** |

## 19. Loss Per Share

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| **Reconciliation of Net Loss to Loss per Share** | | |
| Net Loss | (22,524) | (6,641) |
| Net Loss used in the Calculation of Basic Earnings per Share | (22,524) | (6,641) |
| Net Loss used in the Calculation of Diluted Earnings per Share | (22,524) | (6,641) |
| Weighted Average Number of Ordinary Shares Outstanding used in the Calculation of Basic and Diluted Loss per Share | 329,874,450 | 305,066,526 |

The number of ordinary shares used in the calculation of Diluted Loss per Share is the same as the number used in the calculation of Basic Loss per Share in the year ended 30 June 2023 and the prior year ended 30 June 2022, as options are not considered dilutive as a loss was incurred in both years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 20. Tax

| | | 2023<br>$000 | 2022<br>$000 |
|---|---|---|---|
| **a)** | **Assets** | | |
| | Deferred Tax Assets Comprise: | | |
| | Accrued Expenses | 20 | 9 |
| | Leave Entitlements | 131 | 152 |
| | Capital Raising Costs | 94 | 107 |
| | Lease Liabilities | 411 | 456 |
| | CCS Intangible Assets Fair Value Adjustment | - | 1,256 |
| | Tax losses | - | 4,264 |
| | Other | 856 | 228 |
| | Decrecognise Deferred Tax Asset in excess of Deferred Tax Liability | (656) | - |
| | **Total Deferred Tax Assets** | **856** | **6,472** |
| **b)** | **Liabilities** | | |
| | Deferred Tax Liabilities Comprise: | | |
| | Intangible Assets | - | 3,219 |
| | Right of Use Assets | 405 | 457 |
| | Other | 451 | 293 |
| | **Total Deferred Tax Liabilities** | **856** | **3,969** |
| **c)** | **Reconciliations** | | |
| **i** | **Gross Movements** | | |
| | The Overall Movement in the Net Deferred Tax balance is as follows: | | |
| | Opening Balance (Net Deferred Tax Liability) | 2,503 | (1,798) |
| | CCS Intangible Assets Fair Value Adjustment (refer Note 26) | - | 1,410 |
| | CCS Tax losses Acquired (refer Note 25) | - | 2,004 |
| | (Charge) / Credit to Income Statement | (2,490) | 962 |
| | (Charge) / Credit to Equity | (13) | (75) |
| | **Closing Balance – Net Deferred Tax Asset / (Net Deferred Tax Liability)** | **-** | **2,503** |
| **ii** | **Deferred Tax Assets** | | |
| | The Movement in Deferred Tax Assets for Each Temporary | | |
| | **Accrued Expenses** | | |
| | Opening Balance | 9 | 12 |
| | (Charge) / Credit to Income Statement | 11 | (3) |
| | **Closing Balance** | **20** | **9** |
| | **Provision for Leave** | | |
| | Opening Balance | 152 | 128 |
| | (Charge) / Credit to Income Statement | (21) | 24 |
| | **Closing Balance** | **131** | **152** |
| | **Capital Raising Costs** | | |
| | Opening Balance | 107 | 180 |
| | (Charge) / Credit to Income Statement | - | - |
| | (Charge) / Credit to Equity | (13) | (73) |
| | **Closing Balance** | **94** | **107** |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)

## 20. Tax cont.

| | 2023 $000 | 2022 $000 |
|---|---|---|
| **c) Reconciliations cont.** | | |
| **ii Deferred Tax Assets cont.** | | |
| The Movement in Deferred Tax Assets for Each Temporary | | |
| **Lease Liabilities** | | |
| Opening Balance | 456 | 480 |
| (Charge) / Credit to Income Statement | (45) | (24) |
| **Closing Balance** | **411** | **456** |
| **CCS Intangible Assets Fair Value Adjustment** | | |
| Opening Balance | 1,256 | - |
| CCS Acquisition | - | 1,410 |
| (Charge) / Credit to Income Statement | (1,256) | (154) |
| **Closing Balance** | **-** | **1,256** |
| **Tax Losses** | | |
| Opening Balance | 4,264 | 1,566 |
| CCS Acquisition | - | 2,004 |
| (Charge) / Credit to Income Statement | (4,264) | 694 |
| **Closing Balance** | **-** | **4,264** |
| **Other** | | |
| Opening Balance | 228 | 168 |
| (Charge) / Credit to Income Statement | 628 | 62 |
| (Charge) / Credit to Equity | - | (2) |
| **Closing Balance** | **856** | **228** |
| **Decreocognise Deferred Tax Asset in excess of Deferred Tax Liability** | | |
| Opening Balance | - | - |
| (Charge) / Credit to Income Statement | (656) | - |
| (Charge) / Credit to Equity | - | - |
| **Closing Balance** | **(656)** | **-** |
| **iii Deferred Tax Liabilities** | | |
| The Movement in Deferred Tax Liabilities for Each Temporary | | |
| **Intangible Assets** | | |
| Opening Balance | 3,219 | 3,647 |
| Charge / (Credit) to Income Statement | (3,219) | (428) |
| **Closing Balance** | **-** | **3,219** |
| **Right of Use Asset** | | |
| Opening Balance | 457 | 498 |
| Charge / (Credit) to Income Statement | (52) | (41) |
| **Closing Balance** | **405** | **457** |
| **Other** | | |
| Opening Balance | 293 | 187 |
| Charge / (Credit) to Income Statement | 158 | 106 |
| **Closing Balance** | **451** | **293** |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 21. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**a) Names and positions of key management personnel of LBT in office at any time during the financial year:**

**Directors**

| | |
|---|---|
| Mr B Barnes | Chief Executive Officer and Managing Director |
| Ms J Moss | Independent Director – Non-Executive |
| Mr D Lismore | Independent Director – Non-Executive |
| Mr B O'Dwyer | Independent Director – Non-Executive |
| Mr S Arkell (retired 30 March 2023) | Independent Director – Non-Executive |

**Key Management Personnel**

| | |
|---|---|
| Mr P Bradley (ceased 4 November 2022) | VP of Global Business Development (General Manager CCS) |
| Mr R Ridge | Chief Financial Officer and Company Secretary |

Key Management Personnel (KMP) remuneration has been included in the remuneration section of the Directors' Report.

The totals of remuneration paid to KMP of the Group during the year was as follows:

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| Short-Term Employee Benefits | 812 | 931 |
| Post-Employment Benefits | 45 | 66 |
| Share-Based Payments (Shares) | 189 | 145 |
| Share-Based Payments (Options) | 106 | 209 |
| **Total KMP Compensation** | **1,152** | **1,351** |

**Short-Term Employee Benefits**

These amounts include fees and benefits payable to the Non-Executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other KMP.

**Post-Employment Benefits**

These amounts are the current year's superannuation contributions made during the year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 21. Related Party Transactions cont.

### b) Option Holdings

**2023**

| Directors | Balance 01/07/22 | Granted as Remuneration | Options Exercised | Options Lapsed | Net Change Other [1] | Balance 30/06/23 | Total Vested & Exercisable 30/06/23 | Total Unvested 30/06/23 |
|---|---|---|---|---|---|---|---|---|
| Mr B Barnes | 7,500,000 | - | - | - | - | 7,500,000 | 1,500,000 | 6,000,000 |
| Ms J Moss [7] | 1,250,000 | - | - | - | 15,635 | 1,265,635 | 15,635 | 1,250,000 |
| Mr D Lismore | 500,000 | - | - | - | 25,691 | 525,691 | 525,691 | - |
| Mr B O'Dwyer | 500,000 | - | - | - | - | 500,000 | - | 500,000 |
| Mr S Arkell [2] | 500,000 | - | - | - | - | 500,000 | 500,000 | - |
| **Key Management Personnel** | | | | | | | | |
| Mr P Bradley [3] | 1,300,000 | - | - | - | - | 1,300,000 | 750,000 | 550,000 |
| Mr R Ridge | 700,000 | - | - | - | - | 700,000 | 150,000 | 550,000 |
| | **12,250,000** | **-** | **-** | **-** | **41,326** | **12,291,326** | **3,441,326** | **8,850,000** |

**2022**

| Directors | Balance 01/07/21 | Granted as Remuneration | Options Exercised | Options Lapsed | Balance 30/06/22 | Total Vested & Exercisable 30/06/22 | Total Unvested 30/06/22 |
|---|---|---|---|---|---|---|---|
| Mr B Barnes | 7,500,000 | - | - | - | 7,500,000 | 1,500,000 | 6,000,000 |
| Ms J Moss [4] | - | 1,250,000 | - | - | 1,250,000 | - | 1,250,000 |
| Mr D Lismore | 500,000 | - | - | - | 500,000 | 500,000 | - |
| Mr B O'Dwyer [4] | - | 500,000 | - | - | 500,000 | - | 500,000 |
| Mr S Arkell | 500,000 | - | - | - | 500,000 | 500,000 | - |
| Mrs C Costello [5] | - | - | - | - | - | - | - |
| **Key Management** | | | | | | | |
| Mr P Bradley [6] | 750,000 | 550,000 | - | - | 1,300,000 | 750,000 | 550,000 |
| Mr R Ridge [6] | 150,000 | 550,000 | - | - | 700,000 | 150,000 | 550,000 |
| | **9,400,000** | **2,850,000** | **-** | **-** | **12,250,000** | **3,400,000** | **8,850,000** |

1. Options issued under the Non-Renounceable Rights Issue announced on 25 October 2022. One option was attached to every 3 shares purchased exercisable at $0.13 until 28 November 2024.
2. The ending balance for Mr S Arkell for the 2023 financial year is as at the date of his retirement, being 30 March 2023.
3. The ending balance for Mr P Bradley for the 2023 financial year is as at the date of his retirement, being 4 November 2022.
4. Options issued to newly appointed Directors, following shareholder approval on 29 November 2021.
5. Mrs C Costello retired on 30 September 2021.
6. An Executive team LTI was implemented to mirror the share price growth targets of the LTI for the CEO and Managing Director. As part of this LTI, 550,000 share options each were issued on 14 January 2022 to Messrs Ridge and Bradley, to take up ordinary shares at an exercise price of $0.12 each. The options vest on 14 January 2026, subject to share price performance hurdles, and if not exercised will expire on 14 April 2026. Further details are provided earlier in the Remuneration Report and in Note 17 to the Financial Statements. The fair value of the options were calculated as $30,250 for each of Messrs Ridge and Bradley, using a Monte Carlo simulation, and are being expensed over the vesting period through to 14 January 2026.
7. Ms Moss retired on 30 June 2023 prior to vesting of the 1,250,000 options. These options were forfeited on 1 July 2023.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 21. Related Party Transactions cont.

**c) Shareholdings**

**2023**

| **Directors** | Balance 30/06/22 | Received as Remuneration | Options Exercised | Net Change Other [3] | Balance 30/06/23 |
|---|---|---|---|---|---|
| Mr B Barnes [1] | 1,289,264 | 832,533 | - | - | 2,121,797 |
| Ms J Moss [2] | - | 281,423 | - | 46,904 | 328,327 |
| Mr D Lismore [2] | 272,480 | 189,843 | - | 77,071 | 539,394 |
| Mr B O'Dwyer [2] | - | 280,674 | - | - | 280,674 |
| Mr S Arkell [2] [4] | 57,239 | 156,574 | - | - | 213,813 |
| **Key Management Personnel** | | | | | |
| Mr P Bradley [5] | 167,125 | 226,668 | - | - | 393,793 |
| Mr R Ridge [5] | 160,245 | 221,527 | - | - | 381,772 |
| **Total** | **1,946,353** | **2,189,242** | **-** | **123,975** | **4,259,570** |

**2022**

| **Directors** | Balance 01/07/21 | Received as Remuneration | Options Exercised | Net Change Other | Balance 30/06/22 |
|---|---|---|---|---|---|
| Mr B Barnes | 1,289,264 | - | - | - | 1,289,264 |
| Ms J Moss | - | - | - | - | - |
| Mr D Lismore [2] | 203,716 | 68,764 | - | - | 272,480 |
| Mr B O'Dwyer | - | - | - | - | - |
| Mr S Arkell [2] | - | 57,239 | - | - | 57,239 |
| Mrs C Costello [7] | 3,349,943 | - | - | - | 3,349,943 |
| **Key Management Personnel** | | | | | |
| Mr P Bradley | 167,125 | - | - | - | 167,125 |
| Mr R Ridge | 160,245 | - | - | - | 160,245 |
| **Total** | **5,170,293** | **126,003** | **-** | **-** | **5,296,296** |

126,003 (2021: 538,218) LBT shares were issued to the applicable above KMPs who had elected to receive LBT shares in lieu of cash otherwise owing as part of their normal remuneration.

1. As part of his remuneration, the CEO / Managing Director is eligible for a maximum annual cash bonus of 30% of his annual salary, subject to achievement of performance targets set annually by the Board. For the year ended 30 June 2022, the Board awarded a cash bonus of $59,942. Mr Barnes elected to receive this cash bonus in LBT shares, at price per share of $0.072, being the VWAP of the LBT shares for the last 5 days traded up to and including the date of Board approval on 11 August 2022. The bonus was recognised as an expense in the year ended 30 June 2022. The shares were issued on 26 October 2022 following shareholder approval at the AGM held on 26 October 2022.
2. During March 2021, a new Board Policy was established which represents an ongoing commitment for all Non-Executive Directors, current and future, to invest a minimum of one year's Directors fees within four years of commencing. Directors may elect to acquire shares on market and/or sacrifice a proportion of their gross Directors fees to acquire LBT shares. If electing to sacrifice a portion of their Directors fees, the number of LBT Shares to be issued in lieu of 25% of each month's Directors fees is determined by a monthly volume weighted average price (VWAP) of LBT's shares traded on the ASX. At the AGM on 26 October 2022 shareholders approved the issue of a total of 908,614 LBT Shares to Directors in lieu of Directors fees. 617,940 of these LBT Shares were issued on 31 October 2022, comprising 156,574 to Simon Arkell, and 189,943 to Damian Lismore representing 25% of their Directors fees between October 2021 and August 2022 inclusive, and 281,423 to Joanne Moss representing 100% of her Directors fees (excluding superannuation) between June and August 2022 inclusive. The remaining 280,674 LBT shares were issued on 25 November 2022 to Brian O'Dwyer representing 100% of his Directors fees between April and August 2022 inclusive. [2022: Messrs Arkell and Lismore set aside 25% of their gross monthly Directors fees from 1 April 2021 to be settled in LBT shares, approved by shareholders at the Company's 2021 AGM].

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 21. Related Party Transactions cont.

**c) Shareholdings cont.**

3. The Issue of shares at $0.065 per share under the Non-Renounceable Rights Issue announced on 25 October 2022. These shares have an attaching one option for every 3 shares purchased exercisable at $0.13 until 28 November 2024.
4. The ending balance for Mr S Arkell for the 2023 financial year is as at the date of his retirement, being 30 March 2023.
5. The issue of shares to six Executives under the Company's Employee Incentive Plan. The value of the short-term incentive was $91,118 across six executives. The Executive team STI is payable in LBT shares. The number of shares was determined using the VWAP for the last five days traded to, and including 11 August 2022 (being $0.072 per LBT Share).
6. The ending balance for Mr P Bradley for the 2023 financial year is as at the date of his retirement, being 4 November 2022.
7. The ending balance for Mrs Catherine Costello for the 2022 financial year is as at the date of her retirement, being 30 September 2021.

**d) Directors' Related Entity Transactions with the Group**

There were no related entity transactions throughout the year.

**e) CCS Joint Venture Related Entity Transactions with LBT (pre 31 December 2021)**

CCS is a wholly owned subsidiary of LBT following the full acquisition of CCS on 31 December 2021. Prior to 31 December 2021, the pre-existing 50% equity interest in CCS was accounted for using the equity method of accounting. For details of interest held in joint venture, refer to Note 10.

In preparing the consolidated financial statements, all transactions and balances between LBT and CCS, post 31 December 2021, are eliminated in full. The following transactions with CCS, prior to 31 December 2021, are included in the financial statements:

- Revenue for consulting services provided $Nil (2022: $406,000);
- Additional funds provided to CCS as a loan to be repaid from future profitability $Nil (2022: $303,000); and
- Interest accrued on the loan to CCS of $Nil (2022: $127,000).

## 22. Financial Risk Management

**a) Financial Risk Management Policies**

The Group's financial instruments consist mainly of deposits with banks, and accounts receivable, borrowings and payables. The Group does not invest in any derivative instruments.

**ii) Treasury Risk Management**

The Board has established an investment policy that is reviewed on a regular basis.

The Board receives regular reports to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance.

**ii) Financial Risk Exposures and Management**

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

**Interest Rate Risk**

Interest rate risk is managed with a mixture of short-term fixed and floating rate deposits. At 30 June 2023 $0.16 million (2022: $1.5 million) of the Group's cash was held in short-term deposits with a fixed interest rate. At the current level of cash this is not considered a material risk.

LBT has a loan from the South Australian Government. The original amount drawdown was $4,000,000, with the remaining balance of the loan at 30 June 2023 being $1,743,000. The interest rate for the loan is a 2% margin above the South Australian Government cost of funds and the South Australian Government have received a first ranking general security over LBT and its assets. The loan is being repaid through fixed quarterly repayments of $256,000 comprising principal and interest. The South Australian Government paused interest and principal repayments for six months during the year ended 30 June 2022 and paused principal repayments for six months commencing May 2023. Principal repayments will recommence in November 2023. The loan is scheduled to be repaid by May 2025.

**Foreign Currency Risk**

Following the full acquisition of CCS , the Group prepares consolidated financial statements which include transactions within CCS. As such, the consolidated Group is exposed to the impact of fluctuations in exchange rates on sales in the United States which are denominated in USD and on sales in the European Union which are denominated in USD, EUR and GBP. At the current level of sales this is not a material risk.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 22. Financial Risk Management cont.

**Liquidity Risk**

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash deposits are maintained.

**Credit Risk**

The Group manages credit risk by reviewing exposures and ensuring it maintains sufficient cash deposits to meet its operational needs. The maximum exposure to credit risk is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- Only banks and financial institutions with a credit rating of 'A' long term (Standard and Poors rating) are used; and
- All potential customers are assessed for credit worthiness taking into account their size, market position and financial standing.

**b) Financial Instrument Composition and Maturity Analysis**

The tables below provide the amounts related to the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

| | Weighted Average Effective Interest Rate % | | Floating Interest Rate $ 000 | | Within 1 Year $ 000 | | 1 to 5 Years $ 000 | | Over 5 Years $ 000 | | Non-Interest Bearing $ 000 | | Total $ 000 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| **Financial Assets** | | | | | | | | | | | | | | |
| Cash and Cash Equivalents | 0.6% | 0.2% | 2,020 | 2,788 | - | - | - | - | - | - | - | - | 2,020 | 2,788 |
| Receivables | 0% | 0% | - | - | - | - | - | - | - | - | 482 | 2,004 | 482 | 2,004 |
| **Total Financial Assets** | | | **2,020** | **2,788** | **-** | **-** | **-** | **-** | **-** | **-** | **482** | **2,004** | **2,502** | **4,792** |
| **Financial Liabilities** | | | | | | | | | | | | | | |
| Trade Payables | 0% | 0% | - | - | - | - | - | - | - | - | 1,402 | 1,707 | 1,402 | 1,707 |
| Lease Liabilities | 3.4% | 3.4% | - | - | 208 | 192 | 838 | 789 | 598 | 842 | - | - | 1,644 | 1,823 |
| Employee Shares | 0% | 0% | - | - | - | - | - | - | - | - | 180 | 197 | 180 | 197 |
| Loan | 2.8% | 2.8% | - | - | 985 | 965 | 758 | 1,499 | - | - | - | - | 1,743 | 2,464 |
| Share Placement Obligation | 0% | 0% | - | - | - | - | - | - | - | - | 1,359 | - | 1,359 | - |
| **Total Financial Liabilities** | | | **-** | **-** | **1,193** | **1,157** | **1,596** | **2,288** | **598** | **842** | **2,941** | **2,739** | **6,328** | **6,191** |

All current trade payables are expected to be paid within four months of balance date.

**c) Net Fair Values**

The net fair values of all current financial assets and liabilities approximate their carrying value., except where otherwise stated.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 23. Share-Based Payments

| Grant Date | Expiry Date | Exercise Price | Balance 30 June 2022 | Granted | Forfeited [5] | Balance 30 June 2023 |
|---|---|---|---|---|---|---|
| 11 December 2013 | 11 December 2023 | $0.045 | 100,000 | - | - | 100,000 |
| 31 January 2016 | 22 December 2026 | $0.320 | 100,000 | - | - | 100,000 |
| 9 May 2016 | 11 April 2026 | $0.141 | 500,000 | - | - | 500,000 |
| 18 November 2016 | 7 August 2026 [1] | $0.157 | 1,500,000 | - | - | 1,500,000 |
| 1 March 2017 | 28 February 2027 | $0.400 | 200,000 | - | (100,000) | 100,000 |
| 27 November 2019 | 28 November 2029 [1] | $0.080 | 500,000 | - | - | 500,000 |
| 27 November 2019 | 28 November 2029 [1] | $0.630 | 500,000 | - | - | 500,000 |
| 28 November 2019 | 18 November 2024 | $0.237 | 1,315,000 | - | (275,000) | 1,040,000 |
| 31 August 2020 | 26 August 2025 | $0.175 | 998,335 | - | (176,668) | 821,667 |
| 18 December 2020 | 30 June 2023 [2] | $0.160 | 2,000,000 | - | - | 2,000,000 |
| 18 December 2020 | 30 June 2024 [2] | $0.160 | 2,000,000 | - | - | 2,000,000 |
| 18 December 2020 | 30 June 2025 [2] | $0.160 | 2,000,000 | - | - | 2,000,000 |
| 29 December 2021 | 29 December 2031 [1] | $0.136 | 500,000 | - | - | 500,000 |
| 29 December 2021 | 29 December 2031 [1] | $0.081 | 1,250,000 | - | (1,250,000) | - |
| 30 December 2021 | 31 December 2024 [4] | $0.250 | 8,000,000 | - | - | 8,000,000 |
| 13 January 2022 | 14 April 2026 [3] | $0.120 | 4,200,000 | - | (1,100,000) | 3,100,000 |
| 23 March 2023 | 23 March 2027 [6] | $0.050 | - | 7,500,000 | - | 7,500,000 |
| | | | **25,663,335** | **7,500,000** | **(2,901,668)** | **30,261,667** |

The total of $142,000 (2022: $229,000) was expensed as Share Based Payments relating to options granted to Directors and employees (footnotes 1 to 3 below) - for further information refer to Notes 17 and 3(b). A further $209,000 (2022: $204,000) in amounts owing to Directors and employees were otherwise satisfied, or are planned to be satisfied, through the issue of LBT Shares - for further information refer to Notes 16 and 3(b).

1. Options issued to Directors upon commencement cannot be exercised until the second anniversary after the grant date. Any unvested options held at the date a Director ceases to be an officer automatically lapse. Accordingly, it is considered that these options do not fully vest until such time as they can be exercised. In accordance with AASB 2 "Share-based Payment", the fair value of the options has been (are being) expensed over the vesting period. Historical volatility has been the basis for determining expected share price volatility. The 1,250,000 options were held by Ms Moss who retired as a Director on 30 June 2023 before completion of the two year vesting period for the options. As such these options were removed from the Share Based Payments Reserve at 30 June 2023. However, the options formally lapsed on 1 July 2023.

2. Options are available for initial vesting in three tranches at 30 June 2023, 2024 and 2025, subject to the share price performance hurdles in each of those years as set out in the table below (Refer Note 17 for further details):

| | 30 June 2023 | 30 June 2024 | 30 June 2025 |
|---|---|---|---|
| Upper benchmark (2,000,000 options) | $0.352 | $0.457 | $0.594 |
| Lower benchmark (800,000 options) | $0.276 | $0.332 | $0.398 |

3. An Executive team LTI was implemented to mirror the share price growth targets of the LTI for the CEO and Managing Director. As part of this LTI, 4,200,000 share options, were issued on 14 January 2022, to take up ordinary shares at an exercise price of $0.12 each. The options vest on 14 January 2026, subject to share price performance hurdles, and if not exercised will expire on 14 April 2026. The fair value of the options were calculated using a Monte Carlo simulation, and are being expensed over the vesting period through to 14 January 2026. Further details are provided earlier in the Remuneration Report and Note 17.

4. LBT obtained full ownership of CCS on 31 December 2021. As part of the consideration paid for the Acquisition of the 50% equity interest held by Hettich, LBT issued 8,000,000 unlisted options to Hettich at exercise price of $0.25 and an expiry date of 31 December 2024. The fair value of the options was calculated as $203,000 using the binomial valuation method and a volatility of 80% and was recognised as part of the consideration paid for the Acquisition.

5. Options lapsed upon cessation of employment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 23. Share-Based Payments cont.

6. The issue of options to Lind on 23 March 2023 under the Share Placement Agreement (refer ASX announcement 20 March 2023). These options are exercisable at $0.05 and expire 23 March 2027. The fair value of the options was calculated as $196,000 using the binomial valuation method and a volatility of 80% (refer Note 14) and comprise part of the $287,597 transaction costs associated with the establishment of the Share Placement Agreement (refer Note 3(c)).

| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
|---|---|---|---|---|
| | **2023** | **$** | **2022** | **$** |
| Outstanding at the Beginning of the Year | 25,663,335 | 0.180 | 11,896,669 | 0.166 |
| Granted | 7,500,000 | 0.050 | 13,950,000 | 0.192 |
| Forfeited | (2,901,668) | 0.127 | (183,334) | 0.217 |
| Exercised | - | - | - | - |
| Expired | - | - | - | - |
| **Outstanding at Year End** | **30,261,667** | **0.141** | **25,663,335** | **0.180** |
| **Exercisable at Year End** | **20,661,667** | **0.156** | **5,713,335** | **0.172** |

The options outstanding at 30 June 2023 had a weighted average exercise price of $ 0.141 (2022: $0.180) and a weighted average remaining contractual life of 2.6 years (2022: 3.8 years). Exercise prices range from $0.045 to $0.400 (2022: $0.045 to $0.400). The weighted average fair value of options granted during the year was $0.050 (2022: $0. 192).

## 24. Segment Reporting

**a) The Group operates in one business segment, conducting researching, developing and commercialising innovative technologies.**

**b) Revenue by Geographic Region**

| | 2023 | 2022 |
|---|---|---|
| | **$000** | **$000** |
| Australia | 139 | 772 |
| Switzerland | - | 406 |
| US | 336 | 1,663 |
| Sweden | 473 | - |
| UK | 397 | 35 |
| Germany | 923 | 24 |
| **Total Revenue** | **2,268** | **2,900** |

**c) Assets by Geographical Region**

CCS is domiciled in Switzerland, with product development and manufacture occurring in Australia.

**d) Major Customers**

LBT recognised sales of US$525,000 (A$787,000) to Thermo Fisher, as the Group's exclusive distributor in the United States and Europe and AUD$473,000 to AstraZeneca for Pharmaceutical EM development.

As noted above, after 31 December 2021, all loans and other transactions between LBT and CCS are eliminated in preparing the consolidated financial statements for the Group. The financial statements include the following transactions between LBT and CCS prior to 31 December 2021:

- $Nil (2022: $406,000) revenue from consulting services provided to CCS; and
- $Nil (2022: $127,000) interest income accruing on the shareholder loans provided to CCS.

Net Income (excluding joint venture losses in 2022) from CCS accounted for NIL% (2022: 18%) of external revenue.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 25. Business Combination

In the prior year, on 31 December 2021, LBT acquired the other 50% equity interest in CCS and shareholder loans, for a purchase consideration of $3,993,000, which resulted in LBT gaining control over CCS with an ownership interest of 100%. The acquisition was undertaken with a view to the efficiencies and simplification of the business structure of having CCS 100% owned and managed by LBT.

The difference between that fair value and the previous equity accounted carrying amount was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, as follows:

| | LBT Book Value at 31/12/21 $000 | Fair Value $000 | Revaluation Amount $000 |
|---|---|---|---|
| Initial 50% Equity Interest | - | 2,499 | 2,499 |
| LBT Shareholder Loans, Net of Provisions | 4,281 | 1,020 | (3,261) |
| **Total** | **4,281** | **3,519** | **(762)** |

| | |
|---|---|
| Recognised in Other Comprehensive Income (Foreign Currency Translation Reserve) | 211 |
| Recognised in Profit or Loss | (973) |
| **Total Revaluation** | **(762)** |

The acquisition resulted in the inclusion of CCS' net assets of $7,512,000 in the consolidated financial statements as at 31 December 2021. The value of the net assets being based on the $3,993,000 acquisition consideration, together with LBT's existing 50% interest in CCS of $3,519,000 (the existing interest being revalued based on the $3,993,000 acquisition consideration). Further details in relation to the fair value of the net assets of CCS at acquisition on 31 December 2021 are provided below.

| | CCS Fair Value $000 | Included in Consolidated Accounts $000 |
|---|---|---|
| Cash | 717 | 717 |
| Debtors and Prepayments | 357 | 357 |
| Inventory (Note 7) | 1,281 | 1,281 |
| Creditors & accruals | (1,673) | (1,673) |
| Shareholder Loans Payable (1) | (2,514) | - |
| Deferred Tax Asset (Tax Losses) (2) | 2,004 | 2,004 |
| Deferred Tax Asset (on Fair Value adjustment to Intangibles) | 1,410 | 1,410 |
| Intangible Assets (Note 11) | 3,416 | 3,416 |
| **Fair value of the 100% equity interest in CCS** | **4,998** | **7,512** |

1. Inter entity loan balances are eliminated upon consolidation.

2. The tax jurisdiction for CCS is Switzerland. The amount of tax losses at the date of Acquisition, 31 December 2021, was CHF 11,440,000 (A$17,249,000). Tax losses may be offset against future taxable profits to the extent the losses are utilised within seven years from the relevant loss year. Based on assessment of estimated future cashflows at the date of acquisition, it was calculated that CHF 11,303,000 (A$17,043,000) of the tax losses would be utilised. The applicable local tax rate of 11.76%, provides a Deferred Tax asset of CHF 1,329,000 (A$2,004,000). This tax asset has been derecognized as at 30 June 2023.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 26. Parent Entity Information

Set out below is the supplementary information in relation to the parent entity, LBT Innovations Limited.

*Statement of Profit or Loss and Other Comprehensive Income*

| | Parent | Parent |
|---|---|---|
| | **2023** | **2022** |
| | $000 | $000 |
| Loss After Income Tax | (13,866) | (6,320) |
| Total Comprehensive Loss | (13,866) | (6,320) |

*Statement of Financial Position*

| | Parent | Parent |
|---|---|---|
| | **2023** | **2022** |
| | $000 | $000 |
| Total Current Assets | 1,870 | 5,997 |
| Total Non-Current Assets | 14,152 | 25,473 |
| Total Assets | 16,022 | 31,470 |
| Total Current Liabilities | 5,713 | 2,480 |
| Total Non-Current Liabilities | 1,436 | 7,334 |
| Total Liabilities | 7,148 | 9,814 |
| **Net Assets** | **8,874** | **21,656** |
| Equity | | |
| Issued Capital | 47,017 | 46,271 |
| Option Reserve | 1,947 | 1,651 |
| Accumulated Losses | (40,090) | (26,266) |
| **Total Equity** | **8.874** | **21,656** |

*Contingent Liabilities*
The parent entity had no contingent liabilities as at 30 June 2023.

*Capital Commitments - Property, Plant and Equipment*
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023.

*Significant Accounting Policies*
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1.

## 27. Credit Standby Arrangements

The Group has a credit card facility of $50,000. This facility was used to the extent of $27,569 at balance date.

## 28. Events After the Balance Sheet Date

On 31 July 2023, the Company issued 4,210,527 ordinary shares following receipt of a subscription notice for the face value of $80,000 under the Share Placement Agreement with Lind (refer to note 14). Following the issue of these shares, the remaining face value of LBT's obligation to issue shares is $1,460,000.

Other than the above, there has not arisen any other matters or circumstances, since the end of the financial year, which significantly affected or could affect the operations of the Group, the results of those operations, or the state of the Group in future years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)**

## 29. Group Details

The registered office and principal place of business of the Group is:

16 Anster Street
Adelaide SA 5000

Phone: +61 8 8227 1555
Website: www.lbtinnovations.com