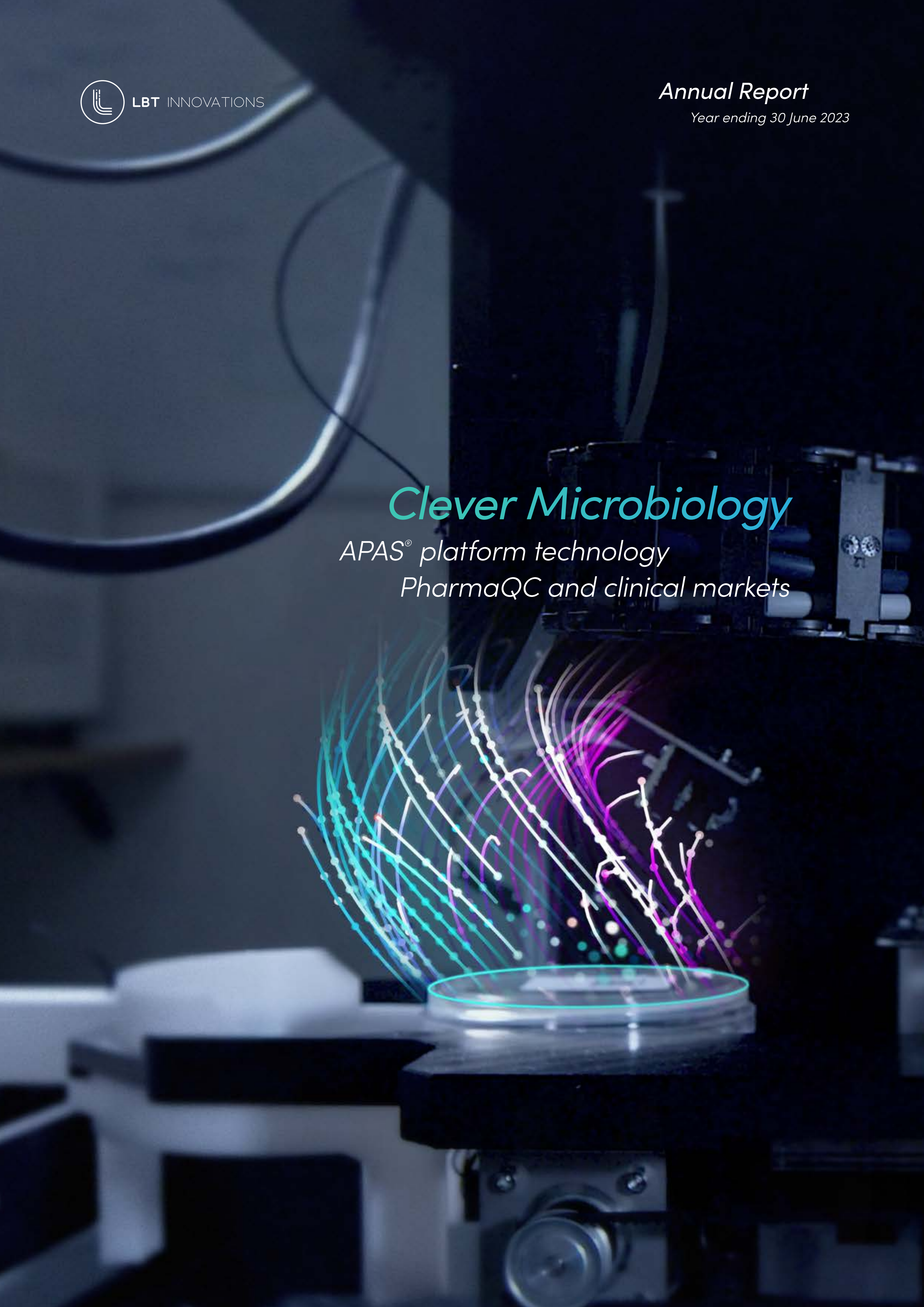
LBT INNOVATIONS

Annual Report

Year ending 30 June 2023



Clever Microbiology

APAS® platform technology

PharmaQC and clinical markets

LBT Innovations (ASX: LBT) is an Australian medical technology company specialising in developing artificial intelligence and image analysis solutions. Based in Adelaide, South Australia, the Company has a history of inventing and commercialising world leading products in microbiology automation.

The Company's 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 microbiology culture plates for pharmaceutical and clinical applications. 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 for clinical applications in the United States and selected countries in Europe.

Contents

LBT INNOVATIONS

CLEVER CULTURE SYSTEMS

Automating microbiology culture plate reading. Large addressable market opportunity in two global industries.

Through investment in technology development the Company has created a validated imaging platform, with multiple AI applications.

- 10 years and $50 million invested in APAS® technology platform
- Validated hardware platform created with multiple AI products: APAS® Clinical + APAS® PharmaQC

Microbiology market opportunity[1]

$1.1 Billion market — APAS CLINICAL

APAS INDEPENDENCE

$2.8 Billion market — APAS PharmaQC

Infectious diseases testing used by hospitals, reference private laboratories.

← **One instrument Multiple segments** →

Sterility monitoring in aseptic manufacturing. Example: drug manufacturing.

"A focus on entering the pharmaceutical quality control market during the Financial Year 2023 adds a significant new target industry for our APAS® technology. Sales for this second commercial channel are expected to commence in 2024 and become an important growth driver, building on gradual clinical sales progress."

Brent Barnes – LBT Innovations CEO and Managing Director

[1]Management estimates based on total potential demand for the product, assuming target addressable market of mid-large sized laboratories and current market pricing.

Customer challenges in pharmaceutical quality control

Environmental monitoring – thousands of culture plates processed each day to monitor for contamination in aseptic drug manufacture.

Failed results of quality control	Up to ~**US$1bn** lost revenue[1]	~**US$1m** per event for failed product[2]
High resource demands	**4 eyes protocol**: two independent reads for each plate	Challenges retaining experienced and qualified staff
Increased regulatory observations and warning letters	**116%** increase in regulatory observations to drug establishments[3]	**86%** of warning letters cite data integrity issues[4]
Continuous improvement processes	Industry bodies and regulators driving change	EU GMP Annex 1, BioPhorum, Pharma 4.0, Pharmig

APAS® PharmaQC value proposition

Efficient and Scalable
Small footprint and high-throughput automation.
1 system can read up to 1,600 plates in an 8hr period.

Flexible and Independent
No proprietary consumables.
Works with any major brand of culture media.

Objective and Compliant
AI-based results with full traceability.
Meets regulatory requirements for data integrity.

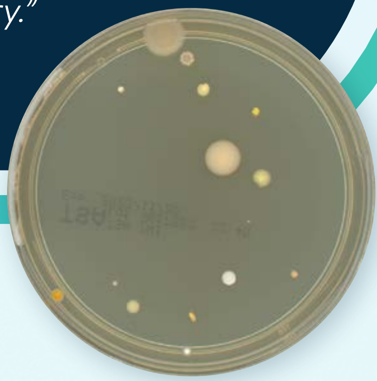
APAS PharmaQC

[1] www.researchandmarkets.com, Global Pharmarcetuicals Market Report 2021: Covid-19 Impact and Recovery to 2030.
[2] www.marketwatch.com, BiopharmceuticalsGrowth Statistics 2021
[3] https://www.fda.gov/inspections-compliance-enforcement-and-criminal-investigations/inspection-references/inspection-observations.
[4] https://redica.com/pharma-medical-devices-data-integrity-breaking-down-keywords-and-citation-trends-from-the-fda/.

Large global unmet need:
2.8 billion addressable market

"With APAS® PharmaQC we are redefining traditional ways of working using AI-driven automation with minimal disruption to current processes. The benefit to our customers is a more consistent and accurate assessment of critically important environmental monitoring plates while availing time for experienced staff to focus on value-add tasks. Using APAS PharmaQC as a tool within our customers contamination control strategy provides greater data integrity, which is highly valued within the pharmaceutical industry."

Dr Steven Giglio – Scientific Director, LBT Innovations



Pharma quality control market

Attractive market dynamics

- Motivated procurement – Plate reading identified as key opportunity for process improvement by pharma companies
- Concentrated customer base – Top 20 pharma companies operate over 600 production facilities[1]
- Process standardisation - Customers looking for scalable solution that can be deployed across manufacturing sites

Global market opportunity

Medium-large volume pharmaceutical production facilities

- Addressable market: Est. 5,700 production facilities worldwide[2]
- Attractive return on investment: Expected payback within 4 years[3]

People and culture

LBT are a global team focussed on the development and commercialisation of the Company's platform APAS® technology. The team bring together a diverse range of experience and expertise to manage the complex product development process required for to bring novel medical technologies to market.

Empowerment
Empowering individuals to perform to their highest potential.

Teamwork
Collaboration across multiple disciplines ensuring delivery of business goals.

Innovation
New ideas and innovation put into practice to improve the status quo.

Gender diversity

25%
Female board

26%
Female employees

19 employees

17 Employees in Australia

2 International employees

Our partners

AstraZeneca
APAS® PharmaQC product development partner
AstraZeneca (LSE/STO/Nasdaq: AZN) is a global, science-led biopharmaceutical company that focuses on the discovery, development, and commercialisation of prescription medicines in Oncology, Rare Diseases, and BioPharmaceuticals, including Cardiovascular, Renal & Metabolism, and Respiratory & Immunology. Based in Cambridge, UK, AstraZeneca operates in over 100 countries and its innovative medicines are used by millions of patients worldwide. For more information, visit astrazeneca.com

Thermo Fisher Scientific
Exclusive Distributor for the APAS® Independence in the United States and Europe
Thermo Fisher Scientific Inc. is the world leader in serving science, with annual revenue over $40 billion. Their Mission is to enable customers to make the world healthier, cleaner and safer. Whether they are accelerating life sciences research, solving complex analytical challenges, increasing productivity in their laboratories, improving patient health through diagnostics or the development and manufacture of life-changing therapies. For more information, visit www.thermofisher.com.

Chair's Letter to Shareholders

I'm pleased to present my first Annual Report as the new Chair of LBT Innovations and share with you my considerations when assessing the opportunity to lead your business.

Today, LBT stands as a company with a best-in-class technology that has surpassed the product concept stage and has made significant strides in transitioning from innovation to commercial activation in two global industry sectors. With US, European and Australian regulatory approvals in place, renowned global industry leader Thermo Fisher Scientific distributing APAS® Independence in the US and Europe, and the support of a major pharma partner, AstraZeneca, committed to advancing APAS® PharmaQC, LBT is well-positioned to confidently embark on the next phase of its growth and maturity.

For companies in the earlier stages of technology development, declaring this transformation from product development to commercial activation is a vital step. It not only sets the right intent and internal focus but also aligns shareholder expectations regarding our short, medium, and long-term opportunities and success metrics.

I acknowledge that the commercialisation journey is not a linear one, and I appreciate that our progress has not always met the speed that both you, our Shareholders, and we, expected. However, we are now at an important intersection, well-supported and ready to accelerate our sales strategy with the confidence of having two defined sales channels and industry-leading partners.

Our technology has been ahead of its time in many respects. AI is central to our APAS® technology, empowering us to automate data analysis, by intelligently identifying, and differentiating samples, whilst also ensuring high quality and consistent results. Our APAS® Independence was the first AI product to be approved by the US FDA for culture plate reading, an achievement others are still trying to emulate today. All these aspects form the foundation of our product proposition, its benefits, and its potential to improve complex laboratory workflows, allowing microbiologists to focus on high-value patient analysis and alleviating staffing pressures on laboratories.

Over the last few months, I have spent time understanding our technology, market opportunity and challenges. I am confident that we are now in a strengthened position to execute a sales strategy that will drive more progress in the coming year. We are determined to achieve this through the activation of our pharma channel, representing the largest market for LBT, and charging our clinical sales channel.

I'd like to thank our Shareholders, my fellow board members, and the LBT team for their support as I've transitioned to this role. Finally, I wanted to thank our outgoing Chair Joanne Moss for her stewardship over the past two years. Under her leadership LBT progressed critical elements of its business strategy that have strengthened the foundations of the Company today.

I am at the beginning of my journey, and I'm highly focussed on enabling a strategy that is effective, and importantly builds shareholder value. I look forward to sharing our progress over the coming year.

Your Chair,

Rebecca Wilson
Chair of the Board

FY23 milestones and outlook

Outlook

Accelerate commercial activation of our platform APAS® technology

- Completion of APAS® PharmaQC product development and validation
- Product launched and first customer placements
- Building clinical sales with our distribution partner Thermo Fisher Scientific

FY23 highlights

Pharmaceutical Quality Control Market

- **Dec-22** $0.6 million funding from Thermo Fisher Scientific to develop APAS® PharmaQC solution for their culture media
- **Jan-23** LBT secure $1.1 million development partnership with AstraZeneca for APAS® PharmaQC
- **Aug-23** First APAS® PharmaQC performance data released – demonstrates 100% sensitivity for microbial growth detection

Clinical Market

- **Dec-22** Thermo Fisher Scientific expand distribution partnership to Europe
- **FY22-23** Growing customer installed base for APAS® Independence – 14 sales globally
- **FY23** CE Mark for Urine and MRSA analysis modules under new in vitro diagnostic regulations

Product Development

- **Nov-22** $1.5 million funding awarded for new benchtop instrument – APAS® Compact. MTPConnect CTCM Program

Corporate

- **FY23** $2.0m new funding raised through Shareholder rights issue and share placement agreement (Lind Partners)
- **Jul-23** Ms Rebecca Wilson joins the LBT Board as Chair.

CEO and Managing Director's Report

A focus on entering the pharmaceutical quality control market during the Financial Year 2023 adds a significant new target industry for our APAS® technology. Sales for this second commercial channel are expected to commence in 2024 and become an important growth driver, building on gradual clinical sales progress.

It has been a commercially challenging year for the Company with slower than expected sales progress in the clinical market, compounded by difficult prevailing capital market conditions. We have carefully managed resources to focus on revenue generating activities, including new funded product development streams, and implemented cost reduction measures that have extended our cash runway.

The pivot to focus efforts on the Pharma QC market came after securing a foundational partnership agreement with AstraZeneca. This provides us with valuable voice of customer input and important funding, that underpins our product development strategy for this market. We are developing the technology for an industry and have commercial freedom to bring our technology to a large market without constraints.

Our initial view of the Pharma QC market is that it represents an exciting new vertical for our APAS® technology, with favourable market dynamics and competitor positioning. Conversations with customers have shown they are driven not only by labour efficiency gains, but more importantly by the opportunity to achieve greater data integrity and traceability of results that improve the overall quality of their manufacturing processes.

Expansion into the pharmaceutical quality control market – APAS® PharmaQC

Environmental monitoring is a critical control activity during drug manufacturing, with culture plates used continuously to detect for the presence of microbial contamination within a "clean room" environment. This is especially important in aseptic drug manufacturing where the presence of contamination during production can lead to failed product and up to US$1 billion in lost revenues[1].

During the Financial Year 2022, we completed a successful proof-of-concept study demonstrating the potential of our APAS® technology to be used in this application. This established confidence in the technology and meant we were able to finalise funding agreements to develop new analysis modules for this application and move beyond feasibility and through a formal product development process. Pleasingly we secured over $1.7 million in funding from AstraZeneca ($1.1m, Jan-23) and Thermo Fisher Scientific ($0.6m, Dec-22) for development of the APAS® PharmaQC product. Receiving the backing of two global industry leaders has accelerated our development, helping define technical requirements and further validating the market opportunity for the product.

Brent Barnes and Jack Brown, LBT Corporate Development Director, visiting the AstraZeneca facilities in the UK.

[1] www.researchandmarkets.com; Global Pharmaceuticals Market Report 2021: Covid-19 Impact and Recovery to 2030.

CEO and Managing Director's Report cont.

The APAS® PharmaQC product development is progressing on schedule and has become the number one focus for our R&D resources. As part of the development program, an APAS® Independence instrument was placed at an AstraZeneca UK manufacturing site where routine environmental monitoring plates were processed by APAS® to assess performance using real-world data.

Results are extremely positive, with the product demonstrating 100% sensitivity achieved for growth detection, see table below. This means that APAS® did not miss any plates identified as having growth present, the most critical performance metric for pharmaceutical customers where missing a single colony can be costly.

Pilot Secondary Validation Study

Total 1,515 environmental monitoring plates collected during routine production at AstraZeneca facility

- 1,477 Environmental monitoring plates collected from Class A cleanroom (including settle and finger dab plates)
- 38 contrived plates (11 pos, 27 neg) collected to increase positivity rate
- Measured growth vs no growth performance

APAS® PharmaQC demonstrates 100% sensitivity for microbial growth detection

- APAS identified potential additional positive plate(s) missed by normal reading

Results

	APAS			
		No growth	**Growth**	**Total**
	No growth	1390	110	1500
AZ	Growth	0	15	15
	Total	1264	251	1515

- Positive percent agreement (PPA) **100% (15/15 correct)**
- False negative rate (FNR) **0% (0/15 incorrect)**
- Negative percent agreement (NPA) **92.6% (1390/1500 correct)**
- False positive rate (FPR) **7.3% (110/1500 incorrect)**

More broadly, we see a compelling opportunity to extend our APAS® technology to streamline outdated manual processes in a significant $2.8 billion addressable market[2]. The market dynamics appear more attractive than what we have witnessed in the clinical market, with regulators imposing change across the industry requiring pharmaceutical companies to take a pro-active approach in seeking automation solutions. Observations from auditors is putting greater pressure on pharmaceutical companies to improve their processes with a high focus on data integrity[3]. This presents an opportunity for technologies like APAS® PharmaQC that deliver consistency through automation, and image records providing long-term traceability of results.

Our business development activities are early stage although have quickly established a focused pipeline of customers that are motivated and looking for solutions that can be scaled across multiple production sites. We have benefited from having an existing product within the clinical market and our regulatory clearances and publications have provided important data points that establish credibility with new potential partners and customers that we are engaging with.

Challenging economic conditions slows sales progress in clinical market

Commercial progress in the clinical market has been below our expectations. Sales have been challenged by tough market conditions, the post-Covid recovery for hospital systems has been slower than expected and they are now facing further financial pressures caused by high inflation rates. This has caused many laboratories to implement freezes on new capital purchases, further extending an already long sales cycle. As a result, four sales were completed during the Financial Year, including both direct sales and those made through our distribution partner Thermo Fisher Scientific.

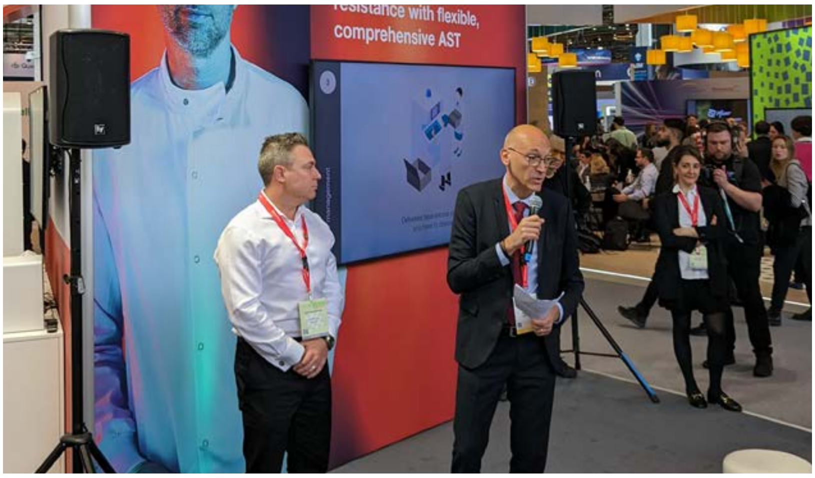
[2]Management estimates. Addressable market calculation based on estimated number of medium-large pharmaceutical production facilities defined as processing >500 samples per week.

[3]https://www.fda.gov/inspections-compliance-enforcement-and-criminal-investigations/inspection-references/inspection-observations;

A number of initiatives have been taken throughout the year to improve sales velocity. In December 2022, we extended our exclusive distribution agreement with Thermo Fisher Scientific to include Europe, increasing the number of countries where we are selling the APAS® Independence to 35 countries globally. This replaced our previous Marketing Agent agreement with Beckman Coulter that we believed was not the right commercial structure to be successful. We have found a full distribution structure creates greater alignment and a clearer confluence of interests between the two companies, meaning that Thermo Fisher Scientific are highly engaged and motivated to work with us to increase sales effectiveness.

Together with Thermo Fisher Scientific, there has been a concerted marketing push for the APAS® Independence in both Europe and the United States. An official European launch event was held at the European Congress of Clinical Microbiology and Infectious Diseases congress (ECCMID 2023, Copenhagen) and the APAS® Independence was presented on the Thermo Fisher Scientific booth at the annual American Society of Microbiology conference (ASM Microbe, Houston).

Laboratories have continued to respond positively to the value proposition for the APAS® Independence which gives us confidence that the product meets a genuine unmet need in the market. We are also starting to see the benefits of the extended commercial reach with Thermo Fisher Scientific as the sales pipeline starts to mature with over 110 qualified leads and 20-30 advanced opportunities[4].



Brent Barnes with Marco Ferrando, Thermo Fisher Scientific Product Management Director, at Thermo Fisher Scientific APAS® Independence launch event at ECCMID 2023, Copenhagen.

New regulatory clearances for APAS® technology, supports commercial strategy

We have continued to progress our strategy of having regulatory cleared products available for the most important clinical applications in our target markets, including Urine culture testing and infection control applications, such as MRSA screening.

In Europe, new in-vitro diagnostic regulations (IVDR) have been introduced for the regulation of medical devices, impacting APAS® Independence, requiring additional work to be conducted to maintain CE Mark clearance for sale of the device in the region. During the year we updated our CE Mark for our MRSA analysis module and gained new CE Mark certification for our Urine analysis module.

In the United States, we built upon the existing FDA Clearance for our Urine analysis module to add new features that address customer feedback and expands the utility of the module to include additional media types. This enables us to address the workflow requirements and needs of a greater number of customers in the market more readily.

With these new and updated regulatory clearances, for the first time we have regulatory cleared analysis modules available for Urine and MRSA screening, in each of our target global markets (United States, Europe and Australia).

We have also continued to progress our APAS®-AMR analysis module for antimicrobial susceptibility testing and have released this to several customers to gain user feedback on the technology. This resulted in new data being published on the application at this year's ECCMID conference, providing positive customer validation of the application. There remains an exciting market opportunity for the application, particularly in Europe and Australia, where disc diffusion testing is more prevalent, and this early market feedback is being used to inform the final product design.

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

CEO and Managing Director's Report cont.

Focus on funded development projects improves operational cashflows

A key priority for the Company has been to carefully manage and prioritise funding to support our ongoing product development and commercialisation activities. This has been especially important in difficult market conditions where revenues from sales have not met expectations.

Capital raisings across the sector were profoundly challenging and remain constrained in the current economic climate. During the year, we raised $2 million dollars through a Shareholder Entitlement Offer (Nov-22) and Share Placement Agreement with The Lind Partners (Mar-22). We appreciate the support of existing Shareholders who participated in the Entitlement Offer.

In aggregate, the total amount raised fell short of expectations, resulting in a sharp focus towards optimising our cash flow. We added new sources of revenue through funded development agreements for APAS® PharmaQC and cost reduction measures were taken to right-size business operations, where headcount was reduced to maximise our cash runway whilst protecting our ability to deliver core development activities.

This resulted in a significant reduction in our cash outflows for the financial year to $1.6 million deficit on Operational and Investing activities (compared to $6.2 million spent in Financial Year 2022).

Thermo Fisher Scientific booth at ECCMID 2023, Copenhagen.

At the Board level, we were delighted to welcome Ms Rebecca Wilson, who joined the LBT Board as Chair in July 2023. Rebecca brings a wealth of experience in the MedTech sector having acted as both an executive advisor and Non-Executive Director. She is extremely well regarded in the industry and has absolutely hit the ground running.

Ms Joanne Moss (July-23) and Mr Simon Arkell (Mar-23) stepped down from the Board during the year. I have enjoyed working with Joanne and Simon over the last few years and, together with the Board, thank them for their contributions to the Company.

FY24 Outlook

We have made many positive steps forward over the last year, however I recognise that this has not translated into improved value for our Shareholders. A key priority for the business during the 2024 Financial Year will be to build upon the technology and commercial partnerships we have established in both the clinical and Pharma QC markets.

Technology innovation has always been at the heart of LBT, and we will continue to build upon the AI platform we have created. Our focus will be on executing funded development that aligns with our product commercialisation strategy. A key milestone will be completing our product development program with AstraZeneca for APAS® PharmaQC. This will enable us to formally launch the product in the market which we expect to announce in the second half of FY24.

Commercially, we have already begun our business development activities with the pharmaceutical market and do expect these to build over the next 12 months, including presenting the technology at major industry conferences. The initial feedback has been positive, and we do expect to place the technology with new pharmaceutical customers in FY24 but expect more meaningful sales to occur from FY25 onwards as we have more user data supporting acceptance of the technology.

On the clinical side, we remain cautiously optimistic, and expect a steady build of sales over the next 12 months and beyond. The market remains challenging; however, we believe with Thermo Fisher Scientific we have the right partner in place to be successful. Market feedback continues to be positive and the sales funnel, with 20-30 advanced sales opportunities validates the potential we see in the market. In summary, we remain resilient in our mission to automate microbiology culture plate reading and are well positioned to still realise this potential.

Brent Barnes
Chief Executive Officer and Managing Director

Directors' Report

Your Directors present their report on LBT Innovations Ltd (LBT or the Company) and its 100% owned subsidiary Clever Culture Systems AG (CCS) (together the Group) for the year ended 30 June 2023 (the Year) as at the date of this report.

Directors

The names of the Directors of LBT, in office at any time during or since the end of the year, are:

Rebecca Wilson
Independent Chair and Non-Executive Director (Appointed 1 July 2023)

Joanne Moss
Independent Chair and Non-Executive Director (Retired 30 June 2023)

Brenton Barnes
Chief Executive Officer and Managing Director

Damian Lismore
Non-Executive Director

Brian O'Dwyer
Non-Executive Director

Simon Arkell
Non-Executive Director (Retired 30 March 2023)

Directors have been in office since the start of the financial year to the date of this report, unless otherwise stated.

Company Secretary

The names of the individuals holding the position of Company Secretary at any time during or since the end of the year are:

Raymond Ridge

Principal Activities

The principal activities of the Group during the Year remained those of researching, developing and commercialising innovative technologies for the healthcare and laboratory supply markets and manufacture and sales of the APAS® Independence.

Other than the above, there were no significant changes in the nature of the Group's principal activities during the Year.

Operating Results

The Group recorded a net loss after tax for the year of $22.52 million (2022: $6.64 million).

The net loss after income tax included an impairment expense of ($13.41) million (2022: Nil), an associated income tax expense related to the derecognition of deferred tax assets of $5.69 million (2022: Nil) and amortisation expense of intangible assets of $3.04 million (2022: $2.67 million). Excluding these non-cash items, the loss after income tax was $0.38 million, compared to $3.97 million in 2022.

Dividends Paid or Recommended

No dividends were paid, nor recommended to be paid for the year ended 30 June 2023.

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 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 Scientific 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 Scientific, 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 Scientific 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 Scientific 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 Scientific 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 Scientific, 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.

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

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 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.

The non-cash impairment expense of $13.4 million relates to a full write down of the $13.4 million carrying value of the Group'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 Group remains positive on the medium to longer-term clinical market opportunity. The Company's distribution partner, Thermo Fisher Scientific 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 Group 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 Group'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 Group's net operating expenses of ($1.3) million, ($0.3) million for the continued development of additional analysis modules and 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 received payment of this in early-September.

Financial Position

Net assets of the Group decreased by $21.4 million from $21.3 million at 30 June 2022 to ($0.01) million at 30 June 2023.

Cash on hand and at the bank decreased to $2.0 million at 30 June 2023 (2022: $2.8 million).

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Group during the year.

After Balance Date Events

On 31 July 2023, the Company issued 4,210,527 ordinary shares following receipt of a settlement notice for the face value of $80,000 under the Share Placement Agreement. Following the issue of these shares, the remaining face value under the Share Placement Agreement is $1.46 million (refer to note 14).

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.

About LBT Innovations

LBT Innovations (LBT) improves laboratory practices through the delivery of intelligent automation solutions. 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.

Environmental Issues

The Group's operations are not subject to significant environmental regulation under the laws of Australia or Switzerland.

Key Risks

This section contains an outline of the material business risks that may impact on LBT achieving its strategic objectives and business operations.

Business Specific Risks

Key risks relating to LBT are set out below. It is not, however, possible to describe all the risks to which LBT and its business may become subject to, and which may impact adversely on LBT's prospects and performance. Specific risk factors which may have a significant impact on the future performance of LBT include the following:

Funding risk

The future viability of the Group is largely dependent on the number and timing of APAS® instrument sales, and on its ability to raise capital to finance its operations. An inability to achieve the Group's expected level of sales and raise capital as and when needed could have a negative impact on its financial condition and its ability to pursue its business strategies. If adequate funds are not available to the Group, through the Offers or other means, 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 occurrence of any of these events could have a material adverse effect on the Group's operations, financial performance and financial position.

US sales risk

The Group works closely with its exclusive distributor in the US and the EU, Thermo Fisher Scientific Inc, to progress identified sales opportunities. Whilst the Group has reasonable expectations of increasing sales in both geographies on the basis of the established qualified pipeline of sales opportunities, there is a risk that the expected increase in sales may not be achieved or may not be achieved in the timeframe expected. Sales are impacted by a number of risks including the commercial appeal of the APAS® instrument, performance by the Group's distributor and general economic and other conditions impacting end customers (including pathology laboratories and hospitals), including the potential re-emergence of a pandemic.

Risks relating to expansion into the pharmaceutical market

In collaboration with a large multi-national pharmaceutical company, AstraZeneca, the Group has successfully developed a proof of concept for the development of an Analysis Module for the reading and interpretation of culture plates routinely used for microbial quality control testing. This is an essential quality control process required in pharmaceutical manufacturing. The Group expects to continue this collaboration through a full development and validation process of a new Analysis Module which would extend the use of the existing instrument to a new industry. The development of this Analysis Module is expected to further contribute to sales opportunities in the 2024 calendar year. If the collaboration did not progress as expected, the Group would need to find additional collaboration partners and funding to progress this initiative. If this risk eventuates, this would have the impact of delaying the development of an Analysis Module for the pharmaceutical industry which would impact expectations for sales in 2024 and following years.

Development risk

The Group is currently developing an Analysis Module for use in microbial quality control testing in the pharmaceutical industry. While the development risk in respect of each of these Analysis Modules has been partially mitigated through early proof of concept testing, there is an inherent risk that the desired level of performance takes longer to achieve than expected.

Supply chain risk

The COVID-19 pandemic has resulted in continuing supply chain disruption. The Group is reliant on domestic and international supply chains for the parts used in the manufacture of the APAS® instrument. At this point in time, this disruption has resulted in prolonged lead times for specific parts. The Group has taken a pragmatic and cost conscious approach whereby risk mitigation measures for some known long lead time parts have been completed. Despite this mitigation strategy, there remains an inherent risk that lack of availability or delays in parts may impact the Group's ability to manufacture to fulfill sales demand, resulting in reduced or delayed sales, or may result in increased cost of parts.

Competitor risk

The APAS® technology platform remains the only known independent automated culture plate reading and interpretation instrument clearance by global regulators such as the US Food & Drug Administration. The Group's competitors in clinical microbiology to date have chosen different approaches to providing automation solutions including onscreen viewing and interpretation of culture plates by a microbiologist. As sales of the APAS® instrument grow, it is possible the Group's competitors will seek to develop similar technologies that may compete directly or indirectly with the Group's products. This has the potential to impact the future growth prospects of the APAS® instrument. If competitors develop products or technologies that are more effective, the Group's current or future products may become obsolete or uncompetitive.

Pandemic risk

The recent COVID-19 pandemic evidenced the negative impact on the Group's ability to close sales and generate new sales leads, with the target customers being hospitals and pathology laboratories (public and private), which were significantly impacted by demands for COVID-19 testing, and due to the inability to travel and engage in 'face to face' meetings. The direct impact of the pandemic has now largely abated, however hospital systems are still recovering financially from the COVID-19 pandemic, whereby the Group are observing budget freezes imposed for capital equipment purchases. The risk remains should a new pandemic arise, including a new COVID-19 variant requiring reimplementation of travel restrictions, together with significant testing and isolation requirements.

Exchange rate risk

LBT operates internationally and therefore fluctuations in prevailing exchange rates may negatively affect LBT's profitability and financial position. Unhedged and unfavourable movements in foreign exchange rates may have an adverse effect on the Group's revenue and/ or cost of operating. The most common foreign currencies to be used are US dollars and the Euro.

Regulatory risk

The Group's APAS instrument and each Analysis Module is subject to regulatory clearance and registration in its key markets of the EU and the US.

Although the APAS instrument and certain Analysis Modules are already appropriately cleared and registered for sale in its key markets, there is a risk that regulatory requirements may change, increasing the costs and resources associated with regulatory compliance. In addition, if regulators took the view that the Group had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant damage to the Group's reputation and consequently impact on its income.

Regulatory changes may also increase the cost and resources associated with obtaining regulatory clearance and registration for Analysis Modules under development or to be developed in the future. This could increase the costs and resources associated with obtaining regulatory compliance and may delay or jeopardise regulatory clearance which would negatively impact the Group's expectations for sales growth.

Intellectual property risk

The Group seeks to protect its intellectual property through patents, trademarks, trade secrets, copyright and know-how. In particular, the Group has registered patents over the core APAS technology for image capture and AI assisted software development for image reading and interpretation (Analysis Modules).

Whilst the Group protects its intellectual property through these measures, there can be no guarantee that there will not be any unauthorised use or misuse of its intellectual property or reverse engineering of its software by competitors. If the Group fails to protect its intellectual property, competitors may gain access to proprietary information which could harm the Group's business.

There is a risk that the Group will not be able to register or otherwise protect new intellectual property it develops in the future. Competitors may be able to work around any of the applications or other intellectual property rights used by the Group, or independently develop technologies or competing products that are not covered by the Group's intellectual property rights. This may materially adversely impact the Group's revenue, legal expenses and profitability.

If the Group believes its intellectual property rights have been infringed, it may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of the Group's rights. Any litigation, whether or not successful, could result in significant expense to the Group and divert the efforts of its personnel. In addition, any infringement could result in revenue loss and may be detrimental to LBT's reputation and brand value.

LBT's commercial success is, to a large extent, reliant upon its intellectual property being suitably protected and providing the Group with enforceable rights (through the registration of patents and trade marks). The Group cannot give assurance that the patents, trade marks or other intellectual property in existence today or created in the future will be able to be adequately protected.

General Risks

Economic and government risks

The future viability of the Group is also dependent on a number of other factors affecting performance of all industries including, but not limited to, the following:

a) general economic conditions in jurisdictions in which the Group operates;
b) changes in government policies, taxation and other laws in jurisdictions in which the Group operates;
c) the interpretation of taxation laws by the relevant taxation authority differing from the Group's interpretation;
d) the strength of the equity and share markets in Australia and throughout the world;
e) movement in, or outlook on, exchange rates, interest rates and inflation rates in jurisdictions in which the Group operates; and
f) natural disasters, industrial disputes, social upheaval or war in jurisdictions in which the Group operates.

Financial markets risks

Share market conditions may affect the value of the Company's quoted Shares regardless of the Group's operating performance. Share market conditions may be affected by many factors including, but not limited to, the following:

a) general economic outlook;
b) interest rates and inflation rates;
c) currency fluctuations;
d) changes in investor sentiment toward particular market sectors;
e) the demand for, and supply of, capital; and
f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company, nor the directors warrant the future performance of the Group or any return on an investment in the Group.

Reputational risk

Issues of a varying nature may arise that would give rise to reputational risk and cause harm to LBT's business dealings and prospects. These issues include appropriately dealing with potential conflicts of interest, legal and regulatory requirements, issues of ethics, money laundering laws, trade sanctions legislation, privacy, information security policies, sales and trading practices and conduct by companies in which LBT holds strategic interests. Failure to address these issues appropriately could give rise to additional legal risk, subject entities within the Group to regulatory actions, fines and penalties, or harm the reputation of LBT or the Group among its shareholders, customers and investors.

Risk of litigation, claims and disputes

The Group is exposed to the risk of actual or threatened litigation or legal disputes in the form of claims by shareholders, regulatory authorities, employees, customers, competitors or partners, personal injury and property damage claims, environmental and indemnity claims, employee claims and other litigation and disputes. The Group may also need to institute proceedings from time to time, such as to defend a proprietary right. There is a risk that such litigation, claims and disputes could materially and adversely affect the Group's operating and financial performance due to the cost of defending and/or settling such claims, and could affect the Group's reputation.

Legislative risk

Changes in government regulations and policies, including potential changes to Australia's tax laws and foreign tax laws relevant to the Group, may adversely affect the financial performance or the current and proposed operations of the Group.

Force majeure

Events may occur within or outside Australia that could impact upon the Australian economy, LBT's operations and the price of its Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on LBT's ability to conduct business.

Information on Directors

Information on LBT's Directors as at the date of this report is as follows.

Rebecca Wilson

Independent Chair of the Board of Directors

(Commenced 1 July 2023)

Qualifications

Bachelor of Arts (Journalism) (Deakin University)

Post Graduate Certificate Applied Finance & Investment (FINSIA)

GAICD (Australian Institute of Company Directors)

Experience

Rebecca has spent the last 25 years working with fast growth, innovative based companies in the MedTech, life science, CleanTech and FinTech sectors providing advice on stakeholder communications, issues and crisis management, investor and corporate relations, ESG, and business strategy to both private and public companies, research institutes, governments, and asset managers.

She is a specialist in complex stakeholder engagement and management leading major M&A transactions and business transformation projects and has strong capital market experience working on more than 100 IPOs and RTOs and hundreds of secondary capital raisings. She has an investor network spanning communities in Australia, New Zealand, Asia, UK and US.

Rebecca is Non-Executive Chair of Alcidion Limited, an ASX-listed international digital health business and Non-Executive Director of UK-based health and wellness company Ateria Health Ltd. Rebecca is an Australian and UK experienced board director, with US business experience.

Interest in Shares	Nil	Ordinary Shares
Interest in Options	Nil	
Directorships held in Other Listed Entities		Alcidion Limited Ateria Health Ltd
Interest in Contracts	Nil	

Information on Directors cont.

Brenton Barnes

Chief Executive Officer and Managing Director

Qualifications

Master of Project Management (University of Adelaide)

Diploma of Commerce (Sydney Institute of Business and Technology)

Graduate, Australian Institute of Company Directors (Australian Institute of Company Directors)

Experience

Brent became CEO and Managing Director of LBT in 2016, becoming the second CEO of the company and taking over from the founder. Since joining, Brent has focused on building internal capability across scientific, artificial intelligence and engineering disciplines that maximise the development opportunities of the machine vision intellectual property generated by the company. This strategy facilitated the development of LBT's flagship product APAS® Independence, enabling the company to transition to a sales and commercialisation focus.

Prior to this, Brent spent 11 years as a Senior Executive overseeing a range of global functions at Cochlear Limited (ASX:COH). Brent brings a big company vision with a global outlook to LBT.

Interest in Shares	1,408,191	Ordinary Shares
Interest in Options	 1,500,000 6,000,000	Options Expiring 7 August 2026 25 November 2025
Third Party Holdings		
– Barnes' Love Work Live	713,606	Ordinary Shares
Directorships held in Other Listed Entities	Nil	
Interest in Contracts	Nil	

Information on Directors cont.

Damian Lismore
Non-Executive Director

Qualifications

GAICD (Graduate Member of Australian Institute of Company Directors)

CA ANZ (Member of Chartered Accountants, Australia and New Zealand)

FCA (Fellow of Chartered Accountants in Ireland)

BA (Honours) Accountancy

Experience

Damian has held a number of Directorships and has extensive commercial, international and listed company experience (both ASX and NASDAQ), covering many industries including healthcare and technology. In his Executive career, he held CEO, CFO and Company Secretarial roles and continues to act as an advisor to CEOs, boards and business owners.

With a background in M&A, licensing and business financing, Damian has a track record in helping businesses grow. Damian is CFO of Scout Bio Inc, a Frazier Healthcare backed company, commercialising gene therapy products. Previously Damian was CFO at Nexvet Biophama plc, which attracted significant US institutional backing and listed on NASDAQ in 2015. The business evolved to have research capabilities in Australia, clinical operations in the US and manufacturing operations in Ireland. In 2017, following the successful completion of clinical trials for its lead program the business was acquired by Zoetis Inc. Damian was also CFO at Biota and was instrumental in securing and managing major licenses with global pharmaceutical companies and securing a major US grant that allowed the business to transition from the ASX to NASDAQ.

Damian broadens the board skillset with his global outlook, networks and strong commercial acumen.

Interest in Shares [(1)]	Nil	Ordinary Shares
Interest in Options	 25,691 500,000	Options Expiring 28 November 2024 28 November 2029
Third Party Holdings		
- Spouse, Martina Marie Lismore	539,494	Ordinary Shares
Directorships held in Other Listed Entities		Control Bionics Limited
Interest in Contracts	Nil	

(1) LBT has agreed with Mr Lismore to pay 25% of his Directors fees in shares from 1 April 2021 to 31 May 2023, with the annual share issue subject to annual shareholder approval at LBT's AGM. Further, all Non-Executive Directors agreed to their full fees for the period December 2022 to February 2023 to be also settled through LBT shares rather than cash.

Brian O'Dwyer
Non-Executive Director

Qualifications

Bachelor of Business Studies (Dublin City University)

CGMA, Accounting (The Chartered Institute of Management Accountants)

Experience

Brian has more than 20 years of experience in the healthcare and laboratory testing industry. He is currently the Chief Executive Officer of Q2 Solutions, a leading clinical trials laboratory testing organisation and subsidiary of IQVIA (NYSE: IQV), a leading global provider of advanced analytics, technology solutions, and clinical research services to the life sciences industry.

Having previously held a number of senior roles at Eurofins Central Laboratory and ICON Plc, Brian brings deep industry knowledge and expertise in laboratory testing businesses to the Board. His experience spans across the establishment, management, integration and restructuring of both business and commercial operations through the clinical research spectrum.

Brian strengthens the Board's skillset with strategic planning, business strategy and leadership skills.

Interest in Shares (2)	280,674	Ordinary Shares
Interest in Options	500,000	Options Expiring 28 November 2031
Directorships held in Other Listed Entities	Nil	
Interest in Contracts	Nil	

(2) LBT has agreed with Mr O'Dwyer to pay 100% of his Directors fees in shares from 1 April 2022 for one year, subject to shareholder approval. Qualifications

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Raymond Ridge

Qualifications

Bachelor's Degree, Accounting and Finance at the University of South Australia, Member of the Institute of Chartered Accountants Australia and New Zealand, and a Certificated Member of the Governance Institute of Australia.

Experience

Ray has held senior executive positions in finance, compliance and commerce across a range of industries. Ray has previously held the roles of Company Secretary and CFO for two other ASX listed companies and is currently Company Secretary for two other ASX listed companies.

Remuneration Report (Audited)

This report details the nature and amount of remuneration of each Key Management Person of the Group.

Remuneration Policy

The Remuneration Policy of the Group has been designed to align Key Management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short-term incentives (STI) and long-term incentives (LTI) based on key performance areas affecting the Group's financial performance.

The key objectives of the Nominations and Remuneration Committee are to appropriately and effectively attract and retain the best Executives and Directors to lead and manage the Group.

This Remuneration Policy was developed by the Nominations and Remuneration Committee and approved by the Board. The Remuneration Policy has been tailored to ensure alignment between management and shareholder interests through:

- Performance bonuses based on key performance indicators (KPIs), and
- Issue of options to the Directors and Executives to encourage the alignment of personal and shareholder interests.

The fixed remuneration component is determined with regard to market conditions, with advice from remuneration specialists as required, so that the Group can recruit and retain the best available talent.

The Nominations and Remuneration Committee is responsible for approving remuneration structures and processes for incentives, bonuses and options. The Nominations and Remuneration Committee is responsible for setting the Managing Director's annual key performance targets and assessing/measuring annually the achievement of the Managing Director against those targets. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can make changes to the Nominations and Remuneration Committee's recommendations. Any change must be justified by reference to measurable performance criteria.

The relationship between the Board's policy and the Group's performance in terms of earnings and shareholder wealth is illustrated by the following table that shows the gross revenue, profits/(losses), available cash and closing LBT share prices on 30 June for the past five years. During the financial year, LBT's share price traded between a low of $0.030 and a high of $0.094.

	2023	2022	2021	2020	2019
Revenue	$2.27m	$2.90m	$2.11m	$1.75m	$2.90m
Net Profit / (Loss) for the Year	($22.52m)	($6.64m)	($7.26m)	($5.64m)	($4.35m)
Available Cash	$2.02m	$2.79m	$9.62m	$7.10m	$10.18m
Year-End Share Price	$0.030	$0.078	$0.076	$0.230	$0.115

In the year ended 30 June 2023, the following milestones were considered relevant in assessing the Group's performance:

- Sales progress has been slower than anticipated, with the Group recognising four sales in the Financial Year. This included two direct sales in Europe and a further two sales to Thermo Fisher Scientific 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.
- Progressing the APAS® technology for use in environmental monitoring during drug manufacture within the pharmaceutical industry (APAS® PharmaQC). This has created an opportunity to use the APAS® technology to disrupt an outdated manual process, representing a significant market opportunity, with favourable market dynamics and competitor positioning. The opportunity was underpinned by a successful proof-of-concept, followed by agreements with two global industry leaders, AstraZeneca and Thermo Fisher Scientific, providing over $1.7 million in contracted development funding.
- Development of the APAS® PharmaQC product has proceeded well and remains on schedule for a formal market launch of the product during the second half of FY24. As part of the development program, an instrument was successfully placed at AstraZeneca's UK manufacturing site to support data capture during the project.
- Extending the exclusive distribution agreement with Thermo Fisher Scientific to include Europe, increasing the number of countries to 35 globally. This replaced the previous Marketing Agent agreement with Beckman Coulter. The combined Thermo Fisher Scientific sales pipeline across the EU and US is now over 110 qualified leads and 20-30 advanced opportunities. While commercial progress in the clinical market has been below expectations, Thermo Fisher Scientific remains highly engaged in both geographies.
- Completion of analysis module development and regulatory clearances for the clinical market, so that, for the first time, LBT has regulatory cleared analysis modules available for Urine and MRSA screening, in each of the Group's target global markets of the EU and the US. This enables the Group to address a greater number of customers more readily. In the EU, the CE Mark for the MRSA analysis module was updated for the new regulatory framework and gained CE Mark certification for the newly developed Urine analysis module. In the US, the Group built upon its existing FDA Clearance of a Urine analysis module, to add new features and expand the utility of the module to include additional media types.

Remuneration Report (Audited) cont.

- Managing the Group's limited cash resources contributing to a significant reduction in the Group's net cash used in Operating and Investing activities to $1.6 million, compared to $6.2 million in Financial Year 2022. This reflected a focus on adding new sources of revenue through funded development agreements for APAS® PharmaQC, and taking cost reduction measures to right-size the operations of the business, reducing total headcount from 28 employees to 19 over the last 18 months. This has been especially important in market conditions where revenues from clinical sales have not met expectations.
- Raising $2 million through a Shareholder Entitlement Offer and Share Placement Agreement with The Lind Partners. This has helped the Group access funding throughout the year, despite challenging capital markets.

Non-Executive Director Terms and Conditions

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Nominations and Remuneration Committee determines payments to Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate remuneration pool for Non-Executives Directors is $285,000, as approved by shareholders at LBT's 2007 AGM. Amounts in excess of this maximum, or a change to this maximum, are subject to approval by shareholders.

Fees for Non-Executive Directors are not linked to the performance of the Group to maintain independence.

To align Directors' interests with shareholder interests, newly appointed Non-Executive Directors are granted 500,000 options, and the Chair 1,250,000 options, with an exercise price set based on the market price of LBT shares at the time of their appointment. These options have a ten-year term and a two-year vesting period following shareholder approval. The options are an important component of attracting and retaining high caliber Directors. To strengthen alignment between Directors' interests with that of shareholders, Directors are encouraged to hold shares in LBT. This was formalised as a Board policy in March 2021, requiring all Directors to acquire the equivalent of one year's Directors fees within the first four years of their term.

Consistent with this policy, all Non-Executive Directors have elected to set aside a portion of their monthly Directors fees, to be settled in LBT shares, subject to approval of shareholders at LBT's AGM each year. The number of LBT Shares to be issued in lieu of each month's Directors fees is determined by a monthly volume weighted average price (VWAP) of LBT's shares traded on the ASX during each month. Messrs Arkell (prior to his retirement) and Lismore continue to set aside 25% of their gross monthly Directors fees (having commenced 1 April 2021), Mr O'Dwyer set aside 100% of his monthly Directors fees from 1 April 2022 to 31 March 2023 and Ms Moss elected to initially set aside 100% of her Directors fees from 1 June 2022, reducing to 25% from 1 October 2022. The Directors' may elect to cease these arrangements once they have accumulated or otherwise acquired the equivalent of one year's Directors fees.
All Non-Executive Directors agreed to their full fees for the period December 2022 to February 2023 to be also settled through LBT shares rather than cash, to assist with the Group's management of its available cash.

Directors' fees for Australian resident Non-Executive Directors are inclusive of the superannuation guarantee contribution required by the government, which was 10.5% in the 2022/23 financial year. They do not receive any other retirement benefits.

Executive Terms and Conditions

CEO and Managing Director

The remuneration for the CEO and Managing Director has four components:

- A salary package of $330,000 inclusive of statutory superannuation applied until 30 June 2023.
- An annual STI comprising a maximum annual bonus of 30% of the CEO and Managing Director's annual salary package.
  The maximum bonus was $99,000 for the 2023 financial year. The proportion of the maximum bonus that is awarded each year is determined by the Nominations and Remuneration Committee and approved by the Board, based on their assessment of the achievement of preset objectives.
  The objectives are set by the Board annually at the commencement of each financial year and are aligned with the Group's KPIs as noted above.
- An LTI that principally aligns with shareholder interests, in respect to growth in share price, to incentivise, retain and reward the CEO and Managing Director. The LTI was based on findings by a remuneration consultant, Wexford Hayes engaged to benchmark the remuneration package of LBT's CEO and Managing Director against a selection of comparable companies. The granting of options under 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 exercise price was based on the same price as the July 2020 placement. The options are available for initial vesting in three tranches of 2,000,000 each at 30 June 2023, 2024 and 2025, subject to the share price performance hurdles in each of those years. The share price performance hurdles were not met at 30 June 2023 and consequently no options vested at that date. Any unvested options at 2023 or 2024 carry forward for retesting at the following year, subject to the higher share price performance hurdles in the later years. Any unvested options, following the assessment of the 30 June 2025 share performance hurdles, will lapse.
  Further details are provided in Note 17 of the Financial Statements.

Executives

All Executives receive a base salary, based upon performance, professional qualifications and experience, and superannuation, fringe benefits, options and performance incentives. The Managing Director reviews Executive packages annually with reference to the Group's performance, individual performance, and comparable information from industry sectors and other listed companies in similar industries.

In 2022, the Board, through the Nominations and Remuneration Committee, finalised the terms of an STI and LTI structure for the Executive team, that aligns with performance targets, consistent with the Group's and the Managing Director's objectives for adding shareholder value. The purpose of the STI and LTI for the Executive team is to align and motivate/reward individual performance in contributing to the Group's objectives and to assist with retention of Executives that are key to building shareholder value over the following five years.

The STI is an annual bonus of up to a maximum of 10% of an individual's base remuneration including superannuation, set according to performance of the Group against its annual KPI's (70%) and against individual performance (30%).

The LTI comprises a total 4,200,000 share options, issued on 14 January 2022 to six Executives, to take up ordinary shares at an exercise price of $0.12 each. 1,100,000 of these options lapsed during the year ended 30 June 2023, following the cessation of employment of two Executives. The remaining 3,100,000 options are due to 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 in Note 17 to the Financial Statements.

The policy is designed to attract the highest caliber of Executives and reward them for performance that results in long-term growth in shareholder wealth.

Executive Key Performance Indicators (KPIs):

KPIs are set annually:

- By the Board on recommendation from the Nominations and Remuneration Committee;
- To target areas the Board believes hold greater potential for business expansion and profit;
- To cover financial and non-financial as well as short and long-term goals; and
- Compared to budgeted figures for the Group and respective industry standards.

Remuneration Report (Audited) cont.

Performance in relation to the KPIs is formally assessed annually, with bonuses being awarded depending an assessment of the KPIs achieved.

KPIs are reviewed by the Nominations and Remuneration Committee in light of their desired and actual outcomes. The efficacy of the KPIs is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year. Where advisable, independent reports are obtained from external organisations. KPIs for the CEO and Managing Director are set in key result areas of Sales & Distribution, Finance, Partnering/Pipeline Development, Analysis Module Development and Corporate Strategy with an emphasis on achieving the Group's financial goals. KPIs for the Executive Team are set in alignment with the CEO and Managing Director's KPIs, adapted as appropriate for each individual. Any bonus payment is negotiated in line with achievement of KPIs and is approved by the Board.

Superannuation

Executives receive a superannuation guarantee contribution required by the government, which was 10.5% in the 2022/23 financial year, they do not receive any other retirement benefits. Individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

Shares and Options

Shares provided to Directors and Executives are valued at the fair value of the services provided, or otherwise valued based on the market price of the shares provided, at the date of Board or shareholder approval to issue the shares, as applicable. Options granted to Directors and Executives are valued at their fair value using the Binomial option-pricing model, with the exception of 6,000,000 options granted to the CEO and Managing Director in late 2020 and the 4,200,000 million LTI options granted to the Executive team on 13 January 2022, for which the options were valued using a Monte Carlo simulation.

The Board considers allocating options to all staff annually. Options were last allocated to all staff in the 2020 and 2021 financial years.
The objective of this process is to assist in motivating all LBT employees around the common LBT Group objectives of increasing shareholder value through an increasing LBT share price and to assist with retention.
The framework previously used provides for allocation to employees in four bands, depending on individual roles within the Group, with an exercise price at 35-40% above the prevailing market price for LBT shares at the time of Board approval. All options lapse following cessation of employment. This process aligns the interests of option holders with those of shareholders and creates a direct relationship between remuneration outcomes and Group performance. Option holders will only benefit in circumstances where there is a material increase in the underlying LBT share price from the time of grant of the options.

Key Management Personnel Remuneration

2023	Cash Salary, Fees & Commissions	Cash Bonus	Superannuation Contributions	Shares	Options	Total	Proportion Performance Based
	$000	$000	$000	$000	$000	$000	%
Directors							
Mr B Barnes (1) (7)	302	–	28	25	122	477	31%
Ms Moss (3) (6) (8)	25	–	9	62	(39)	57	–
Mr S Arkell (8) (10)	23	–	–	23	–	46	–
Mr D Lismore (8)	43	–	–	31	–	74	–
Mr B O'Dwyer (3) (8)	15	–	–	41	16	72	–
Other Key Management Personnel							
Mr P Bradley (5) (9) (11)	232	–	8	–	–	240	–
Mr R Ridge (5) (9)	172	–	–	7	7	186	8%
Total	**812**	**-**	**45**	**189**	**106**	**1,152**	

2022	Cash Salary, Fees & Commissions	Cash Bonus	Superannuation Contributions	Shares	Options	Total	Proportion Performance Based
	$000	$000	$000	$000	$000	$000	%
Directors							
Mr B Barnes (1) (7)	317	–	28	60	123	528	35%
Ms Moss (3) (6) (8)	67	–	8	7	39	121	–
Mr S Arkell (2) (8)	43	–	–	14	13	70	–
Mr D Lismore (2) (8)	49	–	4	18	14	85	–
Mr B O'Dwyer (3) (8)	27	–	–	14	12	53	–
Mrs C Costello (4)	16	–	5	–	–	21	–
Other Key Management Personnel							
Mr P Bradley (5) (9)	208	–	21	16	4	249	8%
Mr R Ridge (5) (9)	204	–	–	16	4	224	9%
Total	**931**	**-**	**66**	**145**	**209**	**1,351**	

(1) The Board determined an annual bonus for the CEO and Managing Director, based on an assessment of performance against the annual Corporate KPI's, up to a maximum of 30% of his annual salary. The annual bonus for the 2023 year was $24,750 (2022: $59,942). The 2023 annual bonus is payable in cash, however Mr Barnes has elected to receive LBT Shares in lieu of cash payment, subject to shareholder approval. If shareholder approval is not granted the bonus will be payable in cash. The 2022 annual bonus of $59,942 was similarly paid in shares following shareholder approval at the 2022 Annual General Meeting.

(2) The fair value of options issued to newly appointed Directors, following shareholder approval on 27 November 2019. The fair value of the options are expensed over the two year vesting periods which was completed in 2022.

(3) The fair value of unlisted options issued to newly appointed Directors, following shareholder approval on 29 November 2021. The options were granted as follows: 1,250,000 options to Ms Moss (exercise price S$0.081, vest 29 December 2023, if not exercised will expire 29 December 2031), and 500,000 options to Mr O'Dwyer (exercise price S$0.136, vest 29 December 2023, if not exercised will expire 29 December 2031). The fair value of the options are expensed over the two year vesting periods. As Ms Moss retired on 30 June 2023, prior to the vesting date, the 1,250,000 options were forfeited, with the amount of $39,000 previously expensed being reversed through the Consolidated Statement of Comprehensive Income/(Loss) as a credit in the year ended 30 June 2023.

(4) Mrs Costello retired as Chair and Non-Executive on 30 September 2021.

(5) An Executive team LTI was implemented to mirror the LTI share price growth targets 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 was calculated as $30,250 for each of Messrs Ridge and Bradley, using a Monte Carlo simulation, and is being expensed over the vesting period through to 14 January 2026. The expense recognised for the year ended 30 June 2023 for Mr Ridge was $7,552 (2022: $3,476) and the expense for Mr Bradley was nil (2022: $3,476) as Mr Bradley's options were forfeited due to cessation of employment. Due to the vesting hurdles, these options are considered performance based.

(6) Ms Moss commenced as a Non-Executive Director on 1 July 2021 and was appointed Chair on 1 October 2021. Ms Moss retired on 30 June 2023.

(7) The LTI for the CEO and Managing Director 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 of 2,000,000 each at 30 June 2023, 2024 and 2025, subject to the share price performance hurdles in each of those years. The share price performance hurdles were not met at 30 June 2023 and consequently no options vested at that date. Any unvested options at 2023 or 2024 carry forward for retesting at the following year, subject to the higher share price performance hurdles in the later years. Further details are provided earlier in the Remuneration Report and in Note 17 to the Financial Statements. The fair value of the options was calculated as $418,000, using a Monte Carlo simulation, and is being expensed over the vesting period through to 25 November 2025. The expense recognised through to 30 June 2023 is $122,000 (2022: $123,000). Due to the vesting hurdles, these options are considered performance based.

(8) The Board formalised a policy requiring all Non-Executive Directors to invest a minimum of one year's Directors fees within four years of joining the Board. Under this policy, all Non-Executive Directors have elected to set aside a portion of their monthly Directors fees, to be settled in LBT shares, subject to approval of shareholders at LBT's AGM each year. The number of LBT Shares to be issued in lieu of a portion of each month's Directors fees is determined by a monthly volume weighted average price (VWAP) of LBT's shares traded on the ASX. Messrs Arkell (through to retirement on 30 March 2023) and Lismore (through to 31 May 2023) set aside 25% of their gross monthly Directors fees , Mr O'Dwyer elected to set aside 100% of his monthly Directors fees from 1 April 2022 to 31 March 2023 and Ms Moss elected to initially set aside 100% of her Directors fees from 1 June 2022, reducing to 25% from 1 October 2022. All Non-Executive Directors agreed to their full fees for the period December 2022 to February 2023 to be also settled through LBT shares rather than cash, to assist the Group to manage available cash.

Remuneration Report (Audited) cont.

(9) A Short Term Incentive plan (STI) was implemented for the Executive Team for the year ended 30 June 2022. The STI is an annual bonus of up to a maximum of 10% of an individual's annual salary, set according to performance of the Group against its annual KPI's (70%) and against individual performance (30%). The annual bonus is approved by the Board. The purpose of the STI is to retain, incentivise and align the Executive Team with the annual Corporate KPI's. The bonus is payable in LBT Shares.

(10) Mr Arkell retired as a Non-Executive Director on 30 March 2023.

(11) Mr Bradley ceased employment on 4 November 2022.

Voting at 2022 AGM

LBT received 88.2% of 'yes' votes on its remuneration report for the 2022 financial year. LBT did not receive any specific feedback at the AGM on its remuneration report.

This concludes the Remuneration Report, which has been audited.

Meetings of Directors

During the financial year to 30 June 2023, sixteen meetings of Directors were held. Attendances by each Director during the reporting period were:

	Number Eligible to Attend	Number Attended
Ms J Moss	16	16
Mr B Barnes	16	16
Mr S Arkell	13	13
Mr D Lismore	16	16
Mr B O'Dwyer	16	16

During the financial year to 30 June 2023, four meetings of the Audit and Risk Committee were held. Attendances by each member during the reporting period were:

	Number Eligible to Attend	Number Attended
Mr D Lismore (Chair)	4	4
Ms J Moss	1	1
Mr S Arkell	3	3

During the financial year to 30 June 2023, three meetings of the Nominations and Remuneration Committee were held. Attendances by each member during the reporting period were:

	Number Eligible to Attend	Number Attended
Mr D Lismore (Chair)	3	3
Mr Brian O'Dwyer	1	1
Ms J Moss	2	2

Indemnifying Officers or Auditor

LBT has paid a premium to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct, while acting in the capacity of Director of LBT or any subsidiary, other than conduct involving a willful breach of duty. The amount of premium has not been disclosed as it is confidential under the terms of the insurance policy.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Option Details

At the date of this report, the unissued ordinary shares of LBT under option are as follows:

Date of Expiry	Exercise Price	Number of Options	No of Shares due on Conversion
11/12/2023	$0.045	100,000	100,000
18/11/2024	$0.237	1,040,000	1,040,000
28/11/2024	$0.130	2,575,449	2,575,449
31/12/2024	$0.250	8,000,000	8,000,000
26/08/2025	$0.175	821,667	821,667
25/11/2025	$0.160	6,000,000	6,000,000
11/04/2026	$0.141	500,000	500,000
14/04/2026	$0.120	3,100,000	3,100,000
07/08/2026	$0.157	1,500,000	1,500,000
22/12/2026	$0.320	100,000	100,000
28/02/2027	$0.400	100,000	100,000
23/03/2027	$0.050	7,500,000	7,500,000
28/11/2029	$0.080	500,000	500,000
28/11/2029	$0.063	500,000	500,000
29/12/2031	$0.136	500,000	500,000
		32,837,116	32,837,116

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of LBT or any other body corporate.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or any subsidiary company, or to intervene in any proceeding to which the Company or a subsidiary company is a party, for the purpose of taking responsibility on behalf of the Company or any subsidiary company for all or any part of those proceedings.

The Company nor its subsidiary were a party to any proceedings during the reporting period.

Non-Audit Services

There were no fees for non-audit services paid/payable to the external auditors during the years ended 30 June 2023 and 30 June 2022.

Auditor Independence Declaration

The auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 17.

Rounding of Amounts

LBT has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly, amounts in the financial statements have been rounded off to the nearest $1,000.

Signed in accordance with a resolution of the Board of Directors.

Rebecca Wilson
Chair

Brenton Barnes
Chief Executive Officer and Managing Director

Dated at Adelaide this 29th day of September 2023.

Auditor's Independence Declaration

HLB MANN JUDD

LBT INNOVATIONS LIMITED

ABN 95 107 670 673

AUDITOR'S INDEPENDENCE DECLARATION

As the lead auditor for the audit of the financial report of LBT Innovations Limited and controlled entity for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Travis Rickard
Director

Adelaide, South Australia
29 September 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 $000	2022 $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 $000	2022 $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 annual 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 the full acquisition 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 and the consolidated financial report was authorised for issue on 29 September 2023 by the Directors of LBT.

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

Basis of Preparation

The consolidated 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 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 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 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 $1,703,000. At 30 June 2023, the Company has a cash balance of $2,020,000 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 access to sufficient liquidity to prepare the financial statements on a going concern basis based on the advanced nature of capital raising activities. If these capital raising activities do not proceed as expected, 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. As the Group believes that it has sufficient liquidity to prepare the financial statements on a going concern basis, the 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.

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.

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 $000	2022 $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 $000	2022 $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	2022
	$000	**$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 $000	2022 $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 $000	2022 $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 $000	2022 $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 Prior to Acquisition $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 $000	2022 $000
Non-Current		
Provision Long Service Leave	237	234
Total Non-Current Provisions	**237**	**234**

16. Issued Capital

	2023 $000	2022 $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 $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 $000	2022 $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 $000	2022 $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 $000	2022 $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 $000	2022 $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

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
   - comply with Accounting Standards, which as stated in accounting policy Note 1 to the financial statements constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and the Corporations Regulations 2001; and
   - give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Company;
2. The CEO and Managing Director and Chief Finance Officer have each declared that:
   - the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   - the financial statements and notes for the financial year comply with the Accounting Standards; and
   - the financial statements and notes for the financial year give a true and fair view;
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Board has received assurance from the CEO and Managing Director and the Chief Financial Officer that the declaration is founded on a sound system of risk management and internal control and that system is operating effectively in all material respects in relation to financial reporting risks.

This declaration is made in accordance with a resolution of the Board of Directors.

Chief Executive Officer and Managing Director
Brenton Barnes

Chair
Rebecca Wilson

Dated at Adelaide this 29th day of September 2023.

Independent Auditor's Report

Independent Auditor's Report to the Members of LBT Innovations Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of LBT Innovations Limited ("the Company") and its controlled entity ("the Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $22,524,000 and had net cash outflows from operating and investing activities of $1,703,000 during the year ended 30 June 2023. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report

HLB MANN JUDD

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Impairment of Intangible Assets Refer notes 1(f) and 11 Intangible Assets	
The carrying value and subsequent impairment of Intangible Assets is a key audit matter as: - In previous periods, Intangible Assets represented a significant portion of the assets recorded on the statement of financial position. These assets related to the capitalised development costs in respect of APAS®, and intangible assets acquired through the acquisition of CCS. - Under Australian Accounting Standards, an entity is required to assess throughout the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, an entity shall estimate the recoverable amount of the asset. - Impairment indicators existed during the reporting period therefore required to test for impairment by comparing its recoverable amount with its carrying value. The impairment testing process is complex and highly judgemental and is based on assumptions and estimates that are affected by expected future performance and market conditions.	Our procedures included but were not limited to the following: - Evaluated and assessed the key assumptions and estimates used in management's estimates, including assessing whether sales forecasts were reasonable and supportable. - Gained an understanding of the marketing and sales activities being undertaken in respect of APAS®. - Performed sensitivity analysis on the key assumptions and assessed the effect on the carrying value. - Assessed the appropriate discount rate based on the current market standing of the APAS® Instrument and future plans to sell and distribute this product. - Considered the adequacy of the financial report disclosure regarding impairment and the carrying value for APAS®.
Accounting for Subscription Agreement with Lind Global Fund II, LP Refer note 14 Other Financial Liabilities	
During the financial year ended 30 June 2023, the Group entered into a share placement agreement with Lind Global Fund II, LP on 20 March 2023. The accounting of this transaction is considered to be a key audit matter due to the following: - Judgements required by management in the selection of a suitable valuation methodology; - The accounting treatment for inputs used and valuation method applied; and - The complexity of the accounting policy adopted by management.	Our procedures included but were not limited to the following: - Reviewed the agreement and management's assessment of the agreement in accordance with the relevant accounting standards; - Discussed with management the process and transactions related to accounting for the agreement; - Reviewed management's calculation carried out in respect of the accounting for financial instruments; and - Assessed the classification of the financial instruments and related disclosures in the financial report.

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Independent Auditor's Report

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Director's Report for the year ended but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Independent Auditor's Report

HLB MANN JUDD

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 15 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of LBT Innovations Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Travis Rickard
Director

Adelaide, South Australia
29 September 2023

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Shareholder Information

As at 7 September 2023

Statement of Issued Securities

The total number of shareholders is 2,766 and there are 354,714,364 ordinary fully paid shares on issue.

Total number of holders of unlisted options is 206 and there are 32,834,841 unlisted options as follows:

Options Expiry date	Number of holders	Number on issue	Number of unvested securities	Vesting date (if applicable)
11 December 2023	1	100,000	0	N/A
18 November 2024	12	1,040,000	0	N/A
28 November 2024	162	2,573,174	0	N/A
31 December 2024	1	8,000,000	8,000,000	N/A
25 November 2025*	1	2,000,000	2,000,000	N/A
30 November 2025*	1	2,000,000	2,000,000	30 June 2024
30 November 2025*	1	2,000,000	2,000,000	30 June 2025
26 August 2025	15	821,667	0	N/A
11 April 2026	1	500,000	0	N/A
14 April 2026*	4	3,100,000	3,100,000	14 January 2026
7 August 2026	1	1,500,000	0	N/A
22 December 2026	1	100,000	0	N/A
28 February 2027	1	100,000	0	N/A
23 March 2027	1	7,500,000	0	N/A
28 November 2029	2	1,000,000	0	N/A
29 December 2031	1	500,000	500,000	29 December 2023

* Subject to share price growth vesting conditions.

Distribution of Securities

Equity Distribution	No. of Shareholders	Number of Option holders							
		Exp 11/12/23	Exp 18/11/24	Exp 28/11/24	Exp 31/12/24	Exp 25/11/25	Exp 25/11/25	Exp 25/11/25	Exp 26/08/25
1 – 1,000	162	0	0	48	0	0	0	0	0
1,001 – 5,000	398	0	0	62	0	0	0	0	0
5,001 – 10,000	522	0	0	15	0	0	0	0	0
10,001 – 100,000	1,219	0	10	31	0	0	0	0	14
100,001 and over	465	1	2	6	1	1	1	1	1
	2,766	**1**	**12**	**162**	**1**	**1**	**1**	**1**	**15**

Shareholder Information

As at 7 September 2023

Distribution of Securities cont.

Equity Distribution	Number of Option holders							
	Expiry 11/4/26	Expiry 14/04/26	Expiry 7/08/26	Expiry 22/12/26	Expiry 28/02/27	Expiry 23/07/27	Expiry 28/11/29	Expiry 29/12/31
1 – 1,000	0	0	0	0	0	0	0	0
1,001 – 5,000	0	0	0	0	0	0	0	0
5,001 – 10,000	0	0	0	0	0	0	0	0
10,001 – 100,000	0	0	0	1	1	0	0	0
100,001 and over	1	4	1	0	0	1	2	1
	1	**4**	**1**	**1**	**1**	**1**	**2**	**1**

The number of shareholdings held in less than marketable parcels is 1,610 totaling 15,147,750 shares.

Substantial Shareholders

There was one substantial holder of LBT Shares as at 7 September 2023.

Hettich Holding Beteiligungs-und Verwaltungs-GMBH holds 30,660,377 LBT Shares (being 8.64% of total LBT Shares on issue), together with 8,000,000 unlisted options with an exercise price of $0.25 and an expiry date of 31 December 2024.

Voting Rights

Refer to Note 16 of the Annual Financial Report.

On Market Buy Back

There is no current on market buy back.

Shareholder Information

As at 7 September 2023

Top 20 Shareholders

Rank	Name	Number of Shares	% of Shares
1	HETTICH HOLDING BETEILIGUNGS-UND VERWALTUNGS-GMBH\C	30,660,377	8.64
2	CITICORP NOMINEES PTY LIMITED	14,048,544	3.96
3	BIOMERIEUX SA\C	9,772,727	2.76
4	B MORAN PTY LTD	8,621,458	2.43
5	Z & F INTERNATIONAL TRADING LIMITED	6,451,613	1.82
6	KEW SUPERANNUATION FUND PTY LTD <K W SUPERANNUATION FUND A/C>	6,000,000	1.69
7	MAZONI PTY LTD <THE UTIGER SUPER FUND A/C>	6,000,000	1.69
8	MR ROBERT ANDREW FINDER + MRS SHERYL JEAN FINDER <SHERROB9 S/F A/C>	5,401,665	1.52
9	DR RUSSELL KAY HANCOCK	5,000,000	1.41
10	RJE AEROSPACE PTY LTD <EQUID SUPER A/C>	4,117,366	1.16
11	MATANDREN PTY LTD <BURGESS TATE A/C>	3,686,476	1.04
12	BEARAY PTY LTD <BRIAN CLAYTON S/F A/C>	3,573,537	1.01
13	MR STEPHEN GOODWIN	3,500,000	0.99
14	COLONIAL FIRST STATE INV LTD <12543782 D MCKAY A/C>	3,456,632	0.97
15	MR HUGH BERKELEY GUTHRIE + MRS LUCYNA HALINA GUTHRIE <PODLASKA SUPER A/C>	3,302,988	0.93
16	DR JIANSHENG ZHOU	3,052,742	0.86
17	RUIN PTY LTD <STEVE MATHWIN SUPER A/C>	3,005,262	0.85
18	CHAG PTY LTD	3,000,000	0.85
19	MR BRYAN PLIATSIOS	2,639,151	0.74
20	MR RICHARD ANTHONY EARP	2,557,500	0.72
		127,848,038	**36.04**

Shareholder Information

As at 7 September 2023

Top 20 Option-holders (not listed)

Rank	Name	Number of Options	% of Options
1	HETTICH HOLDING BETEILIGUNGS-UND VERWALTUNGS-GMBH\C	8,000,000	24.36
2	MR BRENTON JOHN BARNES	7,500,000	22.84
3	LIND GLOBAL FUND II (AU) LLC	7,500,000	22.84
4	SONIA GIGLIO	1,237,500	3.77
5	DIANA MARGARET HILL	1,050,000	3.20
6	MR PETER BRADLEY	750,000	2.28
7	JACK BROWN	700,000	2.13
8	MR RAYMOND ROBERT RIDGE <RIDGE FAMILY A/C>	700,000	2.13
9	MR SIMON ARKELL	500,000	1.52
10	MR DAMIAN LISMORE	500,000	1.52
11	MR BRIAN O'DWYER	500,000	1.52
12	MR PABLO CESAR SOLIS MADRIGAL <SOLIS BALTODANO FAMILY A/C>	400,000	1.22
13	BEARAY PTY LTD <BRIAN CLAYTON S/F A/C>	333,334	1.02
14	CHAG PTY LTD	200,000	0.61
15	RHYS HILL	187,500	0.57
16	MATANDREN PTY LTD <BURGESS TATE A/C>	175,547	0.53
17	SUPERHERO SECURITIES LIMITED <CLIENT A/C>	170,903	0.52
18	WAVERTON CAPITAL PTY LTD <EDWARD SWAYNE SUPER A/C>	166,667	0.51
19	JULIE ANN WINSON	116,666	0.36
20	RJE AEROSPACE PTY LTD <EQUID SUPER A/C>	107,657	0.33
		30,795,774	**93.79**

Register of Securities

The register of securities is located at:

The register of securities is located at:
Computershare Investor Services Pty Limited

GPO Box 1903 Adelaide, South Australia 5001, Australia
Enquiries (within Australia) 1300 729 063
Enquiries (outside Australia) +61 3 9415 4675
Facsimile +61 8 8236 2305

web.queries@computershare.com.au

www.computershare.com.au

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LBT Innovations
ABN 95 107 670 673

Directors
The names of the directors in office at the time of the Annual Report are:

Rebecca Wilson
Independent Chair of the Board of Directors

Brenton Barnes
Chief Executive Officer and Managing Director

Damian Lismore
Non-Executive Director

Brian O'Dwyer
Non-Executive Director

Company Secretary
Raymond Ridge

Chief Financial Officer
Raymond Ridge

Principal Place of Business & Registered Office
16 Anster Street Adelaide SA 5000

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

Lawyers
Thomson Geer Lawyers
19 Gouger Street Adelaide SA 5000

Auditors
HLB Mann Judd Audit (SA) Pty Ltd
169 Fullarton Rd Dulwich SA 5065

Share Register
Computershare Investor Services Pty Limited
GPO Box 1903 Adelaide SA 5001

Listed Securities
LBT: Ordinary Shares