



**LBT INNOVATIONS**

ABN 95 107 670 673

# LBT Innovations Ltd

ABN 95 107 670 673

## APPENDIX 4D HALF YEAR RESULTS

Interim Financial Report for the half year ended 31 December 2022

(Previous corresponding period being the half year ended 31 December 2021)

This information should be read in conjunction with the 30 June 2022 Annual Report and any public announcements made by LBT Innovations Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

Half Year	December 2022 \$000	December 2021 \$000	Change \$000	Change %
Revenue	859	450	409	91%
Profit / (Loss) from Ordinary Activities After Tax Attributable to Members	(2,981)	(3,772)	791	21%
<b>Total Comprehensive Income / (Loss)</b>	<b>(2,981)</b>	<b>(3,835)</b>	<b>854</b>	<b>22%</b>

**Revenue**

Revenue from Ordinary Activities for the half year ended 31 December 2022 (Half Year) was \$0.86 million, comprising:

- \$0.60 million instrument sales and new licence fees on analysis modules
- \$0.14 million external consulting income from Thermo Fisher Scientific (Thermo Fisher) and AstraZeneca
- \$0.12 million comprises of analysis module licences and maintenance renewals on existing systems

**Net Profit / (Loss) for the Year**

The Group's net loss for the Half Year was (\$2.98) million. This comprised a loss before income tax of (\$4.19) million less an income tax benefit of \$1.21 million.

The loss before tax of (\$4.19) million comprises:

- \$0.86 million revenue from ordinary activities
- \$0.08 million other income, largely foreign change gains and grant income
- (\$0.33) million cost of sales
- (\$2.34) million for total employee related expenses
- (\$0.38) million corporate expenses
- (\$0.43) million other expenses including travel, patents and trademarks and support of customers.
- (\$1.65) million of depreciation and amortisation expenses, predominantly the amortisation of the APAS® development costs;

Compared to the prior half year period ended 31 December 2021, the loss before income tax has decreased from (\$4.79) million to (\$4.19) million, and cash utilisation has reduced from \$3.28 million to \$0.27 million.

LBT has recognised a current tax asset of \$0.27 million attributable to the 2023 R&D tax incentive.

**Dividends**

It is not proposed to pay a dividend.

**Net Tangible Assets per Security**

The net tangible assets per LBT share was 0.42 cents as at 31 December 2022, compared with 0.88 cents per share as at 30 June 2022.

**Control Gained or Lost over Entities**

Not applicable in the Half Year period.

During the comparative period for the period ended 31 December 2021, LBT did complete its acquisition on 31 December 2021 of the remaining 50% ownership of CCS from Hettich Holding Beteiligungs- und Verwaltungs-GmbH (Hettich).

**Dividend or Distribution Reinvestment Scheme**

Not applicable.

**Details of Associates and Joint Venture Entities**

Not applicable.

## 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 half year ended 31 December 2022 (the Half Year).

### Directors

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The names of Directors in office at any time during or since the end of the Half Year are:

Joanne Moss (Chair)  
Brenton Barnes (Chief Executive Officer and Managing Director)  
Simon Arkell  
Damian Lismore  
Brian O'Dwyer

Company Secretary:

Raymond Ridge

### Review of Financials

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The net loss after income tax was (\$2.98) million, comprising a loss before income tax of (\$4.19) million less an income tax benefit of \$1.21 million. The loss before income tax of (\$4.19) million comprises:

- \$0.86 million revenue from ordinary activities
- \$0.08 million other income, largely foreign change gains and grant income
- (\$0.33) million cost of sales
- (\$2.34) million for total employee related expenses
- (\$0.38) million corporate expenses
- (\$0.43) million other expenses including travel, patents and trademarks and support of customers
- (\$1.65) million of depreciation and amortisation expenses, predominantly the amortisation of the APAS® development costs

Compared to the prior half year period ended 31 December 2021, the loss before income tax has decreased from (\$4.79) million to (\$4.19) million, and cash utilisation has reduced from \$3.28 million to \$0.27 million.

Total revenue includes \$0.60 million from the sale of APAS® instruments and analysis module license fees, \$0.14 million from external consulting projects for Thermo Fisher and AstraZenca and \$0.12 million from analysis module licence renewals and maintenance and support fees.

The net assets of the Group have decreased by \$2.3 million from 30 June 2022 to \$19.0 million at 31 December 2022. The change in the Half Year largely attributable to the above net loss after income tax of (\$2.9) million, partly offset by the funds raised under the rights issue which closed on 22 November 2022.

Cash utilisation of (\$0.3) million in the Half Year included receipts of \$2.1 million from customers, \$1.2 million for the 2022 R&D tax incentive, \$0.2 million from government grants, and \$0.5 million proceeds from the rights issue. Outflows for suppliers and employees including Analysis Module development costs were (\$3.7) million. LBT continues to manage its cost base closely, with further cost reductions made during the Half Year period. Another (\$0.6) in outflows were related to financing outflows including repayment of a finance lease and the loan from the South Australian Government.

LBT has recognised a current tax asset of \$0.27 million attributable to the 2023 R&D tax incentive.

## Review of Operations

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The key highlights and significant events for the 2023 Half Year and up to the date of this Directors Report:

- In the United States, the Company has continued to prioritise the commercialisation of the APAS® Independence in Europe and the United States. Commercialisation activities are completed through its wholly owned subsidiary, Clever Culture Systems (CCS) and through Thermo Fisher Scientific, Inc (**Thermo Fisher**), the Company's Exclusive Distributor for the APAS® Independence.
- In December, the Company extended its Exclusive Distribution Agreement with **Thermo Fisher** to include Europe. The agreement is expected to improve the go-to-market commercialisation of the APAS® Independence in the region and expands the number of countries where the APAS® Independence is being sold globally to include an additional 34 countries in Europe. As a result, CCS and Beckman Coulter, Inc (**Beckman Coulter**) came to mutual agreement to terminate the existing Marketing Agent Agreement.
- Two APAS® Independence sales were completed during the Half Year period, one each in Europe and the United States respectively. In August, CCS completed a direct sale to the **LADR Group** of laboratories, including Urine, MRSA and VRE analysis modules. In September, the Company completed a sale to **Thermo Fisher**, finalising an initial purchase order of 5 instruments.
- In December, the Company announced a new strategic partnership with **Thermo Fisher**, to collaborate on the development of a new **APAS® Pharma** analysis module for reading of settle plates used during pharmaceutical sterile drug manufacturing. Subsequently, in January 2023, the Company has announced a further partnership with **AstraZeneca** for the development of the technology. Collectively these new partnerships deliver over \$1.5 million in funding for this new product line. The development of these new analysis modules for the pharmaceutical industry remains the sole intellectual property of LBT and represents a significant new commercial opportunity for the Company.
- In October, the Company was awarded \$1.5 million funding through the Australian Government's Medical Research Future Fund (**MRFF**) initiative through MTPConnect's Clinical Translation and Commercialisation Medtech (**CTCM**) program to support the development of a new smaller benchtop APAS® instrument (**APAS® Compact**). The APAS® Compact, is expected to provide a new low-cost APAS® instrument, expanding the addressable market for the technology to include small-medium sized laboratories. The APAS® Compact project is a phased development, with the first stage focussing on executing further market research to define specific product requirements and to confirm the strength of the business case. This critical first phase is expected to be completed in next quarter ending 31 March 2023 and will clarify the path forward for this project.
- The Company has delivered prudent cash management over the 2023 Half Year, with total net cash outflows of \$0.3 million, compared to \$3.2 million in the corresponding half year period. This has been achieved through receipts from customers and targeted cost reductions. The results include \$1.2 million received under the R&D Tax Incentive in October and \$0.5 million raised through the Company's entitlement offer to shareholders in November.

## Future Developments and Prospects

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The Group will continue to prioritise the commercialisation of the APAS® Independence in partnership with its Exclusive Distributor, Thermo Fisher, in the United States and Europe, focussed on building a cadence of sales throughout the 2023 calendar year.

- In the United States, the 2022 calendar year established a strong pipeline of qualified sales opportunities for the region. In 2023, there has been a shift in emphasis with Thermo Fisher's sales teams targeting pipeline conversion.
- In Europe, the Group will focus on supporting the product launch with Thermo Fisher in the region. There will be a concerted effort from CCS to train Thermo Fisher's sales teams and support marketing activities in the region. There will also be a process of customer lead handover with Thermo Fisher to help accelerate building the sales pipeline in the region.

The technology focus for the Group will be on the development of the Group's new APAS® Pharma analysis module and completion of market research and the business case for the APAS® Compact. The APAS® Pharma analysis module will be developed in collaboration AstraZeneca and Thermo Fisher, with an evaluation version of the module expected to be available for customers in the second half of calendar year 2023.

The Group is finalising the development and roll out new of analysis modules for the clinical market, focussing on the modules that address the greatest customer unmet need and improve the overall utility of the APAS® Independence instrument. In the near term, this includes finalisation of the Group's Urine analysis modules for the European Market.

The Group will continue to manage costs closely and is in an advanced stage of finalising a capital raising. The Company expects to finalise the capital raising commitment within the next month and will update the market accordingly.

## Rounding of Amounts

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LBT is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

## Auditor's Independence Declaration

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The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 6.

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



Joanne Moss  
Chair



Brent Barnes  
Chief Executive Officer and Managing Director

Dated at Adelaide this 28<sup>th</sup> day of February 2023.

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of LBT Innovations Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.



**HLB Mann Judd Audit (SA) Pty Ltd**  
**Chartered Accountants**

Adelaide, South Australia  
28 February 2023



**Travis Rickard**  
**Director**

**hlb.com.au**

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**Interim Consolidated Financial Report**  
**31 December 2022**

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**Consolidated Statement of Comprehensive Income/(Loss)**

For the Half Year ended 31 December 2022

	Note	31/12/22 \$000	31/12/21 \$000
Revenue	2	859	450
Other Income	2	81	408
Cost of Sales		(328)	-
Employee Benefits Expense	3b	(2,344)	(2,216)
Corporate expenses	3a	(378)	(398)
Research & Development Expenses		(110)	(131)
Marketing Expenses		(35)	(35)
Finance expenses		(62)	(25)
Other Expenses	3c	(223)	(39)
Depreciation and Amortisation Expense		(1,649)	(1,275)
Share of Loss of Joint Ventures Accounted for Using the Equity Method		-	(554)
Loss on Revaluation of Joint Venture Interest		-	(973)
<b>Consolidated Loss Before Income Tax</b>		<b>(4,189)</b>	<b>(4,788)</b>
Income Tax Benefit		1,208	1,016
<b>Consolidated Net Loss for the Half Year</b>		<b>(2,981)</b>	<b>(3,772)</b>
<b>Other Comprehensive Income/(Loss)</b>			
Items that may be reclassified subsequently to Profit or Loss			
Foreign Currency Translation		-	(63)
<b>Consolidated Total Comprehensive Loss for the Half Year</b>		<b>(2,981)</b>	<b>(3,835)</b>
<b>Basic Loss per Share (cents per share)</b>		<b>(0.92)</b>	<b>(1.30)</b>
<b>Diluted Loss per Share (cents per share)</b>		<b>(0.92)</b>	<b>(1.30)</b>

The accompanying notes form part of the financial statements.



**Consolidated Statement of Financial Position**

As at 31 December 2022

	Note	31/12/22 \$000	30/06/22 \$000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents		2,514	2,788
Trade and Other Receivables		1,203	2,004
Inventory	4	1,049	981
Current Tax Asset		272	1,206
<b>Total Current Assets</b>		<b>5,038</b>	<b>6,979</b>
<b>Non-Current Assets</b>			
Property Plant and Equipment		67	89
Right of Use Assets		1,727	1,830
Deferred Tax Assets		7,196	6,472
Intangible Assets	5	14,734	16,154
<b>Total Non-Current Assets</b>		<b>23,724</b>	<b>24,545</b>
<b>Total Assets</b>		<b>28,762</b>	<b>31,524</b>
<b>Current Liabilities</b>			
Trade and Other Payables		1,950	1,473
Lease Liabilities		195	192
Other Financial Liabilities		1,068	1,191
<b>Total Current Liabilities</b>		<b>3,213</b>	<b>2,856</b>
<b>Non-Current Liabilities</b>			
Lease Liabilities		1,540	1,631
Other Financial Liabilities		1,006	1,499
Deferred Tax Liabilities		3,767	3,969
Provisions		192	234
<b>Total Non-Current Liabilities</b>		<b>6,505</b>	<b>7,333</b>
<b>Total Liabilities</b>		<b>9,718</b>	<b>10,189</b>
<b>Net Assets</b>		<b>19,044</b>	<b>21,335</b>
<b>Equity</b>			
Issued Capital	6	46,843	46,271
Reserves	7	1,735	1,651
Accumulated Losses		(29,534)	(26,587)
<b>Total Equity</b>		<b>19,044</b>	<b>21,335</b>

The accompanying notes form part of the financial statements.

**Consolidated Statement of Changes in Equity**

For the Half Year ended 31 December 2022

	<b>Option Reserve</b>	<b>Foreign Currency Translation Reserve</b>	<b>Share Capital</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Balance at 1 July 2021</b>	<b>1,234</b>	<b>63</b>	<b>43,544</b>	<b>(19,961)</b>	<b>24,880</b>
New Shares Issued	-	-	2,802	-	2,802
Options Issued for CCS Acquisition	203	-	-	-	203
Options Granted as Remuneration	113	-	-	-	113
Options Lapsed	(13)	-	-	13	-
Capital Raising Costs	-	-	(39)	-	(39)
Foreign Currency Translation Loss on Equity Accounting	-	(274)	-	-	(275)
Reclassify Foreign Currency Translation Reserve On Cessation of Equity Accounting]	-	211	-	-	212
Net Loss for the Half Year	-	-	-	(3,772)	(3,772)
<b>Balance at 31 December 2021</b>	<b>1,537</b>	<b>-</b>	<b>46,307</b>	<b>(23,720)</b>	<b>24,124</b>
<b>Balance at 1 July 2022</b>	<b>1,651</b>	<b>-</b>	<b>46,271</b>	<b>(26,587)</b>	<b>21,335</b>
New Shares Issued	-	-	502	-	502
Shares Granted as Remuneration	-	-	226	-	226
Options Granted as Remuneration	118	-	-	-	118
Options Lapsed	(34)	-	-	34	-
Capital Raising Costs	-	-	(156)	-	(156)
Net Loss for the Half Year	-	-	-	(2,981)	(2,981)
<b>Balance at 31 December 2022</b>	<b>1,735</b>	<b>-</b>	<b>46,843</b>	<b>(29,534)</b>	<b>19,044</b>

The accompanying notes form part of the consolidated financial statements.

**Consolidated Statement of Cash Flows**

For the Half Year ended 31 December 2022

	Note	31/12/22 \$000	31/12/21 \$000
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers		2,106	17
Revenue from Consulting Services to Joint Venture Company		-	281
Government Grants Received		196	270
Payments to Suppliers and Employees		(3,604)	(2,774)
Short Term Lease Payments		-	-
Research and Development Tax Concession		1,206	-
Interest Received		11	9
<b>Net Cash provided by / (used in) Operating Activities</b>		<b>(85)</b>	<b>(2,197)</b>
<b>Cash Flows from Investing Activities</b>			
APAS® Analysis Module Development (intangible asset)		(103)	(365)
Payments for Plant and Equipment		(1)	(32)
Payments for Right of Use Asset (office fit-out)		-	(22)
Loan Provided to Joint Venture Company		-	(303)
Cash Payment on Subsidiary Acquisition		-	(283)
<b>Net Cash used in Investing Activities</b>		<b>(104)</b>	<b>(1,005)</b>
<b>Cash Flows from Financing Activities</b>			
Cash Proceeds from New Shares Issued		502	-
Loan Repayments		(479)	-
Repayment of Lease Principal		(88)	(82)
Capital Raising Costs		(20)	-
<b>Net Cash provided by Financing Activities</b>		<b>(85)</b>	<b>(82)</b>
Net Increase (Decrease) in Cash and Cash Equivalents		(274)	(3,284)
Cash and Cash Equivalents at Beginning of Year		2,788	9,615
<b>Consolidated Cash and Cash Equivalents at End of Half Year</b>		<b>2,514</b>	<b>6,331</b>

The accompanying notes form part of the consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022****1. Accounting Policies**

The Half Year financial statements are a general-purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. It is recommended that this consolidated financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by LBT Innovations Limited during the Half Year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX listing rules.

The Half Year 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.

The Half Year report does not include full disclosures of the type normally included in an annual financial report.

The condensed interim financial report was approved by the Board of Directors on 28 February 2023.

The accounting policies applied by the Group in this interim financial report are the same as those applied by the Group in its financial report for the year ended 30 June 2022 and the corresponding interim reporting period.

The financial reports present the financial information of LBT Innovations Limited (LBT) consolidated with its 100% owned company, Clever Culture Systems AG (CCS) (collectively, the Group) from 31 December 2021, being the date that LBT obtained control of CCS through the completion of its acquisition of the other 50% ownership of CCS (the Acquisition). Prior to the Acquisition, the voting power held in CCS by LBT was 50% and LBT therefore equity accounted for 50% share of the financial results of CCS through to 31 December 2021.

**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, the Group has incurred a net loss after taxes of \$2,981,000 and had net cash outflows from operating and investing activities of \$189,000 for the half year ended 31 December 2022. 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 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, 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 or pursue merger or acquisition strategies, or otherwise pursue any other legal option available to it.

The Group will continue to manage costs closely and is in an advanced stage of finalising a capital raising. The Company expects to finalise the capital raising commitment during March 2023.

On this basis, the Group believes that it has sufficient near-term liquidity and a reasonable basis that the Company will be able to raise the capital 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.

**(a) Changes in Accounting Policies**

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

**(b) 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. The Group has determined that an impairment test was appropriate 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 1. Accounting Policies cont.

#### (b) Impairment of Non-Financial Assets cont.

##### 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 of \$14.7 million (2022: \$16.2 million) for intangible assets, being the capitalised development costs for the APAS® instrument and development modules, are dependent on sufficient future cash flows generated through sales of the APAS® instrument and ongoing licence fees.

In the addition to the carrying value of the intangible assets noted above, the Group also has net deferred tax assets of \$3.4m (2022: \$2.5m), 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.

The total carrying amount for the intangible assets of \$14.7 million (2022: \$16.2 million) were formally assessed against their estimated recoverable amount, consistent with Accounting Standard AASB 136 Impairment of Assets. This formal assessment undertaken as at 31 December 2022. 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 the pharmaceutical manufacturing sites. Although future expected cashflows associated with this new Analysis Module are expected to improve the commercial returns of the APAS® instrument, they are considered a future product enhancement and therefore excluded from the impairment test. The discounted cash flow forecast indicates a recoverable amount of \$28.5 million (2022: \$49.6 million). The assessed recoverable amount remains in excess of the carrying value of the APAS® related assets by \$13.8 million (2022: \$33.4 million). On the basis of management's estimates of the recoverable amount, Directors have concluded an impairment of the APAS® related assets is not required.

The decrease in the estimated recoverable amount from \$49.6 million, for the impairment testing as at 30 June 2022, to \$13.8 million for the impairment testing as at 31 December 2022, is primarily a result of a six month delay in the expected increase in sales in both the EU and US, with the sales cycle now assumed to be at the higher end of the expected 12 to 18 month sales cycle, combined with a planned delay in the development of Analysis Modules for the EU, as the Group prioritises the development of Analysis Modules for the pharmaceutical industry.

While the Directors are satisfied that management's cash flow forecast is achievable, there remains uncertainty with regard to the key assumptions for sales and sales growth rates. In the event that sales or sales growth rates are significantly less than forecast, this could materially impair the \$14.7 million (2022: \$16.2 million) APAS® intangible assets recognised in the financial statements.

##### COVID-19 Impact

The Group has been significantly impacted by the COVID-19 pandemic with the target market for the APAS® instrument, being pathology laboratories and hospitals at the frontline of the pandemic, and global travel restrictions and limitations on external visitors to healthcare systems reducing the opportunity for customer meetings. Essentially customer access at large customer sites was not possible during the pandemic, as customers focused their efforts on COVID-19 testing.

Since 1 January 2022, the Group has observed a progressive normalisation of customer access in both Europe and the United States. However, it is the prior restrictions that not only impacted near terms sales opportunities but also greatly slowed the ability to generate new leads. It is these new leads that would have formed the basis of instrument sales over the ensuing 18 months. Furthermore the Group has broadly observed customer budget constraints following the COVID-19 pandemic, where expenditure has been directed towards renewal of existing instrumentation over procurement of new technologies.

##### Assumptions

A description of the assumptions underlying the forecast cash flows is described below.

##### Sales Projections

Sales projections are based on an end customer unit sales price of approximately USD300,000 (\$400,000) per instrument and USD30,000 (\$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%. The unit sales are 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 culture plate process, involving new technology at a similar price per unit.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 1. Accounting Policies cont.

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

#### Key Estimates – Impairment cont.

The forecast period is 4.5 years through to June 2027. The appointment of Thermo Fisher, in September 2021, as exclusive distributor in the United States, was a key commercialisation milestone for the Group, achieved during the COVID-19 pandemic. In December 2022, the Group completed meetings in the US with potential strategic customers and sales planning for the 2023 calendar year with the Thermo Fisher team. While Thermo Fisher's first year as distributor was focussed on growing the breadth of the pipeline of qualified sales leads, the emphasis has shifted to accelerating sales conversion, with specific initiatives established for execution.

In December 2022, the Thermo Fisher distribution agreement was extended, on the same terms, to 34 countries in the EU. This has required a change to existing commercial arrangements in the region. As a result, the Group has come to mutual agreement to terminate the existing Marketing Agent Agreement with Beckman Coulter, Inc and Servicing Agreement with oneservice AG. All existing sales opportunities are owned and managed by the Group and are being transferred to Thermo Fisher. These changes are not expected to adversely impact existing sales opportunities.

However, based on its experience in the US, the Group does expect a similar 18-month sales cycle in the EU, noting that sales within the EU are expected during the 2023 calendar year.

Although the APAS® instrument is physically complete, the achievement of sales potential will require regulatory cleared Analysis Modules and/or Evaluation Modules to support clinical testing by the instrument of at least two specimen types (Urine and MRSA), using the culture plates most commonly used in each of the US and the EU for those specimen types, and an Analysis Module for Antimicrobial Resistance testing in the EU. The Group expects to have this core group of Analysis Modules for the US substantially developed during the June 2023 quarter, with finalisation of the expanded offering of Urine Analysis Modules. In the EU, the development of regulatory cleared Analysis Modules are expected to be completed by December 2023 for Urine testing and June 2024 for Antimicrobial Resistance testing. Timeframes for the development of Analysis Modules for the EU were re-prioritised given the focus on Analysis Module development for the pharmaceutical industry over the next 6 to 12 months.

Sales are assumed to grow following an initial 18-month period after the commencement of sales activities by Thermo Fisher in the US and EU. It is expected that the sales cycle will shorten as the number of instruments in the market build and the APAS® Independence becomes a wider known and used technology. Sales during the forecast period are forecast to reach a peak of approximately 72 instrument sales per annum in the final year of the forecast period (year ending 30 June 2027). The sales modelling as at 30 June 2022, included peak sales of 94 instruments in that final year. A large part of this reduction is the six-month delay in sales growth, with the sales cycle to be at the higher end of the expected 12 to 18 months following commencement of sales activities by Thermo Fisher in each of the US and EU regions. The sales growth is also impacted by the later timing for the development for some of the Analysis Modules for the EU.

#### Terminal Value

The terminal value is 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 earnings 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 26.0% has been used in the discounted cash flow modelling (2022: 23.7%). This is 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. The increase in the nominal pre-tax discount rate is a result of the increased inflation.

#### Sensitivity of Assumptions

Sensitivity of the discounted cash flow forecast to separate changes in the above assumptions is provided as follows:

- the pre-tax nominal discount rate can be increased to 41% (2022: 50%) before the discounted cash flow forecast approximates the carrying value of \$14.7 million (2022: \$16.2 million);
- the number of units sold can be reduced by 33% (2022: 49%) across the forecast period before the discounted cash flow forecast approximates the carrying value of \$14.7 million (2022: \$16.2 million);
- the average sales price per instrument together with the ongoing license fee can be reduced by 30% (2022: 36%) before the discounted cash flow forecast approximates the carrying value of \$14.7 million (2022: \$16.2 million); or
- AUD exchange rate against relevant currencies would need to increase by 50% (2022: 86%), without any increase in the instrument pricing, before the discounted cash flow forecast approximates the carrying value of \$14.7 million (2022: \$16.2 million). For example, the AUD:USD would need to increase from 0.6775 to 1.0163 (2022: 0.6689 to 1.2814) and the AUD:EUR would need to increase from 0.6359 to 0.9539 (2022: 0.6589 to 1.2256).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022****1. Accounting Policies cont.****(c) 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 approved by the Board or in the case of options subject to shareholder approval, then fair value at the date of shareholder approval.

The fair value for options is generally 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 in the Statement of Comprehensive Income/(Loss), 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

**2. Revenue**

	31/12/22	31/12/21
	\$000	\$000
Instrument Sales	543	-
License Fees <sup>(1)</sup>	110	44
Maintenance Revenue	65	-
Revenue from Consulting Services	137	-
Instrument Accessories	4	-
Revenue from Consulting Services to JV Company <sup>(2)</sup>	-	406
<b>Revenue</b>	<b>859</b>	<b>450</b>
Government Grants <sup>(3)</sup>	21	288
Foreign Exchange Gain (Loss)	50	(16)
Interest <sup>(4)</sup>	10	136
<b>Other Income</b>	<b>81</b>	<b>408</b>

(1) The comparative half year period ended 31 December 2021, includes \$27,000 revenue received from CCS prior to the acquisition of the other 50% of CCS on 31 December 2021 (CCS was required to pay LBT 6,000 CHF per annum per analysis module license. Following the acquisition of the other 50% of CCS, the consolidated Group recognises the full revenue generated from end customers. From 31 December 2021, CCS is 100% owned and controlled by LBT and all inter entity transactions after that date are eliminated for the purposes of preparing the consolidated financial accounts of the Group.

(2) In the comparative half year period ended 31 December 2021, the consulting revenue was derived from services provided to the then 50% owned company CCS. From 31 December 2021, CCS is 100% owned and controlled by LBT and all inter Group transactions after that date are eliminated for the purposes of preparing the consolidated financial accounts of the Group.

(3) Grant income in the Half Year ended 2022 is in relation to matched funding from the Government under the CTCM grant for market research for the APAS® Compact. Income in the Half Year ended 2021 comprised of \$288,000 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.

(4) In the comparative half year period ended 31 December 2021, the interest revenue included \$127,000 related to interest income accruing on loans to the then 50% owned company CCS. From 31 December 2021, CCS is 100% owned and controlled by LBT and all inter entity transactions after that date are eliminated for the purposes of preparing the consolidated financial accounts of the Group.

**3. Loss for the Year**

The loss before income tax from continuing operations includes the following items:

	31/12/22	31/12/21
	\$000	\$000
<b>(a) Corporate Expenses</b>		
ASX Fees and Share Registry costs	64	72
Auditors Remuneration <sup>(1)</sup>	30	21
Insurance	96	24
Corporate Consulting and Legal	76	183
General Office Expenses and Other	112	98
<b>Total Corporate expenses</b>	<b>378</b>	<b>398</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

**3. Loss for the Year cont.**

	31/12/22	31/12/21
	\$000	\$000
<b>(b) Employee Benefits Expense</b>		
Cash Based Employee Benefits Expense (Includes directors' fees, contractor fees, salaries and wages, executive bonuses <sup>(2)</sup> )	2,226	2,103
Share Based Payments <sup>(3)</sup>	118	113
<b>Total Employee Benefits Expense</b>	<b>2,344</b>	<b>2,216</b>
<b>(c) Other Expenses</b>		
Short-Term Lease Payments and Outgoings	-	12
Travel and Accommodation	138	16
Patents and Trademarks	42	3
APAS® Independence customer maintenance and support	37	-
Other	6	8
<b>Total Other Expenses</b>	<b>223</b>	<b>39</b>

(1) The Auditor did not provide any Non-Audit Services to the Group during the Year.

(2) Cash based employee benefits expenses includes \$69,474 (2021: \$15,087) of Directors Fees either settled or to be settled (subject to shareholder approval) by LBT shares in lieu of cash payment. Directors have agreed to forfeit a portion of their gross Directors fees and to receive payment in the form of LBT shares so as to invest the equivalent of one year's annual Directors fees in LBT Shares, over a four year period, subject to annual shareholder approval (refer Note 6). In December 2022, to help manage the Group's available cash, the Board agreed to forfeit the whole amount of their Directors fees to be received through the issue of LBT Shares for the period December 2022 to February 2022 (subject to shareholder approval).

(3) Share based payments include a total of \$118,693 (2021: \$113,109) expensed in the period for options granted to employees and Directors (refer Note 7).

**4. Inventory**

	31/12/22	30/06/22
	\$000	\$000
Finished Goods	143	407
Work in Progress	787	363
Spare Parts	119	211
<b>Total Inventory</b>	<b>1,049</b>	<b>981</b>

**5. Intangible Assets**

APAS® Development Costs	18,491	18,491
Less: Accumulated Amortisation	(10,270)	(9,121)
	8,221	9,370
APAS® Analysis Module Development	3,842	3,741
Less: Accumulated Amortisation	-	-
	3,842	3,741
CCS Development costs (fair value on acquisition)	3,416	3,416
Less: Accumulated Amortisation	(745)	(373)
	2,671	3,043
<b>Total Intangible Assets</b>	<b>14,734</b>	<b>16,154</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

**6. Issued Capital**

	31/12/22	30/06/22
	\$000	\$000
Issued and Paid Up Capital		
330,634,387 (30 June 2022: 319,901,544) Ordinary Shares Fully Paid	50,583	49,854
Less: Costs Associated with Capital Raising		
Opening Balance	(3,583)	(3,508)
Capital Raising Costs	(147)	-
Tax Effect of Capital Raising Costs	(10)	(75)
<b>Total</b>	<b>46,843</b>	<b>46,271</b>
Ordinary Shares	No.	No.
At the Beginning of the Reporting Period	319,901,544	289,115,164
Subsidiary Acquisition <sup>(1)</sup>	-	30,660,377
Employee Incentive Plan <sup>(2)</sup>	1,265,521	-
Issued in Lieu of CEO/Managing Director Bonus <sup>(3)</sup>	832,533	-
Issued in Lieu of Directors Fees <sup>(4)</sup>	908,614	126,003
New Shares Issue Rights Issue <sup>(5)</sup>	7,726,175	-
<b>At Balance Date</b>	<b>330,634,387</b>	<b>319,901,544</b>

(1) 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.

(2) The issue of shares on 24 August 2022 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).

(3) 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.

(4) 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. 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.

(5) The Issue of shares on 28 November 2022 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

**7. Reserves**

	31/12/22	30/06/22
	\$000	\$000
Option Reserve <sup>(1)</sup>	1,735	1,651
<b>Total Reserves</b>	<b>1,735</b>	<b>1,651</b>

(1) The option reserve represents the cumulative amortised value of share options issued as share based remuneration.

**Options Reserve**

The following details the change in the number and value of options during the half year period:

	Number	Value \$000
Options Reserve Opening Balance 1 July 2022	25,663,335	1,651
Rights Issue <sup>(1)</sup>	2,575,449	-
Chair Options <sup>(2)</sup>	-	20
Director Options <sup>(3)</sup>	-	8
CEO and MD Long Term Incentive Options <sup>(4)</sup>	-	62
Executives Long Term Incentive Options <sup>(5)</sup>	-	28
Options Lapsed <sup>(6)</sup>	(535,001)	(34)
<b>Options Reserve Closing Balance 31 December 2022</b>	<b>27,703,783</b>	<b>1,735</b>

(1) The Issue of options 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) An issue of 1,250,000 options to Joanne Moss (LBT Chair) was approved at the AGM on 29 November 2021. The options have a two-year vesting period and an expiry date of 29 December 2023. The combined fair value of the options was calculated to be \$98,038. In accordance with AASB 2 "Share based Payment", the fair value of the options is being expensed over the two-year vesting period.

(3) It is the practice of the Group to issue 500,000 options to new Directors upon commencement, subject to shareholder approval. These options have a two-year vesting period and an expiry date of 29 December 2031. The fair value of the options was calculated to be \$36,695. In accordance with AASB 2 "Share based Payment", the fair value of the options is being expensed over the two-year vesting period.

(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 CEO / 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 exercise price was based on the same price as the July 2020 placement. 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. 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) 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. The fair value of the options was calculated as \$0.055 per option or \$231,000 in total, using a Monte Carlo simulation. In accordance with AASB 2 "Share based Payment", the \$231,000 fair value is being expensed over the four-year vesting period through to 14 January 2026.

(6) Employee options lapsed during the Half 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 HALF YEAR ENDED 31 DECEMBER 2022

### 8. Dividends

There have been no dividends declared or paid during the period of this report.

### 9. Segment Reporting

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

The Group operates in one business segment, conducting researching, developing and commercialising innovative technologies. The Group's product development, administration and production occurs in Australia, with sales activities occurring in Australia, the EU and the US, managed from Australia.

#### (b) Revenue by geographic region

	31/12/22	31/12/21
	\$000	\$000
United States	380	-
Germany	371	-
United Kingdom	155	-
Switzerland <sup>(1)</sup>	-	450
Australia <sup>(2)</sup>	34	408
<b>Total Revenue</b>	<b>940</b>	<b>858</b>

(1) In the half year period ended 31 December 2021, the revenue derived from Switzerland related to the consulting fees and license fee income received from the then 50% owned company CCS. From 31 December 2021, CCS is 100% owned and controlled by LBT and all inter entity transactions after that date are eliminated for the purposes of preparing the consolidated financial accounts of the Group.

(2) In the half year period ended 31 December 2021, the revenue derived from Australia included \$127,000 related to interest income accruing on loans to the then 50% owned company CCS. From 31 December 2021, CCS is 100% owned and controlled by LBT and all inter entity transactions after that date are eliminated for the purposes of preparing the consolidated financial accounts of the Group.

#### (c) Major customers

In the US, the Group recognised revenue of \$380,000 during the half year period. All US revenue was earned from Thermo Fisher, the Group's exclusive distributor in the United States. On 19 December 2022, the Group announced that the existing distribution agreement with Thermo Fisher had been extended to 35 countries in Europe. Therefore, other than a number of advanced sales opportunities in Europe that have been set aside to advance as direct sales, all future sales in both of these regions will be to Thermo Fisher.

### 10. Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting period.

### 11. Subsequent Events

In January 2023, the Group was engaged by AstraZeneca who will fund the development of the APAS® Pharma analysis module and validate the final product for their processes. LBT expects to invoice AstraZeneca approximately \$1 million for the project, with invoicing linked to delivery of technical milestones. This follows the US\$0.4 million (\$0.6 million) in funding from Thermo Fisher, announced in December 2022, to support development of an APAS® Pharma analysis module that specifically supports Thermo Fisher's culture plate media. The APAS® Pharma analysis modules (artificial intelligence software) will be developed to identify microbial growth on settle plates used in sterility monitoring during drug manufacturing. All IP and commercialisation rights remain with the Group, opening up a new global market opportunity.

Other than the above, there were no other material subsequent events.

## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of LBT Innovations Ltd, we state that:

In the opinion of the Directors:

The financial statements and notes set out on pages 8 to 20 are in accordance with the Corporations Act 2001, including:

- complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- giving a true and fair view of the financial position as at 31 December 2022 and the performance for the Half Year ended on that date; and

In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.



Joanne Moss  
Chair



Brent Barnes  
Chief Executive Officer and Managing Director

Dated at Adelaide this 28<sup>th</sup> day of February 2023.

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

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of LBT Innovations Limited and its controlled entity ("the group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entity it controlled at the half-year end or from time to time during the half-year.

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of LBT Innovations Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of LBT Innovations Limited financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 of the half-year financial report, which states:

*"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 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, the Group may be required to delay, reduce, or eliminate research and development programs, reduce or eliminate commercialisation efforts, obtain funds through arrangements with collaborators or pursue merger or acquisition strategies, or otherwise pursue any other legal option available to it."*

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### **Emphasis of Matter**

We draw attention to Note 1(b) of the financial report, which describes the significant uncertainty about the key assumptions used for sales and sales growth used for the impairment assessment for APAS® related assets.

Our conclusion is not modified in respect of this matter.

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## Directors' Responsibility for the Half-Year Financial Report

The directors of the group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the group's financial position as 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**HLB Mann Judd Audit (SA) Pty Ltd**  
**Chartered Accountants**

Adelaide, South Australia  
28 February 2023



**Travis Rickard**  
**Director**

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**HLB Mann Judd Audit (SA) Pty. Ltd. ABN: 32 166 337 097**

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