



**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 2023

(Previous corresponding period being the half year ended 31 December 2022)

This information should be read in conjunction with the 30 June 2023 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 2023 \$000	December 2022 \$000	Change \$000	Change %
Revenue	711	859	(148)	(17%)
Profit / (Loss) from Ordinary Activities After Tax Attributable to Members	(1,832)	(2,981)	1,149	38%
<b>Total Comprehensive Income / (Loss)</b>	<b>(1,832)</b>	<b>(2,981)</b>	<b>1,149</b>	<b>38%</b>

**Revenue**

Revenue from Ordinary Activities for the half year ended 31 December 2023 (Half Year) was \$0.71 million, comprising:

- \$0.53 million external consulting income from AstraZeneca received for the development of an analysis module for APAS® PharmaQC
- \$0.18 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 (\$1.83) million. This comprised a loss before income tax of (\$2.15) million less an income tax benefit of \$0.32 million. The income tax benefit is the Research & Development Tax Incentive claimable on eligible expenditure incurred in the Half Year.

The loss before tax of (\$2.15) million comprises:

- \$0.71 million revenue from ordinary activities
- \$0.24 million other income, largely grant income
- (\$1.96) million for total employee related expenses
- (\$0.32) million corporate expenses
- (\$0.34) million for finance expenses, predominately expenses associated with a share placement facility which was terminated during the Half Year
- (\$0.15) million non-staff R & D related expenditure
- (\$0.21) million other expenses including travel, patents and trademarks and support of customers.
- (\$0.12) million of depreciation and amortisation expenses, predominantly the amortisation of lease rental costs;

Compared to the prior half year period ended 31 December 2022, the loss before income tax decreased from (\$4.2) million to (\$2.2) million. The \$2.0 million reduction in the loss before income tax comprises \$1.5 million for amortisation of the APAS development costs incurred in the prior half year period that is not applicable in the Half Year, and \$0.5 million reduction in underlying costs of the business, as the Group continues to focus on managing its cost base whilst finalising development of APAS® PharmaQC in readiness for its commercial launch.

During the Half Year, the Group's cash position improved from \$2.0 million to \$3.2 million, largely due to the \$4.0 million net proceeds from the Entitlement Offer partly offset by the (\$1.4) million full repayment of the amount outstanding under the share placement facility and net operating cash outflows of (\$1.3) million.

**Dividends**

It is not proposed to pay a dividend.

**Net Tangible Assets per Security**

The net tangible assets per LBT share was 0.23 of a cent as at 31 December 2023, compared with 0.06 of a cent per share as at 30 June 2023.

**Control Gained or Lost over Entities**

Not applicable in the Half Year period.

**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 2023 (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:

Rebecca Wilsom (Chair) commenced 1 July 2023  
Brenton Barnes (Chief Executive Officer and Managing Director)  
Daniel Hill appointed 14 December 2023  
Damian Lismore retired 29 November 2023  
Brian O'Dwyer

Company Secretary:

Raymond Ridge

### Review of Financials

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The net loss after income tax was (\$1.8) million, comprising a loss before income tax of (\$2.1) million less an income tax benefit of \$0.3 million. The income tax benefit is the Research & Development Tax Incentive claimable on eligible expenditure incurred in the Half Year.

Compared to the prior half year period ended 31 December 2022, the loss before income tax decreased from (\$4.2) million to (\$2.2) million. The \$2.0 million reduction in the loss before income tax comprises \$1.5 million for amortisation of the APAS development costs incurred in the prior half year period that is not applicable in this Half Year, and \$0.5 million reduction in underlying costs of the business, as the Group continues to focus on managing its cost base during this development phase of APAS® PharmaQC.

Total revenue includes \$0.5 million consulting revenue received from AstraZenca for the development of an analysis module for APAS® PharmaQC and \$0.2 million from analysis module licence renewals and maintenance fees. Other income includes \$0.2 million from the CTCM grant to progress development of the APAS® Compact.

During the Half Year, the Group's cash position improved from \$2.0 million to \$3.2 million, largely due to the \$4.0 million net proceeds from the Entitlement Offer partly offset by the (\$1.4) million full repayment of the amount outstanding under the share placement facility and net operating cash outflows of (\$1.3) million.

The net assets of the Group have increased by \$2.7 million from 30 June 2023 to \$2.6 million at 31 December 2023. The change in the Half Year largely attributable to the \$1.2 million increase in the cash position noted above, together with a \$1.5 million reduction in financial liabilities due to the full repayment of the share placement facility with Lind Global Fund II, LP. In October 2023, the Group chose to repay the share placement facility in cash instead of continuing to repay the facility through the issue shares over the remaining 18 months term of that facility.

Importantly, during the Half Year, the net current asset position of the Group improved from \$0.7 million to \$4.4 million as a result of the restructure of repayments due under the South Australian Government loan, together with the increased cash position and the repayment of the share placement facility both noted above. The \$1.7 million balance of the South Australian Government loan was previously repayable through interest and principal repayments of \$0.3 million per quarter. The loan has now been restructured to an interest only loan with principal repayments deferred until calendar year 2026, subject to an early repayment term related to the receipt of proceeds from the future exercise of options (ASX: LBT0 and LBT0A) issued under the Entitlement Offer.

## Review of Operations

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

- LBT has updated its strategy for the commercialisation of its core product, the APAS® Independence, to focus on expanding the application of the technology into the pharmaceutical microbiology industry. The Group views the pharmaceutical market as a significant future growth driver for the business and has commenced a marketing and commercialisation plan to target customers in this industry. The Group is now actively commercialising the APAS® Independence in two global markets, clinical and pharmaceutical microbiology.
- The Group raised \$4.5 million, before costs, to support its commercial expansion into the pharmaceutical market. The new funding completed a financial restructure for the business which also included repayment of the \$1.38 million debt-facility under the Lind Partners Share Placement Facility and restructuring future repayments due under the South Australian Government Loan.
- In line with the Group's strategy to expand into the pharmaceutical microbiology market, LBT's R&D priority has been to complete the development of the APAS® PharmaQC product under the development agreement with AstraZeneca. The product development has continued to schedule, with LBT's formal validation program expected to be completed in the March 2024 quarter. Once LBT's final testing of the technology is complete, this will establish performance specifications for release of the product to AstraZeneca and it's availability to the wider pharmaceutical market.
- In October 2023, the Group commenced a focussed pre-launch marketing program to build awareness and generate customer leads for its new APAS® PharmaQC technology. This included demonstrations and presentations at major pharmaceutical conferences and events in the United States, Europe and Australia.
- Following this initial commercial activity, the Group completed its first placement of APAS® PharmaQC to a pharmaceutical customer, outside of AstraZeneca, in February 2024, with the recent installation at a Thermo Fisher Scientific, Inc (Thermo Fisher) facility. The installation completes the sale of the instrument agreed as part of the strategic development partnership (Dec-22) with Thermo Fisher, providing funding for the development of the APAS® PharmaQC to support their culture media.
- The Group has continued to work closely with Thermo Fisher for the sale of the APAS® Independence to clinical customers in Europe and the United States. This has included updating operational plans and new sales initiatives rolled out with the Thermo Fisher sales team for calendar year 2024. The Group maintains a conservative sales outlook for sales in the clinical market for calendar year 2024.
- LBT appointed Ms Rebecca Wilson (Chair) and Mr Dan Hill (Non-Executive Director) to the Company's Board. As part of the Board changes Ms Joanne Moss and Mr Damian Lismore retired from the LBT Board.

## Future Developments and Prospects

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Aligned with the Group's updated business strategy, the Group's commercial focus will be to continue with its expansion into the pharmaceutical microbiology market. Key upcoming developments will include:

- With the formal validation of APAS® PharmaQC expected to be completed and available for sale in March, the Group is further increasing market development activities to build awareness of the technology in this industry. This will include demonstrations at conferences and release of new sales materials and scientific publications.
- The Group expects to complete a number of customer placements in the first half of calendar year 2024. These placements are a precursor to sales and will generate additional customer data that further supports the Group's own internal validation data for the product.

- As part of the development program with AstraZeneca, they will now complete their own customer validation of APAS® PharmaQC. This will be undertaken to demonstrate the performance of the product within their own manufacturing process. This is expected to be completed by the third quarter of 2024 calendar year ahead of a number of installations across the AstraZeneca manufacturing network.

### **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.



Rebecca Wilson  
Chair



Brent Barnes  
Chief Executive Officer and Managing Director

Dated at Adelaide this 22<sup>nd</sup> day of February 2024.

## 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 2023, 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  
22 February 2024



**Travis Rickard**  
**Director**

**hlb.com.au**

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

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HLB Mann Judd Audit (SA) Pty. Ltd. is a member of HLB International, the global advisory and accounting network.

**Interim Consolidated Financial Report**  
**31 December 2023**

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

For the Half Year ended 31 December 2023

	Note	31/12/23 \$000	31/12/22 \$000
Revenue	2	711	859
Other Income	2	238	81
Cost of Sales		(7)	(328)
Employee Benefits Expense	3b	(1,960)	(2,344)
Corporate expenses	3a	(321)	(378)
Research & Development Expenses		(147)	(110)
Marketing Expenses		(51)	(35)
Finance expenses	3c	(337)	(62)
Other Expenses	3d	(151)	(223)
Depreciation and Amortisation Expense		(123)	(1,649)
<b>Consolidated Loss Before Income Tax</b>		<b>(2,148)</b>	<b>(4,189)</b>
Income Tax Benefit		316	1,208
<b>Consolidated Net Loss for the Half Year</b>		<b>(1,832)</b>	<b>(2,981)</b>
<b>Basic Loss per Share (cents per share)</b>		<b>(0.32)</b>	<b>(0.92)</b>
<b>Diluted Loss per Share (cents per share)</b>		<b>(0.32)</b>	<b>(0.92)</b>

The accompanying notes form part of the financial statements.



**Consolidated Statement of Financial Position**

As at 31 December 2023

	Note	31/12/23 \$000	30/06/23 \$000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents		3,242	2,020
Trade and Other Receivables		580	482
Inventory	4	1,515	1,490
Current Tax Asset		317	849
<b>Total Current Assets</b>		<b>5,654</b>	<b>4,841</b>
<b>Non-Current Assets</b>			
Property Plant and Equipment		33	51
Right of Use Assets		1,520	1,622
Deferred Tax Assets		918	856
Intangible Assets	5	-	-
<b>Total Non-Current Assets</b>		<b>2,471</b>	<b>2,529</b>
<b>Total Assets</b>		<b>8,125</b>	<b>7,370</b>
<b>Current Liabilities</b>			
Trade and Other Payables		750	1,165
Lease Liabilities		212	208
Other Financial Liabilities	6	291	2,816
<b>Total Current Liabilities</b>		<b>1,253</b>	<b>4,189</b>
<b>Non-Current Liabilities</b>			
Lease Liabilities		1,337	1,436
Other Financial Liabilities	6	1,743	757
Deferred Tax Liabilities		918	856
Provisions		322	237
<b>Total Non-Current Liabilities</b>		<b>4,320</b>	<b>3,286</b>
<b>Total Liabilities</b>		<b>5,573</b>	<b>7,475</b>
<b>Net Assets</b>		<b>2,552</b>	<b>(105)</b>
<b>Equity</b>			
Issued Capital	7	51,439	47,017
Reserves	8	1,983	1,947
Accumulated Losses		(50,870)	(49,069)
<b>Total Equity</b>		<b>2,552</b>	<b>(105)</b>

The accompanying notes form part of the financial statements.

**Consolidated Statement of Changes in Equity**

For the Half Year ended 31 December 2023

	Option Reserve	Share Capital	Accumulated Losses	Total
	\$000	\$000	\$000	\$000
<b>Balance at 1 July 2022</b>	<b>1,651</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>46,843</b>	<b>(29,534)</b>	<b>19,044</b>
<b>Balance at 1 July 2023</b>	<b>1,947</b>	<b>47,017</b>	<b>(49,069)</b>	<b>(105)</b>
New Shares Issued	-	4,794	-	4,794
Shares Granted as Remuneration	-	180	-	180
Options Granted as Remuneration	66	-	-	66
Options Exercised	-	4	-	4
Options Granted as Payment for Services	1	-	-	1
Options Lapsed	(31)	-	31	-
Capital Raising Costs	-	(556)	-	(556)
Net Loss for the Half Year	-	-	(1,832)	(1,832)
<b>Balance at 31 December 2023</b>	<b>1,983</b>	<b>51,439</b>	<b>(50,870)</b>	<b>2,552</b>

The accompanying notes form part of the consolidated financial statements.

**Consolidated Statement of Cash Flows**

For the Half Year ended 31 December 2023

	Note	31/12/23 \$000	31/12/22 \$000
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers		599	2,106
Government Grants Received		225	196
Payments to Suppliers and Employees		(3,025)	(3,604)
Research and Development Tax Concession		849	1,206
Interest Received		7	11
<b>Net Cash provided by / (used in) Operating Activities</b>		<b>(1,345)</b>	<b>(85)</b>
<b>Cash Flows from Investing Activities</b>			
APAS® Analysis Module Development (intangible asset)		-	(103)
Payments for Plant and Equipment		(2)	(1)
<b>Net Cash used in Investing Activities</b>		<b>(2)</b>	<b>(104)</b>
<b>Cash Flows from Financing Activities</b>			
Cash Proceeds from New Shares Issued		4,544	502
Repayment of Share Placement Facility		(1,380)	
Loan Repayments		-	(479)
Repayment of Lease Principal		(96)	(88)
Capital Raising Costs		(499)	(20)
<b>Net Cash provided by Financing Activities</b>		<b>2,569</b>	<b>(85)</b>
Net Increase (Decrease) in Cash and Cash Equivalents		1,222	(274)
Cash and Cash Equivalents at Beginning of Year		2,020	2,788
<b>Consolidated Cash and Cash Equivalents at End of Half Year</b>		<b>3,242</b>	<b>2,514</b>

The accompanying notes form part of the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 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 2023 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 22 February 2024.

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 2023 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).

#### 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. However, as disclosed in the financial statements, the Group has incurred a net loss after taxes of \$1.8 million and had net cash outflows from operating and investing activities of \$1.3 million for the half-year ended 31 December 2023. These events and conditions represent a material uncertainty as to the ability of the Group to continue as a going concern.

While the Group believes that it has sufficient liquidity to prepare the financial statements on a going concern basis, the future viability of the Group is largely dependent on the number and timing of projected sales. To the extent that the Group's level of projected sales are not achieved, the Group would be reliant upon raising capital to finance its operations. As such, the Group's level of sales and its ability to raise capital, if required, 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. 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, and has 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. An impairment test is also performed annually for intangible assets with indefinite lives and intangible assets not yet available for use.

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 2023

### 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 for intangible assets, before any provision for impairment, of \$13.4 million (2023: \$13.4 million), comprise the capitalised development costs for the APAS® instrument and the development costs for the initial analysis modules.

The carrying value of the intangible assets are assessed against their estimated recoverable amount, consistent with Accounting Standard AASB 136 Impairment of Assets. The recoverable amount is 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. For the purpose of the cash flow forecasts, the cash generating unit is 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).

The Group last performed a formal recoverable amount assessment as at 30 June 2023, when the Directors determined 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. Accordingly, a non-cash impairment provision of \$13.4 million was recognised as at 30 June 2023, effectively writing down the carrying value of the Group's intangible assets to nil.

That impairment provision has been maintained at 31 December 2023, and any additional development costs in the half year ended 31 December 2023 have been expensed as incurred. Two key factors continued to impact 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 to the clinical market continue to underperform. Whilst sales opportunities remain engaged, and the pipeline of qualified leads 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 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.

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 to arise from a future product enhancement and therefore are excluded from the recoverable amount assessment under Accounting Standard AASB 136 Impairment of Assets.

**Indicative Market Value.** LBT's share price and market capitalisation in excess of its net assets at 31 December 2023 continues to be an additional indicator of impairment, pointing to an indicative valuation of the intangible assets that is materially below their \$13.4 million carrying value, prior to the impairment provision.

##### 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, arising from deductible temporary differences and unused carried forward tax losses, for both CCS and LBT. These are only 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 had written off net Deferred Tax assets to nil as at 30 June 2023. The Group continues to carry the net deferred assets at nil as at 31 December 2023.

#### (c) Share Based Payments

##### Equity Settled Transactions

A key area of judgement relates to the calculation of the market value of options issued to Directors, employees and consultants. The market value of each option series is assessed using the Binomial method, and a key assumption in this calculation is LBT's future share price volatility. Future volatility is based on the historic daily price movements of the LBT's ASX listed shares for the lesser of the term of the options or 36 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 Note 8.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

**2. Revenue**

	31/12/23	31/12/22
	\$000	\$000
Instrument Sales	-	543
License Fees	154	110
Maintenance Revenue	20	65
Revenue from Consulting Services	532	137
Instrument Accessories	5	4
<b>Revenue</b>	<b>711</b>	<b>859</b>
Government Grants <sup>(1)</sup>	225	21
Foreign Exchange Gain (Loss)	-	50
Interest	15	10
<b>Other Income</b>	<b>238</b>	<b>81</b>

(1) Grant income in the Half Year ended 2022 and 2023 is in relation to matched funding from the Government under the CTCM grant for market research for the APAS® Compact.

**3. Loss for the Year**

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

	31/12/23	31/12/22
	\$000	\$000
<b>(a) Corporate Expenses</b>		
ASX Fees and Share Registry costs	63	64
Auditors Remuneration <sup>(1)</sup>	46	30
Insurance	47	96
Corporate Consulting and Legal	55	76
General Office Expenses and Other	110	112
<b>Total Corporate expenses</b>	<b>321</b>	<b>378</b>
<b>(b) Employee Benefits Expense</b>		
Cash Based Employee Benefits Expense (Includes directors' fees, contractor fees, salaries and wages, executive bonuses <sup>(2)</sup> )	1,894	2,226
Share Based Payments <sup>(3)</sup>	66	118
<b>Total Employee Benefits Expense</b>	<b>1,960</b>	<b>2,344</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

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

	31/12/23	31/12/22
	\$000	\$000
<b>(c) Finance Expenses</b>		
Share Placement Agreement <sup>(4)</sup>	253	-
Other Finance Expenses	84	62
<b>Total Finance Expense</b>	<b>337</b>	<b>62</b>
<b>(d) Other Expenses</b>		
Travel and Accommodation	102	138
Patents and Trademarks	29	42
APAS® Independence customer maintenance and support	17	37
Other	3	6
<b>Total Other Expenses</b>	<b>151</b>	<b>223</b>

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

(2) The cash based employee benefits expense includes \$Nil (2022: \$69,000) of Directors Fees settled by LBT shares issued in lieu of cash payment, following shareholder approval.

(3) Share Based Payments include a total of \$66,000 (2022: \$119,000) expensed in the period for options granted to employees and Directors (refer Note 8).

(4) Expenses recognised on two subscription notices received during the Half Year and upon repayment in cash of the remaining \$1,380,000 balance payable under the share placement agreement with Lind Global Fund II, LP. This settlement in cash terminated the share placement agreement.

**4. Inventory**

	31/12/23	30/06/23
	\$000	\$000
Finished Goods	138	277
Work in Progress	913	765
Spare Parts	464	448
<b>Total Inventory</b>	<b>1,515</b>	<b>1,490</b>

**5. Intangible Assets**

APAS® Development Costs	18,491	18,491
Less: Accumulated Amortisation	(11,419)	(11,419)
	7,072	7,072
APAS® Analysis Module Development	4,038	4,038
Less: Accumulated Amortisation	-	-
	4,038	4,038
CCS Development costs (fair value on acquisition)	3,416	3,416
Less: Accumulated Amortisation	(1,118)	(1,118)
	2,298	2,298
Provision for Impairment (Note 1 (b))	(13,408)	(13,408)
<b>Total Intangible Assets</b>	<b>-</b>	<b>-</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

**6. Other Financial Liabilities**

	31/12/23	30/06/23
	\$000	\$000
<b>a) Current</b>		
Loan <sup>(1)</sup>	-	986
Unearned Income <sup>(2)</sup>	291	291
Share-Based Liability to Directors and Executives <sup>(3)</sup>	-	180
Share Placement Obligation - Market Value <sup>(4)</sup>	-	1,856
Share Placement Obligation - Discount to Market	-	(497)
	-	1,359
<b>Total Current Other Financial Liabilities</b>	<b>291</b>	<b>2,816</b>
<b>b) Non-Current</b>		
Loan <sup>(1)</sup>	1,743	757
<b>Total Non-Current Other Financial Liabilities</b>	<b>1,743</b>	<b>757</b>

(1) LBT received written approval from the South Australian Government to restructure the remaining loan balance of \$1,743,000. The loan was previously being repaid through fixed quarterly repayments of \$256,000 comprising principal and interest. The loan is now in an interest only, with the principal repayments deferred to:

- \$871,500 payable on 30 April 2026; and
- \$871,500 payable on 31 October 2026.

The loan restructure includes an early repayment clause contingent on future proceeds being received by LBT for the exercise of options that were issued on 15 November 2023 under the Partly Underwritten Entitlement Offer (refer ASX announcement 15 November 2023):

- LBT will retain the first \$1.0 million of such options exercised (ASX: LBT0, expiring September 2024), with the remainder of the proceeds to be applied to an early prepayment of the loan on 15 November 2024; and
- Any proceeds from the exercise of such options exercised (ASX: LBT0A, expiring November 2025) will be applied as a further early repayment of the loan that, if sufficient, will extinguish the debt.

The SA Government continues to hold a first ranking general security.

(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. As at 31 December 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 has been recognised subsequent to 31 December 2023, upon successful installation of the instrument is installed (refer Note 12).

(3) The prior half year period ended 31 December 2022 comprised 1) an annual bonus due to the Managing Director of \$24,750 subject to shareholder approval, 2) an Executive team annual bonus of \$28,000, and 3) Directors fees to be paid in LBT Shares of \$127,000 subject to Shareholder approval.

(4) LBT executed a Share Placement Agreement with Lind Global Fund II, LP ("Lind") on 18 March 2023 and subsequently exercised its right to terminate the Share Placement Agreement by repaying in cash the remaining \$1.38 million balance (refer ASX Announcement 13 October 2023).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

**7. Issued Capital**

	31/12/23	30/06/23
	\$000	\$000
<b>Issued and Paid Up Capital</b>		
1,259,676,995 (30 June 2023: 345,795,679) Ordinary Shares Fully Paid	55,768	50,790
Less: Costs Associated with Capital Raising		
Opening Balance	(3,773)	(3,583)
Capital Raising Costs	(554)	(177)
Tax Effect of Capital Raising Costs	(2)	(13)
<b>Total</b>	<b>51,439</b>	<b>47,017</b>

<b>Ordinary Shares</b>	<b>No.</b>	<b>No.</b>
At the Beginning of the Reporting Period	345,795,679	319,901,544
Share Placement Agreement Subscription Notices (Refer Note 6) <sup>(1)</sup>	8,916,410	15,161,292
Exercise of Options	556,275	-
Employee Incentive Plan <sup>(2)</sup>	1,185,959	1,265,521
Rights Issue November 2023 <sup>(3)</sup>	716,000,000	-
Placements <sup>(4)</sup>	184,000,000	-
In Lieu of Directors Fees otherwise payable in cash <sup>(5)</sup>	2,191,422	908,614
In Lieu of CEO/Managing Director Bonus otherwise payable in cash <sup>(6)</sup>	1,031,250	832,533
Rights Issue November 2022 <sup>(7)</sup>	-	7,726,175
<b>At Balance Date</b>	<b>1,259,676,995</b>	<b>345,795,679</b>

- (1) Initial Shares of 10,000,000 issued to Lind under the Share Placement Agreement announced on the ASX 20 March 2023. A total of 5,161,292 shares were issued pursuant to subscription notices received under the Share Placement Agreement up to 30 June 2023, and a further 8,916,410 shares in the half-year ending 31 December 2023. The Group elected to terminate the Share Placement Agreement through the repayment in cash of the remaining balance of \$1,380,000 in October 2023.
- (2) The issue of shares to Executives under the Group's Employee Incentive Plan. The value of the shares to be awarded to each Executive is made following an assessment of individual performance against preset KPI's and is approved by the Board. The total value of the short-term incentive was \$28,463 (30 June 2023: \$91,118). The number of shares was determined using the VWAP for the last five days traded to that date of Board approval being \$0.024 per LBT Share (30 June 2023: \$0.072 per LBT Share).
- (3) The Issue of shares on 15 November 2023 at \$0.005 per share under the Partly Underwritten Renounceable Entitlement Offer to existing shareholders, raising gross proceeds of \$3,580,000. These shares have an attaching option for every share purchased, with 50% of the options exercisable at \$0.005 expiring 15 September 2024 (ASX: LBT0) and 50% exercisable at \$0.008 expiring 15 November 2025 (ASX LBT0A).
- (4) LBT issued a total of 184,000,000 in two placements on 20 November 2023 and 8 December 2023 to sophisticated and institutional investors, at a price of \$0.005 per LBT Share, raising \$920,000. The placements were on the same terms as the offer to eligible shareholders under the Entitlement Offer, including the issuance of one option for every share subscribed (refer footnote 3 above).
- (5) 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 (or former Directors) on 19 December 2023 in lieu of a portion of their Directors fees following requisite shareholder approval: 524,379 Brian O'Dwyer, 500,765 Damian Lismore, 821,277 Joanne Moss, 345,001 Simon Arkell (30 June 2023: 156,574 Simon Arkell, 189,943 Damian Lismore, 281,423 Joanne Moss, 280,674 Brian O'Dwyer).
- (6) 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. In each of the past two years Mr Barnes has elected to receive this cash bonus in LBT shares, subject to shareholder approval. For the year ended 30 June 2023, the Board awarded a cash bonus of \$24,750 at a price per share of \$0.024, being the VWAP of the LBT shares for the last 5 days traded prior to the date of Board approval on 24 August 2023. The shares were issued on 19 December 2023 following shareholder approval. [For the year ended 30 June 2023, the Board awarded a cash bonus of \$59,942 at a price per share of \$0.024, being the VWAP of the

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 7. Issued Capital cont.

LBT shares for the last 5 days traded prior to the date of Board approval on 11 August 2022. The shares were issued on 26 October 2022 following shareholder approval at the AGM held on 26 October 2022.]

- (7) 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.

### 8. Options Reserve

The option reserve represents the cumulative amortised value of share options issued as share based remuneration. 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 2023	32,837,116	1,947
Rights Issue <sup>(1)</sup>	716,000,000	-
Placement <sup>(2)</sup>	184,000,000	-
Chair Options <sup>(3)</sup>	1,250,000	1
Director Options <sup>(4)</sup>	-	8
CEO and MD Long Term Incentive Options <sup>(5)</sup>	-	35
Executives Long Term Incentive Options <sup>(6)</sup>	-	22
Options Issued as Payment for Services <sup>(7)</sup>	-	1
Options Exercised	(556,275)	-
Options Lapsed <sup>(8)</sup>	(100,000)	(31)
<b>Options Reserve Closing Balance 31 December 2023</b>	<b>933,430,841</b>	<b>1,983</b>

(1) The issue of listed options on 15 November 2023 under the Partly Underwritten Renounceable Entitlement Offer to eligible shareholders, announced 13 October 2023. One option was attached to every share subscribed, with 50% or 358,000,000 listed options exercisable at \$0.005 expiring 15 September 2024 (ASX: LBT0) and 50% or 358,000,000 listed options exercisable at \$0.008 expiring 15 November 2025 (ASX: LBT0A).

(2) Options issued under a placement to sophisticated and institutional investors on the same terms as Partly Underwritten Renounceable Entitlement Offer to eligible shareholders, including one option for every share subscribed, comprising 50% or 92,000,000 listed options exercisable at \$0.005 expiring 15 September 2024 (ASX: LBT0) and 50% or 92,000,000 listed options exercisable at \$0.008 expiring 15 November 2025 (ASX: LBT0A).

(3) An issue of 1,250,000 options to Rebecca Wilson (LBT Chair) on 19 December 2023, following shareholder approval. The options have a two-year vesting period and an expiry date of 19 December 2033. The combined fair value of the options was calculated to be \$6,066. In accordance with AASB 2 "Share based Payment", the fair value of the options is being expensed over the two-year vesting period.

(4) Consistent with past practice, on 29 December 2021 LBT issued 500,000 options to Brian O'Dwyer as a newly commencing Non-Executive Director, following shareholder approval. The 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 Payments", the fair value of the options is being expensed over the two-year vesting period.

(5) Based on the conclusions of a report from a Remuneration Specialist, and following shareholder approval on 25 November 2020, LBT's Board issued 6,000,000 unlisted options as 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 options are available for initial vesting in three tranches of 2,000,000 at 30 June 2023, 2024 and 2025, subject to the share price performance hurdles in each of those years. The first tranche of 2,000,000 options did not satisfy the share price performance hurdles at 30 June 2023 and are now carried forward for retesting with the second and third tranches. Each option has an exercise price of \$0.16 each and if not exercised will expire on 25 November 2025.

The fair value of the options was calculated as \$418,000, using a Monte Carlo simulation. In accordance with AASB 2 "Share based Payments", the \$418,000 fair value of the options is being expensed over the vesting period through to 25 November 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 8. Reserves cont.

(6) 4,200,000 share options were issued on 14 January 2022 under an Executive team LTI intended to mirror the share price growth targets of the LTI for the CEO / Managing Director. The options vest on 14 January 2026, subject to share price performance hurdles. Each option has an exercise price of \$0.12 and an expiry date of 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 Payments", the \$231,000 fair value is being expensed over the four-year vesting period through to 14 January 2026.

(7) In December 2023, as part of a consultancy agreement, LBT agreed to issue 2,500,000 unlisted options with an exercise price set by the VWAP for LBT Shares traded in the month of December 2023. The options have a vesting period of one year and expire two years from the date of issue. The December VWAP, and therefore the exercise price, was calculated to be \$0.14 and the options were issued subsequent to the Half Year, on 8 January 2024. The value of the options was calculated as \$11,323 using a Binomial valuation with a share price volatility of 74% and a risk-free rate of 3.69%. In accordance with AASB 2 "Share based Payments", the \$11,323 fair value is being expensed over the period from the date of engagement through to 8 January 2025.

(8) Employee options lapsed during the Half Year, with the fair value of these options removed from the options reserve.

### 9. Dividends

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

### 10. Segment Reporting

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

The Group operates in one business segment, 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

	31/12/23	31/12/22
	\$000	\$000
United States	56	380
Germany	83	371
United Kingdom	4	155
Australia	274	34
Sweden	532	-
<b>Total Revenue</b>	<b>949</b>	<b>940</b>

#### (c) Assets by Geographical Region

CCS Is domiciled In Switzerland, with product development and manufacturing occurring In Australia.

#### (c) Major customers

LBT recognised sales of \$56,000 (2022: \$380,000) to Thermo Fisher, as the Group's exclusive distributor in the United States and Europe.

LBT recognised \$532,000 (2022: nil) in consulting fees from services provided to AstraZeneca for development of the analysis module for environmental monitoring in pharmaceutical manufacturing (APAS® PharmaQC). AstraZeneca's corporate office is domiciled in Sweden.

### 11. Contingent Liabilities

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

### 12. Subsequent Events

On 22 February 2024, the Group completed its first placement of APAS® PharmaQC to a pharmaceutical customer, outside of AstraZeneca, with the installation at a Thermo Fisher Scientific, Inc (Thermo Fisher) facility. The installation completes the sale of the instrument agreed as part of the strategic development partnership (Dec-22) with Thermo Fisher. At 31 December 2023, the proceeds from the sale had been recognised as unearned income, pending the installation (refer Note 6).

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 19 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 2023 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.



Rebecca Wilson  
Chair



Brent Barnes  
Chief Executive Officer and Managing Director

Dated at Adelaide this 22<sup>nd</sup> day of February 2024.

## **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 consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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.

### **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 2023 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*.

### **Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the group.

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

We draw attention to Note 1 in the half year report which outlines the events and conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern. Therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

### **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.

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### **Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 consolidated entity's financial position as at 31 December 2023 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*.

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.



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

Adelaide, South Australia  
22 February 2024



**Travis Rickard**  
**Director**

**hlb.com.au**

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