

Target Market Determination – Option Issue

Made by: LBT Innovations Limited ACN 107 670 673 of 16 Anster Street, Adelaide SA 5000
(**Company**)

Product: Listed free-attaching options (**Options**) issued in connection with a renounceable entitlement offer under a transaction specific prospectus dated 13 October 2023
(**Prospectus**)

Effective Date: 13 October 2023

1. About this document

This target market determination (**TMD**) has been prepared by the Company in relation to an offer to issue Options made by the Company under the Prospectus pursuant to section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**). Pursuant to the Prospectus, each Eligible Shareholder is entitled to apply for one (1) free-attaching Option for every one (1) new fully paid ordinary share (**Shares**) subscribed for under the partially underwritten renounceable entitlement offer announced on 13 October 2023 (**Entitlement Offer**). 50% of the Options issued to an Eligible Shareholder will be exercisable at \$0.005 each and will expire 10 months from their date of issue, and the other 50% of Options issued to an Eligible Shareholder will be exercisable at \$0.008 each and will expire 24 months from their date of issue.

This TMD sets out the class of consumers for which the Options would likely be consistent with their financial objectives, the distribution conditions and restrictions imposed on the distribution of the Options as well as reporting requirements for distributors in accordance with the requirements of section 994B of the Corporations Act.

A copy of the Prospectus is available on the Company's website, <https://www.lbtinnovations.com/>.

The Entitlement Offer will be made under, or accompanied by, a copy of the Prospectus. Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their professional adviser if they have any questions regarding the contents of the Prospectus. Any recipient of this TMD who wants to acquire Options under the Entitlement Offer will need to follow the instructions set out in the personalised Entitlement and Acceptance Form available at www.computersharecas.com.au/LBT-RR1, which also contains a copy of the Prospectus. There is no cooling off period in respect of the issue of the Options. This TMD is not a disclosure document for the purposes of the Corporations Act, and therefore has not been lodged, and does not require lodgement, with the Australian Securities and Investments Commission (**ASIC**).

This TMD does not take into account what you currently have, or what you want and need, for your financial future. It is important for you to consider these matters and read the Prospectus before you make an investment decision. The Company is not licensed to provide financial product advice in relation to the Options.

Unless otherwise defined in this TMD, capitalised terms have the meaning given to them in the Prospectus.

2. Product information

Key features of the Options are as follows:

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| Offer | 1 Option for every 1 New Share issued under the Entitlement Offer. |
| Eligibility | Existing shareholders of the Company who: |

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| | <p>(a) participate in the Entitlement Offer;</p> <p>(b) are a registered holder of Shares as at 7:00pm (ACDT) on the Record Date of 18 October 2023;</p> <p>(c) have a registered address in Australia or New Zealand, or are located in France, Germany or Singapore (subject to the foreign jurisdictions restrictions set out in the Prospectus);</p> <p>(d) as at the Record Date, do not have a registered address other than in Australia, New Zealand, France, Germany or Singapore; and</p> <p>(e) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such a person holds Shares in the Company and is acting for the account or benefit of a person in the United States),</p> <p>are entitled to participate in the offer of Options by the Company.</p> <p>Eligible Shareholders may subscribe for Options as part of their pro rata entitlement under the Entitlement Offer and also when applying for additional Shares under the Shortfall Offer.</p> |
| Exercise price / expiry date | <p>There are two classes of Options being offered.</p> <p>50% of the Options issued to an Eligible Shareholder will be exercisable at \$0.005 each and will expire at 5:00pm (Adelaide time) on the date that is 10 months from their date of issue, and the other 50% of Options issued to an Eligible Shareholder will be exercisable at \$0.008 each and will expire at 5:00pm (Adelaide time) on the date that is 24 months from their date of issue.</p> |
| Exercise period | <p>Each Option is exercisable at any time prior to 5:00pm (Adelaide time) on the relevant expiry date. After this time, any unexercised Options will automatically lapse.</p> |
| Shares issued on exercise | <p>Shares issued on exercise of the Options will rank equally with the then Shares of the Company and are free of all encumbrances, liens and third party interests.</p> |
| Transferability | <p>The Options are freely transferable. An application for quotation of the Options will be made, subject to the Options meeting the requirements of the ASX Listing Rules and the Corporations Act.</p> |

3. Target Market

The table below summarises the overall class of consumers that fall within the target market for Options, based on the product's key attributes and the objectives, financial situation and needs that it has been designed to meet.

| Factor | Target Market |
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| Investment Objective | <p>The Company expects that an investment in the Options will be suitable to investors who have the right, but not the obligation, to gain exposure to equities in a small market capitalisation medical technology company listed on the Australian Securities Exchange (ASX).</p> |
| Investment Timeframe | <p>The target market of investors will take a short to long term outlook in relation to their investment in the Company and are in a financial position that is sufficient for them to invest their funds over the 10-month period and 2-year period (as applicable) from the issue of the Options to their expiry, should they wish to exercise their Options.</p> <p>The Company has applied for quotation of the Options which remains subject to compliance with the requirements of ASX and the ASX Listing Rules.</p> <p>To the extent the Options are quoted on ASX's official list, subject to any escrow restriction imposed by ASX, the Options will be transferable from the date of issue.</p> <p>Option holders will also have an ability to exercise Options and trade the underlying Shares issued on exercise (irrespective of whether the Options are quoted on ASX or not), however investors should be aware that such dealing is only likely to be commercially viable in the event that the trading price of the Shares exceeds the exercise price of the Options both at the date of exercise and at the date of sale.</p> |
| Investment Metrics | <p>While the Company does not have an established eligibility framework for investors based on metrics such as age, expected return or volatility, it is expected that the target market of investors will be able to withstand potentially large fluctuations and the potential for losses in the value of their investment. The Options offer no guaranteed income or capital protection.</p> <p>An exercise price is required to be paid to acquire Shares on exercise of Options. As such, unless the Options are able to be traded for value prior to the relevant expiry date, the capacity to realise the underlying value of the Options would require that they be exercised on or before the relevant expiry date. Investors in the target market will need to be in a financial position to have sufficient funds available so as to facilitate an exercise of the Options prior to the relevant expiry date. Prior to the relevant expiry date, investors' ability to liquidate the Options may be limited by a lack of liquidity in the trading of Options and Shares and the price of the Shares.</p> |

Risks

The Company considers that an investment in the Options will have a different risk profile to a direct investment in Shares, including due to the fact that there is no obligation to exercise the Options prior to the relevant expiry date.

Investors should consider the risk that there is no guarantee that the Company's Share price will exceed the exercise price of the Options. Investors should take this into consideration in subscribing for Shares and taking up their right to the free attaching Options.

The Company considers that an investment in the Options is high risk and highly speculative, such that an investment in the Company is not appropriate for an investor who would not be able to bear a loss of some or all of the investment.

Investors should also have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser) to understand and appreciate the risks of investing in Options as an asset class generally and the high risks of investing in the Company.

Specific risks relating to the Company and an investment in the Shares are set out in the Prospectus and investors should review those risks carefully before deciding whether to invest.

The Company has assessed the Options and formed the view that the Options, including the key attributes set out in section 2, are likely to be consistent with the objectives, financial situation and needs of investors in the target market described above in this section 3.

4. Distribution Conditions

Only existing shareholders of the Company who subscribed for Shares under the Entitlement Offer who:

- (a) are a registered holder of Shares as at 7:00pm (ACDT) on 18 October 2023 (being the record date for the Entitlement Offer);
- (b) have a registered address, on the Company share register, in Australia or New Zealand, or are located in France, Germany or Singapore (subject to the foreign jurisdiction restrictions set out in the Prospectus);
- (c) as at the Record Date, do not have a registered address other than in Australia, New Zealand, France, Germany or Singapore; and
- (d) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares and is acting for the account or benefit of a person in the United States),

will be entitled to participate in the offer of Options under the Prospectus (**Eligible Shareholders**).

A copy of the Prospectus and access to this TMD will be made available to Eligible Shareholders before they apply for Options.

The Company considers that these distribution conditions will ensure that persons who invest in Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.

5. Review Triggers

The Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the Options will no longer be available for investment. It follows that the TMD will only apply in the

period between the commencement of the offer of the Options and the issue of the Options shortly after the close of the Entitlement Offer (**Offer Period**), after which the TMD will be withdrawn.

To allow the Company to determine whether circumstances exist that indicate this TMD is no longer appropriate to the Entitlement Offer and should be reviewed, the following review triggers apply for the Offer Period:

- (a) there is a material change to the Options' key attributes that make it no longer consistent with the likely objectives, financial situation and needs of clients in the target market;
- (b) the Company lodges with ASIC a supplementary or replacement prospectus in relation to the Prospectus;
- (c) the occurrence of a significant dealing in Options that is not consistent with this TMD;
- (d) the Company identifies a substantial divergence in how the Options are being distributed and purchased from this TMD;
- (e) an unexpectedly high number of complaints are received from customers that indicate the Options are not suitable for the target market or that the product is not being distributed to the target market;
- (f) ASIC raises concerns with the Company regarding the adequacy of the design or distribution of the Options or this TMD; and
- (g) material changes to the regulatory environment that applies to an investment in the Options.

The Company may also amend this TMD at any time.

6. Review Period

If a review trigger occurs during the Offer Period, the Company will undertake a review of the TMD in light of the review trigger as soon as reasonably practicable and, in any case, within five business days of the review trigger occurring.

The Company will otherwise complete a review of the TMD immediately prior to the issue of Options under the Entitlement Offer.

Periodic reviews of the TMD will not occur during the Offer Period, noting that the Offer Period is (subject to any decision to extend) less than one month. If the Offer Period is extended for more than one month, the TMD will be reviewed on a monthly basis.

7. Information Reporting

The reporting requirements of all distributors is detailed in the table below:

| Reporting requirement | Period for reporting to the Company by the distributor | Information to be provided |
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| Whether the distributor received complaints about the Options. | <ul style="list-style-type: none"> • For such time as the Offer Period remains open, within five business days after the end of each quarter. • Within five business days after the end of the Offer Period. | <ul style="list-style-type: none"> • The number of complaints received. • A summary of the nature of each complaint or a copy of each complaint. |
| A significant dealing of the Options that is not consistent with this TMD. | As soon as reasonably practicable after the significant dealing occurs, but in any event no later than five business days | <ul style="list-style-type: none"> • Details of the significant dealing. |

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| | after the significant dealing occurs. | <ul style="list-style-type: none"> Reasons why the distributor considers that the significant dealing is not consistent with this TMD. |
| A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD. | Within five business days after the end of the close of the offer of Options in accordance with the Prospectus. | A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD. |

8. Contact Details

Contact details in respect of this TMD for the Company are:

Ray Ridge
 Chief Financial Officer & Company Secretary
 Phone: +61 (0)412 348 370
 Email: ray.ridge@lbtinnovations.com