

Appendix 4E

Preliminary final report

Name of entity

Nova Eye Medical Limited

ABN or equivalent
Company reference

15 007 702 927

Half yearly (tick)

Preliminary final (tick)

Half year/financial year ended

30 June 2023

Results for announcement to the market

Extracts from this report for announcement to the market.

	Consolidated Group		
	Up/down	Movement %	2023FY \$A '000
Revenues from Continuing Operations	Up	27%	to 17,025
Loss from Continuing Operations Before Interest, Tax, Depreciation and Amortisation	Up	45%	to (8,606)
Net Loss from Continuing Operations before Tax	Up	117%	to (17,002)
Net Loss from Continuing Operations after Tax	Up	104%	to (15,293)
Net profit/ (loss) for the Period Attributable to Members	Up	104%	to (15,293)
Dividends (distributions)	Amount per security		Franked amount per security
Final dividend (Preliminary final report only)	Nil ¢		Nil %
Interim dividend (Half yearly report only)	Nil ¢		Nil %
Previous corresponding period	Nil ¢		Nil %

NTA Backing

	Consolidated Group	
	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	4.4 ¢	7.9 ¢

Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used

- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

- 3 This report does give a true and fair view of the matters disclosed.

- 4 This report is based on ⁺accounts to which one of the following applies.

- (Tick one)
- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input checked="" type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

- 5 The entity has a formally constituted audit committee.

- 6 There has been no changes in controlled entities.

Sign here:



(Director)

Date: 28 August 2023

Print name: Victor Previn



NOVAEYE
MEDICAL®

Annual Report:
Financial Year
Ended 30 June 2023



Corporate Governance



The Company has adopted and substantially complies with ASX Corporate Governance and Principles and Recommendations, *3rd Edition ASX Corporate Governance Council*.

The Corporate Governance Statement which was approved by the Board of Directors on 23 June 2023 is available for viewing on our website www.nova-eye.com.

Directors' Report

The Directors of Nova Eye Medical Limited (the "Company") submit herewith the annual financial report of the Company and the entities it controlled (the "Group" or "Nova Eye") at the end of, or during the financial year ended 30 June 2023. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Name

Mr V Previn	Executive Chairman
Mr R Coupe	Independent Director
Mr M Southard	Non-executive Director
Mr T Spurling	Managing Director
Mr D Webb (appointed 17 November 2022)	Independent Director

Simon Gray is the Company Secretary of the Company.

Directors

Victor Previn, *Executive Chairman*

Victor Previn was appointed a Director on 16 July 2001. Victor is a professional engineer and one of the original founders of the Company. His career spans more than 35 years in both the ophthalmic laser industry and the wider ophthalmic device sector. Mr Previn is also a Director of Havilah Resources Ltd (ASX:HAV) from October 2020. Mr Previn held the position of Managing Director from 2003 to 2005. In July of 2005, Mr Previn was elected Chairman of the Board of Directors. He is also a member of the Audit & Risk Committee and the Remuneration & Nominations Committee.

Mr Previn beneficially holds 9,871,587 shares as at 28th August, 2023.

Rahmon Coupe, *Independent Director*

Rahmon Coupe was appointed an Independent Director on 15 May 2013. Mr Coupe has more than 30 years' experience in the areas of corporate management, intellectual property management, contract negotiation, business development and engineering and has worked across a diverse range of industries, including information technology, life sciences and public broadcasting. Mr Coupe has held various project and engineering management roles for government research-based organisations, including the Defence Science and Technology Organisation (DSTO). Mr Coupe holds an Honours Degree in Electrical and Electronic Engineering from the University of Adelaide. He is currently a member of the Audit & Risk Committee and the Remuneration & Nominations Committee.

Mr Coupe beneficially holds 1,192,178 shares as at 28th August, 2023.

Mike Southard, *Non-executive Director*

Mr Southard was appointed as an Executive Director on 2 July 2018 and completed his Executive role in December 2019. Mike spent 26 years with Alcon Laboratories of Fort Worth, Texas, as Vice President of the Global Surgical business. During Mike's tenure, the Alcon business grew dramatically from US\$85 million to US\$2.4 billion of sales per year. Prior to this, he was an Executive with Beecham Laboratories (now SmithKline Beecham), and Cooper-Vision, which was acquired

Directors' Report

by Alcon Laboratories. Mike is currently actively involved in ophthalmology, dermatology and orthopaedics through his consulting company based in Portland, Oregon, USA. He has vast experience in both the International and US markets and maintains important contacts with many of the world's key opinion leaders in all areas of eye surgery. Mike holds a Bachelor of Science from Oregon State University and an Executive MBA degree from Stanford University.

Mr Southard beneficially holds 20,000 shares as at 28th August, 2023.

Tom Spurling, *Managing Director*

Mr Spurling joined Nova Eye on 1 April 2021 as an Executive of the Group and was appointed Managing Director on 31 August 2021. Tom served as the Chief Executive Officer of Ellex Medical Lasers from 2011 to 2019. Tom has close to 30 years of senior executive experience serving in a range of commercial and management roles in Australia and the United States. Tom holds a Bachelor of Economics from the University of Adelaide.

Mr Spurling beneficially holds 551,339 shares as at 28th August, 2023

Dan Webb, *Independent Director* *(appointed 17* *November 2022)*

Daniel (Dan) is based just outside Toronto, Canada and has a career that has spanned over 40 years in the marketing, sale and distribution of medical devices. After spending 10 years in various positions in ophthalmic device sales, Dan commenced his career with the medical laser company Coherent. In 1990 Dan established Coherent-AMT, now known as Clarion Medical Technologies (Clarion) to import, market, sell and distribute a range of medical devices, focusing on ophthalmic, aesthetic and surgical devices, in Canada. Dan and his partners grew Clarion revenues to approximately \$100 million per year. Clarion was sold to a multinational distribution business in 2020.

Mr Webb beneficially holds 555,556 shares as at 28th August, 2023.

Company Secretary

Simon Gray was appointed Company Secretary on 24 June 2020. Mr Gray has over 35 years' experience as a Chartered Accountant including 20 years as a partner with Grant Thornton, a national accounting firm. Mr Gray currently serves as a Director and Company Secretary of Havilah Resources (ASX:HAV). He is also Company Secretary and Chief Financial Officer of Vintage Energy Ltd (ASX:VEN) and is a Director of several unlisted companies.

Principal activities

The principal activities of the Company during the financial period were the design, development, manufacture, marketing and sales of surgical devices for the treatment of glaucoma, a leading cause of blindness. In addition, the Company is engaged in the commercialisation of the subthreshold nano-pulse ophthalmic laser, 2RT[®], for the treatment of retinal disease via the AlphaRET segment.

For the year ended 30 June 2023, Nova Eye reported total revenues of \$17,025k, which was almost entirely related to sales of its glaucoma surgical devices, and an operating loss after tax of \$15,293k. The operating loss after tax includes charges of \$8,341k for depreciation, amortisation and provision for impairment. A provision for impairment of \$6,044k, was charged to the profit and loss account to reduce the carrying value of intangible assets owned by AlphaRET Pty Ltd. This compares with sales of \$13,378k and an operating loss after tax of \$7,496k in the prior year and charges of \$1,811k for depreciation, amortisation and provision for impairment. At the Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) level, the loss for the

Directors' Report

year to 30 June 2023 was \$8,606k. This compares with an EBITDA-level loss of \$5,943k for the year ended 30 June 2022 (the prior year).

Glaucoma Surgical Devices

The Company designs, develops, manufactures, markets and sells glaucoma surgical devices for the global market. The Company's devices are used by ophthalmic surgeons to reduce intraocular pressure (IOP) in patients with glaucoma.

The Glaucoma Surgical Devices (GSD) segment of the business reported revenues of \$16,661k during the year to 30 June 2023 and an EBITDA level loss of \$6,284k. This compares with revenues of \$13,137k and an EBITDA level loss of \$3,092k in the prior year. Sixty percent (60%) of revenues for the GSD segment are generated in the USA, the remaining revenue balance is generated in Europe and China.

Operating costs for the GSD segment for the year to 30 June 2023 were \$17,068k. This compares with the operating costs of \$11,854k in the prior year. The material increase in operating costs is attributable to the investments made for the commercialisation and launch of the new iTrack™ Advance glaucoma surgical device in Europe and, in particular the USA. iTrack™ Advance was launched in the USA in May 2023 following marketing clearance by the US Food and Drug Administration in late March 2023. Operating costs also included the establishment of clinical studies to expand the clinical evidence base in Europe and other marketing and promotion investments in professional journals and industry meetings to support the product launch.

Since the launch of Track™ Advance in the USA in May 2023 sales have progressed well, with US\$2,200k of sales reported in the three-month period ended 31st July 2023. This compares with US\$1,600k during the same period in the previous year.

AlphaRET

2RT® is a proprietary laser technology which has shown potential to treat patients with retinal disease including early/intermediate age-related macular degeneration (AMD). AMD is a chronic eye disease that can lead to debilitating loss of vision.

The Company's AlphaRET segment is responsible for the commercialisation of the 2RT® ophthalmic laser; a potential treatment to delay progression to late-stage AMD for patients who have the disease in its intermediate stage. No material revenues were generated by AlphaRET during the year ended 30 June 2023, the focus being on the progression of gathering additional clinical data to support the commercialisation efforts including, planning of a pivotal confirmatory study to collect clinical data that meets the requirements of global regulatory bodies and the profession to support commercialisation and discussions with potential partners. The 2RT® ophthalmic laser has the potential to materially disrupt the current AMD treatment paradigm. A provision for impairment of \$6,044k was charged to the profit and loss account to reduce the carrying value of intangible assets owned by AlphaRET. This provision was made as prescribed by accounting standard AASB 136 and reflects the fact that the Group currently has insufficient funds to allocate to AlphaRET to commercialise the technology. The Group is progressing discussions with potential partners to provide that funding via a partnership or joint funding agreement.

Income tax

The loss carry-back provisions applied have resulted in an income tax refundable amount of \$884k at 30 June 2023. This amount consists of \$893k due to the carry back loss provision and an over provision of \$9k, the result of a tax true-up exercise.

Placement of new shares

On 8 March 2023 the Group made a placement of 21,004,542 shares to sophisticated investors at 18c per share to raise a capital amount of \$3,529k net of transaction fees.

Directors' Report

Following shareholder approval, on 5 May 2023 the Group issued a further 23,439,902 shares at 18c per share to raise a capital amount of \$3,941k net of transaction fees. Of this issue 1,500,000 shares were issued to Directors of the Group for consideration of 18c per share in exchange for cash payments from Directors of \$270k. Shares issued under this placement do not form part of remuneration paid to key management personnel.

The issue of shares was conducted primarily to fund the launch of iTrack™ Advance in the USA.

COVID-19

Nearly all of the revenue for the Company relates to sales of glaucoma surgical devices to eye surgeons in the USA and Europe. During the 12 months ended 30 June 2023 there was a further improvement in the access to surgical facilities compared with the prior year. The major impact of COVID-19 on the business during the year to 30 June 2022 related to an inability to meet potential new customers at tradeshows, as many events were cancelled or held virtually, and staff illness and supply chain problems slowing down the execution of commercial activities.

Significant changes to the state of affairs

There were no significant changes to the state of affairs of the Company during the year.

Events since the end of the financial year

There are no significant events effecting the Company since the end of the financial year.

Business risks

Management periodically reviews business risks faced by the Group. These business risks are presented to the Audit & Risk Committee and an assessment is made on whether they could materially impact the Group's business operations. This assessment is based on an estimated ranking of likelihood and severity and is used to enact risk mitigation plans across the business.

Major business risks faced by the Group include;

- Foreign exchange rate volatility due to a majority of operating cashflows occurring in USD
- Disruption to supply chain for key components used in manufacturing, or loss of a key supplier
- Failure to meet regulatory guidelines, particularly the US Food & Drug Administration
- Cyber security and data protection in an increasingly sophisticated cyber crime environment
- General economic conditions post-crisis

Management continues to plan for a wide range of scenarios and risks to ensure the Group is well-positioned to achieve the business goals.

Financial position

As at 30 June 2023, the net assets of the consolidated Group decreased by \$7,206k to \$23,191k. Of this amount \$6,044k relates to the provision for impairment for capitalised technology development costs in the AlphaRET segment. Additionally, the placement of new shares raised \$7,627k in cash to support the Groups ongoing business activities.

Environment regulations and climate change

The Group holds licences to operate the manufacturing processes required to produce its products. It is not subject to significant environmental regulation or reporting requirements. There have been no known significant breaches of the Group's licence conditions.

The directors recognise the existence and importance of climate change. The Company has management systems in place within its risk management framework which ensures decision making takes into account the impact of such decisions on climate change and the environment.

Directors' Report

Future developments

The Group will continue to focus on the further development of its business being the design, development, manufacture, marketing and sales of ophthalmic devices for use in ophthalmic procedures worldwide and business related to these capabilities.

The market in which the Group operates is highly competitive. Therefore, further disclosure of information regarding likely developments in the operations of the consolidated Group in future financial years and the expected results of those operations is likely to prejudice the competitive position of the consolidated Group. Accordingly, this information has not been disclosed in this report.

Dividends

There were no dividends paid in the year ended 30 June 2023.

Share options and performance rights

At the date of this report the following shares under option were on issue as a result of the Company's employee options scheme.

	Performance Rights	Options
Opening Balance 1 July 2021	85,000	897,500
Issued during year	471,000	1,980,000
Exercised during year	(157,000)	-
Forfeited during year	(38,000)	(150,000)
Cancelled during year	-	-
Closing Balance 30 June 2022	361,000	2,727,500
Opening Balance 1 July 2022	361,000	2,727,500
Issued during year	477,975 ⁽ⁱ⁾	100,000*
Exercised during year	(303,658)	-
Forfeited during year	(7,000) ⁽ⁱ⁾	-
Cancelled during year	-	-
Closing Balance 30 June 2023	528,317	2,827,500

*Employee options issued during the year were as follows:

- 100,000 employee options issued on 31 July 2022 to employees of the Company with the following terms: Exercise price of \$0.27 with an expiry period of 3 years. The fair value of the options, \$0.06 each, was estimated using the Black-Scholes model.

(i) Performance rights issued to employees during the year were as follows:

- 217,975 Performance rights issued on 8 July 2022. Fair value \$0.22
- 100,000 Performance rights issued on 1 September 2022. Fair value \$0.46
- 160,000 Performance rights issued on 12 September 2022. Fair value \$0.26
- 7,000 Performance rights forfeited during the year due to termination of employment agreements

Indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the Company Secretary, and all Executive Officers of the Company and of any related body corporate against a liability incurred as such a Director, Secretary or Executive Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of financial year indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate, against a liability incurred.

Directors' Report

Diversity

The Board monitors the diversity of its workforce. Nova Eye Medical Limited is not required to complete Workplace Gender Equality Act 2012 reporting.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a director or committee member).

Directors	Board of Directors		Audit & Risk Committee		Remuneration & Nominations Committee	
	Held	Attended	Held	Attended	Held	Attended
V Previn	6	6	3	3	1	1
R Coupe	6	6	3	3	1	1
M Southard	6	6	-	-	-	-
T Spurling	6	6	3	3	1	1
D Webb*	3	2	-	-	-	-

* Mr D Webb appointed as a director 17 November 2022.

Directors' Report

Remuneration Report (Audited)

This remuneration report, which forms part of the Director's report, sets out information about the remuneration of the Directors and Executives (Key Management Personnel - "KMP") for the financial year ended 30 June 2023 in accordance with the *Corporations Act 2001* and the Corporations Regulations 2001. This report has been audited as required by section 308(3C) of the Corporations Act.

The Company has determined that KMP are the Board, the Executive Chair and the Managing Director/CEO who have decision making responsibilities for the Company. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and Executive details
- Remuneration policy for Directors and Executives
- Relationship between the remuneration policy and Company performance
- Key terms of employment contracts
- Remuneration of Directors and Executives

Director and Executive details

The Directors of Nova Eye during the year were:

- Victor Previn – Executive Chairman
- Rahmon Coupe – Independent Director
- Mike Southard – Non-executive Director
- Tom Spurling – Managing Director
- Daniel Webb (appointed 17 November 2022) - Independent Director

Remuneration policy for Directors and Executives

The Board reviews the remuneration packages of all Directors and Executives on an annual basis. Remuneration packages are reviewed with due regard to performance and other relevant factors.

Relationship between the remuneration policy and Company performance

j) Non-executive and Independent Directors

Total remuneration for all Non-executive and Independent Directors, last approved by shareholders at the 2017 AGM, is not to exceed \$500,000 per annum.

All Non-executive and Independent Directors residing in Australia receive a Director's fee of \$40,000 AUD per annum. Directors residing in North America receive a Director's fee of \$40,000 USD per annum. The annual Director's fees were increased effective July 2022. This increase was approved by the Remuneration and Nominations Committee in June 2022. The Director's fee for the year ended 30 June 2022 were \$30,000 AUD per annum for Australian based Directors and \$30,000 USD for North American based Directors. The Executive Chairman also receives a \$10,000 AUD Chairman's fee per annum. Director's fees cover all main Board functions but exclude membership of the Audit & Risk Committee and Remuneration & Nominations Committee. From November 2019 a fee of \$5,000 AUD per annum is payable for membership of the Audit & Risk Committee and the Remuneration & Nominations Committee. In addition, the Company pays compulsory superannuation. The Company does not have a formal Board Retirement scheme. Non-executive Directors do not receive any performance-related remuneration.

Directors' Report

ii) Executive Directors and Executive Management

Remuneration packages are set at levels that are intended to attract and retain Executives capable of managing the consolidated Group's operations, recognising the Group's size, industry and location.

Remuneration and other terms of employment for Executives are reviewed annually by the Board having regard to the individual's performance against goals and business plans, relevant comparative data and employment market conditions and independent expert advice.

Remuneration packages of Executives incorporate a base salary (which can be taken as cash or fringe benefits), superannuation and performance-related short and long-term incentives. The fixed component of remuneration is set to provide a base that is both appropriate to the position and is competitive in the market.

Short-term incentive payments are discretionary and take into account the extent to which specific operating targets set at the start of the financial year have been achieved. The operational targets consist of a number of key performance indicators (KPIs) covering both financial and non-financial measures of performance, the primary measure being the performance against profit targets.

Long-term incentives are linked to the improvement in the market value of the Company. The long-term incentive is intended to reward efforts and results that promote long term growth in shareholder value. Long-term incentives comprise the grant of options with an exercise period of 36 months after vesting and an exercise price 30-50% above the market price at the date of grant. Such grants are completed at the discretion of the Board.

The remuneration of key management personnel is based on an annual assessment of the individual's performance with reference to external data pertaining to Executive remuneration. There is no link between the Group's performance and the setting of remuneration except as discussed previously.

Targets are defined as either Earnings Before Interest, Tax, Impairment, Depreciation and Amortisation (EBITDA) or Earnings Before Tax (EBT), or sales targets depending on the business segment and the role of the employee involved. These have been chosen as the key measures by the Board as the most reflective performance indicators for the Group at this point in its life cycle.

The tables below set out summary information about the consolidated Group's earnings from continuing operations and movements in shareholder wealth for the five years to June 2023:

Performance Summary	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Revenue (i) (ii)	17,025	13,378	13,394	12,769	16,140
EBITDA (ii)	(8,606)	(5,943)	(3,668)	(5,748)	(6,922)
EBT (ii)	(17,002)	(7,817)	(5,251)	(7,249)	(7,963)
Net (loss) / profit after tax (iii)	(15,293)	(7,496)	(4,356)	35,653	(5,773)

(i) Revenue includes revenue from sale of goods on ongoing operations as per note 2 in the accounts

(ii) from continuing operations

(iii) total of continuing and discontinued operations

(iv) Effective 30 June 2019 and 30 June 2020, the Lasers & Ultrasound business was reclassified from continuing to discontinued operations and was sold on 30 June 2020

Directors' Report

Historical Share Price	30 June 2023 \$	30 June 2022 \$	30 June 2021 \$	30 June 2020 \$	30 June 2019 \$
Share price at start of year	0.190	0.320	0.680	0.530	0.610
Share price at end of year	0.270	0.190	0.320	0.680	0.530
Interim dividend/share	-	-	-	-	-
Final dividend/share	-	-	0.425cps	-	-
Attributable to ordinary equity shareholders of the Company					
Basic earnings per share	(9.81)cps	(5.18)cps	(3.03)cps	24.83cps	(4.02)cps
Diluted earnings per share	(9.81)cps	(5.18)cps	(3.03)cps	24.83cps	(4.02)cps
From continuing operations					
Basic earnings per share	(9.81)cps	(5.18)cps	(3.03)cps	(7.19)cps	(4.64)cps
Diluted earnings per share	(9.81)cps	(5.18)cps	(3.03)cps	(7.19)cps	(4.64)cps

Key terms of employment contracts

Remuneration and other terms of employment of the Executive Director and senior Executives are formalised in service agreements.

The payment of bonuses and other incentive payments are reviewed by the Remuneration Committee annually as part of the review of Executive remuneration and a recommendation is put to the Board.

Tom Spurling – Managing Director

- Salary package of \$250,000 exclusive of superannuation to be reviewed annually. This is inclusive of all directors' fees.
- Employer or employee may terminate employment on giving of 90 days' notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to the base salary for the unexpired period of notice.
- LTI for the year ended 30 June 2022 is based on the issue of 700,000 options in September 2021.
- STI is based on the overall business performance and the discretion of the Board Remuneration Committee.
- Other long-term benefits include annual leave entitlements.

Victor Previn – Executive Chairman

- Salary package of \$210,000 exclusive of superannuation to be reviewed annually. This is inclusive of all directors' fees.
- Employer or employee may terminate employment on giving of 90 days' notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to the base salary for the unexpired period of notice.
- There are no STI/LTI in place for Victor Previn in his capacity as Executive Chairman.
- Other long-term benefits include annual leave entitlements and long service leave entitlements.

Remuneration of Directors and Executives

i) Elements of Director and Executive Compensation

The remuneration structure that has been adopted by the Group consists of the following components:

Directors' Report

- Fixed salary/fees
- Benefits – including the provision of motor vehicle, superannuation, and health benefits; and
- Short term incentive (STI) – the performance measures are set annually after consultation with the Directors and Executives and are specifically tailored to the areas where each Executive has a level of control.
- Long term incentive (LTI) – Long-term incentives are linked to the improvement in the market value of the Company.
- Other long-term benefits including accrualment of annual leave and long service leave entitlements in line with statutory requirements.

The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed KPI's.

ii) Remuneration of Directors and Executives 2023FY

2023	Short-term employee benefits				Share-based payment			Other	Total \$
	Salary & fees \$	Director & Committee Fees \$	STI \$	Non- monetary benefits \$	Super annuation \$	Options \$	Rights \$	Other long-term benefits (AL & LSL accrual) \$	
Directors									
V Previn	193,500	-	-	-	21,929	-	-	21,414	236,843
R Coupe	-	50,000	-	-	5,163	-	-	-	55,163
M Southard	-	59,189	-	-	-	-	-	-	59,189
T Spurling	210,759	-	-	-	24,584	-	-	17,208	252,551
D Webb	-	36,649	-	-	-	-	-	-	36,649
Total	404,259	145,838	-	-	51,676	-	-	38,622	640,395

iii) Remuneration of Directors and Executives 2022FY

2023	Short-term employee benefits				Share-based payment			Other	Total \$
	Salary & fees \$	Director & Committee Fees \$	STI \$	Non- monetary benefits \$	Super annuation \$	Options \$	Rights \$	Other long-term benefits (AL & LSL accrual) \$	
Directors									
V Previn	191,666	-	-	-	20,013	-	-	8,462	220,141
R Coupe	-	40,000	-	-	4,000	-	-	-	44,000
M Southard	-	41,697	-	-	-	-	-	-	41,697
T Spurling	190,553	-	-	-	19,962	91,000	-	9,063	310,578
A Sundich	-	16,667	-	-	1,667	-	-	-	18,334
Total	382,219	98,364	-	-	45,642	91,000	-	17,525	634,750

Directors' Report

Bonuses granted as compensation – 2022 and 2023

Name	Performance based remuneration							
	Fixed remuneration		Bonus		LTI		At Risk	
	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
V Previn	100	100	-	-	-	-	-	-
R Coupe	100	100	-	-	-	-	-	-
M Southard	100	100	-	-	-	-	-	-
T Spurling	100	71	-	-	-	29	-	-
D Webb	100	-	-	-	-	-	-	-

Director and Executive shareholdings

The following table sets out each Director's relevant beneficiary interest in shares of the Company or a related body corporate as at the date of this report:

Directors	Beneficiary holdings of Directors and Executives			
	Opening Balance	Received on exercise of options	Movements	Closing Balance
V Previn*	9,316,031	-	555,556	9,871,587
R Coupe	914,400	-	277,778	1,192,178
M Southard	20,000	-	-	20,000
T Spurling**	367,729	-	183,610	551,339
D Webb***	-	-	555,556	555,556

* Holding by Victor Previn Family A/C determined beneficial holding and included in Beneficiary holdings of Directors and Executives

**111,110 increase relates to the placement of shares. The balance, 72,500 were purchased at market value.

*** Mr D Webb was appointed as a director 17 November 2022.

Value of options and performance rights issued to Directors and Executives

There were no options or performance rights issued to Directors and Executives during the year ended 30 June 2023.

Options issued to Directors and Executives – Year ended 30 June 2022:

- 700,000 options issued to Managing Director, Tom Spurling September 17, 2021 with the following terms: Exercise price of \$0.53 with an expiry period of 3 years. The fair value of the options, \$0.13 each, was estimated using the Black-Scholes model. The issue of these options was approved at the Company's Annual General Meeting held November 24, 2021. The options remains exercisable and there is no movement during the financial year.

Voting of shareholders at annual general meeting –17 November, 2022

Nova Eye Medical Limited received more than 98% of "yes" votes on its Adoption of Remuneration Report Motion for the 2023 financial year.

Directors' Report

Other transactions with KMP and related parties

During the financial year ended 30 June 2023, the following transaction occurred between the Group and its Key Management Personnel and related parties:

- There are no loans to Key Management Personnel or related parties outstanding at 30 June 2023.
- On 1 July 2020 the Company entered into a lease agreement for a property at 107 Rundle St, Kent Town, South Australia with a company controlled by Mr Victor Previn. The terms of the lease are in line with similar properties in the area. Total payments made pursuant to the lease agreement during the year ended 30 June 2023 were \$85,833 including GST. Under AASB16 reporting requirements, the interest expense relating to this lease for the year ended 30 June 2023 were \$8,118. At 30 June 2023 there were no amounts outstanding.
- In February 2021 the Company entered into a consulting agreement for engineering services with Mr Nicholas Previn, a son of Mr Victor Previn. The services under this consulting agreement were provided at commercial rates. As of 1 July 2022 Nicholas Previn became an employee of Nova Eye Medical Limited. Total payments made pursuant to the employment agreement during the year ended 30 June 2023 were \$98,358 plus superannuation. At 30 June 2023 there were no amounts outstanding.

End of remuneration report

Proceedings on behalf of the Company

There are currently no pending proceedings on behalf of the Company. No persons have applied for leave of the court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of these proceedings. No proceedings have been brought or intervened on behalf of the Group with leave of the court under Section 237 of the *Corporations Act 2001*.

Non-audit services

There were no non-audit services provided during the year ended 30 June 2023.

The Board considers any non-audit services provided during the prior year by the auditor and, in accordance with written advice provided by resolution of the Audit & Risk Committee, satisfies that the provision of those non-audit services during the year is compatible with, and does not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services are subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit & Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor.
- the non-audit services do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, PricewaterhouseCoopers, and its related practices for audit and non-audit services provided during the year are set out in note 28 to the financial statements.

Auditor's Independence Declaration

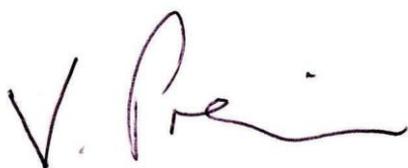
The lead auditor's independence declaration for the year ended 30 June 2023 is following this Directors' report.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Legislative Instrument 2016/191 and in accordance with that Instrument amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors.



V Previn
Chairman
Adelaide, 28 August 2023



Auditor's Independence Declaration

As lead auditor for the audit of Nova Eye Medical Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Nova Eye Medical Limited and the entities it controlled during the period.



M. T. Lojszczyk
Partner
PricewaterhouseCoopers

Adelaide
28 August 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 30 June 2023

	Note	Consolidated Group	
		2023 \$'000	2022 \$'000
Revenue	2	17,025	13,378
Other income	4(a)	952	2,251
Foreign exchange gain		138	(52)
Changes in inventories of finished goods and work in progress		266	639
Raw materials and consumables used		(2,897)	(2,928)
Employee benefits expenses		(11,255)	(10,043)
Depreciation and amortisation expense	4(b)	(2,297)	(1,811)
Impairment expense	1(x)	(6,044)	-
Facility and property expenses		(2,096)	(1,619)
Legal fees		(646)	(450)
Advertising and marketing		(3,198)	(1,775)
Finance costs	3	(54)	(64)
Travel expenses		(1,133)	(748)
Consulting fees		(3,542)	(2,764)
Other expenses		(2,221)	(1,831)
Profit / (Loss) before income tax from continuing operations		(17,002)	(7,817)
Income tax (expense) / benefit	5	1,709	321
Profit / (Loss) for the year from continuing business		(15,293)	(7,496)
Profit / (Loss) after tax for the year		(15,293)	(7,496)

Notes to the financial statements are included on pages 22 to 61.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 30 June 2023 (continued)

	Note	Consolidated Group	
		2023 \$'000	2022 \$'000
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translating foreign operations		282	1,708
Total exchange differences relating to foreign operations		282	1,708
Total comprehensive income for the year		(15,011)	(5,788)
Earnings per share:			
From continuing operations:			
Basic (cents per share)	17	(9.81)	(5.18)
Diluted (cents per share)	17	(9.81)	(5.18)
From profit attributable to the ordinary equity holders of the Company:			
Basic (cents per share)	17	(9.81)	(5.18)
Diluted (cents per share)	17	(9.81)	(5.18)

Notes to the financial statements are included on pages 22 to 61.

Consolidated Statement of Financial Position as at 30 June 2023

	Note	Consolidated Group	
		2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	25(a)	7,419	8,000
Trade and other receivables	6	2,221	2,200
Income tax refund receivable	5	884	1,569
Inventories	7	3,806	3,540
Prepayments		270	280
Total current assets		14,600	15,589
Non-current assets			
Trade and other receivables	6	71	68
Property, plant and equipment	8	965	1,136
Lease right-of-use asset	9	1,397	1,809
Intangible assets	10	8,454	7,173
Capitalised development expenditure	11	4,870	10,850
Total non-current assets		15,757	21,036
Total assets		30,357	36,625
Current liabilities			
Trade and other payables	12	4,311	2,407
Borrowings and lease obligations	13	639	544
Provisions	14	1,324	912
Total current liabilities		6,274	3,863
Non-current liabilities			
Borrowings and lease obligations	13	892	1,399
Deferred tax liability	5	-	966
Total non-current liabilities		892	2,365
Total liabilities		7,166	6,228
Net assets		23,191	30,397
Equity			
Issued capital	20	45,175	37,440
Reserves	15	(87)	(439)
Accumulated (losses) / profits	16	(21,897)	(6,604)
Total equity		23,191	30,397

Notes to the financial statements are included on pages 22 to 61.

Consolidated Statement of Changes in Equity for the financial year ended 30 June 2023

	Issued Capital \$'000	Share Option Reserve \$'000	Foreign Currency Reserve \$'000	Accumulated (Losses)/ Profits \$'000	Total \$'000
Balance at 30 June 2021	36,678	121	(2,356)	892	35,335
Issue of share capital	701	-	-	-	701
Payment of dividend	-	-	-	-	-
Employee share scheme	61	88	-	-	149
Total of transactions with owners	762	88	-	-	850
Profit / (Loss) for the year	-	-	-	(7,496)	(7,496)
Other comprehensive income	-	-	1,708	-	1,708
Total comprehensive income / (loss)	-	-	1,708	(7,496)	(5,788)
Balance at 30 June 2022	37,440	209	(648)	(6,604)	30,397
Issue of share capital	7,627	-	-	-	7,627
Payment of dividend	-	-	-	-	-
Employee share scheme	108	70	-	-	178
Total of transactions with owners	7,735	70	-	-	7,805
Profit / (Loss) for the year	-	-	-	(15,293)	(15,293)
Other comprehensive income	-	-	282	-	282
Total comprehensive income / (loss)	-	-	282	(15,293)	(15,011)
Balance at 30 June 2023	45,175	279	(366)	(21,897)	23,191

Notes to the financial statements are included on pages 22 to 61.

Consolidated Statement of Cash Flows for the financial year ended 30 June 2023

	Note	Consolidated Group	
		2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts from customers		17,581	13,504
Grant income received		489	41
Payments to suppliers and employees		(26,237)	(19,618)
Interest and other costs of finance paid		(54)	(64)
Income tax refunded / (paid)		1,397	1,419
Net cash (used in) / provided by operating activities	25(b)	(6,824)	(4,718)
Cash flows from investing activities			
Interest received		103	35
Payment for property, plant and equipment		(263)	(134)
Receipts from escrow - sale of business		-	2,015
Payment of finalisation of sales of business		-	(1,000)
Payment for intangible assets		(304)	(3,588)
Payments for capitalised development costs		(233)	(1,869)
Net cash (used in) / provided by investing activities		(697)	(4,541)
Cash flows from financing activities			
Repayment of leases principle		(653)	(402)
Issue of capital		7,470	-
Net cash (used in) / provided by financing activities		6,817	(402)
Net (decrease) / increase in cash and cash equivalents		(704)	(9,661)
Cash and cash equivalents at the beginning of the financial year		8,000	17,801
Effects of exchange rate changes on the balance of cash held in foreign currencies		123	(140)
Cash and cash equivalents at the end of the financial year	25(a)	7,419	8,000

Notes to the financial statements are included on pages 22 to 61.

Notes to the Consolidated Financial Statements for the financial year ended 30 June 2023

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Notes to the financial statements

1. Significant accounting policies

This financial report includes the consolidated financial statements and notes of Nova Eye Medical Limited and controlled entities (the “Group”).

Statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Nova Eye Medical Limited is the Group’s Ultimate Parent Company. Nova Eye Medical Limited is a Public Company incorporated and domiciled in Australia. The address of its principal place of business during the year ended 30 June 2023 is 107 Rundle Street, Kent Town, South Australia, 5067.

The consolidated financial statements for the year ended 30 June 2023 were approved and authorised for issue by the Board of Directors on 28 August, 2023.

Basis of preparation

The financial report has been prepared on the basis of historical cost. All amounts are presented in Australian Dollars unless otherwise stated. Nova Eye Medical Limited is a for-profit entity for the purpose of preparing the financial statements.

Going concern

The Group has experienced a net operating cash outflow of \$6,824k during the year ended 30 June 2023. The majority of this net operating cash outflow was incurred prior to the US Food and Drug Administration approving the iTrack™ Advance glaucoma surgical device for the US market in late March 2023. Offsetting the operating cash outflow were investing and financing activities which included the placement of new shares for \$7,470k. This resulted in a total decrease in cash and cash equivalents of \$581k for the year ended 30 June 2023.

As at 30 June 2023 the Group holds cash and cash equivalents of \$7,419k and has positive net current assets of \$8,326k.

These financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business.

In assessing the Group’s ability to continue as a going concern, the Directors have considered the Group’s financial forecasts and available funds. This assessment has considered the performance of the Glaucoma Surgical Devices segment since launch of iTrack™ Advance in the US market. The Group’s forecasts are dependent on achieving revenue budgets and staged business development plans including working within available funds.

The directors are satisfied that these actions are practical and achievable and are therefore satisfied there are reasonable grounds to conclude the Group can continue as a going concern.

In addition to the above activities the Directors note that the Company is also exploring options for the AlphaRET business segment including potential fund raising.

Notes to the financial statements

Accounting policies

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2023 and the comparative information presented in these financial statements for the year ended 30 June 2022.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(i) *Financial assets*

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, either through Other Comprehensive Income (OCI) or through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(i) *Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

(ii) *Fair Value Through Other Comprehensive Income (FVTOCI)*

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Notes to the financial statements

(iii) Fair Value Through Profit and Loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

The Group assesses on a forward-looking basis that the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 6 for further details.

(ii) Financial instruments issued by the Company

Equity instruments

Equity instruments are classified as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the consolidated Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(iii) Foreign currency

For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Nova Eye Medical Limited and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entities functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the financial statements

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the consolidated Group's foreign currency translation reserve. Such differences are recognised in profit or loss in the period in which the foreign operation is disposed.

(iv) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(v) Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level.

Cash-generating units (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Notes to the financial statements

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(vi) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated Group, being the Company (the parent entity) and its subsidiaries. A list of subsidiaries appears in note 22 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated Group are eliminated in full.

(vii) Comparative financial information

Comparative financial information has been reclassified, wherever necessary to conform to the current year presentation.

(viii) Rounding of amounts

The Company is a company of the kind referred to in ASIC Legislative Instrument 2016/191 and in accordance with that Instrument amounts in the consolidated financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

(ix) Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Group that have a significant effect on the financial statements.

Notes to the financial statements

(x) **Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Fair value of assets acquired in a business combination

The Group estimates the fair value of the assets and liabilities acquired in a business combination. The fair value estimates include judgement and management estimates.

Impairment of long-lived assets

The Group tests whether non-financial assets (including capitalised development expenditure, intangible assets and property, plant and equipment), have suffered any impairment on an annual basis. The cash generating units (CGUs) of the Group are Glaucoma Surgical Devices segment and AlphaRET business segments which are capable of producing independent cash flows.

The ability of the AlphaRET segment to generate independent cash flows in the future is assessed as requiring the investment of an amount of cash that currently exceeds the cash available to the Company. As a result of this assessment there was an impairment loss recognised in the period ended 30 June 2023 for \$6,044k relating to the AlphaRET segment. There was no impairment loss recognised in the prior year.

Glaucoma Surgical Devices

For the period ended 30 June 2023 and the prior year, the recoverable amount of the cash generating unit (CGU) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate stated below. The table below sets out the key assumptions within the value-in-use calculation for the CGU's:

Glaucoma Surgical Devices	30 June 2023	30 June 2022
Sales growth (% average annual growth rate)	18	18
Sales prices (% average annual growth rate)	0.0	4.0
Long-term growth rate (%)	1.0	1.0
WACC (%) post tax	13.78	13.10

The Directors and management have considered and assessed reasonably possible changes for the key assumptions and have not identified any instances that could cause the carrying amount of the Glaucoma Surgical Devices CGU to give rise to a provision for impairment.

AlphaRET

Management has determined the recoverable amount of the AlphaRET CGU based on value-in-use calculations which require the use of assumptions. In prior years this CGU was assessed based on fair value less cost of disposal (FVLCOD) of the underlying assets, the 2RT[®] intellectual property ("IP"). The table below sets out the key assumptions within the value-in-use calculation for the CGU's:

Notes to the financial statements

AlphaRET	30 June 2023 Value-in-use	30 June 2022 Replacement Cost
WACC (%) post tax	13.78	9.92

As at 30 June 2023, the carrying value of the intangible assets for the AlphaRET segment are \$396k made up of the carrying value of patents and trademarks after recognising an impairment expense of \$6,044k relating to capitalised technology development costs. Assumed cash flows in the value-in-use model for the period ended 30 June 2023 relate to expected sales of on hand inventory at historical sales prices.

The provision for impairment was made as prescribed by accounting standard AASB136 Impairment of Assets and reflects the fact the Group currently has insufficient funds to allocate to the commercialisation of the AlphaRET technology. Notwithstanding the aforementioned impairment the Group continues to progress discussions with potential partners to provide funding.

2. Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of control to the buyer and where all obligations incidental to the sale have been completed by Nova Eye Medical Limited. The sales price for goods, where applicable is reduced by any amounts relating to future services yet to be performed such as preventative maintenance services. In such instances, transaction price is allocated between performance obligations on a relative standalone price-basis.

(a) Revenue from the sale of goods

	Consolidated Group	
	2023 \$'000	2022 \$'000
Revenue from the sale of goods	17,025	13,378
Total revenue from continuing operations	17,025	13,378

3. Finance costs

	Consolidated Group	
	2023 \$'000	2022 \$'000
Interest on bank overdrafts, trade finance and loans	-	-
Interest on obligations under leases	(54)	(64)
Total finance costs	(54)	(64)

Notes to the financial statements

4. Profit / (Loss) for the year

Profit / (loss) for the year has been arrived at after crediting (charging) the following gains and losses from continuing operations:

(a) Other income

Grant income

Government grants are assistance by the government in the form of transfers of resources to the consolidated Group in return for past or future compliance with certain conditions relating to the operating activities of the entity or relating to the impact of the COVID-19 pandemic on the business. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the consolidated Group other than the requirement to operate in certain regions or industry sectors, or to maintain certain expenditures on staff and facilities.

Government grants have been recognised as income in profit and loss over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated Group with no future related costs are recognised in profit and loss in the period in which it becomes receivable.

Government grants relating to assets are treated as deferred income on the balance sheet and then recognised in profit and loss over the expected useful lives of the assets concerned. Grant funds received are to be spent in accordance with the contract. Monies not spent in accordance with the grant agreement may need to be refunded.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

	Consolidated Group	
	2023 \$'000	2022 \$'000
Grant income*	489	1,892
Interest	103	34
Rent income	215	253
Other income	145	72
Total other income	952	2,251

*Grant income for the prior year includes the Payroll Protection Program Loan amount of \$1,422k (\$1,068k USD) as part of a US Government stimulus related to the COVID-19 pandemic. This loan was forgiven in full in the year ended 30 June 2022.

For the year ended 30 June 2022 the research & development refundable tax offset has been reclassified to grant income rather than income tax refund / (expense).

(b) Other expenses

Profit / (loss) before income tax has been arrived at after charging the following expenses. The line items below are attributable to continuing operations:

Notes to the financial statements

	Consolidated Group	
	2023 \$'000	2022 \$'000
Depreciation of property, plant and equipment and right-of-use assets	1,061	987
Amortisation of intangible assets	1,236	824
Total depreciation and amortisation expense	2,297	1,811

5. Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient future taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the consolidated Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the consolidated Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is recognised directly in equity.

Notes to the financial statements

Income tax recognised in profit or loss

	Consolidated Group	
	2023 \$'000	2022 \$'000
Tax expense / (benefit) comprises:		
Current tax expense	(898)	(1,150)
Deferred tax expense / (benefit)	(811)	829
Total tax expense / (benefit)	(1,709)	(321)
The prima facie income tax expense on pre-tax accounting profit / (loss) from operations reconciles to the income tax expense / (benefit) in the financial statements as follows:		
Profit / (loss) from continuing operations before tax	(17,002)	(7,817)
Prima facie income tax expense / (benefit) at statutory corporate tax rate in Australia of 25% (i) (2022:25%)	(4,251)	(1,954)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable R&D refund	(115)	(108)
Non-deductible expenses	393	-
Derecognition of deferred tax asset in relation to previous year and current year overseas tax losses	2,020	1,748
Sundry items	253	-
Under / (over) provision of income tax in previous year	(9)	(7)
Total income tax expense / (benefit)	(1,709)	(321)

(i) The tax rate used in the above reconciliation is the corporate tax rate of 25% for the year ended 30 June 2023 and the year ended 30 June 2022 payable by Australian corporate entities on taxable profits under Australian tax law. On 1 July 2020, the applicable corporate tax rate for the Australian tax group reduced from 30% to 26% and subsequently to 25% for the income tax year ended 30 June 2022 and the income tax year ended 30 June 2023.

Notes to the financial statements

(a) Deferred tax balances

Deferred tax assets / (liabilities) arising from the following:

2023 Continuing operations

	Consolidated Group			
	1/07/22 \$'000	Charged to Profit and Loss \$'000	Charged to Equity \$'000	30/06/23 \$'000
Temporary differences				
Property, plant and equipment	(45)	10	-	(35)
Intangibles	(31)	1	-	(30)
Capitalised development costs	(1,473)	1,473	-	-
Section 40-880 deductions	64	(64)	155	155
Provisions	121	9	-	130
Tax losses	-	336	-	336
Other	398	(424)	-	(26)
Derecognition of deferred tax asset	-	(530)	-	(530)
	(966)	811	155	-

The Australian Government has passed legislation which reduces the corporate tax rate for small and medium base rate entities from 27.5% to 26% for the 2020-21 income year and further to 25% for the 2021-22 and later income years. As the Company expects to qualify as a base rate entity with a turnover of less than \$50 million and less than 80% of its assessable income being passive income for the foreseeable future, it expects to benefit from the reduced tax rates in future reporting periods. As a consequence, the Company has remeasured its deferred tax balances based on the effective tax rate that will apply in the year the temporary differences are expected to reverse. The impact of the change in tax rate has been recognised in tax expense in profit or loss.

(b) Deferred tax balances

2022

	Consolidated Group			
	1/07/21 \$'000	Charged to Profit & Loss \$'000	Charged to Equity \$'000	30/06/22 \$'000
Temporary differences				
Property, plant and equipment	(40)	(5)	-	(45)
Intangibles	(23)	(8)	-	(31)
Capitalised development costs	(2,258)	785	-	(1,473)
Section 40-880 deductions	186	(122)	-	64
Provisions	83	38	-	121
Other	1,158	(760)	-	398
Tax losses and credits				
Tax losses (USA – Nova Eye, Inc.)	758	(758)	-	-
	(136)	(830)	-	(966)

Notes to the financial statements

(c) Tax losses

	2023 \$'000	2022 \$'000
Unused tax losses for which no deferred tax asset has been recognised		
New Zealand - Molteno Ophthalmic Limited	-	-
Germany - Nova Eye Medical GmbH	-	-
USA - Nova Eye, Inc.*	25,220	23,047
Australia – Nova Eye Medical Limited Group	2,119	-
Potential tax benefit @ 30%*	8,096	6,914

*Being approximate average applicable rate of 30% in USA and 25% in Australia.

(d) Tax consolidation

Relevance of tax consolidation to the consolidated Group

Nova Eye Medical Limited and its wholly owned Australian subsidiaries have applied the tax consolidation legislation which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated Group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Nova Eye Medical Limited and each of the entities in the tax-consolidated Group has agreed to pay a tax equivalent to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated Group.

The tax sharing agreement entered into between members of the tax-consolidated Group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated Group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated Group is limited to the amount payable to the head entity under the tax funding agreement.

The completion of the sale of the Lasers & Ultrasound business on 30 June 2020 resulted in the exit of certain member subsidiaries of the tax consolidated Group. Before exiting the tax-consolidated Group each existing member made a payment to Nova Eye Medical Limited representing the income tax due for the year ended 30 June 2020. The impact of these payments was included in the price paid by the purchaser of the Lasers & Ultrasound business.

Notes to the financial statements

6. Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

	Consolidated Group	
	2023 \$'000	2022 \$'000
Current		
Trade receivables	1,930	2,046
Allowance for doubtful debts	-	-
	1,930	2,046
Other receivables	153	105
Goods and services tax (GST) recoverable	138	49
	2,221	2,200
Non-Current		
Sundry receivables	71	68
	71	68

Impairment of trade receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Group recognises expected losses based on past payment profiles of the customers and by taking into account any forward looking macroeconomic factors that may affect the ability of the customers to settle the receivables. The Group has considered the impact of COVID-19 on the credit risk and potential default by the customers and included this consideration in determining the loss rate. The Group has no history of defaults and has not incurred any impairment losses from debtors. The Group also does not expect to incur any losses in relation to its debtors due to the credit quality of its customers. When taking these factors into account, the Group has a 0% expected loss rate on trade and other receivables.

30 June 2023	1-30 days	30 - 60 days	60 - 90 days	90 - 120 days	Total
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount - trade receivables	1,815	101	-	14	1,930
30 June 2022	1-30 days	30 - 60 days	60 - 90 days	90 - 120 days	Total
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount - trade receivables	1,331	319	156	240	2,046

Notes to the financial statements

7. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

	Consolidated Group	
	2023 \$'000	2022 \$'000
Raw materials – at cost	724	789
Work in progress – at cost	444	611
Finished goods – at cost	2,638	2,140
Total current inventories	3,806	3,540
Provision for stock obsolescence	-	-

8. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the items payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a straight line and diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the lease.

The following estimated useful lives are used in the calculation of depreciation:

- Plant and equipment 2 – 20 years

	Plant & Equipment at cost \$'000	Total \$'000
Gross carrying amount		
Balance as at 30 June 2021	2,321	2,321
Additions	159	159
Net foreign currency exchange difference	82	82
Balance as at 30 June 2022	2,562	2,562
Additions	263	263
Net foreign currency exchange difference	138	138
Balance as at 30 June 2023	2,963	2,963

Notes to the financial statements

	Plant & Equipment at cost \$'000	Total \$'000
Accumulated depreciation		
Balance at 30 June 2021	(987)	(987)
Depreciation – continued operations	(409)	(409)
Net foreign currency exchange differences	(30)	(30)
Balance at 30 June 2022	(1,426)	(1,426)
Depreciation – continued operations	(467)	(467)
Net foreign currency exchange differences	(105)	(105)
Balance as at 30 June 2023	(1,998)	(1,998)
Net book value		
As at 30 June 2022	1,136	1,136
As at 30 June 2023	965	965

9. Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchaser option, the right-of-use asset is depreciated over the underlying asset's useful life.

	Consolidated Group	
	Buildings \$'000	Total \$'000
Net carrying amount		
Balance at 1 July 2022	1,809	1,809
Amortisation	(594)	(594)
Net foreign currency exchange difference	182	182
Net Balance at 30 June 2023	1,397	1,397

	Consolidated Group	
	Buildings \$'000	Total \$'000
Net carrying amount		
Balance at 1 July 2021	2,172	2,172
Additions	102	102
Amortisation	(578)	(578)
Net foreign currency exchange difference	113	113
Net Balance at 30 June 2022	1,809	1,809

Notes to the financial statements

10. Intangible assets

Patents, trademarks and licences

Patents and trademarks are recorded at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over the estimated useful lives (2-20 years) of the products the patent covers. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Intellectual property

Intellectual property acquired is recognised at fair value and is amortised straight line over 10 years.

Acquisition of Key Glaucoma Patents

On 26 August 2021, Nova Eye Medical Limited entered into a transaction with a US based company, Innovative Glaucoma Solutions LLC (IGS) to acquire a portfolio of patents related to Glaucoma treatment. Total initial consideration payment was \$3,454k comprising of \$2,753k (US\$2,000,000) plus an issue of 1,736,653 shares in the Company with a fair value of \$701k (US\$500,000). During the year ended 30 June 2023 \$1,501k (US\$1,000,000) was further capitalised following a commitment to secure remaining related licences and patents.

	Consolidated Group			
	Intellectual Property \$'000	Patents & Trademarks \$'000	Brand \$'000	Total \$'000
Gross Carrying amount				
Balance at 30 June 2021	4,011	2,535	414	6,960
Additions / (disposals)	-	3,898	-	3,898
Foreign currency exchange differences	171	163	(11)	323
Balance at 30 June 2022	4,182	6,596	403	11,181
Additions / (disposals)	-	1,805	-	1,805
Impairment	(135)	-	-	(135)
Foreign currency exchange differences	404	197	7	608
Balance at 30 June 2023	4,451	8,598	410	13,459
Accumulated amortisation and impairment				
Balance at 30 June 2021	(3,024)	(493)	-	(3,517)
Amortisation	(413)	(134)	-	(547)
Foreign currency exchange differences	56	-	-	56
Balance at 30 June 2022	(3,381)	(627)	-	(4,008)
Amortisation	(455)	(164)	-	(619)
Foreign currency exchange differences	(385)	7	-	(378)
Balance at 30 June 2023	(4,221)	(784)	-	(5,005)
Net book value				
As at 30 June 2022	801	5,969	403	7,173
As at 30 June 2023	230	7,814	410	8,454

Notes to the financial statements

11. Capitalised development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are stated at cost less accumulated amortisation and impairment, and are amortised over the period which the products are sold:

- Capitalised development costs 5 – 10 years

Capitalised development costs at 30 June 2023 total \$4.87m of which nil relates to 2RT®.

	Consolidated Group \$'000
Gross carrying amount	
Balance at 30 June 2021	8,922
Additions	2,181
Foreign currency exchange differences	308
Balance at 30 June 2022	11,411
Additions	233
Impairment expense	(5,909)
Foreign currency exchange differences	(28)
Balance at 30 June 2023	5,707
Accumulated amortisation and impairment	
Balance at 30 June 2021	(267)
Amortisation expense	(276)
Foreign currency exchange differences	(18)
Balance at 30 June 2022	(561)
Amortisation expense	(617)
Foreign currency exchange differences	341
Balance at 30 June 2023	(837)
Net book value	
As at 30 June 2022	10,850
As at 30 June 2023	4,870

Notes to the financial statements

12. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measures at amortised cost using the effective interest method.

13. Borrowings and lease obligations

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowings using the effective interest rate method. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

	Consolidated Group	
	2023 \$'000	2022 \$'000
Current		
Finance lease liabilities	639	544
	639	544
Non-current		
Finance lease liabilities	892	1,399
	892	1,399

Summary of borrowing arrangements

As of 30 June 2023, there were no bank borrowings.

Leases

(a) Leasing arrangements recognised on balance sheet

- Leases relate to office space, motor vehicles, plant and equipment and leasehold improvements with lease terms of 3 to 5 years
- The consolidated Group's obligations under leases are secured by the lessor's title to the leased assets

14. Provisions

Provisions are recognised when the consolidated Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the Company's best estimate of the expenditure required to settle the consolidated Group's liability.

Notes to the financial statements

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, staff bonuses, annual leave, long service leave and sick leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the compensation rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated Group in respect of services provided by employees up to reporting date.

Contributions to employee contribution superannuation plans are expensed when incurred.

	Consolidated Group	
	2023 \$'000	2022 \$'000
Current		
Employee benefits	1,319	907
Warranty (i)	5	5
	1,324	912
Non-current		
Employee benefits (ii)	-	-

(i) Warranty

The provision for warranty claims represents the present value of the Company's best estimate of the future outflow of economic benefits that will be required under the consolidated Group's warranty program. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

	Consolidated Group \$'000
Warranty (i)	
Balance at 30 June 2021	2
Additional provisions recognised	3
Amounts used	-
Balance at 30 June 2022	5
Additional provisions recognised	3
Amounts used	(3)
Balance at 30 June 2023	5

(ii) Leave obligations

The leave obligations cover the Group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits. The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain

Notes to the financial statements

circumstances. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. The below reflects leave that is not expected to be taken or paid within the next 12 months.

	Consolidated Group	
	2023 \$'000	2022 \$'000
Leave obligations expected to be settled after 12 months	143	419

15. Reserves

	Consolidated Group	
	2023 \$'000	2022 \$'000
Foreign currency translation reserve (i)		
Balance at beginning of financial year	(648)	(2,356)
Translation of continuing foreign operations	282	1,708
Balance at end of financial year	(366)	(648)
Other reserves (ii)		
Balance at beginning and end of financial year	209	121
Transfer to retained earnings	-	-
Share based payments	70	88
Balance at end of financial year	279	209
Total Reserves	(87)	(439)

- (i) Exchange differences relating to the translation from USA Dollars and the Euro, being the functional currencies of the consolidated Group's foreign subsidiaries in the USA, Germany and Hong Kong, into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.
- (ii) Other reserves relate to the closing balance of employee option reserves.

16. Accumulated profits / (losses)

	Consolidated Group	
	2023 \$'000	2022 \$'000
Balance at the beginning of the financial year	(6,604)	892
Net income (loss) attributable to members of the parent entity	(15,293)	(7,496)
Balance at end of financial year	(21,897)	(6,604)

17. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by;
- the weighted average number of ordinary shares outstanding during the financial year.

Notes to the financial statements

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Consolidated Group	
	2023 cents	2022 cents
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	(9.81)	(5.18)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(9.81)	(5.18)
Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	(9.81)	(5.18)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	(9.81)	(5.18)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Consolidated Group	
	2023 \$'000	2022 \$'000
Profit / (Loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:	(15,293)	(7,496)

	Consolidated Group	
	2023 No.	2022 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	155,960,317	144,632,965
Weighted average number of ordinary shares for the purposes of diluted earnings per share	155,960,317	144,632,965

Notes to the financial statements

18. Dividends

There were no dividends paid in the year ended 30 June 2023 and the year ended 30 June 2022.

	Consolidated Group	
	2023 \$'000	2022 \$'000
Adjusted franking account balance	884	2,922

19. Share-based payments

The Nova Eye Medical Employee Incentive Plan is designed to provide long-term incentives for employees to deliver long-term shareholder returns. Under the plan, participants are granted options and performance shares which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options and performance shares are granted under the plan for no consideration and carry no voting or dividend rights.

When exercisable, each option is convertible into one ordinary share. The exercise price of options is based on the volume weighted share price at a date in the future.

Set out below is a summary of the options granted under the plan:

Employee Options

Consolidated Group 30 June 2023

	Average exercise price per share option	Number of options
Balance as at 30 June 2021	\$0.50	897,500
Vested and exercisable as at 30 June 2021	\$0.50	897,500
Balance as at 1 July 2021	\$0.50	897,500
Granted during year	\$0.48	1,980,000
Exercised during year	-	-
Forfeited during year	\$0.50	(150,000)
Balance as at 30 June 2022	\$0.48	2,727,500
Vested and exercisable as at 30 June 2022	\$0.48	2,727,500
Balance as at 1 July 2022	\$0.48	2,727,500
Granted during year	\$0.27	100,000
Exercised during year	-	-
Forfeited during year	-	-
Balance as at 30 June 2023	\$0.47	2,827,500
Vested and exercisable as at 30 June 2023	\$0.47	2,827,500

Notes to the financial statements

Fair value of options granted

The assessed fair value at grant date of options granted was:

-	Employee Options granted 31 July 2022	\$0.06
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The fair value at grant date is determined using Black-Scholes Model. The model inputs for options granted during the year ended 30 June 2023 included:

31 July 2022 Options

- (a) Options are granted for no consideration and vest at specified dates, commencing July 31, 2022. Vested options are exercisable for a period of 36 months after vesting
- (b) Exercise price: \$0.27
- (c) Grant date: 31 July 2022
- (d) Expiry date: 36 months from the vesting date
- (e) Share price at grant date: \$0.20
- (f) Expected price volatility of the company's shares: 55%
- (g) Risk-free rate: 3.4%

Performance rights

	Consolidated Group 30 June 2023	Consolidated Group 30 June 2022
	Number of Performance Rights	Number of Performance Rights
Balance as at 30 June 2022	361,000	85,000
Rights granted during year	477,975	471,000
Rights exercised during year	(303,658)	(157,000)
Rights forfeited during year	(7,000)	(38,000)
Balance as at 30 June 2023	528,317	361,000

8 July 2022 Performance rights

- (a) 217,975 performance rights issued on 8 July 2022
 - (i) 72,658 performance rights to convert to ordinary shares immediately on issue date
 - (ii) 72,658 performance rights to convert 12 months from issue date
 - (iii) 72,659 performance rights to convert 24 months from issue date
 - (iv) The performance rights will expire on July 31 2025

The fair value of the performance rights was \$0.22.

Notes to the financial statements

1 September 2022 Performance rights

- (a) 100,000 performance rights issued on 1 September 2022
- (i) 100,000 performance rights to convert to ordinary shares immediately on issue date
- The fair value of the performance rights was \$0.46.

12 September 2022 Performance rights

- (a) 160,000 performance rights issued on 12 September 2022
- (i) 160,000 performance rights to convert upon Board assessment of milestones achieved
- (iv) The performance rights will expire on 12 September 2025
- The fair value of the performance rights was \$0.26.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment during the year is \$178k (2022: \$203k).

20. Issued capital

Ordinary shares are classified as equity.

	Consolidated Group	
	2023 \$'000	2022 \$'000
190,327,893 fully paid ordinary shares (2022: 145,579,791)	45,175	37,440

	Company 2023		Company 2022	
	No. '000	\$'000	No. '000	\$'000
Fully paid ordinary shares				
Balance at beginning of financial year	145,580	37,440	143,686	36,678
Shares issued as consideration	-	-	1,737	701
Issue of shares: Capital raise (other shareholders)	42,944	7,357	-	-
Issue of shares: Capital raise (Directors)	1,500	270	-	-
Issue of shares under employee share scheme	304	108	157	61
Balance at end of financial year	190,328	45,175	145,580	37,440

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

On 8 March 2023 the Group made a placement of 21,004,542 shares to sophisticated investors at 18c per share to raise a capital amount of \$3,529k net of transaction fees.

Following shareholder approval, on 5 May 2023 the Group issued a further 23,439,902 shares at 18c per share to raise a capital amount of \$3,941k net of transaction fees. Of this issue 1,500,000 shares were issued to Directors of the Group for consideration of 18c per share.

Notes to the financial statements

21. Commitments and contingencies

Commitments

Contractual commitments for the acquisition of property, plant, and equipment as at 30 June 2023 are nil (2022: nil).

Contingencies

There are no contingencies recognisable for the Company as at 30 June 2023 (2022: nil).

22. Subsidiaries

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair values of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair value.

Deed of cross guarantee

Nova Eye Medical Limited, Nova Eye Operations Pty Ltd and AlphaRET Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

Name of Entity	Country of Incorporation	Ownership Interest	
		2023 %	2022 %
Parent Entity			
Nova Eye Medical Limited (i)	Australia	100	100
Subsidiaries			
Nova Eye Operations Pty Ltd	Australia	100	100
AlphaRET Pty Ltd	Australia	100	100
AlphaRET GmbH	Germany	100	100
Innovative Imaging, Inc.	USA	100	100
Nova Eye Medical GmbH	Germany	100	100
Nova Eye, Inc.	USA	100	100
Nova Eye Hong Kong Ltd	Hong Kong	100	100
Molteno Ophthalmic Limited	New Zealand	100	100

(i) Nova Eye Medical Limited is the head of the Australian Tax Consolidated Group which includes AlphaRET Pty Ltd and Nova Eye Operations Pty Ltd.

Notes to the financial statements

23. Segment information

Each of these operating segments is managed separately as each of these sales lines require different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by Chief operating decision makers in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of distribution channels based on eye disease since the diversification of the Group's operations inherently has notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

Communication to the market on products relating to diseases has led the Chief operating decision makers to change the reporting segments in-line with these product ranges. This enables them to focus on relevant strategies to maximise opportunities.

Glaucoma Surgical Devices

The Glaucoma Surgical Devices segment includes the design, manufacture, marketing and sale of the iTrack™, iTrack™ Advance and the Molteno3® glaucoma surgical device. The Molteno3® glaucoma surgical device business was acquired by the Company on 1 August 2020.

AlphaRET

2RT® is an ophthalmic laser that has shown potential to be a therapy for patients in the early to intermediate stages of age-related macular degeneration. 2RT® is a patented nano-pulse laser device that rejuvenates retinal structures compromised by age-related macular degeneration (AMD).

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, by the Chief decision maker's with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Notes to the financial statements

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and cash and cash equivalents have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment, these principally include:

- corporate costs;
- income tax expense; and
- deferred and current taxes

Notes to the financial statements

(a) Segment performance

	AlphaRET \$'000	Glaucoma Surgical Devices \$'000	Total \$'000
Year ended 30 June 2023			
Revenue from continuing operations			
External sales	364	16,661	17,025
Total segment revenue from continuing operations	364	16,661	17,025
Segment EBITDA	(1,041)	(6,284)	(7,325)
Depreciation and amortisation	(218)	(2,079)	(2,297)
Impairment expense	(6,044)	-	(6,044)
Segment results			
Unallocated items:			
• Corporate costs, quality and service charges			(2,225)
• Finance costs			(54)
• Interest and other revenue			808
• Other			135
Net profit (loss) before tax from continuing operations			(17,002)
Year ended 30 June 2022			
Revenue from continuing operations			
External sales	241	13,137	13,378
Total segment revenue from continuing operations	241	13,137	13,378
Segment EBITDA	(1,494)	(3,092)	(4,586)
Depreciation and amortisation	(209)	(1,601)	(1,810)
Impairment expense	-	-	-
Segment results	(1,703)	(4,693)	(6,396)
Unallocated items:			
• Corporate costs, quality and service charges			(2,018)
• Finance costs			(64)
• Interest and other revenue			719
• Other			(58)
Net profit (loss) before tax from continuing operations			(7,817)

Notes to the financial statements

(b) Segment assets

	AlphaRET \$'000	Glaucoma Surgical Devices \$'000	Total \$'000
Year ended 30 June 2023			
Segment assets – opening	8,726	19,899	28,625
Segment asset changes for the year:			
Net movement in segment assets	(6,295)	(276)	(6,571)
Total segment assets	2,431	19,623	22,054
Reconciliation of segment assets to Group assets:			
Unallocated assets			8,303
Total Group assets			30,357
Year ended 30 June 2022			
Segment assets – opening	7,933	13,017	20,950
Segment asset changes for the year:			
Net movement in segment assets	793	6,882	7,675
Total segment assets	8,726	19,899	28,625
Reconciliation of segment assets to Group assets:			
Unallocated assets			8,000
Total Group assets			36,625

Notes to the financial statements

(c) Segment liabilities

	AlphaRET \$'000	Glaucoma Surgical Devices \$'000	Total \$'000
Year ended 30 June 2023			
Segment liabilities – opening	2,536	2,726	5,262
Segment liabilities changes for the year:			
Net movement in segment liabilities	(845)	2,749	1,904
Total segment liabilities	1,691	5,475	7,166
Reconciliation of segment liabilities to Group liabilities:			
Deferred tax liability			-
Total Group liabilities			7,166
Year ended 30 June 2022			
Segment liabilities – opening	450	6,073	6,523
Segment liabilities changes for the year:			
Net movement in segment liabilities	2,086	(3,347)	(1,261)
Total segment liabilities	2,536	2,726	5,262
Reconciliation of segment liabilities to Group liabilities:			
Deferred tax liability			966
Total Group liabilities			6,228

(d) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	2023 \$'000	2022 \$'000
United States of America	9,836	8,779
Europe	4,109	3,595
Asia Pacific	2,722	736
Other	274	192
Australia	84	76
Total revenue	17,025	13,378

Notes to the financial statements

(e) Non-current assets by geographical region

The location of segment assets is disclosed below by geographical location of the assets. The amounts shown are exclusive of tax assets:

	2023 \$'000	2022 \$'000
United States of America	13,660	12,842
Europe	9	12
Australia	1,327	7,557
New Zealand	761	625
Total non-current assets	15,757	21,036

24. Related party disclosures

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 22 to the financial statements.

(b) Transactions between Nova Eye Medical Limited and its related parties

During the year ended 30 June 2023 there were transactions conducted between these entities. These transactions were conducted in accordance with agreements with terms on an arms-length basis. All profits generated in Group companies associated with these transactions have been eliminated on consolidation.

The following balances arising from transactions between the Company and its other related parties are outstanding at reporting date:

- Loans totalling \$61,044k (2022: \$55,052k) are receivable from subsidiaries which have been eliminated on consolidation.

The following transactions occurred between the Group and its other related parties:

- There are no loans to Key Management Personnel or related parties outstanding at 30 June 2023.
- On 1 July 2020 the Company entered into a lease agreement for a property at 107 Rundle St, Kent Town, South Australia with a company controlled by Mr Victor Previn. The terms of the lease are in line with similar properties in the area. Total payments made pursuant to the lease agreement during the year ended 30 June 2023 were \$85,833 including GST. Under AASB16 reporting requirements, the interest expense relating to this lease for the year ended 30 June 2023 were \$8,118. At 30 June 2023 there were no amounts outstanding.
- In February 2021 the Company entered into a consulting agreement for engineering services with Mr Nicholas Previn, a son of Mr Victor Previn. The services under this consulting agreement were provided at commercial rates. As of 1 July 2022 Nicholas Previn became an employee of Nova Eye Medical Limited. Total payments made pursuant to the employment agreement during the year ended 30 June 2023 were \$98,358 plus superannuation. At 30 June 2023 there were no amounts outstanding.

Notes to the financial statements

(c) Key management personnel compensation

The aggregate compensation of the key management personnel of the consolidated Group is set out below:

	Consolidated Group	
	2023 \$	2022 \$
Short term employee benefits	550,097	498,108
Post-employment benefits	51,676	45,642
Share based payments	-	91,000
Other long-term benefits	38,622	-
Termination benefits	-	-
Total key management personnel compensation	640,395	634,750

25. Cash flow information

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flow is reconciled to the related items in the statement of financial position.

	Consolidated Group	
	2023 \$'000	2022 \$'000
Cash and cash equivalents	7,419	8,000
	7,419	8,000

Notes to the financial statements

(b) Reconciliation of profit / (loss) for the year to net cash flows from operating activities

	Consolidated Group	
	2023 \$'000	2022 \$'000
Profit / (loss) for year	(15,293)	(7,496)
Depreciation and amortisation of non-current assets	2,297	1,811
Impairment of non-current assets	6,044	-
Interest received	(103)	(64)
Net foreign exchange differences	(138)	(139)
Release of grant income	-	(1,422)
Non-cash employee benefits expense – share-based payments	178	203
	(7,015)	(7,107)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in trade and other receivables	(2)	1,816
Increase/(decrease) in trade and other payables	533	537
Decrease / (increase) in tax balances	685	(161)
Current and non-current inventories	(266)	(639)
(Increase)/decrease in prepayments	10	(84)
(Decrease)/increase in deferred tax liabilities	(966)	830
Increase/(Decrease) in accruals and provisions	197	90
Total changes in net assets and liabilities	191	2,389
Net cash outflow from operating activities	(6,824)	(4,718)

(c) Net cash / (debt) reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Consolidated Group	
	2023 \$'000	2022 \$'000
Cash and cash equivalents	7,419	8,000
Borrowings- repayable within 12 months (including overdraft)	(639)	(544)
Borrowings- repayable after 12 months	(892)	(1,399)
Net cash / (debt)	5,888	6,057

Notes to the financial statements

	Cash/bank overdraft \$'000	Leases due within 12 months \$'000	Leases due after 12 months \$'000	Borrowings due within 12 months \$'000	Borrowings due after 12 months \$'000	Total \$'000
Net cash / (debt) as at 30 June 2021	17,801	(516)	(1,760)	(1,422)	-	14,103
Cash flows (net)	(9,801)	(28)	361	1,422	-	(8,046)
Bank overdraft usage	-	-	-	-	-	-
Foreign exchange adjustments	-	-	-	-	-	-
Net cash / (debt) as at 30 June 2022	8,000	(544)	(1,399)	-	-	6,057
Cash flows (net)	(581)	(95)	507	-	-	(169)
Bank overdraft usage	-	-	-	-	-	-
Foreign exchange adjustments	-	-	-	-	-	-
Net cash / (debt) as at 30 June 2023	7,419	(639)	(892)	-	-	5,888

26. Financial instruments

The consolidated Group enters into derivative financial instruments from time to time to manage its exposure to foreign exchange rate risk.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, commercial bills and leases.

The totals for each category of financial instruments, as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2023 \$'000	2022 \$'000
Financial assets			
Cash and cash equivalent	25(a)	7,419	8,000
Trade and other receivables	6	2,292	2,268
Total financial assets		9,711	10,268
Financial liabilities			
Trade and other payables	12	4,311	2,407
Borrowings	13	1,531	1,943
Total financial liabilities		5,842	4,350

Capital risk management

The consolidated Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through optimising the debt and equity balance.

The capital structure of the consolidated Group consists of cash and cash equivalents and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 20, note 15 and note 16 respectively. The consolidated Group operates globally, primarily through subsidiary

Notes to the financial statements

companies established in the markets in which the consolidated Group trades. None of the subsidiary companies are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand manufacturing facilities and distribution assets. The consolidated Group's policy is to manage capital centrally.

(a) Financial risk management objectives

The requirements are monitored on a continual basis and form part of the regular management and Board reporting.

The Chair of the Audit & Risk Committee and Executive Director review the treasury function of the consolidated Group to provide services to the business, coordinate access to domestic and international financial markets, and manage the financial risks relating to the operations of the consolidated Group. These risks include market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

(b) Categories of financial instruments

The categories of financial instruments are identified in the Statement of Financial Position and notes thereto.

(c) Loans and receivables designated as a 'Fair Value Through Profit and Loss'

There were no loans and receivables designated as at 'Fair Value Through Profit and Loss' in 2023 or 2022.

(d) Market risk

The consolidated Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. It is the policy of the Group to naturally hedge foreign currency and interest rate exposure. The hedging policy allows the Group to enter into approved hedging instruments as required.

(e) Foreign currency risk management

The consolidated Group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

Since 1 July 2020, the ongoing business has revenue and costs primarily denominated in United States dollars (USD), Euros (EUR) and New Zealand dollars (NZD) and the business is currently loss making. The business is therefore exposed to movement in the AUD / USD exchange rates.

The carrying amount of the consolidated Group's foreign currency denominated monetary assets and monetary liabilities at reporting date is as follows:

	Liabilities		Assets	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
EUR	-	-	531	417
USD	-	-	765	944
NZD	-	-	96	14

The following table details the consolidated Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currency. 10% represents management's assessment of the possible change in foreign currency rates within a reasonable period of time. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change

Notes to the financial statements

in the currency rates. A positive number indicates an increase in profit or loss and other equity where the Australian dollar weakens against the USD. For a strengthening of the Australian dollar against the USD there would be an equal and opposite impact on the profit and other equity.

	EUR Impact Consolidated		USD Impact Consolidated		New Zealand Dollars Consolidated	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Profit or loss	53	42	76	94	10	1

The exposures are mainly attributable to foreign currency denominated receivables, payables, cash and loans.

(f) Interest rate risk management

As of 30 June 2023, and 30 June 2022 the Company has no interest-bearing bank borrowings and is not exposed to interest rate risk.

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated Group. The consolidated Group has adopted a global policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded are spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually. The consolidated Group measures credit risk on a fair value basis.

Trade accounts receivable consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit reference check is conducted for the debtor. The COVID-19 pandemic has resulted in more management attention and diligence with respect to providing of credit terms for customers and collecting accounts receivable.

The consolidated Group and the Company do not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(h) Fair value of financial statements

The carrying amount of all financial assets and liabilities approximate their fair value.

(i) Liquidity risk management

The consolidated Group currently has sufficient cash at bank to meet its operational objectives within a reasonable time horizon.

Notes to the financial statements

(j) Maturity profile of financial instruments

The following tables detail the consolidated Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the expected cash flows of financial liabilities based on the earliest date on which the consolidated Group can be required to pay. The tables include both interest and principal cash flows.

2023	Less than 1 month \$'000	Interest rate maturity			5+ years \$'000	Total \$'000
		1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000		
Financial liabilities						
Finance lease	52	104	483	740	152	1,531
Trade and other payables	4,311	-	-	-	-	4,311
	4,363	104	483	740	152	5,842

2022	Less than 1 month \$'000	Interest rate maturity			5+ years \$'000	Total \$'000
		1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000		
Financial liabilities						
Finance lease	46	91	406	1,241	159	1,943
Trade and other payables	2,407	-	-	-	-	2,407
	2,453	91	406	1,241	159	4,350

Notes to the financial statements

27. Parent entity information

The financial information for the parent entity, Nova Eye Medical Limited, for continued operations has been prepared on the same basis as the consolidated financial statements except for that outlined below.

	Parent Entity	
	2023 \$'000	2022 \$'000
Statement of Financial Position		
Total current assets	9,925	11,973
Total non-current assets	66,670	58,156
Total assets	76,595	70,129
Total current liabilities	(987)	(1,084)
Total non-current liabilities	(159)	(1,019)
Total liabilities	(1,146)	(2,103)
Share capital	45,175	37,440
Reserves	279	209
Accumulated profit / (losses)	29,995	30,377
Total Equity	75,449	68,026
Statement of Profit or Loss and Other Comprehensive Income		
Profit / (loss) for the year	382	(491)
Total comprehensive income after tax for the year	312	(985)

Except for those noted below, the accounting policies for the Nova Eye Medical Limited entity are consistent with those for the Nova Eye Group:

- Under tax funding arrangements, amounts receivable (or payable) recognised by the Nova Eye Medical Group for the current tax payable (or receivable) assumed of our wholly owned entities are booked as current assets or liabilities.
- Investments in controlled entities, included within non-current assets above, are recorded at cost less impairment of the investment value. Refer to note 22 for details on investments in controlled entities.

(a) Property, plant and equipment commitments

Contractual commitments for the acquisition of property, plant or equipment as at 30 June 2023 are nil (2022: nil).

(b) Contingent liabilities

There are no contingent liabilities.

Notes to the financial statements

28. Remuneration of auditors

	Consolidated Group	
	2023 \$	2022 \$
Audit or review of the financial report		
PricewaterhouseCoopers	123,785	89,460
	123,785	89,460
Other assurance services		
PricewaterhouseCoopers	-	15,045
Total remuneration of auditors (audit / assurance services)	123,785	104,505

The auditors of Nova Eye Medical Limited are PricewaterhouseCoopers.

The following non-audit services were provided during the year:

- Other: nil (2022: nil).

These services do not breach auditor independence.

29. Events after reporting date

No other matters or circumstances have arisen since the end of the year which significantly affected or could significantly affect the operations of the Group and require disclosure in the financial statements.

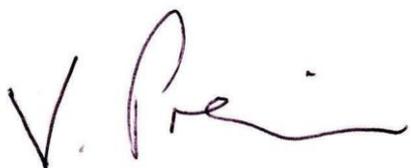
In the opinion of the Directors of Nova Eye Medical Limited:

- (a) The consolidated financial statements and notes of Nova Eye Medical Limited are in accordance with the Corporations Act 2001, including
 - i. Giving a true and fair view of its financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that Nova Eye Medical Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2023.

Note 1 confirms that the consolidated financial statements also comply with the International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

A handwritten signature in blue ink, appearing to read 'V. Previn', with a stylized flourish at the end.

On behalf of the Directors by Victor Previn

Chairman

Adelaide, 28 August 2023



Independent auditor's report

To the members of Nova Eye Medical Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Nova Eye Medical Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2023
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

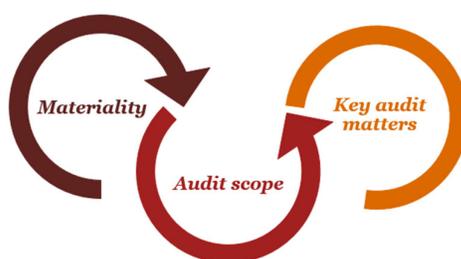
Independence

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 & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



<i>Materiality</i>	<i>Audit scope</i>
<ul style="list-style-type: none"> • For the purpose of our audit, we used overall Group materiality of \$540,000, which represents approximately 5% of the Group's loss before tax adjusted for the one-off impairment loss. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group loss before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds. 	<ul style="list-style-type: none"> • Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The Group's operations were mainly based in Australia, the United States and Europe. • Our audit work covered the operations in both Australia and the United States given their financial significance to the Group as a whole. • All our audit procedures were performed at the head offices in Adelaide. • We performed further audit procedures at Group level, including procedures over the consolidation of the Group's businesses and the preparation of the financial and remuneration reports.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of non-current assets (Refer to note 1(v) and note 1 (x))

The consolidated statement of financial position includes intangible assets of \$8.454 million and capitalised development expenditure of \$4.870 million as at 30 June 2023.

Following the current years losses from continuing operations, the Group prepared value in use models to determine if the carrying value of the non-current assets was recoverable as at 30 June 2023.

This resulted in a \$6.044 million impairment charge to the AlphaRET cash generating unit.

Given the significance of the carrying value of the related assets to the financial position of the Group, and the judgements and assumptions required in value in use models (including growth rates, and discount rates), the recoverability of these assets was a key audit matter.

We performed the following procedures, amongst others:

- assessed whether the allocation of the Group's non-current assets into cash generating units (CGUs) was consistent with our knowledge of ongoing operations and internal reporting.
- performed sensitivity analyses over key assumptions used in the value in use model.
- tested the mathematical accuracy, on a sample basis, of the value in use models.
- evaluated the adequacy of the disclosures made in note 1 (x), including those regarding the key assumptions and sensitivities to changes in assumptions, in light of the requirements of Australian Accounting Standards.

We also performed the following procedures for the value in use models:

- assessed whether the CGUs included directly attributable cash flows and a reasonable allocation of corporate assets and overheads.
- evaluated the key assumptions in the model including sales and expenditure forecasts, growth, inflation rates and discount rates by comparing them with historical results, and economic and industry forecasts.
- tested that the forecast cash flows used in the model were consistent with the most up-to-date budgets and business plans approved by the Board of Directors.
- evaluated the Group's historical ability to forecast future cash flows by comparing budgets with reported actual results for the past three years.



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 9 to 14 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Nova Eye Medical Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to be 'M. T. Lojszczyk', written in a cursive style.

M. T. Lojszczyk
Partner

Adelaide
28 August 2023

Number of holders of equity securities

Ordinary share capital

190,327,893 fully paid ordinary shares are held by 2,532 individual shareholders.

All issued shares carry one vote per share.

Distribution of holders of equity securities

Range	Total Holders
1 - 1,000	115
1,001 - 5,000	814
5,001 - 10,000	460
10,001 - 100,000	941
100,001 Over	202
Holding less than a marketable parcel	211

Substantial shareholders

Ordinary Shareholders	Fully Paid	
	Number	Percentage
NATIONAL NOMINEES LIMITED	35,438,325	18.62
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,386,778	8.08
SEDICO PTY LTD	9,871,587	5.19

Number of holders of equity securities

Twenty largest holders of quoted equity securities

Ordinary Shareholders	Fully Paid	
	Number	Percentage
NATIONAL NOMINEES LIMITED	35,438,325	18.62
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,386,778	8.08
BOND STREET CUSTODIANS LIMITED	9,359,138	4.92
SEDICO PTY LTD <VICTOR PREVIN FAMILY A/C>	7,266,980	3.82
RUMINATOR PTY LTD	5,062,008	2.66
CITICORP NOMINEES PTY LIMITED	4,997,894	2.63
PINE STREET PTY LTD	4,200,000	2.21
CANALA SUPER FUND PTY LTD	3,504,095	1.84
VISS HOLDINGS PTY LTD	1,900,113	1.00
INNOVATIVE GLAUCOMA SOLUTIONS LLC	1,736,653	0.91
SUPERHERO SECURITIES LIMITED	1,600,108	0.84
SING YING FAMILY PTY LTD	1,459,358	0.77
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,393,282	0.73
SEDICO PTY LTD <VICTOR PREVIN SUPERFUND A/C>	1,200,000	0.63
DINWOODIE INVESTMENTS PTY LTD	1,131,851	0.59
MR TODD ALFRED CRANE	1,092,279	0.57
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,058,331	0.56
FAHEY SERVICES PTY LTD	1,050,000	0.55
MR DOUGLAS ROBERT BUCHANAN & MRS ROBYN LORRAINE BUCHANAN	1,050,000	0.55
MRS GLENIS NITA O'DONNELL	1,030,000	0.54

Corporate Directory

Company & Headquarters

Nova Eye Medical Limited
107 Rundle Street
Kent Town, South Australia, 5067
AUSTRALIA

Directors

Mr V Previn	Chairman
Mr R Coupe	Independent Director
Mr M Southard	Non-executive Director
Mr T Spurling	Managing Director
Mr D Webb (appointed 17 November 2022)	Independent Director

Company Secretary

Simon Gray

Chief Financial Officer

Liam Cook

Independent Auditor

PricewaterhouseCoopers
70 Franklin Street
Adelaide, South Australia, 5001
AUSTRALIA

Australian Share Registry

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne, VIC, 3001
AUSTRALIA

Phone: (Australia) 1300 555 159
Phone: (Overseas) +61 3 9415 4062
Mon-Fri 8:30am-7pm AEST

Investor Relations

Mark Flynn
mflynn@nova-eye.com
Phone: +61 416 068 733

Corporate Website

<https://www.nova-eye.com>

Corporate Governance Statement

<https://nova-eye.com/investors/corporate-governance/>