



NOVAEYE
MEDICAL®

Half Year Report: For Half Year Ended 31 December 2022



Consolidated Results for Announcement to the Market For the half-year ended 31 December 2022

This results announcement and the half-year report attached to this announcement should be read in conjunction with the annual financial report for the year ended 30 June 2022.

Current reporting period: Half-year ended 31 December 2022.

Previous corresponding reporting period: Half-year ended 31 December 2021.

			31 December 2022 \$'000
Revenues from ordinary activities	Up 28%	To	8,390
Consolidated Results			
(Loss) before interest, tax, depreciation and amortisation (EBITDA)	Up 168%	To	(5,892)
(Loss) for the period, before tax	Up 129%	To	(7,034)
(Loss) from ordinary activities after tax	Up 115%	To	(6,605)
Net (Loss) for the period attributable to members	Up 115%	To	(6,605)

Dividends (distribution)	Amount per security	Franked amount per security
Interim dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividend	N/A	N/A

OTHER INFORMATION

For the half-year ended 31 December 2022

	Half-year ended 31 December 2022	Half-year ended 31 December 2021
Net Tangible Assets per Security		
Net tangible asset backing per ordinary security (Excludes value attributable to goodwill, other intangible assets, deferred tax asset, capitalised development expenditure and related deferred grant income)	\$0.04	\$0.11

Dividends

Date the dividend (distribution) is payable

N/A

Record date to determine entitlements to the dividend (distribution)

N/A

If it is a final dividend, has it been declared?

N/A

Contents

Page

Directors' report	4
Auditor's independence declaration	5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	10
Directors' declaration	17
Independent auditor's review report	18
Corporate directory	20

Directors' Report

The directors of Nova Eye Medical Limited (the Company and the Group) submit herewith the financial report of Nova Eye Medical Limited and its subsidiaries (the Group) for the half-year ended 31 December 2022. In order to comply with the provisions of the *Corporations Act 2001*, the directors' report as follows:

The names of the directors of the Company during or since the end of the half-year are:

Name

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

Simon Gray is the Company Secretary of the Company.

Principal Activities

The principal activities of the Company during the financial period were the design, development, service and marketing, sales, and distribution of medical devices to treat eye disease.

Review of Operations

For the six months ended 31 December 2022, Nova Eye Medical Limited (Nova Eye Medical) recorded a group loss after tax of \$6,605,000. This compares with a group loss of \$3,078,000 in the six months to 31 December 2021.

Sales revenue of \$8,390,000 for the period growth of 28% compared with the prior period. Investment in launch of iTrack™ Advance including training of early adopter U.S. surgeons prior to U.S. launch, increased tradeshow attendance and podium presence in Europe, establishment of clinical training team in Europe and additional sales representatives in Germany resulted in increased operating costs and an EBITDA loss of \$5,892,000 for the six months to 31 December 2022 compared with an EBITDA loss of \$2,201,000 in the prior comparative period.

Dividend and Return of Capital

There were no dividends or return of capital events during the period.

Receipt of Income Tax Refund Since Balance Date

An income tax refund of \$1,100,000 was received on 6 January 2023.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 5 of the half-year report.

Rounding of Amounts

The company is a company of the kind referred to in ASIC Instrument 2016/191. In accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

On behalf of the Directors,



Victor Previn

Chairman

Adelaide, 27 February 2023



Auditor's Independence Declaration

As lead auditor for the review of Nova Eye Medical Limited for the half-year ended 31 December 2022, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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


M. T. Lojszczyk
Partner
PricewaterhouseCoopers

Adelaide
27 February 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2022

	Note	Consolidated Group	
		2022 \$'000	2021 \$'000
Revenue		8,390	6,542
Other income	8	268	1,687
Changes in inventories of finished goods and work in progress	9	(68)	522
Raw materials and consumables used	9	(1,936)	(1,760)
Employee benefits expense	9	(5,859)	(4,253)
Depreciation and amortisation expense		(1,113)	(845)
Facilities expense	9	(983)	(1,208)
Legal expense		(342)	(308)
Advertising and marketing expense		(1,673)	(902)
Finance costs		(29)	(33)
Realised foreign exchange gain/(loss)		(36)	(34)
Travel expense		(594)	(221)
Consulting fees		(1,965)	(1,274)
Other expenses		(1,094)	(991)
(Loss for the period) before tax		(7,034)	(3,078)
Income tax benefit/(expense)		429	-
(Loss) for the period after tax		(6,605)	(3,078)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations from continuing operations (tax: nil)		961	1,077
Total comprehensive (loss)/income for the period		(5,644)	(2,001)
Earnings per share:			
Basic (cents per share)		(4.53)	(2.13)
Diluted (cents per share)		(4.53)	(2.13)
From profit attributable to the ordinary equity holders of the company:			
Basic (cents per share)		(4.53)	(2.13)
Diluted (cents per share)		(4.53)	(2.13)

Notes to the financial statements are included on pages 10 to 16.

Consolidated Statement of Financial Position as at 31 December 2022

	Note	Consolidated Group	
		31 Dec 2022 \$'000	30 June 2022 \$'000
Current assets			
Cash and cash equivalents		2,635	8,000
Income tax refund receivable		1,513	1,569
Trade and other receivables		2,279	2,200
Inventories		3,472	3,540
Prepayments		197	280
Total current assets		10,096	15,589
Non-current assets			
Trade and other receivables		69	68
Property, plant and equipment		1,065	1,136
Lease right of use asset		1,680	1,809
Intangible assets		7,159	7,173
Capitalised development expenditure		11,003	10,850
Total non-current assets		20,976	21,036
Total assets		31,072	36,625
Current liabilities			
Trade and other payables		2,470	2,407
Borrowings and lease obligations		611	544
Provisions		967	912
Total current liabilities		4,048	3,863
Non-current liabilities			
Borrowings and lease obligations		1,207	1,399
Provisions		-	-
Deferred tax liability		966	966
Total non-current liabilities		2,173	2,365
Total liabilities		6,221	6,228
Net assets		24,851	30,397
Equity			
Issued capital	11	37,514	37,440
Reserves		546	(439)
Accumulated (losses)/profits		(13,209)	(6,604)
Total Equity		24,851	30,397

Notes to the financial statements are included on pages 10 to 16.

Consolidated Statement of Changes in Equity for the for the half-year ended 31 December 2022

	Note	Issued capital \$'000	Other reserves \$'000	Foreign currency reserve \$'000	Accumulated (losses)/ profits \$'000	Total \$'000
Balance at 1 July 2021		36,678	121	(2,356)	892	35,335
Issue of share capital		701	-	-	-	701
Employee share scheme	11	45	40	-	-	85
Total of transactions with owners		746	40	-	-	786
Profit/(Loss) for the period		-	-	-	(3,078)	(3,078)
Transferred to Retained Earnings		-	-	-	-	-
Other comprehensive income		-	-	1,077	-	1,077
Total comprehensive income		-	-	1,077	(3,078)	(2,001)
Balance at 31 December 2021		37,424	161	(1,279)	(2,186)	34,120
Balance at 1 July 2022		37,440	209	(648)	(6,604)	30,397
Issue of share capital		-	-	-	-	-
Employee share scheme	11	74	24	-	-	98
Total of transactions with owners		74	24	-	-	98
Profit/(Loss) for the period		-	-	-	(6,605)	(6,605)
Transferred to Retained Earnings		-	-	-	-	-
Other comprehensive income		-	-	961	-	961
Total comprehensive income		-	-	961	(6,605)	(5,644)
Balance at 31 December 2022		37,514	233	313	(13,209)	24,851

Notes to the financial statements are included on pages 10 to 16.

Consolidated Statement of Cash Flows for the for the half-year ended 31 December 2022

	Note	Consolidated Group	
		Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Cash flows from operating activities			
Receipts from customers		8,613	6,580
Payments to suppliers and employees		(13,628)	(8,715)
Interest and other costs of finance paid		(29)	(33)
Income tax refund received		429	1,408
Net cash (used in)/provided by operating activities		(4,615)	(760)
Cash flows from investing activities			
Interest received		35	-
Payment for plant and equipment		(87)	(432)
Payment for intangible assets		(199)	(2,865)
Payments for capitalised development costs		(234)	(1,071)
Receipts from escrow – sale of business		-	2,015
Payment of finalisation of the sale of business		-	(1,000)
Net cash (used in)/provided by investing activities		(485)	(3,353)
Cash flows from financing activities			
Payment of leases		(288)	(188)
Net cash (used in)/provided by financing activities		(288)	(188)
Net (Decrease)/increase in cash and cash equivalents		(5,388)	(4,301)
Cash and cash equivalents at the beginning of the period		8,000	17,801
Effects of exchange rate changes on the balance of cash held in foreign currencies		23	(55)
Cash and cash equivalents at the end of the financial year		2,635	13,445

Notes to the financial statements are included on pages 10 to 16.

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2022

Note 1: Basis of preparation

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Going Concern

The group reported a loss after tax of \$6.6 million for the half year ended 31 December 2022 (31 Dec 2021 - \$3.1 million). The net operating cash outflow for the half year ended 31 December 2022 was \$4.6m (31 Dec 2021 - \$0.8 million). Cash and cash equivalents have decreased by \$5.4m to \$2.6 million in the 6 months period to 31 December 2022. The cash payments during the half year mainly consisted of operating and marketing expenses and included the impact of deterioration of the value of the Australian dollar against the US dollar in the period.

On 6 January 2023 the Company received an income tax refund of \$1.1 million.

Management has made estimates of future cash flows and those estimates indicate the need for additional funding to meet the group's financial commitments within the next reporting period. In order to address this the group is carrying out the following actions over the next twelve months:

- The directors have resolved to raise additional capital through issuing shares in the Australian capital market.
- Exploring business development options for the AlphaRET business segment.
- Achieving the revenue budgets and staged business development plans including working within available funds.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors believe that the Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

Note 2: General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six months ended 31 December 2022 and are presented in Australian Dollars, which is the functional currency of Nova Eye Medical Limited (the parent company). They do not include all of the information required in the annual financial statements in accordance with Australian Accounting Standards and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2022 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 27 February 2023.

Note 3: Changes in accounting policies

The accounting policies adopted are consistent with those of the last financial statements for the year ended 30 June 2022.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 4: Estimates

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the interim financial statements, including the key source of estimate uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2022.

Impairment of non-financial 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 or on a specific triggering event.

As at 30 June 2022, the recoverable amount of the cash generating units (CGU's) for Glaucoma Surgical Devices was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

As at 30 June 2022, the recoverable value of the 2RT® CGU was determined by assessing the fair value less cost of disposal (FVL COD) of the underlying assets, the 2RT® intellectual property ("IP").

The Group has performed a review of impairment indicators at 31 December 2022. No indicators of impairment as at 31 December 2022 were identified.

Note 5: Commitments

There is no commitment for the purchase of property, plant and equipment at 31 December 2022.

Note 6: Contingencies

There are no contingencies as of the date of this report.

Note 7: Events occurring after the interim period

No matters or circumstances have arisen since the end of the half year which significantly affected or could significantly affect the operations of the Group, the results of the operations or the state of affairs of the Group in the future financial years.

Note 8: Other Income

	Consolidated Group	
	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Grant income – Payroll Protection Program (PPP) loan forgiven	-	1,449
Interest	35	21
Other income	233	217
Total other income	268	1,687

Note 9: Comparatives

Comparative information has, where relevant, been rearranged to conform to the current year presentation.

Note 10: Operating Segments

The Group has two business segments, AlphaRET and Glaucoma surgical devices.

(i) Segment performance

	AlphaRET \$'000	Glaucoma surgical devices \$'000	Total \$'000
Six months ended 31 December 2022			
Revenue from continuing operations			
External sales	75	8,315	8,390
Total segment revenue from continuing operations	75	8,315	8,390
Segment EBITDA	(840)	(4,017)	(4,857)
Depreciation and amortisation	(109)	(1,004)	(1,113)
Segment results	(949)	(5,021)	(5,970)
Unallocated items:			
• Corporate costs			(1,181)
• Finance costs			(29)
• Interest and other revenue			146
Net profit (loss) before tax from continuing operations			(7,034)
Six months ended 31 December 2021			
Revenue from continuing operations			
External sales	54	6,488	6,542
Total segment revenue from continuing operations	54	6,488	6,542
Segment EBITDA	(812)	(1,362)	(2,174)
Depreciation and amortisation	(101)	(744)	(845)
Segment results	(913)	(2,106)	(3,019)
Unallocated items:			
• Corporate costs			(1,603)
• Finance costs			-
• Interest and other revenue			1,544
Net profit (loss) before tax from continuing operations			(3,078)

Note 10: Operating Segments (Cont.)

(ii) Segment assets

	AlphaRET \$'000	Glaucoma surgical devices \$'000	Total \$'000
31 December 2022			
Segment assets – opening	8,726	18,330	27,056
Segment asset changes for the period:			
Net movement in segment assets	(136)	(38)	(174)
Total segment assets	8,590	18,292	26,882
Reconciliation of segment assets to group assets			
Unallocated assets	9		4,190
Total group assets			31,072
Year ended 30 June 2022			
Segment assets – opening	7,933	13,017	20,950
Segment asset changes for the period:			
Net movement in segment assets	793	5,313	6,106
Total segment assets	8,726	18,330	27,056
Reconciliation of segment assets to group assets			
Unallocated assets	9		9,569
Total group assets			36,625

Note 10: Operating Segments (Cont.)

(ii) Segment liabilities

	AlphaRET \$'000	Glaucoma surgical devices \$'000	Total \$'000
31 December 2022			
Segment liabilities – opening	2,536	2,726	5,262
Segment liabilities changes for the period:			
Net movement in segment liabilities	144	(151)	(7)
Total segment liabilities	2,680	2,575	5,255
Reconciliation of segment liabilities to group liabilities			
Unallocated liabilities:			
Deferred tax liability			966
Total group liabilities			6,221
30 June 2022			
Segment liabilities – opening	450	6,073	6,523
Segment liabilities changes for the period:			
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			
Unallocated liabilities:			
Deferred tax liability			966
Total group liabilities			6,228

Note 11: Share-based payments – performance rights and options

Employee Options

	Consolidated Group 31 December 2022	
	Average exercise price per share option	Number of options
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 31 December 2022	\$0.47	2,827,500
Vested and exercisable at 31 December 2022	-	-

Fair value of options granted

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

- Options granted 31 July 2022 \$0.06

The fair value at grant date is determined using Black-Scholes Model. The model inputs for options granted during the period ended 31 December 2022 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 31 December 2022	
	Number of Performance rights	
Balance as at 1 July 2022	361,000	
Rights granted during year	477,975	
Rights exercised during year	(303,658)	
Rights forfeited during the year	-	
Balance as at 31 December 2022	535,317	

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were \$98,000 (2021: \$84,900).

Note 12: Related parties

The Company has a lease agreement for a property at 107 Rundle St, Kent Town, South Australia with a company controlled by 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 period ended 31 December 2022 were \$50,069.25 including GST.

The company employs Nick Previn as a Design Engineer on a full-time basis. Nick Previn is the son of director Victor Previn. Nick Previn is paid a salary equivalent to market rate for his position and experience and this salary is independently assessed by the remuneration committee.

Directors' declaration

The directors declare that:

- (a) The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, *Corporations Act 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
- (b) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303 (5) of the *Corporations Act 2001*.

On behalf of the Directors



Victor Previn
Chairman

Adelaide, 27 February 2023



Independent auditor's review report to the members of Nova Eye Medical Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Nova Eye Medical Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Nova Eye Medical Limited does not comply with the *Corporations Act 2001* including:

- giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the group reported a loss after tax and net operating cash flows of \$6.6 million and \$4.6 million respectively for the half year ended 31 December 2022. Cash and cash equivalents decreased by \$5.4 million to \$2.6 million in the 6 months period to 31 December 2022. The Group is dependent on raising additional funding to meet its financial commitments. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



Responsibilities of the directors for the half-year financial report

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

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

PricewaterhouseCoopers
by


M. T. Lojszczyk
Partner

Adelaide
27 February 2023

Corporate directory

Directors

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

Company Secretary

Mr Simon Gray

Chief Financial Officer

Mr Liam Cook

Registered Office

Nova Eye Medical Limited
ABN 15 007 702 927
107 Rundle St
KENT TOWN, South Australia, 5067
Phone: +61 8 8362 0193
Email: info@nova-eye.com

Auditors

PricewaterhouseCoopers
Level 11, Franklin Street
ADELAIDE, South Australia, 5000

Share Registry

Computershare Investor Services Limited
Level 5, 115 Grenfell Street
ADELAIDE, South Australia, 5000

GPO Box 1903
ADELAIDE, South Australia, 5001

Enquiries within Australia: 1300 556 161
Enquiries outside Australia: +61 3 9415 4000
Website: www.computershare.com

Investor Relations

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

Websites:

www.nova-eye.com

Stock Exchange

The company Nova Eye Medical Limited is listed on the Australian Securities Exchange (ASX).
The ASX Code is: EYE

Corporate Governance Statement

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

