

ASX Announcement | 25 January 2022
Visioneering Technologies (ASX:VTI)

Visioneering Delivers Another Record Net Revenue Quarter in Q4 FY21 Culminating a Record Year and Exceeding Annual Forecast

Q4 FY21 Operational Highlights:

- VTI set record revenues for the quarter and FY2021 aided by the successful launch of its new product NaturalVue® Enhanced™ Multifocal
- Net Revenue (unaudited): US\$2.1 million (A\$2.9M), +46% vs. Q4 FY20, +7% vs. Q3 FY21; Fiscal Year 2021 net revenue (Unaudited) was US\$7.2 million (A\$9.9M), +40% vs FY20 and exceeding company forecast of US\$7.0 million by US\$0.2 million
- Cash receipts from customers: US\$2.6 million (A\$3.7M), +135% vs. Q4 FY20, +34% vs. Q3 FY21
- Net cash used in operating activities: US\$2.1 million, +32% vs. Q4 FY20 and +13% vs. Q3 FY21; excluding inventory build for new product launch, cash use improved by 18% vs. Q3 FY21 to US\$1.2 million

Atlanta, Georgia, USA Monday, 24 January 2022 (Sydney Tuesday, 25 January 2022): US-based medical device company and producer of the NaturalVue® Multifocal 1 Day Contact Lenses ('NVMF'), **Visioneering Technologies, Inc (ASX: VTI)** ('Visioneering', 'VTI' or 'the Company') today announced its unaudited results for the quarter ended 31 December 2021 (Q4 FY21). The Company's fiscal year coincides with the calendar year.

In Q4 FY21, VTI achieved record net revenue of US\$2.1 million (A\$2.9 million), an increase of 46% over Q4 FY20. Fiscal year 2021 net revenue was US\$7.2 million (A\$9.9 million), an increase of 40% over fiscal year 2020 and US\$0.2 million over the Company's previous forecast of US\$7.0 million. This represents the 6th consecutive quarter of increased revenues on a year over year basis (excluding the Menicon initial stocking order in Q4 FY19).

The Company successfully launched its NaturalVue® (etafilcon A) Enhanced Multifocal 1-Day™ (Enhanced NVMF) contact lens in the quarter, improving its product offerings and adding to net revenue by filling initial stocking orders.

Table 1: Q4 FY20, Q3 FY21 and Q4 FY21 key metrics

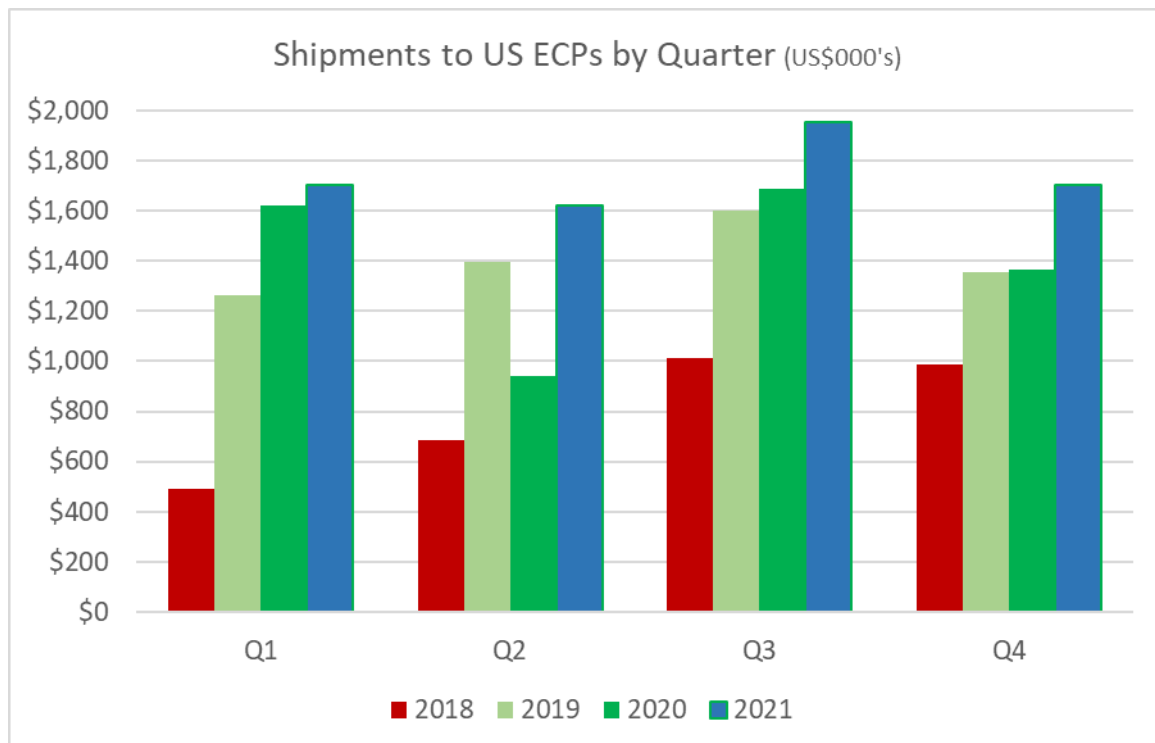
(US\$ in 000's, unaudited)	Q4 FY20	Q3 FY21	Q4 FY21	Q4 FY21 vs Q3 FY21	Q4 FY21 vs Q4 FY20
Net Revenue (A)	\$1,430	\$1,951	\$2,092	7%	46%
Shipments to US ECPs (B)	\$1,365	\$1,954	\$1,701	-13%	25%
Cash receipts from customers (A)	\$1,122	\$1,968	\$2,640	34%	135%
Active US Accounts (C)	2,074	2,316	2,305	-0.5%	11%
Shipments to US ECPs per Active US Account	\$658	\$844	\$738	-13%	12%
Net cash used in operating activities	\$1,618	\$1,877	\$2,128	13%	32%
Gross profit %	45.9%	40.1%	41.5%		
Repeat Customer Rate (D)	90.2%	99.3%	96.0%		

Table 2: FY20 and FY21 key metrics

(US\$ in 000's, unaudited)	FY20	FY21	FY21 vs FY20
Net Revenue (A)	\$5,105	\$7,154	40%
Shipments to US ECPs (B)	\$5,610	\$6,980	24%
Cash receipts from customers (A)	\$5,353	\$7,801	46%
Net cash used in operating activities	\$6,508	\$8,005	23%
Gross profit %	43.6%	41.5%	

- (A) Includes international results.
- (B) Shipments to US ECPs represents the gross revenue equivalent of lenses shipped to ECPs located in the US, net of fulfillment fees.
- (C) Active US Accounts are ECPs located in the US that purchased VTI products during the quarter.
- (D) Repeat Customer Rate is the percent of prior quarter Active US Accounts that purchased in the current quarter.

Shipments to US ECPs are calculated as the volume of products sold by Visioneering’s distributors to ECPs in the US, at the price VTI supplies those products to its distributors. VTI believes Shipments to US ECPs provide the best real-time view of market demand for its products. The table below shows Shipments to US ECPs by quarter since 2018.



The historical seasonal trend in Shipments to US ECPs seems to have shifted in the past two years due to COVID-19 pandemic provoked restrictions imposed in 2020 that resulted in patients delaying their appointments. Other than Q2 FY20, VTI has demonstrated consistent growth in Shipments to US ECPs on a corresponding quarter basis.

Shipments to US ECPs in Q4 FY21 were US\$1.7 million (A\$2.4 million), up 25% from Q4 FY20 and down 13% from the record results achieved in Q3 FY21. Fiscal year 2021 Shipments to US ECPs were US\$7.0 million (A\$9.7 million), up 24% from fiscal year 2020.

Gross profit margin was 41.5% in Q4 FY21, up from 40.1% in Q3 FY21 and down from 45.9% in Q4 FY20. Gross profit margin was 41.5% in fiscal year 2021 compared to 43.6% in fiscal year 2020. The lower margins in the FY21 periods were due primarily to higher logistics (i.e., shipping) expenses related to COVID-19.

The Company implemented a price increase effective 1 January 2022 and began shipping product primarily by ship from its manufacturer in Taiwan to the US, saving approximately 75% of the cost of the air freight used in FY21. The Company expects the price increase to improve margins in the first quarter, with further savings in shipping costs in the second quarter and the remainder of the year assuming no further deterioration in the shipping industry.

Cash and Cash receipts

Net cash used in operating activities was US\$2.1m in Q4 FY21, an increase of 13% compared with Q3 FY21. Excluding inventory build for the 4Q FY21 launch of NaturalVue Enhanced Multifocal, net cash used in operating activities was US\$1.2m, a decrease of 18% from the adjusted net cash used in operating activities in the previous quarter.

VTI will complete the inventory build for the new product launch in Q1 FY22. The Company also will incur an increase in cash use due to the initiation and execution of the PROTECT Study (see “Clinical Projects” below) in the first half of FY22. Nevertheless, VTI expects cash use to decrease in Q1 FY22 despite these investments and to improve further in Q2 FY22 when the inventory build and other costs associated with the launch of NaturalVue Enhanced Multifocal no longer impact net cash use. The Company remains confident that it has sufficient cash to reach approximately break-even.

In December 2021, VTI announced the departure of its then CEO and indicated plans to launch a focused recruitment campaign to source a replacement. After careful consideration of several factors germane to the replacement of a CEO, the Board of Directors of VTI has decided to not presently pursue the recruitment of someone to fill this position. The Board believes that the expertise and operational continuity provided by the existing VTI executive team in combination with the increased managerial involvement of the Chairman, Dr. David J. Mazzo, is providing adequate and appropriate overall executive management to the Company. The Company fully expects to achieve its operational and strategic goals going forward under this management arrangement, but will review it periodically and make adjustments as needed.

Payments made to related parties as described in item 6.1 of Appendix 4C were for non-executive director remuneration.

Clinical Projects

VTI announced on 24 January 2022 that the first patient completed the initial visit in the Company’s landmark international multi-center clinical study to provide an additional measure of the effectiveness of its NaturalVue® (etafilcon A) Multifocal 1-Day Contact Lenses (‘NaturalVue MF’) for myopia progression control. The study, referred to as ‘**PROTECT**’ (**PRO**gressive Myopia **T**reatment **E**valuation for NaturalVue Multifocal **C**ontact Lens **T**rial), is a multi-center, randomized, double-masked clinical trial with participating investigators in centers in Canada, the United States and Hong

Kong. PROTECT is an investment in the NaturalVue Multifocal product that the Company believes will be an important value driver beginning with the release of interim 1-year data in mid-2023. This study represents VTI’s renewed commitment to invest in research and development and to leverage its leadership position in the rapidly growing area of myopia progression control.

VTI Product Development

In 4Q FY21, VTI launched its NaturalVue Enhanced Multifocal product, the next generation of VTI’s successful flagship multifocal contact lens for managing myopia and presbyopia. The lens features the TripleTear® lubrication system and Ultra-Tapered Edge designed for optimal fit and comfort for all day wear.

On 26 July 2021, the Company announced an agreement for the Company to be the exclusive sales and distribution partner in the United States and Canada of the Forge Ortho-K™ and other contact lenses designed by the EyeSpace™ software offered by Innovatus Technology Pty Ltd. Recently, VTI was informed that a third-party supplier critical to the arrangement would not deliver raw materials essential to the production of the contact lenses. Consequently, VTI will not be able to perform under the agreement and expects to terminate the contract. The Company’s FY21 net revenue includes no net revenue from this contract.

VTI non-executive Chairman, David J. Mazzo, Ph.D. said: “VTI completed a successful launch of the NaturalVue Enhanced Multifocal contact lens and delivered record net revenue in the fourth quarter. Following on a strong finish to fiscal year 2021, we kicked off fiscal year 2022 with the start of the PROTECT Study. We believe this study will corroborate the real-world data we’ve shared for the past several years and dramatically expand interest from practitioners and parents in our products. We target having 1-year interim study results in mid-2023 and expect that these data will strengthen our leadership position in myopia management, increase practitioner interest in and use of our product and create greater opportunities for strategic partnerships.”

Ends.

This release was authorized by the CFO, Brian Lane.

<i>Company</i>	<i>Investor and media relations</i>
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Invitation To Join Investor Conference Call

Investors are invited to join a conference call on Thursday, 27 January 2022, at 9 AM AEDT (Wednesday, 26 January 2022, 5 PM EST) hosted by VTI’s CFO, Brian Lane.

To pre-register for the call please use this link:

<https://s1.c-conf.com/diamondpass/10019184-samsdb44.html>

VTI also will present slides to synchronize with the presentation. To pre-register for the webcast and view the slides, please use this link:

<https://ccmediaframe.com/?id=ABSAQN2C>

You will receive a calendar notification with dial in details and a PIN for fast track access to the call. Alternatively you can dial in using the details below at the scheduled call start time.

Conference ID: 1001 3490

Participant dial in numbers

Australia Toll Free:	1 800 954 501
Australia (Sydney) Local:	02 8072 4187
Australia (Melbourne) Local:	03 9999 2409
Canada Toll Free:	1 855 336 4664
China	4001 200 641
Hong Kong	800 906 986
Japan Toll Free:	005 3116 1306
New Zealand Toll Free:	0800 480 392
Singapore	800 852 3140
United Kingdom Toll Free:	0808 168 3761
United States Toll Free:	(855) 336 4664

About Visioneering Technologies

Visioneering Technologies Inc. (ASX:VTI) is an innovative eye care company committed to redefining vision. A pioneer in myopia management, VTI merges advanced engineering with a relentless drive to achieve superior results for patients and practitioners. VTI's flagship product is the NaturalVue® (etafilcon A) Multifocal 1-Day Contact Lens, an extended depth of focus lens that is one of the most significant innovations in the eye care industry in more than 20 years. For more information, please visit www.vtivision.com.

Foreign ownership restrictions

VTI's CHESS Depository Interests (**CDIs**) are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (**Securities Act**) for offers which are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. As a result of relying on the Regulation S exemption, the CDIs are 'restricted securities' under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the US or to a US person for the foreseeable future except in very limited circumstances after the expiration of a restricted period, unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a 'FOR US' designation on the Australian Securities Exchange (**ASX**). This designation restricts any CDIs from being sold on ASX to US persons. However, you are still able to freely transfer your CDIs on ASX to any person other than a US person. In addition, hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

Forward-Looking Statements

This announcement contains or may contain forward-looking statements that are based on management's beliefs, assumptions, plans and expectations and on information currently available to management.

All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. These include, without limitation, U.S. commercial market acceptance and U.S. sales of our product, as well as our expectations with respect to our ability to develop and commercialize new products.

Given the current uncertainties regarding the on-going impact of COVID-19 on the trading conditions impacting VTI, the financial markets and the health services world-wide, there can be no assurance that future developments will be in accordance with VTI's expectations or that the effect of future developments on VTI will be those anticipated.

Management believes that these forward-looking statements are reasonable when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. VTI does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. VTI may not actually achieve the plans, projections or expectations disclosed in forward-looking statements. Actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

VTI-IR-ASX57r1

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Visioneering Technologies, Inc.

ABN

616 156 248

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (12 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,640	7,801
1.2 Payments for		
(a) research and development	(189)	(829)
(b) product manufacturing and operating costs	(2,381)	(6,178)
(c) advertising and marketing	(413)	(1,502)
(d) leased assets	-	-
(e) staff costs	(1,345)	(4,543)
(f) administration and corporate costs	(372)	(2,477)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	3
1.5 Interest and other costs of finance paid	(70)	(280)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,128)	(8,005)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(11)	(19)

	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(11)	(19)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	17,935
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1,261)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(37)	(73)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(37)	16,601

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,161	2,408
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,128)	(8,005)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	(19)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(37)	16,601

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	10,985	10,985

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	250	250
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	10,735	12,911
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,985	13,161

6. Payments to related parties of the entity and their associates

- | | | |
|-----|---|-------------------------------------|
| | | Current quarter
US\$'000 |
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 110 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
7.1 Loan facilities	2,841	2,841
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,841	2,841

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.1: US\$2,800 Convertible Notes Payable issued by various investors at 10% interest due July 11, 2023 and secured by substantially all of the Company's assets.

7.1: US\$1,035 Note Payable to Bank issued by Silicon Valley Bank at 1% interest due in 2022. The note was issued under the Paycheck Protection Program administered by the US government. The note contains forgiveness provisions and \$921 was forgiven in June 2021, leaving a remaining balance of \$114 due in equal monthly payments from July 2021 through April 2022. Balance at 30 September 2021 was \$78.

8. Estimated cash available for future operating activities	US\$'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,128)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	10,985
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	10,985
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	5.2

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 January 2022

Authorised by: Brian Lane, CFO
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.