

ASX Announcement | 20 April 2022
Visioneering Technologies (ASX:VTI)

Visioneering Delivers Q1F22 With Record Shipments to US ECPs Exceeding US\$2 million

Q1 FY22 Operational Highlights:

- VTI set record Shipments to US ECPs (Eye Care Professionals) of US\$2.1 million (A\$2.8M), +21% vs. Q1 FY21
- Net Revenue (unaudited): US\$1.7 million (A\$2.3M), +9% vs. Q1 FY21
- Cash receipts from customers: US\$1.8 million (A\$2.4M), +16% vs. Q1 FY21
- Net cash used in operating activities: US\$2.2 million (A\$3.0M), +17% vs. Q1 FY21

Atlanta, Georgia, USA Tuesday, 19 April 2022 (Sydney Wednesday, 20 April 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 March 2022 (Q1 FY22). The Company's fiscal year coincides with the calendar year.

In Q1 FY22, VTI achieved record Shipments to US ECPs of US\$2.1 million (A\$2.8 million), an increase of 21% over Q1 FY21. Net revenue for the quarter was US\$1.7 million (A\$2.3 million), an increase of 9% over Q1 FY21. This represents the 5th consecutive quarter of increased revenues on a year over year basis.

Table 1: Q1 FY21 and Q1 FY22 key metrics

(US\$ in 000's, unaudited)	Q1 FY21	Q1 FY22	Q1 FY22 vs Q1 FY21
Net Revenue (A)	\$1,588	\$1,732	9%
Shipments to US ECPs (B)	\$1,703	\$2,065	21%
Cash receipts from customers (A)	\$1,559	\$1,801	16%
Active US Accounts (C)	2,165	2,327	7%
Shipments to US ECPs per Active US Account	\$787	\$887	13%
Net cash used in operating activities	\$1,895	\$2,222	17%
Gross profit %	44.1%	42.0%	
Repeat Customer Rate (D)	98.9%	97.7%	

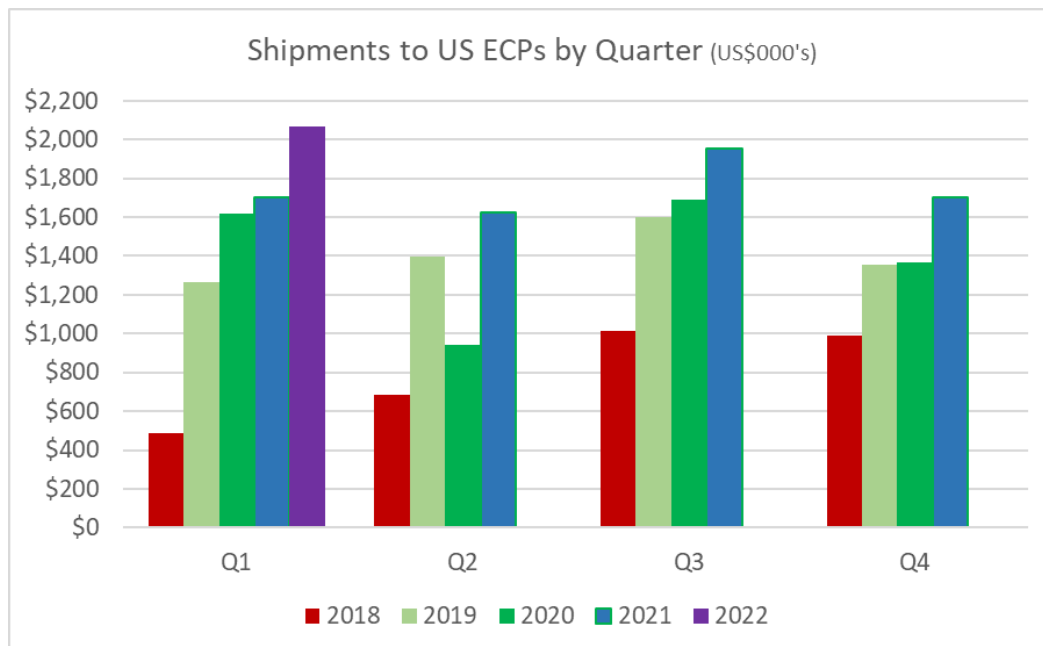
(A) Includes international results.

(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. Other than Q2 FY20, VTI has demonstrated consistent growth in Shipments to US ECPs on a corresponding quarter basis.



Gross profit margin was 42.0% in Q1 FY22, down from 44.1% in Q1 FY21. The lower margins in the current period were due primarily to higher logistics (i.e., shipping) expenses related to COVID-19 that first impacted the Company's gross margins significantly in Q2 FY21.

The Company implemented a price increase effective 1 January 2022 and began shipping product primarily by sea from its manufacturer in Taiwan to the US, saving approximately 50% of the cost of the air freight used in FY21. The Company expects to begin realizing the shipping cost savings in 2Q FY22, combining with the price increase to improve margins as the year progresses assuming no new deterioration in the shipping industry.

Cash and Cash receipts

Net cash used in operating activities was US\$2.2m in Q1 FY22, an increase of 17% compared with Q1 FY21. The Company anticipated that net cash used in operating activities would decline from the US\$2.1m in Q4 FY21 and instead incurred a slight increase between quarters due to timing of receipt of US government-sponsored credits. In 3Q FY21, VTI applied for Employee Retention Tax Credits as part of a program established under the CARES Act in the US. Approximately US\$517,000 of refundable credits were sought and originally expected to be received in Q1 FY22. To date, the Company has received approximately US\$7,000 of the expected cash but the processing of the remaining amount has been delayed by the government and, based on their latest projection, is expected to be received during FY22. Despite unanticipated quarterly fluctuations of this type, our projection for declining net cash used in operations on a year over year basis remains intact at 25% or more below the US\$8.0 million net cash used in operating activities in FY21. The Company remains confident that it has sufficient cash to reach approximately break-even cash flow.

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

Clinical Projects

The ‘**PROTECT**’ (**PRO**gressive Myopia **T**reatment **E**valuation for NaturalVue Multifocal **C**ontact Lens **T**rial) Clinical Study is a multi-center, randomized, double-masked clinical trial with participating investigators in centers in Canada, the United States, Hong Kong and Singapore. PROTECT is an investment in the NaturalVue Multifocal product that the Company believes will be an important value driver beginning with the anticipated release of interim 1-year data in the second half of 2023. VTI currently has contracts signed with seven of the nine planned sites for the trial and expects to contract with the remaining two sites in the next several weeks. Enrollment began in January 2022 and the Company is targeting completion by the end of June 2022.

VTI Product Development

VTI launched its NaturalVue Enhanced Multifocal in the fourth quarter of FY21 in the US market only. The Company expanded the launch to the United Kingdom in the Q1 FY22 and will launch in its remaining markets over the next two quarters.

In the first quarter, VTI obtained a Medical Device Registration Certificate from the Medical Device Authority of Malaysia to sell its NaturalVue (Etafilcon A) Daily Disposable Soft (Hydrophilic) Contact Lenses and its private label Menicon Bloom Day™ Multifocal 1 Day Daily Disposable Soft (Hydrophilic) Contact Lenses in Malaysia. The Company is working with its distribution partners to determine its launch plans in this new territory.

VTI non-executive Chairman, David J. Mazzo, Ph.D. said: “VTI surpassed US\$2 million in Shipments to US ECPs in the first quarter, a milestone achievement and an excellent start to the new fiscal year. The team also made great progress in the PROTECT Clinical Study, signing up sites and preparing for heavy enrolment throughout the second quarter. Also, the NaturalVue Enhanced Multifocal is generating positive reviews from our ECPs and patients in the US and we’re excited to expand the launch to all of our markets in FY22. We continue to focus on growing revenue, containing costs and preserving cash so that VTI can achieve approximately break-even cash flow without a heavily dilutive equity raise being necessary. We started the year well and look forward to continuing our positive momentum in the second quarter.”

Ends.

This release was authorized by the CFO, Brian Lane.

<i>Company</i>	<i>Investor and media relations</i>
Brian Lane CFO & COO, Visioneering Technologies, Inc. Email: blane@vtivision.com	Haley Chartres HACK Tel: +61 423 139 163 Email: haley@hck.digital

Invitation To Join Investor Conference Call

Investors are invited to join a conference call on Friday, 22 April 2022, at 9 AM AEDT (Thursday, 21 January 2022, 7 PM EDT) hosted by VTI’s CFO & COO, Brian Lane.

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

<https://s1.c-conf.com/diamondpass/10021575-wys6fn.html>

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: 1002 1575

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.vtvision.com.

Foreign ownership restrictions

VTI's CHESS Depositary 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-ASX60

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 March 2022

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
1. Cash flows from operating activities			
1.1 Receipts from customers		1,801	1,801
1.2 Payments for			
(a) research and development		(156)	(156)
(b) product manufacturing and operating costs		(1,697)	(1,697)
(c) advertising and marketing		(257)	(257)
(d) leased assets		-	-
(e) staff costs		(1,222)	(1,222)
(f) administration and corporate costs		(623)	(623)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		1	1
1.5 Interest and other costs of finance paid		(69)	(69)
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		(2,222)	(2,222)
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		(1)	(1)

	(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	(1)	(1)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(37)	(37)
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)	(37)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,985	10,985
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,222)	(2,222)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(37)	(37)

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	8,725	8,725

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)	8,475	10,735
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,725	10,985

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

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter US\$'000
109
-

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

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
2,809	2,805
-	-
-	-
2,806	2,805

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 31 March 2022 was \$5.

8. Estimated cash available for future operating activities

US\$'000

8.1 Net cash from / (used in) operating activities (Item 1.9)

(2,222)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

8,725

8.3 Unused finance facilities available at quarter end (Item 7.5)

0

8.4 Total available funding (Item 8.2 + Item 8.3)

8,725

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

3.9

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: 20 April 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.