

ASX Announcement | 19 July 2022
Visioneering Technologies (ASX:VTI)

Visioneering Reports Another Strong Quarter and Delivers 30% Net Revenue Increase in Q2 FY22

Q2 FY22 Operational Highlights:

- Net Revenue (unaudited): US\$2.0 million (A\$2.9M), +30% vs. Q2 FY21
- Shipments to US ECPs (Eye Care Professionals) of US\$1.9 million (A\$2.8M), +18% vs. Q2 FY21
- Cash receipts from customers: US\$1.9 million (A\$2.8M), +19% vs. Q2 FY21
- Net cash used in operating activities: US\$1.9 million (A\$2.7M), 12% improvement vs. Q2 FY21
- Gross profit: 45.4%, up from 40.4% in Q2 FY21

Atlanta, Georgia, USA Monday, 18 July 2022 (Sydney Tuesday, 19 July 2022): US-based medical device company and producer of the NaturalVue® Multifocal 1 Day Contact Lenses, **Visioneering Technologies, Inc (ASX: VTI)** ('Visioneering', 'VTI' or 'the Company') today announced its unaudited results for the quarter ended 30 June 2022 (Q2 FY22). The Company's fiscal year coincides with the calendar year.

Net revenue for the quarter was US\$2.0 million (A\$2.9 million), an increase of 30% over Q2 FY21. This net revenue level was the second highest in the Company's history, exceeded only by the fourth quarter of FY21 which included initial stocking orders for a new product launch. It also represents the 6th consecutive quarter of increased revenues on a year-over-year basis. Shipments to US ECPs were US\$1.9 million (A\$2.8 million), an increase of 18% over Q2 FY21.

Table 1: Q2 FY21 and Q2 FY22 key metrics

(US\$ in 000's, unaudited)	Q2 FY21	Q2 FY22	Q2 FY22 vs Q2 FY21
Net Revenue (A)	\$1,523	\$1,987	30%
Shipments to US ECPs (B)	\$1,622	\$1,919	18%
Cash receipts from customers (A)	\$1,634	\$1,939	19%
Active US Accounts (C)	2,240	2,249	0%
Shipments to US ECPs per Active US Account	\$724	\$853	18%
Net cash used in operating activities	\$2,105	\$1,860	(12)%
Gross profit %	40.4%	45.4%	
Repeat Customer Rate (D)	97.3%	93.5%	

(A) Includes international results.

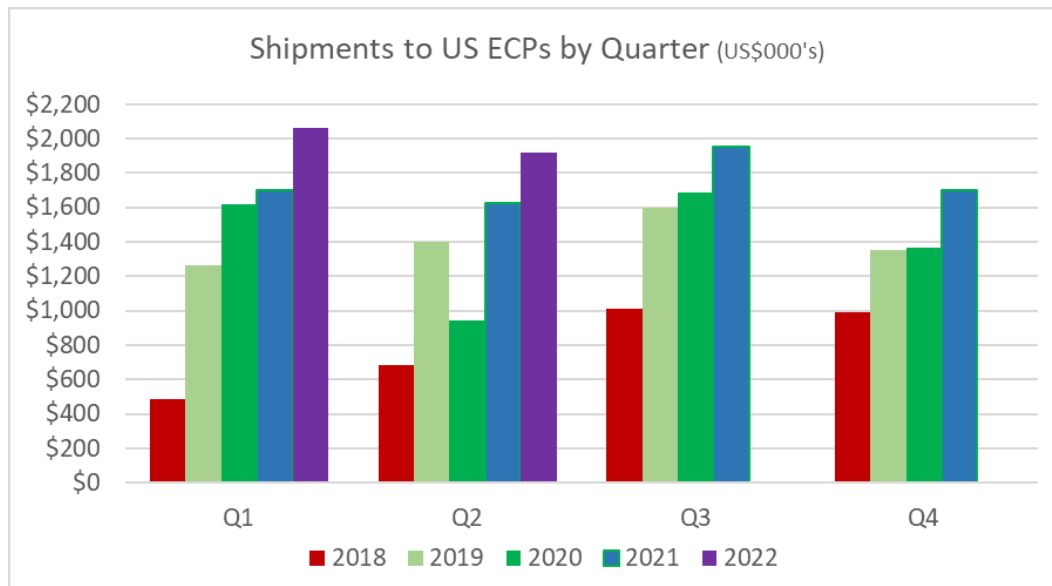
(B) Shipments to US ECPs represent the gross revenue equivalent of lenses shipped to ECPs located in the US, net of fulfillment fees.

(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 the 'Shipments to US ECPs' metric provides 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, which was heavily

impacted by the COVID-19 pandemic, VTI has demonstrated consistent growth in Shipments to US ECPs on a corresponding quarter basis.



Gross profit margin was 45.4% in Q2 FY22, up from 40.4% in Q2 FY21. The higher margins in the current period were due to lower per unit costs for products sold and lower logistics (i.e., shipping) expenses. The Company recently incurred an increase in shipping costs related to COVID-19 that first impacted gross margins significantly in Q2 FY21. The Company began shipping product primarily by sea from its manufacturer in Taiwan to the US at the beginning of FY22, saving approximately 50% of the cost of the air freight used in FY21. We began realizing the shipping cost savings in 2Q FY22, which contributed to the improved margins in the quarter. We expect the improvements to benefit the second half of FY22 to an even greater degree, assuming no new deterioration in the performance of the shipping industry.

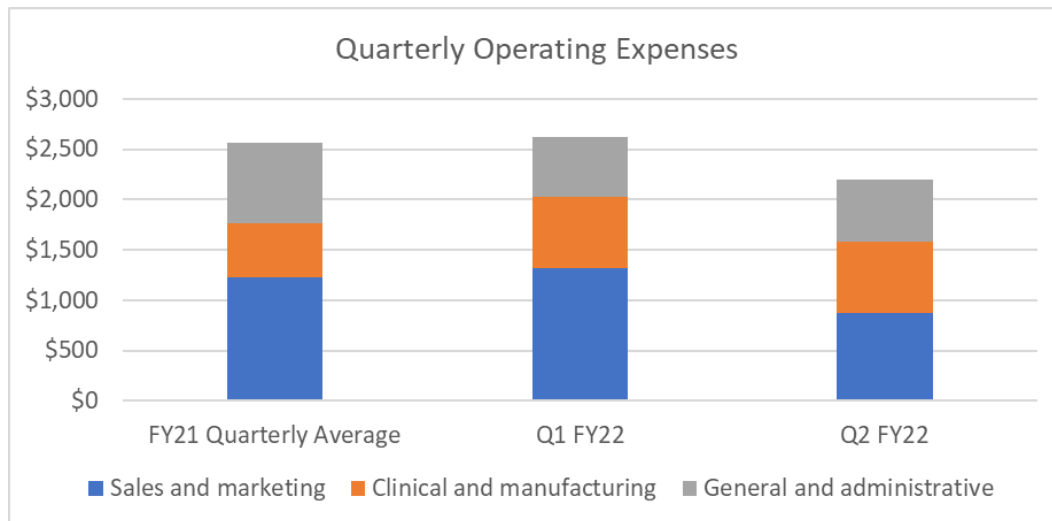
Cash and Cash receipts

Net cash used in operating activities was US\$1.9m in Q2 FY22, a decrease (improvement) of 12% compared with Q2 FY21. The improvement was due to higher cash receipts from customers and lower operating costs, partially offset by higher inventory purchases driven primarily by the NaturalVue Enhanced Multifocal launch. VTI increased its inventory levels by US\$0.8 million in the first two quarters of FY22. With the new product launch complete and the original product soon to be discontinued, the Company expects to decrease inventory by at least US\$0.2 million in the third quarter of FY22.

Further, the Company lowered its operating expenses in the second quarter of the year. Operating expenses averaged US\$2.6 million in the four quarters of FY21 and remained at approximately this level in Q1 FY22. In Q2 FY22, operating expenses were US\$2.2 million, a decrease of US\$0.4 million, or 16%, from the first quarter of FY22. The decrease relates primarily to lower personnel costs due to attrition in positions that the Company currently does not plan to replace and to lower trial lens costs that were elevated during the new product launch and should normalize going forward.

Although the Company expects spending for the PROTECT Clinical Study to increase in the third quarter of FY22, the increase should be offset by savings in other areas. The chart below illustrates

the decrease in operating expenses in Q2 FY22. The Company expects operating expenses in the final two quarters of FY22 to be approximately equal to those incurred in Q2 FY22.



The Company expects net cash used in operating activities to be less than US\$1.0M in each of the next two quarters due to the improvements in operating costs and the planned reduction of inventory levels.

In Q3 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 sometime during 2H FY22. However, we are uncertain of the timing of collecting these tax credits. 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 on hand 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, and Hong Kong, with additional sites planned in Singapore and Australia. 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 is enrolling patients in seven of the ten planned sites for the trial. Enrollment began in January 2022. The Company announced on 13 July 2022 that it had reached 50% of the targeted enrollment, and the Company is targeting completion of enrollment in September 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 Q1 FY22 and the European Union, Canada, Hong Kong, Singapore, and Malaysia in Q2 FY22.

VTI non-executive Chairman David J. Mazzo, Ph.D. said: “VTI generated a 30% increase in net revenue in the second quarter, filling the demand created by the record US\$2.1 million of Shipments to US ECPs in Q1 FY22. The team also continued its progress in the PROTECT Clinical Study, enlisting sites and reaching 50% enrollment earlier this month. We also are encouraged by the improved gross profit, the reduction in operating expenses and the improvement in net cash used in operating activities demonstrated this quarter. Looking ahead, the third quarter typically is VTI’s strongest revenue quarter of the year. Combined with lower operating expenses and a planned reduction in inventory levels, we believe the improvement in net cash used in operating activities realized in the second quarter will accelerate significantly in the third quarter. I look forward to updating you on our progress soon.”

Ends.

This release was authorized by the COO & CFO, Brian Lane.

For more information, please contact:

<i>Company</i>	<i>Investor and media relations</i>
Brian Lane COO & CFO, 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 Thursday, 21 July 2022, at 9 AM AEST (Wednesday, 20 July 2022, 7 PM EST) hosted by VTI’s COO & CFO, Brian Lane.

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

<https://s1.c-conf.com/diamondpass/10023687-sy7dyeh.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 3687

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) Enhanced 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 or call +1 844-884-5367, ext. 104.

Foreign ownership restrictions

VTI's CHES 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-ASX65

Appendix 4C

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

Name of entity

Vioneering Technologies, Inc.

ABN

616 156 248

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (6 months) US\$'000
1. Cash flows from operating activities			
1.1 Receipts from customers		1,939	3,740
1.2 Payments for			
(a) research and development		(276)	(432)
(b) product manufacturing and operating costs		(1,512)	(3,209)
(c) advertising and marketing		(595)	(852)
(d) leased assets		-	-
(e) staff costs		(895)	(2,117)
(f) administration and corporate costs		(459)	(1,082)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		8	9
1.5 Interest and other costs of finance paid		(70)	(139)
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		(1,860)	(4,082)
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		(3)	(4)

	(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	(3)	(4)

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	(6)	(43)
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	(6)	(43)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,725	10,985
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,860)	(4,082)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	(43)

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	6,856	6,856

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 – Short-term investments	6,606	8,475
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,856	8,725

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**

110

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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
2,800	2,800
-	-
-	-
2,800	2,800

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.

8. Estimated cash available for future operating activities	US\$'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,860)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	6,856
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	6,856
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3.7
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: 19 July 2022

Authorised by: .Brian Lane, COO & 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.