

ASX Announcement | 17 October 2023
Visioneering Technologies (ASX:VTI)

**Visioneering Achieves Record Year-to-Date Results Through
Three Quarters in FY23**

Q3 FY23 Operational Highlights (unaudited; amounts in U.S. dollars):

- Net Revenue: \$2.1 million, up 1% over Q3 FY22; year-to-date up 17% to a record \$6.7 million
- Shipments to US ECPs (Eye Care Professionals): \$2.1 million, up slightly over Q3 FY22; year-to-date up 5% to a record \$6.4 million
- Cash receipts from customers: a record \$2.9 million, up 17% over Q3 FY22; year-to-date up 15% to a record \$7.1 million
- Net cash used in operating activities: (\$0.4) million, a 46% improvement (i.e., reduction) vs. Q3 FY22; year-to-date (\$2.1) million, a 57% improvement (i.e., reduction)
- Gross margin: a record 57.0%, up from 47.5% in Q3 FY22; year-to-date a record 54.3%, up from 45.1%

Visioneering Technologies, Inc. (ASX: VTI) ('Visioneering', 'VTI' or 'the Company'), producer of the NaturalVue® Multifocal 1 Day Contact Lenses, today announced its unaudited results for the quarter ended 30 September 2023 (Q3 FY23). The Company's fiscal year coincides with the calendar year. Amounts are presented in U.S. dollars, except as otherwise noted.

Net revenue for the quarter was \$2.1 million, an increase of 1% from Q3 FY22. Shipments to US ECPs were \$2.1 million, up slightly over Q3 FY22. Shipments to US ECPs are an internal measure of patient-level demand reflecting sales from the Company's distributors to ECPs in the U.S. at the price VTI supplies those products to its distributors. Both measures reflect softness in the market in the second half of the quarter, which we believe is consistent with the contact lens market in general.

Net revenue for the year-to-date period was a record \$6.7 million, an increase of 17% over the prior year period. Shipments to US ECPs for the year-to-date period were \$6.4 million, an increase of 5% over the prior year period.

For the year-to-date period, the percentage increase in net revenue was higher than the percentage increase in Shipments to US ECPs due primarily to the launch of the enhanced multifocal product in the fourth quarter of FY21. Distributors placed large initial stocking orders of the new product in Q4 FY21, resulting in fewer orders being placed and lower net revenue being generated in the first and second quarters of FY22.

Table 1: Q3 FY23 and Q3 FY22 key metrics

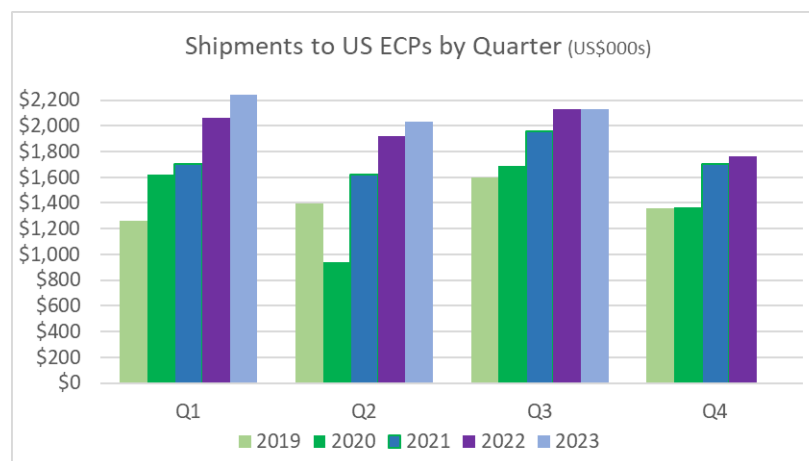
(U.S.\$ in 000's, unaudited)	Q3 FY23	Q3 FY22	Q3 FY23 vs Q3 FY22
Net Revenue (A)	\$2,079	\$2,060	1%
Shipments to US ECPs (B)	\$2,132	\$2,131	0%
Cash receipts from customers (A)	\$2,884	\$2,461	17%
Net cash (used in) operating activities	(\$397)	(\$733)	(46)%
Gross margin	57.0%	47.5%	n/a
Active US Accounts (C)	2,303	2,269	1%
Shipments to US ECPs per Active US Account	\$926	\$939	(1)%
Repeat Customer Rate (D)	99.4%	97.3%	n/a

Table 2: Q3 FY23 YTD and Q3 FY22 YTD key metrics

(U.S.\$ in 000's, unaudited)	Q3 FY23 YTD	Q3 FY22 YTD	Q3 FY23 YTD vs Q3 FY22 YTD
Net Revenue (A)	\$6,750	\$5,779	17%
Shipments to US ECPs (B)	\$6,410	\$6,115	5%
Cash receipts from customers (A)	\$7,144	\$6,201	15%
Net cash (used in) operating activities	(\$2,085)	(\$4,815)	(57)%
Gross margin	54.3%	45.1%	

- (A) Includes international results.
- (B) Shipments to US ECPs represent the gross revenue equivalent of lenses shipped to ECPs located in the U.S., net of fulfillment fees.
- (C) Active US Accounts are ECPs located in the U.S. 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. A rate in excess of 100% indicates that accounts purchased in the current quarter and in a quarter prior to the previous quarter but not in the previous quarter.

The table below shows Shipments to US ECPs by quarter since 2019. Other than Q2 FY20, which was heavily impacted by the COVID-19 pandemic, VTI has delivered consistent growth in Shipments to US ECPs on a corresponding quarter basis.



Gross margin was 57.0% in Q3 FY23, up from 47.5% in Q3 FY22. Gross margin was 54.3% in the year to date period of FY23, up from 45.1% in the same period in FY22. The improvement was due to lower per unit costs for products sold, minor price increases implemented at the beginning of FY23 and mid-FY22, and a continuing shift toward sales of the new product launched in Q4 FY21, which generates higher gross profit than the Company's other products. In addition, shipping costs declined throughout FY22 and continued to decline in FY23, thereby lowering overall inventory costs.

Cash and Cash receipts

Net cash used in operating activities was (\$0.4) million in Q3 FY23, a reduction of 46% compared with net cash used of (\$0.7) million in Q3 FY22. Net cash used in operating activities was (\$2.1) million in the year to date period, a reduction of 57% compared with net cash used of (\$4.8) million in the same period in FY22. The improvement in the net cash used in the quarterly period was primarily due to increased cash receipts from customers driven by higher net revenue, combined with lower payments associated with the PROTECT Clinical Trial (see "Clinical Projects" below), partially offset by higher inventory purchases. The improvement in the net cash used in the year-to-date period was also due to higher cash receipts from customers, combined with lower operating expenses and inventory purchases.

VTI finished Q3 FY23 with \$2.9 million in cash and cash equivalents. Based on our forecasted net cash used in Q4 FY23 and in FY24, we believe our current cash is sufficient to finance our operations through June 2024, when the remaining Convertible Notes come due. However, we announced a capital raising on 10 October 2023 in which we launched a 5 for 9 non-renounceable rights offering to raise up to \$2.5 million, a placement to directors totaling \$120,000, and the conversion of the outstanding convertible notes, with the director placement and note conversion both subject to stockholder approval. We believe the projected funds raised through the capital raising should be sufficient to fund our operations through the first quarter of FY25.

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 Trial is a multi-center, randomized, double-masked, clinical trial with a 3-year follow-up period that has participating investigators 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 release of interim 1-year data.

The Company announced the top-line interim 1-year results on 10 October 2023 and a more complete announcement of the results on 12 October 2023. The interim 1-year treatment effects of the NaturalVue Multifocal 1 Day demonstrate that NaturalVue Multifocal is safe and effective in slowing myopia progression. The results are consistent with those of the only treatment approved by the U.S. Food and Drug Administration (FDA) for myopia progression control, which the Company views as a positive result and a corroboration of the results previously reported for 6-year real-world data.

Global Expansion

The Company is actively pursuing partnerships to expand its global distribution channels, particularly in China. China represents the largest pediatric myopia market in the world. The investment

Visioneering has made in the PROTECT Clinical Trial may help to minimize the regulatory time and expense needed to gain entry to China and other new markets.

VTI CEO and Executive Director Dr. Juan Carlos Aragón said: “I am excited to be joining Visioneering as it completes the first year of the PROTECT Clinical Trial with such positive results. As an industry veteran who has evaluated many companies, I know first-hand the value of data from a randomized clinical trial, both from a revenue perspective and from the standpoint of strategic partnerships. VTI also delivered record results on a year-to-date basis for multiple key metrics while lowering net cash used in operating activities by 57% over the same period in 2022. As we start the fourth quarter and planning for 2024, my focus will be on accelerating VTI's growth by capitalizing on the positive 1-year interim PROTECT data and leveraging my contacts across the global vision care industry.”

Ends.

This release was authorized by the CEO, Dr. Juan Carlos Aragón.

For more information, please contact:

Company	Investor and media relations
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Invitation To Join Investor Conference Call

Investors are invited to join a conference call on Thursday, 19 October 2023, at 8 AM AEDT (Wednesday, 18 October 2023, 5 PM EST) hosted by VTI's CEO, Dr. Juan Carlos Aragón.

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

<https://s1.c-conf.com/diamondpass/10034282-7nwbq1.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: 1003 4282

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 presbyopia and 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 the Company believes 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 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 resale 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 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 ongoing impact of COVID-19 on the trading conditions impacting VTI, the financial markets, and the health services worldwide, 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-ASX86

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")

30 September 2023

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,884	7,144
1.2 Payments for		
research and development	(198)	(940)
product manufacturing and operating costs	(1,418)	(3,240)
advertising and marketing	(317)	(928)
leased assets	-	-
staff costs	(944)	(2,822)
administration and corporate costs	(414)	(1,346)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	30	107
1.5 Interest and other costs of finance paid	(20)	(60)
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	(397)	(2,085)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
businesses	-	-
property, plant, and equipment	-	-
investments	-	-
intellectual property	-	-

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

	other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	businesses	-	-
	property, plant, and equipment	-	-
	investments	-	-
	intellectual property	-	-
	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.	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	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,267	4,955
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(397)	(2,085)

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

4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,870	2,870

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	2,620	3,017
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,870	3,267

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
		99
		-

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

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

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.

	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
7.1 Loan facilities	1,120	1,120
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	1,120	1,120

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\$1,120 Convertible Notes Payable issued by various investors. Current terms include 8% interest due June 30, 2024, 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)	(397)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,870
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	2,870
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	7.2

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: 17 October 2023

Authorised by: Brian Lane – CFO and COO
(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.