

ASX Announcement | 18 October 2022
Visioneering Technologies (ASX:VTI)

Visioneering Improves Net Cash Used in Operations by 61% to US\$0.7M in Q3 FY22

Q3 FY22 Operational Highlights:

- Net Revenue (unaudited): US\$2.1 million (A\$3.2M), +6% vs. Q3 FY21
- Record Shipments to US ECPs (Eye Care Professionals) of US\$2.1 million (A\$3.3M), +9% vs. Q3 FY21
- Cash receipts from customers: US\$2.5 million (A\$3.8M), +25% vs. Q3 FY21
- Net cash used in operating activities: US\$0.7 million (A\$1.1M), 61% improvement vs. Q3 FY21
- Gross profit: 47.5%, up from 40.1% in Q3 FY21

Atlanta, Georgia, USA Monday, 17 October 2022 (Sydney Tuesday, 18 October 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 September 2022 (Q3 FY22). The Company's fiscal year coincides with the calendar year.

Net revenue for the quarter was US\$2.1 million (A\$3.2 million), an increase of 6% over Q3 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 7th consecutive quarter of increased revenues on a year-over-year basis. Shipments to US ECPs were a record US\$2.1 million (A\$3.3 million), an increase of 9% over Q3 FY21.

Table 1: Q3 FY21 and Q3 FY22 key metrics

(US\$ in 000's, unaudited)	Q3 FY21	Q3 FY22	Q3 FY22 vs Q3 FY21
Net Revenue (A)	\$1,951	\$2,060	6%
Shipments to US ECPs (B)	\$1,954	\$2,131	9%
Cash receipts from customers (A)	\$1,968	\$2,461	25%
Active US Accounts (C)	2,316	2,269	(2)%
Shipments to US ECPs per Active US Account	\$844	\$939	11%
Net cash used in operating activities	\$1,877	\$733	(61)%
Gross profit %	40.1%	47.5%	
Repeat Customer Rate (D)	99.3%	97.3%	

(A) Includes international results.

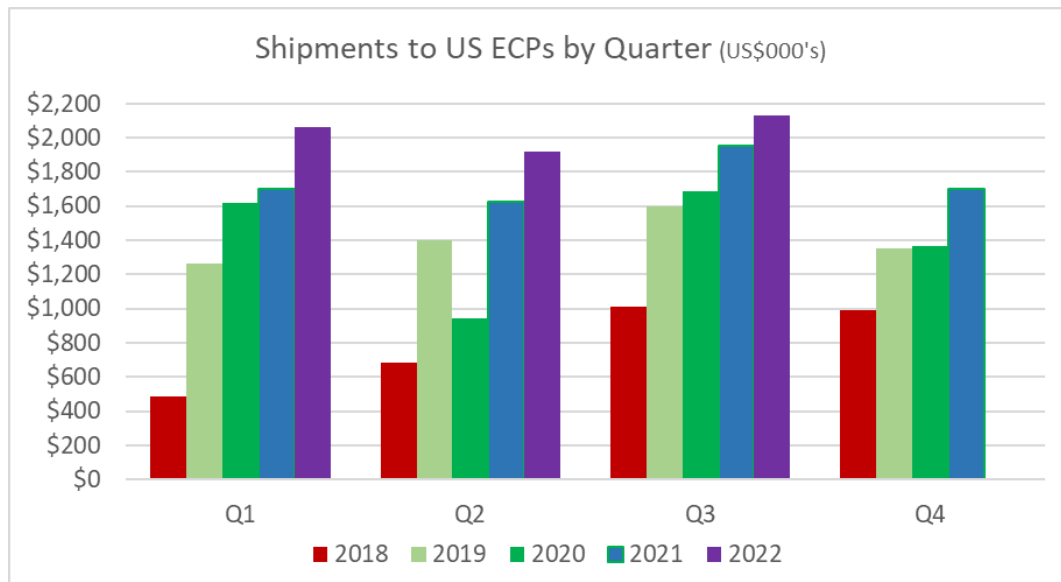
(B) Shipments to US ECPs represent the gross revenue equivalent of lenses shipped to ECPs located in the US, net of fulfillment fees.

(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 47.5% in Q3 FY22, up from 40.1% in Q3 FY21. The higher margins in the current period were due to lower per unit costs for products sold, a small price increase implemented at the beginning of the current quarter, 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, the cost of shipping the Company's products from its manufacturer in Taiwan to the US has declined throughout the current year, thereby lowering overall inventory costs. The Company expects these trends to continue to increase its gross margins in the fourth quarter of FY22 and in FY23.

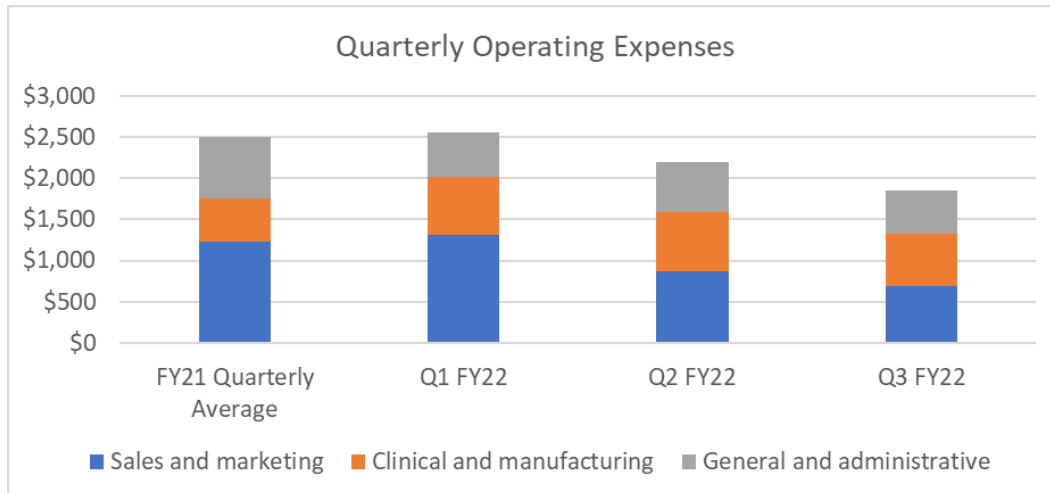
Cash and Cash receipts

Net cash used in operating activities was US\$0.7m in Q3 FY22, a decrease (improvement) of 61% compared with net cash used of US\$1.9M in Q3 FY21. The improvement was due to higher cash receipts from customers and lower inventory purchases and personnel costs, partially offset by higher payments associated with the PROTECT Clinical Study (see "Clinical Projects" below).

The Company lowered its operating expenses in each of the past two quarters when compared to the first quarter of FY22 and the average quarterly expense during FY21. Operating expenses averaged US\$2.6 million in the four quarters of FY21 (excluding non-cash stock compensation expense) and remained at approximately this level in Q1 FY22. Operating expenses decreased to US\$2.2 million in Q2 FY22 and decreased further to US\$1.9 million in Q3 FY22. The decreases relate 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. The additional decrease in Q3 FY22 was due to lower marketing expenses.

The chart below illustrates the decrease in operating expenses in the past two quarters. The Company expects operating expenses in the fourth quarter of FY22 to be approximately equal to those incurred in Q3 FY22. However, cash receipts from customers likely will decrease from the level achieved in Q3

FY22 due to normal seasonality in net revenue. As a result, net cash used in operating activities may increase in the fourth quarter of FY22 compared to the third quarter results.



In Q3 FY21, VTI applied for Employee Retention Tax Credits as part of a program established under the CARES Act in the US. The Company applied for approximately US\$517,000 of refundable credits and originally expected to be receive the funds in Q1 FY22. To date, the Company has received approximately US\$7,000 of the expected cash, but the decision on the remaining amount has been delayed by the government and, based on their latest projection, is expected to be received in Q4 FY22. While we believe that we qualify to receive the full amount noted in our application, there is no guarantee that our full application will be approved and, if approved, we cannot be certain of the timing of collecting the funds. If we receive these funds in the fourth quarter, we expect net cash used in operating activities to decline in Q4 FY22 from the level achieved in Q3 FY22. Otherwise, we anticipate a slight increase in net cash used due to the seasonally lower expected cash receipts from customers.

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

Amendment to Convertible Notes

As announced on 10 October 2022, the Company will hold an Extraordinary General Meeting of Stockholders at 8:00 a.m. Australian Eastern Daylight Time on 27 October 2022 (5:00 p.m. on 26 October 2022 US Eastern time) to vote on a proposed amendment of its Convertible Notes. The Company currently has 2,800,000 of Convertible Notes on issue with a face value of US\$1.00 each. The Company has agreed with the holders of the Convertible Notes to amend the terms such that sixty percent (60%) of the notes will be converted to CDIs at a conversion price of A\$0.39. The remaining forty percent (40%) of the notes will be amended to set the conversion price at A\$0.60, lower the interest rate from 10% per annum to 8% per annum, and extend the maturity date from 11 July 2023 to 30 June 2024.

The amended conversion prices represent meaningful premiums to the current trading price. The proposed conversion and change in interest rate will save the Company approximately US\$1.7 million through the current maturity date in July 2023 and will extend the maturity date for the remaining notes to June 2024. If approved, these changes will improve the Company's short term cash flow and

allow additional time for the Company's operating results to improve and for its trading price to appreciate.

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, with an additional site planned in 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 fourth quarter of 2023. VTI currently is over 90% enrolled and is targeting completion of enrollment in Q4 FY22.

Costs associated with the PROTECT Clinical Study were approximately US\$0.3 million in Q3 FY22, an increase of US\$0.1 million from Q2 FY22. The Company expects to incur approximately the same level of costs in each of Q4 FY22 and Q1 FY23, then to decline to approximately US\$0.1 million per quarter through the remainder of FY23.

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 Q3 FY22.

VTI non-executive Chairman David J. Mazzo, Ph.D. said: "I am very pleased that we can report a marked reduction in net cash used in operating activities driven by higher revenues and collections, lower expenses and lower inventory balances. For the last several months, the Company consistently has stated that it expected to drive significantly lower net cash use in the third quarter and, I am delighted to say, we have delivered on our promise. Further, the proposed amendment to the Convertible Notes, if approved, will improve the Company's short term cash flow by eliminating the need to pay 60% of the Convertible Notes and extending the maturity date of the remaining notes until June 2024. I'm also excited that the PROTECT Clinical Study has nearly reached full enrollment, keeping us on track to announce interim one-year data from the study by our target of late 2023.

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, 20 October 2022, at 9 AM AEDT (Wednesday, 19 October 2022, 6 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/10025921-sf6d7s.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 5921

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.vtvision.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 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-ASX69

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 2022

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	2,461	6,201
1.2 Payments for		
(a) research and development	(467)	(899)
(b) product manufacturing and operating costs	(915)	(4,124)
(c) advertising and marketing	(293)	(1,145)
(d) leased assets	-	-
(e) staff costs	(882)	(2,999)
(f) administration and corporate costs	(607)	(1,689)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	29	38
1.5 Interest and other costs of finance paid	(59)	(198)
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	(733)	(4,815)
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	-	(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	-	(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	-	(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	-	(43)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,856	10,985
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(733)	(4,815)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(43)

4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,123	6,123

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	5,873	6,606
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,123	6,856

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**

105

-

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.*

	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
7.1	Loan facilities	2,800
7.2	Credit standby arrangements	-
7.3	Other (please specify)	-
7.4	Total financing facilities	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)	(733)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	6,123
8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	6,123
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	8.4

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: 18 October 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.