

ASX Announcement | 18 April 2023  
Visioneering Technologies (ASX:VTI)

## Visioneering Achieves Record Net Revenue and Improves Net Cash Used in Operations by 78% in Q1 FY23

### Q1 FY23 Operational Highlights (amounts in U.S. dollars):

- Net Revenue (unaudited): a record \$2.3 million, +32% vs. Q1 FY22
- Shipments to US ECPs (Eye Care Professionals): a record \$2.2 million, +9% vs. Q1 FY22
- Cash receipts from customers: \$2.3 million, +26% vs. Q1 FY22
- Net cash used in operating activities: \$0.5 million, 78% improvement vs. Q1 FY22
- Gross profit: a record 51.2%, up from 42.0% in Q1 FY22

**Atlanta, Georgia, USA Monday, 17 April 2023 (Sydney Tuesday, 18 April 2023):** U.S.-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 31 March 2023 (Q1 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 a record \$2.3 million, an increase of 32% from Q1 FY22. Shipments to US ECPs were a record \$2.2 million, an increase of 9% over Q1 FY22. As more fully described below, Shipments to US ECPs are an internal measure of patient-level demand. The percentage increase in net revenue was higher than the percentage increase in Shipments to US ECPs due to distributors placing 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 quarter of 2022.

Table 1: Q1 FY22 and Q1 FY23 key metrics

(U.S.\$ in 000's, unaudited)	Q1 FY22	Q1 FY23	Q1 FY23 vs Q1 FY22
Net Revenue (A)	\$1,732	\$2,288	32%
Shipments to US ECPs (B)	\$2,065	\$2,244	9%
Cash receipts from customers (A)	\$1,801	\$2,265	26%
Active US Accounts (C)	2,327	2,276	(2)%
Shipments to US ECPs per Active US Account	\$887	\$986	11%
Net cash (used in) operating activities	(\$2,222)	(\$492)	78%
Gross margin	42.0%	51.2%	
Repeat Customer Rate (D)	97.7%	103.6%	

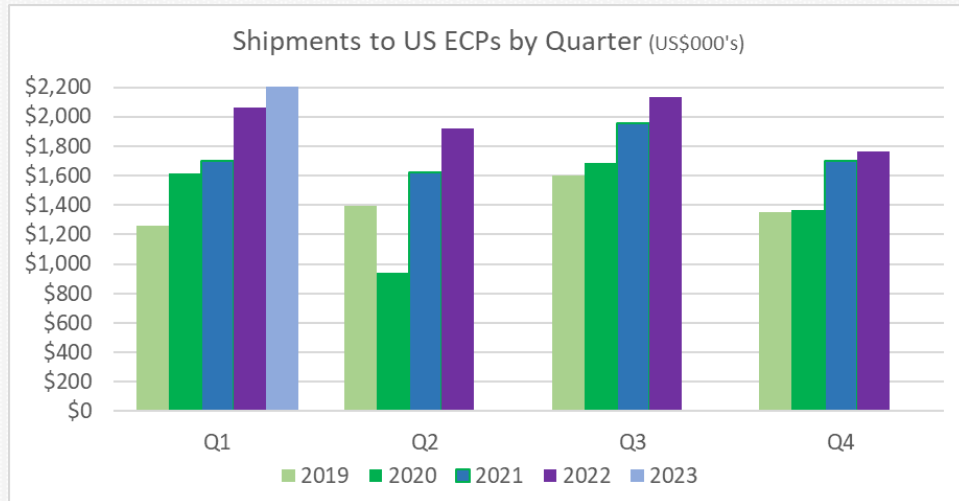
(A) Includes international results.

(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 more than 100% indicates that accounts purchased in the current quarter and in a quarter prior to the previous quarter but not in the previous quarter.

Shipments to US ECPs are calculated as the volume of products sold by the Company's distributors to ECPs in the U.S. at the price VTI supplies those products to its distributors. The Company believes Shipments to US ECPs provides the best real-time view of market demand for its products. 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.

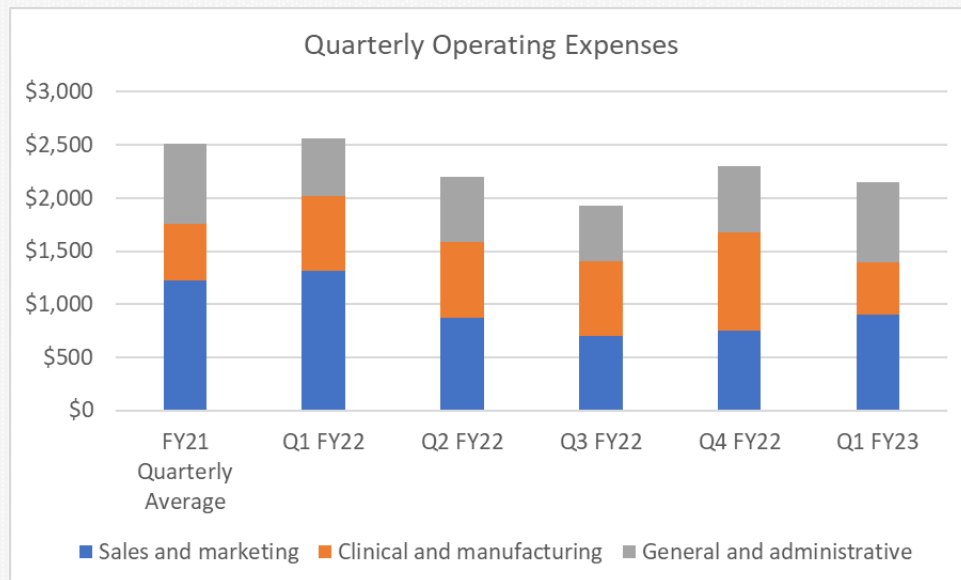


Gross margin was 51.2% in Q1 FY23, up from 42.0% in Q1 FY22. The improvement was due to lower per unit costs for products sold, minor price increases implemented at the beginning of FY23 and in mid-FY22, and a continuing shift toward sales of the new product launched in Q4 FY21, which generates higher gross profit than the Company's other products. In addition, shipping costs declined throughout FY22 and continued to decline in Q1 FY23, thereby lowering overall inventory costs. The Company expects these trends to continue to positively impact its gross margins for the remainder of FY23.

### Cash and Cash receipts

Net cash used in operating activities was \$0.5 million in Q1 FY23, an improvement of 78% compared with net cash used of \$2.2 million in Q1 FY22 and the second lowest net cash use since the Company became a publicly traded entity in 2017. The improvement in the first quarter was primarily due to a 26% increase in cash receipts from customers combined with lower inventory purchases and personnel costs, partially offset by higher payments associated with the PROTECT Clinical Study (see "Clinical Projects" below). Lower personnel costs were driven primarily by attrition in early FY22 that the Company currently does not plan to replace as well as lower trial lens costs that were elevated during the new product launch in late FY21 and early FY22. These costs should normalize going forward.

The chart below illustrates the decrease in operating expenses over the past several quarters. The Company expects its operating expense run rate for the remainder of the fiscal year to remain steady at its current level. However, due to normal seasonality, cash receipts from customers and inventory purchases likely will vary between quarters. As a result, net cash used in operating activities may vary on a quarterly basis in FY23 but is expected to remain below the FY22 quarterly average.



VTI finished Q1 FY23 with \$4.5 million in cash, cash equivalents, and marketable securities. Based on our forecasted net cash use in the remainder of FY23 and FY24, we believe our current cash is sufficient to finance our operations through June 2024 when the remaining Convertible Notes come due. We plan to explore additional financing in FY23, as necessary, to support our long-term strategic plan.

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 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 anticipated release of interim 1-year data in the fourth quarter of 2023. VTI achieved 100% enrollment in PROTECT in early December 2022.

Costs associated with the PROTECT Clinical Study averaged \$0.3 million per quarter in FY22 and declined to \$0.1 million in Q1 FY23. The Company expects these costs to remain at this lower quarterly level through the remainder of FY23 and FY24.

### Global Expansion

The Company is actively pursuing partnerships to expand its global distribution channels, particularly for distribution in China. China represents the largest pediatric myopia market in the world. The investment Visioneering has made in the PROTECT Clinical Study may help to minimize the regulatory time and expense needed to gain entry to China and other new markets.

**VTI non-executive Chairman David J. Mazzo, Ph.D. said:** “Visioneering delivered records for net revenue, Shipments to US ECPs and gross margin percentage in the first quarter, an exciting way to start 2023. The Company also reduced its net cash used in operations by 78% from the first quarter of 2022, generating its

second lowest net cash use in its history as a public company. I'm also encouraged by progress that management has made in discussions with multiple potential partners for entry into China and other global markets. These record results and the level of interest from potential strategic partners validate the quality and marketability of the Company's products and underscore the potential for long-term value to our shareholders."

**Ends.**

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

**For more information, please contact:**

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

#### **Invitation To Join Investor Conference Call**

Investors are invited to join a conference call on Thursday, 20 April 2023, at 8 AM AEDT (Wednesday, 19 April 2023, 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/10029960-jd9x0s.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 9960**

#### **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.vtivation.com](http://www.vtivation.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-ASX79

## 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 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter US\$'000</b>	<b>Year to date (3 months) US\$'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,265	2,265
1.2 Payments for		
research and development	(480)	(480)
product manufacturing and operating costs	(741)	(741)
advertising and marketing	(281)	(281)
leased assets	-	-
staff costs	(849)	(849)
administration and corporate costs	(424)	(424)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	38	38
1.5 Interest and other costs of finance paid	(20)	(20)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(492)</b>	<b>(492)</b>
<b>2. Cash flows from investing activities</b>		
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,955	4,955
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(492)	(492)
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)	-	-

**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	<b>Cash and cash equivalents at end of period</b>	<b>4,463</b>	<b>4,463</b>

5.	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter US\$'000</b>	<b>Previous quarter US\$'000</b>
5.1	Bank balances	250	250
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – Short-term investments	4,213	4,705
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,463</b>	<b>4,955</b>

**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

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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.*

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

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

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- 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.



**Appendix 4C**

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

<b>8. Estimated cash available for future operating activities</b>	<b>US\$'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(492)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,463
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	4,463
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>9.1</b>

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

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

Date: 18 April 2023

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

### Notes

- 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.
- 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.
- 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.
- 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.