

ASX Announcement | 21 April 2021  
 Visioneering Technologies (ASX:VTI)

## VTI Delivers Record Quarterly Shipments in Q1 FY21

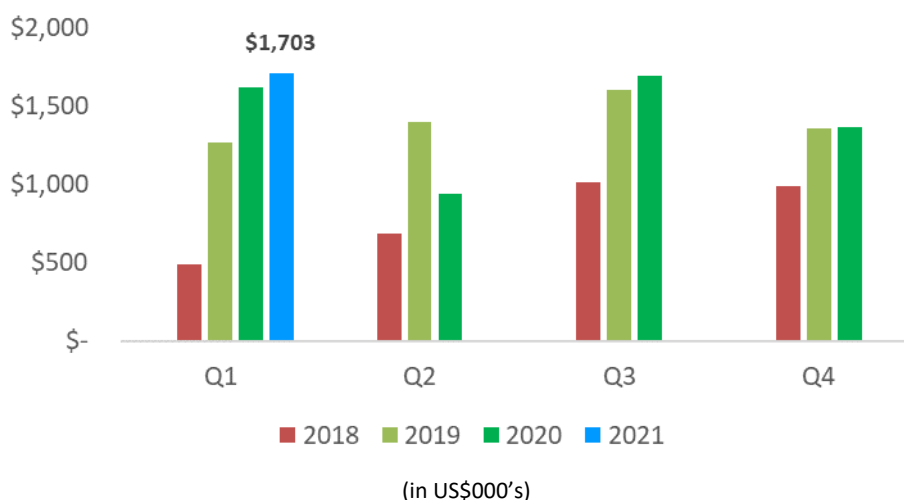
### Q1 FY21 Investment Highlights:

- Visioneering delivered improvement in key performance indicators over both previous quarter (qoq) and prior corresponding period (pcp)
- Record Q1 FY21 Shipments to US ECPs (Eye Care Professionals) of US\$1.7m, up 25% qoq and 5% over pcp; Q1 FY20 was the last quarter not materially impacted by COVID-19 pandemic
- Cash receipts from customers of US\$1.6m, up 39% qoq and 24% over pcp
- Q1 FY21 Net Revenue (unaudited) of US\$1.6m, up 11% qoq and 18% over pcp
- 2,165 Active US Accounts and 98.9% Repeat Customer Rate were second highest for VTI
- Successfully raised A\$23.3m through a Placement and subsequent Share Purchase Plan (SPP); VTI plans to use the funds to achieve significant development milestones and to target reaching approximately break-even cash flow. Cash at end of Q1 FY21 was US\$16.5m
- The Company maintains its forecast for net revenue of US\$7.0m for FY21, ~40% growth on FY20 despite impacts of COVID-19 and a more than 50% reduction in headcount in FY20

**Atlanta, Georgia, Tuesday, 20 April 2021:** US-based medical device company and producer of the NaturalVue® (etafilcon A) Multifocal 1 Day Contact Lenses ('NaturalVue MF') **Visioneering Technologies, Inc (ASX: VTI)** ('Visioneering', 'VTI' or 'the Company') has announced its unaudited results for the quarter ended 31 March 2021 (Q1 FY21). The Company's fiscal year coincides with the calendar year.

Shipments to US ECPs set a record in Q1 FY21 at US\$1.7m (A\$2.2m). This record represents an increase of 25% over the prior quarter and 5% over Q1 FY20. Shipments to US ECPs represent the dollar value of products sold by Visioneering's distributors in the US to ECPs at pricing that reflects the Company's price to the distributors. The Company believes Shipments to US ECPs provides the most real-time view of the demand for its products, as Shipments to US ECPs are not impacted by changes of inventory at the distributor.

### Shipments to US ECPs by Quarter



Importantly, the prior corresponding period (Q1 FY20) was the last quarter not materially impacted by the COVID-19 pandemic and the reduction in headcount and expenses the Company undertook in Q2 FY20. The Company improved on Q1 FY20 despite the lingering pandemic and 33% less cash use compared to Q1 FY20.

Net revenue for Q1 FY21 was US\$1.6m (A\$2.1M), up 11% from Q4 FY20 and up 18% from Q1 FY20. Similar to Shipments to US ECPs, the Company sees this performance as especially positive having achieved the increase in net revenue in Q1 FY21 over Q1 FY20 with a much smaller staff and against the headwinds of a lingering pandemic. Annualized net revenue for Q1 FY21 is US\$6.4m and the Company expects continued growth in FY21. VTI affirms its forecast of US\$7.0m for the year, assuming continued global economic recovery from the pandemic and seasonality in the vision care sector that is consistent with historical trends.

Active US Accounts increased 4% qoq and increased 2% from the pcp to 2,165 accounts in Q1 FY21, and the Repeat Customer Rate in Q1 FY21 was 98.9%. Both metrics were near records for VTI, with only the third quarter of FY20 recording higher results. Shipments to US ECPs per Active US Account were US\$787, an increase of 20% qoq and 3% from the pcp.

Gross profit margin was 44.1% in Q1 FY21, down slightly from 45.9% in Q4 FY20 and up from 39.5% in Q1 FY20. The decline from the prior quarter was due primarily to higher logistics expenses. The cost of shipping product from the Company's manufacturer in Taiwan has increased in recent quarters due to pandemic-related capacity constraints in global shipping, resulting in higher per-unit logistics costs in the quarter. The Company expects elevated shipping and logistics costs to remain into at least the middle of FY21 before normalizing.

*Table 1: Q1 FY20, Q4 FY20 and Q1 FY21 key metrics*

<b>(US\$ in 000's, unaudited)</b>	<b>Q1 FY20</b>	<b>Q4 FY20</b>	<b>Q1 FY21</b>	<b>Q1 FY21 vs Q4 FY20</b>	<b>Q1 FY21 vs Q1 FY20</b>
Net Revenue (A)	\$1,347	\$1,430	\$1,588	11%	18%
Shipments to US ECPs (B)	\$1,618	\$1,365	\$1,703	25%	5%
Cash receipts from customers (A)	\$1,259	\$1,122	\$1,559	39%	24%
Active US Accounts (C)	2,120	2,074	2,165	4%	2%
Shipments to US ECPs per Active US Account	\$763	\$658	\$787	20%	3%
Net cash used in operating activities	\$2,841	\$1,618	\$1,895	17%	-33%
Gross profit %	39.5%	45.9%	44.1%		
Repeat Customer Rate (D)	98.6%	90.2%	98.9%		

(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 fulfilment 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.

### **Cash and Cash receipts**

Cash receipts from customers were US\$1.6m in Q1 FY21, an increase of 39% qoq and 24% from the pcp. The increase in cash receipts compared to Q4 FY20 was due to higher net revenue and to timing of collections from customers. VTI also experienced increases in cash used for inventory purchases, advertising/marketing expenses and personnel expenses in the quarter. These changes resulted in net cash used in operating activities of US\$1.9m in Q1 FY21 compared to US\$1.6m in Q4 FY20.

VTI completed a Placement to institutional and sophisticated investors in March 2021 (**Placement**), raising A\$22.1m before fees. VTI also completed an oversubscribed Security Purchase Plan (**SPP**) in April 2021, raising an additional A\$1.2m before fees. The Company issued 1,301.2m CDIs in conjunction with the Placement along with 657.1m free options to subscribe for CDIs exercisable at A\$0.03 per CDI with an expiry date of 28 February 2024. The Company issued an additional 69.1m CDIs in conjunction with the SPP along with 34.9m free options on the same terms as the Placement options.

The Company received US\$16.0m in net proceeds from the Placement in March 2021 and expects to receive an additional \$0.6m in April 2021 from the SPP, net of fees and expenses of both the Placement and SPP. The Company plans to use the net proceeds primarily for the following purposes:

- Conducting clinical trials to generate additional data regarding the effectiveness of NaturalVue Multifocal on slowing the progression of myopia in children, including data needed to obtain approval in China
- Continuing expansion of domestic and international sales
- Launching new products
- Achieving break-even cash flow
- Providing for general working capital needs

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

### **International Operations and Business Development**

During the pandemic, VTI focused mostly on its US operations given the difficulty of international travel and regional shutdowns around the globe. However, as the pandemic recedes in the first half of FY21 and beyond, the Company expects its partners outside North America to return to growth. For example, VTI expects its partner for Europe, Menicon, to continue to launch Europe-wide the Menicon Bloom Myopia Control Management System, which includes VTI's soft contact lens for myopia control.

VTI's US-based team is managing the launch of NaturalVue MF in Canada. The launch remains on track, with this initial phase being the qualification, opening, and training of new accounts.

VTI has been discussing collaborations for entering the China market with potential partners. Given the very large size of the opportunity for myopia control products in China, VTI has decided to maintain ownership and control of its intellectual property as it begins the initial phase of entering China. This phase includes conducting a clinical trial and obtaining registration with the Chinese government. VTI expects that eventual partnership will be necessary to optimize the commercialization of our products in China and will periodically evaluate the timing of any partnerships to maximize our return on investment.

VTI continues to engage in partnering discussions with other industry participants. These discussions contemplate a variety of relationship structures designed to be accretive to VTI shareholders. While the discussions to date have been promising, VTI cannot guarantee that any of these discussions will result in a partnering transaction.

**Visioneering Technologies CEO Stephen Snowdy, PhD, said:** “In the US and around the globe, the pandemic has disrupted lives and businesses. Despite COVID-19 challenges and due to VTI’s early proactive response to the pandemic coupled with rapidly expanding interest in myopia control, VTI continues to thrive. VTI started 2021 with a quarter of strong growth and record shipments to practitioners in the US. We look forward with excitement to the remainder of 2021 as the receding pandemic makes way for our continued growth and success.”

**Ends**

**This release was authorized by the CEO, Stephen Snowdy, PhD**

**Invitation To Join Investor Conference Call**

Investors are invited to join a conference call on Thursday, 22 April 2021, at 9 AM AEST (Wednesday, 21 April 2021, 7 PM US eastern standard time) hosted by VTI’s CEO, Dr. Stephen Snowdy.

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

<https://s1.c-conf.com/diamondpass/10013490-ey3t3ch.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: 1001 3490**

**Participant dial in numbers**

Australia Toll Free:	1 800 954 502
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
New York (local)	(208) 758 0667

**For more information, please contact:**

<b>Company</b>	<b>Investor and media relations</b>
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**About Visioneering Technologies**

Visioneering Technologies Inc. (ASX:VTI) is a health care company making innovative vision care products available to patients and eye care professionals. Since its founding in 2008, Visioneering has brought together clinical, marketing, engineering, manufacturing and regulatory leaders from the healthcare industry to provide new solutions for adults and children in need of vision correction.

Headquartered in the United States, Visioneering designs, manufactures, sells and distributes contact lenses around the world. Its flagship product, NaturalVue® Multifocal contact lenses, are prescribed in the large addressable markets of nearsighted children and over-45 adults, and VTI is expanding its portfolio of technologies to address a range of other vision care needs. Since its IPO in 2017, the company has grown operations across the US and recently launched its products in Australia, New Zealand, Singapore, Hong Kong, Canada, and Europe.

**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-ASX47

## 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 2021

<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	1,559	1,559
1.2 Payments for		
(a) research and development	(89)	(89)
(b) product manufacturing and operating costs	(1,163)	(1,163)
(c) advertising and marketing	(389)	(389)
(d) leased assets	-	-
(e) staff costs	(983)	(983)
(f) administration and corporate costs	(761)	(761)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,895)</b>	<b>(1,895)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(3)	(3)

	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(3)</b>	<b>(3)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	17,030	17,030
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	(1,018)	(1,018)
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>16,012</b>	<b>16,012</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	2,408	2,408
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,895)	(1,895)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	16,012	16,012



**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	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>16,522</b>	<b>16,522</b>

<b>5.</b>	<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 (provide details)	16,272	2,158
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>16,522</b>	<b>2,408</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

	<b>Current quarter US\$'000</b>
	101
	-

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. <b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end US\$'000</b>	<b>Amount drawn at quarter end US\$'000</b>
7.1 Loan facilities	3,835	3,835
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	3,835	3,835

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\$3,000 Convertible Notes Payable issued by various investors at 10% interest due July 11, 2023 and secured by substantially all of the Company's assets, of which US\$200 were converted to shares in October 2020.

7.1: US\$1,035 Note Payable to Bank issued by Silicon Valley Bank at 1% interest due in 2025. The note was issued under the Paycheck Protection Program administered by the US government. All or a portion of the note should be forgiven by early 2021, with the remaining balance, if any, due through in equal monthly payments through approximately April 2025.

8. <b>Estimated cash available for future operating activities</b>	<b>US\$'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,895)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	16,522
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	16,522
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	8.7

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: 21 April 2021

Authorised by: Stephen Snowdy CEO  
(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.