

ASX Announcement | 16 July 2021
Visioneering Technologies (ASX:VTI)

VTI More Than Doubles Net Revenue Over Q2 FY20

Q2 FY21 Investment Highlights:

- Q2 FY21 Net Revenue (unaudited) of US\$1.5m, up 122% over the prior corresponding period (pcp) and down 4% from the previous quarter (qoq)
- Q2 FY21 Shipments to US ECPs (Eye Care Professionals) of US\$1.6m, up 73% over the pcp and down 5% qoq
- Cash receipts from customers of US\$1.6m, up 51% over pcp and up 5% qoq
- Record Active US Accounts of 2,240 and 97.3% Repeat Customer Rate
- VTI received forgiveness in June 2021 of US\$0.9m of its \$US1.0m Paycheck Protection Program note payable
- The Company maintains its forecast for net revenue of US\$7.0m for FY21, ~40% growth over FY20 despite impacts of COVID-19 and a significant reduction in headcount in FY20

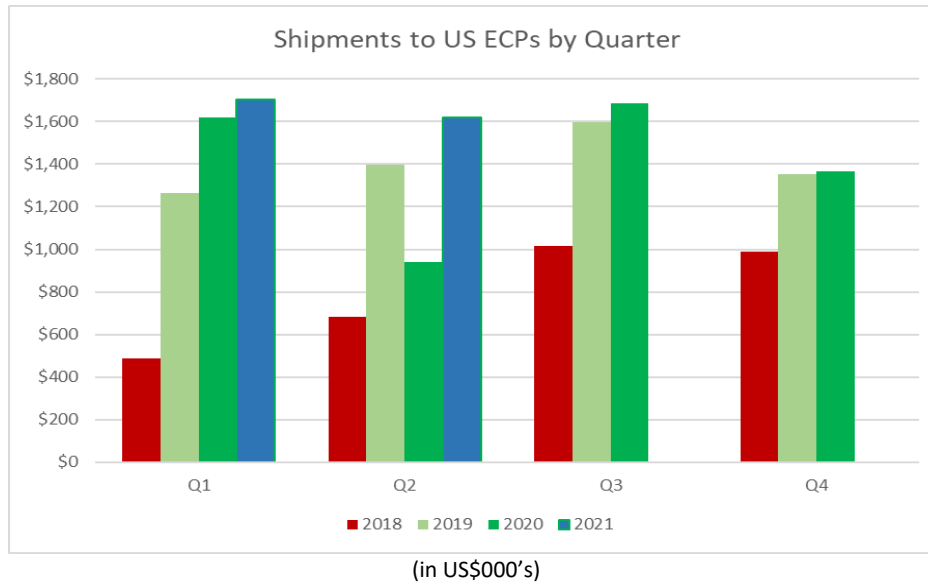
Atlanta, Georgia, Thursday, 15 July 2021 (Friday, 16 July 2021 Sydney time): US-based medical device company and producer of the NaturalVue® (etafilcon A) Multifocal 1 Day Contact Lenses ('NaturalVue MF') **Visioneering Technologies, Inc (ASX: VTI)** ('Visioneering', 'VTI' or 'the Company') has announced its unaudited results for the quarter ended 30 June 2021 (Q2 FY21). The Company's fiscal year coincides with the calendar year.

VTI's recovery from the nadir of the pandemic continues. Net revenue for Q2 FY21 was US\$1.5m (A\$2.0M), up 122% from Q2 FY20 and down 4% from Q1 FY21. Shipments to US ECPs were US\$1.6m (A\$2.1m), up 73% from Q2 FY20 and down 5% from Q1 FY21, representing the 3rd best quarter in the Company's history. VTI believes that despite its strong recovery from the pandemic, results in Q2 FY21 were impacted by factors originating in Q2 FY20. During Q2 FY20, many ECPs were closed, and their patients were on lockdown, which had a profound negative impact on the vision care industry. These negative impacts began to recede in Q3 FY20, with optometric offices opening up and patient traffic returning, resulting in VTI's Shipments to US ECPs setting a record in Q3 FY20. Because patients typically visit their optometrist once per 12-month period, the shift of patient traffic from Q2 to Q3 in FY20 likely resulted in some patients shifting their visits from Q2 to Q3 in FY21.

Annualized net revenue for the first half of FY21 is US\$6.2m. The third quarter of the year typically is the strongest quarter for VTI, and the Company expects the third quarter of FY21 to follow this historical pattern. The third quarter may also benefit from shifting patient appointments from Q2 to Q3, as noted above. Based on these expectations, VTI affirms its forecast of US\$7.0m for the year, assuming continued global economic recovery from the pandemic and sales seasonality in the vision care sector that is consistent with historical trends.

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 provide the most real-time view of the demand for its products, as Shipments to US ECPs are not impacted by inventory changes at the distributor. The table below shows Shipments to US ECPs by quarter since 2018. The Company expects volatility in the seasonality of shipments to continue as economies, practitioners, and patients adjust from the pandemic. However, the Company

expects historical directional trending to hold for the remainder of FY21, with Q3 being the strongest in terms of quarter-over-quarter growth and Q4 showing a pullback from Q3.



Active US Accounts increased 3% qoq and increased 24% from the pcp to a record 2,240 accounts in Q2 FY21, and the Repeat Customer Rate in Q2 FY21 was 97.3%. Shipments to US ECPs per Active US Account were US\$724, a decrease of 8% qoq and an increase of 39% from the pcp.

Gross profit margin was 40.5% in Q2 FY21, down from 44.1% in Q1 FY21 and from 40.8% in Q2 FY20. The decline from the prior quarter was due primarily to higher logistics expenses. The cost of shipping products 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 through at least the third quarter of FY21 before normalizing.

Table 1: Q2 FY20, Q1 FY21 and Q2 FY21 key metrics

(US\$ in 000's, unaudited)	Q2 FY20	Q1 FY21	Q2 FY21	Q2 FY21 vs Q1 FY21	Q2 FY21 vs Q2 FY20
Net Revenue (A)	\$687	\$1,588	\$1,523	-4%	122%
Shipments to US ECPs (B)	\$940	\$1,703	\$1,622	-5%	73%
Cash receipts from customers (A)	\$1,083	\$1,559	\$1,634	5%	51%
Active US Accounts (C)	1,803	2,165	2,240	3%	24%
Shipments to US ECPs per Active US Account	\$521	\$787	\$724	-8%	39%
Net cash used in operating activities	\$1,828	\$1,895	\$2,105	11%	15%
Gross profit %	40.8%	44.1%	40.5%		
Repeat Customer Rate (D)	81.8%	98.9%	97.3%		

(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 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.

Cash and Cash receipts

Cash receipts from customers were US\$1.6m in Q2 FY21, an increase of 5% qoq and 51% from the pcp. Net cash used in operating activities was US\$2.1m in Q2 FY21, an increase of 11% qoq and 15% from the pcp. The increase in net cash used in operating activities compared to Q1 FY21 was due primarily to higher payments for research and development activities, including a clinical trial associated with a new product launch and preparations for a randomized, controlled clinical trial to generate additional data regarding the effectiveness of NaturalVue Multifocal on slowing the progression of myopia in children.

In April 2020, VTI received a loan under the Paycheck Protection Program (PPP) administered by the US Small Business Administration (SBA) in the amount of US\$1.0m. In June 2021, the SBA approved the forgiveness of US\$0.9m in principal and related interest relating to the PPP note payable. The remaining balance of \$0.1m is payable in equal monthly installments from July 2021 to April 2022. Forgiveness was based primarily on employee retention. VTI did not earn full forgiveness of the PPP note payable due to the staff reductions it enacted in April 2020.

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

International Operations and Business Development

As the pandemic has begun to recede, VTI's partners outside North America are returning to growth. In the United Kingdom, our sales and distribution partner, Positive Impact, has achieved record sales for four consecutive months from March 2021 to June 2021. Our partner for greater Europe, Menicon, recently initiated expansion in Europe with the Menicon Bloom Myopia Control Management System, which includes VTI's soft contact lens for myopia control. The broader European launch of Menicon's myopia management system had been delayed since the onset of the pandemic in March of 2020, so VTI is encouraged to see a renewed expansion of the Menicon Bloom platform.

VTI's US-based team is managing the launch of NaturalVue MF in Canada. Despite the Canada/US border remaining closed and lockdowns impacting parts of Canada, the launch remains on track. This initial phase is the qualification, opening, and training of new accounts. Revenue from Canada is growing.

VTI continues to advance discussions with other industry members towards the goal of collaborating on the sales of products. While these discussions are advancing well, there can be no guarantee that VTI enters into any definitive agreements or that agreements entered will be accretive.

Clinical Projects

VTI has been working diligently on initiating a randomized, controlled clinical trial (RCT) that will provide important additional validation of NaturalVue MF in preventing or slowing the progression of myopia in children and form the basis for approval of NaturalVue MF in China. Progress towards achieving the first patient enrolled is going smoothly, though slowed by continued lockdowns in Canada, where the study is centered. VTI now expects the first patient to be enrolled in the study in the August/September timeframe and a 1-year readout of data at the beginning of 2023.

VTI is also working on new products to launch in 2021, and those projects remain on track for launch over the next several quarters.

Visioneering Technologies CEO Stephen Snowdy, PhD, said: “We are pleased to report a solid quarter with good account growth and revenue metrics. In the US, recovery from the pandemic is brisk, and our international partners are picking up as well. Q3 is starting off well, and we are affirming our guidance for the year at US\$7M. We are also quite pleased with additional attention in the myopia space, with J&J Vision Care recently having launched a brand platform for myopia, showing that myopia management is an important growth area in the optometry industry. Lastly, we are making excellent progress towards generating additional clinical data that we expect to catalyze increased practitioner adoption and business partnering opportunities and to form the basis of regulatory approval in China, a US\$10b market for myopia management. It is an exciting time to be part of VTI.”

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 Tuesday, 20 July 2021, at 9 AM AEST (Monday, 19 July 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/10015100-jdt67r.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:	1 800 954 501
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
New York (local)	(208) 758 0667

For more information, please contact:

Stephen Snowdy, PhD
CEO, Visioneering Technologies, Inc.
E: ssnowdy@vtivision.com

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 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-ASX50

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 June 2021

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	1,634	3,193
1.2 Payments for		
(a) research and development	(383)	(472)
(b) product manufacturing and operating costs	(1,149)	(2,312)
(c) advertising and marketing	(382)	(771)
(d) leased assets	-	-
(e) staff costs	(1,065)	(2,048)
(f) administration and corporate costs	(691)	(1,452)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
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	(2,105)	(4,000)
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	(1)	(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	(1)	(4)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	905	17,935
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	(243)	(1,261)
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	662	16,674

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,522	2,408
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,105)	(4,000)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	662	16,674

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	15,078	15,078

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 (provide details)	14,828	16,272
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	15,078	16,522

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**

96

-

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 <i>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.</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
7.1 Loan facilities	2,914	2,914
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,914	2,914

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.

7.1: US\$1,035 Note Payable to Bank issued by Silicon Valley Bank at 1% interest due in 2022. The note was issued under the Paycheck Protection Program administered by the US government. The note contains forgiveness provisions and \$921 was forgiven in June 2021, leaving a remaining balance of \$114 due in equal monthly payments from July 2021 through April 2022.

8. Estimated cash available for future operating activities	US\$'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,105)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	15,078
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	15,078
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: 16 July 2021

Authorised by: By the Board of Directors

(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.