

ASX Announcement | 13 October 2021
Visioneering Technologies (ASX:VTI)

VTI Continues Momentum and Delivers Record Sales in Q3 FY21

Q3 FY21 Operational Highlights:

- Net Revenue (unaudited): US\$2.0 million (AU\$2.7M), +28% vs. Q2 FY21, +19% vs. Q3 FY20
- Shipments to US ECPs (Eye Care Professionals): US\$2.0 million, +20% vs. Q2 FY21, +16% vs. Q3 FY20
- Cash receipts from customers: US\$2.0 million, +20% vs. Q2 FY21, +4% vs. Q3 FY20
- Active US Accounts: 2,316 with 99.3% Repeat Customer Rate
- Net cash used in operating activities in Q3 FY21 were US\$1.9 million, a reduction of 11% vs. Q2 FY21. Excluding inventory build for new product launch, cash use fell by 29% vs. Q2 FY21 to US\$1.5 million.
- Forecast for net revenue of US\$7.0 million for FY21 affirmed
- VTI has received approval to open study sites and enroll patients in the United States for its clinical trial in myopia progression in children

Atlanta, Georgia, Wednesday, 13 October 2021 (Sydney Wednesday, 14 October 2021): US-based medical device company and producer of the NaturalVue® Multifocal 1 Day Contact Lenses ('NaturalVue MF') **Visioneering Technologies, Inc (ASX: VTI)** ('Visioneering', 'VTI' or 'the Company') announces its unaudited results for the quarter ended 30 September 2021 (Q3 FY21). The Company's fiscal year coincides with the calendar year.

In Q3 FY21, VTI set records in all of its key revenue metrics, including net revenue, Shipments to US Eye Care Professionals (ECPs), cash receipts from customers and Active US Accounts. VTI remains on track to report full year revenues in line with its previous guidance of US\$7.0 million.

Table 1: Q3 FY20, Q2 FY21 and Q3 FY21 key metrics

| (US\$ in 000's, unaudited) | Q3 FY20 | Q2 FY21 | Q3 FY21 | Q3 FY21 vs Q2 FY21 | Q3 FY21 vs Q3 FY20 |
|--|---------|---------|---------|--------------------|--------------------|
| Net Revenue (A) | \$1,641 | \$1,523 | \$1,951 | 28% | 19% |
| Shipments to US ECPs (B) | \$1,687 | \$1,622 | \$1,954 | 20% | 16% |
| Cash receipts from customers (A) | \$1,889 | \$1,634 | \$1,968 | 20% | 4% |
| Active US Accounts (C) | 2,173 | 2,240 | 2,316 | 3% | 7% |
| Shipments to US ECPs per Active US Account | \$776 | \$724 | \$844 | 17% | 9% |
| Net cash used in operating activities | \$106 | \$2,105 | \$1,877 | -11% | 1,671% |
| Gross profit % | 46.0% | 40.5% | 40.1% | | |
| Repeat Customer Rate (D) | 111.9% | 97.3% | 99.3% | | |

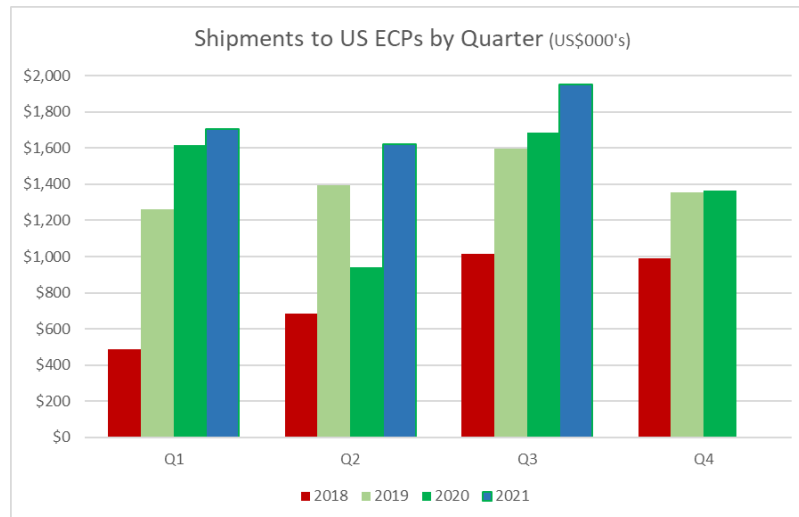
(A) Includes international results.

(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.

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 Shipments to US ECPs provide the best real-time view of the demand for its products. The table below shows Shipments to US ECPs by quarter since 2018.



While there are clear seasonal trends in demand for shipments to ECPs, VTI has demonstrated consistent growth on a corresponding quarter basis.

Gross profit margin was 40.1% in Q3 FY21, down slightly from 40.4% in Q2 FY21 and from 46.0% in Q3 FY20, primarily due to higher logistics expenses related to COVID-19. The Company expects continued volatile logistics costs in the short-term with gradual stabilization in 2022.

Cash and Cash receipts

Net cash used in operating activities was US\$1.9m in Q3 FY21, a reduction of 11% compared with Q2 FY21. Excluding inventory build for the 4Q FY21 launch of NaturalVue Enhanced Multifocal, net cash used in operating activities was US\$1.5m, an improvement of 29% from the previous quarter.

VTI expects cash use in Q4 FY21 to be less than US\$2.2m, which includes additional inventory build and other costs associated with the launch of NaturalVue Enhanced Multifocal and milestone payments relating to the randomized clinical trial for NaturalVue MF in paediatric myopia. Going forward, the Company expects quarterly cash use to generally decline and remains confident that it has sufficient cash to reach approximately break-even.

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

Clinical Projects

VTI is in the initiation phase of a randomized clinical trial in paediatric myopia management, the data from which will serve to support growing global sales, corporate partnering, and regulatory approval in China. Like many clinical trials globally, progress has been slowed by the continuing effects of COVID-19 in Canada, the country we targeted for first patient enrolment. However, in a very positive turn, VTI pursued and was just awarded approval to open study sites and enroll patients in the United States. VTI has been very successful in its global regulatory efforts, and this most recent achievement

is expected to speed study enrolment, engage additional key opinion leaders, and draw additional market attention to VTI. VTI expects the first patient to be enrolled in the study in Q4 FY21 with 1-year data available in mid-2023.

VTI Product Development

VTI plans to launch its NaturalVue Enhanced Multifocal in Q4 FY21. This is the next-generation of VTI's successful flagship multifocal contact lens for managing myopia and presbyopia. The lens features design changes and has added lubricants to enhance comfort.

The launch of NaturalVue Multifocal Toric lenses has been put on hold in order to apply the cash that would have been required for pre-launch inventory and marketing of the toric multifocal to more capital-efficient new product launches, such as gas permeable lenses that are used in keratoconus and orthokeratology. Updates on these products will occur over the coming months.

International Operations

Visioneering's partner in Europe, Menicon, has entered a full launch of its Menicon Bloom Myopia Management system, of which VTI's NaturalVue MF is a key element. The launch started in the June/July timeframe, and is expected to continue into 2022.

As a group, Australia, UK, Canada, and Asia are expected to provide material contribution in FY2021 and continued growth in 2022, though sporadic impediments due to COVID-19 will continue to occur in some territories. VTI also continues to work through the regulatory process for entering China, and expects to provide updates on that process in 1Q22.

Visioneering Technologies CEO Stephen Snowdy, PhD, said: "VTI has delivered yet another quarter of strong financial results. Also exciting is the rapid expansion of corporate interest and investment in myopia management, where VTI is an early leader with powerful long-term clinical data, strong intellectual property, and excellent name recognition. Over the next couple of quarters, we expect to launch new products, release 6-year data on real-world use of our lenses in controlling myopia progression in children, and announce the first patient enrolled in our randomized controlled trial. Lastly, we have a strong balance sheet that ensures we can invest in the activities that deliver long-term value to our shareholders."

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 Friday, 15 October 2021, at 9 AM AEST (Thursday, 14 October 2021, 6 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/10017148-2l4oti.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 7148

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:

| <i>Company</i> | <i>Investor and media relations</i> |
|---|---|
| Stephen Snowdy CEO, Visioneering Technologies, Inc. Email: ssnowdy@vtivision.com | Haley Chartres H^CK Digital Tel: +61 423 139 163 Email: haley@hck.digital |

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-ASX52

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 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 | | 1,968 | 5,161 |
| 1.2 Payments for | | | |
| (a) research and development | | (168) | (640) |
| (b) product manufacturing and operating costs | | (1,485) | (3,797) |
| (c) advertising and marketing | | (318) | (1,089) |
| (d) leased assets | | - | - |
| (e) staff costs | | (1,150) | (3,198) |
| (f) administration and corporate costs | | (653) | (2,105) |
| 1.3 Dividends received (see note 3) | | - | - |
| 1.4 Interest received | | - | 1 |
| 1.5 Interest and other costs of finance paid | | (71) | (210) |
| 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 | | (1,877) | (5,877) |
| 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) | (8) |

| | | | |
|------------|---|------------|------------|
| | (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) | (8) |

| | | | |
|-------------|---|-------------|---------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | 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 | - | (1,261) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | (36) | (36) |
| 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 | (36) | 16,638 |

| | | | |
|-----------|--|---------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 15,078 | 2,408 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,877) | (5,877) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (4) | (8) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (36) | 16,638 |

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 | Cash and cash equivalents at end of period | 13,161 | 13,161 |

| 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) | 12,911 | 14,828 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 13,161 | 15,078 |

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**

110

-

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

| Total facility amount at quarter end US\$'000 | Amount drawn at quarter end US\$'000 |
|---|--------------------------------------|
| 2,878 | 2,878 |
| - | - |
| - | - |
| 2,878 | 2,878 |

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. Balance at 30 September 2021 was \$78.

8. Estimated cash available for future operating activities

US\$'000

8.1 Net cash from / (used in) operating activities (Item 1.9)

(1,877)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

13,161

8.3 Unused finance facilities available at quarter end (Item 7.5)

0

8.4 Total available funding (Item 8.2 + Item 8.3)

13,161

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

7.0

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: 14 October 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.