Visioneering Technologies, Inc. (ASX:VTI)

2021 Annual Report

Visioneering Technologies, Inc.

Redefining Vision

Visioneering Technologies Inc. (ASX: VTI), "VTI" or "the Company", 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) 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.vtivision.com.

Contents

Forward-looking statements

This Annual Report contains or may contain forward-looking statements that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors, many of which are beyond VTI's control (including but not limited to the COVID-19 pandemic), subject to change without notice and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct.

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, US commercial market acceptance and US sales of our product, as well as our expectations with respect to our ability to develop and commercialize new products and to complete clinical trials.

Factors that could cause our actual results to differ materially from anticipated results expressed or implied by forward-looking statements include, among others:

- our ability to obtain sufficient capital or strategic business arrangements to fund our operations and expansion plans and the funding of our clinical trials for product candidates;
- our ability to build and maintain the management and human resources infrastructure necessary to support the growth of our business;
- scientific, regulatory and medical developments beyond our control;
- our ability to obtain and maintain, as applicable, appropriate governmental licenses, accreditations or certifications or to comply with healthcare laws and regulations or any other adverse effect or limitations caused by government regulation of our business;
- whether any of our current or future patent applications result in issued patents, the scope of those patents and our ability to obtain and maintain other rights to technology required or desirable for the conduct of our business; and our ability to commercialize products without infringing upon the claims of third-party patents;
- whether any potential strategic or financial benefits of various licensing agreements will be realized;
- our ability to diversify our pipeline of development product candidates, which could include an acquisition, merger, business combination, in-license or other strategic transaction, and whether any of such efforts will result in us entering into or completing any transaction or that any such transaction, if completed, will add to shareholder value;
- the results of our development activities;
- our ability to complete our planned clinical trials (or initiate other trials) in accordance with our estimated timelines due to delays associated with enrolling patients due to but not limited exclusively to the novelty of the treatment, the size of the patient population and the need of patients to meet the inclusion criteria of the trial or otherwise; and
- the extent to which the COVID-19 pandemic may impact our business, including our clinical trials and financial condition.

Any forward-looking statements are provided as a guide only and should not be relied upon as an indication or guarantee of future performance. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. You should not place undue reliance on forward-looking statements because they speak only as of the date when made and are subject to change without notice. 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.

What We Do

What we do: Contact lenses

VTI designs and markets contact lenses. Our flagship product, the NaturalVue® Multifocal (etafilcon A) 1 Day Contact Lens (**NaturalVue MF**), is used by two very large global patient populations that have complex and poorly addressed vision needs.

- The first patient population is that of children who have blurry distance vision ("nearsightedness" or "myopia") which progressively worsens through their childhood and adolescence, a condition called myopia progression. This condition correlates to an elevated life-time risk for blindness and other debilitating ocular diseases, with the risk increasing with the severity of the myopia. Currently, no widely adopted solutions are available to address this issue.
- The second population is composed of persons over the age of 40 who have myopia and are losing their ability to see near objects, a condition called presbyopia. Most current contact lenses designed for presbyopia compromise either near or distance vision and are time consuming for practitioners to optimize.

Eye Care Professionals (**ECPs**) use the same NaturalVue MF contact lens to treat both populations, slowing the progression of myopia in children and providing middle-age and older adults with simultaneous correction of near and distance vision. The versatility of treating two large and under addressed patient populations with a single contact lens design is a worldwide competitive advantage.

Together, myopia in children and presbyopia represent approximately US$5 billion of addressable market opportunity in the United States alone. In Asia, where in some countries up to 80-90% of children suffer from myopia, the addressable market for NaturalVue MF in treating myopia progression in children is in the billions of dollars, with China alone representing approximately US$8-11 billion of addressable market. As the degree of nearsightedness correlates to one's lifetime risk of blindness and other debilitating eye diseases, treatments for myopia progression in children are increasingly in demand.

In addition to contact lenses for presbyopia and myopia progression, VTI also sells NaturalVue Sphere, which is a contact lens for the simple correction of blurry distance vision. VTI is also developing products for those with astigmatism.

Defined terms

We reference several defined terms throughout this Annual Report as follows:
Shipments to US ECPs – represents the gross revenue equivalent of lenses shipped to ECPs located in the US, net of fulfillment fees.
Active US Accounts – ECPs located in the US that purchased VTI products in the most recent fiscal quarter.
Repeat Customer Rate – the percent of prior quarter Active US Accounts that purchased in the current quarter.

To Our Securityholders

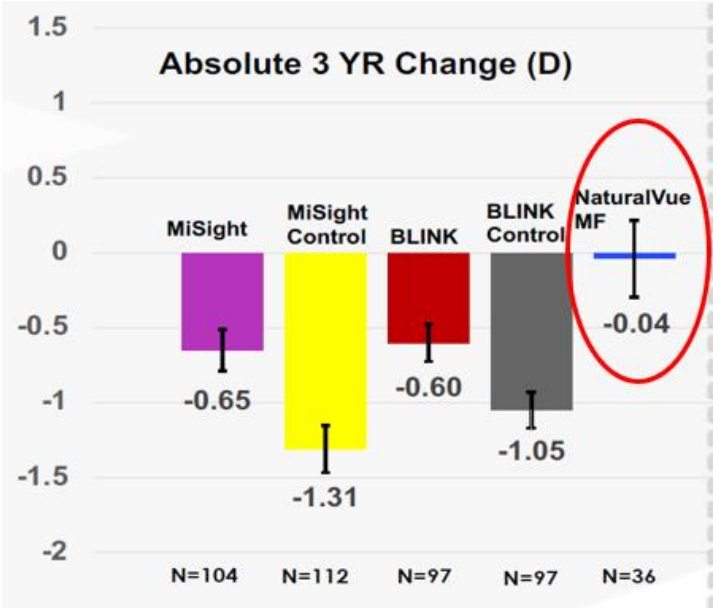
Despite a global pandemic involving COVID-19 and its negative impact on all types of businesses, including ours, 2021 was a year of achievement for VTI. One of our most significant accomplishments involved you, our securityholders and, in hindsight, has become even more important to us as the worldwide stock markets have become more volatile and capital has become much more difficult and expensive to secure. In March and April 2021, you invested US$16.7 million (A$23.3 million) in VTI, which included investments by myself and three of my fellow Directors. Thank you for your support and commitment to our vision.

As you may recall, we announced four purposes for the capital raise in our Notice of Special Meeting of Stockholders dated 26 February 2021. It's now a year beyond the financing and I am pleased to recap our performance against those stated objectives.

1. The conduct of clinical trials, including a trial for approval in China

With the financing secured, VTI launched the PROTECT (**PRO**gressive Myopia **T**reatment **E**valuation for NaturalVue® Multifocal **C**ontact Lens **T**rial) Clinical Study to generate randomized, controlled clinical data to support our NaturalVue® (etafilcon A) Multifocal (MF) 1 Day Contact Lens product. Historically, VTI has released the results of its own real-world data for NaturalVue MF and the standalone results have been extremely favorable. Recently, however, the results of two randomized control trials for competitor products were published. One was conducted by the maker of the MiSight® 1 day lens and the other was the **B**ifocal **L**enses **I**n **N**earsighted **K**ids (BLINK) Study, which was conducted by two large research institutions in the US and was funded by the US National Eye Institute. These studies covered children ages 7 – 12 at enrollment and included several measurements as endpoints, a key one of which was the absolute change in spherical equivalent refractive error over a three-year period. The studies showed that the patients wearing the MiSight or BLINK lenses averaged 0.60 Diopters or more of absolute change over three years while the patients wearing the single vision contact lens control lens averaged a full diopter or more of change over three years.

Subsequently, VTI compared the results from these studies to the results of an age-matched corresponding subset of the children in the NaturalVue MF real-world study. The comparison, as seen in the diagram below, is compelling. On average, the children in the VTI real-world study experienced *almost no* worsening of their myopia over a three-year period.[1]



It is clear that the real-world data supporting the NaturalVue MF results are much more positive than the data for the competitor products. In order to make this comparison even more rigorous, we plan to repeat it with randomized controlled data from the PROTECT study. Our expectation is that the results from PROTECT will affirm our observations based on real world data and will solidify the conclusion that NaturalVue MF provides a superior benefit in controlling myopia progression.

The first patient in PROTECT completed the initial visit in January 2022 at a site in Toronto, Canada. We are currently adding new sites to the study in Canada, the US, Hong Kong and Singapore and plan to complete enrollment by mid-year 2022. Based on this schedule, we expect to announce 1-year interim data from PROTECT in the second half of 2023. Note that for previous studies, 1-year data have been highly predictive of the final study outcome, so we expect the announcement of these results from PROTECT to be a major milestone for VTI.

Additionally, we currently are applying for approval to sell NaturalVue MF in China. We are hopeful that the existing real-world data or, if necessary, the PROTECT Clinical Study results from the two Hong Kong sites, will be sufficient to obtain this approval. We are still early in the application process and there remains much uncertainty about what the Chinese regulatory agency will require, the timing of our application and review and the timing of a NaturalVue MF product launch in China. Still, we remain excited and positive about our prospects, especially given that China represents, by far, the largest pediatric myopia market in the world.

2. Continued expansion of domestic and international sales

VTI recorded a record US$7.2 million (A$9.9 million) net revenue in FY21, an increase of approximately 40% over FY20. This increase was consistent across our North America and our Europe/Asia-Pacific segments. For the North America market, we created the MyPath™ to Myopia Management Success program in FY21 and launched it in January 2022. The program includes an online practice management hub for practitioners with education and communication resources, as well as practice support materials to inform parents and children regarding their myopia treatment journey.

In our Europe/Asia-Pacific markets, we solidified our relationships with our existing distributors in FY21, helping them to grow net revenue nearly 40% compared to FY20. Menicon, which sells our NaturalVue MF product under the Menicon Bloom Day™ label, sold only in the Netherlands in FY20 and FY21. On March 1, 2022, Menicon announced the launch of the Menicon Bloom™ Treatment Plan for Myopia Control in the United Kingdom, France, Spain, Italy, Austria, Australia, and Singapore. Menicon is pairing the launch with a marketing campaign entitled “See Their Imagination Bloom”. Menicon purchased a large initial stocking order in 2019 that enables them to begin this launch without another immediate large purchase from VTI. We are looking forward to the success of the recent launches in additional countries and expect that it will generate additional orders later in FY22 and beyond.

3. New product launches

We successfully launched the NaturalVue® Enhanced Multifocal 1 Day™ contact lens in FY21. This product is the next generation of our flagship NaturalVue MF for managing myopia and presbyopia. NaturalVue Enhanced Multifocal features the TripleTear® lubrication system and Ultra-Tapered Edge designed for optimal fit and comfort for all-day wear. We launched in the US market in early November in conjunction with the American Academy of Optometry annual meeting in Boston, the final major tradeshow for 2021. The lens includes added lubricants and a new edge design that is especially suited for our older adult presbyopia wearers that have issues with dry eyes. We followed the US launch with one in the UK in early March 2022 and plan to launch in our remaining countries later in FY22.

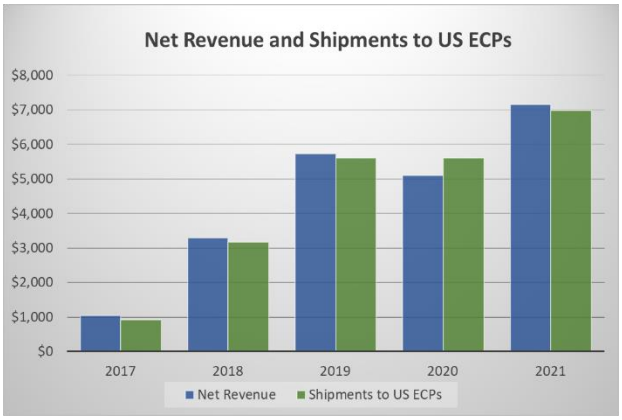
For future product expansion, we are continuing our efforts to develop the NaturalVue® Multifocal Toric contact lens but we have not set a date for its launch at this time. In the meantime, we are focused on partnering with other companies to co-promote their products as a means of increasing the product offerings of our highly skilled sales resources. This is yet another way for us to increase sales and revenue while carefully managing our R&D spend.

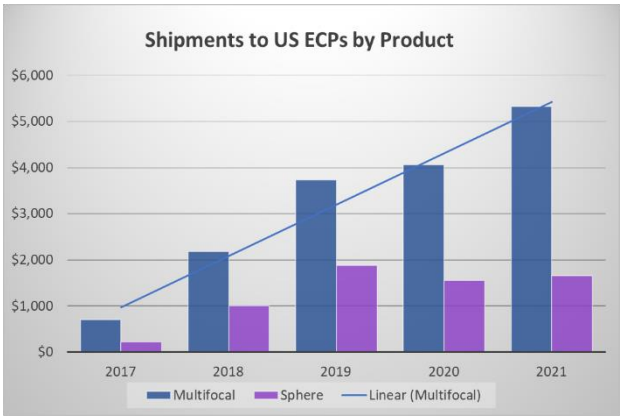
4. General working capital and to fund the Company through to, or close to, break-even cash flow

VTI finished FY21 with US$11.0 million in cash and cash equivalents. Our net cash used in operating activities was US$8.0 million during the year. We are forecasting our net cash use to decline by 25% or more in FY22 compared to FY21, driven by higher revenues and gross margins combined with lower operating expenses. We anticipate lowering our net cash use even further in FY23 as we continue to build on the revenue and margin growth from FY22.

A top priority for the Board of Directors and the entire VTI team is to grow revenue, increase margins and reduce costs as a means to achieve our stated objective of reaching approximately break-even cash flow by early 2024 without the need for another significant, dilutive capital raise.

Financial Highlights for the year ended 31 December 2021





Net revenue increased 40% and Shipments to US ECPs increased 24% from FY20 to FY21. NaturalVue MF Shipments to US ECPs increased in each year despite the impact of the COVID-19 pandemic.

Gross profit declined slightly from 43.6% in FY20 to 41.5% in FY21 as the costs to ship our contact lenses from our manufacturer in Taiwan to the US increased dramatically due to global supply chain issues in the year. We began to ship our product primarily by ocean freight in FY22 instead of by air freight as we did in FY21. We believe this change, combined with a price increase we enacted at the beginning of FY22 and lower costs from volume purchase discounts will enable us to increase our gross margins from approximately FY21 levels in Q1 FY22 to approximately 50% by the end of FY22.

Operating expenses increased 3% from FY20 to FY21. This change included decreases in sales and marketing and in general and administrative expenses that were more than offset by a nearly 50% increase in clinical and manufacturing expenses. We launched a new product, hired a highly experienced and expert Chief Medical Officer, and began the PROTECT Clinical Study in FY21, resulting in the large increase in clinical and manufacturing expenses. For FY22, we anticipate lowering our operating expenses, including reductions in sales and marketing and general and administrative expenses, partially offset by an increase in clinical and manufacturing costs as we increase spending on the PROTECT Clinical Study.

The Future Looks Bright

VTI skillfully navigated the choppy economic waters of a global pandemic and difficult business environment in 2021 and delivered an annual increase in revenues of 40% both in the US and in our international markets along with a new product launch, all while simultaneously initiating a major international randomized clinical trial to support the superiority of our NaturalVue MF product and to achieve product registration in the world's largest myopia market in China. We remain steadfastly on the road to approximate cash flow break even with existing

capital and now forecast that we will reach that goal in early 2024. We look forward to reporting on our progress in the coming quarters and year and thank you sincerely for your support.

Sincerely,

David J. Mazzo, Ph.D.
Chairman and Non-executive Director

MiSight® is a registered trademark and brand of CooperVision, Inc.
Menicon Bloom™ is a trademark of the Menicon Co., Ltd.
1 Benoit DP, Dillehay SM. New Clinical Evidence through 5 Years: NaturalVue Multifocal for Myopia Management. The Global Myopia Symposium, September 2020.

Directors

Dr. Stephen Snowdy, Ph.D
Chief Executive Officer and Executive Director

(See Senior Leadership Team on page 11)

Dr. David J. Mazzo, Ph.D
Chairman of the Board and Non-executive Director
Member of the Nomination and Remuneration Committee and Science and Technology Committee

Dr. Mazzo was appointed as VTI's Chairman on February 28, 2020. Dr. Mazzo is a highly accomplished and experienced life sciences executive and board director with almost 40 years of experience in managing companies in the healthcare space. Dr. Mazzo currently is President and CEO and Executive Director of Caladrius Biosciences, Inc. (NASDAQ:CLBS). Dr. Mazzo also serves on the Board of Feldan Therapeutics (private). Previously, Dr. Mazzo served as Chairman of the Board of EyePoint Pharmaceuticals, Inc. (NASDAQ:EYPT) and as a non-executive director of Seneca Biopharmaceuticals, Inc. (NASDAQ:SNCA) as well as CEO and Executive Director of Regado Biosciences, Inc., where, among other accomplishments, he led Regado's IPO on NASDAQ. Prior to leading Regado, Dr. Mazzo was CEO and Executive Director of Aeterna Zentaris, a public pharmaceutical company (NASDAQ:AEZS, TSX:AEZS), and of Chugai Pharma USA, LLC, the U.S. subsidiary of Chugai Pharmaceuticals Co. Ltd. of Japan (TYO:4519), a member of the Roche group (SWX:RO). Dr. Mazzo has also had a distinguished international career leading pharmaceutical development for Rhone-Poulenc Rorer and Hoechst Marion Roussel before culminating his big pharma experience in his position as Senior Vice President of Development Operations for Schering-Plough Research Institute.

Dr. Mazzo's academic training and early career were in analytical chemistry. He received his M.S. in Chemistry and Ph.D. degree in Analytical Chemistry from the University of Massachusetts, Amherst, and completed a research fellowship at the Ecole Polytechnique Federale de Lausanne in Switzerland. He earned a BA in the Honors program (interdisciplinary humanities) and a BS in chemistry at Villanova University.

Ms. Christine van Heek
Non-executive Director
Member of the Nomination and Remuneration Committee and Science and Technology Committee

Ms. van Heek currently serves as a director of Concert Pharmaceuticals, Inc., a NASDAQ-listed biotechnology company and previously sat on the board of Affymax, Inc., a NASDAQ-listed biopharmaceutical company, from 2007-2014. From 1991 to 2003, Ms. van Heek held various positions at Genzyme Corporation, a biotechnology company acquired by Sanofi S.A., including Officer and President of the Therapeutics Division; General Manager of the Renal Division; and Vice President of Global Marketing. While at Genzyme, Ms. van Heek built and managed the worldwide commercial organisation for the Therapeutics and Renal Divisions and led the launches of five global products.

Ms. van Heek received a Bachelor of Science in Nursing from the University of Iowa and a Master of Business Administration from Lindenwood University, St. Charles, Missouri.

Ms. Zita Peach
Non-executive Director
Chair of the Nomination and Remuneration Committee and member of the Audit and Risk Committee

Ms. Peach has more than 30 years of commercial experience in the pharmaceutical, biotechnology, medical device and healthcare sectors. She has held senior positions in marketing, product and technology commercialisation, business development, licensing, and mergers and acquisitions. Ms. Peach's previous executive roles include Managing Director for Australia and New Zealand, and Executive Vice President for South Asia Pacific, at Fresenius

Kabi, a leading provider of pharmaceutical products and medical devices to hospitals. She also served as Vice President of Business Development at CSL Limited (ASX: CSL)`. Ms. Peach currently sits on the boards of ASX-listed Starpharma Holdings Limited (ASX: SPL); Monash IVF Group Limited (ASX: MVF); and is Chair of Pacific Smiles Group Limited (ASX: PSQ). She also holds a board position with Hudson Institute of Medical Research.

Ms. Peach received a Bachelor of Science from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Marketing Institute.

Ms. Jean Franchi
Non-executive Director
Chair of the Audit and Risk Committee

Ms. Franchi is a highly regarded business leader with over 30 years of experience in building and leading senior corporate and divisional financial teams from the research and development stage through product launch and commercial operations. Her experience spans both the public and private pharmaceutical, biotech, and diagnostics sectors. Ms. Franchi is currently the Chief Financial Officer of Replimune Group Inc (NASDAQ: REPL), a NASDAQ-listed clinical stage biotechnology company. Ms. Franchi currently serves on the boards of directors of Biodesix, Inc. and Dynacure.

Prior to Replimune, Ms. Franchi served as the Chief Financial Officer of Merrimack Pharmaceuticals, Dimension Therapeutics and Good Start Genetics. Ms. Franchi also spent 16 years at Genzyme Corporation, a US-based biotechnology company now owned by Sanofi S.A., where she was instrumental in preparing the company for its transition from early market introductions to becoming the industry leader in rare disease drug development and commercialization. Prior to Genzyme, Ms. Franchi worked in accounting, finance, and sales operations for two diagnostic companies: bioMérieux, Inc., and API, a former division of American Home Products (now Pfizer).

Ms. Franchi holds a Bachelor of Business Administration from Hofstra University, New York.

Mr. Andrew Silverberg
Non-executive Director
Member of the Nomination and Remuneration Committee and Audit and Risk Committee

Mr. Silverberg was appointed as a Director on November 5, 2020 pursuant to an agreement between the Company and Thorney Investment Group Australia Pty Ltd, one of the Company's largest securityholders. He has over 20 years of experience as an investor and leader in the global money management industry and possesses deep experience and relationships in investment management, capital markets and investment banking. Mr. Silverberg currently serves as an Investment Manager with Thorney Investment Group Australia Pty Ltd. From 2014 to 2017, Mr. Silverberg served as Senior Portfolio Manager at Talpion Fund Management, a New York based family office, where he managed a global equity portfolio and researched various public and private investment opportunities. From 2012 to 2014, Mr. Silverberg re-joined hedge fund firm Mark Asset Management as Partner and Portfolio Manager. From 2001 – 2012, Mr. Silverberg was a Senior Vice President and Portfolio Manager with institutional money management firm Fred Alger Management. Mr. Silverberg began his career as a Research Analyst with Mark Asset Management.

Mr. Silverberg graduated from Brooklyn College with a Bachelor of Science Degree in Business, Management and Finance.

Directors (continued)

Dr. Dwight Akerman, OD, MBA
Non-executive Director
Chair of the Science and Technology Committee

Dr. Akerman was appointed as a Director on July 2, 2021. Dr. Akerman is an optometrist and an experienced executive in the vision care industry, with 41 years of leadership in optometry, new product development, clinical and regulatory affairs, academic and professional affairs, business development and licensing, and executive management. He is currently the Chief Medical Editor of "Review of Myopia Management" and recently retired from Alcon as Vice President and Global Head of Professional Affairs and Business Development.

From 2001 to 2011 at Ciba Vision, he served as Director of Marketing, Director of Professional Affairs in North and South America, and Global Head of Medical Affairs at Novartis Ophthalmics. Then, after Ciba Vision merged with Alcon, he served as Executive Director of US Professional Affairs before being promoted to Vice President and Global Head of Professional Affairs and Business Development. In this last role at Alcon, Dr. Akerman was a member of the vision care global leadership team and had responsibilities for myopia management strategy, medical marketing, business development and licensing, and managed the company's relationship with global medical associations.

Prior to his tenure at Alcon, Dr. Akerman was Director of Global Clinical Research and Professional Affairs for 10 years at Wesley Jessen Corp., which merged with Ciba Vision in 2001.

Senior Leadership Team

Dr. Stephen Snowdy
Chief Executive Officer and Executive Director

Dr. Snowdy is a scientist, serial entrepreneur, and medical venture capitalist with 18 years of experience in life science investing and executive management. He previously served as CEO at Abby Med LLC, a start-up pharmaceutical company dedicated to the development of a novel class of cancer drugs, was Chairman/CEO of Calosyn Pharma, Inc., a Phase 2 osteoarthritis company, and was a partner for several years at a top-tier medical venture capital firm.

Dr. Snowdy simultaneously earned a PhD in Neurobiology and an MBA from the University of North Carolina. He studied Chemical Engineering and Chemistry at the University of Florida, where he also completed two years of post-baccalaureate study in cardiopharmacology. His academic training followed service in the United States Navy Special Forces.

Dr. Snowdy resigned his position with VTI effective 9 January 2022.

Mr. Brian Lane
Chief Operating & Chief Financial Officer

Mr. Lane has more than 30 years of experience in financial operations and management. Prior to joining VTI, he served as CFO of Onepath, a private equity-owned services firm that designs, deploys and supports technology. Previously, he was Controller of PRGX Global (PRGX), a NASDAQ-listed global recovery audit and business analytics firm and held senior financial positions at several other companies in the financial services, franchise and manufacturing industries. Mr. Lane began his career with Ernst & Young, LLP. Mr. Lane earned his Bachelor of Business Administration from the University of Georgia, where he graduated Magna Cum Laude, and is a Certified Public Accountant (CPA).

Mr. Tony Sommer, Jr.
Senior Vice President, Sales and Marketing

An organizational and commercial leader, and a decorated combat veteran, Mr. Sommer brings to VTI over 20 years' experience in sales and marketing management. He has held senior sales and marketing positions in the OTC and eyecare industries, and led marketing and sales teams at Meda Pharmaceuticals, CIBA Vision (Novartis) and Bausch & Lomb, where he was the Head of Sales for their US Vision Care division. Mr. Sommer received an MBA from Oklahoma City University and a BS in International Affairs from the United States Air Force Academy.

Mr. Sommer resigned his position with VTI effective 18 March 2022.

Dr. Kuang-mon (Ashley) Tuan
Chief Medical Officer

Dr. Tuan joined VTI on 2 November 2022 as Chief Medical Officer. Most recently, Dr. Tuan was Vice President of Medical Devices for Mojo Vision, a smart contact lens company. Previously, she was Vice President of Clinical Affairs & Vision Research for Powervision, Inc., an accommodative intraocular lens company and Senior Director of Clinical Research for Nexisvision, Inc., an ophthalmic medical device company. She also served as Vision Research and Project Manager for CooperVision, where she helped develop and launch the MiSight™ contact lens that later became the first contact lens approved by the FDA indicated to slow the progression of myopia in children. In addition to other positions in the vision care industry, Dr. Tuan was a practicing optometrist for nine years.

Dr. Tuan holds a PhD in Vision Science from the University of California at Berkeley School of Optometry and a Doctor of Optometry and Master of Science in Physiological Optics from The Ohio State University College of Optometry. She is a member of the Association for Research in Vision and Ophthalmology (ARVO), the British Contact Lens Association (BCLA) and is a Fellow of the American Academy of Optometry (FAAO).

Remuneration Report (Unaudited)

Directors and Committees

The Company formed the Science & Technology Committee effective June 1, 2021 and realigned the committee assignments. The composition of the Board as of December 31, 2021 and the length of service of each Director is as follows:

Name	Position	Date appointed	Independent Yes/No	Audit & Risk Committee	Nomination & Remuneration Committee	Science & Technology Committee
David Mazzo	Chairman (non-executive)	February 28, 2020	Yes	No	Yes	Yes
Stephen Snowdy	Director (executive)	November 25, 2008	No	No	No	Yes
Jean Franchi	Director (non-executive)	December 19, 2017	Yes	Chair	No	No
Zita Peach	Director (non-executive)	February 14, 2017	Yes	Yes	Chair	No
Christine van Heek	Director (non-executive)	November 25, 2008	Yes	Yes	No	Yes
Andrew Silverberg	Director (non-executive)	November 5, 2020	No	Yes	Yes	No
Dwight Akerman	Director (non-executive)	July 2, 2021	Yes	No	No	Chair

The following table shows the number of meetings of the Board, the Audit & Risk Committee, the Nomination & Remuneration Committee and the Science & Technology Committee, and the number of those meetings attended by each Director during the year ended December 31, 2021. Variances in the target number of meetings are due to timing of the changes in Board membership and the committee realignment noted above.

Name	Board meetings	Audit & Risk Committee meetings	Nomination & Remuneration Committee meetings	Science & Technology Committee meetings
David Mazzo	5 of 5	–	1 of 1	2 of 2
Stephen Snowdy	5 of 5	–	–	2 of 2
Tom Dooley (A)	3 of 3	–	2 of 2	–
Jean Franchi	5 of 5	5 of 5	–	–
Zita Peach	5 of 5	5 of 5	3 of 3	–
Christine van Heek	5 of 5	5 of 5	2 of 2	2 of 2
Andrew Silverberg	5 of 5	2 of 2	1 of 1	–
Dwight Akerman (B)	2 of 2	–	–	2 of 2

(A) Mr. Dooley's term expired at the end of the Annual General Meeting held in May 2021.
(B) Dr. Akerman joined the Board in July 2021.

Remuneration Report (Unaudited) (continued)

CHESS Depository Interests (CDIs) / Class A common stock (Shares) held by each Director as of December 31, 2021 were are follows:

Name	CDIs	Shares	Unlisted Options	Listed Options
David Mazzo[2]	11,954	17,648	5,977[3]	8,824
Stephen Snowdy	96,256	34,814	427,220[4]	–
Jean Franchi	11,965	–	5,983[3]	–
Zita Peach	16,497[6]	–	4,762[3]	2,942[6]
Christine van Heek[2]	11,786	21,895[1]	6,803[3,5]	8,824
Andrew Silverberg[2]	–	17,648	–	8,824
Dwight Akerman	–	–	–	–

[1] 19,233 held personally and 2,662 held jointly

[2] As approved at a Special Meeting of Stockholders held on March 17, 2021 (Australian Eastern Daylight Time), and as adjusted for a reverse split of the Shares effected on June 15, 2021, each of these Directors purchased 17,648 Shares and received 8,824 Options at the same terms as investors under a Placement and Security Purchase Plan, except that the Directors received Shares rather than CDIs.

[3] Includes options issued as part of the June 2020 Placement and Security Purchase Plan as free attaching options to the CDIs purchased by the Director. Options are exercisable at A$0.028 per option and expire June 30, 2022.

[4] Options were issued in June 2020 and expire in June 2030. Dr. Snowdy resigned from VTI effective 9 January 2022 and forfeited 295,074 unvested options on that date and 132,146 vested options on 9 April 2022.

[5] Includes 910 options issued under the 2008 Stock Incentive Plan.

[6] Includes 6,973 CDIs and 2,942 Listed Options held jointly.

Further Remuneration Information

The Board and its Nomination and Remuneration Committee are responsible for reviewing and approving remuneration and incentive policies and practices. The Company has a clear distinction between the structure of non-executive directors' remuneration and that of the executive director (Dr. Stephen Snowdy) and other senior executives.

In addition to the remuneration described below, Directors and senior executives may be reimbursed for travel and other expenses incurred in attending to the Company's affairs.

Non-executive Directors

Under the ASX Listing Rules, the total amount paid to all non-executive Directors for the services must not exceed the amount fixed by VTI in a general meeting. This amount has been fixed at US$500,000 per financial year.

The Board seeks to set non-executive Directors' fees at a level that provides the Company with the ability to attract and retain non-executive Directors of the highest caliber with relevant professional expertise and reflect the demands that are made on, the responsibilities of and the liabilities assumed by the non-executive Directors, while incurring a cost that is acceptable to securityholders.

Each non-executive Director was paid director's fees of US$61,800 per annum plus another US$25,750 per annum for the Chairman, US$7,200 per annum for Committee Chairs and US$3,100 for Committee members other than Chairs.

Senior executives

The Company's approach to remuneration is framed by the strategic directions and operational demands of the business, the international marketplace in which the business operates and high standards of governance. The executive remuneration strategy includes a mix of competitive fixed remuneration, short-term incentives in the form of cash bonuses and longer-term incentives in the form of grants under the Company's 2017 Equity Incentive Plan.

Remuneration Report (Unaudited) (Continued)

Setting and reviewing remuneration of senior executives

The Company aims to reward executives with a level and mix of remuneration appropriate to their position, experience, and responsibilities, while being market competitive and enabling the Company to structure awards that may conserve cash reserves due to the Company's current scale.

The Remuneration and Nomination Committee, with the Board, actively reviews the Company's remuneration structure and benchmarks the proportion of fixed remuneration, short-term incentives and long-term incentives against relevant comparators to ensure the policy objectives are met and are in line with good corporate practice for a company of VTI's size, industry and stage of development. Remuneration levels are considered annually through the remuneration review, which considers industry benchmarks in Australia and the United States and the performance of the Company and individual. Other factors taken into account in determining remuneration include a demonstrated record of performance and the Company's ability to pay. In the case of executives, the senior most executive (typically the CEO or COO) provides recommendations to the committee. The committee obtained remuneration benchmarking with reference to industry peers, together with, where appropriate, other benchmarking reports that apply to specific positions in 2021.

The Board believes that equity-based remuneration is an effective way to attract, retain and motivate key employees. When used appropriately, it can provide a vehicle for linking executive pay to a company's performance, thereby aligning the interests of executives with those of securityholders. Tying a portion of an executive's remuneration to the performance of the Company provides an incentive to maximize stock value by those in the best position to realize that value.

Fixed component

The Company aims to provide a competitive base salary with reference to the role, market and experience. The performance of the Company and individual are considered during the annual remuneration review.

Short-term incentives component

The Company generally pays cash bonuses for attainment under the short-term incentive plan based on attainment of corporate goals and measured as a percentage of the executive's base salary. For 2021, the percentages were 45% for Dr. Snowdy and 40% for each of Mr. Lane and Mr. Sommer. Dr. Tuan was not eligible for 2021 due to the date that she joined the Company.

Long-term incentives component

The Company rewards executives for their contribution to the creation of securityholder value over the longer term through the 2017 Equity Incentive Plan (**2017 Plan**) and the issue of incentive stock options under the 2017 Plan. The Company awards long-term incentive stock options based on attainment of corporate goals and measured as a percentage of the executive's base salary. For 2021, the percentages were 40% for Dr. Snowdy and 30% for each of Mr. Lane and Mr. Sommer. Dr. Tuan was not eligible for 2021 due to the date she joined the Company. Stock options awarded under the long-term incentive plan vest over 4 years based on continuity of service (but subject to acceleration in limited circumstances, including termination without cause and a change in the control of the Company).

The 2017 Plan replaced a 2008 Equity Incentive Plan (**2008 Plan**) from the time of the Company's initial public offering and listing on the ASX in March 2017. The 2008 Plan operates in substantially the same way as described above (although following the adoption of the 2017 Plan, no new grants are being made under the 2008 Plan).

The rules of both plans were released to the ASX on March 27, 2017 and copies are available from the "All Announcements" section of the Company's investor website at www.vtivisioninvestors.com.

The Board administers both the 2017 Plan and 2008 Plan based on the recommendations of the Remuneration and Nomination Committee.

Remuneration Report (Unaudited) (Continued)

2021 performance

For 2021, the goals for the short-term and long-term incentive plans were the same for each plan. The goals and their relative weighting included:

- a net revenue target (45%)
- an enrollment target for the PROTECT Clinical Study (25%)
- completion of a capital raise (20%)
- new product launches (5%)
- strategically accretive transactions (5%)

Awards under both the short-term and long-term incentive plans were based on attainment of 80% of the stated goals.

Summary table

The remuneration of senior executives in respect of the financial year ended December 31, 2021 (including remuneration yet to be paid) is summarized below. Typically, short-term incentive payments are made in cash. To preserve cash, the Company offered employees other than the CEO to receive Shares instead of cash and increased the award by 20% if the employee accepted Shares to reflect the lack of liquidity in VTI stock as well as the added costs and administrative challenges of US persons selling CDIs on the ASX. The CEO resigned prior to the payment of the short-term incentive award. To incentivize a smooth transition of responsibilities following his departure and to facilitate business continuity, the Company agreed to pay the CEO his earned short-term incentive but required the CEO to receive Shares rather than cash with no increase to the award. The payment in Shares is subject to securityholder approval at the 2022 Annual General Meeting (AGM). **If securityholders do not approve payment in Shares, the Company will be obliged to pay the short-term incentive in cash.**

Senior executive	Base Salary	Short-term incentive	Other	Long-Term Incentive
Stephen Snowdy (A)	US$406,385	291,510 Shares	-	-
Brian Lane (B)	US$274,896	210,344 Shares	-	160,777 options with a fair value of US$66,240
Tony Sommer (C)	US$263,423	US$84,960	-	-
Ashley Tuan (D)	US$52,038	-	US$124,000	300,000 options with a fair value of US$165,000 granted in conjunction with Dr. Tuan beginning employment with VTI

(A) Dr. Snowdy resigned effective 9 January 2022, accordingly no long-term incentive was awarded to Dr. Snowdy. Short-term incentive share grant is subject to approval of securityholders at the 2022 AGM. If not approved, payment will be made in cash in the amount of US$146,880.

(B) Mr. Lane elected to receive his short-term incentive in Shares. The cash value of US$88,320 was increased by 20% (as noted above) and paid in Shares.

(C) Mr. Sommer elected to receive his short-term incentive in cash. Mr. Sommer resigned effective 18 March 2022, accordingly no long-term incentive was awarded to Mr. Sommer.

(D) Dr. Tuan joined VTI effective 2 November 2021 and was not eligible for the 2021 short-term and long-term incentive plans. The Company agreed to pay a signing bonus to Dr. Tuan of US$31,000 per quarter for four quarters, totaling US$124,000. The Company made the first payment in cash in November 2021. For the second payment in February 2022, the Company requested that Dr. Tuan accept payment in Shares with a 20% increase in the award (as noted above), consistent with the increase for the short-term incentive payment offered to executives other than the CEO. Dr. Tuan accepted 73,830 Shares in satisfaction of the February 2022 installment. Additional quarterly payments are due to Dr. Tuan in May 2022 and August 2022.

Corporate Governance

Corporate Governance

Good corporate governance is one of the foundational business practices of VTI. Details of the Company's corporate governance policies and procedures, including information about Board Committees and Corporate Charters, can be found on VTI's investor website under the Corporate Governance section:

https://vtivisioninvestors.com/documents/

Other Securityholder Information

Introduction

The Company has CDIs quoted on the ASX trading under the ASX code VTI. Each CDI represents an interest in one Share. The Company's securities are not quoted on any other exchange.

Except as otherwise noted below, the information below was applicable as at April 1, 2022. To avoid double-counting, the holdings of Shares by CHESS Depositary Nominees Pty Limited (**CDN**) (underpinning the CDIs on issue) have been disregarded in the presentation of the information below. Related but separate legal entities are not aggregated for the purpose of the table below.

Top 20 Holders of CDIs and Shares

Rank	Name	Number	% of Issued Capital
1	Thorney Investment Group	6,001,449	24.97%
2	Regal Funds Management	4,590,685	19.10%
3	Mr. Paul Cozzi	1,590,135	6.62%
4	UBS Securities	1,169,327	4.86%
5	Credit Suisse	1,049,693	4.37%
6	Altor Capital	682,842	2.84%
7	DF Capital II LLC	359,493	1.50%
8	Cranport	338,235	1.41%
9	Mr. Gavin J. Dunhill	290,000	1.21%
10	Mr. Brian Lane	251,076	1.04%
11	Mr. Lawrence Gozlan	235,295	0.98%
12	Mr. Minh V Q Dang & Mrs. Thi K D Nguyen	221,813	0.92%
13	Mr. Craig G. Chapman	200,000	0.83%
14	Memphis Biomed Ventures II LP	149,357	0.62%
15	Mr. Stephen Snowdy	131,070	0.55%
16	Mr. Richard K Colebatch	131,000	0.54%
17	Mr. Robert J. Hunt	105,000	0.44%
18	Dr. Russell K. Hancock	100,000	0.42%
19	Mr. & Mrs. Jeffrey Markoff	96,258	0.40%
20	Ms. Rosa Lee	93,247	0.39%
	Top 20 holders	**17,785,975**	**74.01%**
	Remaining holders	**6,244,585**	**25.99%**
	Total	**24,030,560**	**100.00%**

Distribution of CDIs and Shares

Range	Total holders	Number	% of Issued Capital
1 – 1,000	509	205,703	0.86%
1,001 – 5,000	309	808,833	3.37%
5,001 – 10,000	106	791,260	3.29%
10,001 – 100,000	148	4,650,745	19.35%
100,001 – 999,999,999	18	17,574,019	73.13%
Total	**1,090**	**24,030,560**	**100.00%**

There are 442 investors holding less than a marketable parcel of CDIs or Shares, based on a minimum A$500.00 parcel at A$0.565 per CDI or Share (close of trade price on April 19, 2022).

Other Securityholder Information (Continued)

Top 20 Listed Optionholders (listed on ASX)

Rank	Name	Options held	%
1	CS Third Nominees Pty Limited	2,077,856	30.03%
2	UBS Nominees Pty Ltd	1,117,648	16.15%
3	Thorney Technologies Ltd	558,824	8.08%
4	National Nominees Limited	552,348	7.98%
5	HSBC Custody Nominees (Australia) Limited	406,159	5.87%
6	CS Fourth Nominees Pty Limited	360,059	5.20%
7	Gazump Resources Pty Ltd	184,811	2.67%
8	Mr. Paul Cozzi	157,564	2.28%
9	Mr. Casey Joseph Iddon	142,000	2.05%
10	Bipharm Investments Pty Ltd	117,648	1.70%
11	Altor Capital Management Pty Ltd	103,530	1.50%
12	CS Fourth Nominees Pty Limited	81,119	1.17%
13	P K Capital Pty Ltd	65,000	0.94%
14	Mr. Rajeev Kapur	53,090	0.77%
15	JP Morgan Nominees Australia Pty Limited	50,000	0.72%
16	Bell Potter Nominees Ltd <BB Nominees A/C>	35,491	0.51%
17	Aurenda Partners Investment Management Pty Ltd	34,080	0.49%
18	Yarrac Pty Ltd <Colebatch Property A/C>	29,824	0.43%
19	Jasforce Pty Ltd	29,412	0.43%
20	Mr. Minh Tan Mai	25,000	0.36%
	Top 20 holders	**6,181,463**	**89.33%**
	Remaining holders	**737,984**	**10.67%**
	Total	**6,919,447**	**100.00%**

Listed Options (listed on ASX)

There are a total of 6,919,447 options on issue as at April 20, 2022, all of which were issued under a security purchase plan and a placement to sophisticated and professional investors, to certain non-executive directors in conjunction with the placement and to the joint lead managers of the placement (as part payment of their fees) and were approved at a Special Meeting of Stockholders which was held on 17 March 2021. There are 213 holders of listed options in the Company.

Range	Total holders	Number	% of Options
1 – 1,000	52	27,706	0.40%
1,001 – 5,000	92	217,243	3.14%
5,001 – 10,000	35	280,470	4.05%
10,001 – 100,000	23	615,581	8.90%
100,001 – 999,999,999	11	5,778,447	83.51%
Total	**213**	**6,919,447**	**100.00%**

Other Securityholder Information (Continued)

Unlisted Options (not listed on ASX)

There are a total of 3,190,874 options on issue as at April 1, 2022, of which 1,105,870 were issued under the Company's 2017 Equity Incentive Plan or the 2008 Stock Incentive Plan and 2,085,004 were issued as part of a placement and security purchase plan in June 2020. There are 138 holders of unlisted options in the Company.

Range	Total holders	Number	% of Options
1 – 1,000	44	28,506	0.90%
1,001 – 5,000	33	81,130	2.54%
5,001 – 10,000	17	109,841	3.44%
10,001 – 100,000	36	585,816	18.36%
100,001 – 999,999,999	8	2,385,581	74.76%
Total	**138**	**3,190,874**	**100.00%**

Substantial Security Holders

The names of substantial securityholders in the Company and their respective holdings of equity securities (to the best of the Company's knowledge) are as follows:

Security Holder	Number of equity securities[1]	Voting power (%)	Number of Listed Options	% of Listed Options
Thorney Investment Group	6,001,449 CDIs	24.97%	1,705,883	24.65%
Regal Funds Management Pty Limited	4,590,685 CDIs	19.10%	1,911,765	27.63%
Mr. Paul Cozzi	1,590,135 CDIs	6.62%	157,564	2.28%

[1] One share is equal to one CDI.

Convertible Notes (not listed on ASX)

There are a total of US$2.8 million of Convertible Notes that the Company issued in July 2019. These notes are convertible at the election of the Note holder at any time before the maturity date of 11 July 2023 to CDIs at a conversion price per CDI of A$2.80. There are 9 holders of Convertible Notes. TIGA Trading Pty Ltd is the largest holder of the Convertible Notes, holding 2,000,000 Convertible Notes.

Range	Total holders	% of Convertible Notes
1 – 1,000	0	0.00%
1,001 – 5,000	0	0.00%
5,001 – 10,000	2	0.54%
10,001 – 100,000	3	7.50%
100,001 – 999,999,999	4	91.96%
Total	**9**	**100.00%**

Securities Subject to Escrow

The last day of escrow period for all Shares/CDIs and Options was March 27, 2019. No securities were subject to escrow after that date.

Required Statements

The Company is incorporated in the State of Delaware in the United States of America and is not subject to Chapters 6, 6A, 6B and 6C of the *Corporations Act 2001* (Cth) dealing with the acquisition of shares, including provisions that relate to substantial holdings and takeovers.

Under the Delaware General Corporation Law, shares generally are freely transferable subject to restrictions imposed by US federal or state securities laws, by the Company's certificate of incorporation or by-laws, or by an agreement signed with the holders of the shares at issue. The Company's amended and restated certificate of incorporation and

Other Securityholder Information (Continued)

amended and restated by-laws do not impose any specific restrictions on transfer. The Company's CDIs were issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (Securities Act) for offers that 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 resale 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 ASX. This designation restricts any CDIs from being sold on ASX to US persons. However, you still may freely transfer your CDIs on ASX to any person other than a US person. In addition, hedging transactions regarding the CDIs may only be conducted in accordance with the Securities Act.

The Company currently is not operating an on-market buy-back of the Company's securities and no securities were purchased on-market during the reporting period ending December 31, 2021.

The Company's Australian Company Secretary is Leanne Ralph.

Voting Rights

Every holder of Shares present in person or by proxy is entitled to one vote for each Share held on the record date for the meeting on all matters submitted to a vote of Stockholders. Options and Convertible Notes do not carry a right to vote.

CDI holders may attend and vote at the Company's general meetings. The Company must allow CDI holders to attend any meeting of stockholders unless relevant US law at the time of the meeting prevents CDI holders from attending those meetings.

In order to vote at such meetings, CDI holders may:

- Instruct CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the CDI Registry before the meeting;
- Inform the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy for the purposes of attending and voting at the general meeting; or
- Convert their CDIs into a holding of Shares and vote these at the meeting. Afterwards, if the former CDI holder wishes to sell their investment on ASX, the holder would need to convert the Shares back to CDIs. In order to vote in person, the conversion from CDIs to Shares must be completed before the record date for the meeting. For information on the process of converting CDIs to common stock, please contact the CDI registry.

One of the above steps must be undertaken before CDI holders can vote at stockholder meetings. CDI voting instruction forms and details of these alternatives will be included in each notice of meeting or proxy statement sent to CDI holders.

VISIONEERING TECHNOLOGIES, INC.

CONTENTS

GRANT THORNTON LLP
1100 Peachtree St. NE, Suite 1200
Atlanta, GA 30309

D +1 404 330 2000
F +1 404 330 2047

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Visioneering Technologies, Inc.

Opinion

We have audited the financial statements of Visioneering Technologies, Inc. (a Delaware corporation) (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in shareholders' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are issued or available to be issued.

Grant Thornton

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Grant Thornton LLP

Atlanta, Georgia
February 23, 2022

VISIONEERING TECHNOLOGIES, INC.

BALANCE SHEETS
As of December 31, 2021 and 2020

	December 2021	December 2020
	(in US$000, except share data)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 10,985	$ 2,408
Accounts receivable	909	944
Inventory, net	1,408	550
Prepaid expenses and other current assets	1,146	523
TOTAL CURRENT ASSETS	14,448	4,425
NON-CURRENT ASSETS		
Property and equipment, net	9	23
Right of use assets, net	98	183
Intangible assets, net	162	177
Other non-current assets	197	179
TOTAL ASSETS	$ 14,914	$ 4,987
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 543	$ 330
Accrued payroll	583	115
Derivative liability	325	1,769
Other accrued liabilities	668	500
TOTAL CURRENT LIABILITIES	2,119	2,714
LONG-TERM LIABILITIES		
Convertible notes payable	2,741	2,830
Paycheck Protection Program note payable	-	1,035
Other non-current liabilities	9	113
TOTAL LIABILITIES	4,869	6,692
Commitments and contingencies (Note 13)		
SHAREHOLDERS' EQUITY (DEFICIT)		
Class A common stock, par value $0.001 per share; 100,000,000 shares authorized, 23,635,500 shares issued and outstanding at December 31, 2021 and 9,932,776 shares issued and outstanding at December 31, 2020 (as adjusted for the 1 for 100 reverse stock split in June 2021)	24	10
Preferred stock, par value $0.001 per share; 5,000,000 shares authorized, no shares issued and outstanding at December 31, 2021 and December 31, 2020	-	-
Additional paid-in capital	93,178	79,108
Accumulated deficit	(83,157)	(80,823)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	10,045	(1,705)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	$ 14,914	$ 4,987

See accompanying notes to financial statements

VISIONEERING TECHNOLOGIES, INC.

STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2021 and 2020

	Year Ended December 31,	
	2021	2020
	(in US$000, except share and per share data)	
Net revenue	$ 7,154	$ 5,105
Cost of sales	4,187	2,881
Gross profit	2,967	2,224
Operating Expenses:		
Sales and marketing	4,897	5,179
Clinical and manufacturing	2,144	1,438
General and administrative	3,194	3,319
Total operating expenses	10,235	9,936
Operating loss	(7,268)	(7,712)
Other income and (expenses):		
Interest income and other, net	-	9
Interest expense	(322)	(334)
Gain on extinguishment of Paycheck Protection Program note payable	921	-
Gain (loss) on fair value of derivative liability	128	(130)
Gain (loss) on fair value of freestanding options	4,212	(1,069)
Loss before income taxes	(2,329)	(9,236)
Income tax expense	5	3
Net loss	$ (2,334)	$ (9,239)
Net loss per share – Basic and Diluted	$ (0.11)	$ (1.24)
Weighted average shares outstanding – Basic and Diluted	20,588,557	7,455,107

See accompanying notes to financial statements

VISIONEERING TECHNOLOGIES, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
For the Years Ended December 31, 2021 and 2020

	Common Stock		Additional Paid-In	Accumulated	
	Number of Shares (1)	Amount US$000	Capital US$000	Deficit US$000	Total US$000
Balance at December 31, 2019	3,991,352	$ 4	$ 72,562	$ (71,584)	$ 982
Issuance of common stock, net of issuance costs:					
January 2020 placement	666,667	1	1,896	-	1,897
June 2020 placement and SPP	4,411,478	4	3,102	-	3,106
Share awards for 2019 compensation	196,763	-	236	-	236
Issuance of common stock for convertible debt	101,520	-	201	-	201
Exercise of freestanding options	142,571	-	283	-	283
Stock-based compensation	422,425	1	828	-	829
Net loss	-	-	-	(9,239)	(9,239)
Balance at December 31,2020	9,932,776	$ 10	$ 79,108	$ (80,823)	$ (1,705)
Issuance of common stock, net of issuance costs:					
March 2021 placement and SPP	13,702,352	14	13,892	-	13,906
Rounding adjustments for reverse stock split (Note 1)	372	-	-	-	-
Stock-based Compensation	-	-	178	-	178
Net loss	-	-	-	(2,334)	(2,334)
Balance at December 31, 2021	23,635,500	$ 24	$ 93,178	$ (83,157)	$ 10,045

(1) Amounts have been adjusted to reflect the one-for-one hundred reverse stock split effected in June 2021.

See accompanying notes to financial statements

VISIONEERING TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	Year Ended December 31,	
	2021	2020
	(in US$000)	
Cash flows from operating activities:		
Net loss	$ (2,334)	$ (9,239)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	29	54
(Gain) loss on fair value of derivative liability	(128)	130
Interest expense paid with common stock	-	1
Gain on extinguishment of Paycheck Protection Program note payable	(921)	-
Change in fair value of freestanding options	(4,212)	1,069
Amortization of right-of-use asset	85	79
Amortization of debt discount	39	37
Stock-based compensation	178	829
Changes in assets and liabilities:		
Accounts receivable	35	(109)
Inventory	(858)	1,661
Prepaid expenses and other assets	(623)	(328)
Accounts payable	214	50
Accrued payroll	468	(488)
Other accrued liabilities	23	(254)
Net cash used in operating activities	(8,005)	(6,508)
Cash flows from investing activities:		
Purchases of property and equipment, net	-	(1)
Purchases of intangible assets	(19)	(23)
Net cash used in investing activities	(19)	(24)
Cash flows from financing activities:		
Issuance of common stock, net of issuance costs of $1,261 in 2021 and $583 in 2020	16,674	5,703
Proceeds from exercise of freestanding options	-	283
Payment of note payable	(73)	-
Issuance of note payable	-	1,035
Net cash provided by financing activities	16,601	7,021
Net increase in cash and cash equivalents	8,577	489
Cash and cash equivalents, beginning of period	2,408	1,919
Cash and cash equivalents, end of period	$ 10,985	$ 2,408
Supplemental disclosure:		
Cash paid for interest	$ 322	$ 296
Cash paid for taxes	$ 5	$ 3
Share awards for 2019 compensation	$ -	$ 230
Issuance of freestanding options	$ 2,768	$ 700

See accompanying notes to financial statements

(1) NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Visioneering Technologies, Inc. ("VTI", "we", "us", "our" or the "Company") was incorporated as a Delaware corporation on October 23, 2008. Headquartered in Atlanta, Georgia, VTI is a medical device company that designs, manufactures, sells and distributes contact lenses. Our flagship product is the NaturalVue® (etafilcon A) Multifocal 1 Day Contact Lens for adults with Presbyopia (the progressive loss of ability to see near that occurs in middle age) and children with Myopia (nearsightedness). Within the United States ("US"), medical devices are regulated by the U.S. Food and Drug Administration ("FDA"), under the Federal Food, Drug, and Cosmetic Act of 1938. We obtained FDA clearance for our NaturalVue contact lenses in late 2014 and received the CE Mark, as well as Australian Therapeutic Goods Administration ("TGA") approval in early 2018, enabling us to sell our contact lenses in the US, Europe, Australia and New Zealand. We received approval to sell our contact lenses in Hong Kong and Singapore in 2019 and in Canada in 2020.

In March 2017, we completed our Initial Public Offering ("IPO") and associated listing on the Australian Stock Exchange ("ASX"). The ASX uses an electronic system called CHESS for the clearance and settlement of trades on the ASX. The State of Delaware does not recognize the CHESS system of holding securities or electronic transfers of legal title to shares. To enable companies such as VTI to have their securities cleared and settled electronically through CHESS, depository instruments called CDIs are issued. CDIs are units of beneficial ownership in shares and are traded in a manner similar to shares of Australian companies listed on the ASX. The legal title to the shares is held by a depository, CDN, which is a wholly-owned subsidiary of the ASX, and is an approved general participant of ASX Settlement.

We currently manage warehousing and distribution of our products through a contract with a Third-Party Logistics provider (the "3PL"). The 3PL stores our inventory and ships it to our customers, which include major contact lens distributors ("Customers"). These Customers generally have non-exclusive rights to market, promote, sell and distribute our products ("Products") within specified territories, provided that Products shall be sold only to permitted eye care professionals ("ECPs") and shipped only to ECPs or directly to a patient if specifically directed by the ECPs. As of December 31, 2021, VTI had entered into agreements with Customers in the US, Europe, Australia, New Zealand, Hong Kong, Singapore and Canada.

Operations

To date, the Company has incurred recurring losses, negative cash flows from operations and has accumulated a deficit of $83.2 million from the Company's inception through December 31, 2021. As of December 31, 2020, the Company's cash and cash equivalents were $2.4 million and management concluded that there was substantial doubt about the Company's ability to continue as a going concern within one year after the issuance of its 2020 financial statements.

In April 2021, the Company completed an issuance of common stock that raised $16.7 million, net of issuance costs. As of December 31, 2021, the Company's cash and cash equivalents were $11.0 million. The Company's ability to achieve profitability and positive cash flow is dependent upon its ability to increase revenue and contain its expenses. Management has adopted an operating plan that should enable the Company to operate for at least one year from the issuance of these financial statements without the need to raise additional capital. As a result, management concluded that there was no longer substantial doubt about the Company's ability to continue as a going concern for a period of one year after the issuance of these financial statements. Management continues to evaluate the Company's ability to continue as a going concern.

To meet our future working capital needs and maintain compliance with our debt covenant, we may need to raise additional capital through debt or equity financing. We historically have been able to raise additional

capital through issuance of equity and/or debt financing. However, there are no guarantees regarding our ability to raise additional financing or successfully implement our revenue increase or cost reduction plans to ensure that we can meet our future working capital needs.

Effect of the COVID-19 Pandemic

The public health crisis caused by the COVID- 19 pandemic and the measures being taken by governments, businesses, and the public to limit the spread of COVID-19 have had, and the Company expects to continue to have, certain negative effects on, and present certain risks to, the Company's business. The Company is currently unable to fully determine the future impact on its business. The COVID-19 pandemic had an adverse impact on the Company's revenues beginning late in the first quarter of 2020 and variably through the year as the virus surged and waned in the US and abroad. Generally, net revenue and related metrics were less impacted by the virus in 2021. The Company is monitoring the pandemic and its effect on the Company's financial position, results of operations and cash flows. Should the pandemic continue for an extended period and revenue metrics decline, the impact on the Company's operations could have an adverse effect on the Company's revenue, financial condition and cash flows.

Basis of Presentation

The Company has prepared the accompanying financial statements and notes in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative US GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASUs") of the Financial Accounting Standards Board ("FASB"). Unless otherwise noted, all amounts are presented in US dollars and balances presented within tables are in thousands.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Examples of estimates which require management's judgment include the collectability of accounts receivable, reserve for excess or obsolete inventory, potential impairment of long-lived assets, valuation allowance for deferred tax assets, the fair value of derivatives, and the fair value of share-based awards. Management bases its estimates on historical experience and other factors which it believes to be reasonable under the circumstances. Actual results may differ from these judgments.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, including cash and cash equivalents and current assets and liabilities approximate their fair value because of their short maturities. The weighted average interest rate of the Company's convertible debt approximates the rate at which the Company could obtain alternative financing; therefore, the carrying amount of the convertible debt approximates fair value. The Company uses a binomial lattice model and assumptions that consider, among other variables, the fair value of the underlying stock, risk-free interest rate, volatility, expected life and dividend rates in estimating fair value for the conversion feature of the Convertible Notes (Note 5), the Black-Scholes option valuation model to determine the fair value of the Unlisted Options and the ASX price to determine the fair value of the Listed Options (Note 7).

Embedded Conversion, Redemption and Preference Features

We evaluate convertible debt and preferred stock instruments under ASC 480, *Distinguishing Liabilities from Equity*, to determine the appropriate classification of the host instrument. We evaluate embedded conversion,

redemption and preference features within those instruments under ASC 815, *Derivatives and Hedging*, to determine whether the feature should be bifurcated from the host contract and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature does not require derivative treatment under ASC 815, we evaluate the instrument under ASC 470-20, *Debt with Conversion and Other Options*, for consideration of any cash conversion, equity components and beneficial conversion features.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of 90 days or less when purchased. Cash and cash equivalents were $11.0 million as of December 31, 2021 and $2.4 million as of December 31, 2020. At times, cash balances may exceed the Federal Deposit Insurance Corporation insurance limit.

Accounts Receivable

The carrying value of accounts receivable is reduced by an allowance for doubtful accounts that reflects management's best estimate of the amounts that will not be collected. In addition to reviewing delinquent accounts receivable, management considers many factors in estimating its general allowance, including historical data, experience, customer types, credit worthiness, and economic trends. We extend credit based on evaluation of a customer's financial condition and do not require collateral. From time to time, management may adjust its assumptions for anticipated changes in any of those or other factors expected to affect collectability. We charge provisions for doubtful accounts to operations at the time we determine these amounts may become uncollectible. Based on our review, we have not recorded an allowance for doubtful accounts as of December 31, 2021 or 2020.

Inventory

Inventory is stated at the lower of cost or net realizable value with cost determined under the first in, first out (FIFO) method. We regularly review our inventory quantities on hand and related cost and record a provision for any excess or obsolete inventory based on our estimated forecast of product demand and other factors. We also review our inventory value to determine if it reflects the lower of cost or net realizable value. Based on these reviews, we did not record any increases to inventory reserves in the years ended December 31, 2021 or 2020. All inventory held at December 31, 2021 and 2020 consisted of finished goods.

Intangible Assets

Intangible assets are comprised of patents. We capitalize legal costs and other similar fees to obtain and register patents and expense all other costs to internally develop the patents as incurred. We amortize patents over a 15-year period.

Property and Equipment

We record property and equipment at cost less accumulated depreciation and expense repairs and maintenance costs as incurred. We include depreciation expense in General and administrative expense in the Statements of Operations.

We compute depreciation expense using the straight-line method over the following useful lives:

Asset Classification	Estimate Useful Life
Computer equipment and software	3 years
Office equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of 5 years or life of the lease

Impairment of Long-lived Assets

We test long-lived assets for recoverability whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Factors that we consider in deciding when to perform an impairment review include, but are not limited to, significant underperformance of the business in relation to expectations, significant negative industry or economic trends and significant changes or planned changes in the use of the assets. If we perform an impairment review to evaluate a long-lived asset for recoverability, we compare forecasts of undiscounted cash flows expected to result from the use and eventual disposition of the long-lived asset to its carrying value. We would recognize an impairment loss when estimated undiscounted future cash flows expected to result from the use of an asset are less than its carrying amount. We would base the impairment loss on the excess carrying value of the impaired asset over its fair value. No impairment charges were necessary based on our assessments in the years ended December 31, 2021 or 2020.

Revenue Recognition

We account for revenue in accordance with ASC 606, *Revenue from Contracts with Customers* . See Note 2, Revenue Recognition, for additional details on the application of this guidance.

Advertising Costs

We recognize advertising costs as an expense in the period in which we incur them. We incurred advertising expense of approximately $479,000 in 2021 and $696,000 in 2020 and included these expenses in Sales and marketing in the Statements of Operations.

Research and Development Costs

We expense research and development costs in the period in which we incur them. Research and development expenses consist of wages, benefits, and other operational costs related to our engineering, regulatory, and quality departments, clinical and nonclinical studies, materials and supplies, and third-party costs for contracted services. We incurred research and development costs of approximately $499,000 in 2021 and $75,000 in 2020 and included them in Clinical and manufacturing in the Statements of Operations.

Stock-Based Compensation

We measure the cost of employee services received in exchange for an award of equity instruments, including stock options and restricted stock awards, based on the grant date fair value of the award and recognize such costs as compensation expense on a straight-line basis over the period the employee is required to provide service in exchange for the award, usually the vesting period.

Income Taxes

In accordance with ASC 740, *Income Taxes*, we recognize deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. We record a

valuation allowance against our net deferred tax asset to reduce the net carrying value to an amount that is more likely than not to be realized.

We consider income tax positions for uncertainty in accordance with ASC 740-10. We believe that our income tax filing position and deductions will be sustained on audit and do not anticipate any adjustments that will result in a material change to our financial position; therefore, we have not recorded any ASC 740-10 liabilities for uncertain tax positions. We will recognize accrued interest and penalties related to unrecognized tax benefits, if any, as interest expense and income tax expense, respectively, in the Statements of Operations. We do not believe that the amount of unrecognized tax benefits will significantly increase or decrease within 12 months of December 31, 2021. Given the Company's net operating losses, all years since inception are subject to review.

Significant management judgment is involved in determining the provision for income taxes, deferred tax assets and liabilities, and any valuation allowance recorded against net deferred tax assets. Due to uncertainties with respect to realization of deferred tax assets as a result of the Company's history of operating losses, we have established a valuation allowance against the net deferred tax asset balance. We based the valuation allowance on our estimates of taxable income in the jurisdictions in which the Company operates and the period over which deferred tax assets will be recoverable. If actual results differ from these estimates or we adjust these estimates in future periods, a change in the valuation allowance may be needed, which could materially impact our financial position and results of operations.

Reverse Stock Split

On June 15, 2021, the Company filed a certificate of amendment to its restated certificate of incorporation with the Secretary of State of the State of Delaware that effected a one-for-100 reverse stock split (the "Reverse Split") of its issued and outstanding shares of common stock on June 18, 2021. As a result of the Reverse Split, every 100 shares of common stock issued and outstanding were converted into one share of common stock. No fractional shares were issued in connection with the Reverse Split. Instead, the Company rounded up the number of shares issued to stockholders to the nearest whole share.

The Reverse Split did not change the par value of the common stock. The Company did reduce the number of authorized shares of common stock from 4,000,000,000 to 100,000,000 and the number of authorized shares of preferred stock from 50,000,000 to 5,000,000. The Reverse Split affected all stockholders uniformly and did not alter any stockholder's percentage interest in equity, other than for the minimal amount of rounding. All outstanding options and the conversion feature of the convertible notes have been adjusted for the Reverse Split, as required by the terms of each security. The number of shares available to be awarded under the 2017 Equity Incentive Plan also have been adjusted. The common stock began trading on the Australian Stock Exchange on a post-Reverse Split basis on June 18, 2021.

Earnings Per Share (EPS)

We calculate basic EPS in accordance with ASC 260, *Earnings per Share*, by dividing net income or loss attributable to common shareholders by the weighted average common stock outstanding. We calculate diluted EPS in accordance with ASC 260 by adjusting weighted average common shares outstanding for the dilutive effect of common stock options, warrants, and convertible debt. In periods where a net loss is recorded, we give no effect to potentially dilutive securities, since the effect would be anti-dilutive. We did not include the common stock equivalents of the Company's stock options in the computation of dilutive EPS because to do so would have been anti-dilutive.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* This ASU replaces the current incurred loss

impairment methodology for financial assets measured at amortized cost with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information, including forecasted information, to develop credit loss estimates. The standard becomes effective for the Company on January 1, 2023. The Company does not anticipate the adoption of this ASU will have a material impact on its financial statements.

In December 2019, the FASB issued ASU No. 2019-12*, Income Taxes (Topic 740*): Simplifying the Accounting for Income Taxes. This ASU removes certain exceptions to the general principles and simplifies areas such as franchise taxes, step-up in the tax basis of goodwill, separate entity financial statements and interim recognition of enactment of tax laws or rate changes. The guidance is effective for reporting periods beginning after December 15, 2020, including interim reporting periods within those fiscal years. The adoption of this standard did not have a material impact on the Company's financial statements.

In August 2020, the FASB issued ASU 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. This standard simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The standard requires entities to provide expanded disclosures about the terms and features of convertible instruments and amends certain guidance in ASC 260 on the computation of EPS for convertible instruments and contracts on an entity's own equity. The standard becomes effective for the Company on January 1, 2022. The Company is currently assessing the impact of adoption of the ASU.

(2) REVENUE RECOGNITION

We sell our products to our Customers, primarily including major contact lens manufacturers and distributors. In addition to distribution agreements with Customers, we enter into arrangements with ECPs that provide for privately negotiated discounts with respect to their purchase of our products from our Customers. We then reimburse the Customers for discounts they provided on our behalf to the ECPs. Each of our current contracts consists of a master service agreement combined with specific purchase orders and have a single performance obligation, as the promise to transfer the individual goods is not separately identifiable from other promises in the contracts and therefore is not distinct.

Currently, we derive all revenue from product sales. We recognize revenues from product sales at a point in time when the Customer obtains control, typically upon shipment to the Customer. We accrue for fulfillment costs when we recognize the related revenue. Taxes collected from Customers relating to product sales and remitted to governmental authorities are excluded from revenues.

We record revenues from product sales at the net sales price (transaction price), which includes estimates of variable consideration related to discounts to distributors and ECPs; product returns; and patient-level rebates relating to sales of our products. We base these reserves on estimates of the amounts earned or to be claimed on the related sales. Our estimates take into consideration historical experience, current contractual requirements, specific known market events and trends, industry data, and Customer buying and payment patterns. Overall, these reserves reflect our best estimates of the amount of consideration to which we are entitled based on the terms of the contract. The amount of variable consideration included in the net sales price is limited to the amount that is probable not to result in a significant reversal in the amount of the cumulative revenue recognized in a future period. If actual results vary, we may adjust these estimates, which could impact earnings in the period of adjustment.

We will exchange returned product with replacement inventory, and typically do not provide cash refunds. We receive payments from our Customers based on billing schedules established in each contract and generally range between 30 to 90 days. We record amounts as accounts receivable when our right to consideration is unconditional. We do not assess whether a contract has a significant financing component if we expect that the Customer will pay for the product in one year or less of receiving those products.

(3) INTANGIBLE ASSETS

Intangible assets consist of the following as of December 31, 2021 and 2020:

	2021 US$000	2020 US$000
Patents	$ 282	$ 282
Less accumulated amortization	(120)	(105)
Intangible assets, net	$ 162	$ 177

Amortization expense was approximately $15,000 and $18,000 in 2021 and 2020, respectively. The weighted average remaining useful life of our patents as of December 31, 2021 was 8.6 years.

We capitalize patent costs and amortize them over their estimated economic lives and perform impairment testing when qualitative factors indicate that the assets may be impaired. We identified no indications of impairment for capitalized patent costs during 2021 and 2020 and did not record impairment charges in those years.

Amortization expense for the next five years is as follows:

For the year ended December 31,	US$000
2022	$ 15
2023	15
2024	15
2025	15
2026	15
Thereafter	87
Total	$ 162

(4) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2021 and 2020:

	2021 US$000	2020 US$000
Computer equipment and software	$ 116	$ 116
Office equipment	49	49
Furniture and fixtures	52	52
Leasehold improvements	12	12
Total costs	229	229
Less accumulated depreciation	(220)	(206)
Property and equipment, net	$ 9	$ 23

Depreciation expense was approximately $14,000 and $36,000 in 2021 and 2020, respectively.

(5) CONVERTIBLE NOTES PAYABLE

The following table presents a reconciliation of the beginning and ending balances for the years ended December 31, 2021 and 2020:

	2021 US$000	2020 US$000
Balance at January 1,	$ 2,830	$ 2,863
Conversion of convertible note to CDIs	-	(200)
Amortization of deferred financing costs	39	37
Loss (gain) on derivative liability	(128)	130
Balance at December 31,	$ 2,741	$ 2,830

In July 2019, the Company entered into Note Purchase Agreements ("Convertible Notes") with Investors raising proceeds of $3.0 million before issuance costs. The Convertible Notes were issued at face value of $1 per Note and were convertible at the election of the Note holder at any time before the maturity date to CDIs at a conversion price per CDI of $0.075AUD. The maturity date at issuance was July 11, 2021. We extended the maturity date to July 11, 2023 in January 2020. We adjusted the conversion price to $0.028 AUD in connection with the Placement completed in June 2020 (see Note 7) and to $2.80 AUD in connection with the Reverse Split (see Note 1).

The Convertible Notes bear interest at 10% per annum with interest payable quarterly in arrears. If an event of default occurs, the rate of interest will increase to 12% until such default is cured by the Company or waived by the majority of the Note holders. The Company or Note holder may elect to satisfy the whole or part of an interest payment by issuance of CDIs subject to consent of the other party. The issue price of each CDI under this clause will be the greater of the amount equal to 90% of the average volume weighted average price for the five trading days immediately preceding the date of the election notice or the conversion price. The Convertible Notes contain a prepayment penalty of 2% of the face value of the note if paid prior to the maturity date and require Note holder approval for early redemption.

In October 2020, a Note holder converted $200,000 face value of Convertible Notes and accrued interest and received 101,520 CDIs in the conversion.

The conversion feature is considered to be an embedded derivative that is not considered clearly and closely related to the debt host and therefore must be bifurcated and accounted for separately from the debt host. The Company recorded a debt discount and a conversion option liability of approximately $123,000 for the fair value of the conversion feature at issuance as well as approximately $36,000 of debt issuance costs. The Company is amortizing the debt discount and issuance costs over the four-year term of the Convertible Notes. We adjust the conversion option liability to market at each reporting period based on many factors, including changes in the share price. We reduced the derivative liability to $0 as of December 31, 2019. We evaluated the effect of the June 2020 change in the conversion price noted above and determined that the conversion option liability was not impacted by the change in the conversion price. The liability was $0 at the date of change in the conversion price. We increased the derivative liability to $130,000 as of December 31, 2020 and decreased the derivative liability to $2,000 as of December 31, 2021 and recorded a gain on the fair value of the derivative liability of $128,000 in the Statements of Operations for the year ended December 31, 2021.

The Convertible Notes include covenants related to liquidity and net monthly cash flow. The Company was not in compliance with the liquidity covenant in April 2020. The majority holder of the Convertible Notes consented to the Company not meeting the liquidity covenant through the date that the Placement completed in conjunction with the Company agreeing to adjust the conversion rate for the Convertible Notes from $7.50 AUD to $2.80 AUD, provided that the majority holder participated in the Placement at a minimum subscription amount. The Placement was completed as planned and the Company returned to compliance with all covenants as of the Placement date and remained in compliance as of December 31, 2021. The convertible debt did not affect diluted earnings per share due to the Company's net loss position.

(6) PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

On April 24, 2020, the Company received a loan under the Paycheck Protection Program ("PPP") administered by the US Small Business Administration ("SBA") in the amount of $1,035,115 ("PPP Loan"). The PPP is a disaster relief program in the United States that provides loans to US-based small businesses, for which some or all the loan may be forgiven. The loan proceeds may be used to pay for payroll, rent and utilities.

The PPP Loan originally was a two year note that provided a 6-month deferral period during which no principal or interest was due. Subsequently, the PPP Loan was revised to provide deferral of principal and interest for ten months or, if the Company applied for forgiveness within the first ten months, until the Company had submitted its application and the SBA completed its review of the application. The PPP Loan bears interest at 1% per annum, with equal principal and interest payments due monthly after the deferral period in amounts required to fully amortize the principal amount outstanding by the maturity date.

In January 2021, the Company applied for forgiveness of approximately $921,000 of the PPP Loan. In June 2021, the SBA approved the Company's request and granted the forgiveness, leaving a remaining balance of approximately $114,000. The Company is accounting for the PPP Loan as debt and derecognized the portion of the PPP Loan that was forgiven when the SBA approved the forgiveness amount and legally released the Company from liability for that portion of the debt. The remaining balance after forgiveness is payable monthly from July 2021 through April 2022. The balance as of December 31, 2021 was approximately $41,000. The PPP Loan is unsecured.

(7) SHAREHOLDERS' EQUITY

Common Stock

Each holder of a share of common stock is entitled to one vote per share held. The holders of shares of common stock are entitled to dividends as declared by the Board of Directors ("Board") of the Company.

Since its initial public offering in March 2017, the Company has raised additional capital through several means. A placement is the sale of newly issued securities to professional and sophisticated investors, or institutional investors. A security purchase plan ("SPP") is the sale of newly issued securities to retail investors, or non-institutional holders, and is limited by ASX regulations to $30,000 AUD per investor. A rights offering is the sale of newly issued securities to existing shareholders on a pro rata basis in proportion to their existing holdings.

On June 18, 2021, the Company completed the Reverse Split (see Note 1). The following discussion reflects share issuances as adjusted by the Reverse Split.

On January 7, 2020, the Company issued 666,667 CDIs (representing the same number of shares) to complete a placement of its shares. The Company raised $1.9 million net of $0.2 million of issuance costs through the placement.

On June 3, 2020, the Company issued 3,649,336 CDIs (representing the same number of shares) to complete a placement of its shares. On June 30, 2020, the Company completed an SPP under which it issued 762,142 CDIs. The Company raised $3.8 million net of $0.4 million of issuance costs through the placement and the SPP. The Company issued each CDI issued under the placement and the SPP at a subscription price of $1.40 AUD and issued one freestanding option for every two CDIs subscribed for, with each freestanding option having an exercise price of $2.80 AUD and an expiration date of June 30, 2022. These options are unlisted (the "Unlisted Options"). The Unlisted Options are call options that are not considered clearly and closely related to the Company's shares and must be accounted for separate from equity. We recorded a liability of $606,000 as of June 3, 2020 for the fair value of the Unlisted Options related to the Placement and an additional $94,000

as of June 30, 2020 for the fair value of the Unlisted Options related to the SPP. The fair value of all Unlisted Options increased to $1,769,000 as of December 31, 2020 and decreased to $0 as of December 31, 2021. We recorded a gain on fair value of freestanding options relating to the Unlisted Options of $1,769,000 in the Condensed Statements of Operations for the year ended December 31, 2021.

In September and October 2020, holders exercised an aggregate of 142,571 freestanding options for an exercise price of $0.3 million.

On March 22, 2021, the Company issued 13,011,765 CDIs (representing the same number of shares) to complete a placement of its shares. On April 13, 2021, the Company completed an SPP under which it issued 690,587 CDIs. The Company raised $16.7 million net of $1.3 million of issuance costs through the placement and the SPP. The Company issued each CDI issued under the placement and the SPP at a subscription price of $1.70 AUD and issued one freestanding option for every two CDIs subscribed for, with each freestanding option having an exercise price of $3.00 AUD and an expiration date of February 28, 2024. These options are listed on the ASX (the "Listed Options"). The Listed Options are call options that are not considered clearly and closely related to the Company's shares and must be accounted for separate from equity. We recorded a liability of $2,628,000 as of March 22, 2021 for the fair value of the Listed Options related to the placement and an additional $140,000 as of April 13, 2021 for the fair value of the Listed Options related to the SPP for a total value on issuance of $2,768,000. The fair value of all Listed Options as of December 31, 2021 was $325,000. We recorded a gain on fair value of freestanding options relating to the Listed Options of $2,443,000 in the Condensed Statements of Operations for the year ended December 31, 2021.

In May 2020, the stockholders approved an increase in the number of authorized shares of Class A common stock from 750,000,000 to 2,500,000,000 shares at the annual meeting of stockholders. In March 2021, the stockholders approved another increase in the number of authorized Class A common stock from 2,500,000,000 to 4,000,000,000 shares at the annual meeting of stockholders. In June 2021, in conjunction with the Reverse Split, the Company decreased the number of authorized shares of Class A common stock from 4,000,000,000 to 100,000,000 and the number of authorized shares of preferred stock from 50,000,000 to 5,000,000.

(8) LEASES

We evaluate all contracts to determine whether the contract is or contains a lease at inception. We review contracts for options to extend, terminate or purchase any right of use assets and non-lease components and account for these, as applicable, at inception of the contract. We elected the transition package of three practical expedients permitted within the standard. In accordance with the package of practical expedients, we did not reassess initial direct costs, lease classification, or whether contracts contain or are leases. We made an accounting policy election not to recognize right of use assets and liabilities for leases with a term of 12 months or less, or those that do not meet the Company's capitalization threshold, unless the leases include options to renew or purchase the underlying asset that is reasonably certain to be exercised. We recognize lease costs associated with those leases as incurred. We have chosen the practical expedient that allows entities to combine lease and non-lease components as a single lease component.

We do not recognize lease renewal options as part of the lease liability until we determine it is reasonably certain we will exercise any applicable renewal options. We have determined it is not reasonably certain we will exercise any applicable renewal options. The useful lives of leased assets as well as leasehold improvements, if any, are limited by the expected lease term.

The Company's operating lease activities currently consist of a lease for office space. The lease includes an option to renew for a period of from one to five years. The exercise of the lease renewal option is at the Company's sole discretion. The Company's operating lease agreement includes variable lease costs that are based on common area maintenance and property taxes. We expense these payments as incurred and include

them in rent expense. The Company's operating lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Rent expense was approximately $127,000 in 2021 and $125,000 in 2020 and is included in General and administrative expenses in the Statements of Operations. These amounts include variable lease costs of $33,000 in 2021 and $15,000 in 2020.

Supplemental balance sheet information as of December 31, 2021 for the Company's operating lease is as follows:

	US$000
NON-CURRENT ASSETS	
Right of use assets, net	$ 98
Total lease assets	$ 98
CURRENT LIABILITIES	
Other accrued liabilities	$ 104
NON-CURRENT LIABILITIES	
Other non-current liabilities	9
Total lease liabilities	$ 113

As of December 31, 2021, a schedule of maturity of lease liabilities under all operating leases is as follows:

For the year ended December 31,	US$000
2022	108
2023	9
Total	117
Less amount representing interest	(4)
Present value of minimum lease payments	113
Less current portion	(104)
Non-current portion	$ 9

Cash paid for operating leases was approximately $94,000 during 2021.

As of December 31, 2021, the remaining lease term of the Company's operating lease was 1.1 years. The discount rate used to determine the lease liabilities was 6%. When available, the Company uses the rate implicit in the lease or sublease to discount lease payments to present value; however, the Company's lease does not provide a readily determinable implicit rate. Therefore, the Company must estimate its incremental borrowing rate to discount the lease payments based on information available at lease commencement. The incremental borrowing rate is defined as the rate of interest that the Company would have to pay to borrow, on a collateralized basis and over a similar term, an amount equal to the lease payments in a similar economic environment. The discount rate used for the existing lease was established on adoption of the new lease standard on January 1, 2019.

(9) CONCENTRATIONS AND CREDIT RISK

For the year ended December 31, 2021, two Customers accounted for approximately 84.9% of our total sales. The two same Customers plus an additional Customer accounted for 81.5% of our accounts receivable as of December 31, 2021.

For the year ended December 31, 2020, two Customers accounted for approximately 85.4% of our total sales. The two same Customers accounted for 81.4% of our accounts receivable as of December 31, 2020.

We rely on a single manufacturer for production of our contact lenses.

(10) SEGMENT INFORMATION

The Company's chief operating decision maker is the Chief Executive Officer ("CEO"). While the CEO is apprised of a variety of financial metrics and information, the business is principally managed and organized based upon geography. We present our operations through two reportable segments:

North America includes our current operations in the US and Canada.

Europe / Asia-Pacific includes our operations outside of North America.

We record expenses directly attributable to these geographic segments in the segment results and include expenses not specifically attributable to the geographic segments in Corporate Support. These unallocated expenses include the majority of our clinical, manufacturing, general and administrative expenses for which we consider the expenses to benefit the Company as a whole. The Company does not report balance sheet information by segment because it is not reviewed by the Company's chief operating decision maker. We do not have any inter-segment revenue.

2021 (US$000)	**North America**	**Europe/Asia-Pacific**	**Corporate Support**	**Total**
Net revenue	$ 6,739	$ 415	$ -	$ 7,154
Cost of sales	3,918	269	-	4,187
Gross profit	2,821	146	-	2,967
Sales and marketing	4,333	564	-	4,897
Clinical and manufacturing	-	-	2,144	2,144
General and administrative	-	6	3,188	3,194
Total expenses	4,333	570	5,332	10,235
Operating loss	$ (1,512)	$ (424)	$ (5,332)	(7,268)
Interest expense and other, net				4,939
Loss before income taxes				$ (2,329)

2020 (US$000)	**North America**	**Europe/Asia-Pacific**	**Corporate Support**	**Total**
Net revenue	$ 4,807	$ 298	$ -	$ 5,105
Cost of sales	2,708	173	-	2,881
Gross profit	2,099	125	-	2,224
Sales and marketing	4,689	490	-	5,179
Clinical and manufacturing	-	13	1,425	1,438
General and administrative	-	7	3,312	3,319
Total expenses	4,689	510	4,737	9,936
Operating loss	$ (2,590)	$ (385)	$ (4,737)	(7,712)
Interest income and other, net				(1,524)
Loss before income taxes				$ (9,236)

(11) STOCK COMPENSATION PLANS

Stock-based compensation expense was approximately $178,000 and $829,000 for the years ended December 31, 2021 and 2020, respectively.

The Board adopted the 2008 Stock Incentive Plan ("Incentive Plan"), with an effective date of July 1, 2008. The Incentive Plan permits the granting and issuance of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Restricted Stock Units, and Stock Appreciation Rights. Under the Incentive Plan, 12,160,873 shares of common stock were authorized for share-based awards. The total number of options

issued and outstanding as of December 31, 2021 and 2020 was 5,610 in both years. The Incentive Plan is the predecessor to the 2017 Plan described below. On January 18, 2017, the Board determined that no additional stock incentives would be awarded under the 2008 Incentive Plan, but stock incentives previously granted would continue to be governed by the terms of the Incentive Plan.

The Board adopted the 2017 Equity Incentive Plan (the "2017 Plan"), with an effective date of January 18, 2017. The 2017 Plan permits the granting and issuance of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock, Stock Units, Performance Awards and Stock Appreciation Rights. The total number of shares reserved for issuance under the 2017 Plan was increased from 110,000 to 2,010,000 at the Company's Annual Meeting of Stockholders in May 2020. The share reserve may be increased each year in accordance with the 2017 Plan documents and was increased to 2,110,500 in February 2021. The total number of options issued and outstanding as of December 31, 2021 and December 31, 2020 was 1,226,649 and 924,649, respectively. As of December 31, 2021, there were 284,185 awards available for grant under the 2017 Plan.

For both the Incentive Plan and the 2017 Plan (together, the "Plans"), the Board determines vesting terms and exercise price of options and defines them in a stock incentive agreement for each grant. Options generally vest over a one to four-year period from date of grant, with some grants being vested immediately upon issuance. Stock options issued to employees, directors, and consultants expire 10 years from the date of grant. Vested and unexercised shares are cancelled three months after termination, and unvested awards are canceled on the date of termination of employment and become available for future grants. Upon the exercise of stock options, the Company may issue the required shares out of authorized but unissued common stock.

Additionally, we recognize stock-based compensation expense related to stock options granted to non-employees on a straight-line basis, as the stock options are earned. We issued options to non-employees, which generally vest ratably over the time period we expect to receive services from the non-employee.

We estimate the grant date fair value of each option award on the date of grant using a Black-Scholes option pricing model that uses certain assumptions. We use the ASX stock price to determine fair value of the stock on the date of grant. We base expected volatilities on historical volatility of certain comparable companies over similar expected terms, as determined by the Company. We derive the expected term of options granted using the simplified method, which is the average of the contractual term and the vesting period. We intend to use the simplified method for the foreseeable future until more detailed information about exercise behavior will be more widely available. We base the risk-free rate for periods within the expected term of the option on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield is zero as there are no payments of dividends made or expected. These factors could change in the future, which would affect the stock-based compensation expense for future option grants.

Assumptions for grants in the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Risk-free interest rate	0.92-1.32%	0.31-0.43%
Expected volatility	88.0%	50.0-89.0%
Expected term (years)	6.25	5-6.26
Dividend rate	0.0%	0.0%

A summary of stock option activity under the Plans is as follows:

	Total Options Outstanding			Nonvested Options	
	Number of Options	Weighted Average Exercise Price US$	Weighted Average Remaining Contractual Term in Years	Number of Options	Weighted Average Grant-Date Fair Value
Outstanding at December 31, 2020	930,259	$1.32	9.39	834,091	$0.81
Grants	303,000	0.74		303,000	0.55
Cancellation / forfeitures	(1,000)	1.20		(1,000)	0.80
Vested	-	-		(208,754)	0.82
Exercised	-	-		-	-
Outstanding at December 31, 2021	1,232,259	$1.18	8.75	927,337	$0.73
Exercisable at December 31, 2021	304,923	$1.54	8.34		

The intrinsic value of options unexercised as of December 31, 2021 and 2020 was approximately $0. The total fair value of options vested during the year ending December 31, 2021 was approximately $171,000.

As of December 31, 2021 and 2020, there was approximately $569,000 and $581,000, respectively, of total unrecognized compensation expense related to stock option awards under the combined plans. We expect to recognize that cost over a weighted average period of 1.86 years.

In the year ended December 31, 2020, the Company granted 196,763 shares in lieu of earned but unpaid short-term cash incentive for 2019 that were fully vested on the date of grant. Of these grants, 177,229 were issued to current employees under the 2017 Plan and 19,534 were issued to a former employee and were outside the 2017 Plan. The grant date fair value of the shares issued was $236,000 and was recorded as an offset to accrued payroll. In addition, the Company granted 426,904 restricted shares to employees in lieu of a portion of the employees' fixed cash remuneration for the period from April to December 2020. The restricted shares vested in equal fortnightly tranches over the period from April to December 2020. As of December 31, 2020, 422,425 of the restricted shares had vested and were no longer restricted. The remaining 4,479 restricted shares were forfeited in 2020. The grant date fair value of the restricted shares was $512,000 and was included in operating expenses in the December 31, 2020 Statement of Operations.

(12) EMPLOYEE BENEFIT PLAN

The Company has a 401(k) retirement plan ("401(k) Plan") for the benefit of eligible employees, as defined. Each participant may elect to contribute to the 401(k) Plan each year up to the maximum amount allowed by law, subject to certain Internal Revenue Service limitations. The Company makes matching contributions up to 100% of the participant's election not to exceed 4% of the participant's compensation. In October 2020 the Company made an additional discretionary contribution to all eligible employees. The Company contributed approximately $123,000 and $244,000 in the years ending December 31, 2021 and 2020, respectively.

(13) COMMITMENTS AND CONTINGENCIES

The Company may be subject to legal proceedings and claims, which may arise, in the ordinary course of its business. No such matters presently exist, and management is not aware of any such matters which may arise in the future.

In addition, the Company warrants to customers that its products operate substantially in accordance with the product's specifications. Historically, we have not incurred any significant costs related to product warranties and expect none in the future, and as such have not recorded any accruals for product warranty costs as of December 31, 2021.

(14) FAIR VALUE

The Company applies ASC 820, *Fair Value Measurements*, in determining the fair value of certain assets and liabilities. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, we use various valuation approaches. The hierarchy of those valuation approaches is broken down into three levels based on the reliability of inputs as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The valuation under this approach does not entail a significant degree of judgment.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, and contractual prices for the underlying financial instrument, as well as other relevant economic measures.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

There have been no changes in the methodologies used as of December 31, 2021 and 2020.

The Company's assets and liabilities measured at fair value on a recurring basis include cash equivalents of $10.7 million as of December 31, 2021 and $2.2 million as of December 31, 2020, the fair value of the conversion feature of the Convertible Notes of $2,000 at December 31, 2021 and $130,000 at December 31, 2020, and the fair value of freestanding options of $325,000 as of December 31, 2021 and $1,769,000 as of December 31, 2020. We consider the factors used in determining the fair value of our cash equivalents to be Level 1 inputs and the fair value of the conversion feature and Freestanding Options to be Level 3 inputs.

For Level 3 instruments carried at fair value measured on a recurring basis using significant unobservable inputs, the following table presents a reconciliation of the beginning and ending balances for the years ended December 31, 2021 and 2020:

	2021 US$000	2020 US$000
Convertible notes conversion feature		
Balance at January 1,	$ 130	$ -
Total (gains) losses – realized/unrealized	(128)	130
Balance at December 31,	$ 2	$ 130
Freestanding options		
Balance at January 1,	$ 1,769	$ -
Call options issued with Placement and SPP, at fair value	2,768	700
Total (gains) losses – realized/unrealized	(4,212)	1,069
Balance at December 31,	$ 325	$ 1,769

The unrealized gains and losses for assets within the Level 3 category presented in the tables above include changes in fair value that are attributable to both observable and unobservable inputs. Assumptions for valuations in the year ended December 31 2021 are as follows:

	Freestanding Options	Conversion Feature
Risk-free interest rate	-0.003-0.277%	0.17-0.85%
Expected volatility	39.0-103.0%	36.0-45.0%
Expected term (years)	0.5-1.5	1.52-2.52
Dividend rate	0.0%	0.0%
Coupon rate	N/A	10.0%
Conversion price	N/A	A$2.80
Foreign exchange rates	N/A	0.725-0.771

(15) INCOME TAXES

The Company is a C-Corporation for U.S. federal income tax purposes.

The Company's income tax expense and resulting effective tax rate are based upon the respective estimated annual effective tax rates applicable for the respective periods adjusted for the effects of items required to be treated as discrete to the period, including changes in tax laws, changes in estimated exposures for uncertain tax positions and other items. Income tax positions are considered for uncertainty in accordance with ASC 740-10. Tax years remain subject to examination at the U.S. federal level between 2010 and 2018, and subject to examinations at various state levels between 2008 and 2018.

The provision for income taxes consists of the following components:

Current expense	2021 US$000	2020 US$000
Federal	$ -	$ -
State	5	3
Total current income tax expense	5	3
Deferred expense (benefit)		
Federal	(1,551)	(1,660)
State	(393)	(467)
Total deferred income tax benefit	(1,944)	(2,127)
Valuation allowance	1,944	2,127
Deferred income tax expense (benefit)	-	-
Total income tax expense	$ 5	$ 3

The following summarizes the Company's valuation allowance:

	2021 US$000	2020 US$000
Beginning of year	$ (18,437)	$ (16,310)
Income tax provision	(1,944)	(2,127)
End of year	$ (20,381)	$ (18,437)

Net deferred tax assets and liabilities are as follows:

	2021	2020
Deferred tax assets	US$000	US$000
NOL carryforwards	$ 19,403	$ 17,424
R&D tax credits	1,029	1,029
Inventory	4	20
Other deferred tax assets	45	73
Valuation allowance	(20,381)	(18,437)
Total deferred tax assets	$ 100	$ 109
Deferred tax liabilities		
Amortization	$ (100)	$ (109)
Total deferred tax liabilities	(100)	(109)
Net deferred income tax assets	$ -	$ -

A reconciliation from the federal statutory rate to the total provision for income taxes is as follows:

	2021		2020	
	US$000	Percent	US$000	Percent
Federal tax benefit at statutory rate	$ (490)	21.0%	$ (1,940)	21.0%
State tax expense, net of federal benefit	(31,593)	16.8%	(467)	5.0%
Permanent items and other	17	-0.7%	280	-3.4%
Gain on fair value of freestanding options	(885)	37.9%	-	0.0%
Gain on extinguishment of Payroll Protection Program note payable	(193)	8.3%	-	0.0%
Change in valuation allowance	1,944	-83.3%	2,127	-22.6%
Total tax expense	$ -	0.0%	$ -	0.0%

As of December 31, 2021, the Company had federal NOL carryforwards of approximately $75.3 million and state NOL carryforwards of $3.5 million (tax effected), that are available to reduce future income unless otherwise taxable. As of December 31, 2021, the Company has federal and state research and development ("R&D") credits of approximately $1.0 million, that are available to reduce future federal and state income tax. We have not performed a study of our NOLs for limitations required by the Internal Revenue Code Section 382. Due to the ownership change as a result of the IPO, our NOLs could be subject to significant annual limitations. If not utilized, the federal and state NOL carryforwards will expire at various dates between 2024 and 2037, except that $43.9 million of NOLs originating since 2018 do not expire. The federal and state R&D credits will expire at various dates between 2021 and 2037.

(16) SUBSEQUENT EVENTS

The Company evaluated the accounting and disclosures requirements for subsequent events through February 23, 2022, the issuance date of the financial statements and determined that no events have occurred that would require adjustments to our disclosures in the consolidated financial statements.

Corporate Directory

Board of Directors

Dr. David J. Mazzo, Ph.D., Chairman and Non-Executive Director
Ms. Christine van Heek, Non-executive Director
Ms. Zita Peach, Non-executive Director
Ms. Jean Franchi, Non-executive Director
Mr. Andrew Silverberg, Non-executive Director
Dr. Dwight Akerman, OD, MBA, Non-executive Director

Management Team

Mr. Brian Lane, Chief Operating & Chief Financial Officer
Dr. Kuang-mon (Ashley) Tuan, OD, Ph.D., Chief Medical Officer

US Office & Headquarters

Visioneering Technologies, Inc.
10745 Westside Way, Suite 200
Alpharetta, Georgia 30009
United States
Telephone +1 800 884 5367
www.vtivision.com

CDI Registry

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne, Victoria 3001 Australia
Telephone: 1300 850 505 (within Australia)
Or +61 3 9415 4000 (outside Australia)
www.computershare.com

Australian Legal Adviser

Johnson Winter & Slattery
Level 25, 20 Bond Street
Sydney, New South Wales 2000 Australia
Telephone +61 2 8274 9555
www.jws.com.au

Australian Registered Body Number (ARBN)

606 156 248

US Legal Advisor

Thompson Coburn LLP
One US Bank Plaza
St. Louis, Missouri 63101
United States
Telephone 1+ 314 552 6000
www.thompsoncoburn.com

Company Registered Address in Australia

c/o BelleVieCorporate Pty Ltd
Suite 206, Level Two
350 George Street, Sydney NSW 2000
Telephone: +61 414 731 082

Share Registry

Computershare Trust Company, N.A.
250 Royall Street
Canton, Massachusetts 02021
United States
www.computershare.com

Auditor

Grant Thornton LLP
1100 Peachtree St NW
Atlanta, GA 30309
www.grantthornton.com

Patent Attorney

Seyfarth Shaw LLP
Seaport East, Two Seaport Lane, Suite 300
Boston, Massachusetts 02210-2028
United States
Telephone +1 617 946 4800
www.seyfarth.com

ASX Symbol: VTI

VTI website:
www.vtivision.com

VTI investor website:
www.vtivisioninvestors.com

Visioneering Technologies (ASX:VTI) • info@vtivision.com
10745 Westside Way, Suite 200 Alpharetta, GA 30009 USA • www.vtivision.com