Visioneering Technologies, Inc. (ASX:VTI)

2020 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. Since its founding in 2008, VTI has brought together clinical, marketing, engineering, manufacturing and regulatory leaders from top vision care businesses to provide new solutions for myopia, presbyopia and astigmatism.

Headquartered in the US, VTI designs, manufactures, sells and distributes contact lenses. Its flagship product is the NaturalVue® Multifocal contact lens for the treatment of myopia; however, VTI has expanded its portfolio of technologies to address a range of eye care issues. VTI has grown operations across the United States, Canada, Australia, New Zealand, Europe, Hong Kong and Singapore and is expanding into other parts of Asia with a focus on markets with high rates of myopia.

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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 and with no widely accepted solutions available. 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

VTI started 2020 extremely well, closing the first quarter with record achievements for Shipments to US ECPs, Active US Accounts and Repeat Customer Rate. We achieved this success despite a significant decline in activity late in the quarter as we began to feel the first effects of the COVID-19 pandemic. Pre-pandemic, we had planned to raise capital in March 2020, but postponed the raise given the uncertainty regarding the extent to which the pandemic would impact operations. In April 2020, to combat uncertainty and secure the well-being of the Company into the future, VTI took aggressive proactive steps by reducing its staff by half, including a 75% reduction in the size of its sales force, delaying clinical projects and new product launches and reducing cash salaries company-wide for the remainder of 2020. We completed a modest capital raise in June 2020 to provide for near-term cash needs.

As we moved through 2020, VTI experienced a sharp contraction of its net revenue in April and May as many of the ECPs that purchase our products were closed or had limited hours of operation. COVID-19 restrictions eased in June 2020 and we began to generate greater net revenue in the final weeks of the second quarter. This improvement provided strong momentum heading into the third quarter, which traditionally is our strongest quarter of the year. Restrictions eased further in the third quarter and VTI generated record positive results in nearly all of its key metrics. Restrictions and consumer caution returned in the fourth quarter as COVID-19 cases and deaths surged in the US and abroad. Menicon, our licensee in Europe was scheduled to launch our private label product in March 2020 but delayed the product launch until 2021. VTI's expansions in Singapore and Hong Kong also were heavily impacted by the pandemic.

Despite the challenges presented by COVID-19 and the reduction of VTI's headcount during the year, VTI's shipments in FY 2020 of product in its core US market remained approximately inline to the prior year, while our cash use decreased by half, active accounts grew, and gross margins improved. As a direct result of the early actions the Company took, VTI is seeing a strong start to 2021 and reported net revenue at the mid-point in 1Q FY21 of US$800,000. We are forecasting US$7.0 million in net revenue in FY 2021 compared to US$5.1 million in FY 2020. We are excited to see that we appear to be returning to the strong growth we enjoyed pre-pandemic. However, we saw the impact that COVID-19 had on our 2020 results and expect our key performance indicators to fluctuate in 2021 commensurate with the level of COVID-19's threat to health and safety and with the level of restrictions placed on businesses and patients both inside and outside of the United States.

Significant financing funds multiple potential growth catalysts

We held a Special Meeting on 17 March 2021 at which securityholders approved a private placement of CHESS Depositary Interests (**CDIs**) to raise A$22 million and a Security Purchase Plan (**SPP**) of up to A$1M (though the Company retains the right to up- or down-size the SPP). The private placement has now completed as has the issue of shares of Class A common stock (**Shares**) to certain Non-Executive Directors, in conjunction with the placement, to raise in aggregate A$22,120,000. The SPP is expected to close on 1 April 2021, and the SPP securities will be issued shortly thereafter.

The newly issued CDIs and Shares come with one free listed option for every two CDIs / Shares acquired.

The funds raised under the SPP and Placement are to be used for several important projects, including generating new clinical data, pursuing approval of NaturalVue MF in China and launching new products, as well as for general working capital purposes. VTI expects that the cash-on-hand after completion of placement and SPP will fund VTI through to, or close to, break-even cash flow. This financing is a significant step forward for VTI, as it enables VTI to undertake these initiatives that, if successful, create long-term value for securityholders.

Clinical data: In 3Q FY20, VTI released 5-year real-world data compiled by ECPs showing a 90+% decrease in the rate of worsening of nearsightedness in children wearing our NaturalVue MF. The very positive data was presented at the inaugural Global Myopia Symposium. The fact that there is a new global meeting on myopia shows the accelerating interest in this large under addressed market of myopia progression in children.

To Our Securityholders (continued)

Nearly 20,000 adults and children around the world are wearing NaturalVue MF contact lenses with excellent success in terms of safety and efficacy. More and more parents and practitioners are learning of the importance of treating nearsightedness in children as a progressive disease versus a harmless symptom. As a result, we are seeing an increase in requests for additional data in children, which is typical of a medical device in a rapidly expanding market. To meet this need, to support our ECPs and business development partners, and to support regulatory clearance in China, we are initiating one or two prospective, randomized, controlled clinical trials of NaturalVue MF in children. We plan to begin enrollment of these trials by approximately mid-year 2021, with one-year data available at the end of 2022, two-year data at the end of 2023, and trial completion at the end of 2024. We expect these efforts to cost up to US$3.5 million and to incur such costs over the course of the trials.

New products and business development: We also plan to use a portion of our cash on hand to fund the launch of new products. The next generation NaturalVue Multifocal will include physical changes and new lubricants which are intended to increase the comfort of the contact lenses. We expect to release this product in the third quarter of 2021. We also plan to launch a multifocal toric contact lens in the fourth quarter of 2021. This product will provide patients with astigmatism the opportunity to enjoy the benefits of the NaturalVue Multifocal contact lenses while treating both myopia and presbyopia.

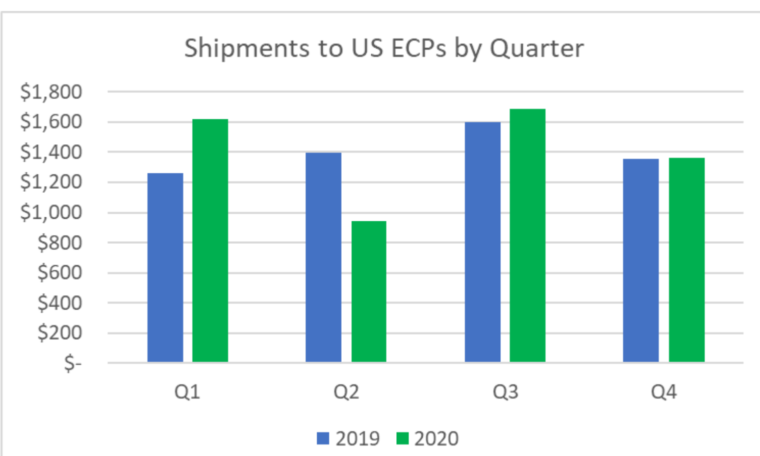
VTI is also seeking to acquire or license additional products to expand our product offerings and make more efficient use of our existing infrastructure. While early in our consideration, VTI will continue to analyze these and other partnering opportunities throughout 2021, with a goal of leveraging the fixed costs of our organization to generate greater revenue and profitability.

Continued organic growth

In addition to investing in clinical data and new products, VTI expects to achieve further growth from its existing US sales force and its ex-US sales and distribution relationships. The vast majority of VTI's historical growth has been from its US sales. The company feels that there is growth still available from its existing account base and that further growth in its number of active accounts still lies ahead. The US sales staff are also just beginning their initiation of accounts in Canada, where VTI received regulatory clearance in 2020. Outside the United States, VTI expects Menicon to accelerate expansion of Menicon Bloom™ Day throughout Europe in the first half of 2021 and expects a resumption of growth in Singapore and Hong Kong as well.

Financial Highlights for the year ended 31 December 2020

2020 started strong before the COVID-19 pandemic and related restrictions began to dictate patient behavior in the US and abroad. This chart showing Shipments to US ECPs by quarter comparing 2019 to 2020 reflects the influence of these factors on our performance in 2020.

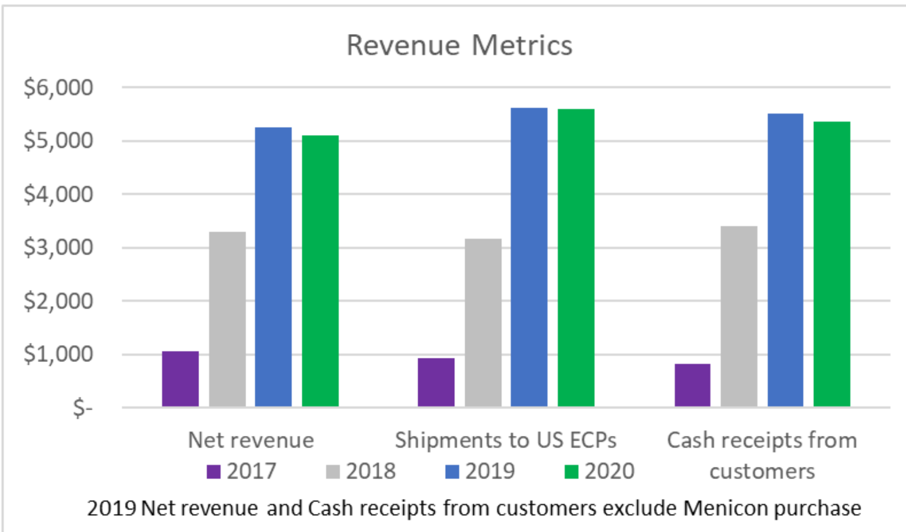


Shipments to US ECPs were up 38% in the first 12 weeks of Q1 FY20 over the same period in FY19. Government restrictions then increased and Shipments to US ECPs dropped significantly in the final seven days of the quarter, lowering the increase from Q1 FY19 to 28% for the full quarter. Despite the dramatic deceleration at the end the quarter, Q1 FY20 set a record as our first quarter with Shipments to US ECPs exceeding US$1.6 million.

The decline continued in the first 10 weeks of the second quarter before recovering in the last three weeks to finish with a 33% drop from the second quarter of 2019. July and August 2020 were extremely strong months, and then restrictions increased and Shipments to US ECPs declined again in September. The strength of the first two months of the quarter was enough to generate another record for Shipments to US ECPs, coming in just under US$1.7 million and exceeding the Q1 FY20 record by 4%. Shipments to US ECPs held steady through the fourth quarter and finished up 1% over Q4 FY19.

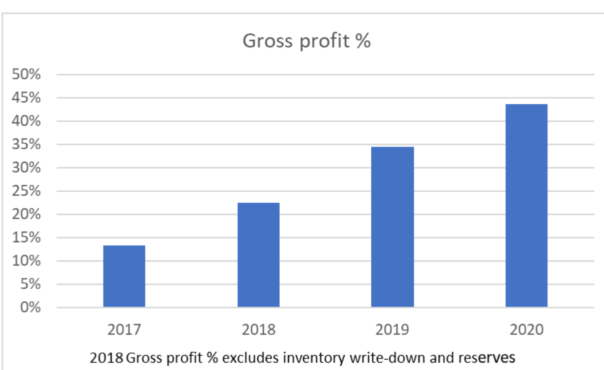
The net result of these many fluctuations during the year was that Shipments to US ECPs were essentially equal for FY 2020 compared to FY 2019.

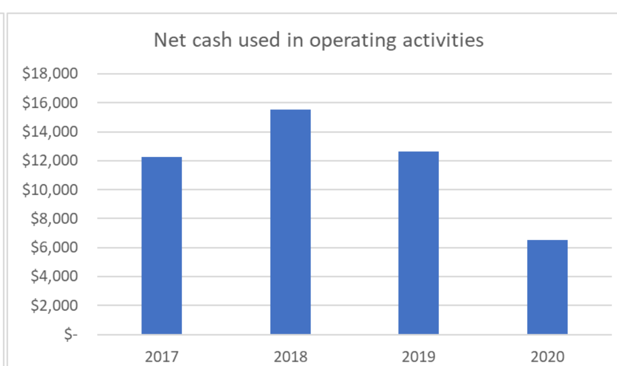
Net revenue, Shipments to US ECPs and Cash receipts from customers all increased significantly from FY 2017 to FY 2019, then were down slightly in FY 2020 compared to FY 2019 as shown in the chart below.



Gross profit increased in each year and we anticipate that gross profit will increase again in FY 2021 as we continue to sell off older, higher priced inventory and gain efficiencies from higher purchasing volumes.

Importantly, we lowered the amount of net cash used in operations by $6.1 million from 2019 to 2020 after lowering it by $1.9 million from 2018 to 2019. We drove the 2020 decrease through the staff and pay reductions as noted earlier, as well as through limiting our inventory purchases. We expect the cash spent on the clinical trials and new product launches will result in higher amount of net cash being used in operating activities in FY 2021 but believe these initiatives will help generate greater revenue and profitability in future years.





To Our Securityholders (continued)

Myopia awareness

The prevalence and severity of myopia has increased dramatically over the past several decades and researchers expect the percentage of the global population affected by myopia to continue to increase. Up to a third of the youth in the United States and up to 90% of children in some Asian nations are myopic. Scientists project that by 2050 half of the world population will be affected by myopia. China and Singapore both have introduced government-led initiatives to address the problem of myopia in their children.

Awareness of the dangers of myopia progression, or the worsening of myopia over time, has been rapidly expanding. Over the past couple of years, new organizations have been formed, new medical conferences launched, the number of research articles multiplied, and the large vision care companies have announced plans to invest in research, products, and education in the myopia space. VTI is one of the small handful of organizations at the forefront of myopia and we enjoy an early-mover advantage in this rapidly expanding space.

The Global Myopia Awareness Coalition (**GMAC**) is an industry-sponsored organization committed to raising public awareness of childhood myopia and the urgent need to reduce the risk of vision impairment and blindness due to high myopia and the socio-economic burden associated with poor vision. GMAC is organized under the World Council of Optometry and includes leading companies across the eye care industry. VTI is a founding member of GMAC and provides financial support to GMAC and also has an executive serve as a member of GMAC's board of directors.

VTI also created an educational series for ECPs featuring some of the world's leading researchers and clinicians. We offered the series free of charge to ECPs to help them stay informed and up to date in myopia, pediatric contact lens fitting, contact lens safety and the impact of genetics on vision issues.

In 2019, Menicon, one of the largest multi-national eye care companies, launched the Menicon Bloom™ Myopia Control Management System. Menicon Bloom™ is a portfolio of myopia progression control products composed of Menicon Bloom™ Night, which is Menicon's orthokeratology product, and Menicon Bloom™ Day, which is NaturalVue Multifocal private labeled for Menicon. VTI expects that Menicon will expand its launch of the Menicon Bloom™ portfolio throughout Europe in 2021. Likewise, CooperVision, another large multi-national eye care company, has launched a portfolio of myopia control products that include contact lenses and orthokeratology, and has recently formed a joint venture for myopia control spectacles. The other major eye care companies, including Alcon, Johnson & Johnson and Bausch Health have publicly stated that myopia control is an area of interest and they could be reasonably expected to develop or acquire assets in the area of myopia to form their own portfolios.

All of this activity and interest puts VTI at the right place at the right time. For over 5 years, VTI has been developing real-world evidence of NaturalVue MF's ability to slow or halt myopia progression in children, has built an industry-wide reputation in myopia control and education and has developed a protective intellectual property portfolio. This years-long early mover advantage positions VTI well in a market that is rapidly developing and gathering momentum.

We believe the efforts of GMAC, VTI, Menicon, CooperVision and others to educate parents and ECPs about myopia is beneficial for all myopia progression control products. ECPs prefer to have options when treating patients, as each patient is unique. We believe the growing awareness of the myopia issue will increase demand at the patient level and expand the addressable market for all participants. NaturalVue Multifocal is a market leader in this category today and we are confident that our product will benefit significantly from the growing awareness of myopia progression and the burden it causes across the globe.

Thank you

In summary, we want to thank you, our securityholders, for your continued support. The recent capital raise was undertaken with the backing of our largest securityholders is a significant step forward for VTI and enables us to advance several important initiatives that we believe will provide positive momentum for years to come. We made several difficult decisions in 2020 that we believe were necessary to get us to where we are today. Despite the significant challenges due to the COVID-19 pandemic, we are pleased that VTI was able to complete 2020 with similar results to 2019 while cutting its cash use nearly in half.

Safety protocols and vaccinations appear to be effective in containing COVID-19 and, if implemented globally, are capable of preventing a repeat of the disruption incurred over the past year. All indications at this point in 2021 are that this will be a great year for VTI, and the Company is well-positioned to deliver on both growth and long-term value creation.

Sincerely,

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

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

Directors

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

(See Senior Leadership Team on page 8)

Dr. David J. Mazzo, Ph.D
Chairman of the Board and Non-executive Director

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 Boards of Seneca Biopharmaceuticals, Inc. (NASDAQ:SNCA) and Feldan Therapeutics (private). Previously, Dr. Mazzo served as Chairman of the Board of EyePoint Pharmaceuticals, Inc. (NASDAQ:EYPT) 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 Audit and Risk 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.

Mr. Tom Dooley
Non-executive Director
Member of the Nomination and Remuneration Committee

Mr. Dooley brings deep executive-level experience and knowledge to the VTI board, acquired through his 27 years of senior business leadership roles in healthcare and ophthalmology. He recently served as President of Alcon Japan LTD, where he was responsible for 1,300 employees and over US$1B in annual sales of Alcon Laboratories' products, including medical devices, pharmaceuticals, and contact lens care products. Prior to moving to Japan, he served as Alcon's Country Manager in Australia and New Zealand. In addition to his role with VTI, Mr. Dooley is an independent Director for Ocular Science, Inc., an innovative biotech company based in Manhattan Beach, CA.

Mr. Dooley holds a Bachelor of Science in Agricultural Economics from Purdue University.

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 Biophytis SA, 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

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.

Senior Leadership Team

Dr. Stephen Snowdy
Chief Executive Officer and Executive Director

Dr. Snowdy is a scientist, serial entrepreneur, and medical venture capitalist with 17 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 serves as a visiting instructor at Columbia University, Emory University, and others, where he teaches faculty and students medical entrepreneurship.

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.

Mr. Brian Lane
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.

Remuneration Report (Unaudited)

Directors and Committees

The composition of the Board during the financial year ended December 31, 2020 and the length of service of each Director is as follows:

Name	Position	Date appointed	Independent Yes/No	Audit & Risk Committee	Nomination & Remuneration Committee
David Mazzo	Chairman (non-executive)	February 28, 2020	Yes	No	Yes
Stephen Snowdy	Director (executive)	November 25, 2008	No	No	No
Tom Dooley	Director (non-executive)	May 1, 2017	Yes	No	Yes
Jean Franchi	Director (non-executive)	December 19, 2017	Yes	Chair	No
Zita Peach	Director (non-executive)	February 14, 2017	Yes	Yes	Chair
Christine Van Heek	Director (non-executive)	November 25, 2008	Yes	Yes	Yes
Andrew Silverberg	Director (non-executive)	November 5, 2020	No	No	No

The following table shows the number of meetings of the Board, the Audit & Risk Committee and the Nomination & Remuneration Committee, and the number of those meetings attended by each Director during the year ended December 31, 2020:

Name	Board meetings	Audit & Risk Committee meetings	Nomination & Remuneration Committee meetings
David Mazzo	7 of 7	–	–
Stephen Snowdy	8 of 8	–	–
Tom Dooley	8 of 8	–	2 of 2
Jean Franchi	8 of 8	4 of 4	–
Zita Peach	8 of 8	4 of 4	2 of 2
Christine Van Heek	8 of 8	4 of 4	2 of 2
Andrew Silverberg	2 of 2	–	–

CDIs / Shares held by each Director as of December 31, 2020 were are follows:

Name	CDIs	Shares	Options
David Mazzo[3]	1,195,357	–	597,678[4]
Stephen Snowdy	9,625,576	3,481,321	42,721,903[5]
Tom Dooley[3]	1,125,071	–	562,535[4]
Jean Franchi	1,196,500	–	598,250[4]
Zita Peach	1,061,330[1]	–	476,178[4]
Christine Van Heek[3]	1,176,571	424,548[2]	589,285[4]
Andrew Silverberg[3]	-	–	–

[1] 108,973 CDIs are held through Ms Peach's family self-managed super fund

[2] 158,500 held personally and 266,048 held jointly

[3] As approved at a Special Meeting of Stockholders held on March 17, 2021 (Australian Eastern Daylight Time), each of these Directors purchased 1,764,705 Shares and received 882,352 Options at the same terms as investors under a

Placement and Security Purchase Plan, except that the Directors received Shares rather than CDIs. These Shares and Options are not reflected in the amounts listed as the purchase occurred after December 31, 2020.

[4] Options were 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.

[5] Options were issued in June 2020 and expire in June 2030. Dr. Snowdy agreed in August 2020 to cancel all options issued to him prior to June 2020 for no consideration. The June 2020 option grants include 29,000,000 discretionary options and 10,343,182 options issued for achievement under the 2019 long-term incentive plan, all of which vest over 4 years with an exercise price of US$0.0118 per share and 3,378,721 options associated with the portion of 2019 short-term incentive plan paid in shares in lieu of cash that were fully vested on grant with an exercise price of US$0.0185 per share.

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$60,000 per annum plus another US$25,000 per annum for the Chairman, US$7,000 per annum for Committee Chairs and US$3,000 for Committee members other than Chairs. For 2021, the director's remuneration has increased by approximately 3% to 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.

As part of its cash preservation efforts in 2020, the Company received approval from securityholders at its Annual General Meeting (**May 2020 AGM**) to advance each non-executive Director a portion of their director's fees for FY2020 as an unsecured, interest-free loan on the basis that the respective non-executive Directors apply the entirety of the funds advanced towards subscribing for CDIs (and free attaching unlisted options) on the same terms as investors under the June 2020 placement and security purchase plan. The amounts advanced represented approximately 35% of the respective non-executive Directors' expected Board and Board Committee fees payable in the period from May 1, 2020 to December 31, 2020. The Directors purchased an aggregate of 5,647,856 CDIs and received an aggregate of 2,823,926 free attaching options under this arrangement. All advances were re-paid in full by the Directors during 2020.

Senior executives (including the Executive Director)

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 CEO 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 2017 and updated these analyses in subsequent years through internal means.

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 allocates cash bonuses linked to internal key performance indicators that primarily are based on revenue and other financial targets.

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 performance against agreed key performance indicators that the Company expects will contribute to securityholder value over a longer period of time than the goals set for short-term incentives, for example regulatory approvals and product development milestones. Stock options awarded under long-term incentive milestones 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.

2020 Remuneration

For 2020, the Company made several changes to its standard compensation practices. To assist with the Company's cash management, the senior executives and most employees agreed to receive part of their fixed remuneration for 2020 in the form of equity. Employees received restricted Shares at the same price as under the June 2020 placement (but without the free attaching Options) in lieu of part of their fixed cash remuneration in respect of the period from April 6, 2020 to December 31, 2020. The restricted Shares vested in equal fortnightly tranches commensurate with the Company's payroll cycle and moved from being restricted shares to being regular shares. In total, 18 employees vested in an aggregate 42,242,517 Shares under this arrangement, of which 7,349,455 related to the CEO and were approved by securityholders at the May 2020 AGM (see further details below).

In addition to the changes to fixed cash remuneration, the Company suspended the short- and long-term incentive plans for 2020. However, in June 2020, the Company awarded stock options to senior executives (see details of grants to Dr Snowdy, CEO, below) to provide sufficient equity in the Company for retention of their services and alignment of their interests with that of securityholders. VTI obtained securityholder approval under ASX Listing Rule 10.14, at the May 2020 AGM, to issue the following equity securities to Dr Snowdy:

Equity Security	Date of Issue
6,757,442 Shares, in lieu of part of his entitlement to a cash payment for achievement under the short-term incentive plan for FY 2019	1 June 2020
3,378,721 options with an exercise price of US$0.0185 and an expiry date of 1 June 2030, in lieu of part of his entitlement to a cash payment for achievement under the short-term incentive plan for FY 2019	1 June 2020
7,349,455 Restricted Shares in lieu of part of his fixed cash remuneration for FY 2020	1 June 2020
10,343,182 options with an exercise price of US$0.012 and an expiry date of 1 June 2030 as part of his long-term incentive for FY 2019	1 June 2020
29,000,000 options with an exercise price of US$0.012 and an expiry date of 1 June 2030 as part of his remuneration for FY2020	1 June 2020

In addition to the senior executives, the Company awarded stock options to all employees.

Summary table

The remuneration of senior executives in respect of the financial year ended December 31, 2020 is summarized below.

Senior executive	Base Salary (A)	Restricted Shares (B)	Short-term incentive	Long-term incentive	Discretionary Option Grants (C)
Stephen Snowdy	US$331,013	7,349,455	-	-	29,000,000 in options to acquire Shares with a fair value of US$232,000
Brian Lane	US$223,870	4,970,159	-	-	11,600,000 in options to acquire Shares with a fair value of US$92,800
Tony Sommer	US$215,260	4,778,999	-	-	11,600,000 in options to acquire Shares with a fair value of US$92,800

(A) Base salaries listed represent actual amounts paid after reduction to fixed cash remuneration in exchange for restricted Shares.

(B) Restricted Shares received in lieu of fixed cash remuneration based on the same price as under the June 2020 placement. The Shares all were vested as of December 31, 2020.

(C) Discretionary options vest ratably over four years with an exercise price of US$0.012 per Share. Fair value amounts are the grant date fair value calculated in accordance with US GAAP.

Remuneration Report (Unaudited) (Continued)

2021 Remuneration

The remuneration changes noted above applied only to calendar year 2020. For 2021, the Company returned to full base pay for all employees and reinstated the short-term and long-term incentive plans for senior executives. Achievement for both plans is based on five corporate goals with various weightings based on their perceived importance to the Company. If the corporate goals are met at or above a specified level, compensation under the short-term incentive plan will be paid in the form of cash bonuses and the long-term incentive plan paid in the form of equity. The Company believes the 2021 plans are in line with compensation practices in the US and are within the ASX guidelines.

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 March 24, 2021. 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	CS Third Nominees Pty Limited	505,915,536	22.05%
2	UBS Nominees Pty Ltd	449,676,429	19.60%
3	HSBC Custody Nominees (Australia) Limited	230,621,711	10.05%
4	CS Fourth Nominees Pty Limited <HSBC Cust Nom AU Ltd 11 A/C>	170,671,896	7.44%
5	National Nominees Limited	106,862,289	4.66%
6	Mr. Paul Cozzi	72,329,574	3.15%
7	Gino DiSciullo Tr UA 12/10/2020 CLS II Liquidating Trust B	31,619,590	1.38%
8	Brispot Nominees Pty Ltd <House Head Nominee A/C>	31,280,096	1.36%
9	Citicorp Nominees Pty Limited <Domestic HIN A/C>	27,441,700	1.20%
10	Dr Paul Joseph Cozzi	25,873,016	1.13%
11	Bipharm Investments Pty Ltd	23,529,412	1.03%
12	Altor Capital Management Pty Ltd <Altor Alpha Fund A/C>	22,684,122	0.99%
13	J P Morgan Nominees Australia Pty Limited	15,125,000	0.66%
14	Memphis Biomed Ventures II LP	14,935,585	0.65%
15	Stephen Snowdy	13,106,897	0.57%
16	HSBC Custody Nominees (Australia) Limited	9,674,546	0.42%
17	Ack Pty Ltd <Markoff Super Fund No 2 A/C>	9,625,737	0.42%
18	MGL Corp Pty Ltd	9,577,342	0.42%
19	Jasforce Pty Ltd	8,928,572	0.39%
20	Tony Sommer	7,935,756	0.35%
	Top 20 holders	**1,787,414,806**	**77.90%**
	Remaining holders	**507,039,286**	**22.10%**
	Total	**2,294,454,092**	**100.00%**

Distribution of CDIs and Shares

Range	Total holders	Number	% of Issued Capital
1 – 1,000	618	2,267,400,659	98.82%
1,001 – 5,000	547	26,571,574	1.15%
5,001 – 10,000	44	350,669	0.02%
10,001 – 100,000	39	125,395	0.01%
100,001 – 999,999,999	27	5,795	0.00%
Total	**1,275**	**2,294,454,092**	**100.00%**

There are 306 investors holding less than a marketable parcel of CDIs or Shares, based on a minimum A$500.00 parcel at A$0.016 per CDI or Share (close of trade price on March 24, 2021).

Other Securityholder Information (Continued)

Top 20 Listed Optionholders (listed on ASX)

Rank	Name	Options held	%
1	CS Third Nominees Pty Limited	241,394,320	36.74%
2	UBS Nominees Pty Ltd	111,764,706	17.01%
3	HSBC Custody Nominees (Australia) Limited	88,291,563	13.44%
4	National Nominees Limited	53,431,144	8.13%
5	CS Fourth Nominees Pty Limited <Settlement A/C>	44,117,647	6.71%
6	Mr. Paul Cozzi	14,705,882	2.24%
7	Bipharm Investments Pty Ltd	11,764,706	1.79%
8	Altor Capital Management Pty Ltd <Altor Alpha Fund A/C>	10,352,941	1.58%
9	J P Morgan Nominees Australia Pty Limited	5,000,000	0.76%
10	MGL Corp Pty Ltd	4,788,671	0.73%
11	Accbell Nominees Pty Ltd	3,917,409	0.60%
12	Aurenda Partners Investment Management Pty Ltd	3,235,294	0.49%
13	Bell Potter Nominees Ltd <BB Nominees A/C>	3,235,294	0.49%
14	Seagrove Investments Pty Ltd <Seagrove A/C>	2,608,453	0.40%
15	Three Zebras Pty Ltd	2,352,941	0.36%
16	Bluesteel Trading Pty Ltd	2,319,525	0.35%
17	Christmas River Holdings Pty Ltd<Christmas River A/C/>	2,058,823	0.31%
18	Allegro Capital Nominees Pty Ltd <Allegro Capital>	1,675,000	0.25%
19	Mr Robert Gregory Calnon	1,500,000	0.23%
20	Finrow Limited	1,500,000	0.23%
	Top 20 holders	**610,014,319**	**92.84%**
	Remaining holders	**47,044,474**	**7.16%**
	Total	**657,058,793**	**100.00%**

Listed Options (listed on ASX)

There are a total of 657,058,793 options on issue as at March 24, 2021, all of which were issued as part of 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 137 holders of listed options in the Company.

Range	Total holders	Number	% of Options
1 – 1,000	0	0	0.00%
1,001 – 5,000	0	0	0.00%
5,001 – 10,000	0	0	0.00%
10,001 – 100,000	19	1,349,035	0.21%
100,001 – 999,999,999	118	655,709,758	99.79%
Total	**137**	**657,058,793**	**100.00%**

Other Securityholder Information (Continued)

Unlisted Options (not listed on ASX)

There are a total of 301,519,574 options on issue as at March 23, 2021, of which 93,025,345 were issued under the Company's 2017 Equity Incentive Plan or the 2008 Stock Incentive Plan and 208,494,229 were issued as part of a placement and security purchase plan in June 2020. There are 135 holders of unlisted options in the Company.

Range	Total holders	Number	% of Options
1 – 1,000	0	0	0.00%
1,001 – 5,000	0	0	0.00%
5,001 – 10,000	0	0	0.00%
10,001 – 100,000	43	2,873,127	0.95%
100,001 – 999,999,999	92	298,646,447	99.05%
Total	**135**	**301,519,574**	**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	585,754,556 CDIs	24.53%	170,588,235	25.96%
Regal Funds Management Pty Limited	454,656,490 CDIs	19.82%	191,176,470	29.10%

[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$0.028. 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 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, 2020.

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.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Visioneering Technologies, Inc.

We have audited the accompanying financial statements of Visioneering Technologies, Inc. (a Delaware corporation), which comprise the balance sheets as of December 31, 2020 and 2019, 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.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Grant Thornton

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Visioneering Technologies, Inc. as of December 31, 2020 and 2019, 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.

Emphasis of matter regarding going concern
The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred recurring losses, negative cash flows from operations, has an accumulated deficit of $80.8 million as of December 31, 2020, and has stated that substantial doubt exists about the Company’s ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Grant Thornton LLP

Atlanta, Georgia
February 17, 2021

VISIONEERING TECHNOLOGIES, INC.

BALANCE SHEETS
As of December 31, 2020 and 2019

	December 2020	December 2019
	(in US$000, except share data)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,408	$ 1,919
Accounts receivable	944	835
Inventory, net	550	2,211
Prepaid expenses and other current assets	523	195
TOTAL CURRENT ASSETS	4,425	5,160
NON-CURRENT ASSETS		
Property and equipment, net	23	57
Right of use assets, net	183	262
Intangible assets, net	177	153
Other non-current assets	179	198
TOTAL ASSETS	$ 4,987	$ 5,830
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 330	$ 279
Accrued payroll	115	839
Derivative liability	1,769	-
Other accrued liabilities	500	659
TOTAL CURRENT LIABILITIES	2,714	1,777
LONG-TERM LIABILITIES		
Convertible notes payable	2,830	2,863
Paycheck Protection Program note payable	1,035	-
Other non-current liabilities	113	208
TOTAL LIABILITIES	6,692	4,848
Commitments and contingencies (Note 13)		
EQUITY (DEFICIT)		
Class A common stock, par value $0.001 per share; 2,500,000,000 shares authorized, 993,277,625 shares issued and outstanding at December 31, 2020 and 399,135,152 shares issued and outstanding at December 31, 2019	994	399
Preferred stock, par value $0.001 per share; 50,000,000 shares authorized, no shares issued and outstanding at December 31, 2020 and December 31, 2019	-	-
Additional paid-in capital	78,124	72,167
Accumulated deficit	(80,823)	(71,584)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	(1,705)	982
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	$ 4,987	$ 5,830

See accompanying notes to financial statements

VISIONEERING TECHNOLOGIES, INC.

STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2020 and 2019

	Year Ended December 31, 2020	Year Ended December 31, 2019
	(in US$000, except share and per share data)	
Net revenue	$ 5,105	$ 5,722
Cost of sales	2,881	3,753
Gross profit	2,224	1,969
Operating Expenses:		
Sales and marketing	5,179	9,147
Clinical and manufacturing	1,438	2,092
General and administrative	3,319	3,387
Total operating expenses	9,936	14,626
Operating loss	(7,712)	(12,657)
Other income and (expenses):		
Interest income and other, net	9	90
Interest expense	(334)	(164)
Gain (loss) on fair value of derivative liability	(130)	123
Loss on fair value of freestanding options	(1,069)	-
Loss before income taxes	(9,236)	(12,608)
Income tax expense	3	9
Net loss	$ (9,239)	$ (12,617)
Net loss per share – Basic and Diluted	$ (0.01)	$ (0.04)
Weighted average shares outstanding – Basic and Diluted	745,510,730	324,246,597

See accompanying notes to financial statements

VISIONEERING TECHNOLOGIES, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
For the Years Ended December 31, 2020 and 2019

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Number of Shares	Amount US$000	US$000	US$000	US$000
Balance at December 31, 2018	248,619,294	$ 249	$ 67,683	$ (58,967)	$ 8,965
Issuance of common stock, net of issuance costs	150,515,858	150	4,182	-	4,332
Stock-based compensation	-	-	302	-	302
Net loss	-	-	-	(12,617)	(12,617)
Balance at December 31, 2019	399,135,152	399	72,167	(71,584)	982
Issuance of common stock, net of issuance costs:					
January 2020 placement	66,666.667	67	1,830	-	1,897
June 2020 placement and SPP	441,147,810	441	2,665	-	3,106
Share awards for 2019 compensation	19,676,299	20	216	-	236
Issuance of common stock for convertible debt	10,152,043	10	191	-	201
Exercise of freestanding options	14,257,137	14	269	-	283
Stock-based compensation	42,242,517	43	786	-	829
Net loss	-	-	-	(9,239)	(9,239)
Balance at December 31,2020	993,277,625	$ 994	$ 78,124	$ (80,823)	$ (1,705)

See accompanying notes to financial statements

VISIONEERING TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	Year Ended December 31, 2020	Year Ended December 31, 2019
	(in US$000)	
Cash flows from operating activities:		
Net loss	$ (9,239)	$ (12,617)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	54	68
(Gain) loss on fair value of derivative liability	130	(123)
Interest expense paid with common stock	1	-
Change in fair value of freestanding options	1,069	-
Amortization of right-of-use asset	79	-
Amortization of debt discount	37	22
Stock-based compensation	829	302
Changes in assets and liabilities:		
Accounts receivable	(109)	(340)
Inventory	1,661	(189)
Prepaid expenses and other assets	(328)	(83)
Accounts payable	50	139
Accrued payroll	(488)	299
Other accrued liabilities	(254)	(129)
Net cash used in operating activities	(6,508)	(12,651)
Cash flows from investing activities:		
Purchases of property and equipment, net	(1)	(1)
Purchases of intangible assets	(23)	-
Net cash used in investing activities	(24)	(1)
Cash flows from financing activities:		
Issuance of common stock, net of issuance costs of $583 in 2020 and $365 in 2019	5,703	4,332
Proceeds from exercise of freestanding options	283	
Issuance of convertible debt, net of debt discount of $36	-	2,964
Issuance of note payable	1,035	-
Net cash provided by financing activities	7,021	7,296
Net increase (decrease) in cash and cash equivalents	489	(5,356)
Cash and cash equivalents, beginning of period	1,919	7,275
Cash and cash equivalents, end of period	$ 2,408	$ 1,919
Supplemental disclosure:		
Cash paid for interest	$ 296	$ 164
Cash paid for taxes	$ 3	$ 9
Share awards for 2019 compensation	$ 236	$ -
Issuance of freestanding options	$ 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. In 2019, we received approval to sell our contact lenses in Hong Kong and Singapore. In 2020, we received approval to sell our contact lenses in Canada.

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, 2020, VTI had entered into agreements with Customers in the US, Europe, Australia, New Zealand, Hong Kong, Singapore and Canada.

Liquidity and Going Concern

Under ASC 205-40, *Presentation of Financial Statements – Going Concern*, the Company shall evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued. This evaluation includes a review of the qualitative and quantitative factors, including the effect of potential mitigating effects of management planning, as discussed in ASC 205-40.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustment that might result from the outcome of this uncertainty. To date, the Company has incurred recurring losses, negative cash flows from operations and has accumulated a deficit of $80.8 million from the Company's inception through December 31, 2020. As of December 31, 2020, the Company's cash and cash equivalents were $2.4 million. The Company's ability to achieve profitability and positive cash flow is dependent upon its ability to increase revenue and contain its expenses.

In order to meet our working capital needs through the next twelve months and maintain compliance with our debt covenant, we will need to raise additional debt or equity financing. We historically have been able to raise additional capital through issuance of equity and/or debt financing and recently announced a potential financing (Note 17). We have a plan in place to reduce spending in the absence of further capital being raised to satisfy our obligations due within one year from the date of issuance of these financial statements. Despite these factors, there can be no guarantees regarding our ability to raise additional financing or successfully implement our cost reduction plans in order to ensure that we can meet our working capital needs for a full year from the date of issuance of these financial statements. Accordingly, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern within one year after these financial statements are issued.

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 late in the first quarter of 2020 and throughout the second quarter of 2020, when net revenue declined substantially from the first quarter. Net revenue and related metrics improved each month in the second quarter and continued to improve in the third quarter before declining again in the fourth quarter as the virus surged in the US and abroad. 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), and the Black-Scholes option valuation model to determine the fair value of freestanding 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 $2.4 million as of December 31, 2020 and $1.9 million as of December 31, 2019. 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, 2020 or 2019.

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, 2020 or 2019. All inventory held at December 31, 2020 and 2019 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, 2020 or 2019.

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606, as amended)*, guidance on recognizing revenue from contracts with customers. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. 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 $696,000 in 2020 and $309,000 in 2019 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 $75,000 and $38,000 in 2020 and 2019, respectively 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 the 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, 2020. 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.

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 Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses (Accounting Standards Codification (ASC 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 July 2017, the FASB issued ASU No. 2017-11, *Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*. This ASU addresses narrow issues identified as a result of the complexity associated with applying GAAP for certain financial instruments with characteristics of liabilities and equity.

The amendments in Part I of this Update were effective for the Company beginning January 1, 2020. The adoption of this guidance did not have a material impact on the Company's 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 tax basis 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 Company is evaluating the impact of the adoption of this standard on its 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, 2020 and 2019:

	2020 US$000	2019 US$000
Patents	$ 282	$ 240
Less accumulated amortization	(105)	(87)
Intangible assets, net	$ 177	$ 153

Amortization expense was approximately $18,000 and $14,000 in 2020 and 2019, respectively. The weighted average remaining useful life of our patents as of December 31, 2019 was 9.4 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 2020 and 2019 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
2021	$ 15
2022	15
2023	15
2024	15
2025	15
Thereafter	102
Total	$ 177

(4) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2020 and 2019:

	2020 US$000	2019 US$000
Computer equipment and software	$ 116	$ 114
Office equipment	49	49
Furniture and fixtures	52	52
Leasehold improvements	12	12
Total costs	229	227
Less accumulated depreciation	(206)	(170)
Property and equipment, net	$ 23	$ 57

Depreciation expense was approximately $36,000 and $54,000 in 2020 and 2019, respectively.

(5) CONVERTIBLE NOTES PAYABLE

The following table presents a reconciliation of the beginning and ending balances for the years ended December 31, 2020 and 2019:

	2020 US$000	2019 US$000
Balance at January 1,	$ 2,863	$ -
Issuance of debt, net of issuance costs	-	2,964
Conversion of convertible note to CDIs	(200)	-
Amortization of deferred financing costs	37	22
Loss (gain) on derivative liability	130	(123)
Balance at December 31,	$ 2,830	$ 2,863

In July 2019, the Company entered into a Note Purchase Agreement ("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 are 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. The maturity date was extended to July 11, 2023 in January 2020. The conversion price was adjusted to $0.028 AUD in connection with the Placement completed in June 2020 (see Note 7).

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.

In October 2020, a Note holder converted $200,000 face value of Convertible Notes and accrued interest and received 10,152,043 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. The Company is amortizing the debt discount over the four-year term of the Convertible Notes. We adjust the conversion option liability to market at each reporting period. We reduced the derivative liability to $0 as of December 31, 2019 as a result of many factors, including a decrease in the share price. 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 as a result of many factors, including an increase in the share price.

The Convertible Note includes covenants related to liquidity and net monthly cash flow. The Company has complied with the net monthly cash flow covenant from the issuance of the Convertible Notes through December 31, 2020. 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 $0.075 AUD to $0.028 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, 2020. 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 be a five year note with a one-year deferral of principal and interest. 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 has applied for forgiveness of approximately $921,000 of the PPP Loan which, if approved, would leave a remaining balance of approximately $114,000 (Note 17). The Company is accounting for the PPP Loan as debt and will derecognize the portion of the PPP Loan that is forgiven, if any, when the SBA approves a forgiveness amount and legally releases the Company from liability for that portion of the debt. The remaining balance after forgiveness will be payable monthly through April 2025. The Company expects the SBA to make its forgiveness determination no later than April 26, 2021. 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 January 7, 2020, the Company issued 66,666,667 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 364,933,565 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 76,214,245 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 $0.014 AUD and issued one freestanding option for every two CDIs subscribed for, with each freestanding option having an exercise price of $0.028 AUD and an expiration date of June 30, 2022. The freestanding 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 freestanding options related to the Placement and an additional $94,000 as of June 30, 2020 for the fair value of the freestanding options related to the SPP. The fair value of all freestanding options as of December 31, 2020 was $1,769,000. We recorded a loss on fair value of freestanding options of $1,069,000 in the Statements of Operations for the year ended December 31, 2020.

In September and October 2020, holders exercised an aggregate of 14,257,137 freestanding options for an exercise price of $0.3 million.

On June 12, 2019, the Company issued 22,222,222 CDIs (representing the same number of shares) to complete a placement of its shares. The Company raised $0.7 million net of less than $0.1 million of issuance costs through the placement.

In July 2019 the Company issued 128,293,636 CDIs (representing the same number of shares) to complete a rights offering of its shares. The Company raised $3.8 million net of $0.2 million of issuance costs through the rights offering.

In July 2019, the stockholders also approved an increase in the number of authorized Class A common stock from 500,000,000 to 750,000,000 shares at the special meeting of stockholders. In May 2020, the stockholders approved another increase in the number of authorized Class A common stock from 750,000,000 to 2,500,000,000 shares at the annual meeting of stockholders.

(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 $125,000 in 2020 and $156,000 in 2019 and is included in General and administrative expenses in the Statements of Operations. These amounts include variable lease costs of $15,000 in 2020 and $57,000 in 2019.

Supplemental balance sheet information as of December 31, 2020 for the Company's operating lease is as follows:

		US$000
NON-CURRENT ASSETS		
Right of use assets, net	$	183
Total lease assets	$	183
CURRENT LIABILITIES		
Other accrued liabilities	$	95
NON-CURRENT LIABILITIES		
Other non-current liabilities		113
Total lease liabilities	$	208

As of December 31, 2020, a schedule of maturity of lease liabilities under all operating leases is as follows:

For the year ended December 31,		US$000
2021	$	105
2022		108
2023		9
Total		222
Less amount representing interest		(14)
Present value of minimum lease payments		208
Less current portion		(95)
Non-current portion	$	113

Cash paid for operating leases was approximately $160,000 during 2020.

As of December 31, 2020, the remaining lease term of the Company's operating lease was 2.1 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 at January 1, 2019.

(9) CONCENTRATIONS AND CREDIT RISK

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.

For the year ended December 31, 2019, two Customers accounted for approximately 82.1% of our total sales. The two same Customers accounted for 77.8% of our accounts receivable as of December 31, 2019.

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.

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 expense and other, net				(1,524)
Loss before income taxes				$ (9,236)

2019 (US$000)	**North America**	**Europe/Asia-Pacific**	**Corporate Support**	**Total**
Net revenue	$ 5,085	$ 637	$ -	$ 5,722
Cost of sales	3,316	437	-	3,753
Gross profit	1,769	200	-	1,969
Sales and marketing	8,181	966	-	9,147
Clinical and manufacturing	-	78	2,014	2,092
General and administrative	-	13	3,374	3,387
Total expenses	8,181	1,057	5,388	14,626
Operating loss	$ (6,412)	$ (857)	$ (5,388)	(12,657)
Interest income and other, net				49
Loss before income taxes				$ (12,608)

(11) STOCK COMPENSATION PLANS

Stock-based compensation expense was approximately $829,000 and $302,000 for the years ended December 31, 2020 and 2019, 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 have been authorized for share-based awards. The total number of options issued and outstanding as of December 31, 2020 and 2019 was 561,000 and 8,571,324, respectively. 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 11,000,000 to 201,000,000 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. The total number of options issued and outstanding as of December 31, 2020 and December 31, 2019 was 93,025,345 and 10,981,704, respectively. In addition, 61,918,816 share awards were granted and vested as of December 31, 2020. As of December 31, 2020, there were 46.6 million 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 believe that the fair value of the stock options is more reliably measurable than the fair value of the services received.

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, 2020 and 2019 are as follows:

	2020	2019
Risk-free interest rate	0.31-0.43%	1.82-2.49%
Expected volatility	50-89.0%	50.0%
Expected term (years)	5-6.25	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, 2019	19,553,028	$0.07	8.16	12,059,563	$0.05
Grants	91,788,277	0.01		91,788,277	0.01
Cancellation / forfeitures	(18,315,960)	0.07		(7,942,354)	0.04
Vested	-	-		(12,496,616)	0.02
Exercised	-	-		-	-
Outstanding at December 31, 2020	93,025,345	$0.01	9.39	83,408,870	$0.01
Exercisable at December 31, 2020	9,616,475	$0.02	9.41		

The weighted average grant date fair value of options granted during the year was $0.01 in 2020 and $0.05 in 2019. The intrinsic value of options unexercised as of December 31, 2020 and 2019 was approximately $602,000 and $0, respectively. The total fair value of options vested during the year ending December 31, 2020 was approximately $124,000. In 2020 five senior executives of the Company agreed to cancel a total of 16,226,269 options with exercise prices ranging from US$0.0438 to US$0.3230 for no consideration.

As of December 31, 2020 and 2019, there was approximately $581,000 and $482,000, 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 2.16 years.

A summary of stock grant activity under the 2017 Plan is as follows:

	Total Stock Grants Outstanding	
	Number of Shares	Weighted Average Grant Date Fair Value US$
Nonvested at December 31, 2019	-	$ -
Grants	60,413,371	0.012
Cancellation / forfeitures	(447,934)	0.012
Vested	(59,965,437)	0.012
Nonvested at December 31, 2020	-	-

In the year ended December 31, 2020, the Company granted of 19,676,299 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, 17,722,920 were issued to current employees under the 2017 Plan and 1,953,379 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 42,690,451 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, 42,242,517 of the restricted shares had vested and were no longer restricted. The remaining 447,934 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 $244,000 and $228,000 in the years ending December 31, 2020 and 2019, 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, 2020.

(14) RELATED PARTIES

We incurred approximately $9,000 and $99,000 in fees and expenses for the years ending December 31, 2020 and 2019, respectively, for clinical and regulatory consulting services provided by a company owned by one of our former officers.

(15) 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, 2020 and 2019.

The Company's assets and liabilities measured at fair value on a recurring basis include cash equivalents of $2.2 million as of December 31, 2020 and $1.7 million as of December 31, 2019, the fair value of the conversion feature of the Convertible Notes of $130,000 at December 31, 2020 and $0 at December 31, 2019, and the fair value of freestanding options of $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, 2020 and 2019:

	2020 US$000	2019 US$000
Convertible notes conversion feature		
Balance at January 1,	$ -	$ -
Conversion feature issued with convertible debt, at fair value		123
Total (gains) losses – realized/unrealized	130	(123)
Balance at December 31,	$ 130	$ -
Freestanding options		
Balance at January 1,	$ -	$ -
Call options issued with Placement and SPP, at fair value	700	-
Total (gains) losses – realized/unrealized	1,069	-
Balance at December 31,	$ 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, 2020 are as follows:

	Freestanding Options	Conversion Feature
Risk-free interest rate	0.255-0.285%	0.18%
Expected volatility	89.0%	45.0%
Expected term (years)	2.0-2.7	3.0-3.1
Dividend rate	0.0%	0.0%
Coupon rate	N/A	10.0%
Conversion price	N/A	A$0.028-A$0.075
Foreign exchange rates	N/A	0.686-0.691

(16) 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:

	2020 US$000	2019 US$000
Current expense		
Federal	$ -	$ -
State	3	9
Total current income tax expense	3	9
Deferred expense (benefit)		
Federal	(1,660)	(2,616)
State	(467)	(718)
Total deferred income tax benefit	(2,127)	(3,334)
Valuation allowance	2,127	3,334
Deferred income tax expense (benefit)	-	-
Total income tax expense	$ 3	$ 9

The following summarizes the Company's valuation allowance:

	2020 US$000	2019 US$000
Beginning of year	$ (16,310)	$ (12,976)
Income tax provision	(2,127)	(3,334)
End of year	$ (18,437)	$ (16,310)

Net deferred tax assets and liabilities are as follows:

	2020 US$000	2019 US$000
Deferred tax assets		
NOL carryforwards	$ 17,424	$ 15,192
R&D tax credits	1,029	1,029
Inventory	20	37
Other deferred tax assets	73	139
Valuation allowance	(18,437)	(16,310)
Total deferred tax assets	$ 109	$ 87
Deferred tax liabilities		
Amortization	$ (109)	$ (87)
Total deferred tax liabilities	(109)	(87)
Net deferred income tax assets	$ -	$ -

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

	2020		2019	
	US$000	Percent	US$000	Percent
Federal tax benefit at statutory rate	$ (1,940)	21.0%	$ (2,650)	21.0%
State tax expense, net of federal benefit	(467)	5.0%	(718)	5.7%
Permanent items and other	280	-3.4%	34	-0.3%
Change in valuation allowance	2,127	-22.6%	3,334	-26.4%
Total tax expense	$ -	0.0%	$ -	0.0%

As of December 31, 2020, the Company had federal NOL carryforwards of approximately $67.8 million and state NOL carryforwards of $3.2 million (tax effected), that are available to reduce future income unless otherwise taxable. As of December 31, 2020, 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 $36.6 million of NOLs originating since 2018 do not expire. The federal and state R&D credits will expire at various dates between 2021 and 2037.3

(17) SUBSEQUENT EVENTS

On January 26, 2021, the Company submitted a Loan Forgiveness Application to the SBA requesting forgiveness of approximately $921,000 of the PPP Loan. The Company is accounting for the PPP Loan as debt and will derecognize the portion of the PPP Loan that is forgiven, if any, when the SBA approves a forgiveness amount and legally releases the Company from liability for that portion of the debt. The Company expects the SBA to make its forgiveness determination no later than April 26, 2021. The Company has recorded the full amount of the PPP Loan in its Balance Sheet as of December 31, 2020.

On February 16, 2021, the Company announced that it had received commitments for a placement to sophisticated and professional investors and certain Non-Executive Directors in the amount of approximately $22.1 million AUD to result in the issuance of approximately 1.3 billion CDIs at $0.017 AUD per CDI. The Company expects to receive the cash from the placement in late March 2021. The investors also will receive one option to purchase an additional CDI for each two CDIs purchased in the placement. The options will have an exercise price of $0.03 AUD per CDI and will expire in February 2024. The Company also plans to offer an SPP of up to $1.0 million AUD to investors in Australia and New Zealand under the same terms as the placement.

The Company evaluated the accounting and disclosures requirements for subsequent events through February 17, 2021, the issuance date of the financial statements.

Corporate Directory

Board of Directors

Dr. Stephen Snowdy, CEO and Executive Director
Dr. David J. Mazzo, Chairman and Non-Executive Director
Ms. Christine van Heek, Non-executive Director
Ms. Zita Peach, Non-executive Director
Mr. Tom Dooley, Non-executive Director
Ms. Jean Franchi, Non-executive Director
Mr. Andrew Silverberg, Non-executive Director

Management Team

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Mr. Brian Lane, Chief Financial Officer
Mr. Tony Sommer, Jr, Senior Vice President, Sales & Marketing

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