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ASX Announcement

Visioneering Technologies, Inc. Triples Annual Revenue in 2018, Reports Fourth Quarter Results

Highlights for the quarter ended 31 December 2018

- Net revenue for FY18 of US\$3.3M, more than triple FY17
- 2nd consecutive quarter of US\$1M+ net revenue
- Achieved first sales in Europe
- Cash and cash equivalents at end of quarter of US\$7.3M
- Company forecasts FY19 net revenue between US\$6.5M and US\$7.5M

Atlanta, Georgia, 24 January 2019 (25 January 2019 AEDT): US-based medical device company and producer of the NaturalVue® (etafilcon A) Multifocal 1 Day Contact Lenses **Visioneering Technologies, Inc (ASX: VTI)** ('Visioneering' or 'The Company') has released today its Appendix 4C – Quarterly Cash Flow for the period ended 31 December 2018 (4Q18).

FY18 revenue more than tripled compared to FY17, with net revenue increasing 214% over 2017 and Shipments to US ECPs (Eye Care Professionals) increasing 244% over 2017. The Company's fiscal year coincides with the calendar year. The table below includes a summary of metrics and definitions.

Visioneering achieved net revenue in excess of US\$1.0M for the second consecutive quarter in 4Q18. Quarter on quarter, net revenue increased 1% over 3Q18 and increased 170% over 4Q17. Typically, the third quarter is the strongest quarter of the year for contact lens sales, resulting in minimal quarter-over-quarter growth in the fourth quarter. Shipments to US ECPs decreased 3% from 3Q18 and increased 203% over 4Q17, and Active US Accounts (accounts that purchased during the quarter) ended 4Q18 at 1,489, an increase of 5% over the end of 3Q18.

Gross profit was 26% of net revenue for 4Q18 and -3% for the full year, which was impacted by an inventory write down of US\$0.8M recorded in 2Q18. Full-year gross profit was 22% exclusive of the inventory write-down. This write-down was related to launches of new products replacing older products and to excess inventory purchased prior to sufficient demand information being available.

In addition to the above metrics, Visioneering tracks the repurchase behaviour of its ECP customers. The Company views high repeat customer percentages as a positive indication of the quality of its revenue and of the tangible value VTI provides to ECPs and their patients. 89% of ECPs that purchased product in 3Q18 purchased product again in 4Q18. The average across the quarters in 2018 was 90%, compared with 86% in 2017.

Quarterly and annual metrics were as follows:

(US\$ in 000's, unaudited)	4Q17	3Q18	4Q18	4Q18 vs 3Q18	4Q18 vs 4Q17
Net Revenue (A)	\$396	\$1,063	\$1,069	1%	170%
Shipments to US ECPs (B)	\$326	\$1,014	\$988	-3%	203%
Active US Accounts (C)	708	1,424	1,489	5%	110%
Shipments to US ECPs per Active US Account	\$461	\$712	\$663	-7%	44%
Gross profit %	21%	23%	26%		
Repeat customer % (D)	78%	96%	89%		

(US\$ in 000's, unaudited)	FY17	FY18	FY18 vs FY17
Net Revenue (A)	\$1,049	\$3,294	214%
Shipments to US ECPs	\$922	\$3,174	244%
Gross profit %	13%	-3%	
Repeat customer % (D)	86%	90%	

(A) Net revenue includes international revenue.

(B) Shipments to US ECPs represents the gross revenue equivalent of lenses shipped to ECPs located in the US, net of fulfillment fees.

(C) Active US Accounts are ECPs located in the US that purchased VTI products during the quarter.

(D) Repeat customer % is the percent of prior quarter Active accounts that purchased in the current quarter. The annual measure is the average of the four quarters in the year.

Global expansion

During the quarter, Visioneering also increased its revenue from outside the United States. Distributors in ANZ and the Nordics placed their initial stocking orders in the fourth quarter, and generated their first sales of VTI products to ECPs in Australia, New Zealand, Norway, Sweden and Denmark. The Company is negotiating sales and distribution agreements in the United Kingdom, and anticipates initial sales in the UK in the first quarter of 2019, though the course of Brexit has the potential to impact these plans. The Company also anticipates launching in Canada and parts of Asia later in 2019.

Reduction in use of cash

Visioneering reduced its net cash used in operating activities by 17%, from US\$3.3M in 3Q18 to US\$2.7M in 4Q18, primarily by lowering its inventory purchases. The Company finished the quarter with US\$7.3M in cash and cash equivalents, down US\$2.8M from US\$10.1M at the end of 3Q18. Management expects that quarterly net cash used in operations will increase slightly in coming quarters as the Company begins to substantially increase inventory purchases in 2Q19, partially offset by increasing cash receipts. The Company expects current cash will fund operations through approximately September 2019.

Outlook

Visioneering forecasts that at the end of 2019, the average quarterly growth in Active US Accounts will have been between 175 and 225 accounts per quarter, and that the average quarterly growth in revenue per account will have been between US\$65 and US\$95 per quarter. The growth in Active Accounts and revenue will vary by quarter based on seasonality, with the third quarter likely being

the strongest quarter and the fourth quarter likely being the weakest quarter, in terms of sequential quarterly growth. These revenue amounts are gross US revenue equivalents, and are exclusive of discounts and international revenue. The Company also expects that gross profit margin will increase in 2019 as it sells through higher cost inventories purchased in 2016 and achieves cost savings on new purchases.

Based on these assumptions, Visioneering estimates net revenue for 2019 will be between US\$6.5M and US\$7.5M and gross profit margin will increase from approximately 30% in 1Q19 to approximately 45% in 4Q19, averaging approximately 40% for the year.

Visioneering CEO Stephen Snowdy, PhD, said: “We’re very pleased that we exceeded US\$3M in net revenue for 2018, more than tripling our 2017 net revenue. Our growth in revenue and shipments has been very strong. We have shown there is strong demand for our products, that we have a viable business model, and that we are on the path to profitability. 2018 was also a big year in operational achievements. Early in the year, based on the strength of data for NaturalVue Multifocal in blunting the progression of nearsightedness in children, we gained clearance to market our contact lenses in Europe, and parlayed that achievement into clearances in Australia and New Zealand. Going forward, we plan to continue this expansion, and see Asia as a key market. Up to 90% of children in some Asian nations are nearsighted, and we are not aware of another product that matches NaturalVue Multifocal’s level of impact on slowing the progression of myopia. We will make significant efforts in 2019 towards launching in Asia, initially focusing on Hong Kong and then on other Asian nations as we satisfy their regulatory requirements. We are proud of our progress over the past year, and are looking forward to an exciting 2019.”

Investor Conference Call

Investors are invited to join a conference call on Friday 25 January at 9am ADST (Thursday 5pm US EDT) hosted by Visioneering’s CEO, Stephen Snowdy.

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

<https://services.choruscall.com.au/diamondpass/visioneeringtech-380686-invite.html>

You will receive a calendar notification with dial in details and a PIN for fast track access to the call. Alternatively you can dial in using the details below at the scheduled call start time.

Conference ID: 380 686

Participant dial in numbers

Australia Toll Free:	1 800 908 299
Alternate Australia Toll Free:	1 800 455 963
Australia Local:	02 9007 8048
United States/Canada:	1855 624 0077
Japan:	0066 3386 8000
New Zealand Toll Free:	0800 452 795
United Kingdom:	0800 051 1453
Hong Kong:	800 968 273

For more information, please contact:

<i>Company</i>	<i>Investor and media relations</i>
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About VTI:

Visioneering Technologies Inc. (ASX:VTI) is an innovative eye care company committed to redefining vision. Since its founding in 2008, Visioneering has brought together clinical, marketing, engineering, manufacturing and regulatory leaders from top vision care businesses to provide new solutions for presbyopia, myopia and astigmatism.

Headquartered in the US, Visioneering designs, manufactures, sells and distributes contact lenses. Its flagship product is the NaturalVue® Multifocal contact lens, and VTI has expanded its portfolio of technologies to address a range of eye care issues. The company has grown operations across the United States, Australia and the EU and is expanding into Asia with a focus on markets with high rates of myopia.

To learn more please visit: www.vtivation.com

Foreign ownership restrictions:

VTI's CHES Depository Interests (**CDIs**) are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (**Securities Act**) for offers which are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. As a result of relying on the Regulation S exemption, the CDIs are 'restricted securities' under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the US or to a US person for the foreseeable future except in very limited circumstances after the expiration of a restricted period, unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a 'FOR US' designation on the Australian Securities Exchange (**ASX**). This designation restricts any CDIs from being sold on ASX to US persons. However, you are still able to freely transfer your CDIs on ASX to any person other than a US person. In addition, hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Visioneering Technologies, Inc.

ABN

616 156 248

Quarter ended ("current quarter")

December 31, 2018

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,045	3,403
1.2	Payments for		
	(a) research and development	(381)	(1,576)
	(b) product manufacturing and operating costs	(331)	(3,922)
	(c) advertising and marketing	(567)	(1,815)
	(d) leased assets	-	-
	(e) staff costs	(2,085)	(8,857)
	(f) administration and corporate costs	(475)	(2,903)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	45	159
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(2,749)	(15,511)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(1)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	(15)	(62)
	(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(15)	(63)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	11	6,746
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(71)	(481)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(60)	6,265
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	10,099	16,584
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,749)	(15,511)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(15)	(63)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(60)	6,265
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	7,275	7,275

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1 Bank balances	250	250
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (#)	7,025	9,849
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,275	10,099

U.S. Treasury bills, notes, and other high-quality, short term securities that are issued or guaranteed by the U.S. government or by U.S. government agencies.

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter US\$'000
68
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7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter US\$'000
-
-

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8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
-	-
-	-
-	-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9. Estimated cash outflows for next quarter	US\$'000
9.1 Research and development	278
9.2 Product manufacturing and operating costs	124
9.3 Advertising and marketing	583
9.4 Leased assets	-
9.5 Staff costs	2,456
9.6 Administration and corporate costs	842
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	4,283

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date:

Print name:

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.