

**ASX Announcement | 14 May 2019**  
**Visioneering Technologies, Inc. (ASX:VTI)**

## **Visioneering Technologies Business and Operations Update**

### **Highlights**

- Myopia progression is a very large market worldwide, with the market in China alone estimated to be in excess of \$10 billion
- VTI has business partnerships in negotiations for China and Europe
- International regulatory approvals expected for Canada and Hong Kong in the near term

**Atlanta, Georgia, USA 14 May 2019:** 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') is pleased to present this update of its operations and funding progress.

VTI markets a daily-disposable soft contact lens called NaturalVue® Multifocal (NaturalVue MF). NaturalVue MF is a revolutionary and patented contact lens targeted at two patient populations with high clinical needs, the first being people over the approximate age of 45 who have lost the ability to see objects that are near, such as a phone or a book. This condition is called presbyopia and affects nearly everyone over the age of 45.

The other patient segment being prescribed NaturalVue MF lenses is children who are nearsighted and getting progressively worse, a condition called myopia progression. Children who are nearsighted are exposed to a lifetime of significantly elevated risk for blindness and other serious ocular diseases, so minimizing the severity of the nearsightedness they develop in childhood is very important. NaturalVue MF has been shown to reduce the rate of myopia progression by 90%.

Myopia progression is a very large market opportunity, as it affects a third to a half of US children and 80-90% of children in many Asian countries. The myopia progression market for China alone is estimated to be in excess of ten billion US dollars.

In the March quarter, VTI generated 28% growth in Shipments to US ECPs (Eye Care Professionals), which represented 158% growth over the corresponding period the prior year. This growth momentum was accompanied by continued growth in Active US Accounts, increased revenue per account, and a 96% repurchase rate among its ECPs. These metrics have VTI on target for 2019 full calendar year revenue between US\$6.5 million and US\$7.5 million, with full-year gross margins increasing to at least 40%.

### **Business Development Update**

#### **(1) China**

Very high rates of pediatric myopia in many Asian nations make those geographies very attractive opportunities for VTI. Those geographies are best accessed by VTI through partnerships in those countries with partners capable of guiding the product through the regulatory process and initiating commercial launch. Following the strength of data demonstrating NaturalVue MF's effectiveness in

blunting the progression of near-sightedness in children, and VTI's successes in obtaining various international regulatory clearances, VTI is now in advanced discussions with established Asian entities that wish to license VTI's NaturalVue MF contact lenses for China. At this point, the parties are discussing deal structures, which involve upfront payments and transfer pricing and other transaction-related details. In all discussions being conducted with potential partners in China, the licensee would pay for all expenses related to regulatory processes and commercial launch, would provide either non-dilutive funding or dilutive upfront funding at a premium to the prevailing market capitalization, and purchase lenses from VTI at appropriate pricing for that region. Subject to successful completion of diligence and initial negotiations, VTI is aiming to execute a Letter of Intent (LOI) with one of the potential China partners by the end of June 2019, with definitive documentation and the up-front payment expected 8-10 weeks later. Of course, whilst discussions and negotiations are well advanced, there is no guarantee of an LOI and definitive documentation being completed.

## **(2) Europe**

VTI is also in advanced discussions with a multi-national contact lens company that, after completing its own clinical and bench testing of VTI's products, wishes to enter a non-exclusive private-label relationship with VTI for rights to launch NaturalVue MF under the partner's name in the European Union. If successfully entered, this relationship would accelerate VTI's expansion of product availability outside the US, with a partner known in the contact lens industry for quality contact lens products. Negotiations for this private-label relationship are targeting an execution of an LOI by late May or early June, with definitive documentation in the weeks following the LOI. As with any pre-definitive negotiations, there is no certainty that the negotiations will result in a formal relationship.

## **International Expansion**

In the March 2019 quarter, VTI passed through a regulatory inspection that should lead to our launching in Canada in 2019. We also expect in 2019 an approval in Hong Kong that will allow us to distribute through the hospital system there, which is key for accessing myopic children in Hong Kong. We have similarly initiated the regulatory process in Singapore, a country that has declared myopia progression in children to be an epidemic. Additionally, VTI recently launched NaturalVue MF in the United Kingdom, one of the largest global contact lens markets. Upon completion of strategic partnering in China and Europe, VTI will be well-poised for broad global availability of its products.

## **Financing of Operations**

VTI continues to use cash in its operations as it grows its US and international operations. As discussed in the March quarter Appendix 4C and investor call, VTI intends to bring in additional funding by the end of the June quarter. Our goal is to bring in additional funding at the lowest cost of capital possible. Funding alternatives currently being actively considered are debt financing, equity financing, strategic/partner funding, or combinations of any those. We will update the market shortly in this regard.

## **Meaningful progress**

VTI has grown from US\$0.2 million dollars in revenue in 2016 to an annualized US\$4.5 million at the end of the March 2019 quarter. Since 2017, VTI has expanded sales from just the United States to sales in the European Union, Australia, and New Zealand, and we believe we are close to adding our first Asian market, Hong Kong, as well as Canada. In the period 2017 to 2019, independent ECPs have published data demonstrating powerful slowing of myopia in children wearing NaturalVue MF, indicating a greater level of effectiveness than any other intervention of which we are aware. Finally, VTI is progressing on partnerships for key international geographies and continuing to build on success in the lucrative US market. We believe these facts demonstrate continued progress for the Company and will lead to a bright future for VTI.

## **For more information, please contact:**

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**NaturalVue® (etafilcon A) Multifocal 1 Day Contact Lens Indication for Use in Europe and Australia and New Zealand:** NaturalVue (etafilcon A) Multifocal Daily Disposable Soft (Hydrophilic) Contact Lenses are indicated for daily wear for the correction of refractive ametropia (myopia and hyperopia) and/or presbyopia, and myopia progression control in aphakic and/or non-aphakic persons with non-diseased eyes in powers from -20.00 to +20.00 dioptres and with non-diseased eyes who may require a reading addition of up to +3.00D. The lenses may be worn by persons who exhibit astigmatism of 2.00 dioptres or less that does not interfere with visual acuity.

## **About Visioneering Technologies**

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 Europe and is expanding into Asia with a focus on markets with high rates of myopia.

## **Foreign Ownership Restrictions**

VTI's CHES Depositary Interests (**CDIs**) are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (**Securities Act**) for offers which are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities

Act or the laws of any state or other jurisdiction in the US. As a result of relying on the Regulation S exemption, the CDIs are ‘restricted securities’ under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the US or to a US person for the foreseeable future except in very limited circumstances after the expiration of a restricted period, unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a ‘FOR US’ designation on the Australian Securities Exchange (**ASX**). This designation restricts any CDIs from being sold on ASX to US persons. However, you are still able to freely transfer your CDIs on ASX to any person other than a US person. In addition, hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

### **Forward-Looking Statements**

This announcement contains or may contain forward-looking statements that are based on management’s beliefs, assumptions and expectations and on information currently available to management.

All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. These include, without limitation, U.S. commercial market acceptance and U.S. sales of our product as well as our expectations with respect to our ability to develop and commercialize new products.

Management believes that these forward-looking statements are reasonable when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. VTI does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. VTI may not actually achieve the plans, projections or expectations disclosed in forward-looking statements. Actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

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