

**ASX Announcement | 10 January 2020**  
**Visioneering Technologies (ASX:VTI)**

## **Visioneering continues growth in net revenue, hits revenue guidance for 2019**

### **Q4 FY19 Investment Highlights**

- Net revenue (unaudited) increased 31% quarter on quarter (QoQ) and 81% over the prior corresponding period (pcp) to US\$1.9m
- Unaudited net revenue for 2019 hits guidance at US\$5.7M, growing 74% over 2018
- Cash receipts from customers increased 9% QoQ and 77% over pcp to US\$1.8m, while cash receipts from customers for the full year 2019 were US\$6.0M, up 76% over the 2018 full year
- Net revenue included first shipment under private label agreement with Menicon

**Atlanta, Georgia, USA Thursday, 9 January 2020:** US-based medical device company and producer of the NaturalVue® (etafilcon A) Multifocal 1 Day Contact Lenses ('NaturalVue MF') **Visioneering Technologies, Inc (ASX: VTI)** ('Visioneering' or 'the Company') is pleased to announce its unaudited results for the quarter ended 31 December 2019 (Q4 FY19). The Company's fiscal year coincides with the calendar year.

Visioneering provides here its Appendix 4C and summary of operations for the quarter. The Company achieved record results across two key metrics: net revenue and cash receipts from customers.

### **Strong growth in net revenue; seasonal decline in Shipments to US Eye Care Professionals (ECPs)**

Table 1 below presents a summary of key metrics and definitions. Net Revenue for the quarter ended 31 December 2019 grew by 31% over the prior quarter to US\$1.9m and grew by 81% over the same period in 2018. Net revenue included approximately US\$0.5m from the initial stocking order sold under the Menicon private label agreement for Europe. The Company expects the next revenue from the private-label relationship to occur after the end of Q1 FY20. Net Revenue for the full-year 2019 grew 74% over 2018 to US\$5.7M, in line with previously issued guidance. Shipments to US ECPs declined by 15% from the prior quarter to US\$1.4m and grew by 37% over the same period in 2018. Net Revenue increased in the quarter, even though Shipments to US ECPs declined, primarily due to the private label revenue and, to a lesser extent, the timing of inventory purchases versus shipments at the distributor level.

As we have noted in prior quarters, the fourth quarter is usually the industry's weakest quarter in terms of sequential quarterly revenue growth, with industry-wide contraction of 10-15% from the third quarter not unusual. Additionally, relative to the Company's expectations, growth in our financial metrics continue to be negatively impacted by delayed launches in Hong Kong and Canada and by performance-related attrition in the US sales force, with 30% of the Company's target territories in the US now uncovered by a territory manager (compared to 25% at the end of the September quarter 2019). The percentage decline in Shipments to US ECPs in uncovered territories in the quarter was more than double that of covered territories. The Company plans to restaff some uncovered territories and start new territories as the Company's cash position improves and believes that the pruning and regrowth of the sales staff will have positive impacts in the mid- and long-term.

Gross profit was 34.4% of net revenue for Q4 FY19 compared to 36.4% of net revenue for Q3 FY19 and Q4 FY18 gross profit of 26.1%. The decline in gross profit percentage in Q4 FY19 compared to Q3 FY19 was due primarily to lower gross profit on the private label sale.

Visioneering tracks the repurchase behaviour of its ECP customers since the Company views high repeat customer percentages as a positive indication of the quality of its revenue and of the tangible value the Company provides to ECPs and their patients. During the quarter, 91.3% of ECPs who purchased product in Q3 FY19 purchased product again in Q4 FY19, down from 96.7% for the comparable measure in Q3 FY19 and up from 88.8% in Q4 FY18.

Table 1: Q4 FY18, Q3 FY19 and Q4 FY19 key metrics

(US\$ in 000's, unaudited)	Q4 FY18	Q3 FY19	Q4 FY19	Q4 FY19 vs Q3 FY19	Q4 FY19 vs Q4 FY18
Net Revenue (A)	\$1,069	\$1,475	\$1,933	31%	81%
Shipments to US ECPs (B)	\$988	\$1,599	\$1,355	-15%	37%
Cash receipts from customers (A)	\$1,045	\$1,690	\$1,846	9%	77%
Active US Accounts (C)	1,489	2,002	1,997	-0.2%	34%
Shipments to US ECPs per Active US Account	\$663	\$799	\$679	-15%	2%
Gross profit %	26.1%	36.4%	34.4%		
Repeat customer % (D)	88.8%	96.7%	91.3%		
(US\$ in 000's, unaudited)	FY18	FY19	FY19 vs FY18		
Net Revenue (A)	\$3,294	\$5,722	74%		
Shipments to US ECPs (B)	\$3,174	\$5,613	77%		
Cash receipts from customers	\$3,403	\$5,993	76%		
Gross profit % (E)	22.5%	34.4%			

(A) Includes international results.

(B) Shipments to US ECPs represents the gross revenue equivalent of lenses shipped to ECPs located in the US, net of fulfilment 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 US Accounts that purchased in the current quarter.

(E) Gross profit % in FY18 is shown before an inventory write-down of US\$821,000 that resulted in a negative gross profit for the 2018 fiscal year.

Q4 FY19 Active US Accounts were down less than 1% from Q3 FY19 to 1,997, and up 34% from Q4 FY18. Shipments to US ECPs per Active US Account in Q4 FY19 were US\$679, down 15% from US\$799 in Q3 FY19 and up 2% from Q4 FY18.

### Cash and Cash receipts metrics

Cash receipts from customers in Q4 2019 increased 9% over Q3 FY19 to US\$1.8m and increased 77% over the corresponding period in 2018.

Visioneering saw a slight decrease in its net cash used in operating activities to US\$2.9m in the quarter from US\$3.1m in Q3 FY19, primarily due to higher cash receipts from customers and lower payments for payroll and administrative costs, partially offset by higher inventory purchases. The Company finished the quarter with US\$1.9m in cash and cash equivalents.

As of 31 December 2019, the Company had commitments from sophisticated and professional investors to subscribe for 66.7m CHES Depository Interests (CDIs) (representing the same number of shares of Class A common stock) at A\$0.045 per CDI to raise A\$3.0m before fees and expenses (Placement). The Company received deposits totalling US\$1.9m as net proceeds from the Placement on 7 January 2020. Current cash on hand will allow the Company to operate at its current scale through April of 2020, and the Company plans on raising additional cash within 1Q FY20.

### **Global expansion gathers steam**

Visioneering generated its first sales in Asia in September 2019, shipping its NaturalVue MF to several patients in Hong Kong. Visioneering identified Hong Kong as a target market, as Hong Kong has a strong need for myopia management solutions, and the Company is encouraged by the early momentum in Hong Kong. In November 2019, the Company announced that the Singapore Health Sciences Authority granted medical device registration to Visioneering's NaturalVue MF. Visioneering has approved an ECP in Singapore and expects to record its first sales in that territory in 1Q FY20. Visioneering now is looking to other parts of Asia including South Korea, Southeast Asia, Japan, and China, which all represent attractive markets for myopia progression control products. Visioneering also plans to continue its North American expansion by launching in Canada in 2020. Material penetration of Hong Kong and Singapore may require sales and distribution partnerships in those geographies, partnerships that the Company is already exploring. VTI plans on managing Canada sales and distribution, once clearance is obtained there, using the Company's current US sales staff and fulfillment partners.

Meanwhile, in Europe, VTI's partner Menicon has purchased and received its first stocking order of NaturalVue MF and will be launching NaturalVue MF throughout Europe in 2020 as Menicon Bloom Day for the treatment of myopia progression in children (see previous announcement for details).

**Visioneering Technologies CEO Stephen Snowdy, PhD, said:** "Visioneering achieved significant milestones in the December quarter, including completing the initial stocking order under our private label agreement with our first strategic partner Menicon, and by attaining registration of NaturalVue MF in Singapore, where the population suffers from very high rates of paediatric myopia. We also expect to add Canada early in 2020. Additionally, we were pleased to see Net Revenue in 2019 grow by 74% over the prior year to \$5.7M, within our guidance range. While revenue growth in 2019 was pleasing, our momentum in the US continues to be negatively affected by performance-related attrition in the US sales force. We plan to reverse some or all of the attrition as the cash position of the Company improves over first half of 2020, and feel the resulting pruning and regrowth of the sales force will leave the Company with improved positioning."

**Ends.**

### **Invitation To Join Investor Conference Call**

Investors are invited to join a conference call on Monday, 13 January 2020, at 9 AM AEDT (Sunday, 12 January 2020, 5 PM US eastern time) hosted by Visioneering's CEO, Stephen Snowdy.

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

<https://s1.c-conf.com/DiamondPass/10003502-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: 1000 3502**

**Participant dial in numbers**

Australia Toll Free:	1 800 954 502
Australia (Sydney) Local:	02 9007 4041
Australia (Melbourne) Local:	03 9912 0327
Canada Toll Free:	1 855 336 4664
China	4001 200 641
Hong Kong	800 906 986
Japan Toll Free:	005 3116 1306
New Zealand Toll Free:	0800 452 794
United Kingdom Toll Free:	0808 168 3761
United States:	(855) 336 4664

**For more information, please contact:**

<b><i>Company</i></b>	<b><i>Investor and media relations</i></b>
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**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 CHESS 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.

### **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.

VTI-IR-ASX17

## 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")**

31 December 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter US\$'000</b>	<b>Year to date (12 months) US\$'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,846	5,993
1.2 Payments for		
(a) research and development	(183)	(1,088)
(b) product manufacturing and operating costs	(1,753)	(4,305)
(c) advertising and marketing	(420)	(2,086)
(d) leased assets	-	-
(e) staff costs	(1,927)	(8,701)
(f) administration and corporate costs	(426)	(2,359)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	18	90
1.5 Interest and other costs of finance paid	(82)	(142)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,927)</b>	<b>(12,598)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter US\$'000</b>	<b>Year to date (12 months) US\$'000</b>
(d) intellectual property	(14)	(38)
(e) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(14)</b>	<b>(38)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	7,697
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	-	(417)
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>6,655</b>	<b>7,280</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	4,860	7,275
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,927)	(12,598)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(14)	(38)

<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date (12 months) US\$'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	7,280
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,919</b>	<b>1,919</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		<b>Current quarter US\$'000</b>	<b>Previous quarter US\$'000</b>
5.1	Bank balances	250	250
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (#)	1,669	4,610
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,919</b>	<b>4,860</b>

# 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

<b>Current quarter US\$'000</b>
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67
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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
-
-

**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.

**9. Estimated cash outflows for next quarter**

- 9.1 Research and development
- 9.2 Product manufacturing and operating costs
- 9.3 Advertising and marketing
- 9.4 Leased assets
- 9.5 Staff costs
- 9.6 Administration and corporate costs
- 9.7 Other (provide details if material)


US\$'000

	302
	444
	453
	-
	2,186
	915
	-
<b>9.8 Total estimated cash outflows</b>	<b>4,300</b>

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: .....  ..... Date: ..... 9 Jan 2020 .....

(Director/Company secretary)

Print name: ..... Stephen Snowdy .....

### 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.