

ASX Announcement | 20 April 2020
Visioneering Technologies (ASX:VTI)

Visioneering Announces 1Q FY2020 Results

Q1 FY20 Investment Highlights

- Shipments to US ECPs increased 19% over 4Q19 to a record US\$1.62m
- Active US Accounts increased 6% over 4Q19 to a record 2,120 accounts
- Repeat customer % at a record 98.6%
- Gross profit increased to 39.5% compared to 34.4% in 4Q19
- Reduction in force announced on 2 April 2020 has been completed

Atlanta, Georgia, Monday, 20 April 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 March 2020 (Q1 FY20). The Company's fiscal year coincides with the calendar year.

For the quarter ended 31 March 2020, the Company achieved record results across four key metrics: Shipments to US ECPs, Active US Accounts, Repeat customer % and Gross profit %, while the Company experienced decreases in Net Revenue and Cash Receipts compared to the prior quarter. Table 1 below presents a summary of key metrics and definitions.

Net revenue for the quarter ended 31 March 2020 was US\$1.3m, a decrease of 30% from Q4 FY19 (QoQ) and an increase of 19% over Q1 FY19 (prior corresponding period, or pcp). Net revenue in Q4 FY19 was US\$1.9m, which included approximately US\$0.5m from the initial stocking order sold under the Menicon private label agreement for Europe. Excluding this initial stocking order from the prior quarter results, net revenue decreased 8% QoQ.

Shipments to US ECPs increased 19% from the prior quarter to a record US\$1.6m and grew by 28% over the same period in 2019. Shipments to US ECPs increased while net revenue excluding the private label revenue declined due to the timing of inventory purchases versus shipments at the distributor level.

Active US Accounts increased 6% QoQ and 26% over the pcp to a record 2,120 accounts in Q1 FY20. The Repeat customer % in Q1 FY20 was a record 98.6%, helping drive the number of Active US Accounts despite VTI's sales team working from home during the last 12 business days of the quarter, in accordance with COVID-19 guidance. Shipments to US ECPs per Active US Account were US\$763, an increase of 12% QoQ and 2% over the pcp.

Gross profit was 39.5% of net revenue for Q1 FY20 compared to 34.4% of net revenue for Q4 FY19 and 32.0% for Q1 FY19. Although the Menicon private label sale negatively impacted the gross profit percentage in Q4 FY19, the Q1 FY20 gross profit % exceeded that of Q4 FY19 exclusive of the Menicon private label sale. The increase in gross profit in the quarter was due primarily to lower per-unit

purchasing costs in Q1 FY20, and the continued depletion of inventory purchased at higher per-unit costs (ie reduction of FIFO layering).

Table 1: Q1 FY19, Q4 FY19 and Q1 FY20 key metrics

(US\$ in 000's, unaudited)	Q1 FY19	Q4 FY19	Q1 FY20	Q1 FY20 vs Q4 FY19	Q1 FY20 vs Q1 FY19
Net Revenue (A)	\$1,133	\$1,933	\$1,347	-30%	19%
Shipments to US ECPs (B)	\$1,262	\$1,355	\$1,618	19%	28%
Cash receipts from customers (A)	\$1,152	\$1,846	\$1,259	-32%	9%
Active US Accounts (C)	1,683	1,997	2,120	6%	26%
Shipments to US ECPs per Active US Account	\$750	\$679	\$763	12%	2%
Gross profit %	32.0%	34.4%	39.5%		
Repeat customer % (D)	96.4%	91.3%	98.6%		

- (A) Includes international results. Q4 FY19 includes \$0.5M from Menicon private label stocking order
 (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.

Cash and Cash receipts metrics

Cash receipts from customers were US\$1.3m in Q1 FY20, a decrease of 32% QoQ and an increase of 9% over the pcp. Excluding the impact of the Menicon payment for the initial stocking order in Q4 FY19, cash receipts from customers declined 8% QoQ.

Visioneering saw a slight decrease in its net cash used in operating activities to US\$2.8m in the quarter from US\$2.9m in Q4 FY19, primarily due to lower inventory purchases, partially offset by lower cash receipts from customers and higher payments for payroll and administrative costs. The Company finished the quarter with US\$1.0m in cash and cash equivalents.

In response to the impact of the COVID-19 pandemic on our business and the global financial markets, Visioneering implemented a reduction of its workforce on 2 April 2020, eliminating 22 of its 42 employees. The Company expects the reduction in force and other cost-saving measures to allow current cash on hand to fund operations until approximately October 2020. If the economic impacts of COVID-19 are deeper or last longer than anticipated, it is possible that the Company's current cash will be depleted prior to the fourth quarter of 2020. Through its normal course of business, Visioneering continuously evaluates fund raising and strategic partnering opportunities, and these activities will continue. Additionally, the Company is exploring government-sponsored disaster relief programs aimed at small businesses and plans to take advantage of any appropriate funding opportunities that arise.

The Company retained 11 of its 30 Sales and Marketing staff members. The Company also retained all personnel and systems necessary to maintain regulatory and quality compliance. We instituted a work from home structure in mid-March to ensure employee safety while providing critical sales and support to the Company's current eye care professionals, patients, and its international partners.

Additional cash savings will be achieved by delaying the launches of new products, delaying clinical projects, and through reductions of cash salaries. The Company will reconsider launches of new products and clinical projects as capital markets and international economies recover. The Company plans to continue its development of sales and distribution partners for international territories, such as Singapore, Malaysia, Hong Kong, and others.

Investors are encouraged to review the business update released on 2 April 2020 for a more complete update on operations.

Visioneering Technologies CEO Stephen Snowdy, PhD, said: “Visioneering started FY 2020 by setting several records in the quarter. We are pleased with this performance, particularly considering the shelter-in-place orders that affected our employees, patients, and eye care providers during the second half of March. We feel that the first quarter results reflect the quality of our products and people and speak to the value that we bring to our patients and practitioners. The need to preserve cash during this unprecedented time required that we eliminate part of the team that helped deliver the first quarter’s results. I sincerely thank our former team members for their professionalism and dedication to Visioneering and wish them well in their transition to new roles. We retained a core team at VTI that continues to work diligently to advance the NaturalVue brand in the US and around the world and stands ready to accelerate the business as conditions improve.”

Ends

This release was authorized by the CEO, Stephen Snowdy, PhD.

Invitation To Join Investor Conference Call

Investors are invited to join a conference call on Tuesday, 21 April 2020, at 9 AM AEST (Monday, 20 April 2020, 7 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/10005890b-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 5890

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
Singapore	800 852 3140

United Kingdom Toll Free: 0808 168 3761
 United States Toll Free: (855) 336 4664
 New York (local) (208) 758 0667

For more information, please contact:

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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-ASX22

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Visioneering Technologies, Inc.

ABN

616 156 248

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (3 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,259	1,259
1.2 Payments for		
(a) research and development	(171)	(171)
(b) product manufacturing and operating costs	(513)	(513)
(c) advertising and marketing	(535)	(535)
(d) leased assets	-	-
(e) staff costs	(2,140)	(2,140)
(f) administration and corporate costs	(674)	(674)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	8
1.5 Interest and other costs of finance paid	(75)	(75)
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	(2,841)	(2,841)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(4)	(4)

	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	(4)	(4)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,051	2,051
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(154)	(154)
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	1,897	1,897

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,919	1,919
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,841)	(2,841)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,897	1,897

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	971	971

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 (provide details)	721	1,669
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	971	1,919

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

	Current quarter US\$'000
	-
	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

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

8. Estimated cash available for future operating activities	US\$'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,841)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	971
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	971
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.34

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No. The Company implemented a reduction in force effective 1 April 2020 and implemented other cost saving measures in order to reduce its expected net operating cash flows.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company is exploring funding through a number of channels and believes it will be successful in securing additional capital. The Company will make any necessary announcements, in this regard, as and when required by the ASX Listing Rules.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The Company expects the cost saving measures it implemented recently will reduce its net operating cash flows such that its current cash should be sufficient to fund operations until approximately October 2020.

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.

Date: 19 April 2020
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Authorised by: Stephen Snowdy, PhD
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(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.