

ASX Announcement | 29 April 2020
Visioneering Technologies (ASX:VTI)

Visioneering Secures Commitments for A\$5.0M in New Capital

Highlights

- Commitments received for fully-subscribed A\$5.0 million Placement to institutional and sophisticated investors at A\$0.014 per CDI. Investors will receive a free option to purchase an additional CDI for each two CDIs purchased in the placement
- In addition to commitments for new capital under the Placement, Non-Executive Directors will use a portion of their director's fees to subscribe for approximately A\$79,000 of CDIs or shares on the same terms as the Placement
- Strong support from existing institutional shareholders
- A\$1.0 million Security Purchase Plan to be launched on the same terms as the Placement
- Along with implementation of cost savings and ~A\$1.6 million in non-dilutive funding received from the US Government, the cash is expected to fund the company through the COVID-19 crisis, and well into 2021, and leaves the Company ready to return to growth plans as soon as macro-conditions allow

Atlanta, Georgia, Tuesday, 28 April 2020 (Wednesday 29 April 2020 Sydney time): 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 announce receipt of commitments for a fully-subscribed A\$5.0 million placement ("**Placement**").

In addition to commitments for new capital, Non-Executive Directors will use a portion of their director's fees to subscribe for securities on the same terms as the Placement.

The Placement to sophisticated and institutional investors, together with the subscriptions from the Non-Executive Directors, will result in the issuance of 364,933,566 CHES Depositary Interests (for Australia and New Zealand investors) and shares of Class A Common Stock (for US investors). Investors will also receive one option to purchase an additional CDI or share for each two CDIs or shares purchased in the Placement. The options will have an exercise price of A\$0.028 per CDI or share.

The Company will also offer a Security Purchase Plan ("**SPP**") of up to A\$1.0 million under the same terms as the Placement. The CDIs and shares resulting from the Placement and the SPP, and resulting from the exercise of the options attached to the CDIs and shares purchased in the Placement and SPP, will rank equally with the existing CDIs and shares of the Company.

The Placement and SPP are both subject to stockholder approval at the Company's Annual Meeting, which is currently scheduled for Friday, 29 May 2020. The Company expects to dispatch the notice of meeting and proxy materials for the Annual Meeting in early May.

The issue price of A\$0.014 per CDI represents a 15.0% discount to the 15-day VWAP of Visioneering's CDIs ending on Wednesday, 22 April 2020.

The net proceeds of the Placement and SPP will be used primarily for the following purposes:

- General working capital
- Preparation for additional international expansion
- Preparation for new product launches
- Completion of clinical trials in progress

The Placement and SPP are described in greater detail below.

Along with implementation of cost savings and the ~A\$1.6 million loan under the Paycheck Protection Program from the US government, the Company expects that the cash raised under the Placement and SPP should fund the Company well into 2021, assuming that recovery from the impact of COVID-19 begins in Q3 FY20.

Company update

For Q1 2020, the Company reported having achieved records in many of its financial metrics, most importantly in the shipment of its products to US Eye Care Professionals (“**Shipments**”). The Company believes Shipments is a very important metric, as it is a direct reflection of demand for Visioneering’s products from the user and is not impacted by changes in inventory levels at distributors that impact revenue. In dollar terms, Shipments is a gross revenue equivalent. In its Appendix 4C for Q1 FY20 released on 20 April 2020, the Company reported record Shipments of US\$1.6 million, an increase of 19% over Q4 FY19, and 28% over the same period in 2019. This growth occurred against the headwind of Visioneering’s sales force working from home for the last two weeks of the quarter. The number of accounts that ordered product in the quarter also achieved a record at 2,120 accounts, up 6% over Q4 FY19 and up 26% over the same period in 2019. The repeat customer percentage was 99%, a record the Company feels demonstrates the quality and value of the Company’s products. Net revenue for Q1 FY20 was down 8% compared to the prior quarter, not including the US\$476,000 initial stocking order from Menicon Co, Ltd (“**Menicon**”) in Q4 FY19. Inclusive of that initial stocking order from Menicon in Q4 FY19, Q1 FY20 revenue was down 30% compared to the prior quarter, and up 19% over Q1 FY19.

On 2 April 2020, Visioneering carried out several actions to position the Company for the unknown impacts of COVID-19 on its customers, the global economy, and the capital markets. Visioneering reduced its workforce by 22 employees (out of a total of 42). In addition, cash salaries to most employees were reduced, clinical projects were delayed or put on hold, and new product launches were delayed or scaled down. Despite the changes, Visioneering will continue to sell its products, albeit with a reduced sales force, will maintain all employees necessary to maintain legal compliance of its products in the US and its international markets, and will continue to support its international partners. Visioneering has not been impacted by supply chain interruptions nor does the Company have reason to expect any supply chain disruptions in the near future.

In March 2020, most optometrists in the US were placed under stay-at-home orders due to COVID-19. As of the date of this announcement, some states in the US are contemplating or undergoing phased lifting of restrictions, and many optometrists are planning to reopen their offices in early- to mid-May 2020. However, the Company expects some optometrists to remain closed, and in the practices that do reopen, it is reasonable to expect slower traffic than normal as practices and patients adopt new guidelines designed to ensure proper social distancing measures are observed. As

Visioneering disclosed in its business update on 2 April 2020, the Company expects a sharp decline in its business in Q2 FY20, with the beginnings of a recovery in Q3 FY20. At this point, the Company cannot predict the magnitude of the decline in Q2 FY20 or the rate of subsequent recovery. However, Visioneering has a base of users that continues to order its products for home delivery, its core sales team continues to employ electronic means to communicate with practitioners, and the Company stands ready for the recovery.

While the Company is in scaled-down mode, it plans to continue its efforts to establish sales and distribution partnerships in Singapore and Hong Kong, and will launch those partnerships as soon as those economies will support a launch. The Company also plans to launch in Canada, though not on the scale that would have been possible prior to the pandemic. In Europe, Visioneering's private-label partner Menicon has delayed the launch of Menicon Bloom Day, which is Visioneering's NaturalVue Multifocal for treating myopia progression in children. Visioneering will update the market as soon as the launch plans have been reformulated.

Separately, Visioneering has been notified by the US Patent and Trademark Office that it won its appeal in one of its key pending patent applications. The patent covers the use of Visioneering's optical designs for treating myopia progression in children. The Company was pleased by the result, and expects that the patent will be granted, though there can be no absolute assurance of grant.

The Placement

The Company has secured commitments from institutional and sophisticated investors to subscribe for 359,285,709 CDIs and shares under the Placement at A\$0.014 per CDI/share to raise approximately A\$5.0 million. The Placement will be subject to stockholder approval under ASX Listing Rule 7.1 at the Company's Annual Meeting.

In addition to the above commitments, the Non-Executive Directors will use a portion of their director's fees for FY 2020 (an aggregate of approximately A\$79,000) to subscribe for 5,647,857 CDIs/shares on the same terms as the Placement. The Non-Executive Directors' participation in the Placement will also be subject to stockholder approval under ASX Listing Rule 10.11 at the Annual Meeting.

Newly issued CDIs and shares under the Placement, together with the securities subscribed for by the Non-Executive Directors, come with one free option for every two CDIs or shares purchased, for a total of 182,466,783 options exercisable into CDIs or shares at an exercise price of A\$0.028 with an expiry date of 30 June 2022.

If the Placement and related capital raising resolutions are approved at the Annual Meeting, settlement of the Placement is expected to occur on or around Wednesday, 3 June 2020.

Shaw and Partners Limited and **Aurenda Partners Pty Limited** acted as the Joint Lead Managers to the Placement.

Security Purchase Plan

The SPP will be made available to holders of shares and CDIs in Australia and New Zealand (“**Eligible Holders**”) who are registered as share or CDI holders of the Company as at 7.00pm (AEST) on Tuesday, 28 April, 2020.

Newly issued CDIs under the SPP will also come with with one free option for every two CDIs purchased, exercisable into CDIs at A\$0.028 per CDI and with an expiry date of 30 June 2022. The Company is seeking to raise A\$1.0 million under the SPP before costs by the issue of 71,428,572 CDIs and 35,714,286 options. If there is additional demand from Eligible Holders, the Company reserves the right to increase the size of the SPP. The SPP is not underwritten.

The SPP will also be subject to stockholder approval at the Company’s Annual Meeting. If the SPP and related capital raising resolutions are approved, the SPP will open on or about Monday, 1 June and close on or about Friday, 19 June. Further details of the indicative timetable for the SPP are set out below.

The SPP offer will be made under a prospectus lodged with ASIC pursuant to Chapter 6D of the Corporations Act. Further details regarding the SPP and the attaching options will be set out in the prospectus, which will be lodged with ASIC shortly following the Annual Meeting.

Convertible Notes

In connection with the Company’s capital raising, the Company and Thorney Investment Group have agreed to vary the conversion price of the Convertible Notes issued by the Company in July 2019 to \$0.028, which matches the exercise price of the options being issued by the Company under the Placement and SPP. This variation is subject to stockholder approval at the Annual Meeting.

Key dates

Event	Date
Record Date for SPP	Tuesday, 28 April 2020
Annual Meeting	Friday, 29 May 2020
SPP Opens	Monday, 1 June 2020
SPP Closes	5.00pm, AEST Friday 19 June 2020
Announce Results of SPP	Wednesday, 24 June 2020
Issue and allotment of new securities under SPP	Tuesday, 30 June 2020

Note: The timetable above is indicative only and may be varied subject to the Listing Rules. All times are references to AEST. Visioneering, with the consent of the Joint Lead Managers, reserves the right to amend any or all of these dates and times, subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws and regulations. Visioneering reserves the right to extend the closing date of the SPP, to accept late applications (either generally or in particular cases), to expand the SPP and to withdraw the SPP without prior notice. Any change to the closing date may have a consequential impact on the date that new securities are issued.

Ends.

This release was authorised by the CEO, Stephen Snowdy, PhD

For more information, please contact:

Company	Investor and media relations
Stephen Snowdy CEO, Visioneering Technologies, Inc. Email: ssnowdy@vtivision.com	Julia Maguire The Capital Network M: +61 419 815 386 E: julia@thecapitalnetwork.com.au

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 Visioneering 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.

To learn more, please visit: www.vtvision.com

Foreign ownership restrictions

Visioneering’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.

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. Forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors, many of which are beyond the Company’s control (including but not limited to the COVID-19 pandemic), subject to change without notice and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct.

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.

Any forward-looking statements are provided as a guide only and should not be relied upon as an indication or guarantee of future performance. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. You should not place undue reliance on forward-looking statements because they speak only as of the date when made, and are subject to change without notice. Given the current uncertainties regarding the impact of the COVID-19 on the trading conditions impacting the Company, the financial markets and the health services world-wide, investors are cautioned not to place undue reliance on the current trading outlook.

Visioneering 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. Visioneering may not actually achieve the plans, projections or expectations disclosed in forward-looking statements.

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