

**ASX Announcement | 7 September 2020**  
**Visioneering Technologies (ASX:VTI)**

## **Visioneering Sees Continued Recovery**

### **Q3 FY20 Interim Operational Highlights**

- The strength of recovery in shipments and revenue seen in June continued into Q3 FY20
- VTI reports that in July and August combined the Company recorded approximately US\$1.1m in Shipments to US ECPs, and US\$1.2m in Net Revenue, with another month remaining in the quarter
- Results thus far are tracking Q1 FY20 for shipments, which was a record quarter for the company, and exceeding Q3 FY19 for net revenue, which was a record quarter for net revenue in North America
- Cash use improved compared to prior quarters

**Atlanta, Georgia, Monday, 7 September 2020:** Due to the rapidly changing business environment being caused by COVID-19, 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', 'VTI' or 'the Company') is pleased to provide an interim update for the current quarter, Q3 FY20. VTI advises that COVID-19 is creating unusual circumstances, and that VTI will only provide interim reports when conditions warrant.

### **VTI Sees Continued Operational Improvement**

In its second quarter FY20 Appendix 4C and Business Activity Report, Visioneering reported results that were negatively impacted by the COVID-19 pandemic and a reduction in headcount in April that brought deep cuts to the sales staff. The Company included trending analysis in that announcement indicating that April and May 2020 showed sharp declines from March 2020 in average weekly Shipments to US ECPs (Eye Care Professionals)<sup>1</sup>, with improvement occurring over the course of the second quarter.

The company is pleased to report continued recovery. Shipments to US ECPs through the first two months of the current quarter have improved to approximate the average weekly Shipments from the first quarter FY20, which was a record quarter for the Company in terms of Shipments. Shipments to US ECPs for the first two months of Q3 FY20 have totaled US\$1.1M, and the Company has recorded approximately US\$1.2M in net revenue for the first two months of the quarter. These metrics are already well beyond the same metrics for the full previous quarter, representing substantial momentum in recovery from the peak of disruption from COVID-19.

The context in which these operational improvements are occurring is important. In April of this year, Visioneering implemented cost reduction measures that included a reduction in its headcount, with a 75% cut in the number of sales personnel in the field. The remaining sales staff has focused intently on maintaining our customers' confidence and providing the same high level of service that practitioners have come to expect from VTI. Our sales and marketing organization has managed to grow Active US Accounts beyond the 1,803 Active US Accounts achieved in Q2 FY20 so far in the current quarter, demonstrating the stickiness of our accounts. While future growth likely will require

investment in operational scale, the Company remains appropriately sized for the current environment, and will consider prudent scaling of operations as macroconditions improve.

Currently, the vast majority of eye care providers in the US have opened their offices, although most have constrained their patient flow. We expect such constraints to remain in place for at least the rest of the year, assuming that COVID-19 continues to ebb, with a gradual increase in activity through the first half of 2021. Additionally, the way that practitioners interact with industry staff has changed to include a greater proportion of interactions occurring electronically and telephonically. It is not possible to predict whether this trend will outlast COVID-19, but a positive effect from this trend has been reduced expenses and more efficient coverage of a greater number of accounts per staff member for the VTI sales team.

VTI has previously reported the impacts of seasonality in the contact lens industry. If historical seasonality holds, VTI and the industry will see a slow down in business beginning in late September and continuing through much of 4Q FY20. However, with some optometrists still in the process of opening their offices, and many others open but still ramping up patient flow, it is unclear whether history will predict the remainder of the year.

#### **Improvements in Cash Use**

As mentioned above, the Company undertook a series of cost-saving actions in April 2020 to position the Company for COVID-19. In addition to the cuts in staffing, most remaining staff took reductions in cash salary, and the Company delayed clinical and development projects. In addition, Visioneering curtailed inventory purchases. These actions, combined with strong revenue, have enabled Visioneering to reduce its net cash use in the current quarter-to-date. In the first quarter of 2020, net cash use was US\$2.8m, which decreased to US\$1.8m in the second quarter. The Company expects net cash use from operations in the current quarter to further decrease to less than US\$0.7m.

#### **International operations**

In July 2020, VTI announced its first sales in the Canadian market (see ASX announcement on 24 July 2020). VTI entered Canada with its US-based sales staff and fulfillment partners, which provides operational efficiency relative to our other international operations. VTI has since been working to expand its number of accounts in Canada and expects further expansion throughout 2020 and beyond.

VTI also announced in July its partnership with Oculus Private, Ltd for sales and distribution in parts of Asia (see ASX announcement on 28 July 2020). VTI has trained the Oculus sales team in Singapore and recently delivered the initial stocking order to Oculus and expects that Oculus will record its first sales by the end of Q3 FY20. In addition, VTI's private label partner in Europe, Menicon, has begun selling VTI's contact lenses to customers in Europe under the private-label brand name Menicon Bloom Day.

Discussions with potential partners in China continue but remain slow-tracked owing to COVID-19 and trade disputes between the US and China.

#### **Intellectual property**

On 29 April 2020, VTI announced that it had won an appeal with the US Patent and Trademark Office regarding a key patent application, and that VTI expected that the patent eventually would issue. This particular patent covers the use of VTI's optical designs in the treatment of myopia progression in the US. We are pleased that this patent has been issued as US patent number 10,747,023.

**Visioneering Technologies CEO Stephen Snowdy, PhD, said:** “The coronavirus pandemic has impacted every corner of the world in which we operate, and our hearts are with the people and businesses most at risk during these challenging times. At VTI we saw the bottom of the pandemic in the April - May timeframe and have been on a trajectory of strong recovery ever since. In fact, owing to the clinical value of our products and the tireless efforts of our staff, we are tracking to our best prior quarters, even while substantially decreasing cash use in the current quarter. With accelerating expansion in international territories, and with the rapidly expanding interest in pediatric myopia, we see a bright future for VTI.”

<sup>1</sup> Shipments to US ECPs is a non-GAAP financial measure that represents the gross revenue equivalent of lenses shipped to ECPs located in the US, net of fulfillment fees.

**Ends**

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

**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, Canada, 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.

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