

ASX Announcement | 20 May 2022
Visioneering Technologies (ASX:VTI)

Investor Presentation

Atlanta, Georgia, USA Thursday, 19 May 2022 (Sydney Friday, 20 May 2022): US-based medical device company and producer of the NaturalVue® Multifocal 1 Day Contact Lenses ('NVMF'), **Visioneering Technologies, Inc (ASX: VTI)** ('Visioneering', 'VTI' or 'the Company') is pleased to release an updated corporate presentation for its annual meeting of stockholders to be held on Thursday, 26 May 2022 at 8.00 a.m. Australian Eastern Standard Time (on Wednesday, 25 May 2022 at 6.00 p.m. U.S. Eastern Daylight Time) (**Annual Meeting**).

The presentation includes a Business Update to be delivered by the Company's Chief Operating and Chief Financial Officer, Brian Lane.

Ends.

This release was authorized by the COO & CFO, Brian Lane.

<i>Company</i>	<i>Investor and media relations</i>
Brian Lane COO & CFO, Visioneering Technologies, Inc. Email: blane@vtivision.com	Haley Chartres HACK Tel: +61 423 139 163 Email: haley@hck.digital

Invitation To Join Annual Meeting

Investors are invited to join the completely virtual Annual Meeting online at www.meetnow.global/MWUJJCP. You will need the latest versions of Chrome, Safari, Edge or Firefox.

About Visioneering Technologies

Visioneering Technologies Inc. (ASX:VTI) is an innovative eye care company committed to redefining vision. A pioneer in myopia management, VTI merges advanced engineering with a relentless drive to achieve superior results for patients and practitioners. VTI's flagship product is the NaturalVue® (etafilcon A) Multifocal 1-Day Contact Lens, an extended depth of focus lens that is one of the most significant innovations in the eye care industry in more than 20 years. For more information, please visit www.vtivision.com.

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, plans 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.

Given the current uncertainties regarding the on-going impact of COVID-19 on the trading conditions impacting VTI, the financial markets and the health services world-wide, there can be no assurance that future developments will be in accordance with VTI's expectations or that the effect of future developments on VTI will be those anticipated.

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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Business Update

VTI started 2021 with an important financing in which we raised US\$16.7 million, equivalent to A\$23.3 million. We identified four purposes for the financing.

First is the conduct of clinical trials, including a trial for approval in China. We began the PROTECT Clinical Study in 2021 and designed it to allow head-to-head comparison with other myopia management clinical studies. We're confident that PROTECT will corroborate the six-year data we released at a global eye conference in January 2022, which compared our product very favorably to the competitive products that were the subject of two large studies announced in the past few years. The PROTECT protocol is similar to the protocols of those studies. It's been approved by an independent review board and is being managed by LabCorp Drug Development, one of the largest contract research organizations in the US.

The second purpose of the capital raise was the continued expansion of domestic and international sales. VTI recorded record net revenue of US\$7.2 million, equivalent to A\$9.9 million, in 2021. The increase was approximately 40% over 2020 net revenue and was consistent across our North America and our Europe/Asia-Pacific segments. We also delivered our first quarter with Shipments to US ECPs over US\$2 million in Q1 of 2022, up 21% from the same period in 2021.

We recently received approval to sell in Malaysia and are working with our local distributor to launch in that country by the end of this quarter.

The third purpose of the capital raise was to fund new product launches. We successfully launched the NaturalVue Enhanced Multifocal 1 Day contact lenses in November 2021. The lens includes added lubricants and a new edge design that is especially suited for our older adult presbyopia wearers that have issues with dry eyes.

The fourth purpose of the capital raise is an extremely important one, which is for general working capital and to fund the Company through to, or close to, break-even cash flow.

Our progress towards this fourth goal to date has been a challenge. Our cash balance has declined from US\$16.5 million in March 2021 to US\$8.7 million in March 2022. Over the past five quarters, net cash used in operating activities has averaged just over US\$2 million. If one were to extrapolate the use of cash at this rate, we would need additional financing in just four quarters. However, a linear extrapolation doesn't take into account the impact of recent events or near-term changes we anticipate, and therefore is not indicative of our expectations.

A significant use of cash for VTI has been the build-up of inventory. We sold down our inventory in 2020 to manage through the COVID-19 pandemic and finished 2020 with US\$550,000 in inventory, a decrease of nearly US\$1.7 million during 2020. This level of inventory is not sustainable, so we began building inventory in early 2021, eventually increasing inventory to US\$2.1 million at the end of March 2022. This level is higher than we planned due to the new product launch and an increase in time from order to delivery of our product from the manufacturer in Taiwan. We believe that we now can begin lowering our inventory levels as we sell down our original multifocal product and condense time from order to delivery.

Despite the unexpected challenges, we continue to improve our operating results. Net revenue increased 40% in 2021. Part of this increase resulted from the recovery from the worst of the COVID-19 impact in 2020. Also, the new product launch in the fourth quarter of 2021 contributed to these results as we filled initial stocking orders from our distributors. Net revenue increased 9% in the first quarter of 2022 over the same period in 2021. We expect net revenue in the remainder of the year to increase at this level or more, although performance from quarter to quarter likely will show significant variations.

We are projecting that the benefits of the savings in shipping costs will begin impacting our financial statements in the second quarter of 2022 and will increase in the second half of the year. We also are implementing a small price increase in our enhanced multifocal product effective 1 July 2022, consistent with our competitors. We believe the combination of continued increases in net revenue and lower product costs will enable us to achieve gross margins of nearly 50% in the second half of 2022, compared to less than 42% in the first quarter of 2022. These changes should drive increases in gross profit of approximately US\$200,000 per quarter through the remainder of 2022.

Personnel costs are another contributor to a variable quarterly use of cash and, therefore, another reason why simple linear extrapolation of our operating expenses results in incorrect assumptions. Specifically, our operating expenses increased in the fourth quarter of 2021 as we hired Dr. Ashley Tuan to be our Chief Medical Officer, a position critical to the achievement of our strategic goals. Ashley oversees the strategy behind and the execution of the PROTECT Clinical Study, she expands our professional affairs capabilities in support of our products and she is guiding strategy for future R&D.

Several personnel changes in early 2022 acted as a counter to this increase in payroll costs. As we announced previously, our CEO and our Senior Vice President of Sales & Marketing both left VTI in the first quarter of 2022. We currently have no plans and, importantly, no need to replace these positions, and instead are managing these roles with existing personnel. We expect the net savings from these and other personnel changes to exceed US\$200,000 per quarter compared to our 2021 exit rate.

We're also limiting our marketing to essential product support and our R&D expenses are squarely focused on activities associated with the PROTECT Clinical Study. Overall, we are forecasting our non-personnel cost savings to exceed US\$200,000 per quarter through the remainder of 2022.

Altogether, we are forecasting that the higher gross profit and lower personnel and other operating expenses will result in improvements in our operating results of approximately US\$600,000 per quarter through the remainder of 2022. Combined with the completion of our inventory build and potential to lower our inventory balances, we expect to drive significant reductions in our net cash used in operating activities. We also expect to receive approximately US\$500,000 in 2022 from the Employee Retention Tax Credit program established under the CARES Act in the US.

While it is our policy not to publish forecasts, we once again confirm that we are projecting that VTI will achieve approximate cash flow break-even without the need for a heavily dilutive equity raise. I want to be very clear on this point so please indulge me while I repeat it. It is not accurate to use linear extrapolation models of expenses and/or revenues to project our cash balance at any given time in the coming quarters. We remain on plan to achieve approximate cash flow break even without the need or plan for a dilutive capital raise.

It is true that we will invest heavily in the PROTECT Clinical Study in 2022, but these costs will decrease in 2023 as we will have completed site initiation activities, subject enrollment and initial follow-up. As I mentioned previously, we expect to announce one-year interim data in the second half of 2023. At that time, VTI is projected to be nearing cash flow break-even while enjoying double digit revenue growth and continued improvements in gross margins and operating expenses.

Clearly, we have 18 months of hard work ahead of us to achieve this objective and, like all businesses, we will need the macro-economic climate to cooperate. That said, we are confident in our direction and abilities and are laser focused on achieving that goal.

Annual Meeting of Stockholders
Business Update
26 May 2022



Legal Information



Summary

The material contained in this presentation is intended to be general background information about Visioneering Technologies, Inc. ("VTI", or "Visioneering") and its activities.

The information is provided in a summary form, does not purport to be complete and may include information derived from publicly available sources that have not been independently verified. Accordingly, this presentation should not be relied upon as advice for investors or potential investors. It should be read in conjunction with VTI's periodic and continuous disclosure announcements lodged with the Australian Securities Exchange ("**ASX**"), which are available at www.asx.com.au.

No representation or warranty is made as to the accuracy, completeness or reliability of the information.

No financial product advice

This presentation is for information purposes only and does not take into account the investment objectives, financial position or needs of any particular investor. Investors or potential investors should seek independent professional advice in respect of their specific investment objectives, financial situation and particular needs before making any investment decision. VTI is not licensed to provide financial product advice in respect of its securities or any other financial products.

Risks

An investment in VTI is subject to known and unknown risks, some of which are beyond the control of VTI and its directors. VTI does not guarantee any particular rate of return in relation to VTI securities or the performance of VTI.

Forward-looking statements

Certain statements in this presentation may constitute forward-looking statements or statements about future matters that are based on management's current expectations and beliefs (being statements about matters that are not historical facts), including but not limited to, statements related to VTI's financial performance, business strategy and goals, plans and prospects, potential benefits of VTI's products and technology, product development, timing of international regulatory approvals, market size, commercial success, and future financial performance. VTI uses words such as 'will', 'may', 'expect', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'estimate', 'anticipate', 'believe', 'probability', 'risk', 'aim', or other similar words to identify forward-looking statements.

These forward-looking statements are subject to risks and uncertainties that are difficult to predict and are based on assumptions as to future events that may not prove accurate.

Given the current uncertainties regarding the on-going impact of the COVID-19 on the trading conditions impacting VTI, the financial markets and the health services world-wide, there can be no assurance that future developments will be in accordance with VTI's expectations or that the effect of future developments on VTI will be those anticipated. Actual results may differ materially from what is expressed in this presentation and investors are cautioned not to place undue reliance on the current trading outlook.

Past performance

Past performance, including the pro forma historical information in this presentation is given for illustrative purposes only and should not be relied on (and is not) an indication of future performance including future security price information. Historical information in this presentation relating to VTI is information that has been released to the market. For further information, please see past announcements released to the ASX. Nothing contained in this presentation nor any information made available to investors or potential investors is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward looking statements or other forecast.

CHES Depositary Interests

VTI's CHES Depositary Interests (**CDIs**) are traded on ASX in reliance on the safe harbour provisions of Regulation S under the US Securities Act of 1933, as amended, and in accordance with the procedures established pursuant to the provisions of a no-action letter dated 7 January 2000 given to ASX by the staff at the US Securities and Exchange Commission. The relief was given subject to certain procedures and conditions described in the no-action letter. One of the conditions is that the issuer provides notification of the Regulation S status of its securities in communications such as this presentation.

No offer

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What we do: Vision correction

Our flagship contact lenses NaturalVue MF, address two high-need and underserved populations worth up to \$25bn combined:

\$13-17bn global TAM



Near-sighted children, or paediatric myopia

- Affects up to one-third of children in US and 80-90% of children in many Asian nations, 2 billion people worldwide
- Quarantine has likely increased rates (J. Am Med Assoc, 2021)
- Correlates to elevated life-time risk for blindness and other debilitating ocular diseases
- Risk for ocular diseases correlates with level of near sightedness
- No widely adopted solutions are available
- US\$2bn addressable market in US, ~\$10bn China, plus other large OUS markets

\$8bn global TAM



Adults over 45 losing up-close vision, or Presbyopia

- Affects nearly everyone over 45-50 in every part of the world
- Progressive disease; worsens with age
- Current contact lenses for presbyopia compromise either near or distance vision and are time-consuming for practitioners to optimize
- US\$3bn addressable market in US, large OUS markets

2021 in Review

Placement and Security Purchase Plan – March / April 2021

- Raised US \$16.7M (A\$23.3M)
- Four purposes for capital raise:
 - A. The conduct of clinical trials, including a trial for approval in China
 - B. Continued expansion of domestic and international sales
 - C. New product launches
 - D. General working capital and to fund the Company through to, or close to, break-even cash flow

A. PROTECT Clinical Study

- Protocol approved by independent review board
- Design allows head-to-head comparison with other myopia management clinical studies
- 3rd party CRO – LabCorp Drug Development
- Planning 9 sites; currently 7 sites enrolling patients
- 2 sites in Hong Kong – may be relevant for China approval
- One-year follow-up data expected in H2 2023

B. Sales Expansion

- FY21 net revenue US\$7.2M (A\$9.9M)
- 40% increase over FY20
- Approval for Malaysia obtained – launch expected 2Q22

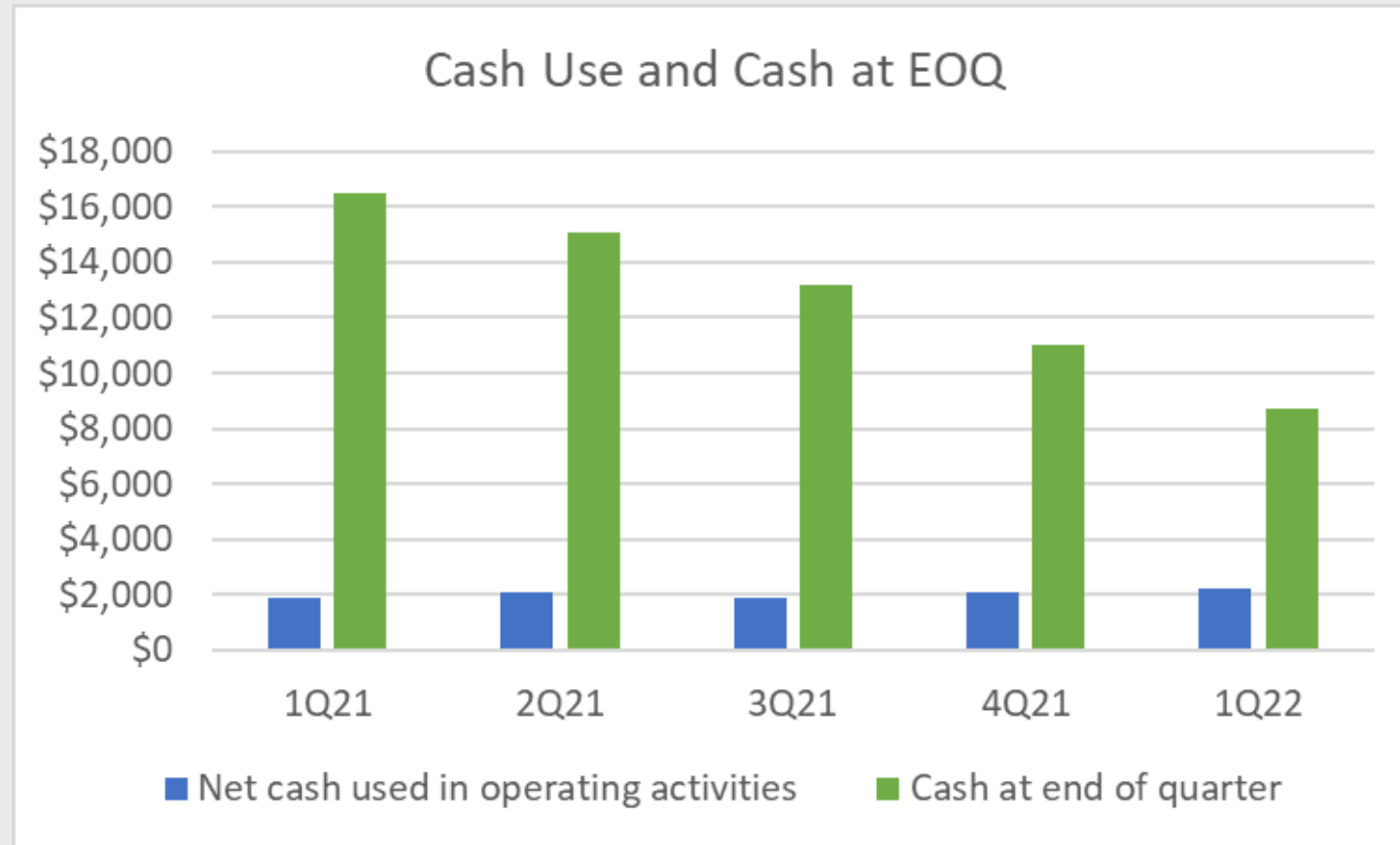
C. New Product Launch

- Launched NaturalVue® Enhanced Multifocal 1 Day™ contact lenses in November 2021
- Added lubricants/new edge for optimal fit & comfort

D. Working Capital

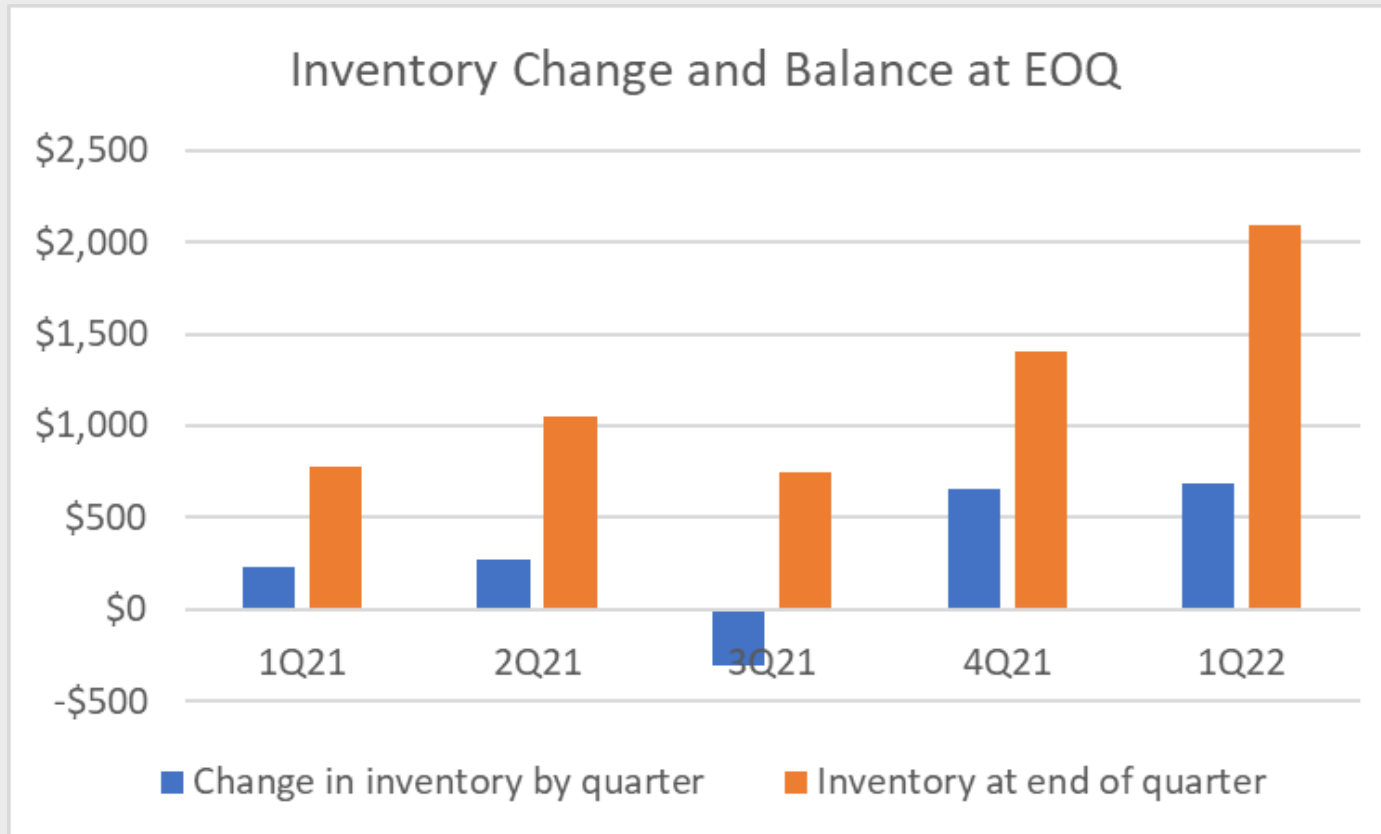
- Inventory build consumed capital; now complete
- Reduced headcount, lowering operating expenses
- Continued improvements in net revenue and gross profit
- VTI remains on plan to achieve approximate cash flow break even without a dilutive capital raise

Net Cash Used in Operating Activities and Cash at the End of the Quarter



- Cash at end of quarter declined from US\$16.5M in March 2021 to US\$8.7M in March 2022
- Net cash used in operating activities has averaged US\$2.0M over the past five quarters
- Forecasting net cash used in operating activities to decline in remaining quarters of FY2022 due to inventory build being complete, lower personnel & other operating expense reductions, expected receipt of CARES Act tax credits
- Further reductions in net cash used in operating activities forecast in FY2023 due to higher net revenue and gross profit

Inventory Balance and Change in Inventory by Quarter



- Inventory increased from US\$0.6M in December 2020 to US\$2.1M in March 2022
- Cumulative increase over the period was US\$1.5M compared to a US\$1.7M decrease in FY20
- Due to new product launch & longer lead times from change to shipping by sea rather than air
- Product launch now complete and shipping issues abating – not forecasting more increases to inventory balance

Improvements in Operating Results

Net Revenue and Gross Margins:

- Net revenue increased 9% in Q1 FY22 compared to Q1 FY21
- Forecasting at least 9% growth in the remainder of FY22, varying between quarters
- Lower shipping costs and a price increase effective 1 July 2022 forecasted to lift gross margins from less than 42% in Q1 FY22 to nearly 50% in the second half of 2022
- Gross profit dollars expected to increase approximately US\$0.2M per quarter compared to FY21

Operating Expenses:

- Added CMO in Q4 FY21 and made other changes in Q1 FY22
- CEO & SVP of Sales & Marketing resigned, currently no plan/need to replace these positions
- Net impact of these personnel changes is forecast **savings** > US\$0.2M per quarter in final 3 quarters of 2022
- Also limiting marketing expenses and R&D expenses other than the PROTECT Clinical Study
- Additional non-personnel savings forecast > US\$0.2M per quarter in final 3 quarters of 2022

Net Impact:

- Increase in gross profit dollars and decreases in expenses expected to improve operating results by approximately US\$0.6M per quarter in the final 3 quarters of 2022
- Completion of inventory build further reduces forecast net cash used in operating activities
- Receipt of US\$0.5M of Employee Retention Tax Credits (under CARES Act) expected in FY2022



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NaturalVue® Daily Disposable Multi-Focal Soft Contact Lenses