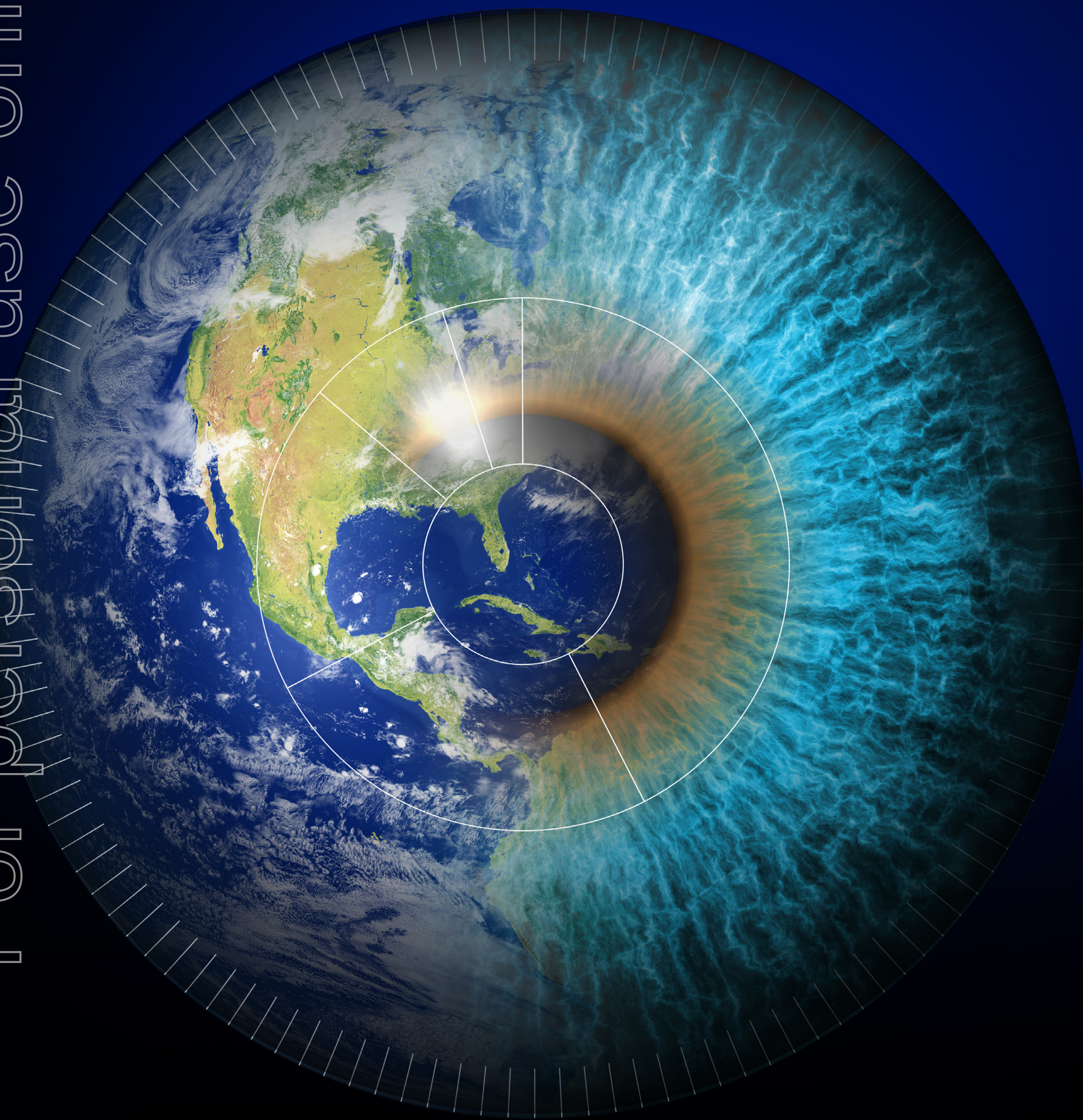
Visioneering Technologies, Inc.

2017 Annual Report



Contents

Visioneering Technologies, Inc. (ASX:VTI), headquartered in Atlanta, Georgia, is an innovative company dedicated to developing products that improve vision. With a portfolio of technologies, the Company uses creative and differentiated design approaches to develop products that enhance practitioner and patient experiences. Its revolutionary new contact lens, the NaturalVue® Multifocal (MF) contact lens, can be used in two of the largest eye-care markets globally: presbyopia (age-related difficulty in seeing close objects) and myopia (near-sightedness, or difficulty seeing distant objects). VTI optical designs have been awarded twelve patents world-wide, with an additional seven pending. For more information, visit www.vtivision.com.

To Our Shareholders

It's been an exciting year at Visioneering Technologies, Inc. (VTI).

Our first year as a publicly traded company (actually, nine months) was marked by strong growth in revenue, active accounts, and organizational capacity. We achieved over US$1M in revenue in 2017, and increased the number of active accounts to 730 from 132 at the end of 2016. Critical to this success was the execution of our strategic plan that focused on building our organizational and operational infrastructures, allowing us to grow from pilot launch of our proprietary NaturalVue® (etafilcon A) Multifocal 1 Day (NaturalVue MF) Contact Lens to a national US sales and marketing effort. To that end, we continued scaling up our manufacturing and distribution programs, expanded our sales and marketing teams, and implemented a business management structure to support our rapidly growing organization.

Among the highlights and milestones of 2017:

- Successfully raised A$33M in our initial public offering in March 2017
- Grew our world-class sales force from five sales persons ("territory managers") to 27
- Saw practitioners publish in a high-impact peer-reviewed journal that NaturalVue MF Contact Lenses reduced the rate of myopia progression by 96% in a series of 32 children (*Eye & Contact Lens*, October 2017)
- Received additional key patents to protect our products
- Added ABB Optical Group, the largest contact lens fulfillment agent in the US, as well as Wisconsin Vision Associates (WVA) as authorized fulfillment agents
- Added five Key Opinion Leaders to support our sales and marketing efforts
- Named Mark Rapoport, who has more than three decades of experience in diverse industries including healthcare and publicly traded companies, to the position of Chief Financial Officer

As we continue to enhance and expand our contact lens product offerings, build infrastructure and add new sales territories, we remain steadfastly committed to our core goal of helping billions of people to see better. With a global market of nearly US$10B for corrective contact lenses for presbyopia, myopia, hyperopia, and astigmatism, according to a 2016 Grand View Research study, VTI has additional opportunities in not only western and developed nations, but also in major developing countries including China and India where contact lens use is in its earliest stages and where childhood myopia is endemic.

The Road Forward

In addition to continuing the ramp up of our US sales and marketing efforts, we intend to focus on three key initiatives in the coming year: meeting the demand for our products in the US; expansion of product availability in international markets; and ongoing product development and enhancement.

With the addition of two new fulfillment agents and true US national distribution, a growing salesforce and enhanced marketing support, we are well positioned to not only meet the demand for our lenses, but also grow our US coverage and sales. Additionally, we will continue to expand our Key Opinion Leader program. KOLs are a major asset in the sales process as they support the sales team in securing new accounts, and by training eye care specialists in both the fitting process and in patient communication.

With our US roll-out well underway, we are eager to make our products available outside the US. To that end, we undertook a major initiative in 2017 to achieve CE (Conformité Européenne) Marking, which we received in January 2018. The CE Mark is awarded by the European Union's (EU) Notified Body and indicates that a product's design conforms to the stringent requirements of the EU's Medical Device Directive. The CE Mark will allow us to commercialize our products in Europe, as well as begin the regulatory submission process in additional countries, including Australia, New Zealand, Hong Kong, Singapore, and elsewhere in Asia where as many as 90% of children are burdened with myopia.

Finally, we will continue product development in 2018 that we expect to result in an enhanced NaturalVue® (etafilcon A) Sphere product that corrects myopia or hyperopia (2018 launch); a NaturalVue® (etafilcon A) Toric product for patients with astigmatism (2018 launch); and a NaturalVue® (etafilcon A) Toric Multifocal product for simultaneous correction of presbyopia and astigmatism in nearsighted or farsighted patients (2019 launch).

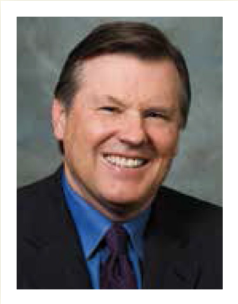
In Closing…

We are proud of our achievements in 2017 and look forward with excitement to the opportunities of 2018, which include continued growth and penetration in the US, new product launches, and international expansion. The entire VTI team expresses its appreciation to our shareholders and service providers, without whom we would not be where we are today. Know that your investment is playing an important role in bringing truly revolutionary advancements in vision technology that will help billions of people experience better eyesight.

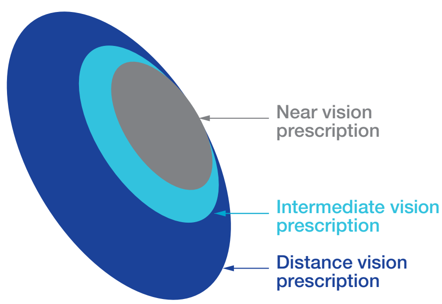
Sincerely,

Stephen Snowdy, PhD
Chief Executive Officer and Executive Director

Fred Schwarzer
Chairman



REDEFINING THE ART AND SCIENCE OF VISION



Today's multifocal contact lens manufacturers see vision only one way. Virtually all use the same optical design for their products. The typical lens has three concentric zones, each requiring its own prescription for correcting vision. One is for near vision, another for intermediate and the third for distance. It's easy to see the limitations of the design – with three prescription areas it's virtually impossible to provide seamless clarity in all three zones. So, it's no surprise that this approach performs poorly for patients and is difficult for the eye care practitioner to optimize as s/he must balance prescriptions for multiple zones.

REDEFINING THE ART AND SCIENCE OF VISION

Visioneering has redefined the art and science of vision with our NaturalVue® MultiFocal 1 Day Contact Lens. We feel that NaturalVue MF likely represents the most significant innovation in the optical design of multifocal contact lenses in the last 20 years. At its core is our revolutionary patented Neurofocus Optics® technology. Developed, refined and tested over nearly a decade, Neurofocus Optics technology applies the principles of the pinhole camera – the simplest type of camera – and the adaptive power of the human brain to the design of contact lenses. There are no different prescription zones for viewing near versus distant objects, just a uniquely innovative and elegant way to simultaneously provide clear near and distance vision in a multifocal contact lens.

Pinhole cameras (Figure 1) are known for their 'deep depth of focus'. This means that the sharpness of an image does not depend on its distance to the camera. Everything in a pinhole photograph has nearly infinite depth of field, so everything appears in focus because there is no lens distortion. By inducing a virtual pinhole, our Neurofocus Optics technology delivers clear vision of near, intermediate, and distant objects, along with excellent depth perception, all without employing complex zones of near and distance powers.

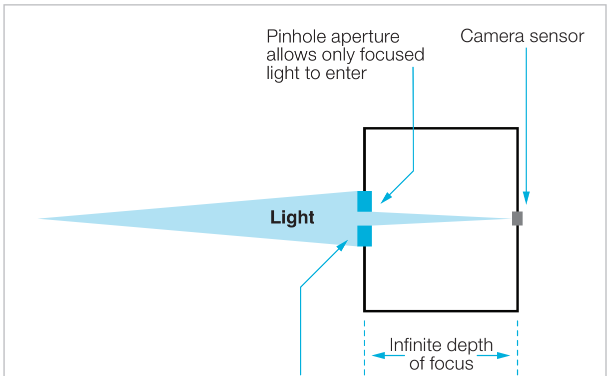


Figure 1

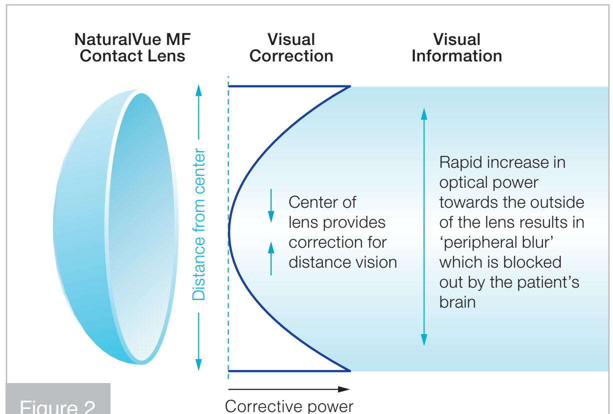
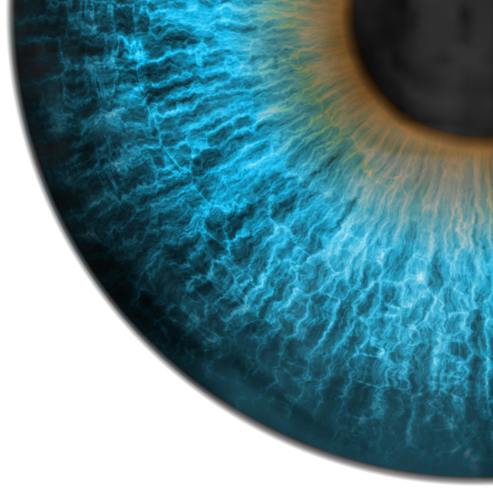


Figure 2

Here's how it's done (Figure 2):

- The patient's prescription for distance is placed at the center of the NaturalVue MF contact lens to ensure distant images are seen clearly.
- Plus-power is introduced rapidly, smoothly and continuously from the center of the lens. This blurs everything except the central in-focus light rays.
- The brain's ability to filter out blur blocks the patient from seeing the heavily blurred periphery outside the center of the lens, creating an aperture effect. Hence, the patient sees only the clear image being produced via the center prescription.
- So, just as a pinhole aperture has a deep depth of focus, so does Neurofocus Optics technology. The result is clear vision of near, intermediate, and distant objects, along with excellent depth perception – all without affecting peripheral vision.

Subsequently, the characteristics of the NaturalVue MF contact lens ideally address two of the largest global eye care markets: adults with presbyopia (farsightedness) and pediatric myopia (nearsightedness, or difficulty seeing distant objects), as well as astigmatism (an imperfection in the curvature of the cornea causing light to bend unevenly). NaturalVue MF contact lenses provide superior vision at all distances versus currently marketed contact lenses, while being much easier to fit by eye care professionals. For pediatric myopia, clinical trials in children 9-16 years old have demonstrated that NaturalVue MF lenses correct vision and address the generally recognized optical risk factors believed to lead to the worsening of myopia in children over time.



PERFORMANCE THAT SPEAKS FOR ITSELF

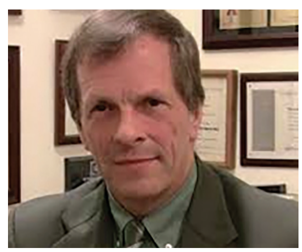
"I have put presbyopic patients in this soft multifocal lens, and its impact is immediate."

Thomas P. Arnold, OD, FSLS
Today's Vision Sugar Land
Sugar Land, Texas

"I was immediately interested and fascinated by this contact lens, given its innovative Neurofocus Optics design. The 'brain power' technology that's in this lens made complete sense to me and is wonderfully different: a center-distance and depth of focus design that works with the brain to attain clear vision: near, intermediate and far. I have put presbyopic patients in this soft multifocal lens, and its impact is immediate. My patients say it is comfortable, they have clear vision, and it fits well. I would recommend the NaturalVue Multifocal to other practitioners as a great first multifocal lens. It is easy to fit, efficient as it requires little chair time and the technology of the innovative design is solid."

"This lens has significant plus power. It provides great vision quality for kids and most presbyopic patients."

Thomas Aller, OD, FBCLA
Aller Eye Care
San Bruno, CA



"Visioneering's NaturalVue Multifocal lens is showing great promise in early pilot studies controlling myopia in children by over 90%. What's nice about the lens is that it's a daily disposable lens which a lot of parents would prefer for their children as a safe and hygienic option. Most of the research on myopia control suggests that the distance center lens with significant plus in the periphery would have the most effect. This lens has significant plus power. It provides great vision quality for kids and most presbyopic patients. It's a great lens to have in your practice."

PERFORMANCE THAT SPEAKS FOR ITSELF

For personal use only

"...its implications in myopia and younger children are as exciting as the uses in presbyopes."

Brett O'Connor, OD
Pullen Eye Care
Jacksonville, FL

"NaturalVue Multifocal lenses are a critical tool in my arsenal for presbyopes. Its design is totally unique. The extended depth of focus, distance center design gives my patients not only extremely good near vision while maintaining that distance clarity, but also stereo acuity, which we know is compromised with many competitive multifocal contact lenses. The single universal add power greatly simplifies the fitting process at our practice. That's key when it comes to fitting multifocal contact lenses because it improves efficiency, reduces chair time, and the number of visits for a successful outcome. And due to its daily disposability, it's the most comfortable and most convenient type of lens for my patients. Moreover, its implications in myopia and younger children are as exciting as the uses in presbyopes."

"For managing pediatric myopia, it makes the most sense to me versus other interventions."

Charles Shidlofsky, OD, FCOVD
Neuro-Vision Associates of North Texas
Plano, TX

"Though I manage general vision, I also see many children and adults with developmental vision issues ranging from brain injuries, pediatric myopia and hard to fit cases with neurological conditions. I was attracted to this unique multifocal lens because of its high peripheral plus, center-distance design in a daily disposable modality. The technology of this lens sets it apart from any other soft multifocals. For managing pediatric myopia, it makes the most sense to me versus other interventions. It's easy to integrate into my practice, easy for kids to wear and it has fewer side effects than other alternatives. I would recommend this lens to other practitioners for both adult and children."

Directors

Mr. Fred Schwarzer
Chairman of the Board and Non-Executive Director
Member of the Nomination and Remuneration Committee

Mr. Schwarzer is a Managing Partner at Charter Life Sciences, a US venture capital investment firm, where he focuses on life sciences investments. He has led investments in a number of biopharmaceutical and medical device companies, including Inviragen, Inc. (acquired by Takeda Pharmaceuticals). Mr. Schwarzer currently serves on the boards of Amaranth Medical, Inc., Great Lakes Pharmaceuticals, Inc., Health Fidelity, Inc., IGM Biosciences, Inc., Kereos, Inc. and Mirabilis Medical, Inc. He received his Juris Doctor from the University of California, Berkeley after graduating with a Bachelor of Arts from the University of Michigan.

Dr. Stephen Snowdy
Chief Executive Officer and Executive Director

(See Senior Leadership Team on page 9)

Ms. Christine Van Heek
Non-executive Director
Member of the Nomination and Remuneration Committee and
Audit and Risk Committee

Ms. Van Heek is Managing Partner at Bio Point Group, LLC, a US-based life sciences consulting group where she advises companies in the bio-pharmaceutical industry. She currently serves as a director of Concert Pharmaceuticals, Inc., a NASDAQ-listed biotechnology company and sat on the board of Affymax, Inc., a previously NASDAQ-listed biopharmaceutical company, from 2007-2014. From 1991 to 2003, Ms. Van Heek held various positions at Genzyme Corporation, a biotechnology company acquired by Sanofi S.A., including Officer and President of the Therapeutics Division; General Manager of the Renal Division; and Vice President of Global Marketing. While at Genzyme, Ms. Van Heek built and managed the world-wide commercial organization for the Therapeutics and Renal Divisions, and led the launches of five global products.

Ms. Van Heek received a Bachelor of Science in Nursing from the University of Iowa and a Master of Business Administration from Lindenwood University, St. Charles, Missouri.

(Directors continued on page 8.)

Directors (continued)

Ms. Zita Peach
Non-executive Director
Chair of the Nomination and Remuneration Committee and Member of the Audit and Risk Committee

Ms. Peach has more than 30 years of commercial experience in the pharmaceutical, biotechnology, medical device and healthcare sectors. She has held senior positions in marketing, product and technology commercialization, business development, licensing, and mergers and acquisitions.

Ms. Peach's previous executive roles include Managing Director for Australia and New Zealand, and Executive Vice President for South Asia Pacific, at Fresenius Kabi, a leading provider of pharmaceutical products and medical devices to hospitals. She also served as Vice President of Business Development at CSL Limited (ASX: CSL).

Ms. Peach currently sits on the boards of ASX-listed Starpharma Holdings Limited (ASX: SPL); Monash IVF Group Limited (ASX: MVF); AirXpanders, Inc. (ASX: AXP); and Pacific Smiles Group Limited (ASX: PSQ). She also holds a board position with Hudson Institute of Medical Research.

Ms. Peach received a Bachelor of Science from the University of Melbourne and is a graduate of the Australian Institute of Company Directors.

Mr. Tom Dooley
Non-executive Director

Mr. Dooley brings deep executive-level experience and knowledge to the VTI board, acquired through his 27 years of senior business leadership roles in healthcare and ophthalmology. He recently served as President of Alcon Japan Ltd, where he was responsible for 1,300 employees and over US$1B in annual sales of Alcon Laboratories' products, including medical devices, pharmaceuticals, and contact lens care products. Prior to moving to Japan, he served as Alcon's Country Manager in Australia and New Zealand. Mr. Dooley holds a Bachelor of Science in Agricultural Economics from Purdue University.

Ms. Jean Franchi
Chair of the Audit and Risk Committee

Ms. Franchi is a highly regarded business leader with over 20 years of experience in building and leading senior corporate and divisional financial teams from the research and development stage through product launch and commercial operations. Her experience spans both the public and private pharmaceutical, biotech, and diagnostics sectors. Ms. Franchi is currently the CFO of Merrimack Pharmaceuticals, Inc. (MACK), a NASDAQ listed biotechnology company specializing in oncology.

Prior to Merrimack Pharmaceuticals, Ms. Franchi spent 16 years at Genzyme Corporation, a US-based biotechnology company now owned by Sanofi S.A., where she was instrumental in preparing the company for its transition from early market introductions to becoming the industry leader in rare disease drug development and commercialization. Earlier in her career, Ms. Franchi worked in accounting, finance, and sales operations for two diagnostic companies: bioMérieux, Inc., and API, a former division of American Home Products (now Pfizer).

Ms. Franchi holds a Bachelor of Business Administration from Hofstra University, New York.

Senior Leadership Team

Dr. Stephen Snowdy
Chief Executive Officer and Executive Director

Dr. Snowdy is a scientist, serial entrepreneur, and medical venture capitalist with 14 years of experience in life science investing and executive management. He has previously served as CEO at Abby Med LLC, a start-up pharmaceutical company dedicated to the development of a novel class of cancer drugs, and was Chairman/CEO of Calosyn Pharma, Inc., a Phase 2 osteoarthritis company.

Dr. Snowdy also provides mentoring for the Wallace H. Coulter Foundation, where he helps university medical researchers understand the business of medicine and experimental design.

Dr. Snowdy simultaneously earned a PhD in Neurobiology and an MBA from the University of North Carolina. He received a Bachelor of Science degree in Chemistry from the University of Florida, where he also completed two years of post-baccalaureate study in cardiopharmacology. His academic training followed service in the United States Navy Special Forces.

Mr. Mark Rapoport
Chief Financial Officer

Mr. Rapoport is a financial executive with more than 30 years of experience in financial operations and management. Prior to joining VTI, Mr. Rapoport served as Chief Financial Officer for Capsule Technologie SAS, a medical device information systems company. In addition to Capsule, he has held executive management positions at companies in healthcare, software, and telecommunications including: CFO of Oversight Systems, Inc.; Partner at TechCFO, LLC; President & CEO of Thomas, Thomas & Walsh, Inc.; and COO/CFO at Landacorp, Inc. (NASDAQ: LCOR).

Mr. Rapoport started his career as a Certified Public Accountant at KPMG and earned his MBA - Finance and Accounting at Emory University, and his Bachelor of Arts - Economics at State University of New York at Binghamton.

Mr. Tony Sommer, Jr.
Senior Vice President, Sales and Marketing

An organizational and commercial leader, as well as a decorated combat veteran, Mr. Sommer brings to VTI over 20 years experience in sales and marketing management. He has held senior sales and marketing positions in the OTC and eyecare industries, and led marketing and sales teams at Meda Pharmaceuticals, CIBA Vision (Novartis) and Bausch & Lomb, where he was the Head of Sales for their US Vision Care division. Mr. Sommer received an MBA from Oklahoma City University and a BS in International Affairs from the United States Air Force Academy.

Corporate Directory

Board of Directors

Dr. Stephen Snowdy, CEO and Executive Director
Mr. Fred Schwarzer, Chairman and Non-executive Director
Ms. Christine Van Heek, Non-executive Director
Ms. Zita Peach, Non-executive Director
Mr. Tom Dooley, Non-executive Director
Ms. Jean Franchi, Non-executive Director

Management Team

Dr. Stephen Snowdy, CEO and Executive Director
Mr. Mark Rapoport, Chief Financial Officer
Mr. Tony Sommer, Jr, Senior Vice President, Sales & Marketing

US Office & Headquarters

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CDI Registry

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Patent Attorney

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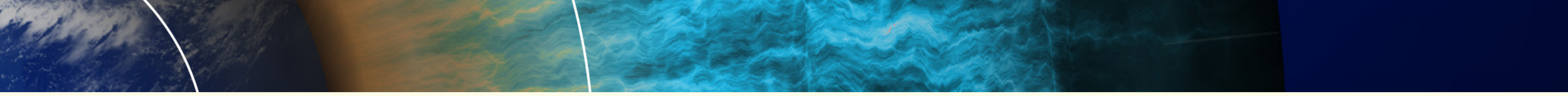
ASX Symbol: VTI



Visioneering Technologies, Inc.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

Grant Thornton

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Grant Thornton LLP
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Board of Directors
Visioneering Technologies, Inc.

We have audited the accompanying financial statements of Visioneering Technologies, Inc. (a Delaware corporation), which comprise the balance sheet as of December 31, 2017 and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Grant Thornton

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Visioneering Technologies, Inc. as of December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter regarding going concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred recurring losses, negative cash flows from operations, has an accumulated deficit of $42.2 million as of December 31, 2017, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other matters

The financial statements of Visioneering Technologies, Inc. as of and for the year ended December 31, 2016, before the effects of the adjustments to restate the 2016 financial statements to correct the errors described in Note 2, were audited by other auditors. Those auditors expressed an unmodified opinion on those 2016 financial statements (not presented herein) in their report dated January 25, 2017.

As part of our audit of the 2017 financial statements, we audited the aforementioned adjustments described in Note 2 to the financial statements that were applied to restate the 2016 financial statements to correct the errors. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2016 financial statements of the Company other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2016 financial statements taken as a whole.

Grant Thornton LLP

Atlanta, Georgia
March 16, 2018

Grant Thornton LLP
U.S. member firm of Grant Thornton International Ltd

Balance Sheets

December 31, 2017 and 2016

	December 2017 US$000	December 2016 (as restated in Note 2) US$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$16,584	$5,674
Accounts receivable, net of allowance for doubtful accounts	242	30
Inventory	2,748	1,879
Prepaid expenses and other current assets	479	709
TOTAL CURRENT ASSETS	20,053	8,310
NON-CURRENT ASSETS		
Property and equipment, net	162	43
Intangible assets, net	297	258
Other non-current assets	43	10
TOTAL ASSETS	20,555	8,621
LIABILITIES		
CURRENT LIABILITIES		
Convertible notes payable, net	—	8,261
Accounts payable	164	371
Accrued interest	—	1,665
Derivative liability	—	5,136
Other accrued liabilities	1,174	341
TOTAL CURRENT LIABILITIES	1,338	15,774
LONG-TERM LIABILITIES		
Deferred rent	31	—
Accrued interest	—	383
Convertible notes payable	—	9,753
TOTAL LONG-TERM LIABILITIES	31	10,136
TOTAL LIABILITIES	1,369	25,910
Commitments and contingencies (Note11)		
EQUITY		
Preferred stock, par value $0.001 per share, 50,000,000 shares authorized and 0 shares issued and outstanding at December 31, 2017; Preferred stock, par value $0.01 per share, 100,000,000 shares authorized and 16,617,758 shares issued and outstanding at December 31, 2016. The liquidation preference for the Series A-1 NV Preferred Shares was $1,842,432 at December 31, 2016. The liquidation preference for the Series A-1 Preferred Shares was $1,979,652 at December 31, 2016.	—	166
Common stock, par value $0.001 per share, 600,000,000 shares authorized and 196,989,356 shares issued and outstanding at December 31, 2017; Common stock, par value $0.01 per share, 125,000,000 shares authorized and 9,577,298 shares issued and outstanding at December 31, 2016.	197	96
Additional paid-in capital	61,221	7,700
Accumulated deficit	(42,232)	(25,251)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	19,186	(17,289)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	20,555	8,621

See accompanying notes to financial statements.

Statements of Operations

For the Years Ended December, 2017 and 2016

	2017 US$000	2016 (as restated in Note 2) US$000
NET SALES	$1,049	$216
COST OF SALES	(910)	(165)
GROSS PROFIT	139	51
EXPENSES		
Sales and marketing	7,518	1,244
Clinical and manufacturing	1,509	1,040
General and administrative	3,857	1,808
TOTAL EXPENSES	12,884	4,092
OPERATING LOSS	(12,745)	(4,041)
Loss on fair value of derivative liability	(1,421)	(578)
Loss on share redemption of debt	(1,460)	—
Interest expense and other, net	(1,355)	(3,687)
LOSS BEFORE INCOME TAXES	(16,981)	(8,306)
INCOME TAX EXPENSE	—	—
NET LOSS	(16,981)	(8,306)
Basic earnings per share	($0.11)	($1.03)
Diluted earnings per share	($0.11)	($1.03)
Weighted average shares outstanding for basic earnings per share	155,342,232	8,037,995
Weighted average shares outstanding for diluted earnings per share	155,342,232	8,037,995

See accompanying notes to financial statements.

Statements of Changes in Shareholders' Equity (Deficit)

For the Years Ended December 31, 2017 and 2016

	Common Stock		Preferred Stock		Paid-in	Accumulated	
	Shares Number	Amount US$000	Shares Number	Amount US$000	Capital US$000	Deficit US$000	Total US$000
Balance as of December 31, 2015	3,266,848	$32	11,350,291	$114	$7,804	($16,945)	(8,995)
Issuance of common stock	153,238	2	—	—	10	—	12
Converstion of preferred stock	6,157,212	62	5,267,467	52	(114)	—	—
Net loss	—	—	—	—	—	(4,957)	(4,957)
Balance at December 31, 2016 (As previously reported)	9,577,298	96	16,617,758	166	7,700	(21,902)	(13,940)
Impact of derivative accounting	—	—	—	—	—	(3,349)	(3,349)
Balance at December 31, 2016 (As restated in Note 2)	9,577,298	96	16,617,758	166	7,700	(25,251)	(17,289)
Reduction in par value of common stock	—	(86)	—	—	86	—	—
Issuance of stock through IPO, net of issuance costs	79,365,079	79	—	—	23,316	—	23,395
Conversion of preferred stock	16,617,758	17	(16,617,758)	(166)	149	—	—
Share settlement of convertible debt and derivative	91,429,221	91	—	—	29,476	—	29,567
Stock based compensation	—	—	—	—	494	—	494
Net loss	—	—	—	—	—	(16,981)	(16,981)
Balance at December 31, 2017	196,989,356	197	—	—	61,221	(42,232)	19,186

See accompanying notes to financial statements.

Statements Of Cash Flows

For the Year Ended December 31, 2017 and 2016

	2017 US$000	2016 (As restated in Note 2) US$000
Cash flows from operating activities:		
Net loss	($16,981)	($8,306)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	45	20
Change in fair value of derivative liability	1,421	578
Loss on share redemption of debt	1,460	—
Accrued interest on convertible debt	353	1,292
Amortization of debt discount	446	2,771
Unrealized foreign exchange loss/(gain)	688	(383)
Loss on disposal of property and equipment	3	—
Stock based compensation	494	—
Changes in assets and liabilities:		
Accounts receivable	(212)	(26)
Inventory	(851)	(1,743)
Prepaid expenses and other assets	197	(606)
Accounts payable	(207)	151
Other accrued liabilities	864	327
Net cash used in operating activities	(12,280)	(5,925)
Cash flows from investing activities:		
Purchase of property and equipment, net	(158)	(17)
Purchase of intangible assets, net	(47)	(130)
Net cash used in investing activities	(205)	(147)
Cash flows from financing activities:		
Issuance of common stock, net of issuance costs of $509	23,395	—
Issuance of convertible debt	—	11,727
Net cash provided by financing activities	23,395	11,727
Net increase in cash and cash equivalents	10,910	5,655
Cash and cash equivalents, beginning of period	5,674	19
Cash and cash equivalents, end of period	16,584	5,674
Supplemental disclosure:		
Cash paid for interest	—	—
Cash paid for taxes	—	—
See non-cash disclosures in Note 6.		

See accompanying notes to financial statements.

Notes To Financial Statements

December 31, 2017 and 2016 In US$

(1) NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Visioneering Technologies, Inc. (“VTI” or “Company”) was incorporated as a Delaware corporation on October 23, 2008. Headquartered in Atlanta, Georgia, VTI is a medical device company with principal activities in the design, manufacture, sale and distribution of its NaturalVue daily disposable multi-focal contact lenses for adults with Presbyopia (the progressive loss of ability to see near that occurs in middle-age) and children with Myopia (short-sightedness). Within the US, medical devices are regulated by the FDA, under the Federal Food, Drug, and Cosmetic Act of 1938. The Company’s NaturalVue contact lenses obtained FDA clearance in October 2014. For the years ended December 31, 2017 and 2016, all sales of the Company’s products were in the United States.

In March 2017, the Company completed its Initial Public Offering (“IPO”) and associated listing on the Australian Stock Exchange (“ASX”). The ASX uses an electronic system called CHESS for the clearance and settlement of trades on the ASX. The State of Delaware does not recognize the CHESS system of holding securities or electronic transfers of legal title to shares. To enable companies such as VTI to have their securities cleared and settled electronically through CHESS, depository instruments called CDIs are issued. CDIs are units of beneficial ownership in shares and are traded in a manner similar to shares of Australian companies listed on the ASX. The legal title to the shares are held by a depository, CDN, which is a wholly-owned subsidiary of the ASX, and is an approved general participant of ASX Settlement. 79,365,079 CDIs were issued (each representing an interest in one share of newly issued common stock) and $23.4 million, net of expenses, was received. In conjunction with the IPO, all outstanding Convertible Debt and Preferred Stock was converted into common stock.

Prior to August 25, 2017, the Company outsourced the warehousing and the revenue cycle management function to MidSouth Premier Opthalmics (“MidSouth”), a contact lens fulfillment company. MidSouth received orders, collected funds, delivered lenses, and maintained customer accounts on VTI’s behalf. On August 25, 2017, the Company’s agreement with MidSouth expired and was not renewed.

On July 10, 2017, the Company entered into a Third Party Logistics contract with Wisconsin Vision Associates, Inc. (“WVA”) to receive, warehouse, and distribute Company’s products. WVA is paid a monthly base service fee and an additional fee based on the monthly number of pallets utilized by the Company. On August 10, 2017, the Company entered into a Supply and Distribution Agreement with WVA. WVA’s non-exclusive right to distribute includes the right to market, promote, sell and distribute the Company’s products (“Products”) within the United States and the United Kingdom, provided that Products shall be sold only to permitted customers and shipped only to permitted customers or directly to a patient in the United States if specifically directed by the permitted customer. The Company and WVA agreed to a price list on the Products the Company sells to WVA. The Company shall invoice WVA upon shipment of Products. WVA shall pay the Company for each undisputed invoice within thirty (30) days following the later of (i) the date of receipt of the invoice and (ii) delivery of the relevant Products to WVA.

On September 1, 2017, the Company entered into a Supply and Distribution Agreement with ABB/Con-Cise Optical Group, LLC (“ABB”). ABB’s non-exclusive right to distribute includes the right to market, promote, sell and distribute the Company’s Products within the United States and the United Kingdom, provided that Products shall be sold only to permitted customers and shipped only to permitted customers or directly to a patient in the United States if specifically directed by the permitted customer. The Company and ABB agreed to a price list on the Products the Company sells to ABB**.** The Company shall invoice ABB upon shipment of Products. ABB shall pay the Company for each undisputed invoice within thirty (30) days following the later of (i) the date of receipt of the invoice and (ii) delivery of the relevant Products to ABB.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative US GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASUs") of the Financial Accounting Standards Board ("FASB"). Unless otherwise noted, all amounts are presented in US Dollars and balances presented within tables are in thousands.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Examples of estimates which require management's judgment include the collectability of accounts receivable, reserve for excess or obsolete inventory, potential impairment of long-lived assets, valuation allowance for deferred tax assets, and the fair value of share-based awards. Management bases its estimates on historical experience and other factors which are believed to be reasonable under the circumstances. Actual results may differ from these judgments.

Liquidity and Going Concern

Under ASC 205-40, *Presentation of Financial Statements – Going Concern*, the Company shall evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued. This includes a review of the qualitative and quantitative factors, including the effect of potential mitigating effects of management planning, as discussed in ASC 205-40.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustment that might result from the outcome of this uncertainty. To date the Company has incurred recurring losses, negative cash flows from operations and has accumulated a deficit of $42.2 million from the Company's inception through December 31, 2017. As of December 31, 2017, the Company's cash and cash equivalents were $16.6. million. The Company's ability to achieve profitability and positive cash flow is dependent upon its ability to increase revenue and contain its expenses.

In order to meet the Company's working capital needs through the next twelve months, the Company may need to raise additional debt or equity financing. While the Company has historically been able to raise additional capital through issuance of equity and/or debt financing, and while the Company has a plan in place to reduce spending in the absence of further capital being raised in order to satisfy its obligations due within one year from the date of issuance of these financial statements, there can be no guarantees on the Company's ability to raise additional equity, or successfully implement its cost reduction plans. Because no mitigating efforts to raise capital have been approved prior to the issuance of the 2017 financial statements, there is substantial doubt about the Company's ability to continue as a going concern within one year after these financial statements are issued.

Fair Value of Financial Instruments

The Company has identified cash, accounts receivable, accounts payable, convertible debt, and derivatives as financial instruments of the Company. Due to the nature of the cash, accounts receivable, accounts payable, convertible debt and derivatives, the Company believes that the fair value of those accounts approximates their carrying values.

Embedded Conversion, Redemption and Preference Features

The Company evaluates convertible debt and preferred stock instruments under ASC 480, *Distinguishing Liabilities from Equity*, to determine the appropriate classification of the host instrument. Embedded conversion, redemption and preference features within those instruments are evaluated under ASC 815, *Derivatives and Hedging*, to determine whether the feature should be bifurcated from the host contract and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature does not require derivative treatment under ASC 815, the instrument is evaluated under ASC 470-20, *Debt with Conversion and Other Options*, for consideration of any cash conversion equity components and beneficial conversion features.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of 90 days or less when purchased. As of December 31, 2017 and 2016, the Company had cash and cash equivalents of $16.6 million and $5.7 million, respectively. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation insurance limit.

Accounts Receivable

The carrying value of accounts receivable is reduced by an allowance for doubtful accounts that reflects management's best estimate of the amounts that will not be collected. In addition to reviewing delinquent accounts receivable, management considers many factors in estimating its general allowance, including historical data, experience, customer types, credit worthiness, and economic trends. Credit is extended based on evaluation of a customer's financial condition and collateral is not required. From time to time, management may adjust its assumptions for anticipated changes in any of those or other factors expected to affect collectability. Provisions for doubtful accounts are charged to operations at the time management determines these amounts may become uncollectible. Based on management's review, no allowance for doubtful accounts has been recorded for the periods ended December 31, 2017 and 2016.

Inventory

Inventory is stated at the lower of cost or net realizable value with cost determined under the first in, first out (FIFO) method. The Company regularly reviews its inventory quantities on hand and related cost and records a provision for any excess or obsolete inventory based on its estimated forecast of product demand and other factors. The Company also reviews its inventory value to determine if it reflects the lower of cost or net realizable value. All inventory held at December 31, 2017 and 2016 consisted of finished goods.

Intangible Assets

Intangible assets are comprised of patents. Legal costs and other similar fees to obtain and register patents are capitalized. All other costs to internally develop the patents are expensed as incurred. Patents are amortized over a 15 year period.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Repairs and maintenance costs are expensed as incurred. Depreciation expense is included in general and administrative expense.

Depreciation is computed using the straight-line method over the following useful lives:

Asset Classification	Estimate Useful Life
Computer equipment and software	3 years
Office equipment	5 years
Furniture and fixtures	5 years
Leasehold Improvements	Lesser of 5 years or life of the lease

Impairment of Long-lived Assets
Long-lived assets are tested for recoverability whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Factors that the Company considers in deciding when to perform an impairment review include, but not limited to, significant underperformance of the business in relation to expectations, significant negative industry or economic trends and significant changes or planned changes in the use of the assets. If an impairment review is performed to evaluate a long-lived asset for recoverability, the Company compares forecasts of undiscounted cash flows expected to result from the use and eventual disposition of the long-lived asset to its carrying value. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of an asset are less than its carrying amount. The impairment loss would be based on the excess carrying value of the impaired asset over its fair value. As of December 31, 2017 and 2016, the Company has not experienced impairment losses on its long-lived assets.

Revenue Recognition
Revenue is recognized when persuasive evidence of an arrangement exists, title to product and associated risk of loss have passed to the customer, the sales price is fixed or determinable, and collectability is reasonably assured.

Prior to August 25, 2017, the Company sold its products directly to Eye Care Providers (“ECPs”) with the assistance of MidSouth, a contact lens fulfillment company. MidSouth maintained the warehouse, received orders, collected receivables, and shipped the lenses. Revenue for transactions fulfilled by MidSouth was recognized when the title to goods were delivered to the ECP, the sales price was fixed or determinable and collectability was reasonably assured.

Subsequent to August 25, 2017, the Company entered into distribution agreements with WVA and ABB which in turn sell the product to ECPs. Revenue is recognized upon shipment to WVA and ABB.

Contact lens wearers who purchase the Company’s products may receive rebate coupons which they can submit to the Company to receive rebates. Provisions for these estimated costs are recorded at the time of sale and are reflected as a reduction of revenue.

The Company, through its distributors, will occasionally offer volume based discounted pricing to ECPs. Provision for these discounts are recorded at the time of sale and are reflected as a reduction of revenue.

Advertising Costs
Advertising costs are recognized as an expense in the period in which they are incurred. The Company incurred advertising expense of $179,872 and $18,010 for the years ended December 31, 2017 and 2016, respectively and are included in sales and marketing in the Statement of Operations.

Research and Development Costs
Research and development costs are recognized as an expense in the period in which they are incurred. Research and development expenses consist of wages, benefits, and other operational costs related to the Company’s engineering, regulatory, and quality departments, clinical and nonclinical studies, materials and supplies, and third-party costs for contracted services. Research and development costs were $7,899 and $341,000 for the periods ended December 31, 2017 and December 31, 2016, respectively, and are included in clinical and manufacturing in the Statements of Operations.

Stock-Based Compensation
The Company measures the cost of employee services received in exchange for an award of equity instruments, including stock options and restricted stock awards, based on the grant date fair value of the award and recognizes such costs as compensation expense on a straightline basis over the period the employee is required to provide service in exchange for the award, usually the vesting period.

Stock-based compensation expense recognized in the statements of operations for the years ended December 31, 2017 and 2016 is based on awards ultimately expected to vest. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Leases

Leases are classified at their inception as either operating or capital leases based on the economic substance of the agreement. Lease payments made under operating leases are recognized as an expense on a straight-line basis over the lease term.

Income Taxes

In accordance with the ASC 740, *Income Taxes*, the Company recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of its assets and liabilities. The Company records a valuation allowance against its net deferred tax asset to reduce the net carrying value to an amount that is more likely than not to be realized.

Income tax positions are considered for uncertainty in accordance with ASC 740-10. The Company believes that its income tax filing position and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material change to its financial position; therefore, no ASC 740-10 liabilities for uncertain tax positions have been recorded. The Company will recognize accrued interest and penalties related to unrecognized tax benefits, if any, as interest expense and income tax expense, respectively, in the consolidated statements of operations. The Company does not believe that the amount of unrecognized tax benefits will significantly increase or decrease within 12 months of December 31, 2017. Given the Company's net operating losses, all years since inception are subject to review.

Significant management judgment is involved in determining the provision for income taxes, deferred tax assets and liabilities, and any valuation allowance recorded against net deferred tax assets. Due to uncertainties with respect to realization of deferred tax assets as a result of the Company's history of operating losses, a valuation allowance has been established against the net deferred tax asset balance. The valuation allowance is based on management's estimates of taxable income in the jurisdictions in which the Company operates and the period over which deferred tax assets will be recoverable.

Earnings Per Share (EPS)

Basic EPS is calculated in accordance with ASC 260, *Earnings per Share*, by dividing net income or loss attributable to common stockholders by the weighted average common stock outstanding. Diluted EPS is calculated in accordance with ASC 260 by adjusting weighted average common shares outstanding for the dilutive effect of common stock options, warrants, convertible preferred stock, and accrued but unpaid convertible preferred stock dividends. In periods where a net loss is recorded, no effect is given to potentially dilutive securities, since the effect would be anti-dilutive. The common stock equivalents of the Company's convertible debt and stock options were not included in the computation of dilutive EPS because to do so would have been anti-dilutive.

Reclassifications

Certain amounts in 2016 have been reclassified to conform with current year presentation.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. The standard requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. This standard is applicable for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Earlier application will be permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company expects to adopt this standard on January 1, 2018. The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

In November 2015, the FASB issued ASU No. 2015-17 regarding ASC Topic 470, *Income Taxes: Balance Sheet Classification of Deferred Taxes*. The amendments in ASU 2015-17 eliminate the requirement to bifurcate deferred taxes between current and non-current on the balance sheet and requires that all deferred tax liabilities and assets be classified as noncurrent on the balance sheet. The ASU is effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The amendments for ASU-2015-17 can be applied retrospectively or prospectively and early adoption is permitted. The Company adopted the new guidance prospectively in the first quarter of fiscal 2017. The adoption of this standard did not have a material impact on the financial statements.

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. Prior to the issuance of this ASU, ASC 330 required that an entity measure inventory at the lower of cost or market. ASU 2015-11 specifies that "market" is defined as "net realizable value," or the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This ASU is effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017. As of January 1, 2017, the Company has adopted ASU No. 2015-11. The adoption of this standard did not have a material impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU requires that organizations that lease assets recognize assets and liabilities on the balance sheet for the rights and obligations created by those leases. The ASU will affect the presentation of lease related expenses on the income statement and statement of cash flows and will increase the required disclosures related to leases. This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company is currently evaluating the impact of ASU No. 2016-02 on its consolidated financial statements. It is expected that a key change upon adoption will be the balance sheet recognition of leased assets and liabilities and that any changes in income statement recognition will not be material.

In March 2016, the FASB issued ASU No. 2016-06, *Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments*, that requires embedded derivatives be separated from the host contract and accounted for separately as derivatives if certain criteria are met. One of those criteria is that the economic characteristics and risks of the embedded derivatives are not clearly and closely related to the economic characteristics and risks of the host contract. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact of ASU No. 2016-02 on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation: Stock Compensation (Topic 718)*. FASB issued this update as part of is Simplification Initiative. The areas of simplification in this update involve several aspects for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments are effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact of ASU 2016-09 on its consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230)*. The amendments in this update require that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this update are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The Company is currently evaluating the impact of ASU No. 2016-18 on its consolidated financial statements.

In February 2017, the FASB issued ASU No. 2017-05, *Other Income: Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20)*, to clarify the scope of Subtopic 610-20 and to add guidance for partial sales of nonfinancial assets. Subtopic 610-20 was issued in May 2014 as part of ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provided guidance for recognizing gains and losses from the transfer of nonfinancial assets in contracts with noncustomers. The amendments in this update are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Company is currently evaluating the impact of ASU No. 2017-05 on its consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, *Compensation–Stock Compensation (Topic 718): Scope of Modification Accounting*, that provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The new standard is effective for the Company in the first quarter of fiscal year 2018. Early adoption is permitted. The new guidance must be applied on a prospective basis. The Company does not anticipate that the adoption of this standard will have a significant impact on the financial statements or the related disclosures.

In July 2017, the FASB issued ASU No. 2017-11, *Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*. This ASU addresses narrow issues identified as a result of the complexity associated with applying GAAP for certain financial instruments with characteristics of liabilities and equity. The amendments in Part I of this Update are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted for all entities, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

(2) FINANCIAL STATEMENT RESTATEMENT

The Company determined that amendment of the Company's Senior Notes and Series A-1 Notes in October 2016 resulted in embedded derivatives that should have been bifurcated and accounted for as a marked-to-market liability. In addition, it was determined that the Company's Pre-IPO Notes issued in July 2016 also contained embedded derivatives that should have been bifurcated and accounted for as a marked-to-market liability. The Company did not separately account for the embedded derivatives in the previously issued 2016 financial statements and the 2016 financial statements presented herein have been restated accordingly. The table below reflects the impact of the restatement on the 2016 financial statements:

As of and for the year ending December 31, 2016	As previously reported US$000s	Effect of restatement US$000	As restated US$000
Balance Sheet			
Convertible notes payable, current	$10,047	($1,786)	$8,261
Derivative liability	—	5,136	5,136
Accumulated deficit	(21,902)	(3,349)	(25,251)
Statement of Operations			
Interest expense and other, net	(916)	(2,771)	(3,687)
Loss on change in fair value of derivative	—	(578)	(578)
Net Loss	(4,957)	(3,349)	(8,306)
Statement of Changes in Shareholders' Equity			
Net Loss	(4,957)	(3,349)	(8,306)
Statement of Cash Flows			
Net Loss	(4,957)	(3,349)	(8,306)
Change in fair value of derivative liability	—	578	578
Amortization of debt discount	—	2,771	2,771

The cumulative effect of the restatement on accumulated deficit as of December 31, 2016 was $3,349,534. The per-share impact for the year ended December 31, 2016 was $0.42.

(3) INTANGIBLE ASSETS

Intangible assets consist of the following as of December 31, 2017 and 2016:

	2017 US$000	**2016** US$000
Patents	$356	$309
Less accumulated amortization	(59)	(51)
Intangible assets, net	297	258

Amortization expense was $8,511 and $8,621 for the years ending December 31, 2017 and 2016, respectively. The weighted average remaining useful life as of December 31, 2017 was 12.33 years.

Patent costs are capitalized and amortized over their estimated economic lives and those costs are subject to impairment testing when qualitative factors indicate that the assets may be impaired. No indications of impairment were identified for capitalized patent costs during 2016 and 2017 and no impairment charges were recorded.

Amortization expense for the next five years is as follow:

	US$000
2018	$20
2019	20
2020	20
2021	20
2022	20
Thereafter	197
Total	297

(4) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2017 and 2016:

	2017 US$000	2016 US$000
Computer equipment and software	$103	$40
Office equipment	49	8
Furniture and fixtures	52	14
Leasehold improvements	12	—
Total costs	216	62
Less accumulated depreciation	(54)	(19)
Property and equipment, net	162	43

Depreciation expense was $36,220 and $11,223 for the years ending December 31, 2017 and 2016, respectively.

(5) CONVERTIBLE DEBT

From March 2012 through September 2014, the Company sold in private placements to qualified buyers and accredited investors notes for total funds received of $5,371,582 ("Prior Notes"). Interest on the Prior Notes was payable upon maturity and accrued at a rate of 6% per annum. The Prior Notes would mature upon demand. Prior Notes were convertible into Series A-1 preferred stock or equity instruments issued in an equity financing.

From December 2014 to December 2015, the Company sold notes in private placements to qualified buyers and accredited investors for total funds received of $2,936,397 ("Senior Notes"). Interest on the Senior Notes was due upon maturity and accrued a rate of 10% per annum. The Prior Notes became subordinated to the Senior Notes upon issuance.

In December 2014, upon issuance of the Senior Notes, Prior Note holders were given the option to convert $2 of Prior Notes, including accrued interest balances, to Senior Notes for every $1 invested in Senior Notes. As of December 31, 2016, Prior Notes of $2,451,149 were outstanding. Senior Notes issued upon conversion of Prior Notes totaled $3,240,523 as of December 31, 2016.

At December 31, 2014 and 2015, the Senior Notes plus accrued interest were convertible into Series C Redeemable Convertible Preferred Stock ("Series C") upon majority vote of the Senior Notes holders at a conversion price of $0.73 per share. The conversion price was equivalent to the fair value of Series C on the commitment date, as measured by concurrent sales of Series C to external investors. Following conversion of all Series C to Preferred Stock Series A-1 ("Series A-1") and Preferred Stock A-1 NV ("Series A-1NV") in 2016, Senior Notes became convertible into Series A-1 and A-1 NV.

Upon the closing of an equity financing transaction, the Senior Notes plus accrued interest are convertible into the new equity shares at a conversion price equivalent to the price paid by the new equity investors.

The Senior Notes were issued in conjunction with embedded, contingently exercisable warrants with a purchase price equivalent to 0.02% of the associated Senior Notes. The number of shares to which the warrant entitles the holder is either (i) one-half the number of shares of stock into which the Senior Notes issued to the holder are converted, or (ii) the number of shares of common stock issuable upon the conversion of one-half of the number of shares of stock into which the Senior Notes issued to the holder are converted. The warrants are exercisable upon a qualified change in control from the period commencing with the date the Senior Notes are converted to equity securities ending with the earliest of December 2021 or the change in control event. The warrants are exercisable into the same equity class into which the Senior Notes are converted. The exercise price of the warrants is equivalent to the conversion price at which the Senior Note converted to equity or the fair market value of common stock.

In March 2016, the Company, entered into a Note and Warrant Purchase Agreement ("Series A-1 Note Purchase Agreement"), pursuant to which the Company issued Series A-1 convertible demand notes ("Series A-1 Notes") and contingently exercisable warrants to purchase shares of the Company's capital stock ("Series A-1 Warrants") and raised proceeds of $1,418,141. Each lender who purchased a Series A-1 Note received a contingently exercisable Series A-1 Warrant to purchase equity securities of the Company, generally equal to 50% of the number of equity securities into which the Series A-1 Note associated with such Series A-1 Warrant was converted. As part of the Series A-1 Note transaction, the maturity date of each Senior Note was amended to be the date upon which a payment demand for the Series A-1 Notes was made by a majority-in-interest of the Series A-1 Note holders, and each Senior Note was made convertible upon the same terms as the Series A-1 Note and ranking pari passu with each Series A-1 Note in right of payment. In addition, the holders of Prior Notes agreed that the demand for payment of Prior Notes could not be made unless the Senior Notes and Series A-1 had been paid in full.

The Series A-1 Notes are payable upon demand by a majority-in-interest of the Series A-1 Note holders. The Series A-1 Notes are convertible into Series A-1 Stock following the earlier of: (a) the first anniversary of the Series A-1 Note Purchase Agreement, and (b) a liquidation event as defined in the Company's Certificate of Incorporation.

The Series A-1 Notes may also be converted upon the closing of an Equity Financing, which is defined as a subsequent sale by the Company of its equity securities (including the Company's common stock and any preferred stock) following the date of the Series A-1 Note Purchase Agreement. Any conversion must be approved by the holders of more than 50% of the aggregate unpaid principal amount of the Series A-1 Notes.

On October 10, 2016, the requisite Series A-1 Note and Senior Note holders entered into amendment agreements pursuant to which each Senior Warrant and Series A-1 Warrant will terminate and upon the conversion of the Series A-1 Notes and Senior Notes in connection with an equity financing, each Series A-1 Note and Senior Note will convert at a 25% discount to the otherwise applicable conversion price. In connection with the amendment of the Series A-1 Notes and Senior Notes, the Company determined that the conversion rights were a contingent share settled redemption feature. As a result of the amendment, the Company recorded derivative liabilities of $360,898 and $1,639,904 on the Series A-1 Note and Senior Note, respectively. Because the Series A-1 and Senior notes were due on demand, the debt discounts were immediately recorded as an expense at the date of the amendment. The derivative liability was recorded at its fair value at the date of the amendment and the fair value was marked to market resulting in a loss on derivative of $292,233 for the year ended December 31, 2016 and $597,405 upon conversion at the time of the Company's IPO in March 2017.

In July 2016, the Company, entered into a Note Purchase Agreement with investors ("Pre-IPO Note Purchase Agreement"), pursuant to which the Company issued convertible notes, primarily to investors based in Australia ("Pre-IPO Notes"), raising proceeds of A$13,497,000 (US$10,109,336). The Pre-IPO Notes are denominated in Australian dollars (A$) and automatically convert into the Company's equity securities upon an IPO pursuant to a conversion formula specified in the Pre-IPO Note Purchase Agreement. The conversion feature is considered to be a contingent share-settled redemption feature because it allows the holders to redeem the Pre-IPO Notes into common stock at a substantial discount to the fair value of the common stock issued upon conversion. The Company recorded a derivative liability for the fair value of the redemption feature of $2,396,901. The debt discount resulting from the recognition of the derivative liability was amortized over the 18-month term of the Pre-IPO Note until conversion occurred at the time of the Company's IPO on the ASX in March 2017. The change in the fair value of the derivative liability was recorded as loss on derivative liability of $286,051 at December 31, 2016 and $823,649 upon conversion. At the time of conversion, the Company recorded a loss on share settlement of debt of $1,459,653 relating to the unamortized debt discount on the Pre-IPO Notes.

All convertible debt was converted to common stock in March 2017 in connection with the Company's IPO.

Convertible note payable at December 31, 2017 and 2016:

	2017 US$000	**2016** US$000
Prior Notes	—	$2,451
Senior Notes	—	6,177
Series A-1 Notes	—	1,418
Pre-IPO Notes	—	9,753
	—	19,799
Debt discount	—	(1,785)
Total convertible notes payable	—	18,014

The convertible debt did not affect diluted earnings per share due to the Company's net loss position.

(6) NON-CASH ACTIVITIES

On March 28, 2017, the convertible debt along with the embedded derivatives were converted to equity in a non-cash transaction totaling $29,567,000 with an equal offset to Additional Paid-In Capital.

(7) SHAREHOLDERS' EQUITY

The Common and Preferred Stock balances are outstanding as follows as of December 31, 2017 and 2016 (in thousands except number of shares):

	2017			2016		
	No. of shares outstanding	Par value US$000	Additional paid-in capital US$000	No. of shares outstanding	Par value US$000	Additional paid-in capital US$000
Common Stock	196,989,356	$197	$61,221	9,577,298	$96	$3,818
A-1	—	—		8,607,183	86	2,068
A-1 NV	—	—-		8,010,575	80	1,814
	196,989,356	197	61,221	26,195,056	262	7,700

Common Stock

Each holder of a share of common stock is entitled to one vote per share held. The holders of shares of common stock are entitled to dividends as declared by the Board of Directors ("Board") of the Company.

In March 2017, the Company completed its IPO and associated listing on the ASX. 79,365,079 CDIs were issued (each representing an interest in one share of newly issued common stock) and $23.4 million, net of expenses, was received. In conjunction with the IPO, all outstanding Convertible Debt and Preferred Stock was converted into common stock.

Convertible Preferred Stock Series A

Issued shares of Series A Convertible Preferred Stock ("Series A") were 758,500 as of December 31, 2015. The carrying amount of the Series A was $7,585 including Series A Preferred Stock of $7,585. The Series A Preferred Stock had the following rights and privileges:

Conversion: Each share of Series A was convertible to common stock automatically (1) immediately prior to the closing of a qualified IPO defined as having proceeds exceeding $40 million, (2) upon written consent of holders of a majority of the then outstanding Series A, or (3) any time at the option of the holder. The Series A conversion price was $1.13 which was equal to the original issuance price. The Series A converted into 1,130,489 shares of common stock or Series A-1 in April 2016 as further described in "Preferred Stock Series A-1 and Preferred Stock Series A-1 NV", see next page.

Voting: The holders of Series A were entitled to the number of votes equal to the number of shares of common stock into which each share of Series A may be converted.

Dividend Rate: The holders of the Series A were entitled to dividends at an annual rate of 6.0% of the original issuance price per share, which shall accrue from the date of issuance and shall be payable when and as declared by the Board.

Liquidation: The holders of the Series A were entitled to receive an amount per share equal to the original issuance price plus declared but unpaid dividends in the event of any (1) acquisition, (2) sale, lease, or other disposition of all or substantially all of the assets, (3) transaction that results in the exclusive licensing of all or substantially all of the intellectual property, or (4) liquidation, dissolution or winding up of the Company. At December 31, 2015 and through the date of conversion in April 2016, the liquidation preference for the Series A was $853,313.

Redeemable Convertible Preferred Stock Series B

At December 31, 2015, 9,824,566 authorized shares of Series B Redeemable Convertible Preferred Stock ("Series B") were issued and outstanding. The carrying amount of the Series B was $7,217,126 including Series B Preferred Stock of $98,246 and Additional Paid-in Capital of $7,118,880. The Series B had the following rights and privileges:

Conversion: Each share of Series B was convertible to common stock automatically (1) immediately prior to the closing of a qualified IPO defined as having proceeds exceeding $40 million, (2) upon written consent of holders of a majority of the then outstanding Series B, or (3) any time at the option of the holder. The Series B conversion price was $0.73 which was equal to the original issuance price. The Series B converted into 20,046,558 shares of common stock or Series A-1 in April 2016 as further described in "Preferred Stock Series A-1 and Preferred Stock Series A-1 NV", see next page.

Voting: The holders of Series B were entitled to the number of votes equal to the number of shares of common stock into which each share of Series B could be converted.

Dividend Rate: The holders of the Series B were entitled to an annual rate of 6.0% of the original issuance price per share, which would accrue from the date of issuance and shall be payable when and as declared by the Board. Dividends were not declared or paid to the holders of the Series B.

Liquidation: The holders of the Series B were entitled to receive an amount per share equal to the original issuance price plus declared but unpaid dividends in the event of any (1) acquisition, (2) sale, lease, or other disposition of all or substantially all of the assets, (3) transaction that results in the exclusive licensing of all or substantially all of the intellectual property, or (4) liquidation, dissolution or winding up of the Company. At December 31, 2015 and through the date of conversion in April 2016, the liquidation preference for the Series B was $7,217,104.

Redemption: Each share was redeemable at the original issuance price plus declared but unpaid dividends after the fifth anniversary of the closing date and upon approval of holders of at least two-thirds of the then outstanding Preferred Stock.

Preferred Stock Series C

At December 31, 2015, 767,225 shares of Series C were issued and outstanding. The carrying amount of the Series C at December 31, 2015 was $563,603 including Series C Preferred Stock of $7,672 and Additional Paid-in Capital of $555,931. The Series C Preferred Stock had the following rights and privileges:

Conversion: Each share of Series C was convertible to common stock automatically (1) immediately prior to the closing of a qualified IPO defined as having proceeds exceeding $40 million, (2) upon written consent of holders of a majority of the then outstanding Series B, or (3) any time at the option of the holder. The Series C conversion price is $0.73 which was equal to the original issuance price. The Series C converted into 1,598,017 shares of common stock or Series A-1 in April 2016 as further described in "Preferred Stock Series A-1 and Preferred Stock Series A-1 NV", below.

Voting: The holders of Series C were entitled to the number of votes equal to the number of shares of common stock into which each share of Series C may be converted.

Dividend Rate: The holders of the Series C were entitled to an annual rate of 6.0% of the original issuance price per share, which would accrue from the date of issuance and be payable when and as declared by the Board. Dividends were neither declared nor paid to the holders of the Series C.

Liquidation: The holders of the Series C were entitled to receive an amount per share equal to the original issuance price multiplied by 3 plus declared but unpaid dividends in the event of any (1) acquisition, (2) sale, lease, or other disposition of all or substantially all of the assets, (3) transaction that results in the exclusive licensing of all or substantially all of the intellectual property, or (4) liquidation, dissolution or winding up of the Company. At December 31, 2015 and through the date of conversion in April 2016, the liquidation preference for the Series C was $1,690,810.

Redemption: Each share is redeemable at the original issuance price plus accrued but unpaid dividends upon approval of holders of a majority of the then outstanding Series C or upon a majority vote if an initial public offering occurs.

Preferred Stock Series A-1 and Preferred Stock Series A-1 NV
In 2016, the Company issued Series A-1 Notes and Series A-1 warrants under the Series A-1 Note Purchase Agreement dated March 2, 2016. Holders of the Company's preferred stock (i.e., Series A, Series B and Series C) were entitled to invest up to their pro rata amount in the borrowing. In connection with the transaction, all outstanding Preferred Stock Series A, B and C was converted as follows:

The preferred shares of any holder who did not invest its pro rata amount were automatically converted on April 12, 2016 into the Company's common stock at an exchange rate of one share of common stock for each share of preferred stock which was the conversion rate stated in the original terms of the shareholder agreements for the Series A, B and C.

The preferred shares of any holder who invested its pro rata amount were deemed to have been exchanged for shares of Series A-1 at an exchange rate of 3.2 shares of Series A-1 for each share of preferred stock. Further, a portion of the Series A-1 was exchanged for shares of Series A-1 NV. Series A-1 NV possesses identical rights to Series A-1, except that its holders have no voting rights. Both the Series A-1 and the Series A-1 NV convert into common stock at their original issue price.

As a result of the Series A-1 financing round in 2016, only common stock, Series A-1 and Series A-1 NV remained issued and outstanding at December 31, 2016. At the time of the Company's IPO in March 2017, the Series A-1 and Series A-1 NV converted into common stock. As a result of the IPO, only common stock was outstanding at December 31, 2017. The liquidation preference for the Series A-1 NV was $1,842,432 at December 31, 2016. The liquidation preference for the Series A-1 was $1,979,652 at December 31, 2016.

(8) CONCENTRATIONS AND CREDIT RISK

For the year ended December 31, 2017, two customers, which are contact lens distributors, accounted for approximately 57.7% of the Company's total sales. These two same customers accounted for 100% of the Company's accounts receivable as of December 31, 2017.

For the year ended December 31, 2016, one customer, an ECP, accounted for approximately 11.1% of the Company's total sales. No customers accounted for more than 10% of the Company's accounts receivable as of December 31, 2016.

The Company relies on a single manufacturer for our contact lenses.

(9) Stock Compensation Plans

The Company's stockbased compensation expense for the years ended December 31, 2017 and 2016 was $494,291 and $471, respectively.

The Board adopted the 2008 Stock Incentive Plan ("Incentive Plan"), with an effective date of July 1, 2008. The Incentive Plan permits the granting and issuance of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Restricted Stock Units, and Stock Appreciation Rights. Under the Incentive Plan, 12,160,873 shares of common stock have been authorized for share-based awards. The total number of options issued and outstanding as of December 31, 2017 and December 31, 2016 was 11,535,574 and 2,127,604, respectively. Vesting terms and exercise price of options are determined by the Board and are defined in a stock incentive agreement for each grant. Options generally vest over a one to four-year period from date of grant, with a few grants being vested immediately upon issuance. Stock options issued to employees, directors, and consultants expire 10 years from the date of grant. Vested and unexercised shares are cancelled three months after termination, and unvested awards are canceled on the date of termination of employment and become available for future grants. Upon the exercise of stock options, the Company may issue the required shares out of authorized but unissued common stock. The Incentive Plan is the predecessor to the 2017 Plan described below. On January 18, 2017, the Board determined that no additional stock incentives would be awarded under the 2008 Incentive Plan, but stock incentives previously granted would continue to be governed by the terms of the Incentive Plan.

The Board adopted the 2017 Equity Incentive Plan (the "2017 Plan"), with an effective date of January 18, 2017. The 2017 Plan permits the granting and issuance of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock, Stock Units, Performance Awards and Stock Appreciation Rights. The total number of shares reserved for issuance under the 2017 Plan is 11,000,000. The share reserve may be increased each year in accordance with the 2017 Plan documents. The total number of shares issued and outstanding as of December 31, 2017 was 978,331. Vesting terms and exercise price of options are determined by the Board and are defined in a stock incentive agreement for each grant.

Additionally, stock-based compensation expense related to stock options granted to non-employees is recognized on a straight-line basis, as the stock options are earned. The Company issued options to non-employees, which generally vest ratably over the time period the Company expects to receive services from the non-employee. The values attributable to these options are amortized over the service period and the unvested portion of these options are remeasured each reporting period over the remaining vesting period. The Company believes that the fair value of the stock options is more reliably measurable than the fair value of the services received. The grant date fair value of each option award is estimated on the date of grant using a BlackScholes option pricing model that uses certain assumptions. Pre-IPO, the estimated fair value of common stock was determined with the assistance of an independent valuation specialist. Post IPO, the Company uses the ASX stock price to determine fair value of the stock on the date of grant. Expected volatilities are based on historical volatility of certain comparable companies over similar expected terms, as determined by the Company. The expected term of options granted is derived using the simplified method. The Company intends to use the simplified method for the foreseeable future until more detailed information about exercise behavior will be more widely available. The riskfree rate for periods within the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield is zero as there are no payments of dividends made or expected. These factors could change in the future, which would affect the stockbased compensation expense for future option grants. Assumptions for grants in 2017 and 2016 are as follows:

	2017	2016
Risk-free interest rate	1.25%	1.25%
Expected volatility	50%	50%
Expected term (years)	6	5
Dividend Rate	0	0

Stock option activity is summarized as follows:

	Number of Options	Weighted Average Exercise Price US$	Weighted Average Remaining Contractual Term in Years
Outstanding at December 31, 2015	2,272,116	$0.07	4.73
Grants	25,000	0.07	
Cancellation/forfeitures	(16,274)		
Exercised	(153,238)		
Outstanding at December 31, 2016	2,127,604	0.07	4.67
Exercisable	2,119,339		
Grants	11,242,631	0.09	
Cancellation/forfeitures	(856,330)		
Exercised	—		
Outstanding at December 31, 2017	12,513,905	0.09	8.35
Exercisable	4,617,059		

The weighted average grant date fair value of options granted during the year was $0.13 in 2017 and $0.03 in 2016. The intrinsic value of options unexercised as of December 31, 2017 and 2016 was $4,242,751 and $0, respectively.

As of December 31, 2017 and 2016, there was approximately $956,328 and $254, respectively, of total unrecognized compensation expense related to stock option awards under the combined plans. That cost is expected to be recognized over a weighted average period of 2.92 years.

(10) EMPLOYEE BENEFIT PLAN

The Company has a 401(k) retirement plan ("401(k) Plan") for the benefit of eligible employees, as defined. Each participant may elect to contribute to the 401(k) Plan each year up to the maximum amount allowed by law, subject to certain Internal Revenue Service limitations. The Company makes matching contributions up to 100% of the participant's election not to exceed 4% of the participant's compensation. The Company contributed $135,350 and $42,962 for the years ending December 31, 2017 and 2016, respectively.

(11) COMMITMENTS AND CONTINGENCIES

The Company's headquarters and principal operations are located in metropolitan Atlanta, Georgia. Operating leases with escalating rents are recorded as expense on a straight-line basis over the life of the lease. In addition to minimum rental payments, additional payments based on real estate taxes, common area maintenance and insurance are expensed when incurred. Net rental expense under this and previous agreements were $109,000 and $72,000, for 2017 and 2016, respectively.

As of December 31, 2017, future rental commitments are as follows:

	US$000
2018	$88
2019	99
2020	101
2021	105
2022	108
Thereafter	9
	510

The Company may be subject to legal proceedings and claims, which may arise, in the ordinary course of its business. No such matters presently exist, and management is not aware of any such matters which may arise in the future.

In addition, the Company warrants to customers that the Company's products operate substantially in accordance with the product's specifications. Historically, no significant costs have been incurred related to product warranties and none are expected in the future, and as such no accruals for product warranty costs have been made.

(12) FAIR VALUE

The Company applies ASC 820, *Fair Value Measurements*, in determining the fair value of certain assets and liabilities. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches. The hierarchy of those valuation approaches is broken down into three levels based on the reliability of inputs as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The valuation under this approach does not entail a significant degree of judgment.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, and contractual prices for the underlying financial instrument, as well as other relevant economic measures.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

There have been no changes in the methodologies used as of December 31, 2017 and 2016.

To establish the fair value of the bifurcated derivatives, the Company applied Level 3 unobservable inputs. In particular, the Company evaluated the estimated fair value based on the liquidity and contractual settlement features, contractually restricted market mechanisms to realize such value in the likelihood of an IPO or equity financing event, and finally the estimated investor return associated with the redemption feature.

The following fair value table presents information about the Company's assets and liabilities measured at fair value on a recurring basis:

	December 31, 2017				December 31, 2016			
	Level 1 US$000s	Level 2 US$000s	Level 3 US$000s	Total US$000s	Level 1 US$000s	Level 2 US$000s	Level 3 US$000s	Total US$000s
Assets								
Cash equivalents	$16,334	—	—	$16,334	—	—	—	—
Assets measured at fair value	16,334	—	—	16,334	—	—	—	—
Liabilities								
Derivative liability	—	—	—	—	—	—	$5,136	$5,136
Liabilities measured at fair value	—	—	—	—	—	—	5,136	5,136

(13) Income Taxes

The Company is a C-Corporation for U.S. federal income tax purposes.

On December 22, 2017, the President signed into law the Tax Cuts and Jobs Act ("the Act"), which took effect on January 1, 2018. Some notable provisions of the Act include a reduction of the corporate income tax rate from 35 percent to 21 percent, adjustments to deductible compensation, and 100 percent bonus depreciation on capital expenditures. Under the accounting rules, companies are required to recognize the effects of changes in tax laws and tax rates on deferred tax assets and liabilities in the period in which the new legislation is enacted. As a result, as of December 31, 2017, the Company revalued its deferred tax assets and liabilities, which resulted in no impact to the statement of operations due to the Company being in a fully reserved deferred tax asset position. We believe that the adjustments resulting from these components of the Act are complete as of December 31, 2017.

The provision for income taxes consists of the following components:

Current expense	**2017** US$000	**2016** US$000
Federal	—	—
State	—	—
Current income tax expense	—	—
Deferred expense (benefit)		
Federal	$1,643	($2,854)
State	(176)	(135)
Total deferred income tax expense (benefit)	1,467	(2,989)
Valuation Allowance	(1,467)	2,989
Deferred income tax benefit	—	—
Total income tax expense	—	—

The following summarizes the Company's valuation allowance:

	2017 US$000	2016 US$000
Beginning of year	($10,034)	($7,045)
Income tax provision	(2,529)	(2,989)
Deferred rate change	3,996	—
End of year	(8,567)	(10,034)

Net deferred tax assets and liabilities are as follows:

	2017 US$000	2016 US$000
Deferred tax assets		
NOL carryforwards	$7,508	$7,241
R&D tax credits	867	867
Other deferred tax assets	192	2,562
Valuation allowance	(8,567)	(10,034)
Total deferred tax assets	—	636
Deferred tax liabilities		
Debt Discount	—	(636)
Total deferred tax liabilities	—	(636)
Net deferred tax assets and deferred tax liabilities	—	—

A reconciliation from the federal statutory rate to the total provision for income taxes is as follows:

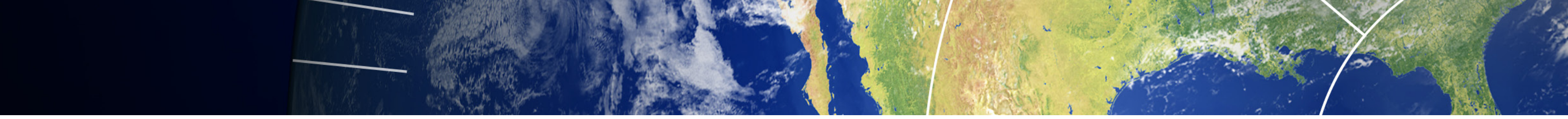
	2017		2016	
	US$000	Percent	US$000	Percent
Federal tax benefit at statutory rate	($5,774)	34%	($2,824)	34%
State tax - net of federal benefit	(116)	1%	(136)	2%
Permanent items and other	40	0%	(29)	0%
Conversion of Debt to Equity	3,321	-20%	—	0%
Impact of Tax Cuts and Jobs Act	3,996	-24%	—	0%
Change in valuation allowance	(1,467)	9%	2,989	-36%
Total tax expense	—	0%	—	0%

The change in permanent differences and other items from 2016 to 2017 is primarily due to the decreased benefit due to the loss on stock redemption of debt, foreign currency exchange loss on debt conversion and disallowed non-cash interest expense. However, as the current period movement creates an increased net operating loss (NOL) which has a full valuation allowance recorded against its deferred tax assets, there is no impact to total tax expense.

As of December 31, 2017 and 2016, the Company had federal NOL carryforwards of approximately $31.1 million and $19.5 million, respectively, that are available to reduce future income unless otherwise taxable. We have not performed a study of our NOLs for limitations Internal Revenue Code Section 382. Due to the ownership change as a result of the IPO, our NOLs could be subject to significant annual limitations. If not utilized, the federal NOL carryforwards will expire at various dates between 2023 and 2037.

(14) SUBSEQUENT EVENTS

The Company evaluated the accounting and disclosures requirements for subsequent events through March 16, 2018, the issuance date of the financial statements.



Corporate Governance Statement

Good corporate governance is one of the foundational business practices of Visioneering Technologies, Inc. (**VTI**, the **Company**).

The Board of Directors (**Board**) confirms that VTI's corporate governance framework largely complies with the recommendations in ASX's *Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition)* (the **Principles & Recommendations**), and the reason for any deviations from the Principles and Recommendations are largely due to the relatively small size of the Company and its operations. The Principles & Recommendations recognise that listed entities may legitimately adopt governance practices different to those set out in the Principles & Recommendations, having regard to such factors.

The Company provides below a review of its corporate governance framework, presented in the same numbering system used in the ASX Corporate Governance Recommendations.

Additional information about the Company's governance can be found in the "Governance Documents" section of the Company's investor website at www.vtivisioninvestors.com.

This Corporate Governance Statement has been approved by the Board of Directors of the Company and is current at March 28, 2018.

Principle 1: Lay solid foundations for management and oversight. A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

The Company did not comply with Recommendations 1.3, 1.5 or 1.6 in full, but did comply with Recommendations 1.1, 1.2, 1.4 and 1.7 in full, for the financial year ended December 31, 2017.

Recommendation 1.1: *A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.*

The Board is ultimately responsible for the overall direction of the Company and oversight and review of the management, administration and governance of VTI. The Board's responsibilities are defined in the Board Charter, which is available from the "Governance Documents" section of the Company's investor website at www.vtivisioninvestors.com. The Board Charter also sets out the matters expressly reserved to the Board and those delegated to management. Clear delineations are provided between the responsibilities of the Board versus the responsibilities of the CEO and other company officers.

Recommendation 1.2: *A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Company undertakes appropriate checks before appointing a person, or putting forward to security holders a candidate for election to a directorship. The Company does not however re-perform checks in connection with the re-election of a Director.

The Company will provide security holders with all material information in its possession that is relevant to a decision on whether to elect or re-elect a Director.

Recommendation 1.3: *A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

The Company enters into formal written agreements with each Independent Director and senior executive. The Company does not have a formal written agreement with the Chairman, Fred Schwarzer. Mr. Schwarzer is not compensated by the Company for his service on the Board and the Company considers the other terms of Mr. Schwarzer's engagement to be sufficiently certain so as not to necessitate a written agreement.

Recommendation 1.4: *The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.*

The Company Secretary is accountable to the Board, through the Chairman, on all matters relating to the governance and the operation of the Board.

Recommendation 1.5: *A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Company's Diversity Policy does not require the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. As a relatively small company (amongst those listed on the ASX), the Company faces particular issues in complying with this recommendation in full. This is because the Company is still in the early stages of commercialising its products and only has a small number of employees. As the Company moves closer to achieving its commercialisation goals and increases its number of employees, it will re-examine its approach having regard to its scale and resources.

However, the Company can confirm that as at December 31, 2017, three of the Company's six Directors were women (50%) and one of the four senior managers were women (25%). Among all employees, 24 of 45 were women (53%).

The Company is not a "Relevant Employer" under the Workplace Gender Equality Act.

The Company's Diversity Policy is available from the "Governance Documents" section of the Company's investor website at www.vtivisioninvestors.com.

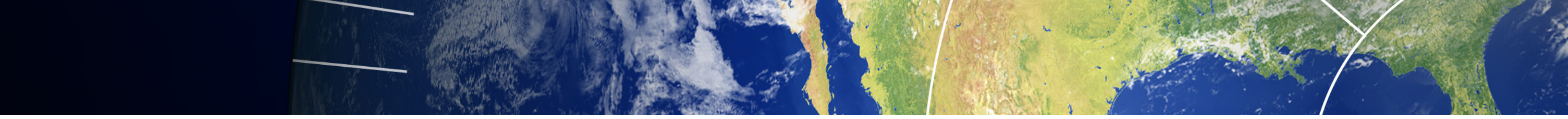
Recommendation 1.6: *A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Owing to the Company's relatively short time since listing, and with two members of the Board being recent additions, the Board has not yet evaluated its recent performance. The Board plans on evaluating its performance in 2018.

Recommendation 1.7: *A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Under the Company's Board Charter, the Board is ultimately responsible for the evaluating the performance of the Chief Executive Officer (CEO) and senior executives. The Board has established a Nomination and Remuneration Committee which is responsible for setting performance goals for the CEO and senior executives, and for evaluating the CEO's and senior executives' performance against those goals at least annually. The Committee has evaluated 2017 performance of the CEO and senior executives in accordance with that process.

In addition, the Board regularly considers CEO and senior executive performance throughout the year.



Principle 2: Structure the board to add value. A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

The Company did not comply with Recommendations 2.4 or 2.5 in full, but did comply with Recommendations 2.1, 2.2, 2.3 and 2.6 in full, for the financial year ended December 31, 2017.

Recommendation 2.1: *The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

The Board has established a Nomination and Remuneration Committee. It has three members, two of whom are independent directors (including the Chair of the Committee). Please refer to the “Further Information on Directors and Committees” section below for further information about the membership of the Committee and attendances at the meetings of the Committee.

The Nomination and Remuneration Committee Charter is available from the “Governance Documents” section of the Company’s investor website at www.vtivisioninvestors.com.

Recommendation 2.2: *A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*

The Board has determined that it is best served by having a mix of individuals with expertise and experience in the following areas:

Sales, Marketing and Communications	**Governance**
Business Development	Strategy & Risk Management
International Business	Audit/Corporate Finance
Leadership in Healthcare Sector	Capital Markets
Medical Product Development	Social/Health and Safety
IT & New Technology	Remuneration, People and Performance

The Board has assessed its mix of skills and diversity against the skills areas listed above and considers its current composition to be appropriate given the strategic direction of the Company and its stage of development.

Details in relation to the mix of skills and diversity of the Board can be found on pages 8 and 9 of the 2017 Annual Report.

Recommendation 2.3: *A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 [of the Principles & Recommendations] but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.*

The Board considers Mr. Tom Dooley, Ms. Jean Franchi, Ms. Zita Peach and Ms. Christine Van Heek to be independent Directors. The Board does not consider them to have any interests, positions, associations or relationships of the types described in Box 2.3 of the Principles & Recommendations.

The Board does not consider the Chairman, Mr. Fred Schwarzer, or Mr. Gary Stevenson (who retired as a Director during the financial year ended December 31, 2017), to be independent. This is due to their respective relationships with substantial holders of securities in the Company: Charter Life Sciences (for Mr. Schwarzer) and Memphis Biomed Ventures II, L.P. (for Mr. Stevenson). The Board does not consider Mr. Stephen Snowdy to be independent, due to his role as Chief Executive Officer of the Company.

Please refer to the "Further Information on Directors and Committees" section below for details of the length of service of each Director.

Recommendation 2.4: *A majority of the board of a listed entity should be independent directors.*

A majority of the Board at the time of the Company's initial public offering and listing on ASX in March 2017 were not independent directors (being only two of five Directors). The prospectus for the Company's initial public offering stated that the Board may consider appointing a further independent Director and that otherwise, the Board considered that having regard to the Company's stage of development and the collective experience and expertise of the Directors, the composition of the Board was appropriate.

The Board subsequently appointed Mr. Tom Dooley as an additional independent Director and following the resignation of Mr. Gary Stevenson, the Board also appointed Ms. Jean Franchi as a further independent Director.

Consequently, as at December 31, 2017 (and also as at the date of the 2017 Annual Report), a majority of the Board are independent (four out of six Directors).

Recommendation 2.5: *The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.*

The Chairman of the Board is Mr. Fred Schwarzer. Although he is a non-executive Director, the Board does not consider him to be independent due to his role as Managing Partner of Charter Life Sciences, a substantial holder of securities in the Company.

The Board believes that Mr. Schwarzer is the most appropriate person to lead the Board as Chairman and that the Company as a whole benefits from his longstanding experience.

Recommendation 2.6: *A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

New Directors are provided written materials upon joining the Board that familiarize the Director with the Company's history and products, and the Company's obligations for continuous disclosure. All new Directors in 2017 were trained with these written materials.

The Company is also prepared to provide additional professional development options when reasonably requested by Directors.

Principle 3: Act ethically and responsibly. A listed entity should act ethically and responsibly.

The Company complied with Recommendation 3.1 in full for the financial year ended December 31, 2017.

Recommendation 3.1: *A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.*

The Company is committed not only to complying with its legal obligations, but also to acting ethically and responsibly. The Company expects a high level of honesty, care, fair dealing and integrity in the conduct of all business activities.

The Company has a Code of Conduct which sets the standards of conduct expected of all of the Company's directors, officers, executives, employees, consultants and contractors. The Code of Conduct also deals with the Company's whistleblower policy.

The Code of Conduct is available from the "Governance Documents" section of the Company's investor website at www.vtivisioninvestors.com.

Principle 4: Safeguard integrity in corporate reporting. A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

The Company complied (or will comply) with Recommendations 4.1 and 4.3, and partially complied with Recommendation 4.2, in respect of the financial year ended December 31, 2017.

Recommendation 4.1: *The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The Board has established an Audit & Risk Committee. It has three members, all of whom are non-executive Directors. At all times during the year, a majority of the members were independent Directors (including the Chair of the Committee, who is not the Chairman of the Board) and from November 2, 2017 onwards, all members were independent Directors.

For the period from the resignation of Mr. Gary Stevenson as a Director and member of the Audit & Risk Committee (on November 2, 2017) until the appointment of Ms. Jean Franchi as a Director and Chair of the Audit & Risk Committee (on December 19, 2017), the Audit & Risk Committee had only two members. However, as there were no meetings of the Audit & Risk Committee during that period, the Company considers that it complies with this Recommendation in full.

Please refer to the "Further Information on Directors and Committees" section below for further information about the membership of the Committee and attendances at the meetings of the Committee. Details in relation to the mix of skills of the members of the Audit & Risk Committee can be found on pages 8 and 9 of the 2017 Annual Report.

The Audit & Risk Committee Charter is available from the "Governance Documents" section of the Company's investor website at www.vtivisioninvestors.com.

Recommendation 4.2: *The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

Before the Board approves the Company's financial statements for a financial period, the Board seeks from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a fair and accurate representation of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control. (The Board seeks a "fair and accurate" confirmation because the Company applies the accounting principles generally accepted in the United States and the declaration of "true and fair" standard is a Corporations Act requirement that does not apply to the Company because it is incorporated outside of Australia.)

Recommendation 4.3: *A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The Company's external auditor or representative will be invited to attend the annual meeting of stockholders and will be available to answer questions from security holders relevant to the audit at the annual general meetings.

Principle 5: Make timely and balanced disclosure. A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The Company complied with Recommendation 5.1 in full for the financial year ended December 31, 2017.

Recommendation 5.1: *A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.*

The Company has adopted a Continuous Disclosure Policy. It is available from the "Governance Documents" section of the Company's investor website at www.vtivisioninvestors.com.

Principle 6: Respect the rights of security holders. A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

The Company complied with Recommendations 6.1 to 6.4 in full for the financial year ended December 31, 2017.

Recommendation 6.1: *A listed entity should provide information about itself and its governance to investors via its website.*

The Company provides information about itself and its corporate governance to investors via its investor website at www.vtivisioninvestors.com.

Recommendation 6.2: *A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

The Company's investor website at www.vtivisioninvestors.com contains information about the Company and its governance. The website also contains the Company's contact details should investors wish to contact the Company.

In addition, the Company's Continuous Disclosure Policy sets out the Company's policies and the processes it has in place to facilitate and encourage participation at meetings of security holders.

Recommendation 6.3: *A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

The Company's Continuous Disclosure Policy sets out the Company's policies and the processes it has in place to facilitate and encourage participation at meetings of security holders. It is available from the "Governance Documents" section of the Company's investor website at www.vtivisioninvestors.com.

Recommendation 6.4: *A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

The Company's contact details are available on its website. Security holders can submit an electronic query to the Company via the website or contact its registry, Computershare.

All CDI holders have the option to receive communications by email.

Principle 7: Recognise and manage risk. A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

The Company complied with Recommendations 7.1 to 7.4 in full for the financial year ended December 31, 2017.

Recommendation 7.1: *The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) as at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Company has a combined Audit & Risk Committee. Please refer to the response to Recommendation 4.1 above for further information.

Recommendation 7.2: *The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.*

The Audit and Risk Committee is responsible for reviewing the Company's risk management framework at least annually to assess whether it continues to be sound.

The Audit and Risk Committee conducts a review of risks and risk management as part of its annual finance and accounting audit. Such a review was performed for the year ended December 31, 2017.

Recommendation 7.3: *A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The Company does not have an internal audit function.

In conjunction with the Company's other corporate governance policies, the Company has adopted a Risk Management Policy to assist it to identify, evaluate and mitigate technological, economic, operational and other risks. The Audit and Risk Committee with oversight from the Board has responsibility to review and assess the Company's processes for evaluating and continually improving the effectiveness of its risk management and internal control processes. Management reviews and assesses the key risks of the Company together with the controls in place to mitigate these risks prior to presenting the risk management framework to the Audit and Risk Committee for review.

For instance, the Company determined that certain aspects of its internal control systems were no longer appropriate to manage the corresponding risks given the Company's recent and contemplated growth. Under the oversight of the Audit and Risk Committee and the Board, the Company has implemented a range of measures to further mitigate these risks. Such measures include refining the Company's expense reimbursement and general ledger security procedures, and engaging additional outside support for technical and non-routine accounting matters. The Company is also considering deploying a more advanced enterprise resource planning system as it scales up its operations.

The Risk Management Policy is available from the "Governance Documents" section of the Company's investor website at www.vtivisioninvestors.com.

Recommendation 7.4: *A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Company's exposure to economic risks remains broadly as described in the prospectus for the Company's initial public offering during 2017 (which is available via the ASX Market Announcements Platform).

The Company is not subject to material environmental or social sustainability risks.

Principle 8: Remunerate fairly and responsibly. A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

The Company complied with Recommendations 8.1 to 8.3 in full for the financial year ended December 31, 2017.

Recommendation 8.1: *The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Company has a combined Nomination & Remuneration Committee. Please refer to the response to Recommendation 2.1 for further information.

Recommendation 8.2: *A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

Please refer to the "Further Remuneration Information" section below.

Recommendation 8.3: *A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.*

The Company's Securities Trading Policy prohibits all participants in an approved share or option plan, or who otherwise hold securities in the Company from engaging in any conduct that seeks to secure the economic value attaching to the relevant securities and remove the element of price risk inherent in the value of those securities, while the securities remain unvested or subject to escrow.

The Securities Trading Policy is available from the "Governance Documents" section of the Company's investor website at www.vtivisioninvestors.com.

Further Information on Directors and Committees

The composition of the Board during the financial year ended December 31, 2017 and the length of service of each Director is as follows:

Name	Position	Date appointed (retired)	Independent?	Audit & Risk Committee	Nomination & Remuneration Committee
Fred Schwarzer	Chairman (non-executive)	November 25, 2008	No	No	Yes
Stephen Snowdy	Director (executive)	November 25, 2008	No	No	No
Tom Dooley	Director (non-executive)	May 1, 2017	Yes	No	No
Jean Franchi	Director (non-executive)	December 19, 2017	Yes	Chair[1]	No
Zita Peach	Director (non-executive)	February 14, 2017	Yes	Yes	Chair
Gary Stevenson	Director (non-executive)	November 2, 2017	No	Yes[2]	No
Christine Van Heek	Director (non-executive)	November 25, 2008	Yes	Chair/Yes[1]	Yes

[1] Ms. Van Heek was the Chair of the Audit & Risk Committee until the appointment of Ms. Franchi as a Director on December 19, 2017, at which point Ms. Franchi became the Chair of the Audit & Risk Committee. However, there were no meetings of the Audit & Risk Committee between December 19 and 31, 2017.

[2] Mr. Stevenson ceased to be a member of the Audit & Risk Committee with effect from his resignation as a director on November 2, 2017.

The following table shows the number of meetings of the Board, the Audit & Risk Committee and the Nomination & Remuneration Committee, and the number of those meetings attended by each Director during the part of the year ended December 31, 2017 that they were a Director.

Name	Board meetings	Audit & Risk Committee meetings	Nomination & Remuneration Committee meetings
Fred Schwarzer	4 of 5	—	3 of 3
Stephen Snowdy	5 of 5	—	—
Tom Dooley	3 of 3	—	—
Jean Franchi	0 of 0	—	0 of 0
Zita Peach	4 of 5	2 of 2	3 of 3
Gary Stevenson	5 of 5	2 of 2	—
Christine Van Heek	5 of 5	2 of 2	3 of 3

Further Remuneration Information

The Board and its Nomination and Remuneration Committee are responsible for reviewing and approving remuneration and incentive policies and practices. The Company has a clear distinction between the structure of non-executive directors' remuneration and that of the executive director (Mr. Stephen Snowdy) and other senior executives.

In addition to the remuneration described below, Directors and senior executives may be reimbursed for travel and other expenses incurred in attending to the Company's affairs.

Non-executive Directors

Under the ASX Listing Rules, the total amount paid to all non-executive Directors for their services must not exceed the amount fixed by Visioneering Technologies in a general meeting. This amount has been fixed at US$500,000 per financial year.

The Board seeks to set non-executive Directors' fees at a level which provides the Company with the ability to attract and retain non-executive Directors of the highest calibre with relevant professional expertise and reflect the demands which are made on, and the responsibilities of, the non-executive Directors, whilst incurring a cost which is acceptable to stockholders.

The independent non-executive Directors are remunerated US$60,000 per annum plus another US$7,000 per annum for Committee chairs (in each case, plus statutory superannuation where applicable). The Chairman, Mr. Fred Schwarzer, receives no remuneration, nor did Mr. Gary Stevenson during the period he was a Director.

Senior executives (including the executive Director)

The Company's approach to remuneration is framed by the strategic directions and operational demands of the business, the international marketplace in which the business operates and high standards of governance. The executive remuneration strategy includes a mix of competitive fixed remuneration, short term incentives in the form of cash bonuses and longer-term incentives in the form of grants under the Company's 2017 Equity Incentive Plan.

Setting and reviewing remuneration of senior executives

The Company aims to reward executives with a level and mix of remuneration appropriate to their position, experience, and responsibilities, while being market competitive and enabling the Company to structure awards that may conserve cash reserves due to the Company's current development stage.

The Remuneration and Nomination Committee, with the Board, actively reviews the Company's remuneration structure and benchmarks the proportion of fixed remuneration, short-term incentives and long-term incentives against relevant comparators to ensure the policy objectives are met and are in-line with good corporate practice for a company of the Company's size, industry and stage of development. Remuneration levels are considered annually through the remuneration review, which considers industry benchmarks in Australia and the United States and the performance of the Company and individual. Other factors taken into account in determining remuneration include a demonstrated record of performance and the Company's ability to pay. In the case of executives, the CEO provides recommendations to the committee. In 2017 remuneration benchmarking was undertaken with reference to industry peers, together with, where appropriate, other benchmarking reports which apply to specific positions

The Board believes that equity-based remuneration is an effective way to attract, retain and motivate key employees. When used appropriately, it can provide a vehicle for linking executive pay to a company's performance, thereby aligning the interests of executives with those of stockholders. Tying a portion of an executive's remuneration to the performance of the Company provides an incentive to maximise stock value by those in the best position to realise that value.

Fixed component

The Company aims to provide a competitive base salary with reference to the role, market and experience. The performance of the Company and individual are considered during the annual remuneration review.

Short-term incentives component

The Company allocates cash bonuses linked to internal key performance indicators, the majority of which are based on revenue and other financial targets.

Long-term incentives component

The Company rewards executives for their contribution to the creation of stockholder value over the longer term though the 2017 Equity Incentive Plan (2017 Plan) and the issue of incentive stock options under the 2017 Plan. Long-term incentive stock options are awarded based on performance against Key Performance Indicators that are expected to contribute to shareholder value over a longer period of time than the goals set for short-term incentives, for example regulatory approvals and product development milestones. Stock options awarded under long-term incentive milestones vest over 48 months based on continuity of service (but subject to acceleration in limited circumstances, including termination without cause and a change in the control of the Company).

The 2017 Plan replaced a 2008 Equity Incentive Plan (**2008 Plan)** from the time of the Company's initial public offering and listing on the ASX in March 2017. The 2008 Plan operates in substantially the same way as described above (although following the adoption of the 2017 Plan, no new grants are being made under the 2008 Plan).

The rules of both plans were released to the ASX on March 27, 2017 and copies are available from the 'All Announcements' section of the Company's investor website at www.vtivisioninvestors.com.

The 2017 Plan and 2008 Plan are both administered by the Board based on the recommendations of the Nomination and Remuneration Committee. Key performance indicators for grants under the 2017 Equity Incentive Plan included regulatory approvals, new product launches and generation and publication of key data to support additional indications.

Summary table

The remuneration of senior executives in respect of the financial year ended December 31, 2017 (including remuneration yet to be paid) is summarised below.

Senior executive	Remuneration (USD) for year ended December 31, 2017		
	Base Salary	**Short term incentive**	**Long term incentive[1]**
Stephen Snowdy	$349,442	$78,231	$36,450 in options to acquire Shares (subject to stockholder approval at 2018 AGM). Also received pre-IPO catch-up options to acquire 6,158,300 Shares (in relation to pre-2017 performance).
Sally M. Dillehay	$263,269	None	No LTI options received. Received pre-IPO catch-up options to acquire 2,140,000 Shares (in relation to pre-2017 performance).
Tony Sommer	$214,808	$36,671	$18,985 in options to acquire Shares. Also received pre-IPO catch-up options to acquire 1,240,000 Shares (in relation to pre-2017 performance).
Mark Rapoport	$139,615	$32,370	$16,706 in options to acquire Shares. Also received sign-on options to acquire 978,331 Shares.

[1] Where the number of options listed is expressed as a dollar value, the number of options to be issued is to be determined by dividing the dollar amount listed above by the 10-trading day volume weighted average price of the Company's CDIs on the ASX beginning on the third trading day after the release of the Company's 2017 Annual Report.

Other Security Holder Information

Introduction

The Company has Chess Depositary Interests **(CDIs)** quoted on the Australian Securities Exchange (ASX), trading under the ASX code VTI. Each CDI represents an interest in one share of the Class A common stock of the Company **(Share)**. The Company's securities are not quoted on any other exchange.

Except as otherwise noted below, the information below was applicable as at March 27, 2018. To avoid double-counting, the holdings of Shares by CHESS Depositary Nominees Pty Limited (underpinning the CDIs on issue) have been disregarded in the presentation of the information below.

Top 20 Holders of CDIs and Shares

Rank	Name	Number	% of issued capital
1	CHARTER LIFE SCIENCES II LP	25,418,127	12.90%
2	MEMPHIS BIOMED VENTURES II LP	14,935,585	7.58%
3	CLS II ANNEX FUND LLC	14,615,508	7.42%
4	CHARTER LIFE SCIENCES (OHIO) II LP	10,531,117	5.34%
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	9,957,614	5.05%
6	NATIONAL NOMINEES LIMITED	9,868,724	5.01%
7	CITICORP NOMINEES PTY LIMITED	8,623,278	4.38%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,040,266	4.08%
9	ACK PTY LTD <MARKOFF SUPER NO 2 A/C>	7,482,880	3.80%
10	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	6,574,355	3.34%
11	UBS NOMINEES PTY LTD	6,184,697	3.14%
12	REGAL FUNDS MANAGEMENT PTY LIMITED <REGAL EMERGING COMPANIES A/C>	4,208,529	2.14%
13	REGAL FUNDS MANAGEMENT PTY LIMITED <AUGR A/C>	4,202,005	2.13%
14	PRINCIPIS MASTER FUND SPC <LUCERNE COMPOSITE MASTER A/C>	4,088,508	2.07%
15	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	3,988,765	2.02%
16	LIFE SCIENCE ANGELS INVESTORS IV LLC	3,858,319	1.96%
17	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	2,457,060	1.25%
18	PODESTA FAMILY GROUP PTY LTD <PODESTA FAMILY GROUP A/C>	2,380,953	1.21%
19	RICHARD GRIFFIN	1,677,000	0.85%
20	MOORE FAMILY NOMINEE PTY LTD <MOORE FAMILY S/FUND A/C>	1,500,000	0.76%
	Top 20 holders	**150,593,290**	**76.42%**
	Remaining holders	**46,465,356**	**23.58%**
	Total	**197,058,646**	**100.00%**

Distribution of CDIs and Shares

Range	Total holders	Number	% of issued capital
1 - 1,000	10	5,458	0.00
1,001 - 5,000	98	278,800	0.14
5,001 - 10,000	45	330,383	0.17
10,001 - 100,000	277	12,720,703	6.46
100,001 - 9,999,999,999	132	183,723,302	93.23
Total	**562**	**197,058,646**	**100.00**

There are 15 investors holding less than a marketable parcel of CDIs or Shares, based on a minimum A$500.00 parcel at A$0.43 per CDI or Share (close of trade price on March 27, 2018).

Substantial Security Holders

The names of substantial security holders in the Company and their respective holdings of equity securities (to the best of the Company's knowledge) are as follows:

Security Holder	Number of equity securities[1]	Voting power (%)
Charter Life Sciences II, L.P., Charter Life Sciences (Ohio) II, L.P. And CLS II Annex Fund, LLC	50,564,752 Shares	25.67%
Regal Funds Management Pty Limited	19,302,022 CDIs	9.80%
Memphis Biomed Ventures II, LP	14,935,585 Shares	7.58%
Renaissance Smaller Companies Pty Ltd	12,261,908 CDIs	6.22%
Lucerne Services Pty Ltd	12,285,426 CDIs	6.24%

[1] One share is equal to one CDI.

Options (not listed on ASX)

There is a total of 12,513,905 options on issue, all of which were issued under the Company's 2017 Equity Incentive Plan or its 2008 Stock Incentive Plan.

Securities Subject to Escrow as at March 28, 2018

The following are restricted securities under Chapter 9 of the ASX Listing Rules. No securities are subject to voluntary escrow.

Type of Securities	Last day of escrow period	Number of securities
Shares/CDIs	March 27, 2019	7,835,660
Options	March 27, 2019	6,981,550

Required Statements

The Company is incorporated in the state of Delaware in United Sates of America and is not subject to Chapters 6, 6A, 6B and 6C of the *Corporations Act 2001* (Cth) dealing with the acquisition of shares, including provisions that relate to substantial holdings and takeovers.

Under the Delaware General Corporation Law, shares are generally freely transferable subject to restrictions imposed by US federal or state securities laws, by the Company's certificate of incorporation or by-laws, or by an agreement signed with the holders of the shares at issue. The Company's amended and restated certificate of incorporation and amended and restated by-laws do not impose any specific restrictions on transfer. The Company's CDIs were 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 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.

The Company is not currently operating an on-market buy-back of the Company's securities and no securities were purchased on-market during the reporting period ending December 31, 2017.

From the time of the Company's admission to the ASX until December 31, 2017, the Company has used the cash and assets in a form readily convertible to cash, that it had at the time of admission, in a way that is consistent with its business objectives at that time.

The Company's Australian Company Secretary is Leanne Ralph.

Voting Rights

Every holder of common stock present in person or by proxy is entitled to one vote for each Share held on the record date for the meeting on all matters submitted to a vote of Stockholders. Options do not carry a right to vote.

CDI holders may attend and vote at the Company's general meetings. The Company must allow CDI holders to attend any meeting of stockholders unless relevant US law at the time of the meeting prevents CDI holders from attending those meetings.

In order to vote at such meetings, CDI holders may:

- instruct CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the CDI Registry before the meeting;
- inform the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy for the purposes of attending and voting at the general meeting; or
- convert their CDIs into a holding of Shares and vote these at the meeting. Afterwards, if the former CDI holder wishes to sell their investment on the ASX it would need to convert the Shares back to CDIs. In order to vote in person, the conversion from CDIs to Shares must be completed before the record date for the meeting. For information on the process converting CDI's to common stock please contact the CDI registry.

One of the above steps must be undertaken before CDI holders can vote at stockholder meetings. CDI voting instruction forms and details of these alternatives will be included in each notice of meeting or proxy statement sent to CDI holders.

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