

COMPANY ANNOUNCEMENT

30 April 2019

Reverse Corp Limited (ASX: REF) – Proposed Sale of the Online Contact Lenses Business

Reverse Corp Limited (Reverse Corp) is pleased to announce the conditional sale of its online contact lenses businesses to Coastal Contacts (Aus) Pty Ltd (ACN 115 412 943) for \$2,853,208 (subject to customary adjustment mechanisms).

Reverse Corp has entered into a Share Sale and Purchase Agreement with Coastal Contacts (Aus) Pty Ltd to sell all shares of Oz Contacts Pty Limited (ACN 137 805 371) (OzContacts).

Completion of the sale and purchase of all shares in OzContacts is conditional upon satisfaction or waiver of the following conditions precedent on or before 25 June 2019:

- Reverse Corp gaining the approval of security holders under Chapter 11 of the ASX listing rules;
- The release of certain security interests granted by Reverse Corp in favour of National Australia Bank Limited.

The agreement may also be terminated:

- By Coastal Contacts (Aus) Pty Ltd in the event of material adverse effect on the operations, commercial relations, financial performance or business condition of OzContacts and its subsidiaries arising out of a fact, matter, event or circumstance either alone or when aggregated with all other facts, matters, events or circumstance;
- Before completion, should either party be subject to an insolvency event

Reverse Corp has given representations and warranties in favour of Coastal Contacts (Aus) Pty Ltd of a kind typically sought by a purchaser of shares and assets of this nature and Reverse Corp has given indemnities in favour of Coastal Contacts (Aus) Pty Ltd including in relation to breaches of warranties and tax matters, and other covenants under the agreement in connection with the services provided by relevant entities carrying on the business prior to the closing date.

Purchase Price

The purchase price is AUD \$2,853,208. The purchase price is subject to customary adjustment mechanisms.

AUD \$140,000 of the purchase price will be held back for a period of 12 months after the closing date to secure warranties and indemnities provided by Reverse Corp to Coastal Contacts (Aus) Pty Ltd. Release of the holdback amount is to take place at the end of this period in the event that no claim is made by Coastal Contacts (AUS) Pty Ltd.

The agreement also includes a break fee of \$100,000 payable by Reverse Corp in the event of any Reverse Corp Director failing to recommend that shareholders approve of the transaction under the agreement, or publicly changing, qualifying or withdrawing such recommendation.

Transaction Rationale & Use of Sale Proceeds

The Board have taken the decision that the transaction will achieve the best return for shareholders and propose using the proceeds to pay a fully franked special dividend in the range of \$2,500,000 (representing 2.7 cents per share) following completion of the transaction.

In coming to this decision, the Board notes that a tender process has been conducted by Management with the offer by Coastal Contacts (Aus) Pty Ltd being the strongest. The Board also notes that the company's profitable reverse charge calling business will close on 1 July 2019.

The company has AUD \$4,300,000 in franking credits as of 30 April 2019 with a portion to be utilised for the special dividend.

Changes to the Board or Senior Management as a Consequence of the Transaction

All Reverse Corp staff from the online contact lenses businesses would be made redundant or have their employment agreements terminated prior to completion of the transaction.

There are no proposed changes to the Reverse Corp Board of Directors.

Transaction Timelines

Subject to the fulfilment of the necessary conditions including ASX review of the Notice of Meeting, the company currently anticipates the Extraordinary General Meeting (EGM) to occur in mid-June and, subject to approval by Shareholders, completion of the proposed transaction to follow in late June.

The company will dispatch to shareholders a Notice of Meeting seeking the relevant approvals to undertake the process. The Notice of Meeting will contain detailed information relating to the transaction.

Likely Effect of the Transaction on Reverse Corp's Financial Position

The following table summarises the likely effect of the transaction on the Reverse Corp's consolidated total assets, total equity interests, annual revenue, annual expenditure and annual profit before tax.

| A | B | C | D | E |
|-----------------------------------|---|---|-------------------|--------------------------------------|
| Particulars | Before transaction | Increase/Decrease due to transaction | After transaction | Percentage change due to transaction |
| Method of Calculation | From Latest Audited Figures H1 FY19 | <i>Projected Increase/Decrease due to transaction</i> | <i>B +/- C</i> | <i>C/B</i> |
| Total Consolidated Assets | \$3,547,337 | -\$1,897,597 | \$1,649,740 | -53% |
| Total Equity Interests | \$2,685,365 | -\$1,343,991 | \$1,341,374 | -50% |
| Total Securities on Issue | 92,860,562 | 0 | 92,860,562 | 0% |
| Particulars | Before transaction | Increase/Decrease due to transaction | After transaction | Percentage change due to transaction |
| Method of Calculation | Latest Interim Financial Report – HY1 FY19 (6 months figures) | <i>Projected Increase/Decrease due to transaction</i> | <i>B +/- C</i> | <i>C/B</i> |
| Half Year Revenue | \$3,826,656 | -\$2,645,347 | \$1,181,309 | -69% |
| Half Year Expenditure | \$3,961,322 | -\$2,914,476 | \$1,046,846 | -74% |
| Half Year Profit/-Loss Before Tax | -\$134,666 | +\$269,129 | \$134,463 | +200% |

By Order of the Board

Dion Soich
 Company Secretary

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