

Replacement Offer Information Statement

Veratin Limited ACN 613 404 612

This Replacement Offer Information Statement is dated 19 January 2024 and is for an offer of 5,000,000 ordinary shares at an issue price of \$0.10 per Share to raise approximately \$500,000 expiring on 16 February 2024

This Replacement Offer Information Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 19 January 2024. It is not a prospectus and has a lower level of disclosure than that which would be required under a prospectus. ASIC takes no responsibility for the content of this statement. You should read the entire document including the Share Application Form. If you have any questions about the shares being offered under this document, or any other matter relating to an investment in the Company, you should consult your professional advisers. An investment in the shares offered under this document is highly speculative.

This document is important and it should be read in its entirety.

If you are in any doubt as to the contents of this document, you should consult your share broker, solicitor, banker or accountant without delay. The securities offered by this Offer Information Statement are considered to be speculative.



Ramiz Boulos
Executive Chairman

Offer Information Statement

Replacement Offer Information Statement

This Replacement Offer Information Statement (which is referred to in this document as either “**this Replacement Offer Information Statement**” or “**this Offer Information Statement**” or “**this OIS**”) is a replacement document dated 19 January 2024 and lodged with the ASIC on that date, replacing the Offer Information Statement dated 8 December 2023 and lodged with the ASIC on that date and the Supplementary Information Statement dated 4 January 2024 and lodged with ASIC on that date.

This Replacement Offer Information Statement has been issued to, amongst other matters:

- (a) amend the issue price from \$0.18 to \$0.10; and
- (b) amend the key dates of the Offer.

Important Notices

This Offer Information Statement is issued under Part 6D.2 of the Corporations Act, is dated 19 January 2024, and was lodged with ASIC on that date. Neither ASIC nor its officers take any responsibility for the contents of this Information Statement or the merits of the investment to which this Offer Information Statement relates. No securities will be allotted or issued based on this Offer Information Statement later than 16 February 2024

Nature of this Offer Information Statement: The content requirements of Offer Information Statement (set out in s715 Corporations Act) do NOT include all of the information that would be included in a prospectus or which may be required to make an informed decision regarding the Shares.

Offer Information Statement availability: Investors with a registered address in Australia can obtain a copy of this Offer Information Statement during the Offer period at <https://www.veratin.com.au/investors> or by contacting the Company. If you access an electronic copy of this Offer Information Statement, you should ensure that you download and read the entire Offer Information Statement.

In particular, Eligible Investors should refer to section 6 for details of the risk factors that could affect the performance of the Company. The Offer does not take into account the investment objectives, personal circumstances (including financial and taxation issues) and particular needs of Eligible Investors. Eligible Investors should consider the prospects of the Company in the light of their individual objectives, circumstances and needs.

The electronic copy of this Offer Information Statement available from the Company's website does not include a personalised Share Application Form.

Exposure Period: In accordance with *ASIC Corporations (Exposure Period) Instrument 2016/74* there is no exposure period applicable to this Replacement Offer Information Statement.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

Disclaimer of representations: No person is authorised to provide any information or make any representation in connection with the Offer that is not contained in this Offer Information Statement.

Forward-looking statements: This Offer Information Statement contains forward-looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by forward-looking statements in this Offer Information Statement. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Offer Information Statement. Forward-looking statements do not constitute, and

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should not be regarded as, a representation that the relevant results will actually be achieved or that the underlying assumptions are valid. The opinions, estimates, forecasts and projections are subject to uncertainties and contingencies, all of which are difficult to predict and many of which are beyond the control of the Company.

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Issue summary

Key terms

Offer Price	\$0.10
No. of Shares to be offered under this Offer Information Statement	5,000,000
Shares on issue prior to this Offer (see Section 1.5)	101,432,606
Options on issue prior to this Offer (see Section 1.5)	3,000,000
Market Capitalisation at Offer Price (including Shares under this Offer Information Statement)	\$10,643,260.60

Key dates

Applications Open	19/01/2024
Applications Close	16/02/2024
Allotment of Shares under this Offer Information Statement	26/02/2024
Dispatch of Statements	27/02/2024

These dates are indicative only. The Company reserves the right to vary the closing date of the Issue which may have a consequential effect on the other dates.

Statement lodgement

This Offer Information Statement is dated 19 January 2024, was lodged with the Australian Securities and Investments Commission on that date. ASIC takes no responsibility as to the contents of this Offer Information Statement.

No securities will be issued on the basis of this Offer Information Statement later than 13 months after the date of issue of this Offer Information Statement.

Important: This offer information statement is not a prospectus and has a lower level of disclosure requirements than a prospectus. Potential investors should obtain professional investment advice before accepting the offer of shares under this offer information statement.

Glossary

Certain terms used in this Offer Information Statement are defined in the Glossary in Section 9.

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Dear Investor

Raising funds in the current financial climate has been very challenging. In order to facilitate a successful capital raise, the Board has decided to reduce the offer price per share from \$0.18 to \$0.10.

On behalf of the directors of Veratin Limited (**Company**), it gives me great pleasure to invite you to become a shareholder of the Company and to subscribe for Shares in the Company at an offer price of \$0.10 per Share. This presents a 44.44% discount to the last issue price and 23.08% discount to the current listed share price of VTN.

Veratin is a multi-industry company that develops sustainable high end value products from low grade wool using green chemistry processes. The Company has several arms – plant and soil health, cosmetic, biodegradable materials, and functional foods and nutraceuticals. The Company has continued to demonstrate its commitment to research and development of unique products and the continuous release to market of said products.

Veratin's income from sales dropped by 6% from FY22 to FY23 (~\$64k compared to \$60k) however the Company is now seeing a rebound in sales with the last quarter sales (July – September 2023) increasing by 240% from the same period last year (\$18,502.92 compared to \$5,415.03). For the FY to date (July – November 2023), Veratin has seen sales of \$33,140.34 which compares to \$21,314.36 and \$25,859.74 for the same period in 2022 and 2021 respectively. Management is attributing the increase in sales to improved brand awareness, an increase in marketing and advertising, promotional activities, and new product releases.

In the plant and soil health sector, the Company has released five products to date, two of which were released in the last 2 months. The products belong to the Verigrow® range, which include liquid fertilisers and soil improvers, potting mixes and soil wetters. Veratin has signed a Trial Partnership agreement with vegetablesWA to provide West Australian growers for horticulture demonstration sites monitored through an agronomist and regional development officer. I am excited to work with growers and can foresee the benefits that will flow from this partnership. I am also pleased that Veratin has signed a National Supply Agreement with Australian Independent Rural Retailers (AIRR) for the supply of its Verigrow® range of products. AIRR has over 250 member stores across the country and the Company anticipates its revenues from sales will continue to increase as a result of this agreement. I believe the issue of carbon soil credits to farmers using Verigrow® will only help increase our market share.

In the biodegradable materials sector, the Company has released a world first product incorporating the unique biodegradable material - the Verigrow® Pot. The pot compliments the Company's existing plant and soil health range of products. Veratin anticipates exploiting the novel biodegradable material for other sectors as the Company grows and increases its research and development budget.

Veratin released this calendar year its first two products for the cosmetic market, Veratin™ shampoo and Veratin™ conditioner for 'him' and the Company has now completed the research and development of similar products for 'her', scheduled for release in 2024. These products form part of the Veratin™ Cosmetics range and the Company has now commenced the development of 5 new skincare products including a cleanser, exfoliating cream, serum, moisturiser and eye cream. The Company anticipates that it will have the full range available for sale in 2024.

Veratin has continued to make progress in the nutraceutical and functional foods space as evident by an announcement to the market on the 28th of September 2023 demonstrating successful proof of concept experiments to isolate amino acids and peptides from wool. The Company is carrying out further research on the amino acids prepared and feasibility studies around scaling up. In parallel the Company has also progressed with its provisional patent application 'Alcoholic and non-alcoholic fermented products and method of preparation' by filing a PCT application. The Company is exploiting the IP for future products under its Baa Baa™ range of nutraceuticals and functional foods products.

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Veratin has recently received information from the ASX on its in-principle application for admission to the ASX. The feedback indicates the Company may not yet be ready to list on the ASX. To prepare for listing, Veratin has begun planning to make changes to its board with the intention to appoint Ms Michele Teague and Mr Tony Bevan as Non-Executive Directors and the planned retirement of Mr Giuseppe Lenzo and Mr David Vincent as Non-Executive Directors. Ms Teague and Mr Bevan have ASX experience, and their appointments will be timely given the Company's plan to list on the ASX in 2024. I acknowledge Mr Vincent's and Mr Lenzo's efforts and contribution to the listing of the Company on the NSX and beyond and I wish them well in their future endeavours. The Company has also appointed Mrs Kellie Davis as Company Secretary to work with the board through the next phase of the Company's growth. It is anticipated that the board now will have a much clearer understanding of the requirements and the pathway to list on the ASX and shall work with the ASX to ensure we meet the eligibility criteria ahead of listing.

To lead the Company into the ASX listing and beyond, the Board will be appointing a high-profile and very experienced Chief Executive Officer. I believe this appointment is key to scale the Company, grow its revenue and expand into new geographies. I believe this appointment will build significant value in the Company and will be very rewarding for shareholders.

This Offer Information Statement is seeking to raise a minimum of \$500,000 via the issue of Shares at an issue price of \$0.10 per Share under the Offer. The purpose of the Offer is to provide funds to implement the Company's business strategies in growing sales via marketing and advertising, IP protection and research and development of new products. To support the expected growth of the business, additional working capital will be required.

I believe we are laying a very solid foundation for growing the Company and building significant value for investors via the developing of high quality and unique products. On behalf of my fellow Directors, I invite you to read this Offer Information Statement and subscribe for Shares.

Yours sincerely



Dr Ramiz Boulos
Founder and Executive Chairman

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Corporate Directory

Directors

Ramiz Boulos

David Vincent

Giuseppe Lenzo

Company Secretary

Kellie Davis

Registered Office/Administration

14A Hines Road
O'CONNOR WA 6163

Telephone: + 61 08 6323 8013

Email: info@veratin.com.au

Website: <https://www.veratin.com.au/>

Solicitors

HopgoodGanim Lawyers
Level 8, Waterfront Place
1 Eagle Street
BRISBANE QLD 4000

Telephone: +61 7 3024 0000

Facsimile: +61 7 3024 0300

Auditors and Investigating Accountant

Hall Chadwick
283 Rokeby Road
SUBIACO WA 6008

Share Registry*

Automatic Pty Ltd
Level 5, 191 St Georges Terrace
PERTH WA 6000
Telephone: +61 2 8072 1400

* This entity is included for information purposes only. It has not been involved in the preparation of this Offer Information Statement.

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1. The Company

1.1 The Company

Veratin was incorporated in Australia as a proprietary company limited by shares on 1 July 2016 and converted into an unlisted public company on 21 October 2021 to develop and exploit intellectual property developed by its founder, Dr Ramiz Boulos.

Veratin was admitted to the official list of the NSX on 14 February 2022.

Veratin is a research and development manufacturing company that develops sustainable high end value products from low grade wool, using green chemistry processes. The Company has several arms – plant and soil health, cosmetic, biodegradable materials, and functional foods and nutraceuticals. The Company has continued to demonstrate its commitment to research and development of unique products and the continuous release to market of said products.

1.2 Investment highlights

- **Appointment of high-profile CEO** – Veratin will be appointing a distinguished CEO to lead the Company through the next phase into the ASX listing and beyond. The proposed new CEO is renowned for effectively guiding high-performance teams in intricate, rapidly evolving manufacturing and production settings. The proposed new CEO has extensive experience in various industries, such as agribusiness and fast-moving consumer goods via a wide array of channels and business models. The name of the appointee will be disclosed to the market after the successful completion of the offer in this Offer Information Statement.
- **Potential uplift** – An independent valuation report released to the market on the 11th of November 2022 valued Veratin Limited between \$7.3 million and \$24.0 million, with a preferred valuation of \$14.6 million. The same report cited publicly listed companies that are comparable with market caps of around \$100m. Since then, the Company has developed and launched several new products (in plant and soil health, cosmetic and biodegradable materials) and made first sales of Verigrow® liquid fertiliser and soil improver to the broadacre market. A copy of the market release and the independent valuation report can be found at <https://www.nsx.com.au/ftp/news/021741573.PDF>.
- **Growing sales and footprint:** Significant increase in sales with the last quarter sales (July – September 2023) increasing by 240% from the same period last year (\$18,502.92 compared to \$5,415.03) and 143% from the year prior to that (\$18,502.92 compared to \$7,611.10). For the FY to date (July – November 2023), Veratin has seen sales of \$33,140.34 which compares to \$21,314.36 and \$25,859.74 for the same period in 2022 and 2021 respectively. Management is attributing the increase in sales to improved brand awareness, an increase in marketing and advertising, promotional activities, and new product releases.
- **vegetablesWA Trial Partnership:** Veratin has signed a Trial Partnership agreement with vegetablesWA to provide West Australian growers for horticulture demonstration sites monitored through an agronomist and regional development officer. vegetableWA is the peak industry body representing vegetable growers in WA since 1948. The demonstrations include 3 vegetable demonstration sites (lettuce, broccoli and tomato) and 2 fruit tree demonstration sites (in collaboration with Stonefruit WA). The trial results will be published in WA Grower, vegetablesWA's e-newsletter and social media.
- **National supply agreement executed:** Veratin entered into National Supply Agreement with Australian Independent Rural Retailers (AIRR) as announced to the market on 13 November 2023. The agreement takes effect from 1 December 2023, for the supply of all Veratin products, and has the option to renew the Agreement prior to the end date of 30 June 2025. AIRR is locally-owned by Elders Limited (ASX: ELD), an

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Australian-based agribusiness firm, and provides the wholesale distribution of animal feeds, fertilisers, agricultural chemicals and other farm suppliers to agricultural retailers throughout Australia. With a network of 8 warehouses nationally and stocking approximately 8,000 product lines, AIRR was developed to support independent retail stores by offering a wide range of products through an Australian owned member based buying and marketing group.

- **Appointment of retail sales consultant:** Veratin has appointed horticultural marketing firm John Stanley and Associates to enhance Verigrow® market penetration and increase product turnover. The firm will work with Veratin to develop its marketing strategy in Australia and New Zealand before looking at a global marketing strategy. John Stanley and Associates work with garden centres and suppliers in the sector in over 35 countries¹.
- **Broadacre market traction:** The Company has appointed Primary Agronomy for consulting services to support future research initiatives and go-to-market approach². The Company has received its first 3,000 litres order for broadacre crops from farms in Katanning and Kojonup in Western Australia following successful trial results on wheat.
- **Soil carbon credits:** Veratin has commenced discussions with several soil carbon project developers and has now determined that farmers applying Verigrow® Fertiliser and Soil Improver are eligible to receive Australian Carbon Credit Units (ACCUs). The ACCUs, which are issued by the Clean Energy Regulator, in effect reduces the cost of Verigrow® to the farmer.
- **ASX listing roadmap:** Veratin has commenced readying the Company for an ASX listing following feedback from the ASX on its in-principle application for listing on the ASX. Veratin is targeting a listing on the ASX in Q3 2024.
- **New Verigrow® products launched:** The Company has continued its research efforts and launched in FY24 new Verigrow® products consisting of Verigrow Soil Wetter³, Verigrow Supplement⁴ and Verigrow biodegradable Pots⁵.
- **Cosmetic product range growing:** The Company is growing its cosmetic product range following the completion of research and development of a new Veratin™ shampoo and Veratin™ conditioner for 'Her' with an expected launch in Q1 2024. This increases the number of cosmetic products to 4. These products are part of the cosmetic arm of the Company, with plans to add another 5 products to the cosmetic product range next year⁶.
- **Efficient and scalable operation:** Veratin implements a lean operating model, maximising investment in marketing, research and development and other value-adding activities. The Company has invested in expanding its manufacturing operations, gearing for rapid growth in FY24 with the capacity to manufacture 500,000 litres a year (current sales are less than 15,000 litres a year).
- **Expanding premises** – Veratin has expanded premises by taking over the lease of Unit 2 and Unit 3 in its complex and now has a total area of 584m². The terms of the lease are 2 years plus an option to renew for a further 3 years. The expanded premises provides the company with enough area to grow for the next few years.

¹ Refer to NSX announcement dated 26 April 2023 titled "Appointment of retail sales consultant"

² Refer to NSX announcement dated 16 March 2023 titled "Appointment of agronomy consultant"

³ Refer to NSX announcement dated 22 September 2023 titled "New Product Launch – Soil Wetter"

⁴ Refer to NSX announcement dated 8 November 2023 titled "New Product Launch – Verigrow Supplement"

⁵ Refer to NSX announcement dated 15 November 2023 titled "New Product Launch – Verigrow Pot"

⁶ Refer to NSX announcement dated 11 September 2023 titled "Veratin to develop 7 new cosmetic products"

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- **Diversification and synergy:** The Company's strategy to pursue several unrelated industries, including agricultural, cosmetic, health foods and materials, is key to reducing the risks associated with any one product. The Company is able to do this by utilising the same technology platform, leading to significant reduction in costs to develop new products.
- **Sustainable green chemistry manufacturing:** Veratin utilises a sustainable and biodegradable resource. The Company implements a green chemistry approach, using benign processes to reduce waste, improve efficiency, and reduce cost. In the case of Verigrow, a clever circular economy was a key feature of product design at its inception.
- **Intellectual property:** The Company owns intellectual property in the form of patents and trademarks. The Company's patent includes National Phase patent Organic Fertiliser and Soil Improver, PCT/AU2017/000165, filed 1 September 2016. This patent assigned to Veratin claims the use of Verigrow® as a fertiliser/soil improver. Veratin's IP strategy is to pursue this patent in the largest agriculture and wool-exporting markets. The company has filed National Phase patents in several jurisdictions: Australia, Brazil, Canada, China, Europe, Japan, Indonesia, New Zealand, South Africa and the United States. To date, the Indonesian⁷, Japanese and South African patents have been granted. Veratin also owns trademarks for Verigrow fertiliser and soil improvers, Veratin shampoos and conditioners and Baa baa beverages⁸. The Verigrow trademark is registered in Australia, US, Europe and the UK⁹. The Company has recently filed a Madrid Protocol application to protect the name in other jurisdictions where it has granted patents or pending patent applications. Veratin also owns a worldwide exclusive licence for exploiting patented IP related to a biodegradable polymer. This novel biopolymer will find applications in a number of consumer products as a plastic replacement material. Veratin also owns a provisional patent Alcoholic and non-alcoholic fermented products and method of preparation using wool, which was filed on 16 September 2022¹⁰.

1.3 Risk factors

Eligible Investors should be aware that an investment in the Company is subject to investment and other known and unknown risks, including possible loss of income and the principal invested. Investors should carefully read the section on risk factors outlined in section 6. An investment of this kind involves a number of risks, a number of which are specific to the Company and the industry in which it operates.

However, these risks should not be taken to be exhaustive of the risks faced by the Company or its shareholders. Those risk factors referred to section 6, and others not specifically referred to in section 6, may materially affect the financial performance of the Company and the value of its Shares in the future.

The Company has implemented strategies, actions, systems and safeguards for known risks. However, some risks are beyond its control. Consequently, the prevailing price or value of Shares issued under the Offer may be more or less than the Issue Price.

The Shares offered under this Offer carry no guarantee of profitability, dividends, return of capital or the price at which they may be traded. The past performance of the Company should not necessarily be considered a guide to their future performance.

⁷ Refer to NSX announcement dated 20/01/2023 titled "Verigrow® patent granted in Indonesia"

⁸ Refer to NSX announcement dated 19/09/2022 titled "Veratin files provisional patent for fermented products and trademark"

⁹ Refer to NSX announcement dated 22/05/2023 titled "Trademark accepted in Europe and UK"

¹⁰ Refer to NSX announcement dated 18/09/2023 titled "Veratin files PCT for fermented products"

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1.4 Business Development Strategy

Utilising the Company’s registered intellectual property and its experience and knowledge, the Company’s strategy following the completion of the Offer is to:

- (a) increase its marketing, advertising and promotional activities to grow sales;
- (b) research and development of new products;
- (c) protection of intellectual property; and
- (d) working capital

The Company considers that following the completion of the Offer, it will have sufficient funds to enable it to execute this strategy.

1.5 Capital Structure

Existing Shares on Issue	101,432,606
Shares to be Issued	5,000,000
Options	3,000,000

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2. Details of the Issue

2.1 The Share Offer

Under this Offer Information Statement the Company is offering for subscription 5,000,000 Shares at an issue price of \$0.10 per share to raise \$500,000.

The Directors may at any time decide to withdraw this Offer Information Statement and the offer of Shares made under this OIS, in which case the Company will return all Application Money (without interest) within 28 days of giving notice of such withdrawal.

2.2 Important dates

Lodge Replacement Offer Information Statement with ASIC	19 January 2024
Opening Date of Offer	19 January 2024
Closing Date of Offer	16 February 2024
Issue of Shares	26 February 2024
Despatch of Shares holding statements	27 February 2024

The dates set out in this table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time, subject to the Corporations Act.

The Directors, subject to the requirements of the Corporations Act, reserve the right to:

- (a) withdraw the Offer without prior notice; or
- (b) vary any of the important dates set out in this Offer, including extending the Offer.

2.3 Purpose of the Issue

The Directors intend to apply the proceeds from the Issue to provide funds for the purposes of:

- (a) the costs of the Issue and working capital;
- (b) increase marketing and promotional activities to grow sales;
- (c) research and development of new products; and
- (d) protection of intellectual property.

The proceeds from the Issue (assuming it is fully subscribed) are proposed to be allocated in the following manner

Costs of the issue	\$45,000
Working Capital	\$180,000
Protection of Intellectual Property	\$70,000
Advertising	\$55,000
Research and Development	\$150,000
Total	\$500,000

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However, in the event that circumstances change or other better opportunities arise the Directors reserve the right to vary the proposed uses to maximise the benefit to Shareholders.

2.4 Share terms

Each Share will rank equally with all existing Shares then on issue. Full details of the rights and liabilities attaching to the Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours or on the Company's website.

2.5 Minimum Subscription

The Minimum Subscription under the Offer is \$2,000 (20,000 Shares) and thereafter, in multiples of \$500 (5,000 Shares).

2.6 Allotment and allocation policy

The Company will proceed to allocate Shares as soon as possible after the Closing Date.

Successful Applicants will be notified in writing of the number of Shares allocated to them as soon as possible following the allocation being made.

2.7 Overseas Shareholders

The Company has not made investigations as to the regulatory requirements that may prevail in the countries outside of Australia and New Zealand in which the Company's Shareholders reside.

This OIS and accompanying forms do not, and are not intended to, constitute an offer of Shares in any place outside of Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer.

The distribution of this OIS and the accompanying form in jurisdictions outside of Australia and New Zealand may be restricted by law and persons who come into possession of this OIS and the accompanying form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

2.8 Electronic OIS

An electronic version of this OIS is available on the Internet at <https://www.veratin.com.au/investors>.

The Share Application Form may only be distributed together with a complete and unaltered copy of the OIS. The Company will not accept a completed Share Application Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the OIS or if it has reason to believe that the Share Application Form or electronic copy of the OIS has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Offer period the electronic version of the OIS will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the OIS should immediately request a paper copy of the OIS directly from the Company.

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3. How to apply

3.1 Applications for Shares

All applications for Shares must be on the Share Application Form, which accompanies this Offer Information Statement. The Application Forms contain detailed instructions on how they are to be completed.

Completed Application Forms must be received at either of the above address before 5.00 pm (Perth time) on the closing date of the Issue. Completed Application Forms should be sent to the required address as soon as possible after the Issue opens.

An application for Shares may be accepted in full, for any lesser number, or rejected by the Company. If any application is rejected, in whole or in part, the relevant application moneys will be repaid without interest.

3.2 Opening and Closing Date of the Issue

The opening date of the Issue will be 19 January 2024 at 9:00 a.m. (Perth time) and the closing date will be 16 February 2024 at 5:00pm (Perth time).

The Directors of the Company reserve the right to:

- (a) close the Issue early without prior notice; or
- (b) vary any of the important dates set out this Offer Information Statement, including extending the Issue.

3.3 How to accept the Offer

Applicants in Australia may apply for Shares by applying online by following the instructions at <https://apply.automic.com.au/Veratin> and completing a BPAY® or EFT payment. If payment is not made via BPAY® or EFT, the Application will be incomplete and will not be accepted. The online Application Form and BPAY® or EFT payment must be completed and received by no later than the Closing Date.

For online applications, investors can apply online with payment made electronically via BPAY® or EFT. Investors applying online will be directed to use an online Application Form and make payment by BPAY® or EFT.

An Applicant must comply with the instructions on the website. An Applicant will be given a BPAY® biller code and a customer reference number (CRN) or the payment instructions unique to the online Application once the online Application Form has been completed.

BPAY® payments must be made from an Australian dollar account of an Australian financial institution. Using these BPAY® details, you must:

- (a) access your participating BPAY® financial institution either through telephone or internet banking;
- (b) select to use BPAY® and follow the prompts;
- (c) enter the supplied biller code and unique customer reference number;
- (d) enter the total amount to be paid which corresponds to the value of Shares you wish to apply for under each Application;
- (e) select which account you would like your payment to come from;

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- (f) schedule your payment to occur on the same day that you complete your online Application Form. Applications without payment will not be accepted; and
- (g) record and retain the BPAY® receipt number and date paid.

You should be aware that your own financial institution may implement earlier cut-off times with regard to BPAY® or other electronic payments and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® or other electronic payments are received by 3.00pm (WST) on the Closing Date.

Paper Application

Complete the hard copy of the Application Form accompanying the hard copy of this Offer Information Statement and mail or hand deliver the completed Application Form with cheque or bank draft to the Share Registry at the relevant address shown on the Application Form so it is received before 5.00 pm (WST) on the Closing Date.

An original, completed and lodged Application Form, whether online or in hard copy, together with payment for the application monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid.

If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final. If your cheque, BPAY® or EFT payment for the application money is different to the amount specified in your Application Form then the Company may accept your Application for the amount of application money provided.

The Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offer or accept late Applications.

No brokerage, stamp duty or other costs are payable by applicants.

The Company reserves the right to close the Offer early.

3.4 Allocation policy under the Offer

The Offer under this Offer Information Statement is intending to raise \$500,000 on the terms and conditions contained in this document. The Company retains an absolute discretion to accept oversubscriptions, to allocate Shares under the Offer and to allot to an applicant a lesser number of Shares than the number for which the applicant applies or to reject an Application Form. If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable.

No applicant under the Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by Directors will be influenced by the following factors:

- (a) the number of Shares applied for;
- (b) the overall level of demand for the Offer;
- (c) the desire to have investors who are users of the Company's products;
- (d) the desire for a spread of investors; and

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- (e) the desire for an informed and active market for trading Shares following completion of the Offer.

The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

3.5 Quotation

Application for Official Quotation by NSX of the Shares offered pursuant to this Offer Information Statement will be made within 7 days after the date of this Offer Information Statement.

3.6 Dividend Policy

The Company's ability to pay dividends depends on such factors as the earnings, taxation and financial position of the Company. It is the current intention of the Directors to reinvest future profits in the Company. However, if a dividend is paid, the dividends may be franked. The level of Australian tax paid by the Company will determine the level of franking of any dividends.

Offer Information Statement

4. Directors and Key Management

4.1 Directors' Profiles

The Officeholders of Veratin at the date of this Offer Information Statement are:

(a) **Dr Ramiz Boulos PhD GAICD GradCert Bus – Executive Chair and Company Secretary**

Dr Boulos is an inventor and serial entrepreneur. He graduated with a PhD in Chemistry from the University of Western Australia in 2011. Dr Boulos invented a new class of antibiotics and founded Boulos & Cooper Pharmaceuticals in 2013 to commercialise that research. He is the inventor of Verigrow® and the founder of Veratin. In 2016, Dr Boulos founded Boulos & Cooper Labs, which carries out research and development in different fields. In 2021, he founded Founders First to help founders commercialise their IP. In 2021 he invented a new biodegradable polymer which he then licensed to Veratin. Dr Boulos holds an Adjunct Lecturer position at Flinders University and is a previous SA Tally Poppy (2014). He is a graduate of the Australian Institute of Company Directors.

The Board considers that Dr Boulos is not an independent Director.

(b) **Mr David Vincent – Non-Executive Director**

Mr Vincent is the owner and Managing Director of the Farmers Market on Manning, Western Australia's largest farmers market since 2009. The market has an average patronage of around 5,000 people per week. Mr Vincent has a long successful history in retail food and a strong interest in innovative new concepts. He is currently the Chairman of the Western Australian Farmers Market Association.

The Board considers that Mr Vincent is an independent Director.

(c) **Mr Giuseppe Lenzo Chartered Accountant BComm GradDipCA – Non-Executive Director**

Mr Lenzo is a Chartered Accountant and Registered Tax Agent. He has more than 13 years' experience working in the tax, accounting and business advisory space. During that time Giuseppe has worked for KPMG and Deloitte, two of the largest accounting & consultancy firms worldwide, as well as a boutique tax specialist consultancy firm. Giuseppe currently runs his own practice, G Lenzo Consulting, which has been successfully operating since January 2017. He services a range of small businesses assisting them with their tax, accounting and business advisory needs.

The Board considers that Mr Lenzo is an independent Director.

(d) **Mrs Kellie Davis – Company Secretary**

Mrs Davis has over 20 years of experience in accounting and ASX compliance, predominantly in the resources sector. Beginning her career in audit with Ernst & Young, she has worked as a financial accountant and provided company secretarial compliance services to several ASX-listed companies in the exploration and resources sectors. Mrs Davis has a Bachelor of Commerce (Accounting and Finance), and is a member of Chartered Accountants Australia & New Zealand.

The Company intends to appoint the following people to the Board of Director upon receipt of the appropriate good fame and character searches in accordance with NSX Practice Notes:

Offer Information Statement

(e) **Ms Michele Teague GAICD – Non-executive Director**

Ms Teague is an experienced senior executive and Non-Executive Director, having operated at management level within large corporates (\$4billion+) in Australia and New Zealand. She has extensive experience in marketing and has navigated large organisations through change and disruption. Previous executive roles have been at Managing Director and General Manager Marketing level with P&L accountability for \$100m+ revenue. She is passionate about Customers - both B2C and B2B - and throughout her career, she has leveraged insights and data to better understand how to commercialize opportunities. Ms Teague is a graduate of the Australian Institute of Company Directors.

The Board considers that Ms Teague will be an independent Director.

(f) **Mr Tony Bevan GAICD – Non-Executive Director**

Mr Bevan is a Chartered Accountant with a diverse background in commerce and public practice. He has over 25 years of experience in commerce and the accounting profession, including 5 years as chief financial officer and company secretary of an ASX listed civil and mining contractor and 13 years as a partner of Chartered Accounting firms in the audit and corporate finance areas. Mr Bevan is a Fellow and past state chairman of the Institute of Chartered Accountants. He is also a Graduate Member of the Australian Institute of Company Directors and has a Bachelor of Commerce from the University of Western Australia.

The Board considers that Mr Bevan will be an independent Director.

Offer Information Statement

5. Financial Information

Veratin Limited

ABN: 89 613 404 612

General Purpose Financial Report

For the year ended 30 June 2023

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Corporate directory

Directors

Mr Ramiz Boulos
Mr Giuseppe Lenzo
Mr David Vincent

Registered office and principal place of business

Unit 1, 14 Hines Road
O'Connor WA 6163

Share Register

Automic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000
Tel: (02) 9698 5414

Stock Exchange Listing

National Stock Exchange of Australia Ltd
1 Blight Street
Sydney NSW 2000
Tel: (02) 8378 6400

Auditor

Hall Chadwick Audit (WA) Pty Ltd
283 Rokeby Road
Subiaco WA 6008

Solicitors

Steinepreis Paganin
Level 4, the Read Buildings
16 Milligan Street
Perth WA 6000
Tel: (08) 9321 4000

Directors' report

For the year ended 30 June 2023

Your directors submit their report for Veratin Limited (the "Company" or "Veratin") for the year ended 30 June 2023.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period.

Ramiz Boulos	Executive Chairman
Giuseppe Lenzo	Non-executive Director
David Vincent	Non-executive Director

Names, qualifications, experience and special responsibilities

Ramiz Boulos (Founder, managing director and company secretary)

Qualifications PhD in Chemistry, University of Western Australia, Graduate Certificate of Business from Edith Cowan University and a graduate of the Australian Institute of Company Directors.

Experience Dr Boulos is an inventor and serial entrepreneur. Dr Boulos invented a new class of antibiotics and founded Boulos & Cooper Pharmaceuticals in 2013 to continue that research. He has a broad experience in the chemical sciences and has worked in various projects covering pharmaceutical drug development, biomass utilisation, green chemistry and computer modelling. In 2016, Dr Boulos founded Boulos & Cooper Labs, which carries out research and development in different fields. Dr Boulos holds an Adjunct Lecturer position at Flinders University and is a previous SA Tally Poppy (2014). He is a graduate of the Australian Institute of Company Directors. In 2021, he founded Founders First Pty Ltd to help innovators commercialise their IP.

Special responsibilities As Managing Director of Veratin his special responsibilities include making a declaration relating to statutory accounts under s 295A of the *Corporations Act 2001*. He holds no other directorship in any other listed entities.

Ramiz Boulos holds 48,555,212 shares (directly and through beneficial interests) and 1,000,000 options.

Directors' report

For the year ended 30 June 2023

Giuseppe Lenzo (Non-executive director)

Qualifications Bachelor Of Commerce from the University of Western Australia
Chartered Accountant
Registered Tax Agent

Experience Giuseppe has worked in the tax, accounting, and business advisory space since 2008 after graduating from University of Western Australia.

He started his career at KMPG, where he attained is Chartered Accountant status (2008 – 2011).

He moved to a boutique tax firm, KD Johns & Co, as a Senior Accountant specialising in tax consultancy services (2011 – 2014). During his time at KD Johns & Co he was promoted to Manager.

In 2014 KD Johns & Co was acquired by Deloitte where he continued his role as Manager (2014 – 2016).

In 2017 Giuseppe started his own tax and accounting practice, G Lenzo Consulting. He has grown his practice significantly since its inception. He services a broad client base and advises on many aspects of business, tax, and accounting issues.

Special responsibilities Giuseppe acts in an advisory capacity to the management of Veratin Limited.

Giuseppe Lenzo holds 397,928 shares (directly and through beneficial interests) and 1,000,000 options.

David Vincent (Non-executive director)

Education Scotch College Perth

Extensive experience in the retail food industry and Farmers Market events management

Experience Managing Director: West Side Sales

Market Manager/Owner: The Farmers Market on Manning

Chairman of WA Farmers Market Association

Directors' report

For the year ended 30 June 2023

Special Responsibilities David Vincent holds no other directorship in any other listed entities

David Vincent holds 1,502,518 shares and 1,000,000 options

Giuseppina Vincent (spouse) holds 1,402,500 shares

Joanna May Vincent holds 30,000 shares

Bianca Sophia Vincent holds 30,000 shares

Directors' meetings

During the financial year, the following board of meetings were held:

	Number of meetings held	Number of meetings attended
Ramiz Boulos	5	5
Giuseppe Lenzo	5	5
David Vincent	5	5

Dividends

No dividends were paid or declared since the start of the financial year (2022: \$nil).

Principal activities

The principal activity during the year of the Company was to undertake the development and commercialisation of high value products from waste wool.

Operating and financial review

The Company's net loss after tax of the Company for the year ended 30 June 2023 is \$835,070 (2022: \$402,081).

Review of Operations

Appointment of retail sales consultant: Veratin has appointed horticultural marketing firm John Stanley and Associates to enhance Verigrow market penetration and increase product turnover. The firm will work with Veratin to develop its marketing strategy in Australia and New Zealand before looking at a global marketing strategy. John Stanley and Associates work with garden centres and suppliers in the sector in over 35 countries.

Broadacre market traction: Veratin has recently released results from its broadacre trial on wheat that have shown 1 unit of N from Verigrow is superior to 1 unit of N from urea and Flexi-N. The Company has appointed Primary Agronomy for consulting services to support future research initiatives and go-to-market approach. The Company has received its first 3,000L order for broadacre crops from farms in Katanning and Kojonup in Western Australia.

Directors' report

For the year ended 30 June 2023

ASX Listing roadmap: Veratin has commenced readying the Company for an ASX listing and is preparing an in-principal determination to ascertain its suitability for listing on the ASX. No guarantee or assurance can be given that the Company is suitable or will be able to list on ASX. Nothing in this document constitutes or is deemed to constitute or imply that the Company will be admitted to the official list of ASX or that the securities of the Company will be quoted on ASX.

New Verigrow products in development: The Company has continued its research efforts to develop new Verigrow products for the agriculture market. Some of these products have now been finalised and the Company is looking to launch them soon.

Cosmetic product range: The Company has launched its first couple of cosmetic products - Veratin shampoo and Veratin conditioner. These products are part of the cosmetic arm of the Company, which will grow in the future.

Biodegradable polymer manufacturing equipment: The Company has received and installed manufacturing equipment for producing the biodegradable plant pots. The Company is expecting to release its novel pots this year.

Efficient and scalable operation: Veratin implements a lean operating model, maximising investment in marketing, research and development and other value-adding activities. The Company has invested in expanding its manufacturing operations, gearing for rapid growth in FY23 and FY24 with the capacity to manufacture 500,000 liters a year (current sales are less than 15,000 liters a year).

Improved brand awareness: Since the launch of Verigrow, the Company has invested, and continues to invest in print, radio, social, television advertising and others. The Company attended The Perth Garden and Outdoor Festival in Oct 2022 and May 2023 and shall be attending its first major farming event, Dowerin Machinery Field Days in August of this year. Veratin will also be attending its first international conference by exhibiting at Indo Agrotech Expo and Forum in July of this year in Indonesia.

Diversification and synergy: The Company's strategy to pursue several unrelated industries, including agricultural, cosmetic, health foods and materials, is key to reducing the risks associated with any one product. The Company can do this by utilising the same technology platform, leading to significant reduction in costs to develop new products.

Sustainable green chemistry manufacturing: Veratin utilises a sustainable and biodegradable resource. The Company implements a green chemistry approach, using benign processes to reduce waste, improve efficiency, and reduce cost. In the case of Verigrow, a clever circular economy was a key feature of product design at its inception.

Directors' report

For the year ended 30 June 2023

Business Development Strategy

Utilising the Company's registered intellectual property and its experience and knowledge, the Company's strategy is to:

- increase its marketing and promotional activities to grow its sales revenues from sales of Verigrow;
- develop new Verigrow-based products; and
- continue the development of its other products which include cosmetic products, biodegradable polymers and nutraceuticals and functional foods.

Risk Factors

Specific Risks: Activities of Veratin, as in any business, are subject to risks which may impact on its future performance. Veratin has appropriate actions, systems and safeguards for known risks however, some are outside Veratin's control.

Protection of intellectual property rights: The commercial value of the Company's intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which the Company (or entities it deals with) may have an interest in now or in the future will afford the Company commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications.

It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against the Company under copyright, trade secret, patent, or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation may be potentially significant and may divert management's attention from normal commercial operations.

Grant of Patents: The Company has lodged patent applications in relation to an organic fertiliser and soil improver comprising keratin in various jurisdictions. As at the date of this Prospectus, the Japanese, Indonesian and South African patents have been granted.

The Company is aware that there have been objections raised in relation to the patent applications in some jurisdictions, including in Australia. Despite these objections, as at the date of this prospectus, the Company is not aware of any material reasons why these applications

Directors' report

For the year ended 30 June 2023

would not be granted. In relation to the objections lodged against the Australian application, in particular, the Company is confident even if the objections cannot be overcome, the Company will be able to obtain a grant of an innovation patent as an alternative to protect their intellectual property. If the Company is not able to obtain patents in the relevant jurisdictions the Company will need to consider appropriate alternative methods to protect their intellectual property.

Rapid growth risk: The Company aims to experience rapid growth in the scope of its operating activities which may expand operations in new jurisdictions and markets. This growth is anticipated to result in an increased level of responsibility which, if unable to be managed, will result in the Company not being able to take advantage of market opportunities and execute its business plan or respond to competitive pressure.

Reliance on key personnel: The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

The Company may not be able to replace its senior management or key personnel with persons of equivalent expertise and experience within a reasonable period or at all and the Company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company.

Distribution Agreements: The Company is a party to several distribution agreements. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these agreements is either breached by another party or if, for reasons outside of the Company's control, an agreement cannot be renewed, is terminated or is otherwise varied.

Commercial manufacturing and distribution capability: The Company is dependent on its ability to manufacture Verigrow on a commercial scale with continuity of supply. In the event the Company has insufficient manufacturing and distribution capacity, for any reason, this may result in substantial cost and delay.

The Company has recently acquired additional machinery to grow its manufacturing capacity. As such, the Company does not expect that there will be issue in meeting manufacturing demand in the foreseeable future.

Dependency on wool suppliers: The Company is dependent on wool suppliers to supply the Company with waste-wool to be used in the manufacturing process. The Company has established a relationship with one key waste-wool supplier from a farm in Western Australia and has recently been approached by several other wool providers. The Company is confident that there will be no issues in accessing waste-wool for use in the Company's business in the foreseeable future.

Directors' report

For the year ended 30 June 2023

Equity Raising

To continue the financing activities of the Company, there were two equity raisings in January and May 2023, comprising the issue of new fully paid ordinary Veratin shares to eligible retail and institutional investors to raise approximately \$474,086 at an issue price of 13 and 15 cents per share respectively.

Corporate shares

There were 4,361,659 shares issued during the year (2022: 9,382,984).

Options

There are outstanding options of 250,000 shares at \$0.25 each which expire on 01 December 2023. During the year, 3,000,000 options with an exercise price of \$0.25 were issued to directors under the Employee Securities Incentive Plan which was implemented during the year (Note 15).

Significant changes in the state of affairs

Other than as disclosed in this report, there have been no significant changes in the state of affairs of the Company during the financial year ended 30 June 2023.

Significant events after the reporting period

On 27 July 2023, The Company issued 666,667 ordinary shares, to raise capital of \$100,000.

On 15 August 2023, the Company submitted an in-principle application for advice on the Company's suitability for admission to the official list of the ASX. The Board considers that the Company being listing on the ASX will better align with the Company's objectives and is in the best interest of the Company's shareholders for the following reasons:

- better ability for the Company to increase its shareholder base by enhancing marketability and liquidity of the Company's securities;
- greater access to a deeper pool of equity capital markets and fundraising prospects to support the Company's growth objectives;
- strengthening the Company's public recognition, commercial standing and investor profile; a larger profile and broader exposure for the Company to potential investors as well as capital to enhance its growth prospects; and
- help generate a substantial increase in the Company's funding resource, enabling it to advance its expansion objectives.

On 11 September 2023, the Company obtained shareholders approval for withdrawal from the NSX official listing, as the Company proposes to apply for admission to the official list of the Australian Stock Exchange (ASX).

It is anticipated that the Company will withdraw from the NSX on 10 November 2023, and list on the ASX on 11 November 2023.

There have been no other significant events which have arisen since the end of the year which may significantly affect the operations of the Company, the results of those operations, or the

Directors' report

For the year ended 30 June 2023

state of affairs of the Company in future financial year.

Likely developments and expected results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Indemnification of directors

There was no indemnity in place to directors against the costs and expenses incurred by them in defending any legal proceedings arising out of their contract while acting in the capacity of director of the Company.

Indemnification of auditors or officers

The Company has not, during or since the financial year, in respect of any person who is or has been an auditor or officer of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defending legal proceedings.

Environmental regulation and performance

No environmental regulations have an effect on the operations of the Company.

Directors' report

For the year ended 30 June 2023

Remuneration report

a. Remuneration report overview

The directors of Veratin Limited present the Remuneration Report (the "Report") for the Company for the year ended 30 June 2023. This Report forms part of the Directors' report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report details the remuneration arrangements for Veratin Limited's key management personnel (KMP).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company.

The table below outlines the KMP of the Company and their movements during the current year:

	Position	Term as KMP
Non-executive directors		
Giuseppe Lenzo	Non-executive director	Full financial year
David Vincent	Non-executive director	Full financial year
Executive directors		
Ramiz Boulos	Executive chairman	Full financial year

b. Remuneration governance

The Board retains overall responsibility for remuneration policies and practices within the Company.

Use of remuneration consultants

No remuneration consultants were engaged during the financial year.

Securities trading policy

The Company's securities trading policy applies to all Non-executive directors and executives. The policy prohibits employees from dealing in Veratin Limited securities while in possession of material non-public information relevant to the Company.

The policy is available to be viewed within the corporate governance section of the Company's website.

Voting and comments – 2022 Annual General Meeting (AGM)

The 2022 remuneration report was passed on a poll by 100% of votes cast at the 2021 AGM. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Directors' report

For the year ended 30 June 2023

c. Overview of Executive Remuneration

The remuneration policy of Veratin Limited has been designed to align executives' objectives with shareholders and business objectives. The Board of Veratin believes the policy to be appropriate and effective in its ability to:

- attract and retain high quality directors and executives to run and manage the Company,
- create goal congruence between directors, executives and shareholders

The executive KMP receive an appropriate level and mix of remuneration consisting of fixed remuneration and variable remuneration in the form of incentive opportunities. The Board reviews executive KMP packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Elements of Executive Remuneration

The executive remuneration framework is comprised of:

1. Fixed Remuneration - Base Salary, including superannuation (if applicable)
2. Variable Remuneration - Incentives and Cash Bonuses

1. Fixed remuneration - Base salary including superannuation

All executive KMPs receive a base cash salary (which is based on factors such as scope of the role, skills, experience, location and length of service) and superannuation contributions, where applicable. The executive KMPs, where applicable, receive a superannuation guarantee contribution required by the government, which is currently 10%, and do not receive any other retirement benefits.

2. Variable remuneration - Incentives and cash bonuses

Incentives in the form of equities and cash bonuses are provided to certain executive KMP at the Board's discretion.

The policy is designed to provide a variable "at risk" component within the executive KMP's total remuneration packages to attract, retain and motivate the highest calibre of executive KMP and reward them for performance that results in long term growth in shareholder wealth through achievement of the Company's financial and strategic objectives.

Receipt of variable remuneration in any form is not guaranteed under any executive KMP's employment contract.

Directors' report

For the year ended 30 June 2023

2.1 Long term incentive (LTI)

In 2023, 3,000,000 options were issued to the directors as LTI, under the Employee Securities Incentive Plan. An additional 6,000,000 performance rights were issued to Ramiz Boulos.

No LTIs were issued in 2022. Refer to g of the remuneration report for further details.

d. Details of remuneration of KMP

The Company has three directors. Details of the remuneration for each officer of the Company were as follows:

	Salary and fees \$	Super- annuation contribution \$	Share based payments \$	Total \$	Performance related %
Ramiz Boulos					
2023	87,884	7,602	92,000	187,486	49.1
2022	71,515	7,152	-	78,667	0.0
Giuseppe Lenzo					
2023	9,050	950	2,000	12,000	16.7
2022	23,686	2,369	-	26,055	0.0
David Vincent					
2023	9,050	950	2,000	12,000	16.7
2022	23,686	2,369	-	26,055	0.0
Total					
2023	105,984	9,502	96,000	211,486	45.4
2022	118,887	11,890	-	130,777	0.0

Directors' report

For the year ended 30 June 2023

e. Executive KMP Employment Agreements

The Company has entered into formal employment contracts with executive KMP. The employment contracts for executive KMP have no fixed term and do not prescribe how remuneration levels are to be modified from year to year. A summary of the main provisions of these contracts for the year ended 30 June 2023 are set out below:

Name	Terms
Ramiz Boulos	Base salary of \$87,884 (exclusive of superannuation contributions), reviewed annually.
	6 months' notice by Mr. Boulos. 6 months by Company and upon change of control. Termination payments to reflect appropriate notice, except in cases of termination for cause.
	Eight tranches of 6,000,000 performance rights issued to Mr. Boulos approved by shareholders on 5 September 2022.
	1,000,000 options issued to Mr. Boulos approved by shareholders on 5 September 2022.

f. Overview of non-executive director remuneration

The Board policy is designed to attract and retain high calibre directors and to remunerate non-executive directors at market rates for comparable companies for time, commitment, and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The Executive Chairman's fee will be determined independently to the fees of the non-executive directors based on comparative roles in the external market. External advice from independent remuneration consultants is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. The most recent determination was on 11 February 2022, where as per the prospectus, the shareholders approved the maximum aggregate amount of fees that can be paid to non-executive directors to be \$30,000.

The Company makes superannuation contributions on behalf of the non-executive directors in accordance with its Australian statutory superannuation obligations, and each director may sacrifice part of their fee for further superannuation contribution by the Company.

Any equity components of non-executive Directors' remuneration, including the issue of options or performance rights, are required to be approved by shareholders prior to award.

Directors' report

For the year ended 30 June 2023

Termination payments

The Board must approve all termination payments provided to all employees at the level of director, executive or senior management to ensure such payments reflect the Company's remuneration policy and are in accordance with the *Corporations Act 2001*.

g. Share-based compensation

Share based compensation – Option holdings

Option holdings affecting remuneration in the current or future reporting period are as follows:

Key terms of options granted to KMP

The table below discloses the number of share options granted, vest or lapsed during the year.

Share options do not carry any voting or dividend rights, and can only be exercised once the vesting conditions have been met.

	Options awarded during the year	Award date	Exercise price \$	Expiry date	No. vested during the year	Value options granted during the year* \$
2023						
Ramiz Boulos	1,000,000	5 September 2022	0.25	30 June 2027	1,000,000	2,000
Giuseppe Lenzo	1,000,000	5 September 2022	0.25	30 June 2027	1,000,000	2,000
David Vincent	1,000,000	5 September 2022	0.25	30 June 2027	1,000,000	2,000

* Determined at the time of grant per AASB 2.

Directors' report

For the year ended 30 June 2023

h. Equity holdings

Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Veratin Limited and other KMP of the Company, including their personally related parties, are set out below:

	At 1 July 2022	Acquired from entitlements issue	Balance at the end of the year
2023			
Directors			
Ramiz Boulos	-	1,000,000	1,000,000
Giuseppe Lenzo	-	1,000,000	1,000,000
David Vincent	-	1,000,000	1,000,000

Shareholdings

The number of shares in the Company held during the financial year by each director of Veratin Limited and other KMP of the Company, including their personally related parties, are set as follows:

	At 1 July 2022	Received as remuneration	Other changes*	Balance at the end of the year
2023				
Directors				
Ramiz Boulos	48,101,250	300,000	153,962	48,555,212
Giuseppe Lenzo	31,250	366,678	-	397,928
David Vincent	2,655,000	250,018	-	2,905,018
2022				
Directors				
Ramiz Boulos	48,011,250	-	90,000	48,101,250
Giuseppe Lenzo	31,250	-	-	31,250
David Vincent	2,655,000	-	-	2,655,000

* Other changes relate to additional shares purchased directly as part of the capital raising during the year. Please refer to Note 16 for further information.

Directors' report

For the year ended 30 June 2023

None of the shares above are held nominally by the directors or any of the KMP.

There were no other transactions and balances with KMP and their related parties other than as disclosed.

Performance rights

6,000,000 performance rights were issued to Ramiz Boulos during the year, as approved by shareholders as at 5 September 2022:

At 1 July 2022	-
Number of rights awarded during the year	6,000,000
Award date	14 July 2022
Vesting date	Various per achievement of milestones
Exercise price	\$nil
Expiry date	30 June 2027
Number vested during the year	-
Number lapsed during the year	-

The performance rights will vest upon achievement of the following milestones:

Tranche	Number of performance rights	Milestone
1	150,000	The Company developing, manufacturing and launching for public sale Verigrow foliar spray.
2	500,000	The Company developing, manufacturing and launching for public sale biodegradable plant pots.
3	200,000	The Company developing and launching for public sale shampoo and conditioner.
4	150,000	The Company developing, manufacturing and launching for public sale Verigrow potting mix.
5	1,500,000	The Company achieving a \$0.50 20-day volume weighted average price.
6	1,500,000	The Company entering into an agreement with an international distributor to distribute a minimum of \$200,000 of the Company's products internationally.
7	1,500,000	The Company reaching total annual sales of \$500,000.
8	500,000	The Company developing a new product not outlined in an earlier tranche and releasing that product for sale.

Directors' report

For the year ended 30 June 2023

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* can be found on page 18 and forms part of this report.



Signed in accordance with a resolution of the Board of Directors.

Ramiz Boulos

Director

29 September 2023

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Partner for the audit of the financial statements of Veratin Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully



HALL CHADWICK AUDIT (WA) PTY LTD

Dated this 29th day of September 2023
Perth, Western Australia



NIKKI SHEN CA
Director

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Revenue from contracts with customers	4	59,463	64,062
Other income	5.a	47,446	19,555
Materials and supplies and other direct costs		(49,777)	(53,830)
Consulting and accounting expenses		(188,116)	(83,398)
Employee benefits expenses	5.b	(163,559)	(165,112)
Share-based payments expense	15	(108,746)	-
Depreciation and amortisation expense	5.c	(74,068)	(5,912)
Impairment expense	11	(25,000)	-
Occupancy expenses		(30,700)	(23,417)
Advertising and promotion		(88,002)	(79,143)
Research and development expenses		(113,190)	(27,533)
Finance costs		(1,026)	(564)
Other expenses		(99,795)	(46,789)
Loss before income tax		(835,070)	(402,081)
Income tax expense	6	-	-
Loss after tax		(835,070)	(402,081)
Other comprehensive income		-	-
Total comprehensive loss for the year		(835,070)	(402,081)
	Note	cent	cent
Basic and diluted loss per share	18	(0.86)	(0.45)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

other comprehensive income should be read in

Statement of financial position

As at 30 June 2023

	Notes	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	7	62,858	344,394
Trade and other receivables	8	29,638	31,848
Prepayments		13,610	11,575
Inventories	9	42,348	49,996
Total current assets		148,454	437,813
Non-current assets			
Property, plant and equipment	10	102,969	83,880
Intangible assets	11	186,503	130,307
Total non-current assets		289,472	214,187
Total assets		437,926	652,000
Current liabilities			
Trade and other payables	12	112,358	144,735
Employee benefit liability	13	14,877	10,234
Loans payable	14	9,826	11,455
Total current liabilities		137,061	166,424
Non-current liabilities			
Loans payable	14	32,624	25,116
Employee benefit liability	13	16,856	-
Total non-current liabilities		49,480	25,116
Total liabilities		186,541	191,540
Net assets		251,385	460,460
Equity			
Issued capital	16	1,789,091	1,241,842
Accumulated losses		(1,616,452)	(781,382)
Reserves	16	78,746	-
Total equity		251,385	460,460

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2023

	Issued capital (Note 16) \$	Accumulated losses \$	Reserves (Note 16) \$	Total equity \$
Balance as at 1 July 2022	1,241,842	(781,382)	-	460,460
Loss for the year	-	(835,070)	-	(835,070)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	(835,070)	-	(835,070)
Issue of share capital (net of costs)	547,249	-	-	547,249
Share-based payments	-	-	72,746	72,746
Options issued to the directors	-	-	6,000	6,000
Balance as at 30 June 2023	1,789,091	(1,616,452)	78,746	251,385
Balance as at 1 July 2021	478,749	(379,301)	-	99,448
Loss for the year	-	(402,081)	-	(402,081)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	(402,081)	-	(402,081)
Issue of share capital (net of costs)	763,093	-	-	763,093
Balance as at 30 June 2022	1,241,842	(781,382)	-	460,460

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Operating activities			
Receipts from customers		70,216	65,576
Payments to suppliers and employees		(680,173)	(404,134)
Research and development rebate received	5.a	46,551	17,771
Net cash flows used in operating activities	7	(563,406)	(320,787)
Investing activities			
Proceeds from sale of property, plant and equipment		-	2,727
Purchase of property, plant and equipment		(92,335)	(70,394)
Purchase of intangible assets		(82,018)	(33,350)
Net cash flows used in investing activities		(174,353)	(101,017)
Financing activities			
Receipts from borrowings		-	22,580
Repayment of borrowings		-	(28,202)
Issue of shares	16	474,086	758,808
Transaction costs on issue of shares		(16,837)	-
Interest paid		(1,026)	(839)
Net cash flows from financing activities		456,223	752,347
Net (decrease)/increase in cash and cash equivalents		(281,536)	330,543
Cash and cash equivalents at 1 July		344,394	13,851
Cash and cash equivalents at 30 June	7	62,858	344,394

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2023

1. Corporate information

The financial statements of Veratin Limited (the "Company") for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 29 September 2023.

The Company is a national stock exchange (NSX) listed for-profit public company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business of the Company is Unit 1, 14 Hines Road, O'Connor WA 6163.

2. Significant accounting policies

a. Basis of preparation

(i) General purpose financial report

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporation Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for some assets which, as noted, have been written down to fair value as a result of impairment. Unless otherwise stated, the accounting policies adopted are consistent with those of the prior year.

(iii) New and amended standards and interpretations

The Company applied certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the financial statements

For the year ended 30 June 2023

AASB 2020-3 Amendment to AASB 9 – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities (Part of Annual Improvements 2018–2020 Cycle)

Under AASB 9 *Financial Instruments* (AASB 9), an existing financial liability that has been modified or exchanged is considered extinguished when the contractual terms of the new liability are substantially different, as measured by the ‘10 per cent’ test. That is, when the present value of the cash flows under the new terms, including any fees paid or received, is at least 10 per cent different from the present value of the remaining cash flows of the original financial liability.

The amendment to AASB 9 clarifies that fees included in the 10 per cent test are limited to fees paid or received between the borrower and the lender, including amounts paid or received by either on the other’s behalf. When assessing the significance of any difference between the new and old contractual terms, only the changes in contractual cash flows between the lender and borrower are relevant. Consequently, fees incurred on the modification or exchange of a financial liability paid to third parties are excluded from the 10 per cent test.

AASB 2020-3 Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before Intended Use

Under AASB 116 *Property, Plant and Equipment* (AASB 116), net proceeds from selling items produced while constructing an item of property, plant and equipment are deducted from the cost of the asset. The IASB’s research indicated diversity in interpreting this requirement. As a result, AASB 116 was amended to prohibit an entity from deducting from the cost of an item of property, plant and equipment, the proceeds from selling items produced before that asset is available for use. An entity is also required to measure production costs of the sold items by applying AASB 102 *Inventories*. Proceeds from selling any such items, and the cost of those items, are recognised in profit or loss in accordance with applicable standards.

b. Going concern

The financial report has been prepared on a going concern basis, which assumes the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

As at 30 June 2023, the Company had net assets of \$251,385 (2022: \$460,460) and net current assets of \$11,393 (2022: \$271,389), and in the year then ended incurred a loss of \$835,070 (2022: \$402,081) and net operating cash outflows of \$563,406 (2022: \$320,787). These conditions give rise to a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern.

Notes to the financial statements

For the year ended 30 June 2023

The ability of the Company to continue as a going concern and to pay its debts as and when they become due and payable is dependent upon the Company earning sufficient revenue, ensuring that they continue to minimise their costs, and manage working capital effectively. The directors are confident that the business will be able to do this, and therefore has adopted the going concern basis in preparing this financial report due to the following factors:

- The Company has identified new potential distributors for its flagship product Verigrow and with Spring here, the Company will be able to offset expenditure from revenue. The Company has also setup an Alibaba store for its Verigrow range and will be investigating export opportunities.
- Additionally, the Company has raised \$464,086 from capital raising during the year and filed an R&D claim of \$46,551 during the year. Post year end, the Company has also raised another \$100,000 of capital and will be lodging another R&D claim of about \$60,000.
- The Company intends to withdraw from NSX on 10 November 2023 and list on the Australian Stock Exchange (ASX) on 11 November 2023, and with this raise further capital to fund the operations and future development of the business. In the event that these objectives are not realized, the Company has secured a commitment from its major shareholder and director, Ramiz Boulos that he will continue to provide financial support to the Company as and when required for it to meet its obligations for the next twelve months from date of this report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Company not continue as a going concern.

c. Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

For management purposes, the Company is organised into one main operating segment, being the development and commercialisation of high value products from waste wool in Australia. The chief operating decision maker of the Company is the Executive Director.

d. Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;

Notes to the financial statements

For the year ended 30 June 2023

- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

e. Foreign currencies

i. Functional and presentation currency

The financial statements are presented in the Australian dollar (\$), which is the Company's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation difference on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary

Notes to the financial statements

For the year ended 30 June 2023

assets such as equities classified as financial assets are recognised in other comprehensive income.

f. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

Sale of goods

Revenue from sale of goods is recognised upon the delivery of goods to customers.

Rendering of services and commission

Revenue from rendering of services and commission is recognised upon delivery of services to customers.

g. Other income

i. Interest income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

ii. Research and development rebates, and other government incentives

Research and development rebates and other government incentives are recognised on a cash receipts basis.

h. Employee benefits liability

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Notes to the financial statements

For the year ended 30 June 2023

i. Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets are impaired. In the case of financial assets classified as available for sale, a significant or prolonged decline in the fair value of an asset below its cost is considered as an indicator that the assets are impaired. If any such evidence exists for financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss and other comprehensive income – is removed from equity and recognised in the profit or loss and other comprehensive income statement. Impairment losses recognised in the statement of profit and loss and other comprehensive income on equity instruments classified as available for sale are not reversed through the profit or loss and other comprehensive income.

j. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

k. Income tax

The income used for tax calculations is made up of current tax income and deferred tax income.

i. Current income tax

Current tax assets are measured at the amounts expected to be recovered from the Australian Taxation Office.

ii. Deferred tax

Deferred income tax expense reflects the movements in deferred tax asset and deferred tax liability balances during the year as well as un-utilised tax losses.

Except for business combination, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or tax profit and loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying

Notes to the financial statements

For the year ended 30 June 2023

amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

iii. Offsetting balances

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement of simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where; (1) a legally enforceable right of set-off exists; and (2) the deferred tax assets and liabilities relate to the income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

iv. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

I. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Notes to the financial statements

For the year ended 30 June 2023

m. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials and supplies: purchase cost on a first-in/first-out basis
- Stock on hand: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n. Prepayments

Prepayments are carried at amortised cost and represent goods and services paid for by the Company prior to the end of financial period that have not been received.

o. Financial instruments

i. Financial assets

Classification and measurement

Under AASB 9, the Company initially measures a financial asset as its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Financial assets are then subsequently measured at fair value through profit or loss ("FVTPL"), amortised cost, or fair value through other comprehensive income ("FVOCI").

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under AASB 15.

Subsequent measurement

The Company's financial assets at amortised cost includes trade and other receivables.

Notes to the financial statements

For the year ended 30 June 2023

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Impairment of financial assets

For trade receivables, the Company applies a simplified approach in calculating expected credit losses (“ECLs”). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans payable, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans payables and other payables, net of directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Subsequent measurement

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Loans payable

After initial recognition, loans payable are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss. This category generally applies to loans payable.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition

Notes to the financial statements

For the year ended 30 June 2023

of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

p. Property, plant, and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a diminishing balance basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	20%
Motor vehicles	25%
Office equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Notes to the financial statements

For the year ended 30 June 2023

q. Intangible assets

Patents and trademark

Patents and trademark are initially recorded at cost. Assets deemed to have an indefinite life are tested annually for impairment and carried at cost less accumulated impairment losses. Assets deemed for have a finite life are amortised over their expected economic life to the Company and then recorded at cost less accumulated amortisation and impairment losses.

Patents are amortised over a 20 year period, whilst Trademarks are not amortised.

r. Leases

Short-term leases and leases of low-value assets

The Company applies the short-term lease and lease of low-value assets recognition exemption to its short-term leases, being the lease over the factory and warehouse, and lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

s. Fair value measurement

The Company measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes to the financial statements

For the year ended 30 June 2023

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial report at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

t. Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u. Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (equity-settled transactions).

i. Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 15.

That cost is recognised in employee benefits expense (Note 5.b), together with a corresponding increase in equity (share-based payment reserve - Note 16), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will

Notes to the financial statements

For the year ended 30 June 2023

ultimately vest. The expense or credit in the statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that year.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 18).

v. Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation of assets and liabilities but resulting in no impact to the over all profit for the year.

Notes to the financial statements

For the year ended 30 June 2023

3. Significant accounting judgements, and estimates

The preparation of the Company's financial report requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Deferred tax

Under normal circumstances, the benefits of deferred tax losses not brought to account can only be realised in the future if:

- assessable income is derived of a nature, and of an amount sufficient to enable the benefit from the deductions to be realised
- conditions for deductibility imposed by law are complied with; and - no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

The directors on a regular basis will assess the recognition of the deferred tax assets.

Income tax

The Company is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

R&D tax incentives

Diversity in practice exists around the accounting treatment of refundable R&D incentives, because the Australian Accounting Standards do not specifically address R&D incentives. The Company has decided to record R&D refundable tax incentives as other income.

Notes to the financial statements

For the year ended 30 June 2023

Capitalisation of Patent costs as Intangible assets

Patent costs incurred up to the point in time that the patent is granted are capitalised as intangible assets; thereafter management monitors whether the recognition requirements continue to be met and whether or not, there are any indications that the capitalised patent costs have been impaired; if so, provision for impairment will be made.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Share based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using the relevant pricing model for the respective method of share based payments.

Notes to the financial statements

For the year ended 30 June 2023

4. Revenue from contracts with customers

	2023	2022
	\$	\$
Types of goods and services		
Sale of goods	59,463	64,062
Total revenue from contracts with customers	59,463	64,062
Geographical markets		
Australia	59,463	64,062
Total revenue from contracts with customers	59,463	64,062
Timing of revenue recognition		
Goods transferred at a point in time	59,463	64,062
Total revenue from contracts with customers	59,463	64,062

5. Other income and expenses

a. Other income

	2023	2022
	\$	\$
Research and development rebates	46,551	17,771
Gain on disposal of property, plant and equipment	-	960
Others	895	824
	47,446	19,555

b. Employee benefits expense

	2023	2022
	\$	\$
Wages and salaries	131,701	103,749
Superannuation	11,858	9,253
Director fee	20,000	52,110
	163,559	165,112

Notes to the financial statements

For the year ended 30 June 2023

c. Depreciation and amortisation expense

	2023	2022
	\$	\$
Depreciation of office equipment	629	198
Depreciation of plant and equipment	65,708	3,250
Depreciation of motor vehicles	6,909	2,137
Amortisation of patent	822	327
	74,068	5,912

6. Income tax

Reconciliation of income tax expense to prima facie tax payable:

	2023	2022
	\$	\$
Loss before income tax	(835,070)	(402,081)
At Australia's statutory income tax rate of 25% (2022: 25%)	(208,768)	(100,520)
Tax effect of amounts which are not assessable in calculating taxable income:		
Research and development claim receivable	(46,551)	(4,443)
Deferred tax assets not recognised	255,319	104,963
Income tax expense	-	-

Estimated carried forward tax losses of \$1,541,822 (2022: \$736,410) for the financial year have not been brought to account as a deferred tax asset of \$385,455 (2022: \$184,103). Based on the value of tax losses incurred, the directors have formed an opinion that the business was not in a position to satisfy the criteria for recognising these losses as a deferred tax asset. The directors are of the opinion that these losses remain available for the Company to use in the future.

Under normal circumstances, the benefits of deferred tax losses not brought to account can only be realised in the future if:

- assessable income is derived of a nature, and of an amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Notes to the financial statements

For the year ended 30 June 2023

The directors on a regular basis will assess the recognition of the deferred tax assets.

The Company undertakes eligible research and development (R&D) activities and is therefore entitled to claim an R&D offset under the R&D tax incentive as administered by The Australian Taxation Office and the Department of Industry, Innovation and Science. Refer to Note 5.a.

7. Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank	60,244	342,890
Cash on hand	2,614	1,504
	<u>62,858</u>	<u>344,394</u>

Cash flow reconciliation

Reconciliation of cash flow from operations with loss from ordinary activities after income tax

Loss for the year	(835,070)	(402,081)
Adjustment for:		
Depreciation of property, plant and equipment	73,246	5,585
Gain on disposal of plant and equipment	-	(960)
Finance cost	1,026	564
Amortisation expense	822	327
Unrealised foreign exchange loss	2	-
Share-based payment	78,746	-
Impairment expense	25,000	-
Conversion of performance rights	30,000	-
Directors' fee	60,000	-
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	9,858	(76,512)
Increase in prepayments	(2,035)	(5,280)
(Decrease)/increase in trade and other payables	(32,379)	147,336
Increase in provisions	21,499	10,234
Increase in loan payable	5,879	-
Net cash flow used in operating activities	<u>(563,406)</u>	<u>(320,787)</u>

Notes to the financial statements

For the year ended 30 June 2023

Changes in liabilities from financing activities

	1 July 2022	Cash flows	Changes in	Non-cash	30 June
	\$	\$	fair values	items	2023
			\$	\$	\$
Loans payable to third party	5,567	(5,567)	-	-	
Hire purchase liability	31,004	11,446	-	-	42,450
Total liabilities from financing activities	36,571	5,879	-	-	42,450

	1 July 2021	Cash flows	Changes in	Non-cash	30 June
	\$	\$	fair values	items	2022
			\$	\$	\$
Loans payable to related parties	5,300	(5,300)	-	-	-
Loans payable to third party	5,525	-	-	42	5,567
Hire purchase liability	-	1,237	378	29,389	31,004
Total liabilities from financing activities	10,825	(4,063)	378	29,431	36,571

Notes to the financial statements

For the year ended 30 June 2023

8. Trade and other receivables

	2023	2022
	\$	\$
Current		
Trade receivables	4,212	4,817
GST receivables	20,568	16,863
Other receivables	3,176	9,649
Loans receivable	1,277	-
Receivable from related parties (Note 19)	405	519
	<u>29,638</u>	<u>31,848</u>

Trade and other receivables are non-interest bearing and are generally settled on a 30-60 days term. None of the receivables are past due and not impaired.

The Company recognises a loss allowance based on lifetime ECLs at each reporting date. As at 30 June 2023, the Company concluded that the lifetime ECL for these assets would be negligible and therefore no additional loss allowance was required.

9. Inventories

	2023	2022
	\$	\$
At the lower of cost or net realisable value		
Raw materials and supplies - cost	42,059	47,678
Stock on hand – at lower of cost and net realisable value	289	2,318
	<u>42,348</u>	<u>49,996</u>

During 2023, there was no expense for inventories carried at net realisable value recognised in cost of sales (2022: \$nil).

Notes to the financial statements

For the year ended 30 June 2023

10. Property, plant, and equipment

	Office equipment \$	Plant and equipment \$	Motor vehicles \$	Total \$
Cost				
As at 1 July 2021	882	23,750	3,084	27,716
Additions	1,860	39,085	29,449	70,394
Disposals	-	-	(3,084)	(3,084)
As at 30 June 2022	2,742	62,835	29,449	95,026
Additions	3,420	88,915	-	92,335
As at 30 June 2023	6,162	151,750	29,449	187,361
Depreciation				
As at 1 July 2021	353	5,530	995	6,878
Depreciation charge for the year	198	3,250	2,137	5,585
Disposals	-	-	(1,317)	(1,317)
As at 30 June 2022	551	8,780	1,815	11,146
Depreciation charge for the year	629	65,708	6,909	73,246
As at 30 June 2023	1,180	74,488	8,724	84,392
Net book value				
As at 30 June 2023	4,982	77,262	20,725	102,969
As at 30 June 2022	2,191	54,055	27,634	83,880

Notes to the financial statements

For the year ended 30 June 2023

11. Intangible assets

	Patents \$	Trademarks \$	Total \$
Cost			
As at 1 July 2021	74,476	1,445	75,921
Additions	53,901	485	54,386
As at 30 June 2022	128,377	1,930	130,307
Additions	44,708	37,310	82,018
As at 30 June 2023	173,085	39,240	212,325
Amortisation			
As at 1 July 2021	327	-	327
Others	(327)	-	(327)
As at 30 June 2022	-	-	-
Amortisation charge for the year	822	-	822
Impairment*	25,000	-	25,000
As at 30 June 2023	26,644	-	26,644
Net book value			
As at 30 June 2023	147,263	39,240	186,503
As at 30 June 2022	128,377	1,930	130,307

* The impairment expense recognised during the year relates to amounts previously capitalised for patent application that have since lapsed.

12. Trade and other payables

	2023 \$	2022 \$
Current		
Trade payables	73,530	34,638
Payables to related parties (Note 19)	12,110	52,110
Sundry payables and accrued expenses	26,718	57,987
	112,358	144,735

Trade payables are non-interest bearing and are generally settled on 30-60 day terms. Trade and other payables that are past due as at 30 June 2023 amounted to \$17,551 (2022: \$1,043).

Notes to the financial statements

For the year ended 30 June 2023

13. Employee benefit liability

	2023	2022
	\$	\$
Current		
Annual leave	14,877	10,234
Non-current		
Long service leave	16,856	-

14. Loans payable

	Interest rate	Maturity	2023	2022
	%		\$	\$
Current				
Loans payable to third party				
Insurance funding	6.43	15 June 2023	-	5,567
Hire purchase liability				
Motor vehicle loan (i)	5.14	06 April 2027	6,187	5,888
Fork Lift loan (ii)	4.92	26 July 2027	3,639	-
			9,826	11,455
Non-current				
Hire purchase liability				
Motor vehicle loan (i)	5.14	5 April 2027	18,872	25,116
Fork Lift loan (ii)	4.92	26 July 2027	13,752	-
			32,624	25,116

Maturity analysis of future hire purchase payments

Within one year	12,913	13,353
Later than 1 year and not later than 5 years	37,503	50,416
	50,416	63,769

Notes to the financial statements

For the year ended 30 June 2023

During 2023, the following loans were provided by related parties of the Company:

(i) Loans payable to a third party is for motor vehicle. The terms of the finance arrangement are as follows:

Motor vehicle loan \$31,386 (Hire purchase)

Amount financed:	\$30,849
Additional fee and registration	\$1,860
Start date:	06 May 2022
Expiry date:	06 April 2027
Monthly repayments:	\$610
Finance term:	60 months

(ii) Loans payable to a third party is for a forklift. The terms of the finance arrangement are follows:

Fork lift loan \$21,240

Amount financed:	\$20,800
Additional fee and registration	\$440
Start date:	26 July 2022
Expiry date:	26 July 2027
Monthly repayments:	\$453
Finance term:	60 months

Directors of the Company are guarantors for the above finance leasing arrangements.

15. Share-based payments

	2023	2022
	\$	\$
Performance rights issued	102,746	-
Options issued	6,000	-
	108,746	-

a. Performance Rights Plan

6,000,000 performance rights were issued to Ramiz Boulos during the year ended 30 June 2023 (2022: \$nil). The performance rights will vest upon achievement of the milestones disclosed in the remuneration report.

The performance milestones comprised of market and non-market based performance conditions. Management has determined the number of rights and its probabilities based on non-market based performance conditions which were met during the year. These non-market performance rights were valued based on share price at grant date.

Notes to the financial statements

For the year ended 30 June 2023

Number of rights awarded during the year	6,000,000
Award date	14 July 2022
Vesting date	Various per achievement of milestones
Share price at issuance	\$nil
Expiry date	30 June 2027
Number vested during the year	-
Number lapsed during the year	-

b. Options

In September 2022, 3,000,000 options were issued to the directors under the Employee Securities Incentive Plan which was implemented during the year.

Options were issued with an exercise price of \$0.25 and have an expiry date of 30 June 2027. No options were issued in prior year.

All options granted by the Company carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

The below table summaries the number and movement in options granted and their weighted average prices:

	2023	2023
	Number	WAEP
		\$
Outstanding at 1 July	-	0.25
Granted during the year	3,000,000	0.25
Outstanding at 30 June	3,000,000	0.25

All options issued during the year were valued using the Black-Scholes option pricing model. The fair value of the options granted during the year was estimated on the date of the grant using the following inputs:

Notes to the financial statements

For the year ended 30 June 2023

Options issued	3,000,000
Measurement date	14 July 2022
Exercise price (cents)	\$0.25
Fair value at grant date	\$0.10
Volatility	24%
Risk free rate	3.765%
Expiry date	30 June 2027
Valuation per options	\$0.002
Fair value of options granted to directors and recognised in the statement of profit or loss	\$6,000

Historically, volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

16. Issued capital and reserve

a. Share capital

	2023		2022	
	\$		\$	
Fully paid ordinary shares	1,789,091		1,241,842	

	2023	2023	2022	2022
	Number	\$	Number	\$
Movement in share capital				
At beginning of the year	95,066,734	1,241,842	85,683,750	478,749
Shares issued during the year				
Issuance of share capital(*)	3,461,659	474,086	7,715,000	632,854
Shares issued in lieu of directors fees	600,000	60,000	-	-
Conversion of performance rights	300,000	30,000	-	-
Additional shares issued	-	-	1,667,984	130,239
Share issue costs	-	(16,837)	-	-
At end of the year	99,428,393	1,789,091	95,066,734	1,241,842

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholder's meetings, each ordinary share is entitled to one vote when a poll is called.

Notes to the financial statements

For the year ended 30 June 2023

At a General Meeting of shareholders held on 5 September 2022, shareholders passed the following resolutions:

- Resolutions 5 and Resolution 6 allowing the issue of shares in lieu of the Directors fee at \$0.10 per share; and
- Resolution 7 to grant Ramiz Boulos 6,000,000 performance rights at \$0.10 per right. During the year, 300,000 shares were issued after the associated vesting conditions were satisfied.

(*) In January and June 2023, the Company successfully raised \$293,557 and \$180,530 before share issue cost of \$2,291 and \$1,826, respectively from 2,258,129 shares at \$0.13 per share, and 1,203,530 shares at \$0.15 per share.

b. Nature and purpose of reserves

Share-based payment reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Options reserve

The options reserve is used to recognise the fair value of options granted to key management personnel.

The movement recognised for employee services received during the year is shown in the table below:

	Share-based payments \$	Options reserve \$	Total \$
At 30 June 2022	-	-	-
Movements arising from equity-settled share-based payment transactions	72,746	-	72,746
Options issued to the directors	-	6,000	6,000
At 30 June 2023	72,746	6,000	78,746

Notes to the financial statements

For the year ended 30 June 2023

17. Commitments and contingencies

The Company has no commitments at year end other than those reflected in the financial statements (2022: \$nil).

The Company has no contingent liabilities as at the date of the financial report (2022: \$nil).

18. Loss per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2023	2022
	\$	\$
Reconciliation of loss used in calculating loss per share		
Loss attributable to the ordinary equity holders used in calculating basic loss per share	(835,070)	(402,081)
	2023	2022
	\$	\$
Weighted average number of shares		
Ordinary shares used as the denominator in calculating basic loss per share	96,791,090	89,841,463
Loss per share (cents)		
Basic loss per share	(0.86)	(0.45)
Diluted loss per share	(0.86)	(0.45)

Notes to the financial statements

For the year ended 30 June 2023

19. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Purchases from related parties \$	Amounts owed by related parties * \$	Amounts owed to related parties * \$
Other related parties				
Directors	2023	-	405	12,110
	2022	-	519	52,110
Boulos Cooper Labs Pty Ltd	2023	2,040	-	-
	2022	10,000	-	-

* The amounts are classified as trade and other receivables and trade and other payables, respectively (see Notes 8 and 12).

Terms and conditions of transactions with related parties

The purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2023, the Company recognised provision for expected credit losses of \$nil relating to amounts owed by related parties (2022: \$nil).

Notes to the financial statements

For the year ended 30 June 2023

		Interest paid	Loan from related parties
		\$	\$
Non-Executive Director - David Vincent	2023	-	-
	2022	-	10,000
Non-Executive Director - Giuseppe Lenzo	2023	-	-
	2022	-	10,000
Boulos & Cooper Trust	2023	-	-
	2022	-	2,580
Boulos & Cooper Self Managed Superannuation Fund	2023	664	-
	2022	-	-
Total	2023	664	-
	2022	-	22,580

The loan from Boulos & Cooper Self Managed Superannuation Fund is interest-bearing with interest charged at market rates.

a. Key management personnel compensation

The aggregate compensation paid to the directors of the Company is as follows:

	2023	2022
	\$	\$
Wages and salaries	105,984	123,625
Superannuation	9,502	7,152
Share-based payments	96,000	-
	211,486	130,777

Notes to the financial statements

For the year ended 30 June 2023

20. Financial instruments risk management objectives and policies

Objectives and policies and financial instruments

The Company's financial instruments consist mainly of cash at bank, trade receivables, loans payable and trade payables.

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	2023	2022
	\$	\$
Financial assets		
Cash and cash equivalents	62,858	344,394
Trade and other receivables	29,638	31,848
Total financial assets	92,496	376,242
Financial liabilities		
Trade and other payables	112,358	144,735
Loans payable – current	9,826	11,455
Total financial liabilities	122,184	156,190

Financial risk management policies

The Board of directors monitors the Company's financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to counterparty credit risk, liquidity risk and interest rate risk.

Specific financial risk exposures and management

The main risk that the Company is exposed to through its financial instruments are liquidity risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Credit risk

The Company has no concentrations of credit risk.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised above in this note.

As at 30 June 2023, all cash and cash equivalents were held by National Australia Bank, which has a credit rating of A (Standard and Poor's). In relation to trade receivables, management assesses the credit quality of the customer, taking into account its financial position, past

Notes to the financial statements

For the year ended 30 June 2023

experience and other factors.

Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to its trade and other payables and loans payable. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile; and
- only investing surplus cash with major financial institutions.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand \$	Less than 3 months \$	3 to 12 months \$	1 to 5 years \$	Total \$
Year ended 30 June 2023					
Loans payable	-	3,228	9,685	37,503	50,416
Trade and other payables	-	86,669	25,689	-	112,358
	-	89,897	35,374	37,503	162,774
Year ended 30 June 2022					
Loans payable	-	1,855	5,564	28,440	35,859
Trade and other payables	-	134,549	10,186	-	144,735
	-	136,404	15,750	28,440	180,594

Notes to the financial statements

For the year ended 30 June 2023

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is considered minimal.

21. Segment information

AASB 8 'Operating Segments' requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes by the chief operating decision maker ("CODM").

For management purposes, the Company is organised into one main operating segment, being the development and commercialisation of high value products from waste wool in Australia. The chief operating decision maker of the Company is the Executive Director.

All the Company's activities are interconnected and all significant operating decisions are based on analysis of the Company as one segment. The financial results of the segment are the equivalent of the financial statements as a whole. At 30 June 2023, all revenues and material assets are considered to be derived and held in one geographical area being Australia.

22. Fair value measurement

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities which were valued as at 30 June 2023:

	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	\$	\$	\$	\$
Loan at amortised cost				
Hire purchase liability	42,450	-	42,450	-

There were no transfers between Level 1 and Level 2 during 2023 and 2022.

Notes to the financial statements

For the year ended 30 June 2023

23. Events after the reporting period

On 27 July 2023, The Company issued 666,667 ordinary shares, to raise capital of \$100,000.

On 15 August 2023, the Company submitted an in-principle application for advice on the Company's suitability for admission to the official list of the ASX. The Board considers that the Company being listing on the ASX will better align with the Company's objectives and is in the best interest of the Company's shareholders for the following reasons:

- better ability for the Company to increase its shareholder base by enhancing marketability and liquidity of the Company's securities;
- greater access to a deeper pool of equity capital markets and fundraising prospects to support the Company's growth objectives;
- strengthening the Company's public recognition, commercial standing and investor profile; a larger profile and broader exposure for the Company to potential investors as well as capital to enhance its growth prospects; and
- help generate a substantial increase in the Company's funding resource, enabling it to advance its expansion objectives.

On 11 September 2023, the Company obtained shareholders approval for withdrawal from the NSX official listing, as the Company proposes to apply for admission to the official list of the Australian Stock Exchange (ASX).

It is anticipated that the Company will withdraw from the NSX on 10 November 2023, and list on the ASX on 11 November 2023.

There have been no other significant events which have arisen since the end of the year which may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial year.

Directors' declaration

In accordance with a resolution of the directors of Veratin Limited, I state that:

In the opinion of the directors:

1. the financial statements and notes of Veratin Limited for the financial year ended 30 June 2023 are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 30 June 2023 and its performance for the year ended on that date; and
 - complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
2. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.a.
3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Signed in accordance with a resolution of the directors.



Ramiz Boulos

Director

29 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERATIN LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Veratin Limited ("the Company"), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Veratin Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2b in the financial report which indicates that the Company incurred a net loss of \$835,070 during the year ended 30 June 2023. As stated in Note 2b, these events or conditions, along with other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

Independence

We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the below matter, provide the basis for our audit opinion on the accompanying financial report.

1. Impairment of Intangible Assets – Note 11

Why significant

The Company's ability to generate revenue is linked to capitalised development costs and patents in respect of the Company's product innovation and growth. These are included in the Statement of Financial Position as Intangible Assets.

The total carrying value of intangible assets as at 30 June 2023 is \$186,503 and has been deemed as a key audit matter due to the level of judgement involved given its dependency on its application process, revenue forecast and contribution margins.

How our audit addressed the key audit matter

- Our procedures included, amongst others:
- Evaluating the appropriateness of the revenue forecasts as well as management's determination of patent application success rates;
 - Challenging the reasonableness of the key assumptions including those driving the cash flows underpinning the analysis, by:
 - Comparing historical budget forecasts against actual results;
 - Comparing forecast growth to approved business plans.
 - Assessing the reasonableness of the independent valuation report undertaken by management;
 - Assessing that disclosures relating to the intangible assets are in accordance with Australian Accounting Standards.

2. Share Based Payments – Note 15

Why significant

As disclosed in the financial statements, the Company had share based payments of \$108,746, and this is considered to be a key audit matter due to

- the value of the transactions; and
- the complexities and judgement involved in its recognition, measurement and valuation.

Management used the Black-Scholes option valuation model as well as market/non-market based performance assessment to determine the fair value of the options and rights.

How our audit addressed the key audit matter

- Our procedures included, amongst others:
- Analysing contractual agreements to identify the key terms and conditions of share-based payments issued and relevant vesting conditions in accordance with AASB 2 Share Based Payments;
 - Evaluating management's Valuation Models and assessing assumptions and inputs used;
 - Engaging an expert to review the valuation models used and reperform the calculations;
 - Assessing the amount recognised during the year against the vesting conditions of the agreements and assessing the achievements of the relevant milestones; and
 - Assessing the adequacy of the disclosures included in the financial report.

Other Information

Other information is financial and non-financial information in the annual report of the Company which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report. The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report. In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2a(i), the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards. In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion. We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Veratin Limited for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



HALL CHADWICK AUDIT (WA) PTY LTD



NIKKI SHEN CA
Director

Dated this 29th day of September 2023
Perth, Western Australia

NSX additional information

Additional Information required by the National Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 30 June 2023.

(a) Five year comparative table of financial results:

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
Profit & loss					
Revenue from operating activities	106,909	83,617	90,253	49,006	-
Total expenses	941,979	485,698	160,800	119,279	207,293
Loss from ordinary activities before income tax expense	(835,070)	(402,081)	(70,547)	(70,273)	(207,293)
Net loss after tax	(835,070)	(402,081)	(70,547)	(70,273)	(207,293)
Net loss attributable to shareholders	(835,070)	(402,081)	(70,547)	(70,273)	(207,293)
Balance sheet					
Current assets	148,454	437,813	25,478	7,217	9,765
Non-current assets	289,472	214,187	96,433	97,838	88,612
Total assets	437,926	652,000	121,911	105,055	98,377
Current liabilities	137,061	166,424	22,463	12,960	17,450
Non-current liabilities	49,480	25,116	-	-	-
Total liabilities	186,541	191,540	22,463	12,960	17,450
Shareholders' funds	251,385	460,460	99,448	92,095	80,927
Loss per share (in cents)	(0.86)	(0.45)	(0.08)	(0.03)	(0.15)
Dividends per share (in cents)	-	-	-	-	-
Net assets value per share (in cents)	0.004	0.007	0.001	4.662	4.640
Shares on issue	99,428,393	95,066,734	85,683,750	22,535	21,203

NSX additional information

(b) The following table shows the distribution of fully paid ordinary shareholders:

Holding ranges	Input	Total units	Issued share capital %
above 0 up to and including 1,000	-	-	0.00
above 1,000 up to and including 5,000	-	-	0.00
above 5,000 up to and including 10,000	-	-	0.00
above 10,000 up to and including 100,000	195	7,042,732	7.08
above 100,000	46	92,385,661	92.92
	241	99,428,393	100.00

(c) The following table shows the ten (10) largest shareholders:

Position	Holder name	Holding	Input %
1	Ramiz Boulos	20,381,250	20.50
2	Chloe Cooper	18,750,000	18.86
3	Boulos & Cooper Pty Ltd (Boulos & Cooper A/C)	9,180,000	9.23
4	Amal Hunna	5,755,000	5.79
5	AMPAC Developments Pty Ltd (AMPAC Development A/C)	5,103,750	5.13
6	Mr Fadi Salama	4,571,038	4.60
7	Nicole Doick	3,371,250	3.39
8	Amos Livio Maggi	3,338,750	3.36
9	Joshua Michael Mcgregor	2,090,947	2.10
10	Gordon Bernard Mcgregor	1,706,250	1.72
		74,248,235	74.68
	Total issued capital	99,428,393	100.00

Offer Information Statement

6. Risk Factors

6.1 Specific Risks

Activities of Veratin, as in any business, are subject to risks which may impact on its future performance. Veratin has appropriate actions, systems and safeguards for known risks however, some are outside Veratin's control. Several specific risk areas are identified in the Offer Information Statement including those referred to below. These may have an adverse effect on the Company and should be considered in making a decision to invest.

6.2 Protection of intellectual property rights

The commercial value of the Company's intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which the Company (or entities it deals with) may have an interest in now or in the future will afford the Company commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications.

It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against the Company under copyright, trade secret, patent, or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation may be potentially significant and may divert management's attention from normal commercial operations.

6.3 Grant of Patents

The Company has lodged patent applications in relation to an organic fertiliser and soil improver comprising keratin in various jurisdictions. As at the date of this Prospectus, the Japanese, Indonesian and South African patents have been granted.

The Company is aware that there have been objections raised in relation to the patent applications in some jurisdictions, including in Australia. Despite these objections, as at the date of this prospectus, the Company is not aware of any material reasons why these applications would not be granted. In relation to the objections lodged against the Australian application, in particular, the Company is confident even if the objections cannot be overcome, the Company will be able to obtain a grant of an innovation patent as an alternative to protect their intellectual property. If the Company is not able to obtain patents in the relevant jurisdictions the Company will need to consider appropriate alternative methods to protect their intellectual property.

6.4 Rapid growth risk

The Company aims to experience rapid growth in the scope of its operating activities which may expand operations in new jurisdictions and markets. This growth is anticipated to result in an increased level of responsibility which, if unable to be managed, will result in the Company not being able to take advantage of market opportunities and execute its business plan or respond to competitive pressure.

Offer Information Statement

6.5 Competition

The market in which the Company operates includes large and well-funded technology companies whose resources exceed those currently available to the Company. There can be no assurance that the Company will be able to match or compete with the efforts of such competitors that release competing products to market.

Rival product offerings by existing and new competitors as well as technology developments by competitors may have an adverse effect on the Company's business operations, financial performance and prospects as well as on the value and market price of Shares.

6.6 Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

The Company may not be able to replace its senior management or key personnel with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company.

6.7 Distribution Agreements

The Company is a party to a number of distribution agreements. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these agreements is either breached by another party or if, for reasons outside of the Company's control, an agreement cannot be renewed, is terminated or is otherwise varied.

6.8 Commercial manufacturing and distribution capability

The Company is dependent on its ability to manufacture products on a commercial scale with continuity of supply.

In the event the Company has insufficient manufacturing and distribution capacity, for any reason, this may result in substantial cost and delay.

The Company has recently acquired additional machinery to grow its manufacturing capacity. As such, the Company does not expect that there will be issue in meeting manufacturing demand in the foreseeable future.

6.9 Dependency on wool suppliers

The Company is dependent on wool suppliers to supply the Company with waste-wool to be used in the manufacturing process.

The Company has established a relationship with one key waste-wool supplier from a farm in Western Australia and has recently been approached by a number of other wool providers. The Company has a 1-year wool stockpile in storage it is confident that there will be no issues in accessing waste-wool for use in the Company's business in the foreseeable future.

6.10 'Going concern' risk

While completing the audit review of the Company's financial report for the year ended 31 June 2023, the Company's auditor, noted the following:

Offer Information Statement

We draw attention to Note 2b in the financial report which indicates that the Company incurred a net loss of \$835,070 during the year ended 30 June 2023. As stated in Note 2b, these events or conditions, along with other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this respect of this matter".

Notwithstanding the 'going concern' qualification included in the financial report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short-term working capital requirements.

Offer Information Statement

8. Other Material Information

8.1 Rights attaching to shares in the Company

A summary of the rights which relate to all Shares which may be issued pursuant to this Offer Information Statement are set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of the Company's shareholders.

(a) Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every share held by them.

(b) Dividends

The Shares will rank equally with all other issued shares in the capital of the Company and will participate in dividends out of profits earned by the Company from time to time. Subject to the rights of holders of shares of any special preferential or qualified rights attaching thereto, the profits of the Company are divisible amongst the holders of shares in proportion to the shares held by them irrespective of the amount paid up or credited as paid up thereon. The Directors may from time to time pay to shareholders such interim dividends as in their judgement the position of the Company justifies.

(c) Winding Up

Upon paying the application moneys, shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Corporations Act.

(d) Transfer of Securities

Generally, the Shares in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers under the Constitution. The Directors may decline to register any transfer of Shares but only where permitted to do so under its Constitution.

For more particular details of the rights attaching to Shares in the Company, investors should refer to the Constitution of the Company.

Offer Information Statement

9. Glossary of Terms

ASIC	Australian Securities & Investments Commission.
Veratin or Company	Veratin Limited ACN 613 404 612
Board or Directors	Directors of the Company.
Corporations Act 2001 (Cth)	<i>Corporations Act 2001 (Cth)</i> , as the case may be.
Eligible Investors	Shareholders who reside in Australia or New Zealand.
Issue	The issue of Shares pursuant to this Offer Information Statement.
Minimum Subscription	Applications under the Offer must be for a minimum of \$2,000 worth of Shares (20,000 Shares) and thereafter, in multiples of \$500 worth of Shares (5,000 Shares)
Offer	Means the Offer of 5,000,000 ordinary fully paid Shares to be offered for subscription at \$0.10 each under the Offer Information Statement.
Replacement Offer Information Statement or Offer Information Statement or OIS	This Offer Information Statement for a public issue of 5,000,000 ordinary fully paid Shares to be offered for subscription at \$0.10 each.
Shares	The ordinary shares to be issued under this Offer Information Statement.
Shareholders	Holder of existing shares in the Company.