



21/12/2022

### **Offer Information Statement**

Veratin Limited (NSX: VTN) (the **Company**) is pleased to advise it has lodged an Offer Information Statement with ASIC on Friday the 16<sup>th</sup> of December 2022. The Offer is subject to an exposure period and will open on Friday the 23<sup>rd</sup> of December 2022, unless extended by ASIC.

**ENDS**

**Issued by:** Veratin Limited

**Authorised by:** The board of Veratin Limited

Dr Ramiz Boulos

Executive Chairman

Ramiz.boulos@veratin.com.au

# Offer Information Statement

Veratin Limited ACN 613 404 612

An offer of 1,923,077 ordinary shares at an issue price of \$0.13 per Share to raise approximately \$250,000 expiring on 13/01/2023.

This Offer Information Statement was lodged with the Australian Securities and investments Commission (**ASIC**) on 16/12/2022. 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.

The Offer is partially underwritten by Boulos & Cooper SF Pty Ltd.

**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.

A handwritten signature in black ink, appearing to read 'Ramiz', with a long horizontal stroke extending to the right.

Ramiz Boulos  
Executive Chairman

# Offer Information Statement

## Important Notices

This Offer Information Statement is issued under Part 6D.2 of the Corporations Act, is dated 16/12/2022, 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 13/01/2023.

**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:** The Corporations Act prohibits the Company from accepting applications in the seven (7) day period after the date on which the Offer Information Statement is lodged with ASIC. This period is known as the exposure period. This exposure period may be extended by the ASIC by up to fourteen (14) days.

Applications received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on applications received during the exposure period.

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 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.

# Offer Information Statement

## Issue summary

### Key terms

Offer Price	\$0.13
No. of Shares to be offered under this Offer Information Statement	1,923,077
Shares on issue prior to this Offer (see Section 1.5)	95,966,734
Options on issue prior to this Offer (see Section 1.5)	3,250,000
Market Capitalisation at Offer Price (including Shares under this Offer Information Statement)	\$12,725,675

### Key dates

Applications Open	23/12/2022
Applications Close	13/01/2023
Allotment of Shares under this Offer Information Statement	30/01/2023
Dispatch of Statements	31/01/2023

*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 16/12/2022, 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 10.

# Offer Information Statement

Dear Investor

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 \$0.13 per Share. The Offer is partially underwritten by Boulos & Cooper SF Pty Ltd. Boulos & Cooper SF Pty Ltd is an entity associated with Dr Ramiz Boulos and the major shareholder of the Company.

The partial underwriting means that the receipt of funds sought under the Offer can be guaranteed up to \$75,000 (subject to the terms of the Underwriting Agreement) and the Company will be able to implement at least some of its planned activities.

Veratin is a research and development manufacturing company that develops high end value products from low grade wool using green chemistry processes. The Company has released three products to date under the Verigrow® umbrella – liquid fertiliser and soil improver, ready to use foliar spray and potting mix.

This Offer Information Statement is seeking to raise a minimum of \$250,000 via the issue of Shares at an issue price of \$0.13 per Share under the Offer. The purpose of the Offer is to provide funds to implement the Company's business strategies in growing sales from Verigrow® and developing new products for the agricultural market as well as funding research and development of new products for the cosmetics, nutraceutical and functional foods, chemical and materials industries. To support the expected growth of the business, additional working capital will be required.

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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# Offer Information Statement

## Corporate Directory

### Directors

Ramiz Boulos

David Vincent

Giuseppe Lenzo

### Company Secretary

Ramiz Boulos

### Registered Office/Administration

Unit 1, 14 Hines Road  
O'Connor WA 6163

Telephone: + 61 431 150 538

Email: [info@veratin.com.au](mailto: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

Stantons  
Level 2  
40 Kings Park Road  
West Perth WA 6005

### 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.

# Offer Information Statement

## 1. The Company

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### 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 currently operates in the agricultural market, but is seeking to develop products that will be applicable in a broader range of industries including the cosmetic, health foods and materials sectors.

### 1.2 Investment highlights

- **Discounted valuation** – An independent valuation report prepared by Acuity Technology Management valued Veratin Limited between \$7.3 million and \$24.0 million, with a preferred valuation of \$14.6 million. This places a value of \$0.15 a share at the preferred valuation. The price per share in this Offer Information Statement of \$0.13 presents a 13% discount to the preferred valuation share price.
- **Revenue generating:** The Company is revenue-generating having established operations and an existing customer base.
- **Growing sales:** In FY21, Veratin made sales of \$40,995.89. In FY22, Veratin made sales of \$64,062.09 — an increase of 56.26% from the previous FY.
- **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 L a year (current sales are less than 15,000 L a year).
- **Growing online marketplace presence:** The Company has set up eBay, Shopify and Alibaba stores, setting the framework for international expansion.
- **Improved brand awareness:** Since Verigrow's launch, the Company has invested, and continues to invest in print, radio, social and television advertising. The Company is currently running various social media advertising campaigns, a radio advertisement on 6PR and a television advertisement on WIN targeting regional farms. In addition, the Company also featured on an ABC Landline episode (episode 41) focussing on up-cycling low-grade wool.
- **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.



# Offer Information Statement

- **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 South African patent and the Japanese patent have been granted.

Veratin also holds trademarks for Verigrow fertiliser and soil improvers, Veratin shampoos and conditioners and Baa baa beverages. The Verigrow Australian trademark is registered (Trademark Number 1793929) and the US trademark (Serial Number 1793929) is allowed. 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 2022.

## 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.

## 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 and promotional activities to grow its sales revenues from sales of Verigrow®;
- (b) develop new Verigrow®-based products; and
- (c) continue the development of its other products which include cosmetic products, biodegradable polymers and nutraceuticals and functional foods.

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

# Offer Information Statement

## 1.5 Capital Structure

Existing Shares on Issue	95,966,734
Shares to be Issued	1,923,077
Options	3,250,000

# Offer Information Statement

## 2. Details of the Issue

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### 2.1 The Share Offer

Under this Offer Information Statement the Company is offering for subscription 1,923,077 Shares at an issue price of \$0.13 per share to raise \$250,000.

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

<b>Lodge OIS with ASIC</b>	16/12/2022
<b>Opening Date of Offer</b>	23/12/2022
<b>Closing Date of Offer</b>	13/01/2023
<b>Issue of Shares</b>	30 January 2023
<b>Despatch of Shares holding statements</b>	31 January 2023

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) working capital;
- (b) advertising; and
- (c) research and development of new products.

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

Costs of the issue	\$10,000
Working Capital	\$140,000
Advertising	\$25,000
Research and Development	\$75,000
<b>Total</b>	<b>\$250,000</b>

*\* Assumes that the Offer is fully subscribed.*

# Offer Information Statement

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 \$2,000.05 (15,385 Shares) and thereafter, in multiples of \$500.11 (3847 Shares). The Offer is partially underwritten by Boulos & Cooper SF Pty Ltd.

## 2.6 Potential effects of Underwriting on Control

Boulos & Cooper SF Pty Ltd currently has a Relevant Interest in 90,000 Shares, representing 0.09% of the voting power in the Company, with an Entitlement to 576,937 shares under the Offer.

Boulos & Cooper SF Pty Ltd is an entity associated with Dr Ramiz Boulos. The Underwriter and its Associates currently hold approximately 50.44%. If, at completion of the Offer, the Underwriter is required to subscribe for the entire underwritten amount it is possible that the Underwriter and its Associates (including Dr Ramiz Boulos and Boulos & Cooper Pty Ltd) would hold approximately 50.03% of the voting power in the Company.

Shareholders who do not take up shares under the Offer will have their interest in the Company diluted. Given the terms of the Offer, the maximum possible dilution to an existing Shareholder's interest in the Company (assuming the Offer is fully subscribed) would be approximately 0.12% of its holdings.

Shareholders can reduce the extent of their dilution of their voting power in the Company by applying for Shares under the Offer.

## 2.7 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.

## 2.8 Overseas Shareholders [to be confirmed]

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.

# Offer Information Statement

## 2.9 **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.

# Offer Information Statement

## 3. How to apply

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### 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 23/12/2022 at 9:00 a.m. (Perth time) and the closing date will be 13/01/2023 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 [to be confirmed with share registry]

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;

# Offer Information Statement

- (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 Prospectus 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 Company retains an absolute discretion to allocate Shares under the Offer and reserves the right, in its absolute discretion, 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

# Offer Information Statement

- (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

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### 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) **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) **Giuseppe Lenzo Chartered Accountant BComm GradDipCA – Nonexecutive 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.

# Offer Information Statement

## 5. Financial Information

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# VERATIN LIMITED

ABN: 89 613 404 612

Financial report for the year ended 30 June 2022

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## **Corporate Directory**

### **Directors**

Mr Ramiz Boulos  
Mr David Vincent  
Mr Giuseppe Lenzo

### **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

### **Auditors**

Stantons  
Level 2  
40 Kings Park Road  
West Perth WA 6005

### **Solicitors**

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

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## VERATIN LIMITED

### Directors' report

Your Directors present their report on Veratin Limited (the "Company" or "Veratin") for the financial year ended 30 June 2022.

#### Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

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

#### Remuneration to Directors

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

2022	Salary & Fees	Superannuation Contribution	Other	Total
	\$	\$	\$	\$
Ramiz Boulos	71,515	7,152	Nil	78,667
Giuseppe Lenzo	23,686	2,369	Nil	26,055
David Vincent	23,686	2,369	Nil	26,055
<b>Total</b>	<b>118,887</b>	<b>11,890</b>	<b>Nil</b>	<b>130,777</b>

2021	Salary & Fees	Superannuation Contribution	Other	Total
	\$	\$	\$	\$
Ramiz Boulos	27,567	2,619	Nil	30,186
Giuseppe Lenzo	Nil	Nil	Nil	Nil
David Vincent	Nil	Nil	Nil	Nil
<b>Total</b>	<b>27,567</b>	<b>2,619</b>	<b>Nil</b>	<b>30,186</b>

Number of shares in which directors have a joint or beneficial interest

	Balance 30/06/2021	Received as remuneration	Options exercised	Other changes	Balance 30/06/2022
	\$	\$	\$	\$	\$
Ramiz Boulos	48,011,250	Nil	Nil	90,000	48,101,250
Giuseppe Lenzo	31,250	Nil	Nil	Nil	31,250
David Vincent	2,565,000	Nil	Nil	Nil	2,565,000
<b>Total</b>	<b>50,607,500</b>	<b>Nil</b>	<b>Nil</b>	<b>90,000</b>	<b>50,697,500</b>

#### Details of Directors

##### Ramiz Boulos,                      Founder and Managing Director

**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.

## VERATIN LIMITED

### Directors' report

**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 48,101,250 shares (Directly and through beneficial interests).

#### **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.

Giuseppe Lenzo holds 31,250 shares (Directly and through beneficial interests).

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

#### **David Vincent, Non-Executive Director**

**Education** Scotch College Perth

**Experience** Extensive experience in the retail food industry and Farmers Market events management  
Managing Director: West Side Sales  
Market Manager/Owner: The Farmers Market on Manning  
Chairman of WA Farmers Market Association

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

David Vincent holds 1,252,500 shares  
Giuseppina Vincent (spouse) holds 1,252,500 shares  
Joanna May Vincent holds 30,000 shares  
Bianca Sophia Vincent holds 30,000 shares

#### **Meetings of the Board of Directors**

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

	Eligible to attended	Attended
Ramiz Boulos	5	5
Giuseppe Lenzo	5	5
David Vincent	5	5

# VERATIN LIMITED

## Directors' report

### Indemnities

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 Veratin.

### Principal activities

Undertake the development and commercialisation of high value products from waste wool.

### Operating result

The Company's net loss for the year ended 30 June 2022 is \$402,081 (2021: net loss of \$70,547).

During the current year, the Company is focused on the development and commercialisation of high value products from waste wool.

### Corporate

There were 9,382,984 shares issued during the period.

### Options

There are the outstanding options of 250,000 shares at \$0.25 each which expire on 01 December 2023. There were no options granted which expired during or since the end of financial year.

### After balance date events

The Company received the Grant Certificate from Japan for the Patent "Organic fertiliser and soil conditioner containing keratin" with the date of registration as at 01 August 2022.

There are 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.

### Proceedings on behalf of 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.

### Environmental regulations

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

### Dividend paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made at the date of this report.

### 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 5 and forms part of this report.

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor 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.

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

Ramiz Boulos  
Director



30<sup>th</sup> September 2022



30 September 2022

Board of Directors  
Veratin Limited  
Unit 1/14A Hines Rd  
O'Connor WA 6163

Dear Directors

**RE: VERATIN LIMITED**

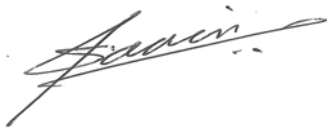
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Veratin Limited.

As Audit Director for the audit of the financial statements of Veratin Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(An Authorised Audit Company)**



**Samir Tirodkar**  
**Director**

**VERATIN LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2022 \$	2021 \$
Revenue	2	64,062	40,996
Other income	3	19,555	49,527
Materials and supplies and other direct costs		(53,830)	(226)
Consulting and accounting expenses		(75,652)	(44,724)
Employee benefits expenses		(165,112)	(31,136)
Occupancy expenses		(17,009)	(20,274)
Finance costs		(564)	(50)
Depreciation	8	(5,585)	(3,588)
Other expenses		(167,946)	(61,072)
(Loss) before income tax		<u>(402,081)</u>	<u>(70,547)</u>
Income tax expense	4	-	-
<b>(Loss) after tax</b>		<b><u>(402,081)</u></b>	<b><u>(70,547)</u></b>
<b>Other comprehensive Income</b>			
<i>Items that may be reclassified to profit and loss</i>		-	-
<i>Items that will not be reclassified to profit or loss</i>		-	-
<b>Total comprehensive (loss) for the year</b>		<b><u>(402,081)</u></b>	<b><u>(70,547)</u></b>
		<b>cent</b>	<b>cent</b>
Basic and diluted (loss) per share	16	(0.45)	(0.08)

The statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

**VERATIN LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	Notes	2022 \$	2021 \$
<b>Current assets</b>			
Cash and cash equivalents	5	344,394	13,851
Trade and other receivables	6	31,848	5,332
Prepayments		11,575	6,295
Inventories	7	49,996	-
Total current assets		437,813	25,478
<b>Non-current assets</b>			
Property, plant and equipment	8	83,880	20,839
Intangible assets	9	130,307	75,594
Total non-current assets		214,187	96,433
<b>Total assets</b>		<b>652,000</b>	<b>121,911</b>
<b>Current liabilities</b>			
Trade and other payables	10	144,735	11,938
Provisions	11	10,234	-
Loan payable	12	11,455	10,525
Total current liabilities		166,424	22,463
<b>Non-current liabilities</b>			
Loan payable	12	25,116	-
Total non-current liabilities		25,116	-
<b>Total Liabilities</b>		<b>191,540</b>	<b>22,463</b>
<b>Net assets</b>		<b>460,460</b>	<b>99,448</b>
Contributed equity	13	1,241,842	478,749
Accumulated losses		(781,382)	(379,301)
<b>Total Equity</b>		<b>460,460</b>	<b>99,448</b>

The statement of financial position should be read in conjunction with the notes to the financial statements.

**VERATIN LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<b>Contributed Equity</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at 1 July 2021</b>	478,749	(379,301)	99,448
(Loss) for the year	-	(402,081)	(402,081)
<b>Total comprehensive (loss) for the year</b>	<b>-</b>	<b>(402,081)</b>	<b>(402,081)</b>
Issue of shares (net of costs)	763,093	-	763,093
<b>Balance as at 30 June 2022</b>	<b>1,241,842</b>	<b>(781,382)</b>	<b>460,460</b>
<b>Balance as at 1 July 2020</b>	400,849	(308,754)	92,095
(Loss) for the year	-	(70,547)	(70,547)
<b>Total comprehensive (loss) for the year</b>	<b>-</b>	<b>(70,547)</b>	<b>(70,547)</b>
Issue of shares (net of costs)	77,900	-	77,900
<b>Balance as at 30 June 2021</b>	<b>478,749</b>	<b>(379,301)</b>	<b>99,448</b>

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

**VERATIN LIMITED**  
**STATEMENT OF CASH FLOWS**  
**AS AT 30 JUNE 2022**

	Notes	2022 \$	2021 \$
<b>Cash flow from operating activities</b>			
Receipts from customers		65,576	44,252
Payments to suppliers and employees		(424,143)	(157,704)
R&D rebate received		17,771	15,005
EMD grant received		-	23,976
Cash flow boost received		-	10,000
Net cash (outflow) from operating activities	15	(340,796)	(64,471)
<b>Cash flow from investing activities</b>			
Payments for property, plant and equipment		(47,658)	(1,157)
Payments for intangible assets		(33,350)	(1,025)
Net cash (used in) investing activities		(81,008)	(2,182)
<b>Cash flow from financing activities</b>			
Receipts from borrowings	12	22,580	26,212
Repayment of borrowings	12	(28,202)	(6,300)
Issue of shares	13	758,808	56,450
Interest paid		(839)	(50)
Net cash provided by financing activities		752,347	76,312
<b>Net increase in cash and cash equivalents</b>		<b>330,543</b>	<b>9,659</b>
Cash and cash equivalents at beginning of the year		13,851	4,192
<b>Cash and cash equivalents at end of year</b>	5	<b>344,394</b>	<b>13,851</b>

The statement of cash flows should be read in conjunction with the notes to the financial statements.

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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**1: Summary of 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 Corporations 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 Accounting Standards and interpretations adopted by the Company*

▪ **AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021**

The Group has applied AASB 2021-3: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021* this reporting period.

The amendment amends AASB 16 to extend by one year, the application of the practical expedient added to AASB 16 by AASB 2020-4: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and instead, to account for those rent concessions as if they were not lease modifications. The amendment has not had a material impact on the Company's financial statements.

▪ **AASB 2020-8: Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2**

The Company has applied AASB 2020-8 which amends various standards to help listed entities to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements. As a result of these amendments, an entity:

- will not have to derecognise or adjust the carrying amount of financial statements for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates. The amendment has not had a material impact on the Company's financials.

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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*(iv) New and amended standards not yet adopted by the Company*

- *AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Company plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

- *AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments is an omnibus standard that amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The Company plans on adopting the amendment for the reporting period ending 30 June 2023. The impact of the initial application is not yet known.

- *AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Company plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

- *AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendment amends the initial recognition exemption in AASB 112: *Income Taxes* such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Company plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

*(v) Going Concern Assessment*

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 2022, the Company had net assets of \$460,460 (2021: \$99,448) and net current assets of \$271,389 (2021: \$3,015), and in the year then ended incurred a loss of \$402,081 (2021: \$70,547) and net operating cash outflows of \$340,796 (2021: \$64,471). These conditions give rise to a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

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 have a reasonable expectation that the business will be able to do this, and therefore has adopted the going concern basis in preparing this financial report.

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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The Company has made a significant investment in R&D, HR and plant and equipment in FY 2022. This investment will see the Company well positioned to exploit growth opportunities. 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.

*(vi) 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.

**b) Foreign currency translation**

*Functional and presentation currency*

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

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

**c) Revenue recognition**

AASB 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers and requires application of a five-step process to identify the contract with the customer, identify performance obligations in the contract, determine transaction price, allocate the transaction price to the performance obligations and recognise revenue when performance obligations are satisfied.



**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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Revenue is recognised for the major business activities as follows:

*(i) Sale of goods*

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

*(ii) Rendering of services and commission*

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

*(iii) Interest income*

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

*(iv) Research and development rebates, and other government incentives*

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

**d) Employee benefits**

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.

**e) Impairment**

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.

**f) Income tax**

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

**Current Tax**

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

**Deferred Tax**

Deferred income tax expense reflects the movements in deferred tax asset and deferred tax liability balances during the year as well as unutilised 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 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

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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deferred tax asset can be utilised. Tax losses have not been recognised in the current financial period.

***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.

**g) Good 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.

**h) 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**i) 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.

**j) Financial instruments**

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.

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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*Subsequent measurement*

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

*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.

Financial Liabilities

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, 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 and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans payable.

*Subsequent measurement*

*Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings 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 interest-bearing loans and borrowings.

*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 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.

**k) Property, plant and equipment**

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

*(i) Plant and Equipment*

Plant and equipment is measured on the cost basis.

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.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

*(ii) 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.

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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

<b><i>Class of Fixed Asset</i></b>	<b><i>Depreciation Rate</i></b>
Plant and equipment	20%
Vehicles	25%

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.

**l) Intangible assets**

*(i) Goodwill*

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

*(ii) 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 to 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.

**m) 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.

**n) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

**o) Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**p) Fair value of assets and liabilities**

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data. To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**q) Critical accounting estimates and judgements**

• ***Deferred taxation***

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.

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.

• ***Capitalisation of Patent costs as Intangible assets***

Patent costs 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.

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2022**

**2: Revenue**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Sales of goods	64,062	40,996
	<b>64,062</b>	<b>40,996</b>

(a) Operating segments

The Company operates in one geographic segment, being Australia.

**3: Other income**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Other Income		
• R&D rebates	17,771	15,005
• EMD grant	-	23,976
• Cash flow boost	-	10,000
• Others	824	546
• Gain/(Loss) on Disposal of Assets	960	-
	<b>19,555</b>	<b>49,527</b>

**4: Income tax**

Reconciliation of income tax expense to prima facie tax payable

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax	(402,081)	(70,547)
Tax at Australian tax rate of 25% (2021: 26%)	(100,520)	(18,342)
Tax effect of amounts which are not assessable in calculating taxable income:		
- R&D Claim Receivable	(4,443)	(3,901)
- Government Incentive – Cash flow Boost	-	(2,600)
- Other government grants	-	(6,375)
Deferred tax assets not recognised	104,963	31,218
Income tax expense	-	-

Estimated carried forward tax losses of \$736,410<sup>(\*)</sup> for the financial year has not been brought to account as a deferred tax asset of \$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 director is of the opinion that these losses remain available for the Company to use in the future.

<sup>(\*)</sup> The amount has not accounted for the accounting expenditure in Research and development tax incentive section in company tax return as the information is not yet available.

<sup>(\*)</sup> This is an addition to the carried forward tax losses of \$316,558 as at 30 June 2021 with its associated deferred tax asset of \$79,140 at 25% corporate tax rate for 2022.

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.

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 3.

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2022**

**5: Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	342,890	13,851
Cash on hand	1,504	-
	<b>344,394</b>	<b>13,851</b>

**6: Trade and other receivables**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade receivables	4,817	843
GST receivables	16,863	1,989
Other receivables	9,649	2,500
Receivable from related parties	519	-
	<b>31,848</b>	<b>5,332</b>

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.

**7: Inventories**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
At the lower of cost or net realisable value		
Stock on Hand – cost	2,318	-
Raw Materials & Supplies – cost	39,173	-
Packaging	8,190	-
Manufacturing related supplies	315	-
	<b>49,996</b>	<b>-</b>

**8: Property, plant and equipment and Intangible asset**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Vehicles – at cost	29,449	3,084
Vehicles - accumulated depreciation	(1,815)	(995)
Vehicles - carrying value at the end of the year	<b>27,634</b>	<b>2,089</b>
Plant & equipment - at cost	65,576	24,632
Plant & equipment - accumulated depreciation	(9,330)	(5,882)
Plant & equipment - carrying value at the end of the year	<b>56,246</b>	<b>18,750</b>
<b>Total property, plant &amp; equipment</b>	<b>83,880</b>	<b>20,839</b>

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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<b>Reconciliation of carrying amount</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
At cost	95,026	27,717
Accumulated depreciation	(11,146)	(6,878)
	<b>83,880</b>	<b>20,839</b>

<b>Cost</b>	Office Equipment \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
As at 1 July 2020	882	22,592	3,084	26,558
Additions	-	1,158	-	1,158
Disposals	-	-	-	-
<b>As at 30 June 2021</b>	<b>882</b>	<b>23,750</b>	<b>3,084</b>	<b>27,716</b>
Additions	1,860	39,085	29,449	70,394
Disposals	-	-	(3,084)	(3,084)
<b>As at 30 June 2022</b>	<b>2,742</b>	<b>62,835</b>	<b>29,449</b>	<b>95,026</b>
<b>Depreciation</b>				
As at 1 July 2020	220	3,098	299	3,617
Depreciation charge for the year	133	2,432	696	3,261
Disposals	-	-	-	-
<b>As at 30 June 2021</b>	<b>353</b>	<b>5,530</b>	<b>995</b>	<b>6,878</b>
Depreciation charge for the year	198	3,250	2,137	5,585
Disposals	-	-	(1,317)	(1,317)
<b>As at 30 June 2022</b>	<b>551</b>	<b>8,780</b>	<b>1,815</b>	<b>11,146</b>



**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2022**

**9: Intangible assets**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Patents</b>		
Cost	128,377	74,476
Accumulated amortisation	-	(327)
	<b>128,377</b>	<b>74,149</b>
Trademark, at cost	1,930	1,445
<b>Total</b>	<b>130,307</b>	<b>75,594</b>

**10: Trade and other payables**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade payables	34,638	5,811
Sundry payables and accrued expenses	110,097	6,127
	<b>144,735</b>	<b>11,938</b>

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 2022 amounted to \$1,043 (2021: Nil).

**11: Provisions**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Provision for Annual Leave	10,234	-
	<b>10,234</b>	<b>-</b>

**12: Loans payable**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Loans payable to related parties (i)	-	5,300
Loans payable to third party (ii)	5,567	5,225
Hire Purchase Liability (iii)	5,888	-
	<b>11,455</b>	<b>10,525</b>
<b>Non-current</b>		
Hire Purchase Liability (iii)	<b>25,116</b>	<b>-</b>

(i) During 2022 the following loans were provided by related parties of the Company;

- During 2022, the prior year loan of \$5,300 were converted into shares on 04 August 2021; an additional interest-free loan of \$2,580 (2021: \$20,400) was provided by shareholder Boulos & Cooper Trust; repayments of \$2,580 were made during the year.
- During 2022, a \$20,000 loan was provided by two directors, Giuseppe Lenzo and David Vincent, \$10,000 each, on 18 January 2022. No interest was applied to the loan. The entire loan was paid back on 17 February 2022.

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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

- Insurance Funding \$5,624.68
  - Amount financed: \$5,550
  - Additional fee: \$60
  - Start date: 16 June 2022
  - Expiry date: 15 June 2023
  - Monthly repayments: \$492.26
  - Finance term: 12 months
  - Interest rate: 6.43%
  - Maturity: 16 May 2023

(iii) Loans payable to a third party is for insurance funding. The terms of the finance arrangement are as follows:

- Motor vehicle loan \$31,386 (Hire purchase)
  - Amount financed: \$30,849
  - Additional fee & registration: \$1,860
  - Start date: 06 May 2022
  - Expiry date: 06 April 2027
  - Monthly repayments of \$610.26
  - Finance term: 60 months
  - Interest rate: 5.14%
  - Maturity: 05 April 2027
  - Maturity Analysis of future hire purchase payments

	Amount
	\$
Within one year	7,419
Later than 1 year and not later than 5 years	28,440
<b>Total</b>	<b>35,859</b>

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**13: Contributed equity**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Share Capital</b>		
Fully paid Ordinary Shares	1,241,842	478,749
<i>Movement in Share Capital</i>		
At beginning of the year	478,749	400,849
Shares issued during the year		
Initial Public Offering ("IPO") (*)	632,854	-
Additional shares issued (**)	130,239	77,900
At end of the year	1,241,842	478,749
	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Shares on issue at beginning of year	85,683,750	22,355
Shares issued during the year		494
Initial Public Offering ("IPO")	7,715,000	-
Additional shares issued	1,667,984	-
Shares in issue at end of the year	95,066,734	22,849
Stock-split (3,750 shares for every 1 existing share)	-	85,660,901
Shares on issue at end of the year (post-stock split)	<b>95,066,734</b>	<b>85,683,750</b>

On 14 June 2021, a share split (3,750 shares for every 1 existing share) was carried out by the Company to align the share price to a future pre-IPO seed capital price in order to attract more investors. The split was determined based on a price of \$0.08 per share.

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.

The total share issued capital of \$763,093 consists of \$5,300 which was converted from payable loan and \$1,015 accrued share capital cost. This results in total of \$758,808 received in cash.

(\*) In February 2022, the IPO on National Stock Exchange successfully raised \$771,500 before share issue cost of \$138,093 from 7,715,000 shares at \$0.10 per share.

(\*\*) The share issued capital of \$130,239 consists of \$5,300 was converted from payable loan into 66,250 shares at \$0.08 per share.

**14: Commitments and contingencies**

The Company has no commitments at year end other than those reflected in the financial statements.

The Company has no contingent liabilities as at the date of the financial report.

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2022**

**15: Cash flow information**

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(402,081)	(70,547)
Depreciation	5,585	3,587
Interest expense & borrowing cost	839	50
Others	2,926	-
<i>Changes in assets &amp; liabilities</i>		
Trade and other receivables	(76,512)	(1,464)
Trade and other payables	133,727	10,198
Prepayments	(5,280)	(6,295)
Net cash flow (used in) operating activities	<u>(340,796)</u>	<u>(64,471)</u>

**16: Loss per share**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
(a) Reconciliation of loss used in calculating loss per share		
Loss attributable to the ordinary equity holders used in calculating basic loss per share	(402,081)	(70,547)
(b) Weighted average number of shares		
Ordinary shares used as the denominator in calculating basic loss per share	89,841,463	84,198,359
	Cents	Cents
(c) Loss per share		
Basic loss per share	(0.45)	(0.08)
Diluted loss per share	(0.45)	(0.08)

**17: Related Party Transactions**

**(a) Key Management Personnel Compensation**

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries: Executive Director (Ramiz Boulos)	71,515	27,567
Superannuation: Executive Director (Ramiz Boulos)	7,152	2,619
Director Fee: Non-Executive (Giuseppe Lenzo)	26,055	-
Director Fee: Non-Executive (David Vincent)	26,055	-
	<u>130,777</u>	<u>30,186</u>

- The Director Fees haven't been paid during the year. Their service agreements of \$30,000 (inclusive of superannuation) will be settled in the form of issued shares. The agreements cover the period from 18 August 2021 to 18 August 2022.

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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**(b) Other related party transactions**

- A \$2,580 interest-free loan was provided to the Company by Boulos & Cooper Trust and repayment made during the year (2021: \$20,512).
- Each of the two Non-Executive Directors provided an interest-free loan of \$10,000 which were paid back fully during the year.
- The Company paid \$10,000 plus GST to Boulos Cooper Labs Pty Ltd for the License Fee for Biodegradable IP.

**18: Financial risk management**

**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:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	344,394	13,851
Trade and other receivables	31,848	5,332
<b>Total Financial Assets</b>	<b>376,242</b>	<b>19,183</b>
<b>Financial Liabilities</b>		
Trade and other payables	144,735	11,938
Loans payable – current	11,455	10,525
<b>Total Financial Liabilities</b>	<b>156,190</b>	<b>22,463</b>

**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 2022, all cash and cash equivalents were held by either National Australia Bank, both with an A (Standard and Poor's) credit rating. In relation to trade receivables, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

**VERATIN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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**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.

**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.

**19: 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 2022, all revenues and material assets are considered to be derived and held in one geographical area being Australia.

**20: Events occurring after the reporting period**

There are 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.

**VERATIN LIMITED**  
**DIRECTORS' DECLARATION**

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In accordance with a resolution of the directors of Veratin Limited, the directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
  - a. comply with Australian Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; which constitutes compliance with International Financial Reporting Standards; and
  - b. give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended.
2. In the director's opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Ramiz Boulos  
Director



Dated this the 30<sup>th</sup> September 2022

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
VERATIN LIMITED****Report on the Audit of the Financial Report*****Qualified Opinion***

We have audited the financial report of Veratin Limited (the "Company") which comprises the statement of financial position as at 30 June 2022, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the physical inventory quantities as described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Company 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 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

***Basis for Qualified Opinion***

The Company's inventories are carried in the statement of financial position at \$49,996 which includes raw materials of \$39,174. We did not observe the stock count as at 30 June 2022 as management did not give us access to attend the stock count. We were unable to obtain sufficient appropriate audit evidence to support the raw materials' completeness and existence. We were unable to satisfy ourselves by alternative means concerning the completeness and existence, leading to the rights and obligations and valuation as at 30 June 2022 of the raw materials.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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.

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

***Material Uncertainty in Relation to Going Concern***

As referred to in Note 2 to the financial statements, the financial statements have been prepared on a going concern basis. At 30 June 2022, the Company had cash and cash equivalents of \$344,394 and incurred a loss



after income tax of \$402,081. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is subject to the future profitability of the Company. In the event that the Company is not successful in being profitable, the Company may not be able to meet its liabilities as and when they fall due, and the realisable value of the Company's assets may be significantly less than book values.

### ***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 period. 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.

We have determined that there are no key audit matters to be communicated in our audit report.

### ***Other Information***

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly, we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### ***Auditor's Responsibilities for the Audit of the Financial Report***

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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 the 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 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 on the Remuneration Report***

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Veratin Limited for the year ended 30 June 2022 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.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*  
*Samir*

**Samir Tirodkar**

Director

West Perth, Western Australia

30 September 2022

# Offer Information Statement

## 6. Risk Factors

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### 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, only patents filed in South Africa and Japan 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 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.

## 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 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 30 June 2022, the Company's auditor, noted the following:

# Offer Information Statement

“The ability of the Company to continue as a going concern is subject to the future profitability of the Company and ability to raise further working capital. In the event that the Company is not successful in commencing profitable operations and/or raising further capital, the Company may not be able to meet its liabilities as and when they fall due and the realisable value of the Company’s current and non-current assets may be significantly less than book values.”

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.

## 6.11 COVID-19

The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company’s Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company’s operations and are likely to be beyond the control of the Company.

The COVID-19 pandemic may also give rise to issues, delays or restrictions in product processing and packaging and the Company’s ability to deliver products to customers, which may result in cost increases or adverse impacts on sales. In addition, the effects of COVID-19 on the Company’s Share price and global financial markets generally may also affect the Company’s ability to raise equity or debt or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

# Offer Information Statement

## 8. Material Contracts

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### 8.1 Underwriting Agreement

By an agreement between the Underwriter and the Company (the **Underwriting Agreement**) the Underwriter has agreed to act as underwriter in respect of the Offer. The Underwriter is an entity controlled by Dr Ramiz Boulos, the Executive Chairman of the Company and so a 'related party' of the Company under the Corporations Act.

Under the Underwriting Agreement, the Underwriter has agreed to partially underwrite the Entitlement Offer to the amount of \$75,000 (the **Underwritten Amount**). Where the Underwriter is required to underwrite the full Underwritten Amount, the Underwriter will be allocated 576,923 Shares in the Company.

The Company has given indemnities, warranties and covenants to the Underwriter which are of a type and form that is usual in, as the case may be, an Underwriting Agreement of this type.

As regards the terms of the Underwriting Agreement:

#### ***Conditions precedent***

The Underwriter's obligations to subscribe for Shares from the Shortfall is conditional on the Company providing the Underwriter with a Shortfall Notice and Closing Certificate on the Shortfall Notification Date in accordance with the terms of the Underwriting Agreement.

#### ***Termination***

The obligation of the Underwriter to fully underwrite the Offer to the Underwritten Amount is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if any of the following events occurs:

- (1) **failure to lodge** - the Company fails to lodge the Offer Information Statement with ASIC,
- (2) **adverse change** – any material adverse change occurs in the assets, liabilities, share capital, share structure, financial position or performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company) from those respectively disclosed in the accounts, Offer Information Statement or the Public Information, including:
  - (A) any material adverse change in the reported earnings or future prospects of the Company or an entity in the Group;
  - (B) any material adverse change in the nature of the business conducted by the Company or an entity in the Group;
  - (C) the insolvency or voluntary winding up of the Company or an entity in the Group or the appointment of any receiver, receiver and manager, liquidator or other external administrator;
  - (D) any material adverse change to the rights and benefits attaching to in Shares; or
  - (E) any change that may have a Material Adverse Effect;

# Offer Information Statement

- (3) **withdrawal** - the Company withdraws or terminates the Offer Information Statement or the Offer;
- (4) **repayment** – any circumstance arises after lodgement of the Offer Information Statement that results in the Company either repaying the money received from applicants (other than to applicants whose applications were not accepted in whole or in part) or offering applicants an opportunity to withdraw their applications for Offer Shares and be repaid their application money;
- (5) **suspends payment** - the Company or a Related Body Corporate of the Company suspends payment of its debts generally;
- (6) **insolvency** - the Company or a Related Body Corporate of the Company is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act) or is presumed to be insolvent under the Corporations Act;
- (7) **arrangements** – the Company or a Related Body Corporate of the Company enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;
- (8) **ceasing business**- other than as contemplated by the Offer Information Statement, the Company or a Related Body Corporate of the Company ceases or threatens to cease to carry on business.



# Offer Information Statement

## 9. Other Material Information

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### 9.1 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

## 10. Glossary of Terms

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<b>ASIC</b>	Australian Securities & Investments Commission.
<b>Veratin or Company</b>	Veratin Limited ACN 613 404 612
<b>Board or Directors</b>	Directors of the Company.
<b><i>Corporations Act 2001 (Cth)</i></b>	<i>Corporations Act 2001 (Cth)</i> , as the case may be.
<b>Eligible Investors</b>	Shareholders who reside in Australia or New Zealand.
<b>Issue</b>	The issue of Shares pursuant to this Offer Information Statement.
<b>Minimum Subscription</b>	Applications under the Offer must be for a minimum of \$2,000.05 worth of Shares (15,385 Shares) and thereafter, in multiples of \$500.11 worth of Shares (3847 Shares)
<b>Offer</b>	Means the Offer of 1,923,077 ordinary fully paid Shares to be offered for subscription at \$0.13 each under the Offer Information Statement.
<b>Offer Information Statement</b>	This Offer Information Statement for a public issue of 1,923,077 ordinary fully paid Shares to be offered for subscription at \$0.13 each.
<b>Shares</b>	The ordinary shares to be issued under this Offer Information Statement.
<b>Shareholders</b>	Holders of existing shares in the Company.