

ASX Announcement

6 September 2019

Pre-Reinstatement Disclosure

Veriluma Limited (ASX: VRI, Veriluma or Company), one of Australia's leading Artificial Intelligence companies providing prescriptive analytics software solutions, provides the following information ahead of reinstatement of its securities to quotation on the official list of ASX.

CAPITAL STRUCTURE

Veriluma's capital structure at the time of reinstatement is set out below.

SECURITIES	NUMBER
Fully paid ordinary shares	255,300,704 Total: 255,300,704
Options (unquoted) exercisable at \$0.03, expiring 4 April 2022 ¹	2,000,000
Options (unquoted) exercisable at \$0.04, expiring 30 June 2022 ²	35,000,000
Options (unquoted) exercisable at \$0.08, expiring 30 June 2023 ³	35,000,000
	Total: 72,000,000
Performance Shares – Class B, expiring 8 September 2019 ⁴	1,500,000
Performance Shares – Class C, expiring 8 September 2020 ⁴	1,500,000
Performance Shares – Class D, expiring 2 September 2022 ⁵	5,000,000
Performance Shares – Class E, expiring 2 September 2022 ⁵	5,000,000
	Total:13,000,000

Notes:

¹ Full terms and conditions are set out in Schedule 1 of the Notice of Annual General Meeting released to the ASX on 9 July 2019.

² Full terms and conditions are set out in Schedule 4 of the Notice of Annual General Meeting released to the ASX on 9 July 2019.

³ Full terms and conditions are set out in Schedule 5 of the Notice of Annual General Meeting released to the ASX on 9 July 2019.

⁴ Full terms and conditions are set out in Schedule 1 of the Notice of General Meeting released to the ASX on 10 June 2016.

⁵ Full terms and conditions are set out in Schedule 7 of the Notice of Annual General Meeting released to the ASX on 9 July 2019.

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PRO-FORMA STATEMENT OF FINANCIAL POSITION

A pro-forma statement of financial position for Veriluma based on its unaudited accounts for the financial year ended 30 June 2019 and the maximum subscription of \$5.4 million raised under its recently public offer is set out below.

	Note	30 June 2019 (Unaudited) \$	Capital Raising Pro-forma Adjustments (\$5.4m)	Unaudited Pro- forma After \$5.4m Capital Raising: 30-Jun-19
Current assets				
Cash and cash equivalents	1	714,039	4,123,254	4,837,293
Trade and other receivables		102,382		102,382
Other assets		762		762
Total current assets		817,183	4,123,254	4,940,437
Non-current assets				
Investment in associates		3,961		3,961
Plant and equipment		153		153
Total non-current assets		4,114	0	4,114
Total assets		821,297	4,123,254	4,944,551
Current liabilities				
Trade and other payables	2	424,701	(16,110)	408,591
Borrowings	3	782,746	(782,746)	-
Employee benefits		116,106		116,106
Total current liabilities		1,323,553	(798,856)	524,697
Non-current liabilities				
Employee benefits		14,686		14,686
Total non-current liabilities		14,686	-	14,686
Total liabilities		1,338,239	(798,856)	539,383
Net assets / (liabilities)		(516,942)		4,405,168
Equity				
Contributed equity	4	15,530,264	3,900,104	19,430,368
Reserves	5	63,400	1,191,000	1,254,400
Accumulated losses	6	(16,110,604)	(275,404)	(16,386,008)
Total equity / (deficiency) attributable to members of the Company		(516,940)		4,298,760
Total equity / (deficiency)		(516,940)		4,298,760

The following adjustments have been made to Veriluma's unaudited statement of financial position for the financial year ended 30 June 2019 to reflect the impact of the transactions detailed below had they taken place as at that date.

Note 1	
Received in cash	5,400,000
Transaction costs	(170,000)
Broker fees	(324,000)
Repayment of DOCA borrowings	(262,446)
Repayment of convertible note	(430,000)
Repayment of convertible note face value uplift	(90,300)
Note 2	
Reduction in liability for share based payments - directors	(16,110)
Note 3	
Reduction in liability for DOCA borrowings	(262,446)
Reduction in liability for convertible note	(520,300)
Note 4	
Issue of capital raising shares	5,400,000
Capital raising costs	(494,000)
Issue of Advisor shares	30,000
Issue of Advisor options	(36,000)
Issue of Placement options	(858,000)
Issue of related party options	(297,000)
Issue of director shares	155,104
Note 5	
Issue of Advisor options	36,000
Issue of Placement options	858,000
Issue of related party options	297,000
Note 6	
Issue of Advisor shares	(30,000)
Issue of director shares	(155,104)
Convertible note face value uplift	(90,300)

No other forecasted additional transactions, revenues or operating costs have been included in the Pro-forma Statement of Financial Position.

TOP 20 LIST AND DISTRIBUTION SCHEDULE

Attached as annexures to this announcement are a statement setting out the names of the 20 largest holders, and a distribution schedule of the number of holders, of Veriluma's fully paid ordinary shares.

USE OF FUNDS

Veriluma intends to apply the maximum subscription of \$5.4 million raised under its recently public offer as set out below.

ITEM	AMOUNT
Marketing and sales ¹	\$578,000
Business and product development ²	\$1,236,500
Administration expenses ³	\$1,803,500
Repayment of debt ⁴	\$770,000
Costs of the offer ⁵	\$324,000
Other general working capital ⁶	\$688,000
Total	\$5,400,000

Notes:

¹ The marketing and sales expenditure will be used for outreach and marketing initiatives to target and acquire new clients and partners, including within the government, defence and national security, banking and financial services, insurance, legal and health.

² The business and product development expenditure will be used for ongoing development of Veriluma's patented prescriptive analytics software and new application specific solutions, and to grow Veriluma's client servicing ability.

³ This amount is Veriluma's corporate administration expenditure budget for the 24 months following reinstatement of its securities to trading on ASX. This includes wages, director fees, contractor fees, rent and outgoings, insurance, accounting, audit, legal, listing and registry fees, and other items of a general administrative nature.

⁴ Veriluma will repay the amount owing under the aggregate \$500,000 convertible note facility announced to ASX on 2 April 2019 and outstanding loans associated with the joint deed of company arrangement executed by the Veriluma and Veriluma Software Pty Ltd on 12 March 2018 and wholly effectuated on 28 June 2018.

⁵ Veriluma engaged a lead manager to assist with the capital raising. In consideration for services provided in connection with the offer, Veriluma will pay the lead manager (or its nominee/s), a fee of 6% (excluding GST) of the gross proceeds raised under the offer. The additional costs of the offer are being paid out of Veriluma's existing cash reserves and general working capital.

⁶ Other general working capital may be used for costs of the offer, corporate expenditure items or in connection with any project, investment or acquisition, as determined by the Board at the relevant time

For more information, please contact

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About Veriluma

Veriluma has developed and patented an advanced algorithmic approach to deliver decisive insight to decision makers. Veriluma's software, Intelfuze, augments the available data and human knowledge with artificial speed and unbiased accuracy. Intelfuze is a form of advanced, forward-looking analytics, which provides assessments about future outcomes and a preferred course of action. Originally developed for the Australian Defence Intelligence Organisation, Veriluma's software provides a rapid and accurate assessment about situations of national interest.

In complex decision making situations, the ability to comprehensively manage incomplete or uncertain inputs is highly valuable for businesses, governments and individuals. Orbis Research estimates that the Artificial Intelligence/Prescriptive Analytics market is currently worth US\$4.6b, and will grow at a CAGR of 22%, to reach an estimated US\$20b by 2020. Currently, 10% of organisations have some form of prescriptive analytics and this is expected to grow to 35% by 2020. ¹Source: Gartner Forecast Snapshot: Prescriptive Analytics, Worldwide, 2016; 5 February 2016.

Veriluma's software has wide application across multiple industries including banking and financial services, insurance, defence and national security, legal and health.

www.veriluma.com

Top Holders Snapshot - Grouped
Composition : ORD

Rank	Name	Address	Units	% of Units
1.	ANTANAS GUOGA		23,333,333	9.14
2.	CITICORP NOMINEES PTY LIMITED		20,069,267	7.86
3.	A22 PTY LIMITED		11,666,667	4.57
4.	SHAH NOMINEES PTY LTD		8,700,000	3.41
5.	STEV SAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C>		6,166,668	2.42
6.	MR PAUL JOSEPH COZZI		5,025,001	1.97
7.	ARREDO PTY LTD		5,000,000	1.96
8.	MS ELIZABETH WHITELOCK		4,515,601	1.77
9.	ROJUL NOMINEES PTY LTD <RR MARTIN SUPER FUND A/C>		4,000,000	1.57
10.	D&R SUPER PTY LTD <D&R KAPLAN SUPERANNUATION A/C>		3,333,333	1.31
11.	HARSHELL INVESTMENTS PTY LTD <KAPLAN FAMILY A/C>		3,333,333	1.31
12.	LAKE SPRINGS PTY LTD <THE LAKE SPRINGS S/F A/C>		3,333,333	1.31
13.	MR SEAN ROBERT MUFFET		3,100,000	1.21
14.	MR THOMAS FRANCIS CORR		3,000,000	1.18
15.	J&J BANDY NOMINEES PTY LTD <J&J BANDY SUPER FUND A/C>		3,000,000	1.18

Rank	Name	Address	Units	% of Units
16.	MIKADO CORPORATION PTY LTD <JFC SUPERANNUATION A/C>		3,000,000	1.18
17.	MR MARCEL ANTHONY REUBEN		3,000,000	1.18
18.	MR PAUL JAMES MADDEN		2,919,886	1.14
19.	MS LAURA BAILEY		2,600,000	1.02
20.	MR KEIRAN JAMES SLEE		2,508,667	0.98
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES			121,605,089	47.63
Total Remaining Holders Balance			133,695,615	52.37

Range of Units Snapshot

Composition : ORD

Range	Total holders	Units	% of Issued Capital
1 - 1,000	127	87,008	0.03
1,001 - 5,000	200	583,183	0.23
5,001 - 10,000	114	927,810	0.36
10,001 - 100,000	245	9,419,883	3.69
100,001 - 9,999,999,999	232	244,282,820	95.68
Rounding			0.01
Total	918	255,300,704	100.00

Unmarketable Parcels

Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.0000 per unit	0	0