



We're Crowdfunding.

Venus Shell Systems Pty Ltd Trading as 'PhycoHealth'.

Crowd-sourced Funding Offer Document.

Offer of fully-paid ordinary shares in Venus Shell Systems Pty Ltd at \$5.00 per share to raise a maximum of \$2,000,000.

This crowd-sourced funding (CSF) offer document relates to the Offer of fully-paid ordinary shares in Venus Shell Systems Pty Ltd.

This Offer is made under the CSF regime in Part 6D.3A of the Corporations Act 2001 (Corporations Act).

Issuer:
Venus Shell Systems Pty Ltd
ABN 14 605 271 529

Intermediary:
Swarmer Pty Ltd
ABN 18 609 908 009

Date:
4 October 2023.

**PHYCO
HEALTH**
Seaweed Science

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Risk Disclosure.

Crowd-sourced funding is risky.

Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid.

This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

First time investing in Equity Crowdfunding?

Here's some helpful information.

Why Invest?

Investing means you'll own shares in Venus Shell Systems (VSS) and be part of our journey.

Your financial contribution will fuel the growth of our land-based seaweed cultivation system, accelerating the impact we can have on enriching human nutrition while nurturing our planet and resources. Through our established "sea-to-spoon" product lifecycle, we are positioned to shape the future of sustainable cultivation and drive our pioneering crops into more products in the mainstream market. The shares you own will be ordinary shares which will have a voting right and a right to dividends if they are declared by the company.

What are the investment tiers?

Investment	Perks and Benefits (In addition to Shares in VSS / PhycoHealth).
\$500	<ul style="list-style-type: none">• One off 20% discount code
\$1,000	<ul style="list-style-type: none">• PhycoHealth "Nourishing Tomorrow (at the speed of seaweed)" Apron
\$5,000	<ul style="list-style-type: none">• PhycoHealth "Nourishing Tomorrow (at the speed of seaweed)" Apron• PhycoHealth bundle of choice
\$10,000	<ul style="list-style-type: none">• PhycoHealth "Nourishing Tomorrow (at the speed of seaweed)" Apron• PhycoHealth Cap• 2 x PhycoHealth bundles of choice
\$20,000	<ul style="list-style-type: none">• PhycoHealth "Nourishing Tomorrow (at the speed of seaweed)" Apron• PhycoHealth Cap• 3 x PhycoHealth bundles of choice
\$50,000	<ul style="list-style-type: none">• PhycoHealth "Nourishing Tomorrow (at the speed of seaweed)" Apron• PhycoHealth Cap• 4 x PhycoHealth bundles of choice
\$100,000	<ul style="list-style-type: none">• PhycoHealth "Nourishing Tomorrow (at the speed of seaweed)" Apron• PhycoHealth Cap• 6 month subscription to bundles of choice
\$200,000	<ul style="list-style-type: none">• PhycoHealth "Nourishing Tomorrow (at the speed of seaweed)" Apron• PhycoHealth Cap• 12 month subscription to bundles of choice

What is our mission?

Venus Shell System's (VSS) mission is to elevate seaweed as a viable and sustainable crop solution and promote our nutritionally dense ingredients into the food and health industries.

Our seaweed cultivation technology has been built to;

- Drastically reduce water use, emissions & fossil fuel dependency per food production lifecycle.
- Drive demand for transformational nutrition and health on a global scale.

Section 2 | INFORMATION ABOUT THE COMPANY

Letter from the Founder.

Dear future shareholder,

Thank you for exploring this opportunity to invest in VSS (PhycoHealth). We would be delighted to have you join our investment community, contribute to our exciting journey, and innovate the lifecycle of food – between the sea and land.

'Seaweed to me was the key to a Circular Economy. It takes up Carbon Dioxide, absorbs nutrients and makes us healthier. So why aren't we using it more? It's a \$6 billion (AUD) global crop in the East,¹ and the Western World is only just learning how to include it into their diet.'

Dr Pia Winberg, 2009.

At PhycoHealth we are on a mission to transform the global well-being of humans and animals through the nutritional density of sustainably cultivated Australian seaweed.

Over 25 years ago, our founder Dr Pia Winberg started researching a way to grow ingredients from the ocean and coastline while addressing the bio waste produced by traditional food and agricultural industries. She went on to discover a unique Australian class of seaweed and developed the technology to cultivate it sustainably. Not only yielding a nutritionally-dense crop with exceptional taste ready for all palates, the seaweed also captures Carbon Dioxide, Nitrogen and Phosphorous, whilst releasing clean oxygenated water back into the environment.

Our venture has scaled from a test tube in 2015 to a 40-ton wet seaweed capacity farming system in 2023. PhycoHealth has achieved remarkable success, establishing a vertically integrated supply chain from 'sea to spoon,' including a commercial-scale refinery for seaweed ingredients and supplements. In just a few short years, we've overcome bushfires, floods and pandemics to create a range of Fast Moving Consumer Goods (FMCG) of everyday foods, supplements and skin care products which has grown to over \$600,000 in revenue in FY22/23.

Leading the way in best practice production and processing of seaweed based foods and supplements, our next step is to expand our current site at Bomaderry NSW towards scaled production that will meet the growing demand – both domestic and global – for our products. We can't do it alone. Your investment will help us open this chapter in creating healthy and sustainable products worldwide.

With over 62,000 Direct to Consumer sales, multiple retail partnerships, a world class management team and an incredible bioremediation facility already in operation, we are excited to welcome you on our journey.



Thank you,
Dr Pia and the PhycoHealth team.

1 - https://www.marketsandmarkets.com/Market-Reports/commercial-seaweed-market-152763701.html?gclid=Cj0KCQjwxuCbBhDLARIsAB-cqIrt_N5nXUMIJWYApvb5RXKL_T8NevMOE3afLoR7tnSA4BkkOadPHRoAtbxHEALw_wcB

2.1 Company Details.

2.1.1 Company Key Information.

This offer of shares is made by Venus Shell Systems Pty Ltd ABN: 14 605 271 529 (the Company).
Under Business Name: PhycoHealth.

Company Name:	Venus Shell Systems Pty Ltd (VSS).
ABN & ACN:	ABN: 14 605 271 529 / ACN: 605 271 529
Date of incorporation:	14 April 2015
Registered Office:	Level 1/24 Berry St, Nowra NSW 2541
Principal place of Business:	1 Scallop St, Huskisson NSW 2540.
Offer Type:	Crowd-sourced funding.
Offer Details:	Offer of fully-paid ordinary shares in Venus Shell Systems Pty Ltd at \$5.00 per share to raise a maximum of \$2,000,000.

Subsidiaries of Venus Shell Systems Pty Ltd ABN: 14 605 271 529

Venus Shell Operations Pty Ltd.
ABN: 25 605 589 179 (100% owned).

PhycoFood Co Pty Ltd.
ABN: 51 169 428 148 (100% owned).

Further information on the Company and its subsidiaries can be found under section 2.5.3 Company Structure.



Birds-eye view of our seaweed bioremediation facility in Bomaderry NSW.

2.2 Description of the Business.

2.2.1 About VSS (*PhycoHealth*).

PhycoHealth started in 2015 with a goal to cultivate highly nutritious ingredients sustainably from the ocean.

Over 7 years, we have built a land-based cultivation technology to bring this mission to life. Our aquaculture production system grows a unique, endemic green *Ulva* species of seaweed which is used as an ingredient in a diverse range of food, medical, supplement, and skin care products, and sold to customers worldwide, serving both wholesale and retail markets.

"What was initially an exploration of the role that seaweed plays in solving for climate change has turned into a unique opportunity to bring nutritionally rich ingredients to life, or, more profoundly to our lives.

The demand is growing - to solve climate change on one side with advanced ecosystem science, and for our regenerative ingredients and products yielded on the other from seaweed. It's time to scale and we are ready."

*Dr Pia Winberg.
CEO & Founder.*



2.2 Description of the Business.

2.2.2 The Problem and our Solution.

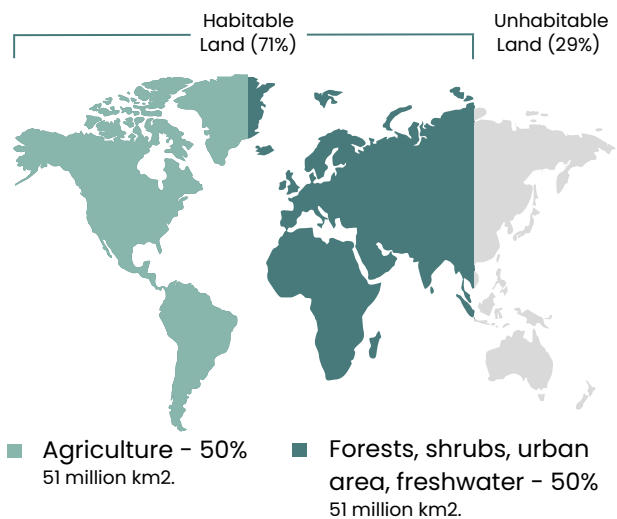
Traditional food production has amongst the highest environmental impact on the planet, due to the use of fossil fuel-dependent fertilisers, and extensive land and water usage.

The United Nations recognises that Sustainable food systems don't just help to end hunger. They can help the world achieve critical progress on all 17 UN Sustainable Development Goals (SDG).

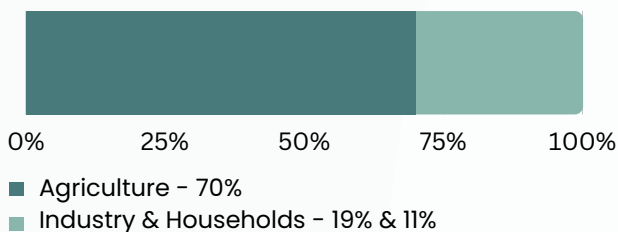
The food industry adversely affects biodiversity on land, and at sea through run-off, and contributes to:²

- 78% of freshwater and ocean pollution,
- 70% of all freshwater use,
- 26% of all greenhouse gas emissions, and
- loses 30% of its energy and nutrient rich biomass each year.

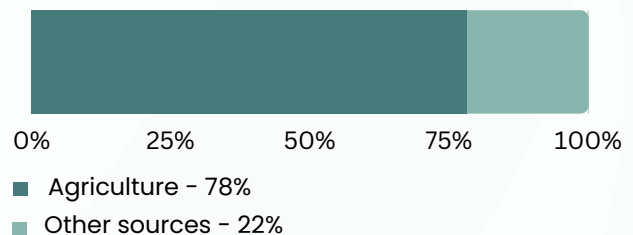
50% of the worlds habitable land is used for agriculture.²



70% of global freshwater withdrawals are used for agriculture.²



Agriculture causes 78% of global ocean and freshwater pollution.²



² - <https://ourworldindata.org/environmental-impacts-of-food>

2.2 Description of the Business.

2.2.2 The Problem and our Solution.

At VSS, we have developed the proprietary technology that both mitigates and leverages fossil fuel driven food production systems. We regenerate its lost carbon dioxide and nitrogen from the food industry and create traceable, natural, clean and nutrient-dense seaweed with zero waste.

Through our aquaculture production system, we are able to cultivate seaweed crops that grow 50x faster than a traditional wheat crop by regenerating their bio-exhaust losses in seawater and seaweed systems. From this crop we create products that fill chronic, critical and diverse gaps in the market for food (for humans and animals) personal care, and biotechnology.

Our vision is to emerge as a worldwide pioneer in regenerative seaweed cultivation, targeting an industry scale as large as 10% share of the wheat industry and expanding further into other staple ingredient alternatives. As we scale, PhycoHealth has the potential to play a critical role in addressing planet changing emissions from the industrial food complex, and a population scale shift in chronic health and wellbeing issues.



At PhycoHealth we are able to cultivate seaweed crops that grow 50x faster than a traditional wheat crop.

2.2 Description of the Business.

2.2.3 Our Success to date.

Backed with over 25 years of research today, PhycoHealth was launched in 2015, partnering with an Australian wheat refinery to demonstrate our regenerative circular economy system.

Commenced gold-standard clinical research to investigate the benefits of seaweed nutrients and extracts. Today, these findings are positively impacting the health of our loyal customers.

Launched the first products in the FMCG space across a range of health foods, supplements & skincare. Today PhycoHealth boasts over 20 products including a range of award winning foods and supplements;

Won Gold, Silver and Bronze Awards at the Australian Food Awards:

- Gold – Seaweed Dhukka Blends.
- Silver – Seaweed Protein.
- 3x Bronze – Seaweed roasted Macadamias (Phycodamias), Seaweed Pasta (Phettuccine) Seaweed Corn Chips (Sea C's).

Designed and built a comprehensive vertical integration system from 'sea to spoon', demonstrating that our systems can sustainably farm, cultivate, refine and manufacture our seaweed biomass into FMCG products.

Reached commercial production capacity at our Bomaderry facility.

Proved the place of seaweed in food retail and e-commerce with some of Australia's leading wholefood retailers including Harris Farm Markets. We also achieved a 60% returning customer rate online, and now we are exploring further partnerships in Europe and the UK, attracting interest from a range of 3rd Party brands with an interest in our trademarked ingredients, food supplements and personal care goods.

Established a track record in research and development programs focusing on sustainability, food product development, health and clinical biotechnology applications.

Our full list of research and publications can be accessed by the reference below.³

Grown to a team of 18 passionate and talented staff and are in development for some of our most exciting products to date.



³ - <https://scholar.google.com/citations?user=xzqQepMAAAAJ&hl=en>

2015

2016

2018

2019

2020

2023

2.2 Description of the Business.

2.2.4 Key Products and Services.

'Phyco' comes from the Greek word *phýkos*, for seaweed and algae, and is essential to the ecosystems on the planet to which our CEO Dr Pia Winberg has dedicated her career-long research. PhycoHealth's success hinges on this knowledge, leveraging decades of scientific insights into how specific seaweed strains can be sustainably grown to produce nutritionally dense ingredients for a versatile range of applications for human and animal well-being.



We have translated this knowledge into real products in the market today. Our commitment to quality is underscored by gold-standard clinical studies on health outcomes and accolades such as Gold, Silver, and Bronze medals from the Australian Food Awards. At PhycoHealth, we offer a wide range of products across the FMCG markets, including:

Health Supplements.

PhycoHealth's scientifically tested health supplements focus on our unique and clinically tested extract Seafibre to enhance and diversify gut flora, combined with additional marine nutrients. Our seaweed extract acts as a plant-based substitute for glucosamine and chondroitin sulphate, proven to reduce cholesterol and inflammation, and fortified with marine calcium and algal Omega-3.



SEAFIBRE-3



(95)



SEAFIBRE-CAL



(16)



SEAFIBRE-FUCOIDAN



(12)



PHYBRE



(27)



2.2 Description of the Business.

2.2.4 Key Products and Services.

Foods.

The nutritional richness of our seaweed has the ability to enhance the health benefits of everyday foods. This includes our award-winning pastas (Phettuccine), muesli (Phycomuesli), condiments (dukkah - Phukka), snacks like seaweed corn chips (Sea C's), and our unique twist on macadamia nuts roasted with seaweed and wasabi. With a 10% addition of our seaweed, we can fortify traditional foods with iron, iodine, magnesium and vitamin B12, in addition to our functional SeaFibre. All of these being chronically deficient nutrients globally or in many modern diets.



SEA SHELLS
★★★★★
(1)



SEA SPIRALS
★★★★★
(15)



PHETTUCINE
★★★★★
(25)



SEA C'S
★★★★★
(48)



PHYCO SALT
★★★★★
(50)



PHYCO BITES
★★★★★
(29)



PHYCO MUESLI
★★★★★
(72)



SEA BIRCHER MUESLI
★★★★★
(2)



PHYCODAMIA
★★★★★
(26)



PHUKKA
★★★★★
(46)



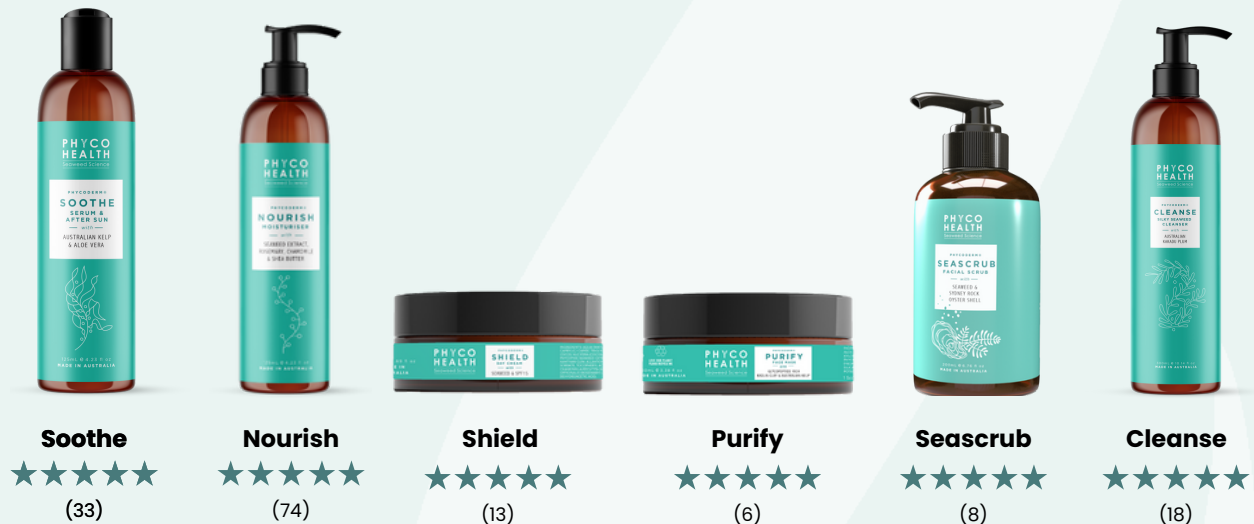
PHYCOBUCHA

2.2 Description of the Business.

2.2.4 Key Products and Services.

Skincare Products.

Featuring our exclusive, seaweed equivalent to hyaluronic acid that is traditionally sourced from animals, and one of the most skin plumping molecules on the planet. PhycoHealth's personal care products provide a range of skincare essentials and a unique affinity with human skin. Our customers particularly love the suitability for sensitive skin with natural, plant based formulas without any animal testing.



Medical and Biotech Products.

Our biotechnology applications opportunities for our seaweed extract are also unique and have driven interest from pharmaceutical companies like Eczanes.

No other species of plants or seaweeds known to date yields molecules such as our SXRG84 uronic acid that are recognized by human cells, functioning as scaffolds, stimulants and protection of human cells in tissue regeneration or implant applications. The reason behind natural biological polymer working in such alignment with human tissue is that it mimics the animal uronic acids such as chondroitin sulfate, dermatan sulfate animal-derived, and can also be used in replacing other animal derived uronic acids such as hyaluronic acid.

Therefore this is truly a unique plant based alternative for health applications such as tissue regeneration, infection resistant implants and microbiome modulation in epithelial systems. Our technology has already progressed to create 3D printable bioinks that regenerate human skin tissue, and can be spun and woven into uniquely soluble or insoluble gauzes, and also delivered in diverse gel formulations.



ECZANES
PHARMACEUTICALS

2.2 Description of the Business.

2.2.4 Key Products and Services.

Future Products and Services:

Medical Applications.

Currently in Research & Development, PhycoHealth is collaborating with researchers at the University of Wollongong and Macquarie University to identify further applications of the active components from our unique seaweed species. The molecule that we extract has successfully been used to re-grow full thickness skin tissue under lab conditions, with the intent that it will be used to improve the outcomes of burns and wound treatments. Investment from this campaign will be used towards the commercialization strategy and further development of this technology.

New product Development pipeline.

VSS continues to create partnerships to develop a pipeline of new ingredients and market-ready products, such as our SeaFruit straps (seaweed fruit leathers) and seaweed chocolate for iron deficiency.

Our new products pipeline can serve both our own brand in PhycoHealth in diverse marketing channels as well as launch our seaweed into partnering brands for global distribution that leverages this sustainable crop of the future.



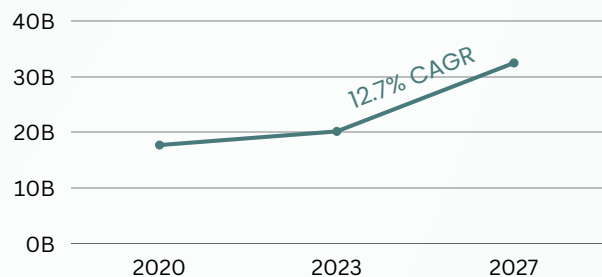
2.2 Description of the Business.

2.2.5 Overview of Industry & Competitive Advantage.

Overview of the Industry.

Seaweeds have been used for centuries as a food source in Asia, South America and even in Australia, with 30,000 years of evidence for the use of seaweeds by First Nations Australians.⁴ Seaweed was a part of human society until the modern food system removed it from our plates. Now seaweeds of different types are increasingly gaining attention from many other countries, particularly the western world, due to the pursuit of sustainable food solutions and the increased awareness of the nutritional benefits.

Global Seaweed Market 2020 – 2027.⁷ (\$USD)



With this growth, we have seen the green seaweed products market in fortified and functional foods valued at \$6.7B (AUD),⁵ and the world production of seaweed has more than tripled from 10.6 million tonnes in 2000 to 34.6 million tonnes in 2019.⁶ The global market size is anticipated to reach approximately \$20.15 Billion (USD) in 2023, and continue growing to \$32.46 Billion (USD) by 2027.⁷

With this growth, the green seaweed products market has been valued at \$6.7 Billion (AUD).⁵

The culmination of increasing demand for sustainable, plant based products and potential for significant environmental regeneration positions PhycoHealth to capitalise on these rapidly growing industries.



4 - <https://ore.exeter.ac.uk/repository/bitstream/handle/10871/31766/JAPH-D-17-0064R1%20Revised%20MS.pdf?sequence=3&isAllowed=n>

5 - https://www.marketsandmarkets.com/Market-Reports/commercial-seaweed-market-152763701.html?gclid=Cj0KCQjwxCnBhDLARisAB-cqIrt_N5nXUMIJWYApvb5RXKL_T8NevMOE3afLoR7tnSA4BkkOadPHRoAAtxHEALW_wcB

6 - https://knowledge4policy.ec.europa.eu/publication/state-world-fisheries-aquaculture-sofia-2022_en

7 - <https://www.researchandmarkets.com/report/seaweed-cultivation>

2.2 Description of the Business.

2.2.5 Overview of Industry & Competitive Advantage (cont).

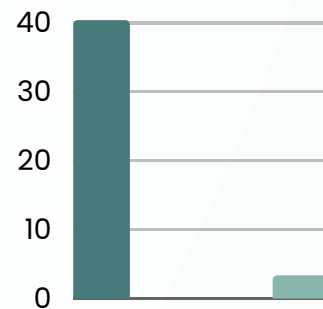
Australia's seaweed production industry is in its infancy, with only a few relatively small and localised players and an estimated market size of only \$3 million (AUD). However, Australia's reliance on importing seaweed products has grown rapidly (15% YoY on average).⁸

Seaweed production is poised to play a pivotal role in Australia's sustainable bioeconomy, with estimates suggesting it could reach 700 billion (USD) by 2035, according to the Marine Bioproducts CRC.⁹

At PhycoHealth we've seen this demand booming domestically and internationally, quickly reaching capacity at our facility at Bomaderry. The word is spreading, and we're experiencing growing enthusiasm and interest from international markets, both wholesale and retail.

Australian Seaweed (\$AUD) Production VS Imports 2017.¹⁰

■ Australian Imports (\$40m)
■ Australian Production (\$3m)



Large companies like Unilever report that their ethical brands are growing 30% faster than their other brands and now account for 50% of their growth.¹¹

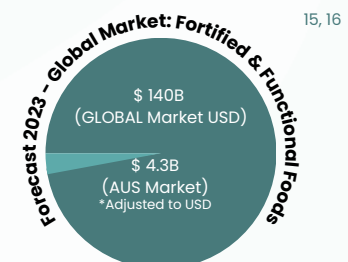
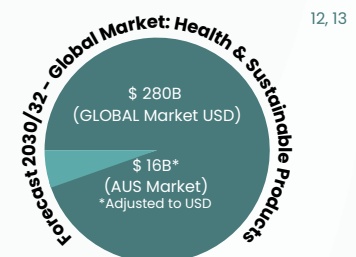
The Health and Sustainable Products Market.

Projected to reach \$25 billion (AUD) in Australia by 2030, with potential to represent 10% of Australia's food and agribusiness sector.¹² The global ethical food market could be valued at up to \$280 billion (USD) in 2032.¹³ Large companies like Unilever report that their ethical brands are growing 30% faster than their other brands and now account for 50% of their growth.¹¹

Fortified and Functional Foods Industry

Chronic nutritional deficiencies still contribute significantly to the global cost of healthcare, and leave as many as 2 billion people with micronutrient deficiencies that can cause diseases. Fortified foods are both a regulated requirement by law in some instances, and a personal choice by up to 30-50% of consumers.¹⁴

The fortified & functional foods industry was valued at \$6.7B (AUD) in Australia in 2018, predicted to increase to \$9.7 billion (AUD) by 2030.¹⁵ Global demand for fortified foods is expected to reach \$140B (USD) in 2023 and grow to \$257B (USD) by 2033, exhibiting growth at a CAGR of 6.2% over the next ten years.¹⁶



8 - <https://www.australianseaweedinstitute.com.au/current-state-of-the-australian-seaweed-industry>

9 - <https://mbcrc.com/annual-reports/>

10 - <https://www.frac.com.au/sites/default/files/2023-02/23-011-FinalReport-Development-of-a-seaweed-food-safety-program.pdf>

11 - <https://medinge.org/unilever-and-rabobank-this-is-how-to-sell-sustainability/>

12 - <https://www.csiro.au/en/news/all/articles/2019/september/health-and-sustainability-market-could-be-worth-25-billion-to-australian-producers-by-2030>

13 - https://www.researchandmarkets.com/reports/5740779/ethical-food-global-market-opportunities?utm_source=Ci&utm_medium=PressRelease&utm_code=k9854s&utm_campaign=1534634+-

+Global+%24727.86+Billion+Ethical+Food+Markets%2c+2015-2020%2c+2020-2025F%2c+2030F&utm_exec=chdo54prd

14 - <https://www.who.int/publications/m/item/WHO-WFP-UNICEF-statement-micronutrients-deficiencies-emergency>

15 - <https://research.csiro.au/foodag/health-and-wellbeing/fortified-and-functional-foods/>

16 - <https://www.futuremarketinsights.com/reports/fortified-food-market>

2.2 Description of the Business.

2.2.5 Overview of Industry & Competitive Advantage (cont).

Plant Based Food Industry

Globally, the plant-based foods market is predicted to grow to \$162 (USD) billion by 2030, up from \$29.4 (USD) billion in 2020.¹⁷ This is driven by the recognition that plant-based food choices can have a significant positive impact on reducing the environmental footprint of food production.

Initiatives like NYVC Health's "Eat a whole lot more plants" campaign,¹⁸ and government-backed efforts such as French canteens serving vegetarian options are influencing this shift. Research has shown that consumers are increasingly making these choices by preference and reflect the movement towards the rise of flexitarianism than full conversion to vegetarianism.¹⁹

Sustainable Personal Care Industry

Australia's skincare industry was worth \$2.9 billion (USD) in 2020 with natural, organic and sustainable products selling faster than other products.²¹

Globally the sustainable personal care market was valued at \$50.8 (USD) billion in 2021 and is projected to reach \$129.7 (USD) billion by 2031.²²

'The rise of flexitarians: Shoppers, seeking less meat, turn to plant-based products:

The Sydney Morning Herald

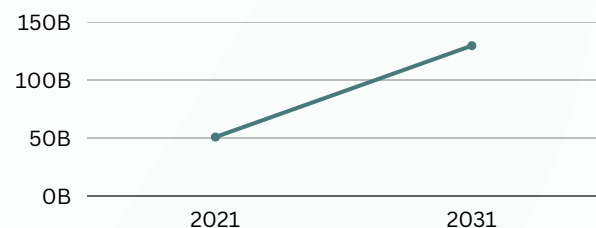


Andrew Taylor
April 30, 2022 - 6:05pm

Data collected by Vegan Australia shows the number of vegan products listed on Woolworths' website has grown from 550 in 2019 to about 1800 this year (2022).

"With the rise of 'flexitarian' customers looking to add variety to their diets, many customers are buying both meat and vegan alternatives, like plant-based mince and burgers," a Woolworths spokeswoman said.'

Global Sustainable Personal Care Market Forecast ²² (\$USD)



PhycoHealth is equipped to seize the opportunities presented by the growing demand for sustainable, plant-based products and the potential for substantial environmental restoration through our unique ingredients, powered by our rapid cultivation technology.

Seaweed Biomass produced from our Bomaderry farm facility.

17 - <https://www.bloomberg.com/company/press/plant-based-foods-market-to-hit-162-billion-in-next-decade-projects-bloomberg-intelligence/>
 18 - <https://www.nyc.gov/site/doh/about/press/pr2023/nyc-launches-eat-a-whole-lot-more-plants.page>
 19 - <https://www.nytimes.com/2021/05/19/business/macron-france-climate-bill.html>
 20 - <https://www.smh.com.au/national/the-rise-of-flexitarians-shoppers-seeking-less-meat-turn-to-plant-based-products-20220428-p5agzo.html>
 21 - <https://my.nzte.govt.nz/article/is-australia-the-right-market-for-my-skincare-product>
 22 - <https://www.alliedmarketresearch.com/sustainable-personal-care-market-A16262>

2.2 Description of the Business.

2.2.5 Overview of Industry & Competitive Advantage (cont).

Competitive Advantage.

Increasing plant based food intake is known to be one of the single biggest things humans can do per dollar to both reduce our planetary impact, and to improve our health. Choosing a plant-based diet can reduce diet-related land use by 76%, diet-related greenhouse gas emissions by 49%, eutrophication by 49%, and green and blue water use by 21% and 14%.²³

Our seaweed production systems take this one step (leap rather) further, by reducing land use by a further 98%, reducing fossil fuel fertilizers, capturing nutrients in the coastal zone, and requiring no freshwater.

VSS has been a pioneer in the seaweed aquaculture sector since 2015, and within academia since 1998. From production and water quality innovation, to food manufacturing and other consumer goods product development, we have demonstrated new possibilities for a circular economy all orchestrating bioremediation with ingredient production and nutritional innovation.

Driven by scientific research, our competitive edge can has been attributed to:



Industry Expertise:

Leaders in seaweed aquaculture since 2015 and academia since 1998. Contributions as an authority in industry reports and scientific publications, shaping the landscape with insights like 'Best Practices for the emerging Australian Seaweed Industry' (2017).²⁴



De-Risked Operations:

We have already created and de-risked the fastest growing seaweed system on the planet.



IP Protected:

We've developed Intellectual Property and implemented defensible strategies to safeguard our unique and valued seaweed cultivating technology.



Grounded in Science:

Research on our specific seaweed species is published in scientific journals and supported by gold-standard clinical studies.



Unparalleled Ingredients:

The only plant-based substitute for animal-derived components, such as chondroitin sulphate, glucosamine, hyaluronic acid.



Sustainability:

Our seaweed can be cultivated using 100% sustainable processes. We produce zero waste and use no fresh water in the process.

23 - <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9024616/#:~:text=Transitioning%20to%20plant%2Dbased%20diets,garnering%20substantial%20health%20co%2Dbenefits.>

24 - <https://agrifutures.com.au/product/best-practices-for-the-emerging-australian-seaweed-industry/>

2.2 Description of the Business.

2.2.5 Overview of Industry & Competitive Advantage (cont).

**Breakthrough Nutrition:**

Cultivated the most protein, nutrient-dense, and fibre-rich seaweed species on the planet.

**Global Solution:**

Addressing global nutrition, and food sustainability challenges.

**High Protein Yield:**

The highest producing protein per hectare compared to any land plant or seaweed on the planet.

**Circular Economy Innovators:**

Pioneers in bioremediation, ingredient production, and nutrition within the circular economy framework.

**Australian Market Leaders:**

Australia's first operational land-based seaweed facility with trademarked ingredients and technology.

**Lifecycle Control:**

We have perfected a land-based blueprint, at our facility in Bomaderry, and factory in Jervis Bay. This means we have control over our profit margins and the entire production process of our ingredients.

**Versatility in Application:**

Our unique species of Australian seaweed is plant-based source of B12, and can be used as a staple-grade ingredient for food, nutraceutical and body-care products.

**Retail Ready:**

Stocked in national retailers like Harris Farm Markets facility, and signed agreements to roll out our products with Holland Barrett in the UK and Chefs Garden in Hong Kong.

**Volume Ready:**

We have already sold over 62,000+ products to market across the FMCG sector that are loved by our customers.

**Proven Medical Prospects:**

Our Seaweed ingredients present distinctive prospects in medical science, particularly in wound healing and disease prevention.

**Land-based Advantages:**

PhycoHealth operates on land, cultivating a distinct green Ulva genus seaweed suitable for a wide range of applications. Traditional sea-based farms are too iodine-rich and protein-poor for food consumption on a mass scale.

At VSS we mastered how to integrate our ingredients into nutrition-dense lifestyle essentials and are strongly positioned to corner the market with our proprietary system of scalable operations.

2.2.6 Legal or disciplinary actions against the Company.

There are no current or past legal or disciplinary actions against the company. Nor are there any against any Directors and Senior Managers of the company.

2.3 Business and Revenue Model.

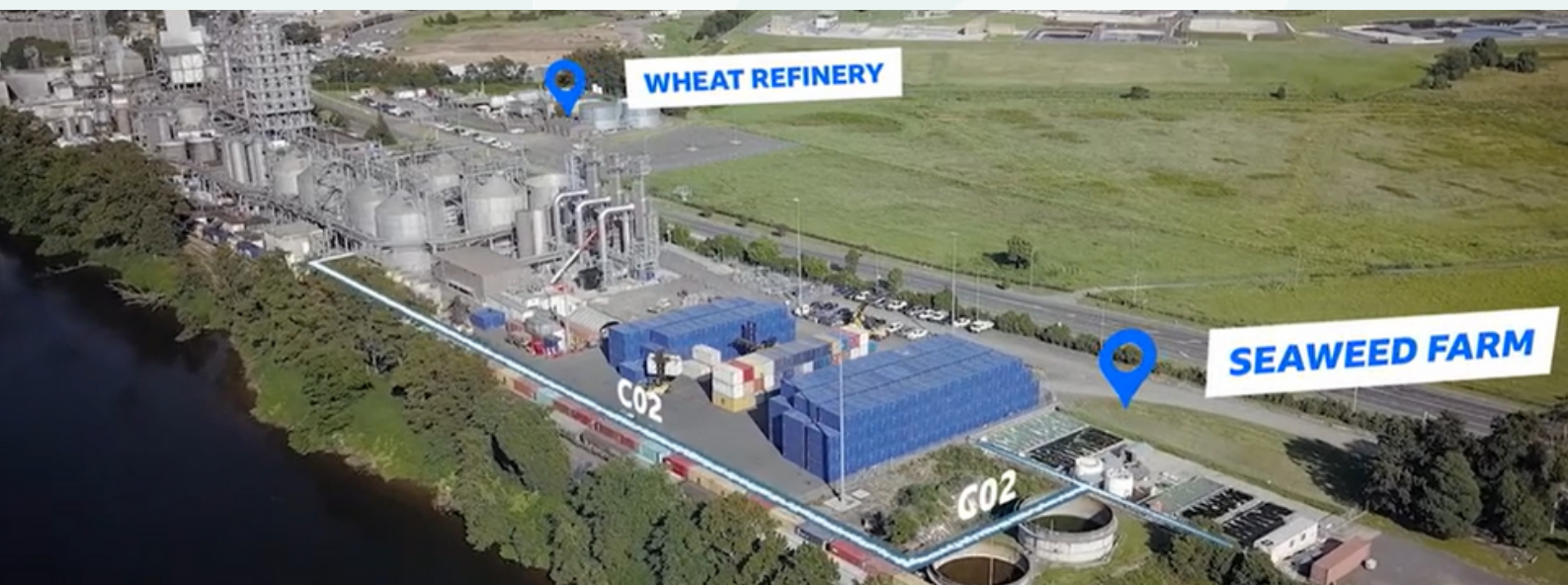
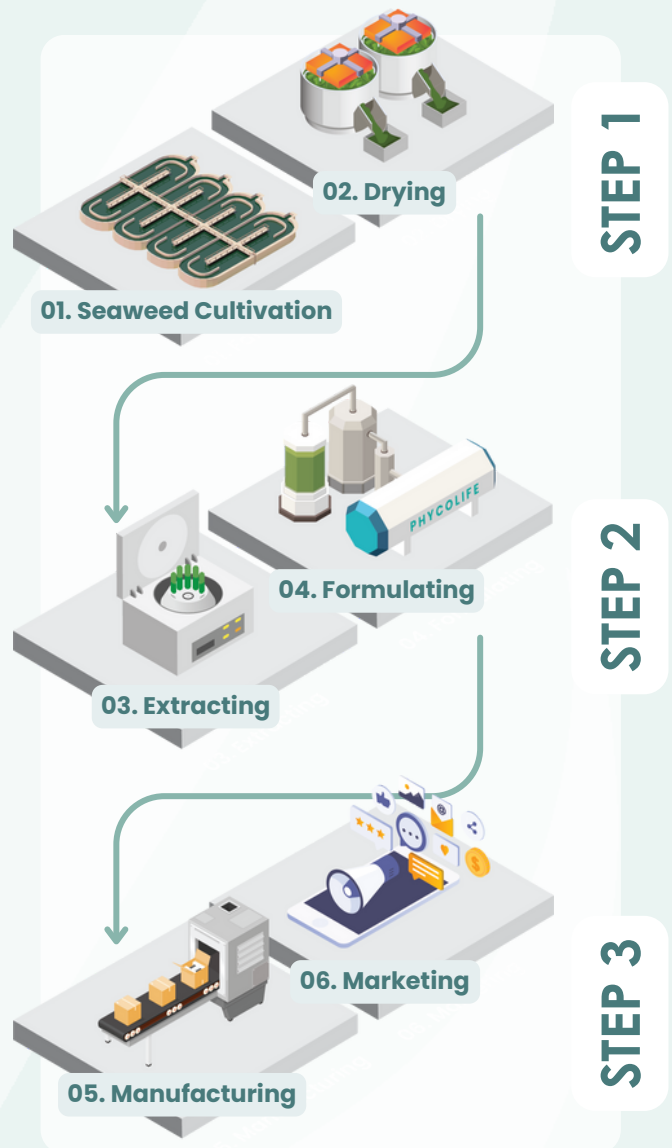
2.3.1 Overview of the Business Model.

Our vertically integrated supply chain allows us to address lost CO₂ from a global industrial grade distillery, and convert it into highly nutritious ingredients that can be delivered to society at scale through the following business model:

Step 1: We have developed technology to capture natural CO₂ and nutrients from the fermentation of crops for food and beverage, and combine this with natural, filtered saltwater, creating pure carbonated seawater at our Bomaderry, NSW facility, an extension of the Manildra Wheat Refinery.

Step 2: The Seaweed rapidly absorbs the CO₂ and transforms it into our green seaweed biomass. The clean, filtered saltwater flows back to the estuary (cleaner than before) and we generate a nutrient dense biomass from the carbon dioxide by-product, with zero waste.

Step 3: Seaweed biomass is dried and refined in our Processing Plant in Huskisson NSW and manufactured into a range of products across the FMCG (fast moving consumer goods) sector. These include food products, clinically tested supplements, and skincare products with functional, plant-based ingredients that we use in our wound healing research. They are currently distributed under the PhycoHealth brand through Direct to Consumer (DTC) e-commerce and our retail partners. We are also in discussions with other brands to share our new biomolecules with the world.



2.3 Business and Revenue Model.

2.3.2 Revenue Model.

Since launching our product line, we have had two major revenue streams that have led to year-on-year growth:

B2C Revenue Model:

PhycoHealth's FMCG products are sold directly to consumers through e-commerce, yielding profit margins ranging from 30% to 120% per product.

90% of our revenue comes from these Direct-to-Consumer (DTC) sales and we have achieved 62,000+ DTC sales to date.

In 2019, we introduced a subscription service within our e-commerce platform, resulting in a 62% return customer rate and numerous positive reviews and testimonials.

Based on our financial modelling, we anticipate that expanding the Bomaderry seaweed cultivation facility to 0.2 hectare will increase our production capacity fourfold, yielding 20 tonnes of dried seaweed or 200 tonnes of fresh seaweed annually.

This move also opens up opportunities to expand finished product sales and supply our intel ingredients to other brands.

B2B Revenue Model.

Under the PhycoHealth brand our products are partnered and stocked in multiple national retailers and wholesalers, including Australia's leading wholefood grocery stores Harris Farm Markets.

We have partnerships in development to scale our international reach, including Holland and Barrett (UK), Chefs Garden (Hong Kong) and Ocean Next (Europe). We also are in discussions with several other retailers in the UK, and plan to establish a global reach with e-commerce directly from our warehouse service inside the UK.

This crowdfunding campaign intends to fund expansion into the Ingredients and Biotech B2B Markets.



2.3 Business and Revenue Model.

2.3.2 Revenue Model (cont).

Our Future B2B Revenue Streams:

Ingredients Industry:

PhycoHealth has developed a range of trademarked ingredients embedded into our range of Fast Moving Consumer Goods. These include PhycoDigest, PhycoDerm and PhycoTein extracts, which have received commercial and retail interests in the fortified foods and healthcare sectors.

The prospects of these partnerships could mean uncapped potential for PhycoHealth and our unique seaweed ingredients, accelerating our overall impact of the circular economy in food production and nutritional transformation of global food supply.

R&D in the Biotech Industry:

Whilst still under development, extracts from our endemic *Ulva* species of seaweed have been proven to:

- Create biological components that can support the re-growth of full thickness skin tissue.
- Contribute to microbiome and human health solutions that help in the recovery from and prevention of inflammatory diseases.
- Be the only plant sourced alternatives for animal derived ingredients such as chondroitin sulphate, glucosamine, hyaluronic acid and vitamin B12.

We are a key stakeholder in the Australian Marine Bioproducts Collaborative Research Centre (CRC), where Flinders University has secured a \$52M government investment into marine products for Australia. This mirrors the vertical chain development that we have already established. We are a key participant and industry leader in the CRC, further advancing opportunities for our marine bioproducts.



Pending the success of this crowdfunding raise, part of the investment would be utilised to fund the commercialisation strategy and further research of these discoveries.



2.3 Business and Revenue Model.

2.3.2 Revenue Model (cont.)

Operational Costs and Revenue Forecast.

The planned expansion of our Bomaderry facility, would leverage economies of scale and will utilise smart technology in the form of remote sensors, controls and automated maintenance systems. With the expansion, the cost per unit of our products is expected to decrease significantly, allowing for:

- Greater volume in sales (including more attractive prospects for international exports).
- Increased Gross Profit margins.

Our three step approach to scale involves:

1. Scale seaweed cultivation facility to an operating a 0.2 hectare section of the new greenfields site, with plans to scale up as much as required in response to market demand.
2. Follow through on the increasing number of market leads into retail and develop the brand and marketing strategy, assets and campaigns.
3. Following this, we will focus on further development of our "intel" ingredients model as we scale towards and beyond 1 hectare module of seaweed cultivation to achieve a more significant sustainability impact.



2.3 Business and Revenue Model.

2.3.3 Marketing & Distribution.

We promote our products through various channels, both traditional and digital, and have conducted extensive research to pinpoint our target audiences.

As a result of our accomplishments in the sustainability sector, we have been featured in key media outlets:



Forbes



The Sydney Morning Herald



Slimy Harvest:

It's a \$6 billion (AUD) global industry and what's more, Australia has a natural advantage. May 2014.

<https://www.abc.net.au/news/rural/programs/landline/2014-05-10/slimy-harvest/5444332>



From 3D Printing And Wound Healing To Bioplastic And Faux-Cotton, Seaweed Just Keeps On Giving.

April 2019.

<https://www.forbes.com/sites/natalieparletta/2019/04/01/from-3d-printing-and-wound-healing-to-bioplastic-and-faux-cotton-seaweed-just-keeps-on-giving/?sh=7ded852514a4>



The future of seaweed-based food.

PhycoHealth is leading the way in best-practice production and processing of seaweed-based foods, and cooperates with all relevant certification bodies.

<https://www.business.nsw.gov.au/industry-sectors/industry-opportunities/agribusiness-and-food/food-and-beverage-manufacturing/success-stories/phycohealth#:~:text=PhycoHealth%20is%20leading%20the%20way%20in%20best-practice%20production,non-traditional%20food%20by%20Food%20Standards%20Australia%20New%20Zealand>



Unique Australian seaweed factory opens on NSW South Coast, manufacturing food, beauty and medicinal products.

May 2020.

<https://www.abc.net.au/news/2020-05-29/seaweed-factory-opens-on-nsw-south-coast/12295094>



Seaweed muesli is the new sushi.

September 2020.

<https://www.smh.com.au/goodfood/eating-out/seaweed-muesli-is-the-new-sushi-20200911-hlqpt2.html>



The remarkable power of Australian kelp:

Algae is a powerhouse for the climate, sending carbon to the seafloor and deacidifying oceans. In Australia, scientists are just beginning to tap its potential.

April 2021.

<https://www.bbc.com/future/article/20210406-how-kelp-can-help-solve-climate-change#:~:text=Kelp%20is%20one%20of%20the%20most%20commonly%20farmed%20seas%20photosynthesis%20to%20absorb%20CO2%20and%20grow%20biomass>

2.3 Business and Revenue Model.

2.3.3 Marketing & Distribution (cont.)

Distribution.

We've managed FMCG distribution through our own e-commerce website, and are now expanding into third-party e-commerce channels like Holland and Barrett in the UK and Healthy Life in Australia. This approach means we can serve both the Australian market and growing global demand.

We collaborate directly with retailers like Holland and Barrett in the UK and Harris Farm Markets in Australia due to their efficient centralised distribution models. This simplified supply chain:

- Eliminates the need for middle-entities.
- Minimises costs for VSS & our retail partners.
- Reduces handling chains & environmental impact.
- Reflects our brand mission to target consumers.



2.4 Business Strategy.

2.4.1 Strategy & Priorities.

To meet customer demands and seize new bioremediation opportunities, VSS is raising funds to relocate and expand our seaweed cultivation facility while advancing sales and marketing, as well as further R&D of our innovation. This crowdfunding round will support our business strategy, with the following priorities in focus.

Priority 1.

Expansion of our Pilot Bioremediation Facility (0 - 24 months).

We aim to increase seaweed biomass production while utilising CO₂ and nutrients from food processing plants. We have identified land in Bomaderry and are finalising a lease agreement with the Manildra Group (our existing partner for our current production cycle) for Stage 1 expansion. Our Processing Facility at Huskisson has capacity for 30 tonnes of seaweed and 3 tonnes of high value extract annually. Due to market demand exceeding the supply of seaweed we are able to produce, we are currently importing seaweed to fill this gap. This imported seaweed is inferior in quality to the seaweeds produced in our own farm, and is only suited to limited end uses.

Our current pilot area covers 0.05ha, yielding up to 4 tonnes of seaweed annually. After refining, it produces approximately 300kg of high-value extract and 2.7 tonnes of seaweed food ingredients.

Stage 1 Expansion involves leasing approximately 1ha of land from the Manildra Group, with a 0.2ha module to be built and operational within 12 months, quadrupling our current production capacity.

This expansion includes refurbishing the old seawater intake infrastructure. We plan to control supply and demand by rolling out further 0.2ha modules based on market conditions and business priorities.

Ahead of the expansion we have already sought approvals for Development Consent and our Aquaculture permit, fast tracking the commencement of operations as soon as the expansion has been completed.



PhycoHealth's original bioremediation and seaweed facility in Bomaderry NSW.

2.4 Business Strategy.

2.4.1 Strategy & Priorities.

Priority 2.

Up-scale of B2B and B2C opportunities. (0 - 18 months)

Our second priority for use of funding is to scale the DTC channels, boost margins and increase geographic outreach to the UK, USA and EU markets.

Venus Shell Systems has an established brand and product portfolio, with new development opportunities in food, skincare, and medical-grade materials. This strategy ensures flexibility to adapt to market changes and seize growth opportunities. We are in talks with various food retailers to expand internationally.

The Western world is just discovering seaweed's health benefits, offering us a substantial market opportunity as an early mover with a de-risked system and an authority in the space. Funding will be used to hire Marketing and Retail managers in Australia and the UK to strengthen our e-commerce platform and retail sales. We'll also upgrade our smart online systems (ShopifyPlus) for better short-term returns, improve retail customer service, streamline management of export systems, and explore larger B2B partnerships for bulk ingredient fulfilment.

As noted under our key products and services, funding will also be utilised to build the foundational value and demand for our trademarked ingredients and prepare a commercialisation strategy for our biological compounds in the medical sector.

Priority 3.

Further establish our position as an Industry Leader in the aquaculture industry.

(0 - 24 months)

Venus Shell Systems is already a pioneer in the marine crops market for Australia, leading the charge with a legacy of science backed results. Consequently, we are regularly approached by the media, communities, and authorities for consultation on the industry opportunity and regulatory insight. Priority 3 intends to build on our position as a Subject Matter Expert and leverage this back into our products R&D and Marketing.

To date Dr Pia and Venus Shell Systems have been heavily involved in the development of Australia's land based seaweed farming industry, weighing in on industry reports, scientific papers and publications including 'Best Practices for the emerging Australian Seaweed Industry' published in 2017.²⁵ Funding will be allocated to ensure VSS and PhycoHealth remain at the forefront of research and development and maintain our standard as an industry leader.

Long term. (2 Years +)

Beyond the next 2 year timeframe we intend to have established international sales development in both the B2C and B2B markets to a profitable scale and will expand on our distribution partners and sales volumes throughout the UK, EU and USA.

Food manufacturers from human-grade, to pet and livestock grade, are eagerly awaiting the opportunity to source nutritionally-dense seaweed-based ingredients and we look forward to building these partnerships as our capacity to produce expands and the impact scale of sustainable food production becomes meaningful.

²⁵ - <https://agrifutures.com.au/product/best-practices-for-the-emerging-australian-seaweed-industry/>

2.5 Organisational Structure.

2.5.1 Directors & Senior Management.

The PhycoHealth team has a wealth of experience across a range of phycology, marine, bioscience and aquaculture and engineering industries.



Dr Pia Winberg.
Founder & CEO.

Marine-systems, molecular ecologist turned entrepreneur, a non-conventional scientist who has pursued a career spanning science, sustainability and health. An expert at joining the dots from the natural systems to the market across multiple technologies and is a driver of change through action. Highly cited peer reviewed science publications. A technology leader in the space of seaweed and marine food production regularly featured across the BBC, Al Jazeera and other media platforms.



Dr Helen Fitton.
Chief Scientist.

A globally recognised marine biochemist with a proven track record in the commercialization of seaweed products (as CSO of the world's leading Fucoïdan company). She sits on the Scientific Advisory Committee of the Blue Economy CRC (AU), the Advisory Board, Seaweed First (FR) and is a Fellow of the Royal Society of Chemistry. She will apply her extensive research, publications and patents background to lead the R&D commercialisation of VSS ingredients and PhycoHealth products.



Rika Nakazawa.
Non-Executive Board Director, Strategy Committee Lead.

Rika Nakazawa is a business leader and operator, entrepreneur, investor, board director, and internationally-recognized speaker on innovation-led industry transformation and diversity in leadership. Focused on facilitating global expansion, and the implementation of smart systems and digital technologies.



Wade Rugless.
Chief Engineer.

An engineering specialist in alternate energy strategies and innovative technologies across water, agricultural, aquaculture and mining applications. Highly relevant experience including the successful engineering management of the world's prototype for growing food in the desert 'Sundrop farms' and extensive knowledge and contacts across the Pacific region on suitable water and industrial sites for seaweed farm facilities.



Val Gomez.
Head of Operations.

Having worked across multiple sectors in aeronautical maintenance engineering, Val joined PhycoHealth in 2020 and runs a tight ship of operations day to day. Across multiple types of equipment and management, Val also oversees the staff that make the PhycoProducts roll onto the shelves.

Directors



Anthony Owen
Non-Executive Board Director

A recent addition to the VSS Board of Directors, Anthony is a champion of female-led companies, with experience as a Director and CEO, capital raising, global expansion, sales management across global and multinational channel distribution, media agency environments and direct-to-market.



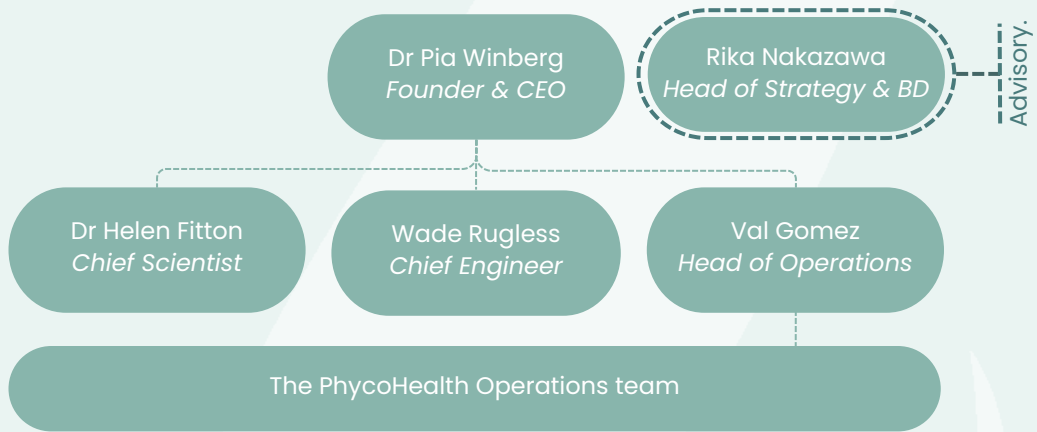
Mike Lewis
Non-Executive Board Director

One of the original shareholders and non-executive Directors of VSS, Mike Lewis has an entrepreneurial track record through brands like OshKosh, MotherCare and the Early Learning Centre.

2.5 Organisational Structure.

2.5.2 Organisation Chart.

Organisation Chart



The PhycoHealth operational team includes 8 key operational FTE staff (like Gary and Saskia below) with an additional 10 staff in part time and casual positions supporting production.

2.5.3 Company Structure.

Venus Shell Systems Pty Ltd.
ABN: 14 605 271 529

Venus Shell Systems (VSS) is the parent company in the group which individual shareholders have invested and the company in which this current investment offer is being made.

Venus Shell Operation Pty Ltd.
ABN: 25 605 589 179

Venus Shell Operation is a wholly owned subsidiary of Venus Shell Systems Pty Ltd. The purpose of this entity is to oversee the farm and refinery operations of the Bomaderry facility.

Phyco Food Co Pty Ltd
(trading name as 'PhycoHealth').
ABN: 51169 428 148

Phyco Food Co Pty Ltd (trading as 'PhycoHealth') is a wholly owned subsidiary of Venus Shell Systems Pty Ltd. The purpose of this entity is to oversee the Product Development, Sales and Marketing activities of the PhycoHealth FMCG range.



2.6 Capital Structure.

2.6.1 Issued Capital.

As at the date of this Offer Document, the Company has 3,849,519 ordinary shares and \$800,000 of convertible notes on issue. The majority of shares are held by the Company's founding director in VSS Holdings Pty Ltd.

Table 1 below sets out the issued capital of the Company before the Offer.

Table 1: Issued capital of the Company before the Offer.

Shareholder:	No. Shares:	Share Type	% Shares:
VSS Holdings Pty Ltd.	1,050,000	Ordinary Shares	27.2%
Miramoor Pty Ltd.	540,000	Ordinary Shares	14.0%
J. Mills.	481,655	Ordinary Shares	12.5%
M. Reader.	404,468	Ordinary Shares	10.5%
Triskelion Pty Ltd.	318,519	Ordinary Shares	8.3%
Jasupiju Pty Ltd.	223,422	Ordinary Shares	5.8%
R. Salkeld.	200,000	Ordinary Shares	5.2%
D. Josephs.	150,000	Ordinary Shares	3.9%
Soleox Holdings Pty Ltd.	150,000	Ordinary Shares	3.9%
J. Courtney.	120,000	Ordinary Shares	3.1%
JE & C Clark Pty Ltd.	100,000	Ordinary Shares	2.6%
B. Pullen.	76,455	Ordinary Shares	2.0%
S. Winner.	20,000	Ordinary Shares	0.5%
R. J. Hockey.	15,000	Ordinary Shares	0.4%
Total Shares on Issue:	3,849,519		100%

2.6 Capital Structure.

2.6.1 Issued Capital (cont).

Table 2 sets out the issued capital of the Company following the Offer on a fully diluted basis (i.e. presuming all options and convertible securities are exercised).

Table 2: Issued capital of the Company following the Offer (on a fully diluted basis).

Shares	Minimum Subscription:	Maximum Subscription:
Existing Ordinary Shares	3,849,519 (82%)	3,849,519 (76%)
Convertible Note Conversion at \$1.25 (Unconverted \$1.25 - \$4.00)	800,000 (17%)	800,000 (16%)
Offer Shares	60,000 (1%)	400,000 (8%)
Total Shares	4,709,519 (100%)	5,049,519 (100%)

2.6.2 Rights and Liabilities associated with securities.

As at the date of this Offer, the class of shares on issue are ordinary shares. The Company has also issued convertible notes. Set out below is a summary of the rights and liabilities associated with the securities in the Company. A copy of the Company's Constitution and Shareholder Agreement is available on the Intermediary's platform.

Ordinary Shares

The rights and liabilities associated with the ordinary shares are set out in the Company's constitution and shareholders agreement, including:

- All ordinary shares have the same voting rights and the same rights to receive dividends.
- Restrictions on the sale or transfer of shares, including drag and tag rights and exit provisions.
- The Company draws your attention to the provisions of the SHA, particularly clause 11, in respect of the transfer of your shares
- The Shareholders Agreement includes a definition of a "Majority Transferor" which means a shareholder or shareholders with an equity proportion of 65% or more will affect drag along provisions.

The shares offered under this Offer are ordinary shares. A more detailed description of the rights and liabilities associated with the ordinary shares is set out in Section 3.3 and are provided in the Shareholders Agreement in full.

2.6 Capital Structure.

2.6.2 Rights and Liabilities associated with securities (cont).

Shareholders Agreement

There is a shareholder agreement that was established primarily to provide for drag along and tag along provisions (see below on shareholder rights), and it is this document that takes precedence in the event of any conflict with the company constitution. It is the Shareholders Agreement that is entered into on the uptake of shares in this offer and you are provided a copy of this agreement. You enter into the Shareholders Agreement by signing a Deed of Accession attached to the Shareholders Agreement. You will be asked to sign the Deed of accession in addition to ASIC shareholder forms upon taking up shares in this offer (for access to the agreement and voting rights in proportion to your ordinary shares).

Employee Share Option Plan (ESOP)

The board has the discretion to adopt a reasonable profit sharing, bonus, share option, share incentive or other scheme for the benefit of the officers or other employees of the Company or a material variation or a termination of any such scheme, with 75% approval of Directors.



2.6 Capital Structure.

2.6.2 Debt Funding & Other Sources of Funding.

To date, PhycoHealth has been funded through a combination of operating income, equity, founder loans, grants and debt funding.

Equity

To date, the Company has raised approximately \$4.6M from investors, \$2.4M in grants, and leveraged close to \$3M in research funding across the chain of technology, and reinvested revenue from over \$2.3M in sales. See section 2.6.1 for more information.

Founder & Shareholder Loans

To date, the founders and shareholders have loaned funds of \$520,000 in total to the Company. The key terms of these loans are set out below. The founder and shareholder loans will not be repaid with the funds raised under the Offer, and intend to be repaid through refunds facilitated by current and future R&D Tax rebates and revenue until eliminated within the next 12 months.

- **Amount outstanding:** \$520,000 (interest to date included).
- **Interest:** 8% fixed.
- **Proposed repayment:** On receipt of R&D tax rebates for FY 2023 and R&D expenditure towards FY 2024.
- **Security:** R&D tax rebates and the company's assets.

Debt funding

As at the date of this Offer, other than the shareholder loans, the Company has not relied on debt financing to fund its business activities except for the solar-panel financing scheme of which \$15,000 remains owing on a \$40,000, 39kW array. As at the date of this Offer, the Company has the following outstanding loans:

- **Description:** 39kW solar panel array
- **Principal amount borrowed:** \$19,999
- **Committed limits where debt is undrawn:** \$0
- **Amount outstanding:** \$13,300
- **Interest:** fixed fee
- **Repayment date:** December 2026
- **Security:** solar panel assets

Convertible notes

The Company has issued convertible notes to pre-seed investors. The convertible notes may convert to ordinary shares on a Qualified Financing, which is when the Company raises over \$2,500,000. The note will not convert within this raise which is for \$2,000,000 but may on a future raise balance to a total of \$2,500,000 before October 31, 2024. Key terms of the convertible notes as follows:

Face value: \$864,000 (at the date of this offer)

Maturity date: October 31, 2024

Qualified financing: Capital raise over \$2.5M

Valuation cap: \$4M

Discount: 0.75

Maturation Conversion Rate: \$1.25

Interest rate: 8%

Use of funds: Planned farm relocation, scaling of market into retail and export, and operational staff and systems.

Grant funding

The Company has received \$600,000 in Government grants towards the building of our state of the art seaweed processing plant (refinery), as well as \$1.8M in research and development tax rebates over 8 years.

Further, we have leveraged matching research funding and effort to a value of about \$3M over 8 years, and currently participate in 3 leveraged research projects with contracts in place for the next 8 years.

2.7 Key Business Risks.

2.7.1 Risk Register.

An investment in Venus Shell Systems (PhycoHealth) should be seen as high-risk and speculative. A description of the main risks that may impact the Company's business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with the Company (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares).

An investment in the Company is subject to risk factors specific to the business, its activities and those of a more general nature including general risks associated with investing. Any, or a combination of these risk factors may have a material adverse effect on Venus Shell Systems' (PhycoHealth) business, financial condition, operating and financial performance, growth, and/or the value of its shares. This section does not purport to list every risk that may be associated with an investment in PhycoHealth shares now or in the future.

Additional risks that PhycoHealth is unaware of, or that the company considers being immaterial, also have the potential to have an adverse effect on the business, financial condition, operating and financial performance, expectations, targets, growth, and/or the value of the shares. The selection of risks in this section has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. There is no guarantee that the importance of risks will not change or that other risks will not emerge.

Before deciding whether to invest in Venus Shell Systems (PhycoHealth), you should read the entire Offer Document and satisfy yourself by inquiry that you have a strong understanding of these matters and should consider whether this is a suitable investment for you having regard to your own investment objectives, financial circumstances and particular needs (including financial and taxation issues). Before deciding whether to invest in PhycoHealth, you should seek professional advice from your accountant, lawyer, financial adviser or other independent professional advisers.

Funding.

The Company is in the process of raising funds to achieve its strategic business objectives and to fund a high capex facility and cover its projected operating expenses. The Company may not raise all of the required funding and therefore may not achieve all of its business objectives. Depending on the success of the Offer, the Company may also need to raise additional funds in the future from investors or third parties. There is no assurance that the Company will be able to obtain additional rounds of funding on substantially the same terms as outlined in this Offer Document or at all. The Company's value may be materially affected if the required additional funding is not available.

Dilution.

A shareholder's interest in the Company could be diluted if the Company raises further capital via share issuance and existing shareholders do not participate in future fundraisings.

Returns are not Guaranteed.

There is no guarantee of any income distribution or capital return on the shares in the Company nor is there a guarantee of repayment of capital amounts. Shareholders will not be entitled to any guaranteed distributions of profits or capital. There is no guarantee that distributions will be at a certain level or that there will be distributions at all.

Dividends.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

2.7 Key Business Risks.

2.7.1 Risk Register (cont.)

Insolvency Risk.

The Company is not yet profitable or cash flow positive and the Company is seeking to obtain further funding to achieve its objectives. There is no guarantee that funding will be available on favourable terms or that the Company will receive any level of funding at all.

Competition Risk.

The Company operates in a competitive market, with several known competitors despite the market being in its early years. There are however moderate barriers to entry that could give rise to new and unknown competitors. If the Company is unable to successfully compete with existing and/or new competitors, this would have a negative impact on the revenue, profitability and future prospects of the business.

Reliance on Key Personnel.

The Company is reliant on a number of key personnel and consultants, including members of the Board, who will be engaged to conduct the different aspects of the Company's business activities. The loss of one or more key contributors or the failure of any equipment used by these persons could have an adverse impact on the Company's business, activities and operating results.

Research and Development.

Venus Shell Systems (PhycoHealth) acknowledges the importance of research and development to remain competitive. However, it cannot guarantee the success of its research or the development of its delivery systems technologies into commercially exploitable products. The early stages of product development come with inherent risks, including project delays, failure to demonstrate benefits, and the possibility of research becoming unviable for scientific or commercial reasons. Additionally, there may be insufficient resources to sustain research and development activities and sales efforts. Venus Shell Systems (PhycoHealth) cannot assure the creation of new intellectual property or know-how that can be utilised in its business activities through its research and development endeavours.

Economic Risk & Market Conditions.

Factors, such as, but not limited to, world economic conditions, political instability, stock market trends, interest rates, exchange rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes may all have an adverse impact on the Company's revenues, operating costs and profit margins. These factors are beyond the control of the Company and the Company cannot predict how they will impact its business. General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Company's operations and activities, as well as on its ability to fund those activities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Unforeseen Expenditure Risks.

Expenditure may need to be incurred that has not been taken into account in the preparation of this Offer Document. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

Operational & Industrial Risks

Industrial disruptions, work stoppages, safety issues and accidents in the course of the Company's operations could result in losses and delays, which may adversely affect profitability.

Litigation Risk.

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute, if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigated disputes.

2.7 Key Business Risks.

2.7.1 Risk Register (cont.)

Product liability.

The Company provides pre-packaged health food and skin care products, which are used and/or consumed by humans. If the Company's product(s) causes damage or loss of life, claims may be made against the Company that it has supplied defective products. Such claims could be costly to defend and could result in the Company being liable for substantial damages. The Company has maintained zero recalls on sales over the last 5 years and is fully insured against public and product liability.

Supply & Demand.

The price of raw materials used by the Company may fluctuate, as may demand for its products. The Company's ability to make a profit on sales will depend on it being able to maintain a margin between its cost of raw materials, production and distribution and the price at which it is able to sell its products.



2.8 Financial Information.

2.8.1 Balance Sheet.

Below are the financial statements of the Company for the year ending 30 June 2023, due to the timing of this Equity Crowd-funding raise, the FY2023 Financial Statement is still being finalized, however the below estimate has been prepared in accordance with the Australian Accounting Standards. Financial information for the previous Financial Year 2021/2022 has also been included.

Balance Sheet – Venus Shell Systems Pty Ltd.

Balance Sheet	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Current Assets	\$246,346	\$142,674	\$625,749	\$538,485	\$459,508	\$890,995
Cash	\$7,444	\$3,859	\$206,965	\$88,917	\$36,951	\$276,656
GST Payable	\$209,804	\$117,523	\$221,047	\$0	\$9,429	\$1,178
Stock on hand	\$20,000	\$20,000	\$86,324	\$142,971	\$158,944	\$273,337
Trade debtors	\$9,098	\$1,292	\$111,413	\$306,597	\$254,184	\$339,824
Current Liabilities	\$371,071	\$373,052	\$381,541	\$425,228	\$622,518	\$710,580
Shareholder Loan	\$247,021	\$265,234	\$246,783	\$239,687	\$403,728	\$521,184
Staff liabilities	\$70,412	\$76,132	\$52,765	\$60,013	\$72,642	\$89,918
Tax liabilities	\$1,673	\$21,769	-\$10,252	\$10,895	\$43,774	\$14,563
Trade creditors	\$51,965	\$9,917	\$92,975	\$114,633	\$102,374	\$84,915
Non-Current Liabilities	\$0	\$0	\$0	\$0	\$18,353	\$851,941
Convertible Notes	\$0	\$0	\$0	\$0	\$0	\$837,666
Solar Panel Debt Finance	\$0	\$0	\$0	\$0	\$18,353	\$14,275
Other Assets	\$132,202	\$163,249	\$124,171	\$62,083	\$21,925	\$60,570
Future income tax benefit	\$132,202	\$163,249	\$124,171	\$62,083	\$21,925	\$60,570
Fixed Assets	\$202,956	\$185,044	\$803,233	\$789,664	\$922,524	\$874,111
Plant and Equipment	\$202,956	\$185,044	\$803,233	\$789,664	\$922,524	\$874,111
Intangible Assets	\$1,057,091	\$1,055,207	\$1,074,108	\$1,069,812	\$1,066,516	\$1,063,220
Branding and Development	\$57,091	\$55,207	\$74,108	\$69,812	\$66,516	\$63,220
Initial IP	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
TOTAL LIABILITIES	\$371,071	\$373,052	\$381,541	\$425,228	\$640,871	\$1,562,521
TOTAL ASSETS	\$1,638,595	\$1,546,174	\$2,627,261	\$2,460,044	\$2,470,473	\$2,888,896
NET ASSETS	\$1,267,524	\$1,173,122	\$2,245,720	\$2,034,815	\$1,829,603	\$1,326,375
Equity	\$1,341,123	\$1,576,523	\$2,244,720	\$2,034,815	\$2,120,043	\$1,326,374
Issued Capital	\$2,608,646	\$2,749,645	\$3,949,645	\$3,949,645	\$3,949,645	\$3,949,645
Retained Profits (Acc. losses)	-\$1,267,523	-\$1,173,122	-\$1,704,925	-\$1,914,830	-\$1,829,602	-\$2,623,271

2.8 Financial Information.

2.8.2 Profit & Loss Statement.

Profit & Loss Statement – Venus Shell Systems Pty Ltd.

Profit & Loss Statement	FY2018	FY2019	FY2020	FY2021*	FY2022	FY2023
Revenue*	\$25,943	\$148,890	\$390,370	\$615,097	\$538,878	\$600,743
Revenue e-commerce	\$10,531	\$90,549	\$376,261	\$496,886	\$375,757	\$406,886
Revenue Sales	\$15,412	\$54,329	\$1,301	\$32,367	\$42,998	\$52,190
Revenue Wholesale	\$0	\$4,013	\$12,808	\$85,844	\$120,123	\$141,668
Cost of Sales	\$32,532	\$86,260	\$213,109	\$302,409	\$261,260	\$193,105
Opening Stock	\$1,000	\$0	\$20,000	\$86,324	\$142,971	\$158,944
Closing stock	-\$20,000	-\$20,000	-\$86,324	-\$142,971	-\$158,944	-\$273,337
Cost of Goods	\$39,507	\$86,288	\$201,786	\$338,864	\$290,712	\$224,559
Freight	\$12,025	\$19,972	\$77,647	\$62,175	\$71,220	\$82,939
GROSS PROFIT**	-\$6,590	\$62,630	\$177,261	\$344,392	\$345,959	\$407,638

Expenses***	\$694,461	\$509,130	\$848,374	\$983,025	\$952,592	\$1,331,827
Accounting	\$23,195	\$11,290	\$16,279	\$26,491	\$18,143	\$17,776
Bank charges	\$930	\$1,297	\$1,142	\$2,473	\$2,318	\$2,527
Corporate costs	\$55,811	\$3,660	\$18,860	\$33,936	\$2,411	\$3,179
Debts forgiven	\$0	\$0	\$0	-\$34,045	\$15,473	\$1,992
Depreciation	\$21,777	\$29,301	\$135,606	\$186,573	\$109,145	\$118,836
Donations	\$0	\$0	\$448	\$2,630	\$264	\$685
Electricity & Gas	\$0	\$0	\$12,052	\$29,402	\$22,903	\$22,740
Fuel	\$796	\$323	\$1,004	\$146	\$0	\$50
Insurance	\$8,176	\$5,068	\$13,303	\$19,658	\$22,748	\$20,575
Interest	\$1,433	\$55,241	\$43,451	\$16,390	\$22,907	\$78,130
IT	\$2,206	\$2,745	\$2,246	\$890	\$480	\$2,000
Lease costs	\$58,180	\$8,903	\$36,000	\$45,947	\$56,352	\$50,987
Legal costs	\$12,329	\$7,378	\$8,375	\$0	\$2,110	\$3,636
Logistics	\$4,966	\$2,502	\$44,448	\$5,666	\$6,621	\$82,939
Marketing	\$51,838	\$48,129	\$34,369	\$99,546	\$82,836	\$170,740
Operational	\$92,386	\$61,223	\$74,525	\$68,784	\$184,347	\$136,166
Salaries and wages	\$325,679	\$245,138	\$371,054	\$437,446	\$362,156	\$557,477
Superannuation	\$34,760	\$26,932	\$35,212	\$41,092	\$41,376	\$61,392
Income	\$242,590	\$242,746	\$759,049	\$835,209	\$787,536	\$789,956
Other income (grants, subsidies, consultancy)	\$249,180	\$180,116	\$581,788	\$490,817	\$441,577	\$382,318
Gross Profit (from above)	-\$6,590	\$62,630	\$177,261	\$344,392	\$345,959	\$407,638

Net operating profit/loss						
before income tax:	-\$451,871	-\$266,384	-\$89,325	-\$147,816	-\$165,056	-\$541,872
Net operating profit/loss after						
income tax:	-\$402,555	-\$235,366	-\$128,402	-\$209,905	-\$205,214	-\$503,227
Retained profits/accumulated						
losses at EOFY:	-\$1,341,123	-\$1,576,523	-\$1,704,925	-\$1,914,830	-\$2,120,044	-\$2,623,271

* Growth has reached capacity of current infrastructure and we need to scale production capacity.

** Processing and manufacture efficiencies coming into effect.

*** 2023 expenses related to costs in preparation for farm scaling plans and increased marketing.

2.8 Financial Information.

2.8.3 Cashflow Statement.

Cashflow Statement – Venus Shell Systems Pty Ltd.

Cashflow Statement	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Operating Activities	-\$480,042	-\$129,231	-\$400,864	-\$184,167	-\$154,691	-\$541,872
Finance costs	\$3,786	-\$3,881	\$34,361	-\$36,242	\$231	\$0
GST	\$1,722	\$27,537	-\$41,899	\$27,369	\$23,040	-\$19,411
Net Income Formula	-\$399,649	-\$235,346	-\$128,401	-\$198,289	-\$200,950	-\$657,836
Payments (Suppliers & employees)	-\$102,218	-\$9,822	-\$198,601	-\$54,437	\$293,518	\$18,636
Stock on Hand	-\$20,000	\$0	-\$66,324	-\$55,307	-\$17,313	-\$114,393
Tax	\$36,318	\$92,280	\$0	\$132,739	-\$253,216	\$233,724
VAT	\$0	\$0	\$0	\$0	\$0	-\$2,592
Investing Activities	-\$76,979	\$19,741	-\$636,100	\$16,866	-\$133,828	\$52,561
Intangible Assets	-\$30,788	\$2,623	-\$15,127	\$3,296	\$3,296	\$3,296
Plant and Equipment	-\$46,191	\$17,118	-\$620,973	\$13,570	-\$137,124	\$49,265
Financing Activities	\$197,347	\$159,213	\$1,181,549	-\$7,096	\$181,777	\$932,448
Convertible Notes	\$0	\$0	\$0	\$0	\$0	\$837,667
Debt financing	\$324	\$0	\$0	\$0	\$18,353	-\$4,078
Equity payments	\$88,574	\$141,000	\$1,200,000	\$0	\$0	\$0
Finance costs	\$0	\$0	\$0	\$0	\$10,304	-\$10,783
Shareholder Loans	\$108,449	\$18,213	-\$18,451	-\$7,096	\$153,120	\$109,642
Cash and Cash Equivalents	\$351,747	-\$23,415	\$226,895	\$337,476	\$124,155	\$374,177
Cash at End of Period	-\$3,946	\$13,154	\$185,741	\$81,540	\$8,707	\$276,656
Cash at start	\$405,009	-\$5,522	\$2,077	\$193,848	\$75,290	\$36,951
Future Tax Benefits	-\$49,316	-\$31,048	\$39,078	\$62,088	\$40,158	\$60,570

2.8.4 Statement of Changes in Equity.

Statement of Changes in Equity – Venus Shell Systems Pty Ltd.

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Equity	\$1,341,123	\$1,576,523	\$2,244,720	\$2,034,815	\$2,120,043	\$1,326,374
Issued Capital	\$2,608,646	\$2,749,645	\$3,949,645	\$3,949,645	\$3,949,645	\$3,949,645
Retained Profit / Losses	-\$1,267,523	-\$1,173,122	-\$1,704,925	-\$1,914,830	-\$1,829,602	-\$2,623,271

Section 3 | Information about the Offer.

3.1 Terms of the Offer.

Venus Shell Systems Pty Ltd is offering up to 400,000 shares at an issue price of \$5.00 per share to raise up to \$2,000,000. The key terms and conditions of the Offer are set out in the table below and is subject to the prior offer of participation in the raise to existing shareholders in accordance with the Share Holders Agreement.

Terms:	Details:
Shares:	Fully-paid ordinary shares.
Price:	\$5.00 per share.
Minimum Subscription:	\$300,000.
Maximum Subscription:	\$2,000,000.
Opening Date:	04/10/2023.
Closing Date:	18/10/2023.

A description of the rights associated with the shares is set out in Section 3.3.

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer at <https://swarmer.com.au/en/> (the 'Intermediary').

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten and there is no guarantee that these funds will be raised.

3.2 Use of Funds.

The table below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

Intended Use:	Minimum Subscription:	Maximum Subscription:
Expansion of Bomaderry Farm:	\$215,000	\$700,000
Research & Development:	\$50,000	\$400,000
Product Development, Marketing & Sales:	\$0	\$735,000
Offer Costs:	\$35,000	\$165,000
Total:	\$300,000	\$2,000,000

Payments to Directors & Senior Management.

Any payments to be made to Directors and Senior Management will be paid by operational revenue and sales as well as owed R&D tax rebates. Key personnel are working extensively for options in lieu of full salaries. Further Investment and income over the coming years will be utilised to increase staff headcount, facilitating our expanded operations, sales and marketing.

Research & Development.

R&D will continue PhycoHealth's research and development into medical and health applications from the molecules that we extract from our unique species of seaweed and methods that we use to cultivate it. Developments under our R&D program in the past have led to the extraction of seaweed ingredients and the discovery of new uses and applications in human gut health, inflammation and wound healing. A proportion of future R&D will be focused on developments into the biomedical sector, however this research also supports the low-hanging-fruit market opportunities that we are already in today.

Product Development, Marketing & Sales.

Building on our already established brand and portfolio of products, capital in product development, marketing and sales will be used to strategize and scale the D2C and retail channels across Australia, UK, USA and EU. This will involve focusing on our key brand and channel opportunities with globally recognised brand developers that work with brand community strategies. Capital will also support our go to market strategy with larger B2B opportunities providing bulk ingredient fulfilment.

Expansion of the Bomaderry remediation Facility.

Capital will be used for facility relocation and expansion to 0.2ha, including earthworks, plumbing, electrical and solar seawater pumping systems and new seaweed cultivation pools. We will also use funds in product development to expand our manufacturing footprint into the entire factory building – doubling the processing area.

Offer Costs. The Offer costs include the Crowdfunding Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are up to 6 % of all funds raised by the Company through Swarmer Pty Ltd, plus \$35,000 allocated for marketing, administration and setup costs paid to 3rd party consultants, and marketing agencies.

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, or any other persons involved in promoting or marketing the Offer.

We expect that the Maximum Subscription amount will be sufficient to meet the Company's short-term objectives over the next 12 months. If only the Minimum Subscription amount is raised, the Company will require further funding to be able to carry out our intended activities over the next 12 months and also beyond 12 months in the event that we reach our maximum goal. In such circumstances, the Company may consider undertaking a further CSF offer or investment under the CSF regime. Until additional funding is obtained, we will scale back research and marketing and focus our cash resources on scaling the bioremediation facility to be able to maximise production for organic growth.

3.3 Rights associated with the Shares.

Immediately after issue, the shares will be fully-paid shares. There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue. The rights associated with the shares are set out in the Company's constitution and Shareholders Agreement. A summary of these rights is set out below. A copy of the constitution and Shareholders Agreement and associated Deed of Accession (access to and participation in the shareholders agreement) is available on the Intermediary's platform.

Voting rights

Each shareholder has one vote on a show of hands and, on a poll, one vote for each share held.

Winding-up

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to holders of ordinary shares after secured and unsecured creditors of the Company.

General meetings and notices

Directors have the power to call meetings of all shareholders in circumstances as determined by the Constitution, the Shareholders Agreement and the Corporations Act 2001 (Cth) in lieu of in-person meetings, if the Constitution and Shareholders Agreement provide for General Meetings to be held on line (and for online voting to occur), or shareholder approval of resolutions to be sought in writing. Shareholders may requisition the holding of a general meeting in accordance with the Corporations Act 2001 (and the Directors must call that general meeting as soon as practicable after receiving that requisition).

Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (e.g. they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors). In this early growth stage of VSS it will take some time before dividends can become payable.

Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of a simple majority (75%) in a Special Resolution (section 9 Corporations Act) or in accordance with the Shareholders Agreement, where the founder has the right to appoint one director at anytime ownership is above 5%.



3.3 Rights associated with the Shares (cont).

Restrictions on share sale or transfer.

Shares may only be transferred by a Member in accordance with the Company's Shareholder's Agreement (SHA). This means that, except in respect of certain Permitted Disposals (as described in the SHA) and other permissible disposals (such as pursuant to a drag along or tag along event), Member's wishing to sell shares must offer those shares to Eligible Members (as defined in the SHA) before those shares can be sold to third parties.

Permitted Transfers include, a transfer of shares:

1. to a buyer which is Controlled by the same person that controls the Member;
2. to a buyer who is an Affiliate of the Member.
3. to a trust of which the trustee is the same person that Controls the Member or is an entity which is Controlled by that person;
4. to a wholly-owned Subsidiary of the Member or a wholly-owned Subsidiary of the ultimate holding company of the Member; or
5. following an Ordinary Resolution of the Directors approving such a transfer.

Restrictions on sale or transfer under the corporations act and constitution.

Any CSF Shares acquired under the Offer must not be on-sold within 12 months of their issue without a prospectus or other disclosure document, unless an exemption under section 708 of the Corporations Act 2001 (Cth) applies (e.g. sales to sophisticated or professional investors) or unless ASIC gives relief from the requirement to provide such prospectus or other disclosure document.



3.3 Rights associated with the Shares (cont).

Restrictions on sale of shares

Sale Shares must first be offered to existing Shareholders in proportion to their Share Ratio as determined by the Company and in accordance with clause 11.2 of the Shareholders Agreement. The Remaining Shareholders have 10 Business Days in which they must give written notice to the Company of their intention.

The Company will advise the Seller when there are no Sale Shares to be Transferred or no Remaining Shareholder wishes to buy the Sale Shares, then the Seller may offer those Sale Shares to a Third Party Buyer under the procedure in clause 11.4. of the Shareholder Agreement. If the proposed Third Party Buyer is not the same person as stated in the Transfer Notice the Seller must supply to the Remaining Shareholders sufficiently detailed information setting out a short profile on the new proposed Third Party Buyer.

Unless all the Remaining Shareholders give written consent, the Seller must ensure any Transfer of the Sale Shares to a Third Party Buyer:

1. is not for a Transfer price less than the price specified in the Transfer Notice;
2. is not on terms more beneficial to the Third Party Buyer than those set out in the Transfer Notice;
3. Unless all the Remaining Shareholders give written consent, the Third Party Buyer must:
 - a. not be a competitor of the Business;
 - b. be a person for whom the Remaining Shareholders give written notice that they have no objection as regards the Third Party Buyer's reputation and financial soundness; and
 - c. must agree to be bound by this Agreement and the Constitution.

Majority transferor Drag Along Rights

Pursuant to clause 12 of the Shareholders Agreement, where Members holding more than 65% of the Shares (Majority Transferor) in the Company receive an offer from a third party to acquire all of the issued shares in the Company, those Members may require all other Members of the Company to sell their Shares to that third party.

Minority Shareholder Tag Along Rights

Similarly, where the Majority transferor of the issued Share capital in the Company intends to sell their Shares to a third party, then any Members (other than those who intend to sell) will have the right to tag along pursuant to clause 12.3 of the Shareholder's Agreement.



3.4 What can I do with my shares?

Shares in the Company are considered illiquid as they cannot easily be transferred or sold. However, there are numerous possible circumstances that may create an opportunity for shareholders to exit their investment in the Company. These include, but are not limited to:

- A trade sale of the Company.
- A listing on a registered stock exchange (e.g. the ASX).
- A private equity acquisition of the Company.
- A share buy-back by the Company.

There is no guarantee that any of the exit options will eventuate. Therefore, potential shareholders should consider this investment as illiquid and be prepared to hold it until there is an exit event as set out above.



Section 4 | INFORMATION ABOUT INVESTOR RIGHTS

4.1 Cooling-off Rights.

You have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within five business days of making your application (Cooling-off Period).

You must withdraw your application via the Intermediary's platform as follows:

1. Proceed to your profile on the top right-hand side of the screen on Swarmer's website by clicking on your profile image.
2. Click on the right-hand side bar and select "My Investments".
3. Scroll until you find your PhycoHealth Investment.
4. Click the "Withdraw" button below the PhycoHealth logo.
5. Confirm the selection by clicking the "Confirm" button on the pop-up.
6. Your Withdrawal request will be processed. This may take a few days to complete.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

4.2 Communication facility for the Offer.

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.



4.3 Proprietary Company Corporate Governance Obligations.

4.3.1 Annual Report.

While the Company is currently a small proprietary company that is not required to prepare annual financial reports and directors' reports, if we successfully complete this Offer, then we will be required to prepare and lodge these annual reports with ASIC (within four months of the financial year end). The Company has a 30 June year end and its financial reports must be lodged by 31 October each year.

As we are a small proprietary company, the Company's financial reports will not be subject to auditor oversight and, therefore, there will be no independent assurance of the Company's financial statements. However, the directors are still required to ensure that the financial statements give a true and fair view of the Company's financial position and performance and that the financial statements comply with the accounting standards.

We may be required to have our financial reports audited in the future if we raise more than \$3 million from CSF offers (including this current offer and any future offers) or otherwise become a large proprietary company.

4.3.2 Distribution of Annual Report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by post. However, shareholders will be issued a copy of the annual report by email, alternatively the report can be purchased from ASIC.

4.3.3 Related party transactions.

If we successfully complete this Offer, the rules on related party transactions in Chapter 2E of the Corporations Act will apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

4.3.4 Takeovers.

If we successfully complete this Offer and have more than 50 shareholders, the takeover rules in the Corporations Act will only apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means a person may be able to get control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the Company.

4.4 Company Updates.

The Company will provide regular updates to investors on the Company's website, social media platforms and via email.

Glossary.

Company means Venus Shell Systems Pty Ltd
ABN 14 605 271 529

Cooling-off Period means the period ending five business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money.

Corporations Act means the Corporations Act 2001 (Cth).

CSF means crowd-sourced funding under Part 6D.3A of the Corporations Act.

DTC means Direct to Consumer.

Intermediary means Swarmer Pty Ltd
ABN 18 609 908 009
AFSL 507 867

Maximum Subscription means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer.

Minimum Subscription means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer.

Offer means an offer of fully-paid ordinary shares by the Company under this CSF offer document.

Offer Document means this CSF Offer Document.

Phyco means 'phukos' derived from Greek, meaning seaweed or algae.

VSS means Venus Shell Systems Pty Ltd
ABN 14 605 271 529



PHYCO
HEALTH
Seaweed Science

