norwood
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Norwood Systems Limited

ABN 15 062 959 540

and its controlled entities

PRELIMINARY FINAL REPORT

30 June 2022

Corporate directory

Current Directors

Mr Paul Ostergaard	*Managing Director*
Mr Philip Marsland	*Non-executive Director (appointed 31 January 2022)*
Mr Philip Otley	*Non-executive Director (appointed 31 January 2022)*
Dr John Tarrant	*Non-executive Director (appointed 31 January 2022)*

Company Secretary

Mr Stuart Usher *(appointed 8 October 2021)*

Registered & Principal Office

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Telephone:	+61 (0)8 9200 3505
Email:	info@norwoodsystems.com
Website:	www.norwoodsystems.com

Share Registry

Advanced Share Registry Limited

Street + Postal:	110 Stirling Highway NEDLANDS WA 6009
Telephone:	1300 113 258 (within Australia) +61 (0)8 9389 8033 (International)
Facsimile:	+61 (0)8 6370 4203
Email:	admin@advancedshare.com.au
Website:	www.advancedshare.com.au

Auditors

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
SUBIACO WA 6008
Telephone: +61 (0)8 9426 0666

Securities Exchange

Australian Securities Exchange
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000

Telephone:	131 ASX (131 279) (within Australia)
Telephone:	+61 (0)2 9338 0000
Facsimile:	+61 (0)2 9227 0885
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ASX Code	NOR

Solicitors

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16 Milligan Street
Perth WA 6000

Bankers

Bankwest
150 Rokeby Road
Subiaco WA 6008

Contents

Company Update

1. Operating and financial review

1.1. Nature of Operations Principal Activities

The principal activities during the year include:

- Formed a new global technology and services supply relationship with Infosys in H2 FY22, already securing two contracts under the relationship:
- The supply of a subscription-based communications solution to a Germany-based client of Infosys
- Delivery of a Proof of Concept product for a Tier 1 telco operator in Australia (and Infosys client).
- Received a NZD$639,000 Purchase Order from Spark NZ in H1 FY22, continuing the long-term relationship with NZ's main telco.
- Raised more than $1.5m over the FY, resulting in a strengthened balance sheet position at the end of the financial year.
- Bolstered the Board with key appointments of highly-credentialled industry leaders.
- Successfully launched World Voicemail Version 4.0, which builds on earlier releases, with V4.0 supporting a significantly improved, AI-powered speech-to-text transcription engine.
- Witnessed encouraging early commercial demand for Aïda Intelligent Assistant service, with the service launched as a paid beta to selected customers and partners late in FY22.

1.2. Operations Review

We are delighted to present the Norwood Systems Limited (Norwood) FY22 operational report.

As a Company, we provide solutions to communications service providers (CSPs), both directly and via intermediaries. The Company's most successful core proposition to date has been in the area of voicemail services. In addition to such services, the Company is now starting to benefit from a two-year long research and development campaign to deliver new "cognitive" AI-based solutions.

The sales and partnerships we have confirmed during 2021-22 span both the heritage suite of voicemail services and also increasingly the Company's newer AI-based services, which is the major focus of Norwood's ongoing sales and business development activity.

In FY22, Norwood laid the platform for long-term and sustainable growth, as the Company expanded its revenue base with major new relationships that have led to new contracts from blue chip clients, enhancing its operational capabilities and position in the market for CSP-hosted value-added service platforms.

Over the past four years, Norwood has steadily increased its core revenues from clients (net of R&D tax credits and JobKeeper payments) whilst showing ongoing improvements in its core operating losses.

Core operating metrics[1]	FY 2019	FY 2020	FY 2021	FY 2022
Core Revenue ($)	71,602	492,099	804,012	922,197
Net profit/(loss) ($)	(3,018,521)	(2,012,222)	(1,190,858)	(1,038,467)

With most of the effects of the pandemic behind the Company, and with the borders to Western Australia finally opening, the company also witnessed a resurgence of business development activity in the second half of FY 2022, as detailed below.

Norwood formed a global technology and services supply relationship with Infosys during the second half of the fiscal year and has already secured two contracts under this relationship.

This included the supply of an innovative subscription-based communications solution to a Germany-based client of Infosys, which has the potential to generate ongoing recurring revenue beyond the initial 12-month scope. Norwood was also awarded another contract under the relationship to deliver a proof-of-concept product for a Tier 1 telco operator in Australia.

The work Norwood is delivering under the global technology relationship with Infosys leverages the Company's elastically scalable, high-availability, cloud-native platform architecture that it has developed for deploying its core communications service platforms.

The Company also continued to make strong progress on its key contract with long-term customer Spark NZ. Early in FY22, Spark NZ supplied Norwood with a purchase order worth approximately NZD$639,000 (c. AUD$603,000) for services to be provided across the 2022 financial year.

[1] Unaudited, adjusted for R&D Tax and JobKeeper payments

This large purchase order represents another forward step in the continued positive evolution of the relationship with Spark NZ, after an agreement between the Company and Spark NZ was initially announced in January 2020.

Norwood made substantial strides in developing its emerging technological solutions in FY22, which will help underpin long-term growth. This included the successful release of the World Voicemail Version 4.0, which built on earlier releases with support for a new, significantly improved, AI-powered speech-to-text transcription engine.

The launch of Norwood's World Voicemail Version 4.0 platform and associated core technologies enables the Company to deliver significant additional utility and differentiation in the worldwide telco voicemail market.

Norwood also significantly progressed its Aïda service, which is targeted at CSPs who are interested in modernising their general inbound voice call completion network services, to serve as a 5G Voice Innovation Service for such CSPs' small and midsize business (SMB) or prosumer subscribers.

Aïda has a "dynamic transactional memory" that aids the service considerably in building robust and engaging dialogue flows. The Company has pitched Aïda to both prospective CSPs and vendor partners, receiving a positive response which culminated in the first contract secured via Infosys.

Following this, in the June quarter of FY22, Norwood successfully launched beta releases of the first productised service for the Aïda Intelligent Assistant service to selected customers and partners.

1.3. Corporate

Capital Raising

On 12 October 2021, Norwood announced it received firm commitments to raise $0.3 million via a Share Placement of 17,647,058 ordinary shares and $0.1 million via a Convertible Notes issue.

The Share Placement was conducted at $0.017 per share to sophisticated investors, a 4.3% premium to the Company's 15-day VWAP prior to the capital raise.

ACNS Capital Markets Pty Ltd T/A Alto Capital ("Alto") was Lead Manager to the Placement. As announced on 21 October 2021, Alto closed the placement oversubscribed by $23,000, to raise $323,000.

The Company also executed a binding terms sheet and issued 4,166,667 Convertible Notes with a face value of $0.024 each to Paul Ostergaard, Managing Director of the Company, to raise $100,000.

The funds raised were utilised to successfully obtain new telco contracts, as well as further enhancing the Company's flagship World Voicemail product, including the forthcoming revolutionary Intelligent Assistant service.

On 28 March 2022, Norwood announced it executed a binding terms sheet and issued 280,000 convertible notes with a face value of $1 each to Balmain Resources Pty Ltd, a Company controlled by Non-executive Director Dr John Tarrant, to raise $280,000 for the Company.

Also on 28 March 2022, Norwood announced the Board agreed to fully subscribe for the NOROC Shortfall Options in accordance with its Prospectus dated 16 February 2022 ('NOROC Option Offer').

The NOROC Option Offer offered up to 66,356,636 NOROC Options. The Options had an issue price of $0.002 per option, exercisable at $0.08 expiring 3 March 2023. The Company announced on 3 March 2022, the shortfall amount of 34,457,676 Options and an allotment at that time of 7,759,025 options under the shortfall offer, leaving a net shortfall of 26,698,651 options.

On 5 May 2022, Norwood announced it had executed a fully underwritten 1 for 7 Non-renounceable Rights Entitlement issue to raise $637,590 ("the offer"). The offer also included a 1 for 1 free attaching option exercisable at 2.4 cents expiring 31 December 2023. The $0.015 Offer issue price represented a 25% premium to the Company's previous closing price of $0.012.

On 23 June 2022, Norwood announced it executed a deed of variation to a convertible note binding term sheet for an additional 200,000 convertible notes with a face value of $1 each to Balmain Resources Pty Ltd, a Company controlled by Non-executive Director Dr John Tarrant. The convertible note issue to Dr Tarrant raised $200,000 for the Company. The initial convertible note was executed and announced to ASX on 28 March 2022.

Funds raised from these capital raisings ensure that Norwood is well capitalised to execute on its current client projects, as well as existing service innovation projects, such as the Aïda platform, which is designed to provide new options for telco partners in how they handle voice calls on their networks.

Company Update

Board Changes

Norwood is positioning itself for a phase of growth following the highly promising internal and external testing of the Aïda Intelligent Assistant service, as well as positive CSP responses to the Company's ongoing updates to its World Voicemail service platform.

In light of these extremely promising developments, Norwood refreshed its board composition to enhance the breadth of leadership experience and expertise required to underpin the next phase of growth for the Company.

On H1 FY22, Norwood announced Mr Stuart Usher had been appointed as Company Secretary and Chief Financial Officer (CFO), replacing Mr Steven Wood who has resigned from the role due to other work commitments.

Mr Usher is a CPA and Chartered Company Secretary with 25 years of extensive experience in the management and corporate affairs of public listed companies.

In H2 FY22, Norwood appointed highly credentialled industry leaders with extensive track records across the telco and broader technology space; as Phil Marsland, Philip Otley, and Dr John Tarrant joined the Company's board.

Phil Marsland was formerly Head of Customer Marketing and Head of PostPay at Vodafone UK and now runs his own consultancy utilising skills he developed in senior roles at a range of top tier companies including Capital One Bank Europe plc, American Express, Virgin Active and Applied Predictive Technologies. He has a strong commercial knowledge of business drivers that drive performance, growing both larger and smaller businesses alike.

Philip Otley is an expert in defining and creating strategic growth platforms and digital and data-powered business models. He has served as Partner/Senior Executive & Pricing Strategy Practice Leader for Accenture (ACN), as Senior Partner & Global Co-lead of the Marketing Strategy Practice for Prophet, and a Partner in the Digital Services practice of PwC Australia. Mr Otley has a proven track record of applying balanced strategic, commercial, and creative approaches to achieve organic and M&A driven growth.

Dr John Tarrant has extensive and deep professional networks from a career spanning over 40 years across the finance, legal, mining and energy sectors. Dr Tarrant has a Doctor of Philosophy and a Doctor of Juridical Science, both in law.

The trio joined CEO and Founder Paul Ostergaard on the Norwood board.

1.4. Outlook

Norwood heads into FY23 in the strongest operational position it has been in for a number of years. The Company is exposed to tangible growth opportunities on several fronts, including the strong potential to secure additional work via its global technology relationship with Infosys.

Norwood has successfully completed one contract under the relationship that subsequently demonstrated the Company's operational excellence and responsiveness to Infosys, as well as continuing to progress the other contract.

The Company is also continuing to evolve its World Voicemail service and application, which underpins Norwood's purchase order from Spark NZ and Norwood's underlying relationship with Spark NZ.

The highly promising Aïda Intelligent Assistant service offers another tangible avenue of growth for Norwood, and the Company will expand its test releases of the service in the coming months.

Over FY23, Norwood will focus on consolidating its stronger revenue base and boosting cost efficiencies.

Norwood has enhanced its balance sheet strength to capitalise on the outlined opportunities, with a bolstered cash position at 30 June 2022 of $497,000, compared to $114,000 at 31 March 2022 and $58,474 at 30 June 2021.

1.5. Financial Review

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for the year of $1,083,468 (2021: $870,660 loss).

The Group's revenue for the year ended 30 June 2022 was recorded at $1,229,100 as compared with the previous year ended 30 June 2021 which recorded $1,050,831.

The net liabilities of the Group have decreased from 30 June 2021 by $312,385 to $(835,135) at 30 June 2022 (2021: $(1,147,520) net liabilities).

As at 30 June 2022, the Group's cash and cash equivalents increased from 30 June 2021 by $438,457 to $496,931 at 30 June 2022 (2021: $58,474) and had working capital of $278,340 (2021: $(510,159) working capital deficit). Please refer to the Operations Review above for additional business segment performance.

1.6. Future Developments, Prospects and Business Strategies

Likely developments in the operations of the Group have been disclosed in the Operating and Financial Review section of the Directors' Report.

Other likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations, not otherwise disclosed in this report, have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

Results for announcement to the Market

for the year ended 30 June 2022

1. Reporting period (item 1)

- Report for the financial year ended: 30 June 2022
- Previous corresponding period is the year months ended: 30 June 2021

2. Results for announcement to the market

	Movement	Percentage %		Amount $
Increase in revenues from ordinary activities (item 2.1)	↑	16.96	to	1,229,100
Increase in loss from ordinary activities after tax attributable to members (item 2.2)	↑	24.44	to	(1,083,468)
Increase in loss after tax attributable to members (item 2.3)	↑	24.44	to	(1,083,468)

2.1. Dividends (item 2.4)

	Amount per Security ¢	Franked amount per security %
Interim dividend	nil	n/a
Final dividend	nil	n/a

- Record date for determining entitlements to the dividend (item 2.5) n/a

2.2. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):
Refer to Operations Review on page 1 of this report.

3. Preliminary Final Report

3.1. Statement of comprehensive income (item 3):
Refer to Consolidated statement of profit or loss and other comprehensive income on page 7

3.2. Statement of financial position (item 4):
Refer to Consolidated statement of financial position on page 8

3.3. Statement of cash flows (item 5):
Refer to Consolidated statement of cash flows on page 10

3.4. Statement of changes in equity (item 6):
Refer to Consolidated statement of changes in equity on page 9

4. Dividends (item 7) and Returns to shareholders including distributions and buy backs (item 14.2)

Nil.

4.1. Details of dividend or distribution reinvestment plans in operation are described below (item 8):
Not applicable

5. Ratios

	Current Period $	Previous corresponding Period $
5.1. Financial Information relating to 5.2 and 5.3:		
Earnings for the period attributable to owners of the parent	(1,083,468)	(870,660)
Net liabilities	(835,135)	(1,147,520)
Less: Intangible assets (including net deferred tax balances)	-	-
Net liabilities	(835,135)	(1,147,520)

Results for announcement to the Market

for the year ended 30 June 2022

		Current Period No.	Previous corresponding Period No.
5	**Ratios (cont.)**		
	Fully paid ordinary shares	340,047,768	260,504,864
	Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	284,299,660	252,792,827
		¢	¢
5.2.	Net tangible assets backing per share (item 9):	(0.246)	(0.440)
5.3.	Earnings per share attributable to owners of the parent (item 14.1):	(0.381)	(0.344)

The Group does not report diluted earnings per share, as dilution is not applied to annual losses generated by the Group. During the 2022 financial year the Group had 100,163,956 unissued shares under option which are anti-dilutive.

6. Details of entities over which control has been gained or lost during the period (item 10)**:**

6.1. Control gained over entities

- Name of entities (item 10.1) — Nil
- Date(s) of gain of control (item 10.2)

6.2. Loss of control of entities

- Name of entities (item 10.1) — Nil
- Date(s) of loss of control (item 10.2) — N/A

6.3. Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 10.3). — Nil

6.4. Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 10.3) — Nil

7. Details of associates and joint venture (item 11)**:**

- Name of entities (item 11.1) — Nil
- Percentage holding in each of these entities (item 11.2) — n/a

	Current period $	Previous corresponding Period $
Aggregate share of profits (losses) of these entities (item 11.3)	N/A	N/A

8. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position (item 12):
Refer to Operating and financial review on page 1 of the accompanying preliminary final report.

9. The financial information provided in the Appendix 4E is based on the preliminary final report (attached), which has been prepared in accordance with Australian Accounting Standards (item 13)

10. A commentary on the results for the period (item 14)**:**
Refer to Operating and financial review on page 1 of the accompanying preliminary final report.

11. The preliminary final report has been prepared based on the 30 June 2022 accounts which are in the process of being audited by an independent audit firm in accordance with the requirements of s.302 of the *Corporations Act 2001* (Cth). (item 15)

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2022

	Note	2022 $	2021 $
Continuing operations			
Revenue	1.1	1,229,100	1,050,831
Other income	1.2	468,757	1,050,741
Sales and marketing		(37,035)	(109,736)
Patent, research and development		(118,272)	(163,082)
Information technology infrastructure cost		(277,040)	(232,497)
Employee and director benefits expense	2.1	(1,545,363)	(1,666,830)
ASX & share registry fees		(74,299)	(78,166)
Share based payment expense		(85,809)	(7,496)
Consultancy and subcontractor fees		(68,089)	(112,289)
Finance costs		(35,014)	(35,530)
Accountancy, audit and legal fees		(214,925)	(342,060)
Other expenses		(85,682)	(52,005)
Travel and entertainment		(435)	(2,752)
Administration expenses		(92,681)	(85,720)
Depreciation		(146,681)	(84,069)
Loss before tax		(1,083,468)	(870,660)
Income tax expense	3.1	-	-
Net loss for the year		(1,083,468)	(870,660)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		(1,083,468)	(870,660)
Earnings per share:		¢	¢
Basic loss per share (cents per share)		(0.38)	(0.34)
Diluted loss per share (cents per share)		N/A	N/A

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 30 June 2022

	Note	2022 $	2021 $
Current assets			
Cash and cash equivalents	4.1	496,931	58,474
Trade and other receivables	4.2	273,032	122,475
Total current assets		769,963	180,949
Non-current assets			
Plant and equipment		32,798	106,261
Right of use assets	5.1	115,040	40,634
Total non-current assets		147,838	146,895
Total assets		917,801	327,844
Current liabilities			
Trade and other payables	4.3	491,623	691,108
Lease liabilities	5.1	117,247	43,940
Borrowings	4.4	848,642	491,462
Provisions	5.2	269,144	196,783
Total current liabilities		1,726,656	1,423,293
Non-current liabilities			
Provisions	5.2	26,280	52,071
Total non-current liabilities		26,280	52,071
Total liabilities		1,752,936	1,475,364
Net liabilities		(835,135)	(1,147,520)
Equity			
Issued capital	6.1	32,179,354	30,958,991
Reserves	6.3	9,339,571	9,164,081
Accumulated losses		(42,354,060)	(41,270,592)
Total equity		(835,135)	(1,147,520)

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 30 June 2022

	Note	Issued Capital $	Options Reserve $	Accumulated Losses $	Total equity $
Balance at 1 July 2020		30,644,878	9,021,872	(40,399,932)	(733,182)
Loss for the year attributable to owners of the parent		-	-	(870,660)	(870,660)
Other comprehensive income for the year attributable to owners of the parent		-	-	-	-
Total comprehensive income for the year attributable to owners of the parent		-	-	(870,660)	(870,660)
Transaction with owners, directly in equity					
Shares issued during the year (net of costs)	6.1	221,113	-	-	221,113
Share based payment		9,000	7,496	-	16,496
Shares to be issued		84,000	-	-	84,000
Issue of listed options		-	134,713	-	134,713
Balance at 30 June 2021		30,958,991	9,164,081	(41,270,592)	(1,147,520)
Balance at 1 July 2021		30,958,991	9,164,081	(41,270,592)	(1,147,520)
Loss for the year attributable to owners of the parent		-	-	(1,083,468)	(1,083,468)
Other comprehensive income for the year attributable to owners of the parent		-	-	-	-
Total comprehensive income for the year attributable to owners of the parent		-	-	(1,083,468)	(1,083,468)
Transaction with owners, directly in equity					
Shares issued during the year (net of costs)	6.1	1,220,363	10,366	-	1,230,729
Options granted during the year	6.2	-	165,124	-	165,124
Balance at 30 June 2022		32,179,354	9,339,571	(42,354,060)	(835,135)

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		1,066,973	1,168,327
Government grants received		390,333	1,050,731
Payments to suppliers and employees		(2,549,292)	(2,621,293)
Interest received		323	10
Finance costs		-	(721)
Net cash used in operating activities		(1,091,663)	(402,946)
Cash flows from investing activities			
Purchase of plant and equipment		(3,032)	(939)
Net cash used in investing activities		(3,032)	(939)
Cash flows from financing activities			
Proceeds from issue of shares		1,039,906	355,827
Payments for capital raising costs		(57,635)	-
Proceeds of borrowings		358,631	376,266
Repayment of borrowings		(316,464)	(546,553)
Payments for the principal portion of lease liabilities		(71,286)	(75,911)
Proceed from convertible notes		580,000	200,000
Net cash provided by financing activities		1,533,152	309,629
Net increase / (decrease) in cash and cash equivalents held		438,457	(94,256)
Cash and cash equivalents at the beginning of the year		58,474	152,730
Cash and cash equivalents at the end of the year	4.1	496,931	58,474

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to Appendix 4E preliminary final report
for the year ended 30 June 2022

Note 1.	Revenue and other income	2022 $	2021 $
1.1	**Revenue**		
	World Apps revenue	32,435	48,419
	Corona Revenue	225,769	48,314
	World Voicemail	866,896	640,149
	Other revenue	104,000	-
	Software development	-	313,949
		1,229,100	1,050,831
1.2	**Other Income**		
	Interest income	323	10
	Government grant income	468,434	1,050,731
		468,757	1,050,741

1.3 Disaggregation of revenue from contracts with customers

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled over time and at a point in time. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

Timing of revenue recognition – 30 June 2022	World Apps revenue	World Voicemail	Corona Revenue	Other revenue
At a point in time	-	-	-	104,000
Over time	32,435	866,896	225,769	-
Total	32,435	866,896	225,769	104,000

Geographical Regions – 30 June **2022**	World Apps revenue	World Voicemail	Corona Revenue	Other revenue
New Zealand	108	697,721	-	-
Australia	464	-	225,769	-
Rest of the World	31,863	169,176	-	104,000
Total	32,435	866,897	225,769	104,000

Timing of revenue recognition – 30 June **2021**	World Apps revenue	World Voicemail	Corona Revenue	Other revenue
At a point in time	-	-	-	-
Over time	362,368	640,149	48,314	-
Total	362,368	640,149	48,314	-

Geographical Regions – 30 June **2021**	World Apps revenue	World Voicemail	Corona Revenue	Other revenue
New Zealand	131	498,556	-	-
Australia	334,791	-	48,314	-
Rest of the World	27,446	141,593	-	-
Total	362,368	640,149	48,314	-

Notes to Appendix 4E preliminary final report

for the year ended 30 June 2022

Note 2. Loss before income tax

	2022 $	2021 $
The following significant revenue and expense items are relevant in explaining the financial performance:		
2.1. Employment costs		
■ Directors' Fees	286,223	300,152
■ Employee wages	1,130,280	1,227,928
■ Superannuation	128,860	138,750
	1,545,363	1,666,830

Note 3. Income tax

	2022 $	2021 $
3.1. Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-

Note 4. Financial assets and financial liabilities

4.1. **Cash and cash equivalents**	2022 $	2021 $
Cash at bank	496,931	58,474
	496,931	58,474

Note 4 Financial assets and financial liabilities (cont.)

4.2. **Trade and other receivables**	2022 $	2021 $
4.2.1. Current		
Trade Receivables	271,508	163,625
Provision for doubtful debt	-	(40,000)
Other Receivables	111,596	109,454
Provision of loan receivable	(110,072)	(110,954)
Prepaid Expenses	-	350
	273,032	122,475

Notes to Appendix 4E preliminary final report

for the year ended 30 June 2022

Note 4 Financial assets and financial liabilities (cont.)

4.3. Trade and other payables

	2022 $	2021 $
4.3.1. Current		
Unsecured		
Trade payables	156,433	266,361
Accruals and other payables	258,143	336,128
Contract liabilities	77,047	88,619
	491,623	691,108

4.4. Borrowings

	Note	2022 $	2021 $
Current			
R&D Loan Facility Payable	4.4.1	308,631	278,828
Accrued Interest	4.4.1	15,011	12,634
Director loan Payable – Paul Ostergaard	4.4.2	45,000	200,000
Director loan Payable – Dr John Tarrant	4.4.3	480,000	-
		848,642	491,462

4.4.1. During the year, the Company received advance funding on its expected FY2022 R&D rebate from Radium Capital. Refer to below for key terms of this funding.

Key Facility Terms:

- Counterparty: Innovation Structured Finance Co LLC facilitated by Radium Capital
- Amount: 80% of the expected R&D tax offset resulting from each period's eligible R&D expenditures, with principal and interest repaid from the actual tax offsets at the end of the financial year.
- Final Maturity Date: 30 November 2022.
- Norwood has the option to repay earlier without penalties.
- Interest Rate: 14% per annum, and default rate of 18% (from 1 October 2021 until the loan is repaid in full).
- Security: Secured against the R&D refund receivable from the ATO
- Conditions: R&D expenditure has to be reviewed by R&D Tax Consultants
- Purpose of Loan as per agreement: Wholly or predominantly for working capital or research and development expenditures.

Note 4 Financial assets and financial liabilities (cont.)

4.4 Borrowings (cont.)

4.4.2. On 25 February 2022, Paul Ostergaard provided a loan of $45,000, repayable within 12 months is unsecured and non-interest bearing.

On 17 May 2021 (as varied on 11 August 2021 and 2 December 2021), the Company entered into an unsecured convertible note facility (Convertible Note Facility) with Paul Ostergaard for the issue of 8,333,333 convertible notes (Notes) to the value of $200,000, the conversion of the Notes into Shares being subject to the receipt of shareholder approval.

On 12 October 2021, the Company entered into an unsecured convertible note facility (Second Convertible Note Facility) with Paul Ostergaard for the issue of 4,166,667 convertible notes (Notes) to the value of $100,000, the conversion of the Notes into Shares being subject to the receipt of shareholder approval.

Key Terms and Conditions:

- Each note has a face value of $0.024;
- Maturity date is 12 months from the date the Convertible Note Facility is signed by all the parties;
- Each note issued may be converted into one fully paid ordinary share of the Company. The conversion occurs automatically upon shareholder approval;
- Each note will have a conversion price of $0.024;
- Interest is 8% per annum, and payable in arrears on redemption. If automatically converted, no interest applies.

As at 10 February 2022, 12,5000,000 ordinary shares were issued in connection with the full conversion of 12,500,000 convertible debt securities @ $0.024 per share.

4.4.3. On 28 March 2022, the Company entered a binding term sheet and issued 280,000 convertible notes with a face value to Balmain Resources Pty Ltd a Company controlled by Non-executive Director Dr John Tarrant, raised $280,000. Further on 23 June 2022, the Company entered into a deed of variation to convertible note binding term sheet for an additional 200,000 convertible notes with face value of $1 each to Balmain Resources Pty Ltd, to raise an additional $200,000.

Key Terms and Conditions:

- Each note has a face value of $1;
- The convertible notes are automatically deemed to convert into Shares and Options on receipt of the Shareholder Approval or otherwise redeemed by 31 October 2022;
- Principal amount at $480,000;
- Maturity date: 31 October 2022;
- Each note will be convertible into Shares at a conversion price of $0.015 plus a free attaching Options per Share issue on conversion, exercisable at $0.024 per option expiring 31 December 2023;
- Interest: nil

Notes to Appendix 4E preliminary final report

for the year ended 30 June 2022

Note 5. Non-financial assets and financial liabilities

5.1. Leases

	2022 $	2021 $
5.1.1. Right of use assets		
Right of use asset - Buildings	322,580	177,987
Accumulated amortisation	(207,540)	(137,353)
	115,040	40,634
5.1.2. Lease liabilities		
Current	117,247	43,940
Non-current	-	-
	117,247	43,940

5.2. Provisions

	2022 $	2021 $
5.2.1. Current		
Employee entitlements	269,144	196,783
	269,144	196,783
5.2.2. Non-current		
Employee entitlements	26,280	52,071
	26,280	52,071

5.2.3. Movements in Carrying Amounts

	Employee entitlements $	Total $
Carrying amount at 1 July 2021	248,854	248,854
Additions	71,560	71,560
Disposals	-	-
Amounts used during the year	(24,990)	(24,990)
Carrying amount at 30 June 2022	295,424	295,424

Notes to Appendix 4E preliminary final report
for the year ended 30 June 2022

Note 6. Equity

6.1. **Issued capital**	Note	2022 No.	2021 No.	2022 $	2021 $
Fully paid ordinary shares at no par value		340,047,768	260,504,864	32,179,354	30,958,991
6.1.1. Ordinary shares					
At the beginning of the year		260,504,864	247,838,755	30,958,991	30,644,878
Shares issued during the year:					
■ Nov 2020 - Shares issued pursuant to the exercise of 13,614 NOROA Listed Options with $0.08 exercise price		-	13,614	-	1,089
■ Nov 2020 - Shares issued pursuant to the exercise of 13,614 NOROA Listed Options with $0.08 exercise price		-	306	-	24
■ Dec 2020 - Shares issued pursuant to the exercise of 800,000 unlisted NOROA ZEPO options		-	800,000	-	-
■ Dec 2020 - Shares issued as consideration for professional services received		-	837,698	-	9,000
■ Jan 2021 - Shares issued under Placement		-	4,347,826	-	100,000
■ Feb 2021 - Shares issued under Placement		-	6,666,665	-	120,000
■ July 2021- Shares issued as consideration for professional services received	6.1.2	2,500,000	-	-	84,000
■ Sep 2021 - Shares issued pursuant to the exercise of unlisted ZEPO Options with $nil exercise price		1,200,000	-	-	-
■ Oct 2021 - Shares issued under Placement		19,000,000	-	323,000	-
■ Feb 2022 – Conversion of Convertible Notes		12,500,000	-	300,000	-
■ Mar 2022 – Shares issued as consideration for professional services received		1,836,933	-	27,774	-
■ June 2022 – Shares issued under Right Issue		42,505,971	-	637,590	
Transaction costs relating to share issues					
■ Cash		-	-	(57,635)	-
■ Equity based		-	-	(10,366)	-
At end of the year		340,047,768	260,504,864	32,179,354	30,958,991

6.1.2. Shares issued to an advisor in relation to advisory services with a total value of $84,000 for the fair value of services rendered for the year ended 30 June 2021 (amount recognised in financial year ended 30 June 2021).

Notes to Appendix 4E preliminary final report

for the year ended 30 June 2022

Note 6 Equity (cont.)

6.2. Options

	2022 No.	2021 No.	2022 $	2021 $
Options and performance shares	100,163,956	68,821,636	9,339,571	9,164,081
At the beginning of the period	68,821,636	107,045,790	9,164,081	9,021,872
Options issued/(lapsed) during the year:				
■ Oct 2020 - Exercise of options	-	(13,920)	-	-
■ Dec 20 - Listed Options issued	-	58,356,636	-	116,713
■ Jan 21 - Listed Options issued	-	9,000,000	-	18,000
■ Expiry of options	(67,621,636)	(105,566,870)		
■ Share Based Payments – Further vesting value of options	-		-	7,496
■ Sep 2021 - Exercise of options	(1,200,000)		-	
■ Feb 2022 –Directors Options Issued	15,000,000	-	85,808	-
■ Mar 2022 – Options Placement	39,657,985	-	79,316	-
■ Jun 2022 – Free attaching options issued under the Right Issue	42,505,971	-	-	-
■ Jun 2022 –Advisors options issued	3,000,000	-	10,366	-
At end of the year	100,163,956	68,821,636	9,339,571	9,164,081

6.3. Reserves

	2022 $	2021 $
Share-based payment reserve	9,339,571	9,164,081
	9,339,571	9,164,081

Note 7. Share-based payments

7.1. Share-based payments:

	2022 $	2021 $
▪ Recognised in profit and loss (expenses)	113,582	10,496
▪ Recognised in equity (transaction costs)	10,366	-
Gross share-based payments	123,948	10,496