

**NORWOOD SYSTEMS LIMITED**  
**ACN 062 959 540**

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**ENTITLEMENT ISSUE PROSPECTUS**

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For a non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by those Shareholders registered at the Record Date, being up to 377,796,853 Shares at an issue price of \$0.003 per Share to raise up to approximately \$1,133,391 (based on the number of Shares on issue as at the date of this Prospectus), together with New Options on the basis of one (1) free attaching New Option for every one (1) Share issued, with each New Option having an exercise price of \$0.008 and expiring on 31 October 2020 (**Offer**).

The Offer is partially underwritten and managed by Pinnacle Corporate Finance Pty Ltd (ACN 149 263 543), holder of an Australian Financial Services Licence (AFSL No. 403 684). Please refer to Section 8.4 for the details of the underwriting.

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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## TABLE OF CONTENTS

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1.	CORPORATE DIRECTORY .....	1
2.	TIMETABLE .....	2
3.	IMPORTANT NOTES .....	3
4.	DETAILS OF THE OFFER .....	5
5.	PURPOSE AND EFFECT OF THE OFFER .....	11
6.	RIGHTS AND LIABILITIES ATTACHING TO SECURITIES .....	16
7.	RISK FACTORS .....	21
8.	ADDITIONAL INFORMATION .....	28
9.	DIRECTORS' AUTHORISATION .....	43
10.	GLOSSARY .....	44

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## 1. CORPORATE DIRECTORY

### Directors

Mr Paul Ostergaard  
*Managing Director*

Mr Michael Edwards  
*Non-Executive Director*

Mr Giles Everist  
*Non-Executive Director*

### Company Secretary

Mr Steven Wood

### Share Registry\*

Link Market Services Limited  
Level 12, QV1 Building  
250 St Georges Terrace  
PERTH WA 6000

### Auditor\*

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

### ASX Code

NOR

### Registered Office

4 Leura Street  
NEDLANDS WA 6009

Telephone: +61 8 9200 3500  
Facsimile: +61 8 9322 7602

Website: [www.norwoodsystems.com](http://www.norwoodsystems.com)  
Email: [info@norwoodsystems.com](mailto:info@norwoodsystems.com)

### Solicitors

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### Underwriter and Lead Manager

Pinnacle Corporate Finance Pty Ltd  
Level 9, 190 St Georges Terrace  
PERTH WA 6000

\*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

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## 2. TIMETABLE

Announcement of Offer	Monday, 25 March 2019
Lodgement of Prospectus with the ASIC	Monday, 25 March 2019
Lodgement of Prospectus & Appendix 3B with ASX	Monday, 25 March 2019
Notice sent to Optionholders	Monday, 25 March 2019
Notice sent to Shareholders	Wednesday, 27 March 2019
Ex date	Thursday, 28 March 2019
Record Date for determining Entitlements (5:00pm AEST)	Friday, 29 March 2019
Prospectus and personalised Entitlement and Acceptance Forms sent out to Eligible Shareholders & Company announces this has been completed	Monday, 1 April 2019
Last day to extend the Closing Date*	Tuesday, 16 April 2019
Closing Date (5:00pm AEST)	Tuesday, 23 April 2019
Securities quoted on a deferred settlement basis	Wednesday, 24 April 2019
ASX (and Underwriter) notified of under subscriptions and last day for Underwriter to subscribe or procure subscriptions for Shortfall Securities	Monday, 29 April 2019
Issue date/date Securities are entered into Shareholders' security holdings	Tuesday, 30 April 2019

\*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

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### **3. IMPORTANT NOTES**

#### **3.1 General**

This Prospectus is dated 25 March 2019 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### **3.2 Risk factors**

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus.

Relevantly, the Company has an emphasis of matter in its Independent Auditor's Review Report on the 31 December 2018 Half-Year Financial Report in respect of a material uncertainty relating to going concern.

As disclosed in the review report in the 31 December 2018 Half Yearly Report, the Company recorded a loss of \$1,280,695, had net cash outflows from operating activities of \$992,885 and is in a net liability position of \$163,370 at period end. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on securing additional funding through capital raising activities and the securing of material revenue generating contracts to continue its operational and marketing activities.

There is no certainty that the Company will be successful in raising capital or securing these contracts. Further details of these specific risks are set out in Sections 7.2(a) and (b).

These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future.

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## **4. DETAILS OF THE OFFER**

### **4.1 The Offer**

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.003 per Share with a free attaching New Option for each Share issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus (assuming that no existing Options are exercised prior to the Record Date), approximately 377,796,853 Shares and 377,796,853 New Options will be issued pursuant to this Offer to raise up to approximately \$1,133,391. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus, the Company has 148,690,259 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.1 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2 of this Prospectus.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

### **4.2 Underwriter Offer**

This Prospectus includes the offer of 20,000,000 New Options to the Underwriter as part consideration for services provided to the Company in connection with the Offer (**Underwriter Offer**).

The issue of the 20,000,000 New Options under the Underwriter Offer will be subject to the Company obtaining Shareholder approval.

The Underwriter Offer is a personal offer to the Underwriter (or its nominees). As such, only the Underwriter (or its nominees) may accept the Underwriter Offer, by using the relevant Application Form in relation to the Underwriter Offer. A personalised Application Form in relation to the Underwriter Offer will be issued to the Underwriter together with a copy of this Prospectus.

No funds will be raised from the Underwriter Offer as the relevant New Options are being issued as consideration for services provided to the Company by the Underwriter.

### **4.3 Acceptance**

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your

Entitlement as shown on that form. If it does, you will be taken to have applied for Shortfall Shares under the Shortfall Offer, if there is a Shortfall.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.003 per Share);
- (c) if you wish to accept your full Entitlement **and** apply for additional Shortfall Securities:
  - (i) complete the Entitlement and Acceptance Form for the amount indicated on your Entitlement and Acceptance Form plus any additional Shortfall Shares you wish to apply for. You will be deemed to have applied for that number of Shortfall Shares which in aggregate with your Entitlement is covered in full by your application monies. In order to participate in the Shortfall Offer, you must apply for your Entitlement in full; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.003 per Share); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

#### **4.4 Payment by cheque/bank draft**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Norwood Systems Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm (AEST) on the Closing Date.

#### **4.5 Implications of an acceptance**

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and



- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

#### **4.6 Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 3:00 pm (AEST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any Application Monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

#### **4.7 Minimum subscription**

The minimum subscription is \$1,083,391, being the amount underwritten by the Underwriter.

#### **4.8 Underwriter**

The Offer is partially underwritten by Pinnacle Corporate Finance Pty Ltd (**Pinnacle** or the **Underwriter**), up to a maximum amount of 361,130,186 Shares. Refer to Section 8.4 of this Prospectus for details of the terms of the underwriting.

The Underwriting Agreement gives the Underwriter the right to enter into sub-underwriting agreements to pass on some or all of its obligations to subscribe for the Shortfall under the Underwriting Agreement. The Underwriter and the Company confirm that no related parties will be sub-underwriters.

The Underwriter is not a related party of the Company for the purpose of the Corporations Act.

As at the date of this Prospectus, the Underwriter does not hold any Shares or options over Shares. If the Underwriter were issued the maximum amount of Shortfall that may be issued to the Underwriter under the Offer, being 361,130,186 Shares, the Underwriter would hold 361,130,186 Shares, representing an overall undiluted interest in the Company of approximately 19.12%. The Underwriter's interest would be further diluted if the Company issues Shares to the Noteholder on conversion of the Convertible Note or to Optionholders on exercise of Options.

If, for example, the Offer is only 50% subscribed, the amount of Shortfall that may be issued to the Underwriter would be 172,231,760 Shares, representing an overall undiluted interest in the Company of approximately 9.20%. The Underwriter's

interest would be further diluted if the Company issues Shares to the Noteholder on conversion of the Convertible Note or to Optionholders on exercise of Options.

The above two examples do not take into account any sub-underwriting commitments that are received by the Underwriter for the Shortfall and assumes that no Shares are subsequently placed to third parties (which would reduce the control impact).

It is unlikely that no Shareholder will subscribe for their Entitlement under the Offer. Furthermore, it is a term of the Underwriting Agreement that no person (including sub-underwriters) will be permitted to subscribe for Shortfall Securities if it would result in that person acquiring a relevant interest in more than 19.9% of the voting Shares of the Company on completion of the Offer.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination which are set out in Section 8.4.

Refer to Sections 8.5 and 8.6 for further details of the fees payable to the Underwriter.

#### 4.9 Potential dilution to Shareholders

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 20% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date	Approximate % at Record Date <sup>1</sup>	Entitlements under the Offer	Approximate % post Offer <sup>2</sup>
Shareholder 1	50,000,000	3.31%	12,500,000	2.65%
Shareholder 2	25,000,000	1.65%	6,250,000	1.32%
Shareholder 3	10,000,000	0.66%	2,500,000	0.53%
Shareholder 4	1,000,000	0.07%	250,000	0.05%
Shareholder 5	500,000	0.03%	125,000	0.03%

**Notes:**

1. This is based on a share capital of 1,511,187,411 Shares, following completion of the Placement on 22 March 2019.
2. Based on a share capital of 1,888,984,264 Shares upon completion of the Offer. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Shortfall Offer. If the Company issues additional Shares on conversion of the Convertible Note or exercise of Options, the interests of existing Shareholders will be further diluted.

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.003 being the price at which Shares have been offered under the Offer.

Eligible Shareholders who wish to subscribe for Securities above their Entitlement are invited to apply for Shortfall Securities under the Shortfall Offer by completing

the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shortfall Securities in accordance with Section 4.3 above.

Shortfall Securities will be issued under the Shortfall Offer at the absolute discretion of the Underwriter (in consultation with the Directors), and as such there is no guarantee that any Shortfall Securities applied for will be issued to Eligible Shareholders. The Company will have no liability to any Applicant who receives less than the number of Shortfall Securities applied for.

If the Underwriting Agreement is terminated due to the occurrence of one of the termination events set out in Section 8.4, the Directors reserve the right to issue Shortfall Securities at their absolute discretion.

#### **4.10 ASX listing**

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all Application Monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

#### **4.11 Issue of Securities**

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for, or where no issue is made surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

#### **4.12 Overseas shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number

and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

### ***New Zealand***

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### ***Nominees and custodians***

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

## **4.13 Enquiries**

Any questions concerning the Offer should be directed to Mr Steven Wood, Company Secretary, on +61 8 9322 7600.

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## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$1,133,391.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Items of Expenditure	\$	%
Pre-Offer cash available <sup>1,2,3</sup>	918,827	44.77%
Funds raised from the Offer	1,133,391	55.23%
<b>Total</b>	<b>2,052,218</b>	<b>100%</b>
Sales and marketing <sup>4</sup>	518,517	25.27%
Product development <sup>5</sup>	614,040	29.92%
Costs of the Offer	117,534	5.73%
General working capital <sup>6</sup>	802,127	39.09%
<b>Total</b>	<b>2,052,218</b>	<b>100%</b>

**Notes:**

1. As at 31 December 2018.
2. Includes gross proceeds of \$300,000 raised pursuant to the Convertible Note Agreement announced to ASX on 5 March 2019.
3. Includes gross proceeds of \$200,000 raised via the issue of 66,666,667 Shares at \$0.003 per Share pursuant to the Placement announced to ASX on 20 March 2019.
4. Includes direct sales consultants' costs of \$145,925, estimated salaries attributed to sales & marketing of \$339,152 and other marketing costs of \$33,440.
5. Includes salaries for personnel involved in research and development of \$418,760 and infrastructure costs of \$195,280.
6. Intended to be allocated as follows: director fees of \$127,743, other salary & wages \$88,609, accounting (including R&D advisory) and company secretarial costs of \$109,715, legal costs of \$54,000, investor relations costs of \$27,500, insurance costs of \$23,080, rent and office costs of \$59,630, fees payable to the Lead Manager of \$18,000 in respect of the Convertible Loan Agreement and general working capital costs of \$293,850.

The above table is a statement of the Board's current intentions as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

### 5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and the Noteholder does not elect to convert the Convertible Note, will be to:

- (a) increase the cash reserves by \$1,015,857 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and

- (b) increase the number of Shares on issue from 1,511,187,411 as at the date of this Prospectus to 1,888,984,264 Shares; and
- (c) increase the number of Options on issue from 148,690,259 as at the date of this Prospectus to 526,487,112 Options following completion of the Offer. The Company has also agreed to issue 20,000,000 Underwriting Options to the Underwriter, 66,666,667 Placement Options and 15,000,000 Fee Options, subject to obtaining Shareholder approval.

### 5.3 Pro-forma balance sheet

The auditor reviewed balance sheet as at 31 December 2018 and the unaudited pro-forma balance sheet as at immediately post the rights issue shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date, the Convertible Note has not been redeemed or converted, and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	REVIEWED 31 December 2018	PROFORMA Post Offer
<b>CURRENT ASSETS</b>		
Cash <sup>1</sup>	\$418,827	\$1,934,684
Other current assets	\$261,602	\$261,602
<b>TOTAL CURRENT ASSETS</b>	<b>\$680,429</b>	<b>\$2,196,286</b>
<b>NON-CURRENT ASSETS</b>		
Plant and Equipment	\$141,329	\$141,329
<b>TOTAL NON-CURRENT ASSETS</b>	<b>\$141,329</b>	<b>\$141,329</b>
<b>TOTAL ASSETS</b>	<b>\$821,758</b>	<b>\$2,337,615</b>
<b>CURRENT LIABILITIES</b>		
Trade Creditors & Other Payables <sup>2</sup>	\$564,565	\$582,565
Provisions	\$185,502	\$185,502
Borrowings <sup>3</sup>	\$152,384	\$452,384
Deferred Revenue	\$41,582	\$41,582

	REVIEWED 31 December 2018	PROFORMA Post Offer
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$944,033</b>	<b>\$1,262,033</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	\$41,095	\$41,095
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>\$41,095</b>	<b>\$41,095</b>
<b>TOTAL LIABILITIES</b>	<b>\$985,128</b>	<b>\$1,303,128</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>(\$163,370)</b>	<b>\$1,034,487</b>
<b>EQUITY</b>		
Share capital <sup>4</sup>	\$27,721,826	\$28,919,683
Options Reserve <sup>5</sup>	\$8,871,842	\$8,896,997
Retained loss <sup>6</sup>	(\$36,757,038)	(\$36,762,193)
<b>TOTAL EQUITY / (NET ASSET DEFICIENCY)</b>	<b>(\$163,370)</b>	<b>\$1,034,487</b>

**Notes:**

1. Assumes full subscription funds of \$1,133,391 received and expenses of the Offer of \$117,534 paid (refer to Section 8.10). Also includes funds received from Convertible Note announced 5 on March 2019, and Placement proceeds announced 20 March 2019.
2. Increase reflects costs of the Convertible Note due and payable.
3. Relates to Convertible Note of \$300,000 announced to ASX on 5 March 2019.
4. Increase assumes full subscription funds, less costs of the Offer and Convertible Note and proceeds from Placement.
5. Company Black-Scholes valuation of 20,000,000 quoted options to be issued to the Underwriter and 15,000,000 quoted options to be issued to APSEC in respect of the Placement, both subject to Shareholder approval.
6. Impact of share-based payment expense on accumulated losses

#### 5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no convertible securities are exercised prior to the Record Date, is set out below.

##### Shares

	Number
Shares currently on issue <sup>4</sup>	1,511,187,411
Shares offered pursuant to the Offer <sup>1</sup>	377,796,853

<b>Total Shares on issue after completion of the Offer<sup>1</sup></b>	<b>1,888,984,264<sup>1</sup></b>
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## Options

	<b>Number</b>
Options currently on issue:	
Quoted exercisable at \$0.008 on or before 31 October 2020	109,040,259
Unquoted exercisable at \$0.198 on or before 27 November 2020	9,500,000
Unquoted exercisable at \$0.297 on or before 27 November 2020	9,500,000
Unquoted exercisable at \$0.135 on or before 27 November 2020	5,000,000
Unquoted exercisable at \$0.057 on or before 2 August 2021 <sup>2</sup>	2,650,000
Unquoted exercisable at \$0.023 on or before 15 December 2020	2,500,000
Unquoted exercisable at \$0.028 on or before 15 December 2020	2,500,000
Unquoted ZEPO's, expiring on 14 December 2020	8,000,000
<b>Subtotal</b>	<b>148,690,259</b>
New Options to be offered pursuant to the Placement <sup>4,5</sup>	81,666,667
New Options to be offered pursuant to the Offer	377,796,853
New Options to be issued pursuant to the Underwriter Agreement <sup>3</sup>	20,000,000
<b>Total Options on issue after completion of the Offer<sup>1</sup></b>	<b>628,153,779</b>

### Notes:

1. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of Shares offered under the Offer.
2. Subject to vesting conditions.
3. The issue of the Underwriting Options is subject to the Company obtaining Shareholder approval. Refer to Section 8.4 for further details.
4. Comprising of 66,666,667 Placement Options and 15,000,000 Fee Options. The issue of the Placement Options and Fee Options is subject to the Company obtaining Shareholder approval.
5. Refer to the ASX announcement released on 20 March 2019 for further details of the Placement.

As set out in Section 8.6, the Company has also entered into the Convertible Note Agreement with the Convertible Noteholder. Pursuant to the terms of the Convertible Note Agreement, the Noteholder may elect to convert the Convertible Note into 100,000,000 Shares together with 100,000,000 free-attaching Options exercisable at \$0.008 on or before 31 October 2020.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 1,859,877,670 Shares and on completion of the Offer would be 2,615,471,376 Shares. This analysis assumes that all Entitlements are accepted, no Options are exercised prior to the Record Date and all Securities are issued pursuant to the Convertible Note Agreement.



The Company has also agreed to issue 20,000,000 Underwriting Options, 66,666,667 Placement Options and 15,000,000 Fee Options subject to obtaining Shareholder approval. These Options are not considered in the above dilution analysis.

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 20% (as compared to their holdings and total number of Shares on issue as at the date of this Prospectus).

## 5.5 Details of substantial holders

Based on publicly available information as at 25 March 2019, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Paul Ostergaard <sup>1</sup>	201,723,481	13.35%
ASPEC Funds Management Pty Ltd <sup>1</sup>	157,151,467	10.40%

**Notes:**

1. Based on the undiluted share capital of 1,511,187,411 Shares as at the date of this Prospectus.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

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## **6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

### **6.1 Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **(a) General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

#### **(b) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, and a fraction of a vote for each partly paid share, equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) for that share, ignoring any amounts paid in advance of a call.

#### **(c) Dividend rights**

Subject to this Constitution, the Law, the ASX Listing Rules and the rights of persons entitled to shares with preferential, special or qualified rights as to dividend, dividends are to be apportioned and paid among the Shareholders in proportion to the amounts paid up (not credited) on the Shares held by them. Any amount paid on a Share in advance of a call will be ignored when calculating the relevant proportion.

The power to determine that a dividend is payable and to declare dividends (including interim dividends) is vested in the Directors who may fix the amount and the timing for payment and the method of payment of any dividend in accordance with the Constitution. No dividend is

payable except out of the profits of the Company. No dividend shall carry interest as against the Company. Before declaring any dividends, the Directors may set aside out of the profits of the Company any sums they think proper as reserves to be applied to meet contingencies, to equalise dividends, to pay special dividends, to repair, improve or maintain any property of the Company or for any other purpose the Directors in their absolute discretion consider to be in the interests of the Company.

Subject to the ASX Listing Rules and the Corporations Act, the Directors may implement and in their discretion maintain, on terms and conditions determined by the Directors from time to time, a dividend reinvestment plan (the **Dividend Reinvestment Plan**) for cash dividends paid by the Company in relation to Shares in the capital of the Company to be reinvested by way of subscription for Shares to be issued and allotted by the Company. Participation in the Dividend Reinvestment Plan will be available to those Shareholders who wish to participate in the Dividend Reinvestment Plan and are eligible to do so under the terms and conditions of the Dividend Reinvestment Plan.

(d) **Winding-up**

If the Company is wound up (whether voluntarily or otherwise), the liquidator may, with the sanction of a special resolution, divide among the contributories in specie or kind any part of the assets of the Company and may, subject to obtaining the same sanction, vest any part of the assets of the Company in trustees upon those trusts for the benefit of the contributories or any of them as the liquidator thinks fit. For the purposes of this clause, the liquidator may set values as it considers fair and reasonable on any property to be divided and determine how the division is to be carried out.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## 6.2 **New Options**

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each New Option will be \$0.008 (**Exercise Price**).

(c) **Expiry Date**

Each New Option will expire at 5:00 pm (WST) on 31 October 2020 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment

of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a New Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(k) **Change in exercise price**

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

(l) **Transferability**

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(m) **Quotation**

The Company will seek to have the New Options quoted by ASX.

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## **7. RISK FACTORS**

### **7.1 Introduction**

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **7.2 Company specific**

#### **(a) Going concern**

The Company's financial report for the half year ended 31 December 2018 includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.

As disclosed in the review report for the half year ended 31 December 2018, the Company recorded a loss of \$1,280,695, had net cash outflows from operating activities of \$992,885 and is in a net liability position of \$163,370 at period end. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on securing additional funding through capital raising activities and the securing of material revenue generating contracts to continue its operational and marketing activities.

In the event that the Offer is not completed successfully, there is significant uncertainty as to whether the Company can continue as a going concern.

#### **(b) Future capital requirements**

The Company's current business will require ongoing expenditures. The funds raised from the Offer will not be sufficient to successfully achieve all the objectives of the Company's overall business strategy and it will be required to raise further funds. The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

If the Company is unable to source additional capital after exhaustion of the net proceeds of the Offer and existing working capital, there can be

no assurance that the Company will have sufficient capital to continue as a going concern.

Any additional equity financing would most likely be dilutive to the Company's existing Shareholders and any debt financing if available, may involve restrictive covenants, which may limit the Company's business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

The Company, in the ordinary course of its operations and developments, may be required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issue and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

The Company is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third party to a financial instrument fails to meet its contractual obligations; the risk that the Company will not be able to meet its financial obligations as they fall due; and the risk that market prices may vary which will affect the Company's income.

(c) **Potential for significant dilution**

Upon issue of all Shares and implementation of the Offer, assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and the Noteholder does not elect to convert the Convertible Note, the number of Shares in the Company will increase from 1,511,187,411 (being the number of Shares on issue as at the date of this Prospectus) to 1,888,984,264. This means that each Share will represent a lower proportion of the ownership of the Company. However, a Shareholder can retain their percentage interest in the Company by taking up their Entitlement.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the date of this Prospectus is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.



(d) **Limited trading history**

The Company has limited trading history. The Company is in the commercialisation phase of the business cycle and as such carries the normal risks of a start-up business. Given the limited trading history of the Company, no assurance can be given that the Company will achieve commercial viability through the implementation of its business plan. Whilst the Company is now in a position to earn revenue through customers paying to use its suite of products and services, there is no certainty around the number of customers (if any) that will use the services. Accordingly, the Company is not in a position to give any guidance around likely future revenue or profitability.

(e) **Data loss, theft or corruption risks**

The Company is reliant on the security of its network environment, vendor environments and websites. Breaches of security including hacking, denial of service attacks, malicious software use, internal IP theft, data theft or other external or internal security threats could put the integrity and privacy of customers' data and business systems used by the Company at risk which could impact technology operations and ultimately customer satisfaction with the Company's products, leading to lost contracts and Company revenue. The impact of loss or leakage of customer or business data could include costs for potential service disruptions, litigation and brand damage which may potentially have a material adverse impact on the Company's reputation as well as its profitability. Furthermore, any such historical and public security breaches could impact the Company's ability to acquire future customers and revenue. In addition, substantial costs may be incurred in order to prevent the occurrence of future security breaches.

Whilst the Company has established risk management systems to prevent cyber-attacks and any potential data security breaches, including firewalls, encryption of customer data (storage and transmission) and a privacy policy, there are inherent limitations on such systems, including the possibility that certain risks have not been identified. There can be no guarantee that the measures taken by the Company will be sufficient to detect or prevent data security breaches.

(f) **Uncertainty of future profitability**

The Company is in the commercialisation stage for its virtual mobile services platform, Corona® and Apps, World Phone®, World Message™, World Secure™, World Wi-Fi™ and World Voicemail™. Regarding Corona and the Apps, the Company is in discussions with a number of potential customers, however there is no guarantee these discussions will lead to commercial sales. The Company's future profitability will be impacted by its ability to successfully deliver a high level of service to any future potential customers, its ability to execute its development and growth strategies, economic conditions in the markets in which it operates, competitive factors and regulatory developments. Accordingly, the extent of future profits, if any, and the time required to achieve a sustained profitability are uncertain. Moreover, the level of such profitability cannot be predicted.

(g) **New product development and technology risk**

The Company is reliant upon certain technologies and upon the successful commercialisation of these technologies. There is a risk that as marketable technologies continue to develop in the communications industry there may be certain product developments that supersede, and render obsolete, the products and services of the Company. This would adversely affect the profitability of the Company and likely value of its Securities.

(h) **Dependence on third party servers and products**

Part of the business model of the Company will be reliant upon leased third party servers and the performance of those servers. If servers upon which the technology of the Company depends do not operate as expected, the services that the Company provides may be adversely affected.

The majority of the products of the Company require the use of a smart phone or other similar device and as such the business model of the Company is dependent upon the existence and ownership of these devices. There can be no guarantee that these devices will continue to be as widely used as they are currently or that they will not be replaced by alternative devices upon which the Company's technology will not function.

(i) **Competition**

There is significant competition in the telecommunications industry generally. There is no assurance that the Company will succeed in the strategy of developing and supplying high-quality, low-cost telecommunications solutions. Competitors' products may render Corona, World Message, World Phone or other related products developed by the Company obsolete and/or otherwise uncompetitive.

(j) **Development and commercialisation of Corona and Apps, World Phone®, World Message™, World Secure™, World Wi-Fi™ and World Voicemail™**

The Company's business model is reliant on its ability to develop and commercialise Corona and its associated Apps, World Phone®, World Message™, World Secure™, World Wi-Fi™ and World Voicemail™. A failure to develop and commercialise Corona and the Apps successfully would lead to a loss of opportunities and adversely impact on the operating results and financial position of the Company. Furthermore, any third party developing superior technology or with greater commercial appeal in the fields in which the Company operates may harm the future prospects of the Company.

(k) **Customer service risk**

The Company's business model is based on recurring revenue arising from the provision of service and from usage. Poor customer service experiences may result if the Company loses key customer service personnel, fails to provide adequate training and resources for customer service personnel or there is a disruption to monitoring and account management systems utilised by customer service personnel. Poor experiences may result in the loss of customers, adverse publicity,

litigation, regulatory enquiries and customers reducing the use of the Company's products or services. If any of these occur, it may adversely impact the Company's revenues.

There may also be situations in the consumer channel where the end customer service is provided by the Partner or their Client. In such instances, the Company is not able to control the provision of service, the service levels offered, the service systems used, the training of the service personnel or the service support material. Poor experiences may result in the loss of Partners, Partner's Clients or end customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of the Company's products or services. If any of these occur, it may adversely impact the Company's revenues.

**(l) Relationships with service providers**

If the Company is unable to a) maintain good relationship with its wholesale telecommunications service providers or b) develop and grow its relationships with additional providers, its business will suffer.

The Company's Corona, World Phone®, World Message™, World Secure™, World Wi-Fi™ and World Voicemail™ services and platforms rely on integration with certain capabilities of wholesale telecommunications service providers and aggregators using publicly available application programming interfaces (**APIs**). In general, the Company relies on the fact that such providers continue to allow the Company access to their APIs to enable these service platform integrations. To date, the Company has not relied on long-term written contracts to govern its relationship with such wholesale providers. Instead, the Company is subject to the standard terms and conditions for application developers who are using such APIs, which govern generally the terms of use of access to, and use of, the wholesale telecommunications service providers' platforms, and which are subject to change by these providers from time to time. Any deterioration in the Company's relationship with any such wholesale service provider could harm its business and adversely affect its operating results.

**(m) Retention and recruitment of key personnel**

The emergence of the Company and development of Corona and its associated Apps, World Phone®, World Message™, World Secure™, World Wi-Fi™ and World Voicemail™ has been in large part due to the talent, effort, experience and leadership of its management team, including its CEO and founder Paul Ostergaard. The Company is substantially dependent on the continued service of its existing management team due to the complexity of its services and products. There is no assurance that the Company will be able to retain the services of such persons.

Furthermore, the Company expects to continue to grow its sales and marketing teams in both Australia and internationally. An inability to attract quality sales and marketing personnel may adversely impact on the Company's growth plans and any first mover advantage.

**(n) Protection of intellectual property rights**

The Company is the assignee for five patent families, four of which have been granted in Australia. Two of these have also been granted in USA

and one in Europe and corresponding applications are pending for the remainder in the US and EU regions. The fifth family is pending in Australia, USA and Europe. Objections have been raised in relation to this mobility patent application family based on the novelty and inventive step requirements, citing an existing patent owned by a third party. If the Company is not able to overcome these objections, there is a risk that the patent may not ultimately be granted. The prospect of attaining patent protection for products and the technology such as those proposed to be used in the Company business is highly uncertain and involves complex and continually evolving factual and legal questions. These include legislative and judicial changes, or changes in the examination guidelines of governmental patent offices, which may negatively affect the Company's ability to obtain patents for its products and technologies. In addition, the scope of patent applications can be significantly reduced during prosecution of the patent applications, with the result that the scope of protection in the issued patent may be significantly less than the scope of protection initially sought by the Company. As a result, the Company's patent application may not proceed to an issued patent and, if issued, may not be of commercial benefit to the Company, or may not afford the Company adequate protection from competing products. Alternatively, in modifying the relevant claims to address the objections, there is a risk of scope of protection in the issued patent being significantly less than the scope of protection sought by the Company

The Company may also be forced to litigate to enforce or defend its intellectual property rights, including any granted patents, against infringement and unauthorised use by competitors, and to protect its trade secrets. In so doing, the Company may place its intellectual property at risk of being invalidated, unenforceable, limited or narrowed in scope.

### **7.3 General risks**

#### **(a) Investment risk**

There are risks associated with any securities investment. The prices at which the Securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the Securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

#### **(b) Share market**

Share market conditions may affect the value of the Company's Securities regardless of the Company's operating performance. Share market conditions are affected by many factors including, but not limited to, the following:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;

- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital;
- (vi) terrorism or other hostilities; and
- (vii) other factors beyond the control of the Company.

(c) **Economic and government risks**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(d) **Legal proceedings**

Legal proceedings may arise from time to time in the course of the business of the Company. As at the date of this Prospectus, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

## **7.4 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

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## **8. ADDITIONAL INFORMATION**

### **8.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### **8.2 Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
22/03/2019	Appendix 3B and Cleansing Statement
20/03/2019	Placement
05/03/2019	Reinstatement to Official Quotation
05/03/2019	Capital Raising and Appendix 3B
04/03/2019	Suspension from Official Quotation
28/02/2019	Half Yearly Report and Accounts
28/02/2019	Trading Halt
26/02/2019	Response to ASX Appendix 4C Query
01/02/2019	Positive Update to Contract Signed with Spark New Zealand
31/01/2019	Quarterly Activities and Cashflow Report
18/01/2019	Appendix 3Y - Change of Director's Interest Notice
02/01/2019	Appendix 3Y - Change of Director's Interest Notice
21/12/2018	December Operational Update
21/12/2018	Becoming a substantial holder
14/12/2018	Appendix 3Y - Change of Director's Interest Notice x 3
14/12/2018	Cleansing Notice and Appendix 3B
14/12/2018	Strategic Agreement with Leading Provider of Software
12/12/2018	Closure of Rights Issue
12/12/2018	Norwood Investor Webinar Q&A Recording
12/12/2018	Version 2.0 of World Voicemail released for iOS
07/12/2018	Norwood Investor Webinar Q&A - Tuesday 11 December 2018
07/12/2018	Norwood wins Contract to Supply Software Technology
05/12/2018	Trading Halt

Date	Description of Announcement
05/12/2018	Pause in Trading
03/12/2018	Change of Director's Interest Notice
29/11/2018	Results of Meeting
29/11/2018	AGM Presentation
20/11/2018	Extension of Entitlement Issue Closing Date
14/11/2018	Clarifying Announcement and Revised Appendix 4C
01/11/2018	Quarterly Activities and Cashflow Report
30/10/2018	Notice of Annual General Meeting/Proxy Form
29/10/2018	Supplementary Entitlement Issue Prospectus
23/10/2018	Extension of Entitlement Issue Closing Date
09/10/2018	Appendix 3Y - Change of Director's Interest Notice
05/10/2018	Confirmation of Dispatch of Entitlement Issue Prospectus
26/09/2018	Appendix 3B - Renounceable Entitlement Issue
26/09/2018	Renounceable Entitlement Issue Prospectus
6/09/2018	Capital Raising
24/09/2018	Trading Halt
18/09/2018	Appendix 3Z – Final Director's Interest Notice
18/09/2018	Director Resignation
13/09/2018	World Voicemail Android Release, Initial iOS App Results
05/09/2018	Results of Meeting
31/08/2018	Appendix 4G

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website [www.norwoodsystems.com](http://www.norwoodsystems.com).

### 8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent dates of those sales were:

Highest	\$0.005	31 January 2019
Lowest	\$0.002	21 March 2019
Last	\$0.003	21 March 2019



## 8.4 Underwriting Agreement

Pursuant to an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to partially underwrite the Offer for a total of 361,130,186 Shares and 361,130,186 attaching New Options (**Underwritten Securities**).

Pursuant to the Underwriting Agreement the Company has agreed to pay the Underwriter:

- (a) a management fee of 1.0% of the total dollar amount underwritten by the Underwriter under the Offer (being approximately \$10,834); and
- (b) an underwriting fee of 5.0% of the total dollar amount underwritten by the Underwriter under the Offer (being approximately \$54,170).

In addition, the Company has agreed, subject to obtaining Shareholder approval, to issue the Underwriter (or its nominee(s)) 20,000,000 New Options as part consideration for services provided to the Company in connection with the Offer. If the Company does not obtain approval to issue the Underwriter Options at the next general meeting of the Company, the Company will pay the Underwriter \$15,000 in lieu of the issue of the Underwriter Options.

The Underwriter is also entitled to be reimbursed for all reasonable costs and expenses of and incidental to the Offer, provided that the aggregate of all costs and expenses does not exceed \$5,000 without the prior written consent of the Company and provided that each individual cost or expense does not exceed \$2,000 (without the prior written consent of the Company).

The Underwriter may procure such persons to sub-underwrite the Offer as the Underwriter in its sole and absolute discretion thinks fit. The Underwriter will ensure that no person will acquire, through participation in sub-underwriting the Offer, a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on completion of the Offer.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if any one of the following events occur (provided that, in respect of those events set out in paragraph (p) below, in the reasonable opinion of the Underwriter reached in good faith, the event it has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act):

- (a) **(Company default)**: the Company fails to perform an obligation under the Underwriting Agreement;
- (b) **(Indices fall)**: the S&P ASX 200 Index closes on any 2 Business Days from the date of the Underwriting Agreement at a level that is 5% or more below the level of the Index at the close of trading on the Business Day before the date of the Underwriting Agreement;
- (c) **(Prospectus)**: the Company does not dispatch the Prospectus to Shareholders on the dispatch date specified in the timetable set out at the commencement of this Prospectus or the Prospectus or the Offer is withdrawn by the Company;

- (d) **(Supplementary Offer Document):**
- (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described at paragraph (p) below, forms the view on reasonable grounds that a supplementary prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary prospectus in such form and content and within such time as the Underwriter may reasonably require; or
  - (ii) the Company lodges a supplementary prospectus without the prior written agreement of the Underwriter;
- (e) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
- (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities attaching to the Securities issued under the Offer (**Offer Securities**);
- (f) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (g) **(Error in Due Diligence Results):** it transpires that any of the due diligence results or any part of the verification material with respect to the Prospectus was materially false, misleading or deceptive or that there was a material omission from them;
- (h) **(proceedings)** ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Offer Materials, or publicly foreshadows that it may do so;
- (i) **(Unable to issue Securities)** the Company is prevented from allotting and issuing the Offer Securities within the time required by the timetable set out at the commencement of this Prospectus, ASX Listing Rules, applicable laws, an order of a court of competent jurisdiction or a Government Authority;
- (j) **(future matters)** any statement or estimate in the Offer Materials which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (k) **(No Quotation Approval):** the Company fails to lodge an Appendix 3B in relation to the Offer Securities with ASX by the time required by the Corporations Act, the ASX Listing Rules or any other regulation;

- (l) **(ASIC application)**: an order is made under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (m) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a Material Adverse Effect on the Offer;
- (n) **(Authorisation)**: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- (o) **(Indictable offence)**: a director of the Company is charged with an indictable offence; or
- (p) **(Termination events)**: any of the following events occurs:
  - (i) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Japan, the United Kingdom, the United States of America or the Peoples Republic of China or any member of the European Union other than hostilities involving Libya, Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in the S&P ASX 200 Index falling by the percentage contemplated by paragraph (b) above;
  - (ii) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
  - (iii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
  - (iv) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
  - (v) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company;
  - (vi) **(Error in Due Diligence Results)**: it transpires that any of the due diligence results or any part of the verification material in relation to the Offer was materially false, misleading or deceptive or that there was a material omission from them;

- (vii) **(Significant change):** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (viii) **(Public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus, other than a statement the Company is required to make in order to ensure its disclosure obligations under the Listing Rules and the Corporations Act;
- (ix) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (x) **(Official Quotation qualified):** the official quotation is qualified or conditional other than as permitted by the Underwriting Agreement;
- (xi) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xii) **(Prescribed Occurrence):** a Prescribed Occurrence occurs, other than as disclosed in the Prospectus;
- (xiii) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (xiv) **(Event of Insolvency):** a specified event of insolvency occurs in respect of a Relevant Company;
- (xv) **(Judgment against a Relevant Company):** a judgment in an amount exceeding \$500,000 is obtained against a Relevant Company and is not set aside or satisfied within 14 days;
- (xvi) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company, except as disclosed in the Prospectus;
- (xvii) **(Board and senior management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Offer Securities without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (xviii) **(Change in shareholdings):** there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer, a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;

- (xix) **(Timetable)**: there is a delay in any specified date in the timetable set out at the commencement of this Prospectus which is greater than 2 Business Days;
- (xx) **(Force Majeure)**: a specified force majeure event occurs affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (xxi) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxii) **(Capital structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus;
- (xxiii) **(Breach of material contracts)**: any material agreement of the Company disclosed to ASX is terminated or substantially modified; or
- (xxiv) **(Market conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Company may terminate the Offer at any time in its discretion and without any cause and in that event, the Underwriter is entitled to be paid the fees set out above that have accrued to that date within 14 days of providing written notice of termination to the Underwriter.

The Underwriting Agreement contains a number of conditions that must be satisfied by the Company before the Underwriter's obligation to underwrite the Offer commences that are considered standard for an agreement of this type, such as satisfactory due diligence, procurement of sub-underwriters to the Offer and the timely lodgement of documents by the Company in accordance with the timetable set out at the commencement of this Prospectus.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

## 8.5 Capital Raising Mandate Agreement

The Company and the Underwriter entered into a mandate agreement on 12 February 2019, whereby the Underwriter was appointed to act as lead manager and Underwriter to the Offer (**Mandate**).

The Underwriter will receive those fees set out in Section 8.4 above for services provided pursuant to the Mandate which, for the avoidance of doubt, will not be duplicated. In addition, the Company will pay the Underwriter a monthly corporate advisory retainer fee of \$10,000 per month (excluding GST) up to and including May 2019.

The Company has agreed not to alter its capital structure other than as disclosed in the Prospectus or on conversion of any Options, without the prior written

consent of the Underwriter, for a period of sixty (60) days after the liability of the Underwriter under the Underwriting Agreement terminates.

The Mandate is otherwise made on standard terms and conditions.

## 8.6 Convertible Note Agreement

The Company entered into a convertible note agreement with an institutional shareholder (the **Noteholder**) on 28 February 2019 pursuant to which the Noteholder subscribed for an unsecured convertible note with a face value of \$300,000 (**Convertible Note**) (**Convertible Note Agreement**).

A summary of the material terms of the Convertible Note Agreement is set out below:

- (a) **(Interest):** Interest is payable on the Convertible Note at the rate of 12% per annum in cash.
- (b) **(Maturity Date):** The Convertible Note will mature on the earlier to occur of:
  - (i) the date of the issue of the Shortfall Securities; and
  - (ii) 21 June 2019,(the **Maturity Date**).
- (b) **(Conversion):** At any time prior to the Maturity Date, the Noteholder may elect to convert the Convertible Note into 100,000,000 Shares and 100,000,000 Options exercisable at \$0.008 on or before 31 October 2020.
- (c) **(Redemption by the Noteholder):** The Convertible Note may be redeemed by the Noteholder prior to the Maturity Date, if the Company has raised a minimum of \$700,000 pursuant to the Entitlement Offer. If the Convertible Note has not been redeemed or converted prior to the Maturity Date, the Company must repay the face value of the Convertible Note, together with any accrued interest on the Maturity Date.
- (d) **(Redemption by the Company):** If the Company has not received written notice of the Noteholder's intention to convert or redeem the Convertible Note, the Company may, by written notice to the Noteholder at any time prior to the Maturity Date, elect to redeem the Convertible Note.
- (e) **(Redemption on default):** If an event of default occurs, the Company must immediately repay the face value of the Convertible Notes, together with all accrued interest, to the Noteholder.

The Company has agreed to pay Pinnacle:

- (a) a management fee of 1.0% of the total dollar amount raised under the Convertible Note Agreement (being approximately \$3,000); and
- (b) a placement fee of 5.0% of the total dollar amount raised under the Convertible Note Agreement (being approximately \$15,000).

The Convertible Note Agreement is otherwise made on standard terms and conditions.

## 8.7 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Voting Power <sup>4</sup> (%)	Entitlement	\$
Paul Ostergaard	201,723,481 <sup>1</sup>	13.35%	50,430,871	\$151,293
Michael Edwards	6,150,770 <sup>2</sup>	0.41%	1,537,693	\$4,613
Giles Everist	1,250,000 <sup>3</sup>	0.08%	312,500	\$938

#### Notes:

1. Consisting of:
  - (a) 151,398,683 Shares held indirectly by Mr Ostergaard as trustee for Ostergaard Family Trust;
  - (b) 26,474,798 Shares held indirectly by Ocean Broadband Ltd, an entity controlled by Mr Ostergaard; and
  - (c) 23,850,000 Shares held indirectly through Netwealth Investments Limited (as trustee for the Chill Cast Super Fund) and controlled by Mr Ostergaard.Mr Ostergaard also holds 24,000,000 Options.
2. Held by entities controlled by Mr Edwards (3,253,031 Shares held by Shadwick Nominees Pty Ltd and 2,897,739 Shares held by Navigator Australia Limited as trustee for the MLC Investment Settlement Account). In addition, through Shadwick Nominees Pty Ltd, Mr Edwards also indirectly holds 4,000,000 Options.

3. Held by Mrs Sally Marjorie Everist as trustee for the Everist Family Trust. Mr Everist also indirectly holds 4,000,000 Options, which are held by Mrs Sally Marjorie Everist as trustee for the Everist Family Trust.
4. Based on the undiluted share capital of 1,511,187,411 Shares as at the date of this Prospectus.

## Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$310,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	2018	2019 <sup>4</sup>	2020 <sup>4</sup>
Paul Ostergaard <sup>6</sup>	\$376,165 <sup>1</sup>	\$313,170 <sup>5</sup>	\$313,170
Michael Edwards	\$59,583 <sup>2</sup>	\$45,000	\$45,000
Giles Everist	\$59,583 <sup>3</sup>	\$45,000	\$45,000

### Notes:

1. Consisting of a salary payment of \$286,000, a superannuation payment of \$27,170 and a share-based payment of \$62,995.
2. Consisting of directors' fees of \$45,000 and a share-based payment of \$14,583.
3. Consisting of directors' fees of \$41,096, a superannuation payment of \$3,904 and a share-based payment of \$14,583.
4. Consists of a salary payment of \$286,000 and a superannuation payment of \$27,170 for Mr Ostergaard, directors' fees of \$45,000 for Mr Edwards, and directors' fees of \$41,096 and a superannuation payment of \$3,904 for Mr Everist.
5. The proposed annual remuneration set out above does not include the cost of any options or other incentive securities that may be issued in the future.
6. As announced on 20 March 2019, Mr Ostergaard has agreed to take an immediate \$50,000 annual reduction in salary for 12 months or until a material licencing deal is announced whichever occurs earlier. As the date of a licensing deal is unknown, the Company has taken a conservative approval and disclosed the maximum amount of potential salary.



## 8.8 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Pinnacle Corporate Finance Pty Ltd will be paid an underwriting fee of 5% of the total dollar amount underwritten by the Underwriter under the Offer (approximately \$54,170), a management fee in respect of this Offer of 1% of the total dollar amount underwritten by the Underwriter under the Offer (approximately \$10,834) and a \$10,000 monthly retainer fee payable up to and including May 2019. In addition, the Company has agreed to issue the Underwriter (or its nominee(s)) 20,000,000 New Options as part consideration for services provided to the Company in connection with the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Pinnacle Corporate Finance Pty Ltd (formerly called Somers and Partners Pty Ltd) has been paid gross fees totalling \$370,896 (excluding GST and disbursements) by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$61,424 (excluding GST and disbursements) for legal services provided to the Company.

## 8.9 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;
- (c) Pinnacle Corporate Finance Pty Ltd has given its written consent to being named as underwriter and lead manager to the Offer in this Prospectus, in the form and context in which it is named and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC; and
- (d) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 8.10 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$117,534 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	17,324
Lead Manager/ Underwriting fees	65,004
Share registry	15,000
Legal fees	10,000
Printing and distribution	5,000
Miscellaneous	1,999
<b>Total</b>	<b>117,534</b>

## 8.11 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company Secretary on +61 8 9322 7600

and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <https://norwoodsystems.com>.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **8.12 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

#### **8.13 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **8.14 Privacy Act**

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the


Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

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**9. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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**Paul Ostergaard**  
**Managing Director**  
**For and on behalf of**  
**Norwood Systems Limited**

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## 10. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**AEST** means Australian Eastern Standard Time.

**Applicant** means a Shareholder who applies for Securities pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

**Application** means an application to subscribe for Securities under this Prospectus.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

**Application Monies** means money submitted by Applicants in respect of Applications.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** means Norwood Systems Limited (ACN 062 959 540).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholder** means a Shareholder who has a registered address at the Record Date that is in Australia or New Zealand.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Fee Options** means the 15,000,000 Options agreed to be issued in conjunction with the Placement, subject to obtaining Shareholder approval.

**Ineligible Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

**Material Adverse Effect** means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Underwritten Securities (including, without limitation, a material adverse effect on a decision of an investor to invest in Underwritten Securities); or
- (b) a material adverse effect on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries taken as a whole.

**New Option** means an Option issued on the terms set out in Section 6.2 of this Prospectus.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Placement** means the capital raising announced to the ASX on 20 March 2019.

**Placement Options** means the 66,666,667 Options agreed to be issued under the Placement, subject to obtaining Shareholder approval.

**Placement Shares** means the 66,666,667 Shares issued under the Placement.

**Prescribed Occurrence** means:

- (a) a Relevant Company converting all or any of its shares into a larger or smaller number of shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) a Relevant Company:
  - (i) entering into a buy-back agreement; or
  - (ii) resolving to approve the terms of a buy-back agreement under Section 257D or 257E of the Corporations Act;
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares or any other securities, or agreeing to make such an issue or grant such an option (other than pursuant to the Offer or on conversion of convertible securities on issue as at the date of the Underwriting Agreement or as previously notified to the Underwriter prior to the date of the Underwriting Agreement);
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;

- (g) a Relevant Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under Section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Relevant Company** means the Company and each company which is now, or before the issue of all the Underwritten Securities becomes, a subsidiary of the Company as that term is defined in the Corporations Act.

**Section** means a section of this Prospectus.

**Securities** means Shares and/or New Options offered pursuant to an Entitlement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Shortfall** means the Securities not applied for under the Offer (if any).

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 4.9 of this Prospectus.

**Shortfall Securities** means those Securities issued pursuant to the Shortfall.

**Underwriter or Pinnacle** means Pinnacle Corporate Finance Pty Ltd (ACN 149 263 543), holder of an Australian Financial Services Licence (AFSL No. 403 684).

**Underwriter Offer** has the meaning given in Section 4.2 of this Prospectus.

**Underwriter Options** means the New Options to be issued to the Underwriter or its nominee under the Underwriter Offer.

**Underwriting Agreement** has the meaning given in Section 8.4 of this Prospectus.

**Underwritten Securities** has the meaning given in Section 8.4 of this Prospectus.

**WST** means Western Standard Time as observed in Perth, Western Australia.