

ASX ANNOUNCEMENT

29 October 2021

Norwood Corporate Overview and App 4C for September 2021 Quarter

Highlights

- Receipts from customers for the September 2021 quarter totalled \$414,000, the highest quarterly result in the Company's history
- Received a NZD\$639,000 Purchase Order from Spark NZ during the quarter, underpinning strong FY22
- Net operational cashflow for the September 2021 quarter was negative \$170,000, compared to negative \$264,000 in the prior quarter, an improvement of 36%
- Successful \$423,000 capital raise post quarter, including an oversubscribed Share Placement at a premium to the Company's volume weighted average price
- Accepted into OpenAI's private beta of GPT-3
- Commenced marketing to telcos and partners of the Company's Aida Intelligent Assistant service
- Appointment of well-credentialed Chief Financial Officer and Company Secretary post quarter.

'Sharing Economy' and 'Communications as a Service' pioneer Norwood Systems Ltd ("Norwood" or the "Company") (ASX: NOR) is pleased to provide an overview of the Company's activities for the September 2021 quarter and the accompanying Appendix 4C cashflow report.

Norwood's CEO and Founder, Paul Ostergaard, said:

"Norwood has relentlessly continued to consolidate and improve its financial position during the September quarter with receipts from customers surpassing \$400,000 for the first time.

"Additionally, we are maintaining a strong focus on prudent cash control, with the Company's operational cashflow improving by more than 30% relative to the June quarter.

"The Purchase Order we received from one of our longstanding customers, Spark NZ, during the quarter will enable us to continue to expand on this positive momentum as we move further into FY22.

"Additionally, the well-supported capital raising we completed post-quarter positions us to target new telco contracts in the coming couple of quarters, launch our new Aida Intelligent Assistant, as well as further enhancing the Company's flagship World Voicemail service platform.

"All of this bodes well for the long-term growth potential of Norwood."

Sales and Commercialisation Activities

Spark NZ Contract

As referenced in the June quarterly announcement on 30 July 2021 and announced during the September quarter on 16 July 2021, long-term customer Spark NZ supplied Norwood with a Purchase Order worth approximately NZD\$639,000 (c. AUD\$603,000) for services to be provided across the 2022 financial year.

The Purchase Order comes under an agreement between the Company and Spark NZ that was initially announced on 30 January 2020 ("Agreement").

Throughout the September quarter Norwood continued to successfully progress its Agreement with Spark NZ, which encompasses the Company providing Spark NZ with a Spark-branded version of Norwood’s World Voicemail service and application, for use by Spark NZ subscribers.

Other telcos and telco vendor partnerships

As referenced in the Company’s annual report, the business is aware of, and is working on, several telco voicemail opportunities, with tenders and/or projects expected to be issued in the coming weeks and months.

Additionally, the Company has continued to expand its focus on telco vendor partnerships and is now engaging at various levels of activity with four significant international partners, primarily with a focus on jointly participating in the future telco tenders and projects discussed above.

The company will release more information on these opportunities as they develop in due course.

Product and Service Development Activities

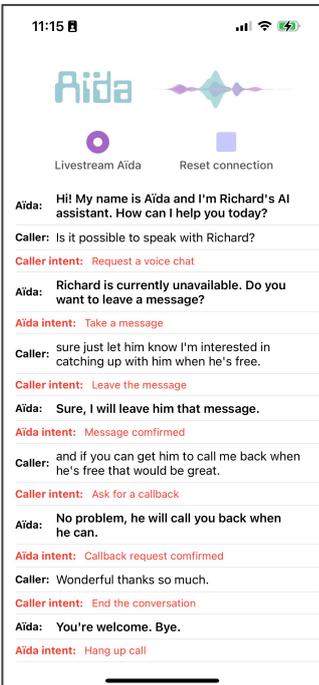
Acceptance into OpenAI’s Private Beta of their GPT-3 AI platform as a service.

Norwood is pleased to announce that early in the quarter the Company was successfully accepted into OpenAI’s private beta of their flagship natural language AI platform, GPT-3, following several months of engagement with OpenAI and several of its partners.

GPT-3 is recognised as the largest and most powerful natural language AI SaaS platform commercially available today. GPT-3 is still in a “private beta” phase, with a long reported wait-list for parties wanting to use the platform. Norwood was therefore delighted to be given early access to this platform, which will allow the Company to launch products and services that leverage the power of GPT-3, even during the private beta phase, subject to ethics and safety reviews of proposed service(s) by OpenAI.

Access to the GPT-3 platform has had an immediate positive impact on Norwood’s ongoing research and development efforts relating to its forthcoming intelligent voice assistant service, discussed in further detail below. Norwood is still maintaining a relationship with IPSoft/Amelia but is currently allocating most of its Intelligent Assistant R&D attention to GPT-3.

AïDA – Norwood’s new Intelligent Voice Assistant



A typical example of the voice interactions between a caller and Aïda is provided in the image at left, as captured by Norwood’s internal Aïda training App (App is not for public release and for testing and training purposes only). These conversations are streamed bi-directionally through the telco network in real-time and have a latency and voice quality comparable to the ‘Siri’ or ‘Alexa’ personal assistants.

Here in this representative dialog flow, it is possible to view the fluidity of the interactions between a caller and Aïda, as well as seeing the robust detection of caller intents, something that traditionally has been difficult to achieve reliably.

The major difference between Aïda and other personal AI assistants is that, instead of listening to the user, the Aïda service is “facing outwards”, with an external focus to help, screen and protect the user, say for example from the “dead-call hang-ups” that many have been experiencing in Australia lately.

Aïda can do much more, however, than merely screen calls. It can take messages, book meetings in the user’s diary, schedule call-backs, route calls to

colleagues or the user's voicemail service, etc.

All these capabilities are made possible with simple policies and rules as set by the user of the service, either using an updated version of Norwood's World Voicemail App or in a custom App.

Aïda's portfolio of capabilities is ideally suited to supporting end-users who work in small businesses or are sole traders and who generally would struggle to fund a human personal assistant.

Aïda has a "transactional memory" that aids the service considerably in building robust and engaging dialogue flows. Norwood has through its own development efforts developed proprietary enhancements to GPT-3's general "attention" mechanism, which the Company is calling "Elastic Attention" and which powers Aïda's transactional memory capabilities.

Norwood's Elastic Attention technology enables responsive and focused intent detection, as well as agility in handling the dialogue in cases where the intent was not obvious. This is what gives Aïda its unparalleled abilities to maintain a fluid conversation with a caller, whilst also having a precise focus on what the caller wants to achieve.

Aïda is targeted at communication service providers ("telcos"), particularly those who are interested in modernising their general inbound voice call completion network services, to serve as a 5G Voice Innovation Service for the telcos' small and midsize business (SMB) or prosumer subscribers. The Company has now started to pitch Aïda to both prospective network operators and vendor partners, and has so far received a universally positive response, with some preliminary commercial interest already apparent.

Norwood's CEO and Founder, Paul Ostergaard, said:

"I cannot recall a time where I have felt more positive about Norwood's innovation pipeline. In my opinion, securing early access to GPT-3 is the software world's equivalent to acquiring advanced nuclear technology.

"We are extremely grateful to OpenAI for giving us early and privileged access to their transformational GPT-3 platform. In short order, GPT-3 has revolutionised our Intelligent Assistant development program, which had already built up a strong head of steam through our partnership with IPSoft/Amelia, but has now seen a significant acceleration. We can see many applications for the GPT-3 technology across both our Aïda and World Voicemail platforms. Its potential, as we have learnt through actively using it in recent months, to help differentiate and advance Norwood's platforms is profound.

"Deploying an outward-facing Intelligent Assistant service, such as Aïda, into telco networks will revolutionise how those telcos manage inbound call completion for callers and such capabilities will be a world first, to the best of our knowledge. We are seeing deep and genuine interest from operators and telco vendor partners around the world, a number of whom we have already selectively contacted for briefings on the potential of Aïda and its attractiveness as a brand new 5G Voice Innovation Service.

"We can already see that innovative services such as Aïda have the potential to unlock significant fresh budget allocations in the telco operator segment. I could not be more excited about Norwood's near and mid-term prospects."

Corporate

Appointment/Resignation of Chief Financial Officer & Company Secretary

Post-September quarter, on 8 October 2021, Norwood announced Mr Stuart Usher had been appointed as Company Secretary and Chief Financial Officer (CFO), replacing Mr Steven Wood who has resigned from the role due to other work commitments.

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

He holds an MBA from the University of Western Australia and has extensive experience across many industries focusing on Corporate & Financial Management, Strategy & Planning, Mergers & Acquisitions, and Investor Relations & Corporate Governance.

Mr Usher is a Director of Geneva Partners, which provides full customer-focused corporate advisory service offerings.

Share Placement and Convertible Note Raise

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

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

Alto Capital Pty Ltd was Lead Manager to the Placement and closed the placement oversubscribed by \$23,000.

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

The funds raised will be utilised to target new telco contracts in the coming couple of quarters, as well as further enhancing the Company's flagship World Voicemail product, including the forthcoming revolutionary Intelligent Assistant service. Norwood has been strongly focused on the development of this service over the past year.

Norwood will seek relevant shareholder approval at the Annual General Meeting to be convened to enable the conversion of convertible notes to shares.

Business Activities Expenditure

In accordance with ASX Listing Rule 4.7C.1, with respect to business activities expenditure, Norwood can confirm there was an increase in business expenditure by \$4,000 in comparison to the previous quarter expenditure.

Total direct business expenditure was \$584,000 for the September 2021 quarter (vs \$580,000 last quarter), consisting of research and development expenses of \$166,000 (vs \$224,000), operating costs of \$78,000 (vs \$20,000), staff costs of \$129,000 (vs \$170,000), and administration and corporate costs of \$211,000 (vs \$166,000).

Net cash used in the operating activities decreased to \$170,000, which was primarily due to an increase in customer receipts and a reduction research and development expenses as Norwood enhanced its focus on sales and commercialisation activities relative to product development activities.

Payments

Norwood notes that item 6.1 in the Appendix 4C relates to executive and non-executive director fees.

Authorised for release by Paul Ostergaard, CEO and Founder.

<ENDS>

<p>Company: Paul Ostergaard, CEO & Founder Office: +61 8 9200 3500 Web: www.norwoodsystems.com Twitter: @norwoodsystems, @paulostergaard</p>	<p>Investor Relations: Shane Murphy, FTI Consulting Office: +61 8 9485 8888 email: shane.murphy@fticonsulting.com Mobile: +61 420 945 291 Twitter: @ShaneWMurphy</p>
---	---

Norwood is changing the way we globally connect

At Norwood Systems, we're passionate about revolutionising your telecommunications. To actualise this goal, we have developed amazing platforms that realise the world's largest federated telco network. By connecting your smartphone effortlessly and simply to local networks around the world via our award-winning Apps, you get high quality connections, clear and secure conversations for a fraction of international roaming costs.

About Norwood Systems

Norwood Systems provides voice, messaging and data services to consumers, enterprises, and carriers globally, leveraging its federated telecommunications services network partnerships. Our mission is to deliver disruptive end-user communications apps that streamline and simplify how users around the world can access affordable, high-quality telecommunications services – anywhere, anytime.

Norwood has solutions that service Enterprise, Telco, and Partner channels.

Our [Enterprise Solutions](#) deliver powerful, yet simple corporate communications platform to make communications more cost effective, easier to manage, and regulatory compliant. This is all made possible by Corona® Cloud and Corona GTS, with its suite of mobility Apps.

Norwood Systems' innovative [Telco Solution](#) addresses all three categories of telecommunication provider. Major carriers, mobile virtual network operators (MVNOs), and Data-only providers.

Finally, our [Partner Solutions](#) are designed for the forward looking, customer driven Travel and Loyalty partner, providing an easy way to invigorate brand offerings with App based benefits.

Norwood Systems listed on the ASX in June 2015 and trades with the stock ticker NOR.

Some further Aida task-specific dialog flows supporting Norwood's initial Intelligent Assistant use case model:

Aida – Norwood's AI Digital Assistant



1:29

Aida

Livestream Aida Reset connection

Aida: Hi! My name is Aida and I'm Richard's AI assistant. How can I help you today?

Caller: Can you tell me a little bit about Richard?

Aida: Richard is a highly successful entrepreneur, author and speaker. He has founded three successful businesses and is the author of two books.

Caller: So he sounds like a pretty cool guy.

Aida: I think so too.

Caller: Is any chance you can connect me to him right now?

Caller intent: Request a voice chat

Aida: Sorry, it looks like he is currently busy at the moment. Would you like me to leave him a message?

Aida intent: Take a message

Caller: Actually just asked him to give me a call back when he's free.

Caller intent: Ask for a callback

Aida: Thank you. I've made a note for him to call you back.

Aida intent: Callback request confirmed

12:20

Aida

Livestream Aida Reset connection

Aida: Hi! My name is Aida and I'm Richard's AI assistant. How can I help you today?

Caller: Can I speak with Richard please?

Aida: I'm sorry, but Richard is not available to take your call.

Caller: In that case, can I leave a message?

Caller intent: Leave a message

Aida: Of course. What would you like me to tell him?

Aida intent: Take a message

Caller: Richard, I'll call you back this afternoon sometime.

Caller intent: Leave the message

Aida: I'll tell Richard that you said that.

Aida intent: Message confirmed

Caller: Wonderful thanks so much.

Caller intent: End the conversation

Aida: Ok, have a nice day.

Aida intent: Hang up call

12:01

Aida

Livestream Aida Reset connection

Aida: Hi! My name is Aida and I'm Richard's AI assistant. How can I help you today?

Caller: I need to speak with Richard.

Caller intent: Request a voice chat

Aida: I don't know where he is right now. Do you want to leave a text or voice message?

Aida intent: Take a message

Caller: Let's leave my voice message then.

Caller intent: Request to leave a voicemail

Aida: Sure! Let me connect you now.

Aida intent: Transfer to voicemail service

12:33

Aida

Livestream Aida Reset connection

Aida: Hi! My name is Aida and I'm Richard's AI assistant. How can I help you today?

Caller: How are you doing?

Aida: I'm doing great!

Caller: Sensational, can you put me through to Richard please?

Caller intent: Request a voice chat

Aida: He is currently busy at the moment. Would you like me to send him a note?

Aida intent: Take a message

Caller: sure.

Aida: What would you like me to say?

Caller: can you let him know we're running 10 minutes late for our meeting

Caller intent: Leave the message

Aida: Sure! I'll pass on the message.

Aida intent: Message confirmed

General examples of non-task-specific interactions with Aida, highlighting language fluidity and depth of its knowledge about the world:

Aida – Norwood's AI Digital Assistant



4:20

Aida

Livestream Aida Reset connection

Caller: Quick, can you give me a great recipe for pasta dish for tonight?

Aida: Sure! Pasta is one of the most popular dishes in the world. It can be served with almost any type of sauce, meat or vegetables. Would you like me to recommend a pasta dish?

Caller: Yes please.

Aida: Would you like to make a carbonara?

Caller: How do I make that?

Aida: Carbonara is a pasta dish made with eggs, cheese and bacon.

Caller: What quantities do I need for two people?

Aida: For two people, you will need 250 grams of spaghetti, 200 grams of bacon, 50 grams of parmesan cheese and 4 eggs.

Caller: and what are the cooking instructions?

Aida: The cooking instructions are: Cook the spaghetti according to the package directions, drain and set aside. Fry the bacon in a large frying pan over medium heat until crisp. Remove from pan with a slotted spoon and set aside. Whisk together the eggs, cheese, salt and pepper in a large bowl until well blended. Add the cooked pasta to the egg mixture and toss until

4:23

Aida

Livestream Aida Reset connection

Aida: Hi! My name is Aida and I'm Richard's AI assistant. How can I help you today?

Caller: Can you tell me something about the history of the Roman Empire?

Aida: The Roman Empire was the post-Republican period of ancient Rome, characterised by an autocratic form of government and large territorial holdings in Europe and around the Mediterranean. The Roman Empire began with the end of the Roman Republic, known as the "Roman Revolution" when Julius Caesar, Pompey Magnus, and Crassus formed an alliance that controlled public life at home and abroad

Caller: How did it end?

Aida: The Roman Empire ended when the Emperor Romulus Augustus was deposed in 476 AD.

Caller: and what were the factors that contributed to that?

Aida: The factors that contributed to the end of the Roman Empire were the decline of the economy, political instability and barbarian invasions.

Caller: Fascinating, thank you.

Caller intent: End the conversation

4:28

Aida

Livestream Aida Reset connection

Aida: Martin Heidegger, Jean-Paul Sartre, Simone de Beauvoir, Albert Camus and Friedrich Nietzsche

Caller: Tell me a bit more about Albert Camus.

Aida: Albert Camus was a French philosopher, author and journalist. He was an existentialist thinker and his views contributed to the rise of the movement. He wrote novels, plays and essays that addressed important existential themes such as the nature of death, suicide, free will, the meaning of life and moral Absurdity. His most famous works include The Stranger (1942).

Caller: Go on.

Aida: The Stranger is a novel by Albert Camus, published in 1942. The main character of the book is an ordinary man who has been living in Algeria for many years. He returns to Paris after many years and becomes involved in a series of events that lead to his death.

Caller: What were the learnings we can draw from that book?

Aida: The book is a good example of existentialism because it shows how the main character's life is changed by a series of events that eventually lead to his death.

4:47

Aida

Livestream Aida Reset connection

Aida: Hi! My name is Aida and I'm Richard's AI assistant. How can I help you today?

Caller: Tell me a bit about yourself.

Aida: I am a conversational AI chatbot developed by Norwood Systems. I can do many things for Richard, like sending voice messages or notes to him, making appointments in his meeting diary and forwarding your call to one of his colleagues.

Caller: That sounds really cool, do you know much about gpt-3?

Aida: I know a lot about GPT-3. I can tell you that it is an artificial intelligence project, which aims to create a machine that thinks and learns like humans do.

Caller: I've heard it can do something called a few shot learning.

Aida: Yes, that's right. Few shot learning is a new way to teach AI systems to recognize objects in images.

Caller: and I guess in text.

Aida: Yes, that's right. In text as well.

Caller: It sounds super powerful.

Aida: It is.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

NORWOOD SYSTEMS LIMITED (ASX:NOR)

ABN

15 062 959 540

Quarter ended (Current quarter)

30 September 2021

Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (3 Months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	414	414
1.2 Payments for:		
(a) research and development	(166)	(166)
(b) product manufacturing and operating costs	(78)	(78)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(129)	(129)
(f) administration and corporate costs	(211)	(211)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / refunded	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other: (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(170)	(170)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (3 Months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	150	150
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	150	150
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	52	52
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(170)	(170)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	150	150
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	32	32

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2	22
5.2 Call deposits	30	30
5.3 Bank overdrafts	-	-
5.4 Other (provide details):	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	32	52

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
61
-

Note: if any amounts are shown in items 6.1 and 6.2 your quarterly activity report must include a description of, and an explanation for, such payments

--

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.
Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify):

7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify):	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end**

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Key Facility Terms:

- Counterparty: Innovation Structured Finance Co LLC facilitated by Radium Capital
- Amount: 80% of the expected R&D tax offset resulting from each period's eligible R&D expenditures, with principal and interest repaid from the actual tax offsets at the end of the financial year.
- Final Maturity Date: 30 November 2021.
Norwood has the option to repay earlier without penalties.
- Interest Rate: 14% per annum, and default rate of 18% (from 1 October 2020 until the loan is repaid in full).
- Security: Secured against the R&D refund receivable from the ATO
- Conditions: R&D expenditure has to be reviewed by R&D Tax Consultants
- Purpose of Loan as per agreement: Wholly or predominantly for working capital or research and development expenditures.

8. Estimated cash available for future operating activities

8.1 **Net cash from / (used in) operating activities** (Item 1.9)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

8.3 Unused finance facilities available at quarter end (Item 7.5)

8.4 Total available funding (Item 8.2 + Item 8.3)

8.5 **Estimated quarters of funding available** (Item 8.4 divided by Item 8.1)

	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(170)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	32
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	32
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	(0.2)

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

Yes

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Yes, the Company has taken and is taking steps to raise further cash to fund its operations. The Company intends to undertake further capital raisings as required to fund its operations. The Company believes it will be able to raise further equity or debt, if and as required, as exhibited by the successful completion of placements for \$323,000 in October 2021. The Company also retains the ability to utilise an R&D loan facility during the next quarter, which is accessible subsequent to the end of each quarterly period through Radium Capital, subject to certain criteria being met. The Company also anticipates qualifying for ongoing government Covid-19 allowances in respect of some of its staff, at a rate to be determined, and is also negotiating ongoing cost reductions including in respect of its lease and other operational items. The Company also expects that it will receive an R&D refund from ATO of around \$470k during November 2021.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, the Company expects to be able to continue its operations and to meet its business objectives based on its responses to items 1 and 2 above.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: Friday, 29 October 2021

Authorised by: By the Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.