

# NORWOOD SYSTEMS LIMITED

ACN 062 959 540

## SUPPLEMENTARY PROSPECTUS

### 1 IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) and is intended to be read together with the replacement prospectus dated 15 June 2023 which replaces the original prospectus dated 14 June 2023 (**Replacement Prospectus**) issued by Norwood Systems Limited (ACN 062 959 540) (**Company**).

This Supplementary Prospectus is dated 19 June 2023 and a copy of this document was lodged with ASIC on that date. ASIC, ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

Other than as set out below, all details of the Replacement Prospectus remain unchanged. To the extent of any inconsistency between this Supplementary Prospectus and the Replacement Prospectus, this Supplementary Prospectus will prevail. Unless otherwise defined, capitalised terms used in this Supplementary Prospectus have the meanings given to them in the Replacement Prospectus.

This Supplementary Prospectus and the Replacement Prospectus can be accessed on the Company's website at [www.norwoodsystems.com/investor](http://www.norwoodsystems.com/investor).

This Supplementary Prospectus and the Replacement Prospectus are important documents that must be read in conjunction with each other. Investors should read them all in their entirety and consult their professional advisor if they do not understand any aspects of these documents.

The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point view of an investor. Accordingly, no action needs to be taken if you have already subscribed for New Options under the Replacement Prospectus.

### 2 PURPOSE OF THIS SUPPLEMENTARY PROSPECTUS

The purpose of this Supplementary Prospectus is to:

- (a) update the capital structure of the Company to include all Shares that have been issued upon conversion of Options since the Lodgement Date and other relevant sections of the Replacement Prospectus; and
- (b) amend relevant disclosures in the Replacement Prospectus regarding the current status of the Company's patents.

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### 3 AMENDMENTS TO DISCLOSURES RELEVANT TO THE CAPITAL STRUCTURE

#### 3.1 Cover page

For:

- (a) an offer of up to 66,356,636 New Options, being one New Option for each NORAO Option held, at an issue price of \$0.0025 per New Option to raise up to approximately \$165,891 (before costs) (**Placement Offer**); and
- (b) a pro-rata non-renounceable entitlement offer of approximately 41,112,778 New Options, being one New Option for every 10 Shares held, at an issue price of \$0.002 per New Option to raise approximately \$82,226 (before costs) (**Entitlement Offer**),

together, the **Offers**.

#### 3.2 Section 1.2 – Key details of the Offers

|   | Placement Offer   | Entitlement Offer  |
|---|---|--|
| Offer Price   | \$0.0025 per New Option   | \$0.002 per New Option   |
| Entitlement ratio (based on existing Options or Shares) | 1 New Option for every NORAO Option held at the Placement Record Date | 1 New Option for every 10 Shares held at the Entitlement Record Date |
| Eligibility to participate                              | Eligible Optionholders on the Placement Record Date                   | Eligible Shareholders on the Entitlement Record Date                 |
| Number of New Options offered                           | 66,356,636  | 41,112,778 <sup>1</sup>  |
| Proceeds of the issue of New Options                    | \$165,891   | \$82,226 <sup>1</sup>  |

**Note:** As at the date of this Supplementary Prospectus, the Company has 46,305,763 in-the-money Options (exercisable at \$0.024 on or before 31 December 2023) which can be exercised prior to the Entitlement Record Date. The numbers in the above table are calculated based on the number of existing Shares (including Shares issued between the Lodgement Date and the date of this Supplementary Prospectus) assuming no other Options will be exercised or new Shares be issued prior to the Entitlement Record Date.

#### 3.3 Section 1.4 – Effects of the Offers

The principal effect of the Offers, assuming all New Options offered under the Prospectus are taken up and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Entitlement Record Date, will be to:

- (a) increase the cash reserves by \$205,420 (after deducting the estimated expenses of the Offers) immediately after completion of the Offers; and

- (a) increase the total number of Options on issue from 98,018,015 as at the Lodgement Date of this Prospectus to 211,275,177 Options.

### 3.4 Section 1.5 – Effect of the Offers on the capital structure of the Company

| Options  | Number             |
|--|--------------------|
| Options on issue on the date of the Supplementary Prospectus <sup>1,2</sup>        | 91,305,763         |
| Options to be issued with Shareholder approval at the General Meeting <sup>3</sup> | 12,500,000         |
| New Options <sup>4</sup> to be issued under the Placement Offer                    | 66,356,636         |
| New Options <sup>2,4</sup> to be issued under the Entitlement Offer                | 41,112,778         |
| <b>Options on issue post-Offers<sup>2</sup></b>                                    | <b>211,275,177</b> |

**Notes:**

- Includes 46,305,763 unlisted Options exercisable at \$0.024 on or before 31/12/2023, 15,000,000 unlisted Options exercisable at \$0.024 on or before 08/02/2025 and 30,000,000 unlisted Options exercisable at \$0.024 on or before 18/11/2025.
- The Company has received conversion notices to convert a total of 6,712,252 unlisted Options exercisable at \$0.024 on or before 31/12/2023 into Shares, including 3,250,000 Options held by Balmain Resources Pty Ltd, an entity associated with Dr John Tarrant and the Underwriter of the Offers. The Shares for these conversions have been issued prior to the Entitlement Record Date and therefore will be entitled to participate in the Entitlement Offer.
- At the General Meeting, Shareholders approved the issue of 2,500,000 Director Options (exercisable at \$0.04 expiring 3 years from the date of issue) to each of Philip Otley, Philip Marsland and Dr John Tarrant, and 5,000,000 incentive Options (exercisable at \$0.04 expiring 3 years from the date of issue) to Ronan Dunne.
- Refer to Section 3.1 of the Replacement Prospectus for the terms of the New Options.

| Shares   | Number      |
|--|-------------|
| Shares on issue as at the date of the Supplementary Prospectus     | 411,127,781 |
| New Shares to be issued under the Prospectus                       | Nil         |
| Shares on a fully diluted basis at the Lodgement Date              | 505,721,292 |
| Shares on a fully diluted basis following completion of the Offers | 625,690,706 |

**Note:** "Fully diluted" assumes all convertible securities have been converted into Shares.

### 3.5 Section 1.11 – Pro-forma balance sheet

|                                      | Note  | 31 December 2022<br>(audit reviewed)<br>\$ | Pro-Forma Adjustments<br>(unaudited)<br>\$ | Pro Forma 31 December 2022<br>(unaudited)<br>\$ |
|--------------------------------------|-------|--|--|---|
| Cash and cash equivalents            | 1,2,3 | 254,372                                    | 205,420                                    | 459,792   |
| Trade and other receivables          |       | 76,663                                     | -  | 76,663  |
| <b>Total Current Assets</b>          |       | <b>331,035</b>                             | <b>205,420</b>                             | <b>536,455</b>                                  |
| <b>Non-Current Assets</b>            |       |  |  |   |
| Property, plant, and equipment       |       | 64,916                                     | -  | 64,916  |
| Right of use assets                  |       | 78,890                                     | -  | 78,890  |
| <b>Total Non-Current Assets</b>      |       | <b>143,806</b>                             | <b>-</b>                                   | <b>143,806</b>                                  |
| <b>Total Assets</b>                  |       | <b>474,841</b>                             | <b>205,420</b>                             | <b>680,261</b>                                  |
| <b>Current liabilities</b>           |       |  |  |   |
| Trade and other payables             |       | 532,094                                    | -  | 532,094   |
| Lease liabilities                    |       | 83,403                                     | -  | 83,403  |
| Short-term provisions                |       | 215,565                                    | -  | 215,565   |
| Loan payable                         |       | 154,332                                    | -  | 154,332   |
| <b>Total Current Liabilities</b>     |       | <b>985,394</b>                             | <b>-</b>                                   | <b>985,394</b>                                  |
| <b>Non-Current liabilities</b>       |       |  |  |   |
| Provisions                           |       | 37,357                                     | -  | 37,357  |
| <b>Total Non-Current Liabilities</b> |       | <b>37,357</b>                              | <b>-</b>                                   | <b>37,357</b>                                   |
| <b>Total Liabilities</b>             |       | <b>1,022,751</b>                           | <b>-</b>                                   | <b>1,022,751</b>                                |
| <b>Net Assets Deficiencies</b>       |       | <b>(547,910)</b>                           | <b>205,420</b>                             | <b>(342,490)</b>                                |
| <b>Equity</b>                        |       |  |  |   |
| Contributed equity                   | 3     | 32,955,490                                 | (42,697)                                   | 32,912,793                                      |
| Options reserve                      | 1,2   | 9,818,968                                  | 248,117                                    | 10,067,085                                      |
| Accumulated losses                   |       | (43,322,368)                               |  | (43,322,368)                                    |
| <b>Total Equity</b>                  |       | <b>(547,910)</b>                           |  | <b>(342,490)</b>                                |

**Note:**

- Entitlement issue of one New Option for every 10 shares held at \$0.002 per New Option. 41,112,778 New Options to be issue under the offer to raise \$82,226 before costs.
- NORAO Placement Offer for an issue of 66,356,636 New Options at \$0.0025 per New Option to be issued under the offer to raise \$165,892 before costs.
- Total estimated expenses of Offers at \$42,697.

### 3.6 Section 5.4.1 – Underwriting Agreement

The Company has entered into an underwriting agreement (**Underwriting Agreement**) with Balmain Resources Pty Ltd (ACN 076 375 203) (**Underwriter**), pursuant to which the Underwriter has agreed to fully underwrite

the Offers up to a value of approximately \$248,117 (the **Underwritten Amount**), being:

- (b) up to 66,356,636 New Options or a value of \$165,891 under the Placement Offer; and
- (c) up to approximately 41,112,778 New Options or a value of \$82,226 under the Entitlement Offer.

### 3.7 Section 5.5 Details of Substantial Holders

| Shareholder                            | Shares                  | %      |
|--|-------------------------|--------|
| Balmain Resources Pty Ltd <sup>1</sup> | 92,667,453 <sup>2</sup> | 22.54% |
| Paul Ostergaard                        | 38,481,273 <sup>3</sup> | 9.36%  |

**Notes:**

- the Underwriter of the Offers and an entity associated with Dr John Tarrant, a Director of the Company.
- Refer to the change of substantial holding notice announced on 07/06/2023 for further information. Balmain Resources Pty Ltd converted 3,250,000 Options into Shares which were issued on the date of this Supplementary Prospectus.
- Refer to Appendix 3Y for further information with respect to the holdings, announced by the Company on 18/04/2023.

### 3.8 Section 5.9 – Expenses of the Offers

In the event that all Entitlements are accepted, the total expenses of the Offers are estimated to be approximately \$42,697 (excluding GST) and are expected to be applied towards the items set out in the table below:

|                           | \$            |
|---------------------------|---------------|
| ASIC fees                 | 4,810         |
| ASX fees                  | 2,500         |
| Underwriting fee          | 14,887        |
| Legal fees                | 15,000        |
| Printing and distribution | 5,000         |
| Miscellaneous             | 500           |
| <b>Total</b>              | <b>42,697</b> |

### 3.9 Section 7 – Glossary

**Prospectus** means the Replacement Prospectus replacing the Original Prospectus and supplemented by the Supplementary Prospectus.

## 4 **AMENDMENTS TO DISCLOSURES RELEVANT TO THE COMPANY'S PATENTS**

### 4.1 **Section 4.3 – Risk Category “Protection of intellectual property rights”**

The Company has rights to five original patent families. The patent applications for one of these families were discontinued in 2019. Currently, four patent families have been granted in Australia without any existing or pending objections. These four patents have also been approved in the USA, while three have been approved in Europe. A new patent application for a different family was submitted in early March 2023, for which no objections have been lodged.

Obtaining patent protection for products and technologies, such as those proposed for use in the Company's business, is a complex and uncertain process due to evolving factual and legal matters. These include possible legislative and judicial changes or alterations to the examination guidelines of governmental patent offices. Such changes could detrimentally affect the company's ability to secure patents for its products and technologies. The scope of patent applications can also be considerably diminished during prosecution, potentially resulting in a narrower scope of protection than initially sought.

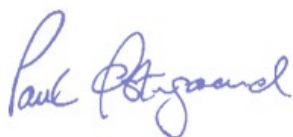
Further, the Company's existing application might not become an issued patent if objections are raised and not successfully addressed. Moreover, even if issued, it may not provide significant commercial benefits or adequately protect against competition.

Additionally, the Company might need to enforce or defend its intellectual property rights, including any granted patents, against potential infringement or unauthorised use by competitors and safeguard its trade secrets. In doing so, there's a risk of its intellectual property being invalidated, deemed unenforceable, limited, or narrowed in scope.

## 5 **DIRECTORS' AUTHORISATION**

This Supplementary 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 Supplementary Prospectus with ASIC.



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