

Norwood Systems Limited

ABN 15 062 959 540

and its controlled entities



ANNUAL REPORT

30 June 2025

Corporate directory

Current directors

Mr Paul Ostergaard	<i>Chief Executive Officer and Managing Director</i>
Mr Philip Marsland	<i>Non-Executive Director</i>
Mr Philip Otley	<i>Non-Executive Director</i>

Company secretary

Mr Stuart Usher

Registered office and principal place of business

Street + Postal: 4 Leura Street
Nedlands, WA 6009
Telephone: +61 (0)8 9200 3500
Email: info@norwoodsystems.com
Website: www.norwoodsystems.com

Auditors

Hall Chadwick WA Audit Pty Ltd

Street: 283 Rokeby Road
Subiaco WA 6008
Telephone: +61 (0)8 9426 0666

Share registry

Automic Pty Ltd

Street: Level 5, 126 Phillip Street
Sydney NSW 2000
Postal: GPO Box 5193
Sydney NSW 2001
Telephone: 1300 288 664 (within Australia)
+61 (0)2 9698 5414 (International)
Email: hello@automicgroup.com.au

Securities exchange

Australian Securities Exchange

Street: Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000
Telephone: 131 ASX (131 279) (within Australia)
Telephone: +61 (0)2 9338 0000
Facsimile: +61 (0)2 9227 0885
ASX Code: NOR

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Chief Executive Officer's letter

We are delighted to present the Norwood Systems Limited (**Norwood** or the **Company**) FY2025 annual financial report. FY2025 was a year of tangible execution for Norwood. We converted a long-term Tier-1 Communications Service Provider (**CSP**) engagement into a multi-year, multi-million-dollar contract, advanced our carrier-grade AI voice platform, and strengthened relationships with both CSPs and hyperscaler partners. Financially, revenue and cash receipts grew materially year-on-year, losses narrowed sharply, and our working capital position improved, while we remain disciplined about the work still ahead of us to turn contracted programs into stable operating cash flows.

Building upon our efforts in **FY2024**, Norwood continued to make substantial investments in research and development throughout **FY2025**. Our focus continues to be on reinforcing our position as a leading innovator in the AI revolution, especially in enabling CSPs to offer new revenue-enhancing services to their customers. One of our primary objectives this past year involved the ongoing development and enhancement of our two CSP-grade OpenSpan™ and CogVoice™ AI service platforms.

Throughout the year, Norwood invested in strengthening its core relationships with prominent Tier 1 CSPs and market-leading Hyperscalers worldwide.

Strengthening relationships with key CSPs in the Asia-Pacific region:

- **Tier-1 CSP contract secured and moving through milestones.** On **18 March 2025**, we executed a **five-year Voicemail Platform Supply Contract with Singtel Optus** to replace its legacy voicemail with Norwood's AI-enabled CogVoice solution (estimated value **≈\$2.98m ex-GST**). Program execution accelerated in Q4 FY2025, with early milestones achieved in April and the third milestone completed on 11 June 2025.
- **Recurring CSP revenue sustained.** Our relationship with Spark NZ continued to perform, contributing recurring revenue during the period.

Strengthening our global go to market position:

- **We intensified our business development efforts in Europe, Middle East and North America** by continuing to invest in experienced sales and marketing resources targeting operators in those regions. This has led to further deeper engagements with a number of Tier 1 CSPs in these major regions.

Stronger Strategic Relationships:

- **Our Hyperscaler alignment has deepened.** We launched our revolutionary OpenSpan platform on Microsoft Azure on 17 December 2024, extending integration with Azure OpenAI and Azure Speech and positioning OpenSpan as an AI-native enablement layer for telecom workloads; we also continued collaboration with AWS for secure, scalable Tier-1 deployments.

Innovative Cognitive Voice Services and Service Platforms:

- **Our AI voice platforms have matured.** We evolved the CogVoice Open Services Media Gateway (OSMG) into the **OpenSpan application server platform**, broadening media-control and agentic-interfacing capabilities. We advanced the CogVoice Application Stack targeting next-generation call handling and routing, call-fraud detection, and micro-contact centre/"front-of-office receptionist" use cases. These developments build on the R&D cadence we delivered in FY2024, where we introduced OSMG and agentic interfaces to underpin new call-routing offerings.

Financial Performance:

- **Revenue and receipts moved up materially.** Recognised revenue rose **66.5%** to **\$1.90m** (FY2024: \$1.14m). **Banked customer receipts** increased **48.2%** to **\$1.97m**, driven by Optus inflows in Australia and growth from Spark NZ.
- **Loss narrowed sharply.** Net loss reduced **79.5%** to **\$0.53m** (FY2024: \$2.58m). **EBITDA loss** improved to **\$(0.23)m** (FY2024: \$(2.44)m).
- **R&D timing helped the year.** We accelerated our R&D tax claim process, recognising an additional current-year R&D claim during the period. This is supportive of the P&L but is not a replacement for operating cash generation – we still need to land production deployments and collections.

Customers & Execution:

Our FY2025 priority was to convert Tier-1 engagements into contracted programs and move them through acceptance. With Optus now contracted and milestones being delivered, the immediate job is to get into production and collect against milestones delivered. Our multi-year relationship with Spark NZ continues, and we advanced targeted Tier-1 discussions in

Europe, Middle East and North America, leveraging our execution credentials with Optus and Spark. This is where we will continue to focus management time heading into FY2026.

Platform & Partnerships:

- **OpenSpan on Azure.** The December 2024 launch of CogVoice OpenSpan on Microsoft Azure formalised our Azure OpenAI/Azure Speech alignment and packaged our agentic voice enablement in a deployment-ready way for CSP workloads.
- **AWS collaboration.** Work with AWS continued to support secure, scalable Tier-1 deployments, giving us flexibility to meet operator cloud preferences.
- **Expanding the Platform value.** We evolved OSMG into OpenSpan to broaden media control and agentic interfacing, and we progressed call-routing, fraud-detection, and micro-contact-centre capabilities.

Industry Context:

The **pace of AI advancement is extraordinary**, and it is helping Norwood in two practical ways.

First, our team's access to rapidly improving coding and model-operations platforms shortens development cycles and lowers cost of iteration.

Second, CSP demand is being stimulated by enterprise and consumer expectation for AI-enhanced voice experiences – use cases that directly map to our voicemail modernisation, intelligent call routing, fraud controls, and micro-contact-centre offerings.

Our technology and hyperscaler integrations are built precisely for this moment; the onus is now on us to translate that alignment into scaled production deployments and durable CSP revenues.

Where we stand:

We made clear progress in FY 2025: Tier-1 contract signed, milestones delivered, revenue/receipts up, losses down.

We're not finished: we still reported a net loss, carry a working-capital deficit, and remain dependent on execution to convert contracted programs into production usage and cash.

Our strategy remains consistent: deliver at Optus, cultivate Spark NZ, close selected Tier-1s in North America, Europe, the Middle East and APAC, and maintain cost discipline.

I want to thank our team for sustained effort and our shareholders for continued support. FY2025 showed that Norwood's **strategic direction of travel is the right one**. The job now is execution: **turn milestones and pipeline into production services and production into cash**.



PAUL OSTERGAARD

Chief Executive Officer and Managing Director

Dated this Tuesday, 30 September 2025

Directors' report

Your directors present their report on the consolidated entity, consisting of Norwood Systems Limited (**Norwood Systems** or the **Company**) and its controlled entities (collectively the **Group**), for the financial year ended 30 June 2025 (**FY2025**).

Norwood is listed on the Australian Securities Exchange (ASX:NOR).

1. Directors

The names of Directors in office at any time during or since the end of the year are:

- Dr John Tarrant *Non-Executive Chairman (resigned 17 September 2025)*
- Mr Paul Ostergaard *Chief Executive Officer and Managing Director*
- Mr Philip Marsland *Non-Executive Director*
- Mr Philip Otley *Non-Executive Director*
- Mr Paul Covich *Non-Executive Director (appointed 28 January 2025, resigned 17 April 2025)*

(collectively the **Directors** or the **Board**)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information on Directors including details of the qualifications of Directors please refer to paragraph 6 *Information relating to the directors* of this Directors Report.

2. Company secretary

The following person held the position of Company Secretary at the end of the financial year:

- Mr Stuart Usher
 - Qualifications
 - B.Bus, CPA, Grad Dip CSP, MBA, FGIA, FCIS
 - Experience
 - Mr Usher is a CPA and Chartered Company Secretary with over 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.

3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2025.

4. Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the financial year ended 30 June 2025 other than disclosed elsewhere in this Annual Report.

5. Operating and financial review

5.1. Principal activities

Norwood Systems develops cognitive, voice, messaging, and data services for carriers, consumers, and enterprises worldwide. The Company focuses on delivering innovative communication applications that simplify access to telecommunications services. Its offerings include a platform for Cognitive Voice services designed for diverse use cases, as well as Visual Voicemail solutions for telecommunications providers.

Norwood provides enterprise communication services through SecondLine and related mobility applications, aimed at improving cost efficiency, ease of management, and regulatory compliance.

5.2. Operational review

During FY2025, Norwood made tangible progress against its strategic objectives, converting Tier-1 engagements into contracted programs, advancing our technology platform, and expanding our commercial footprint.

Throughout the year, Norwood strengthened relationships with prominent Tier-1 Communication Service Providers (CSPs) and leading Hyperscalers, highlighted by the execution of a **5-year Voicemail Platform Supply Contract with Singtel Optus** and steady growth in our New Zealand CSP services, alongside continued momentum in our global sales pipeline.

Directors' report

a. Strengthening key CSP relationships

Over the year, we deepened relationships with key CSPs in the Asia-Pacific region. On **18 March 2025**, following the successful completion of earlier PoCs with Optus, Norwood executed a **five-year supply contract** with an **estimated value of approximately \$2.98 million (ex-GST)** to replace Optus's legacy voicemail platform with Norwood's AI-enabled CogVoice solution.

Program execution on the Optus contract accelerated in Q4 FY2025. On **14 April 2025**, we announced achievement of key early milestones and reported strong customer receipts. On **11 June 2025**, we reported achievement of the **third contract milestone**, with software and licence keys delivered and demonstrated in staging ahead of customer lab deployment; we also noted approximately **\$455k** in receipts in the prior 30 days. These milestones mark steady progress toward production deployment.

Our relationship with Spark NZ continued to perform pleasingly, with recurring revenue contribution during the period.

In parallel, we maintained focused business development in Europe and North America, advancing targeted Tier-1 discussions supported by our strengthening execution credentials with Optus and Spark NZ.

b. Strengthening hyperscaler relationships

The Company advanced its alignment with hyperscaler partners in FY2025 with the **launch of CogVoice OpenSpan on Microsoft Azure** (17 December 2024), extending our integration with **Azure OpenAI** and **Azure Speech** services and positioning OpenSpan as an AI-native enablement layer for telecom workloads. We also continued our collaboration with AWS to support secure, scalable deployments for Tier-1 CSPs.

c. Driving innovation throughout FY2025

Innovation remained central to our progress this year. We **evolved the CogVoice Open Services Media Gateway (OSMG) into the OpenSpan application server platform**, broadening our media-control and agentic-interfacing capabilities. Development of our **CogVoice Application Stack** continued, aimed at next-generation call handling and routing, call fraud detection, and micro-contact centre, 'front-of-office call receptionist' use cases. Collectively, OpenSpan and CogVoice provide answers to operators looking to accelerate their deployment robust, carrier-grade AI voice services for their consumer, SME and enterprise customers.

5.3. Corporate review

a. Capital raising

During the period 250,000 Options were converted into fully paid ordinary shares at 5 cents per share raising a total of \$12,500 in cash for the Company, 93,750 Options were converted into fully paid ordinary shares at 8 cents per share raising a total of \$7,500 and 1,375,001 Director Options were converted into fully paid ordinary shares at 2.4 cents per share raising a total of \$33,000 in cash for the Company. On 8 February 2025, 12,124,999 NORAY Options expired without being converted.

In December 2024, Norwood successfully raised \$505,000 from the issuance of unsecured Convertible Notes carrying a 10% annual interest rate and a maturity date of 31 December 2025. The Notes are convertible at \$0.03 per share, with free attaching unquoted options exercisable at \$0.03 per option, expiring 31 December 2026. Proceeds from the Note issue would be funding continuing R&D efforts and working capital needs. Directors John Tarrant and Phil Marsland each contributed \$50,000 to the offering. Shareholder approval will be required for the Director Note conversions and the issue of the Note Options. During the period the Company received convertible note conversions that resulted in the conversion into 12,166,666 fully paid ordinary shares at 3 cents per share. The balance of the convertible notes is \$125,000, which includes \$100,000 of noted held by directors.

Norwood completed a heavily oversubscribed equity placement, raising \$500,000 before costs in May 2025. The capital raise was via issue of 26.3 million fully paid ordinary shares at \$0.019 per share. The Company was supported by sophisticated and professional investors, strengthening the balance sheet. This provided Norwood with the necessary resources to fund Norwood's market presence, accelerate product development, enhance customer experience, improve operational efficiency, partially repay debt, and support strategic partnership initiatives.

Red Leaf Securities Pty Ltd was engaged by the Company as lead manager to the equity raising.

Directors' report

b. Loan funding

On 30 March 2024, a further working capital drawdown facility of up to \$300,000 was provided by Balmain Resources Pty Ltd (**Balmain**), with repayment by 31 December 2024. The funds have been utilised to fund the Company's R&D and go-to-market programs during 2024 whilst the Group continues to expand its revenue base.

In October 2024, Norwood agreed an increase to its Cash Draw Down Facility with Balmain, originally commenced in April 2024 with a capital amount of \$300,000, providing access to an additional \$150,000 under the existing Loan Agreement to \$580,000.

In November 2024, the facility was increased again by \$60,000, bringing total availability under the facility to \$640,000 with the facility principal now reset to include all accrued interest and fees up to 31 December 2024 to total \$699,603

In March 2025, the facility was increased again by \$75,000, bringing total availability under the facility to \$715,000 with the facility principal now reset to include all accrued interest and fees up to 31 March 2025 to total \$856,736.

Following the reset of the Balmain loan facility at \$856,736 on 31 March 2025, the Company successfully repaid \$550,000 during the June 2025 quarter, significantly reducing the outstanding principal and interest balance to \$318,342 as at 30 June 2025.

The Drawdown facility repayment date has been extended to 31 August 2025 (eleventh deed of variation) (ASX Announcement, dated 1 August 2025).

5.4. Financial review

Financially, the FY2025 showed improving performance, with recognised revenue increasing by 66.5% from FY2024, reaching \$1.90 million. From a cash-flow perspective, the business recorded a 48.2% year-on-year increase in banked customer receipts, totalling \$1.97 million, driven by cash inflows from Optus in Australia and growing income from Spark NZ. The Group successfully accelerated the submission of the current year's R&D application, resulting in the recognition of an additional claim during the reporting period.

Careful financial management, combined with the continued backing of major shareholders, has enabled ongoing investment in R&D and the expansion of Norwood's global presence, positioning the Company for future growth opportunities.

a. Profit and loss measures

	Movement (increased/ decreased)	Movement \$	2025 \$	2024 \$
Revenues from ordinary activities	Increased	759,498	1,901,935	1,142,437
Loss from ordinary activities after tax	Decreased	1,984,434	(599,721)	(2,584,155)
EBITDA Loss	Decreased	2,141,176	(295,678)	(2,436,854)

b. Balance sheet measures

In respect to:	Movement (increased/ decreased)	Movement \$	2025 \$	2024 \$
Group assets				
• Cash and cash equivalents	Increased	68,781	137,765	68,984
• Trade and other receivables	Increased	776,763	1,071,523	294,760
• Net liabilities	Decreased	480,210	(746,915)	(1,227,125)
• Working capital deficit	Decreased	433,556	(911,492)	(1,345,048)
Group liabilities and equity				
• Trade and other payables	Increased	185,987	856,563	670,576
• Issued capital	Increased	696,326	36,220,598	35,524,272

Directors' report

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the year of \$599,721 (2024: \$2,584,155 loss) and a net cash out-flow from operating activities of \$653,220 (2024: \$2,003,928 out-flow). As at 30 June 2025, the Company had a working capital deficit of \$911,492 (2024: \$1,345,048 working capital deficit).

The ability of the Group to continue as a going concern is dependent on the Group securing additional debt and/or equity funding and/or generating profits from its normal course of business.

These conditions indicate the existence of a material uncertainty that may cast a doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors are confident that there will be sufficient funds for the Group to meet its obligations and liabilities and believe it is appropriate to prepare these accounts on a going concern basis for the following reasons:

- Subsequent to year end the Group received its R&D grant of \$632,880, funds were used to extinguish amounts owing to Radium Capital and fund general working capital requirements;
- Subsequent to year end, the Group settled the loan outstanding to Balmain Resources Pty Ltd and refinanced this borrowing with a new shareholder loan (refer note 12.2) which matures on 28 November 2025. The loan will be repaid at maturity through a combination of operational cash flows and/or the successful completion of a capital raising;
- The Group continues actively managed its cash flows to align with available funding; and
- The Group has the ability to raise funds from equity sources and has a successful record for past raisings that gives the board confidence that it can complete further capital raisings if required.

The Directors plan to continue the Group's operations on the basis disclosed above and believe that there will be sufficient funds for the Group to meet its obligations and liabilities for at least 12 months from the date of this report. In the event that the Group is unable to generate sufficient revenue in the normal course of business or secure additional funds through new share issues or borrowings, the Group may need to reduce costs or negotiate extended terms with key creditors in order to meet working capital requirements. Should the Group be unable to successfully execute one or more of the aforementioned matters, there exists a material uncertainty that may cause significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern and meet its debts as and when they become due and payable.

5.5. Key business risks

The Group is subject to various risk factors. Some of these are specific to its business activities while others are of a more general nature. Individually, or in combination, these risk factors may affect the future operating and financial performance of the Group.

a. Strategic Risk

Norwood operates in a client-focused industry and is therefore exposed to the evolving preferences and requirements of its clients. The Company is focused on mitigating strategic risk by engaging with senior leaders at key clients and potential clients on a highly frequent basis. These engagements ensure that the Company's products and services remain relevant and attractive to the market.

b. Financing Risk

The Company requires capital to progress its business strategy and capture future growth opportunities. Financing risk is being mitigated by recent recapitalisation efforts, which have strengthened Norwood's balance sheet significantly.

c. Key Man Risk

Norwood operates in a highly-specialised industry and is subsequently reliant on the specialised expertise and experience of a relatively small number of individuals, particularly in leadership positions. The Company is mitigating the key man risk by strengthening its leadership team, such as the board refresh it conducted during FY22, and by actively having high-level plans in place in the event of incapacity of key leaders.

Directors' report

d. *Laws, regulations, and geopolitical landscape*

Norwood operates in a highly regulated industry in all markets in which goods are manufactured and sold. Changing geopolitical landscapes and regulations in each of these jurisdictions may impact many aspects of our operations, including tax assessment and dividend payments to the Group and all aspects of the supply chain (access to raw materials, production, manufacturing, pricing, marketing, advertising, labour, distribution, and product sales). Remaining compliant with, abreast of, and responsive to changes (some of which can significantly impact the nature of operations in these markets) requires diligent monitoring and responsiveness by the business.

e. *Protection of intellectual property rights*

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.

f. *Cybersecurity and data management*

Data and information security is essential to protect business critical intellectual property and data privacy. Continuing advances in technology, systems, and communication channels mean increasing amounts of private and confidential data are now stored electronically. This, together with increasing cybercrime, heightens the need for robust data security measures.

g. *Key partnerships*

Norwood relies on select key markets and customers (distributors and retailers) to support sales and delivery of strategic initiatives. Suboptimal performance of these markets or key customers, and/or detrimental shifts in market power, could have a significant impact on Norwood's ability to deliver against strategic initiatives.

h. *People and culture*

Norwood's ability to deliver on strategic targets is reliant on retaining and attracting experienced, skilled, and motivated talent. It also requires strong, resilient, and effective leaders as the business grows at pace.

i. *Safety, health, and wellbeing*

Norwood cares about the physical and psychological safety, health and wellbeing of our customers, team members and business partners, including employees of our suppliers. We are committed to creating a safe and supportive environment for everyone working with, using, and impacted by our products and brand. Norwood has measures in place to protect our team members and business partners as a matter of priority.

j. *Consumer and marketplace*

Unanticipated changes in consumer preferences and demand, or competitive pressures that significantly alter the market landscape (for example COVID-19, online channel growth, acquisitions, aggressive price wars) can have adverse effects on the business's ability to capture growth opportunities or effectively manage inventory and supply.

k. *Significant business interruption*

Norwood's current scope of operations could expose it to a range of business disruption risks, such as environmental catastrophes, pandemics, natural and manmade hazards and incidents, or politically motivated violence or actions. Significant business disruption could result in Norwood's sites or employees being harmed or threatened, loss of key infrastructure, impacts to supply chain, manufacturing and inventory shortages or loss, financial and reputation impacts.

l. *Business transformation*

The business continues to focus on transformation initiatives that support effective and efficient end-to-end processes. Delivery of these initiatives will be critical to Norwood's ability to optimise our existing asset base and drive efficiencies while sustaining growth.

5.6. Events subsequent to reporting date

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements as disclosed in note 12 *Events subsequent to reporting date* on page 47.

Directors' report

5.7. Outlook

Looking ahead, our disciplined cost management, progress with Tier-1 programs, and sustained Hyperscaler alignment provide a solid foundation for Norwood's next phase. **Near-term priorities are:**

- a. **Execution and acceptance on the Optus program**, translating milestones into production deployment and cash collection; and
- b. **Developing our Tier 1 CSP pipeline**, aiming to close Proof-of-Concept and follow on Deployment deals with selected Tier 1 Operators in North America, Europe the Middle East, and the APAC region over FY2026.

We will remain tightly focused on operating efficiency and capital discipline while converting contracted programs into stable cashflows.

5.8. Future developments, prospects, and business strategies

Likely developments in the operations of the Group have been disclosed in the *Operating and financial review* section of the Directors' Report.

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

5.9. Environmental regulations

The Group's operations are not subject to any other significant environmental regulations in the jurisdictions it operates in, namely Australia, New Zealand, and the United States.

6. Information relating to the directors

Mr Paul Ostergaard Qualifications Experience	Managing Director <i>Non-independent</i>	
	BE (UWA), MBA (INSEAD)	
	Founder, CEO and Managing Director of Norwood Systems. Paul is the architect of the Company's strategy to deliver AI-enabled telco network platform solutions that modernise mobile services for carriers worldwide. He founded the original Norwood Systems Limited in 1999 and has led the current Norwood Systems Ltd since September 2009. Under his leadership, Norwood's products have served millions of end-users across more than 200 countries and regions.	
	Paul brings 35+ years in the high-technology sector across North America, Europe and Asia-Pacific, spanning start-ups and large multinationals. Prior to Norwood, he founded several ventures in wireless communications. Earlier at 3Com Corporation, he led global platform marketing for a US\$1 billion systems platform, increasing worldwide market share to ~35% with annual sales growing to ~US\$1.2 billion.	
	Paul holds 11 telecommunications patents across US, EU and Australian jurisdictions and has received more than twenty honours and awards over his career, including Engineers Australia's Top 100 Most Influential Engineers (2015) and the UWA Alumni Achievement Award – Changemaker in Innovation & Entrepreneurship (2016). He was a finalist in the Ernst & Young Entrepreneur of the Year (London region), has spoken at industry forums such as Catalyst, ETR and Bluetooth SIG conferences.	
Interest in equity instruments	41,790,104	Ordinary Shares
	10,000,000	Options (NORAAB) 5,000,000 options failed to meet vesting conditions on 30 June 2023 and will not vest
	5,000,000	Options (NORAAG) Options failed to meet vesting conditions on 30 June 2023 and will not vest
	5,000,000	Class A Performance Rights
	5,000,000	Class B Performance Rights
Directorships in Listed Entities (Past 3 Years)	None	

Directors' report

Mr Philip Marsland

Qualifications

Experience

- Non-executive Director *Independent* (appt. 31 January 2022)

- BA (Hons), MA Oxon; MBA (INSEAD) with Distinction

- Mr Marsland has had a forty-year career covering strategic advisory, marketing, and general management. He now runs his own consultancy providing strategic and management consulting to business leaders using skills he developed in senior roles at a range of top tier companies including Capital One Bank Europe plc, American Express, Virgin Active and Applied Predictive Technologies.

His more recent senior executive roles include Arrow Global Group plc (CEO UK), and Lloyds Bank (Consumer Finance Strategic Analytics Director).

Mr Marsland has an MBA (with Distinction) from INSEAD, France and a BA (Hons), MA in Physics from Oxford University.

Mr Marsland has strong commercial knowledge of business drivers that drive performance, growing both larger and smaller businesses alike.

Interest in equity instruments

- 2,582,485 Ordinary Shares
- 10,000,000 Options (NORAAB) 5,000,000 options failed to meet vesting conditions on 30 June 2023 and will not vest
- 2,500,000 Options (NORAAE)
- 2,500,000 Options (NORAAF)
- 5,000,000 Options (NORAAG) Options failed to meet vesting conditions on 30 June 2024 and will not vest

Directorships in Listed Entities (Past 3 Years)

- None

Mr Philip Otley

Qualifications

Experience

- Non-executive Director *Independent* (appt. 31 January 2022)

- BA, MBA

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

Interest in equity instruments

- 250,000 Ordinary Shares
- 10,000,000 Options (NORAAB) 5,000,000 options failed to meet vesting conditions on 30 June 2023 and will not vest
- 250,000 Options (NORAAF)
- 2,500,000 Options (NORAAE)
- 5,000,000 Options (NORAAG) Options failed to meet vesting conditions on 30 June 2024 and will not vest

Directorships in Listed Entities (Past 3 Years)

- None

Dr John Tarrant

Qualifications

Experience

- Non-executive Director *Non-independent* (appt. 31 January 2022, res. 17 September 2025)

- PhD, SJD, LL(M)(Legal Practice), MDefStud, LL(M)(CrimPros), LLB(Hons), BSc(Grad), BCom, BA, GradDipEd, DipArts, DipFinMangt, GradDipTax, GradDipIL, GradDipAdvMilLaw, GradDipMilLaw, GradCertLawTchg, GCJ, GradCertConstrPrac, GCertOnline Learning (HEd), PCert.Arbitration.

- Dr Tarrant has had a forty-five-year career in diverse roles including in accounting and finance, the legal profession, the mining and oil and gas industries, including twenty-five years as an entrepreneur, and as legal academic.

Dr Tarrant has served as a director of a wide range of companies in Australia, Canada and the UK including listed and unlisted companies. The various companies have been active in the mining and oil and gas industries, the higher education sector and in investment activities. He has served in several roles including Managing Director, Chairperson and Chair of audit and other committees.

Dr Tarrant has a Doctor of Philosophy and a Doctor of Juridical Science, both in law, masters degrees in law and defence studies, and bachelor degrees in arts, commerce, law and science.

Directors' report

Dr John Tarrant (cont.)

Interest in equity instruments	• 124,939,874 Ordinary Shares	(at date of res. 17 September 2025)
	5,000,000 Options (NORAAE)	(at date of res. 17 September 2025)
Directorships in Listed Entities (Past 3 Years)	• Bridge Saas Limited	(resigned 15 February 2024)

Mr Paul Covich

Qualifications • B.Bus.

Experience • Mr Covich has over 35 years' experience in all facets of the stockbroking industry here in Australia and the United Kingdom. He also has significant experience in structuring and advising on corporate transactions with ASX-listed companies in both the industrial and mining sectors. He holds a Bachelor of Business degree from Curtin University and is also a Master Stockbroker with the Stockbrokers and Investment Advisers Association.

Interest in equity instruments	• 2,700,000 Ordinary Shares	(at date of res. 17 April 2025)
	1,300,000 Options (NORAAF)	(at date of res. 17 April 2025)
	3,233,250 Options (NORAAH)	(at date of res. 17 April 2025)

Directorships in Listed Entities (Past 3 Years) • None

7. Meetings of Directors and committees

During the financial year, there were twelve circular resolutions and sixteen meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year are stated in the following table.

	DIRECTORS' MEETINGS		REMUNERATION AND NOMINATION COMMITTEE		COMMERICAL COMMITTEE		AUDIT COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Paul Ostergaard	12	12	-	-	2	2	At the date of this report, the Audit Committee comprises the full Board. The Directors consider the Company's size and complexity do not warrant a separate committee, so such matters are addressed by the Board as a whole.	
Philip Marsland	12	12	2	2	2	2		
Philip Otley	12	12	2	2	2	2		
Dr John Tarrant	12	11	2	2	-	-		
Mr Paul Covich ⁽¹⁾	2	2	-	-	-	-		

⁽¹⁾ Mr Covich was appointed 28 January 2025 and resigned 17 April 2025.

8. Indemnifying officers or auditor

8.1. Indemnification

The Company has paid premiums to insure current and former Directors and Officers against liabilities for costs and expenses incurred in defending legal proceedings arising from their conduct in that capacity, other than for wilful breach of duty. The Company has not provided any additional indemnities or entered into other agreements to indemnify or pay insurance premiums. No indemnities have been given, nor premiums paid, during or since the end of the period for any person who is or has been an auditor of the Company.

8.2. Insurance premiums

The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Directors' report

9. Options

9.1. Unissued shares under option

At the date of this report, the unissued ordinary shares of the Company under option (listed and unlisted) are as follows:

ASX security code	Grant date	Date of expiry	Exercise price \$	Number of options	Vested and exercisable
NORAAB [#]	18.11.2022	18.11.2025	0.024	30,000,000	-
NORAAE	13.07.2023	13.07.2026	0.040	12,500,000	12,500,000
NORAAF	14.11.2023 and 22.12.2023	31.10.2025	0.050	19,000,000	19,000,000
NORAAG [§]	19.12.2023	22.12.2026	0.025	15,000,000	-
NORAAH [†]	23.12.2024 13.01.2025, and 11.06.2025	31.12.2026	0.030	22,831,650	19,498,650
				99,331,650	50,998,650

[#] 15,000,000 options failed to meet vesting conditions on 30 June 2023 and will not vest.

[§] 15,000,000 options failed to meet vesting conditions on 30 June 2024 and will not vest.

[†] 3,333,000 remain to be issued to directors, in connection with convertible notes, subject to

Option holders have no right to participate in share issues of any other company by virtue of their options.

9.2. Shares issued on exercise of options

During the 2025 financial year, 1,718,751 ordinary shares have been issued by the Company as result of the exercise of options, raising \$61,091 (2024: 42,862,029, raising \$1,028,957).

10. Non-audit services

During the year, Hall Chadwick WA Audit Pty Ltd (**Hall Chadwick**), the Company's auditor, provided no non-audit services (2024: \$nil), in addition to their statutory audits. Details of remuneration paid to the auditor can be found within the financial statements at note 19 *Auditor's Remuneration* on page 53.

In the event that non-audit services are provided by Hall Chadwick, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth). These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

11. Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

12. Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Norwood Systems Limited support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. For a detailed analysis of the Company's Corporate Governance Policies, visit the corporate governance section of our website at www.norwoodsystems.com.

13. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2025 has been received and can be found on page 17 of the annual report.

14. Remuneration report (audited)

This report outlines the remuneration arrangements for Directors and key management personnel of the Company for the year ended 30 June 2025. The remuneration report has been audited as required by s308(3C) of the *Corporations Act 2001* (Cth).

The information provided includes remuneration disclosures that are required under AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report.

14.1. Key management personnel (KMP)

This report details the remuneration arrangements for KMP, being those with authority and responsibility for planning, directing, and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent. This includes all Directors (executive and non-executive) and other senior executives who have significant authority and influence over the Group's operations. KMP during the year comprised:

- Dr John Tarrant *Non-Executive Chairman (resigned 17 September 2025)*
- Mr Paul Ostergaard *Chief Executive Officer and Managing Director*
- Mr Philip Marsland *Non-Executive Director*
- Mr Philip Otley *Non-Executive Director*
- Mr Paul Covich *Non-Executive Director (appointed 28 January 2025, resigned 17 April 2025)*
- Mr Stevan Tot *General Manager Enterprise and Vice President Sales*

14.2. Remuneration policies

Remuneration for Directors and senior executives is set at competitive levels to attract and retain appropriately qualified and experienced personnel. The Board may seek independent advice on the appropriateness of remuneration packages having regard to market practice in comparable companies, both locally and internationally, and the objectives of the Company's remuneration strategy. No remuneration consultants were engaged during the year.

The Group's remuneration structures are designed to attract qualified candidates, reward the achievement of strategic objectives, and create long-term value for shareholders. In setting remuneration, the Board considers:

- the capability and experience of the Directors and executives;
- the Directors' and executives' ability to control the relevant performance;
- the Group's performance; and
- the amount of incentives within each Directors' and senior executives' remuneration.

Remuneration packages consist of a mix of fixed remuneration and variable remuneration and short and long-term performance-based incentives.

a. Fixed remuneration

Fixed remuneration comprises base salary and employer superannuation contributions. Levels are reviewed annually by the Board, taking into account individual performance and the overall performance of the Group. External consultants may be engaged to provide market comparisons and advice to ensure remuneration remains competitive.

b. Performance-linked remuneration

The Group's remuneration policy is designed to align the interests of shareholders and KMP by linking a portion of remuneration to performance. This is achieved through cash bonus schemes, the issue of options, and performance securities. The Directors believe this policy is effective in promoting shareholder wealth.

Key principles applied in determining variable remuneration include (i) the relationship between remuneration and Group performance; (ii) alignment of personal incentives with shareholder returns; and (iii) encouragement of long-term share price growth.

The Board assesses performance by reference to both financial and market indicators, including share price and market capitalisation. As the Group matures, a greater proportion of remuneration is expected to be performance-linked. Current incentives under executive service agreements are tied to the execution of material revenue-generating contracts, providing a direct link to Group performance.

Options issued to KMP may include market-based hurdles and vesting conditions, with exercise prices set to encourage a focus on share price appreciation. Performance securities vest on achievement of defined operational milestones, incentivising delivery of key objectives within specified timeframes. KMP are entitled to participate in employee equity plans.

Vested options remain with KMP upon resignation, and the Board retains discretion in approving incentive grants. Overall, the policy is intended to reward performance that contributes to long-term growth in shareholder value.

In considering Group performance and the benefits to shareholder wealth, the Board has regard to relevant indicators over the current and prior four financial years. These indicators are presented in the table below.

Directors' report

14. Remuneration report (audited)

c. Statutory performance indicators

The Group seeks to align executive remuneration with its strategic objectives and the creation of shareholder wealth. The following table sets out the Group's financial performance over the last five years, as required by the *Corporations Act 2001* (Cth). These statutory measures are not necessarily the same as those used in determining variable remuneration for KMP, and accordingly may not directly correlate with incentive outcomes

	2025	2024	2023	2022	2021
Profit or (loss) for the year attributable to owners of the Company (\$)	(599,721)	(2,584,155)	(1,890,119)	(1,083,468)	(870,660)
Basic earnings per share (cents)	(0.12)	(0.58)	(0.53)	(0.38)	(0.34)
Dividend payments (\$)	Nil	Nil	Nil	Nil	Nil
Dividend payout ratio (%)	N/A	N/A	N/A	N/A	N/A
Share price (\$)	0.020	0.048	0.026	0.012	0.015
Increase/(decrease) in share price (%)	(58.33)	84.62	116.67	(20.00)	(28.57)

d. Voting and comments made at the Company's 2024 Annual General Meeting (AGM)

At the AGM held on 29 November 2024, the remuneration report for the 2024 financial year was approved with 68,057,883 votes in favour (99.67%), 225,300 votes against (0.33%) and 7,216,942 abstentions. No remuneration consultant was engaged during the year.

e. Service agreements

The Group's policy is that KMP enter into formal service agreements. These agreements provide for the payment of benefits where employment is terminated by either party, including statutory entitlements to accrued annual and long service leave and superannuation. No termination benefits are payable where terminated for misconduct. The key provisions of KMP service agreements relating to remuneration in place at reporting date are summarised below:

(1) Mr Paul Ostergaard – Chief Executive Officer and Managing Director

- **Term** Ongoing subject to annual review, effective from 17 March 2019.
- **Remuneration** \$236,000 p.a. plus superannuation at statutory rates from 17 March 2019.
- **Termination** 6 months' written notice or payment of 6 months' base salary.

(2) Mr Stevan Tot – General Manager Enterprise and Vice President Sales

- **Term** Ongoing subject to annual review.
- **Remuneration** \$126,000 p.a. plus superannuation at statutory rates from 1 April 2021. In line with the variation dated 1 April 2021, a further \$76,500 (equivalent to 17 months at \$4,500 per month) are anticipated to be converted to shares.
- **Car Allowance** \$15,000 up to 29 February 2020.
- **Bonuses** An annual bonus of \$120,000, assessed and paid quarterly. The bonus is based 70% on individual performance (corporate account revenue, number of end-user licences, closure of major accounts >\$200k annualised revenue) and 30% on Group performance (revenue growth, profitability, cash burn reduction and total end-users). Bonus accelerators apply, with payments multiplied by 1.5 for performance between 100–125% and 2.5 for performance above 125%, with no cap.

(3) Senior executive and executive director remuneration

Senior executives, including executive Directors, are engaged under individual employment contracts based on standard terms drafted by the Group's lawyers. Executive Directors do not receive additional directors' fees. Base salary or consulting fees are set at market levels relative to responsibility and experience, benchmarked against external data and during recruitment processes. The Group's policy is to maintain a competitive salary structure to attract and retain experienced and effective management.

f. Non-Executive director remuneration

On appointment, all Non-executive Directors enter into a service agreement in the form of a letter of appointment, which outlines the policies, terms and compensation of their role. The agreement is ongoing subject to annual review, with no notice period required for termination by either party.

Total remuneration for all Non-executive Directors, as approved by shareholders, is capped at \$310,000 per annum, with fees set by reference to comparable companies. The Group does not operate a Directors' Retirement Scheme.

Directors' report

14. Remuneration report (audited)

14.3. KMP remuneration

Details of the remuneration of KMP of the Group is set out in the following tables:

2025 – Group Group KMP	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees and leave \$	Profit share and bonuses \$	Non-monetary \$	Other \$	Super-annuation \$	Other \$	\$	Equity \$	Options / Perf. Rights \$	\$
Mr Paul Ostergaard	236,000	-	-	-	27,140	-	-	-	-	263,140
Mr Philip Marsland	-	-	-	-	-	-	-	-	-	-
Mr Philip Otley	-	-	-	-	-	-	-	-	-	-
Dr John Tarrant	60,000	-	-	-	-	-	-	-	-	60,000
Mr Paul Covich ⁽¹⁾	12,834	-	-	-	-	-	-	-	-	12,834
Mr Stevan Tot	126,000	-	-	-	14,490	-	-	-	6,655	147,145
	434,834	-	-	-	41,630	-	-	-	6,655	483,119

(1) Mr Covich was appointed 28 January 2025 and resigned 17 April 2025.

2024 – Group Group KMP	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees and leave \$	Profit share and bonuses \$	Non-monetary \$	Other \$	Super-annuation \$	Other \$	\$	Equity \$	Options / Perf. Rights \$	\$
Mr Paul Ostergaard	236,000	-	-	-	25,960	-	-	-	59,625	321,585
Mr Philip Marsland	-	-	-	-	-	-	-	-	75,625	75,625
Mr Philip Otley	-	-	-	-	-	-	-	-	75,625	75,625
Dr John Tarrant	52,000	-	-	-	-	-	-	-	16,000	68,000
Mr Stevan Tot	126,000	-	-	-	13,860	-	-	-	15,923	155,783
	414,000	-	-	-	39,820	-	-	-	242,798	696,618

14.4. KMP equity holdings of Norwood Systems Limited held by each KMP

a. Fully paid ordinary shares in Norwood Systems Limited held by each KMP and their related entities at 30 June 2025

2025 – Group Group KMP	Balance at start of year or appointment No.	Received during the year as remuneration No.	Received during the year on the exercise of options No.	Other changes during the year ⁽²⁾ No.	Balance at end of year or at date of resignation ⁽¹⁾ No.
Mr Paul Ostergaard	41,016,354	-	343,750	430,000	41,790,104
Mr Philip Marsland	2,582,485	-	-	-	2,582,485
Mr Philip Otley	250,000	-	-	-	250,000
Dr John Tarrant	123,564,873	-	1,375,001	-	124,939,874
Mr Paul Covich ⁽¹⁾	2,700,000	-	-	-	2,700,000
Mr Stevan Tot	4,943,238	-	-	-	4,943,238
	175,056,950	-	1,718,751	430,000	177,205,701

(1) Mr Covich was appointed 28 January 2025 and resigned 17 April 2025.

(2) Other changes related to on-market purchases

Directors' report

14. Remuneration report (audited)

b. Options in Norwood Systems Limited held by each KMP and their related entities at 30 June 2025

2025 – Group Group KMP	Balance at start of year or appointment No.	Granted as remuneration during the year No.	Exercised during the year No.	Other changes during the year ⁽²⁾ No.	Balance at year end or date of resignation No.	Vested and exercisable No.	Not Vested No.
Mr Paul Ostergaard	24,098,127	-	(343,750)	(8,754,377)	15,000,000	5,000,000	10,000,000
Mr Philip Marsland	30,000,000	-	-	(10,000,000)	20,000,000	5,000,000	15,000,000
Mr Philip Otley	25,250,000	-	-	(7,500,000)	17,750,000	2,750,000	15,000,000
Dr John Tarrant	37,264,233	-	(1,375,001)	(30,889,232)	5,000,000	5,000,000	-
Mr Paul Covich ⁽¹⁾	4,533,250	-	-	-	4,533,250	4,533,250	-
Mr Stevan Tot	-	-	-	-	-	-	-
	121,145,610	-	(1,718,751)	(57,143,609)	62,283,250	22,283,250	40,000,000

(1) Mr Covich was appointed 28 January 2025 and resigned 17 April 2025.

(2) Other changes related to expiry of options

c. Performance shares or rights in Norwood Systems Limited held by each KMP and their related entities at 30 June 2025

2025 – Group Group KMP	Balance at start of year or appointments No.	Received during the year as compensation No.	Conversion to ordinary share during the year No.	Other changes during the year No.	Balance at end of year or resignation No.	Maximum value yet to vest \$
Mr Paul Ostergaard	10,000,000	-	-	-	10,000,000	105,000
Mr Philip Marsland	-	-	-	-	-	-
Mr Philip Otley	-	-	-	-	-	-
Dr John Tarrant	-	-	-	-	-	-
Mr Paul Covich ⁽¹⁾	-	-	-	-	-	-
Mr Stevan Tot	1,000,000	-	-	-	1,000,000	9,064
	11,000,000	-	-	-	11,000,000	114,064

(1) Mr Covich was appointed 28 January 2025 and resigned 17 April 2025.

14.5. Share-based compensation

The Group believes that encouraging its directors and executives to become shareholders is the best way of aligning their interests with those of its shareholders.

During the 2024 financial year the Company issued 6,500,000 performance rights to employees under its employee share option plan. The rights convert to equity on the employee meeting a service condition of 4 years (accelerated based on start date). The total value of the rights was \$214,500 based on a share price at grant date of \$0.033. The vested value for the year June 2025 is \$43,255 (2024: \$110,460). Life-time amount vested to June 2025 is \$153,715 (2024: \$110,460).

14.6. Options issued as part of remuneration

During the 2025 financial year no options were issued as remuneration (2024: 15,000,000 options see notes 16.2.2d and 16.3).

14.7. Other equity-related KMP transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights, and shareholdings.

Directors' report

14. Remuneration report (audited)

14.8. Loans to / from KMP or their related parties

- a. *Cash Drawdown facility* Balmain Resources Pty Ltd (controlled by Dr John Tarrant – Non-executive Director)

In April 2024 (10th variation 30 June 2025) Company entered a Cash Drawdown Facility agreement with Balmain Resources Pty Ltd, on the following key terms as detailed in note 5.5.2. On 1 September 2025 (12th variation) with the term extended to 3 September 2025 and principal to \$322,669, as disclosed note 12.1. The facility had also been extended on 1 August 2025. It was fully settled on 3 September 2025 (note 12.2).

Movements in the loan account are as follows:

Opening balance payable by the Group

Funds loaned to the Group

Establishment and extension fees capitalised to the loan

Interest capitalised to the loan

Loan repayments made

2025	2024
\$	\$
274,663	-
455,000	260,000
62,203	9,900
76,476	4,763
(550,000)	-
318,342	274,663

- b. *Convertible notes* Dr John Tarrant – Non-executive Director, Mr Philip Marsland – Non-executive Director

Non-executive Directors Dr Tarrant and Mr Marsland each subscribed \$50,000 in the convertible note raise, detailed in note 5.5.5, on the same terms as other note holders. The attaching 3,333,000 options are subject to shareholder approval.

14.9. Other transactions with KMP and or their related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

- a. *Payables:* An amount of \$58,172 is payable to Mr Ostergaard for accrued unpaid Chief Executive Officer and Managing Director salary, as disclosed in note 5.4.2.

- b. *Contingent liabilities:* At 30 June 2025, the Group has identified potential remuneration arrangements for Non-Executive Directors (**NEDs**) amounting to approximately \$580,000, as disclosed in note 13.1. This consists of:

• \$180,000 in relation to NED fees, and

• \$400,000 in respect of additional performance and incentive arrangements (\$200,000 per director) representing work done outside of an NED role.

The final amounts, structure, timing and composition of these arrangements have not yet been determined by the Board, and their implementation remains contingent upon the receipt of the requisite shareholder approval.

As these arrangements are not presently the subject of a binding and enforceable obligation, the Group has determined that it would not be appropriate to recognise an accrual in the financial statements at this time, and accordingly disclosure is provided here as a contingent liability until such time as the relevant approvals have been obtained and the obligations become certain.

There have been no other transactions in addition to those described in the tables or as detailed in note 14 *Related party transactions*.

END OF REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).



PAUL OSTERGAARD

Chief Executive Officer and Managing Director

Dated this Tuesday, 30 September 2025



To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the audit of the financial statements of Norwood Systems Limited and its controlled entities for the year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 30th day of September 2025
Perth, Western Australia

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2025

	Note	2025 \$	2024 \$
<i>Continuing operations</i>			
Revenue	1.1	1,901,935	1,142,437
Other income	1.2	1,483,181	602,540
Accountancy, audit, and legal fees		(186,377)	(174,735)
Administration expenses		(173,923)	(186,083)
ASX and share registry fees		(76,604)	(95,646)
Consultancy and subcontractor fees		(30,902)	(265,661)
Depreciation		(84,985)	(86,756)
Employee and director benefits expense	2.1	(2,218,387)	(1,988,687)
Finance costs		(221,434)	(60,842)
Information technology infrastructure cost		(423,301)	(387,087)
Patents, research, and development		(103,520)	(28,013)
Sales and marketing		(244,985)	(313,692)
Share-based payment expense	16	(69,093)	(406,835)
Travel and entertainment		(82,289)	(269,470)
Other expenses		(69,037)	(65,625)
Loss before tax		(599,721)	(2,584,155)
Income tax expense	4.1	-	-
Net loss for the year		(599,721)	(2,584,155)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		(599,721)	(2,584,155)
<i>Earnings per share:</i>			
Basic loss per share (cents per share)	15.4	¢ (0.12)	¢ (0.58)
Diluted loss per share (cents per share)	15.4	N/A	N/A

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

Consolidated statement of financial position

as at 30 June 2025

	Note	2025 \$	2024 \$
<i>Current assets</i>			
Cash and cash equivalents	5.1	137,765	68,984
Trade and other receivables	5.2	1,071,523	294,760
Total current assets		1,209,288	363,744
<i>Non-current assets</i>			
Financial assets	5.3	149,244	-
Plant and equipment	6.1	37,794	50,298
Right-of-use assets	6.2	36,566	108,866
Total non-current assets		223,604	159,164
Total assets		1,432,892	522,908
<i>Current liabilities</i>			
Trade and other payables	5.4	856,563	670,576
Lease liabilities	6.2	46,508	116,108
Borrowings	5.5	903,940	651,123
Provisions	6.3	313,769	270,985
Total current liabilities		2,120,780	1,708,792
<i>Non-current liabilities</i>			
Provisions	6.3	59,027	41,241
Total non-current liabilities		59,027	41,241
Total liabilities		2,179,807	1,750,033
Net liabilities		(746,915)	(1,227,125)
<i>Equity</i>			
Issued capital	7.1	36,220,598	35,524,272
Reserves	7.4	1,054,663	987,503
Accumulated losses		(38,022,176)	(37,738,900)
Total equity		(746,915)	(1,227,125)

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

Consolidated statement of changes in equity

for the year ended 30 June 2025

	Note	Issued capital \$	Share-based payment reserve \$	Convertible note equity reserve \$	Accumulated losses \$	Total equity \$
<i>Balance at 1 July 2023</i>		33,818,296	240,174	-	(35,154,745)	(1,096,275)
Loss for the year attributable to owners of the parent		-	-	-	(2,584,155)	(2,584,155)
Other comprehensive income for the year attributable to owners of the parent		-	-	-	-	-
Total comprehensive income for the year attributable to owners of the parent		-	-	-	(2,584,155)	(2,584,155)
<i>Transaction with owners, directly in equity</i>						
Equity issued during the year (net of costs)	7.1	1,696,352	248,118	-	-	1,944,470
Share-based payments	16.1	(26,850)	425,225	-	-	398,375
Performance rights granted during the year	7.3	-	110,460	-	-	110,460
Conversion of performance rights	7.3	26,108	(26,108)	-	-	-
Expiry of options, recognised in capital raising costs	7.1	10,366	(10,366)	-	-	-
Balance at 30 June 2024		35,524,272	987,503	-	(37,738,900)	(1,227,125)
<i>Balance at 1 July 2024</i>		35,524,272	987,503	-	(37,738,900)	(1,227,125)
Loss for the year attributable to owners of the parent		-	-	-	(599,721)	(599,721)
Other comprehensive income for the year attributable to owners of the parent		-	-	-	-	-
Total comprehensive income for the year attributable to owners of the parent		-	-	-	(599,721)	(599,721)
<i>Transaction with owners, directly in equity</i>						
Equity issued during the year (net of costs)	7.1	452,600	-	-	-	452,600
Equity component of convertible notes	16.1	-	-	24,048	-	24,048
Conversion of notes	7.1	170,852	-	(18,095)	-	152,757
Share-based payments	16.1	-	397,526	-	-	397,526
Conversion of performance rights	7.3	11,783	(11,783)	-	-	-
Exercise of options		61,091	(8,091)	-	-	53,000
Expiry of options	7.2	-	(316,445)	-	316,445	-
Balance at 30 June 2025		36,220,598	1,048,710	5,953	(38,022,176)	(746,915)

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

Consolidated statement of cash flows

for the year ended 30 June 2025

	Note	2025 \$	2024 \$
<i>Cash flows from operating activities</i>			
Receipts from customers		1,967,142	1,327,608
Government grants received		694,131	602,243
Payments to suppliers and employees		(3,316,365)	(3,930,254)
Net interest (paid) / received		1,872	(3,525)
Net cash used in operating activities	5.1.2a	(653,220)	(2,003,928)
<i>Cash flows from investing activities</i>			
Purchase of plant and equipment		-	(2,672)
Funds provided for bank guarantee		(149,244)	-
Net cash used in investing activities		(149,244)	(2,672)
<i>Cash flows from financing activities</i>			
Proceeds from issue of equity, net of transaction costs	7.1	463,700	1,567,628
Proceeds of borrowings	5.1.2b	1,439,898	725,841
Repayment of borrowings	5.1.2b	(962,753)	(527,267)
Payments for the principal portion of lease liabilities		(69,600)	(70,760)
Net cash provided by financing activities		871,245	1,695,442
Net increase / (decrease) in cash and cash equivalents held		68,781	(311,158)
Cash and cash equivalents at the beginning of the year		68,984	380,142
Cash and cash equivalents at the end of the year	5.1	137,765	68,984

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

Notes to the consolidated financial statements

for the year ended 30 June 2025

In preparing the 2025 financial statements, Norwood Systems Limited has grouped notes into sections under five key categories:

- Section A: How the numbers are calculated.....23
- Section B: Risk.....41
- Section C: Group structure 45
- Section D: Unrecognised items.....47
- Section E: Other Information.....48

Material accounting policies specific to each note are included within that note. Accounting policies that are determined to be non-material are not included in the financial statements.

The financial report is presented in Australian dollars, except where otherwise stated.

Registered office and principal place of business of the Company is:

Street: 4 Leura Street,
Nedlands WA 6009
Australia

Notes to the consolidated financial statements

for the year ended 30 June 2025

Section A. How the numbers are calculated

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- (a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction.
- (b) analysis and sub-totals.
- (c) information about estimates and judgements made in relation to particular items.

Note	1. Revenue and other income	2025 \$	2024 \$
1.1 Revenue			
	Project revenues	-	190,000
	World Apps stores revenue	154,210	174,417
	Spark Voicemail revenue	746,141	687,880
	Optus Voicemail revenue	975,684	-
	Other revenue	25,900	90,140
		1,901,935	1,142,437
1.2 Other income			
	Interest income	2,376	297
	Government R&D grant income: prior year returns	694,131	602,243
	current year return (accrued)	786,674	-
		1,483,181	602,540

1.3 Disaggregation of revenue from contracts with customers

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

1.3.1 Timing of revenue recognition

	Project revenues \$	World Apps stores revenue \$	Optus Voicemail revenue \$	Spark Voicemail revenue \$	Other revenue \$
2025					
At a point in time	-	-	975,684	-	25,900
Over time	-	154,210	-	746,141	-
Total	-	154,210	975,684	746,141	25,900
2024					
At a point in time	-	-	-	-	90,140
Over time	190,000	174,417	-	687,880	-
Total	190,000	174,417	-	687,880	90,140

1.3.2 Geographical Regions

	Project revenues \$	World Apps stores revenue \$	Optus Voicemail revenue \$	Spark Voicemail revenue \$	Other revenue \$
2025					
New Zealand	-	-	-	746,141	-
Australia	-	-	975,684	-	25,900
Rest of the World	-	154,210	-	-	-
Total	-	154,210	975,684	746,141	25,900

Notes to the condensed consolidated financial statements

for the year ended 30 June 2025

Note 1 Revenue and other income (cont.)**1.3 Disaggregation of revenue from contracts with customers (cont.)**

	Project revenues \$	World Apps stores revenue \$	Optus Voicemail revenue \$	Spark Voicemail revenue \$	Other revenue \$
2024					
New Zealand	-	-		687,880	-
Australia	190,000	-		-	89,523
Rest of the World	-	174,417		-	617
Total	190,000	174,417	-	687,880	90,140

1.4 Accounting policy**1.4.1 Revenue from contracts with customers**

Revenue is recognised to reflect the transfer of promised goods or services to customers at an amount that represents the consideration the Group expects to receive.

Revenue is recognised by applying the five-step model under AASB 15:

- Step 1: Identify the contract with a customer;
- Step 2: Identify the performance obligations;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations; and
- Step 5: Recognise revenue as performance obligations are satisfied.

Revenue is recognised when control of the promised goods or services is transferred to the customer, either over time or at a point in time. Over-time recognition applies where:

- i. the customer simultaneously receives and consumes the benefits as performance occurs;
- ii. performance creates or enhances an asset controlled by the customer; or
- iii. performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured at the consideration expected, excluding amounts collected on behalf of third parties. Variable consideration (such as discounts, rebates or penalties) is estimated using the expected value or most likely outcome and recognised only to the extent it is highly probable that a significant reversal will not occur. Where contracts include multiple performance obligations, the transaction price is allocated based on stand-alone selling prices.

1.4.2 Revenue from sale of goods and development fees and licensing fees

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of that asset. Revenue is recognised when the goods are shipped to the customer.

1.4.3 Revenue from rendering of services

Revenue from monitoring services (subscriptions) is recognised over time, as the customer simultaneously receives and consumes the services performed by the Group (i.e. monitoring of an alarm system by Norwood Systems).

1.4.4 Interest income

Interest revenue is recognised in accordance with note 3.1 *Finance income and expenses*.

Notes to the condensed consolidated financial statements

for the year ended 30 June 2025

Note	2	Loss before income tax	2025	2024
			\$	\$

The following material expenses are relevant in explaining financial performance:

2.1 Employment costs

○ Directors' Fees	308,832	287,998
○ Employee wages	1,700,051	1,506,986
○ Superannuation	209,504	193,703
	2,218,387	1,988,687

2.2 Accounting policy**2.2.1 Short-term benefits**

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the reporting date represent present obligations for services provided to that date. These are measured at undiscounted amounts based on remuneration rates the Group expects to pay, including related on-costs such as workers' compensation insurance and payroll tax. Non-accumulating non-monetary benefits (e.g. medical care, housing, cars, and subsidised goods and services) are expensed at the net marginal cost to the Group as the benefits are taken.

2.2.2 Other long-term benefits

The Group's obligation for long-term employee benefits (e.g. long service leave) is the amount employees have earned in return for service up to the reporting date plus on-costs, discounted to present value, less the fair value of any related assets. The discount rate is based on market yields at the reporting date on high-quality corporate bonds (or government bonds where no deep market exists) with maturities approximating the terms of the obligations. Actuarial gains and losses are recognised in profit or loss in the period in which they arise.

2.2.3 Retirement benefit obligations: Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no further legal or constructive obligations. Contributions are expensed in profit or loss as incurred.

2.2.4 Termination benefits

The Group recognises a liability and expense for termination benefits at the earlier of (a) the date when it can no longer withdraw the offer of those benefits; or (b) the date it recognises restructuring costs under AASB 137 that include termination benefits.

Termination benefits expected to be settled wholly within 12 months of the reporting period are measured at the undiscounted amounts expected to be paid. All other termination benefits are measured consistently with other long-term employee benefits.

2.2.5 Equity-settled compensation

The fair value of equity-settled share-based payments (e.g. options) is recognised as an employee expense with a corresponding increase in equity. Fair value is measured at grant date using the Black-Scholes option pricing model (or other suitable valuation techniques where appropriate), considering the terms and conditions of the grant. The expense is recognised over the vesting period, adjusted for the actual number of instruments that vest, except where non-vesting is due only to market conditions.

Note 3 Other material accounting policies related to items of profit and loss**3.1 Finance income and expenses**

Finance income comprises interest income on funds invested, gains on the disposal of financial assets classified as fair value through other comprehensive income (**FVOCI**), and changes in the fair value of financial assets at fair value through profit or loss (**FVTPL**). Interest income is recognised using the effective interest method, which reflects the effective yield on the financial asset.

Finance expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial liabilities at FVTPL, and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that take a substantial period of time to prepare for use or sale are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss as incurred.

Foreign currency gains and losses are reported on a net basis.

Notes to the condensed consolidated financial statements

for the year ended 30 June 2025

Note	4	Income tax	Note	2025 \$	2024 \$
4.1		Income tax expense			
		Current tax		7,183	-
		Deferred tax	4.1.1	(7,183)	-
				-	-
4.1.1		Deferred income tax expense included in income tax expense comprises:			
		○ Increase / (decrease) in deferred tax assets	4.5	(7,183)	-
		○ (Increase) / decrease in deferred tax liabilities		-	-
				(7,183)	-
4.2		Reconciliation of income tax expense to prima facie tax payable			
		<i>The prima facie tax payable/(benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:</i>			
		Accounting loss before tax		(599,721)	(2,584,155)
		Prima facie tax on operating loss at 25% (2024: 25%)		(149,930)	(646,039)
		<i>Add / (Less) tax effect of:</i>			
		○ Research and development expenditure		446,592	386,100
		○ Non-deductible expenses		60,970	112,909
		○ Non-assessable items		(370,201)	(150,561)
		○ Non-recognition of deferred tax position		19,752	297,591
		Income tax expense/(benefit) attributable to operating loss		7,183	-
				2025 %	2024 %
4.3		The applicable weighted average effective tax rates attributable to operating profit are as follows:		(1.20)	-
		a. The reconciliation uses the Australian corporate tax rate of 25% (2024: 25%) being the rate payable on taxable profits under Australian tax law.			
				2025 \$	2024 \$
4.4		Balance of franking account at year end of the parent		nil	nil
4.5		Deferred tax assets (DTA)			
		Employee benefits		93,199	78,057
		Provision for loan receivable		28,251	43,016
		Plant and equipment (incl. under leases)		5,729	42,711
		Capital raising costs		14,979	11,503
		Tax and capital losses		8,166,134	8,138,722
		DTA / DTL not recognised		(8,315,475)	(8,314,009)
				(7,183)	-
		Set-off deferred tax liabilities		-	-
		Net deferred tax assets		(7,183)	-

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 4 Income tax (cont.)**4.6 Tax losses and deductible temporary differences**

Unused tax losses and deductible temporary differences for which no DTA has been recognised, that may be utilised to offset tax liabilities:

	2025 \$	2024 \$
Operating tax losses	8,166,134	8,138,722
Capital losses	529,278	529,278
Temporary differences	142,120	148,012
	8,837,532	8,816,012

4.7 Potential DTAs attributable to tax losses have not been recognised at 30 June 2025, as the directors do not consider realisation to be probable at this time. These benefits will only be obtained if:

- the Group generates sufficient future taxable income;
- the Group continues to satisfy conditions for deductibility; and
- tax legislation does not adversely change.

Tax-related balances in the financial statements are based on directors' best estimates, reflecting current legislation, the Group's financial performance and position, and pending assessments by taxation authorities. No adjustment has been made for potential future legislative changes.

The parent company has accumulated tax losses of \$32,664,536 (2024: \$32,554,888) which are expected to be available indefinitely for offset against future taxable profits, subject to confirmation by the Australian Taxation Office.

4.8 Accounting policy

The income tax expense (benefit) for the period comprises current and deferred tax. Current tax is based on taxable income for the period and measured at the amounts expected to be paid to or recovered from the taxation authorities, using tax laws and rates enacted or substantively enacted by the balance date in each jurisdiction. The Group applies AASB Interpretation 23 when accounting for uncertain tax positions and recognises provisions where appropriate.

Current tax assets and liabilities for current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities, using rates and laws enacted or substantively enacted by balance date.

Deferred income tax is recognised for all temporary differences between the carrying amounts of assets and liabilities and their tax bases at balance date.

Deferred tax liabilities (**DTL**) are recognised for taxable temporary differences except:

- when a DTL arises on initial recognition of goodwill, or on initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (loss); or
- for taxable temporary differences associated with investments in subsidiaries, associates or joint arrangements, where the timing of the reversal can be controlled and it is probable the differences will not reverse in the foreseeable future.

Deferred tax assets (**DTA**) are recognised for deductible temporary differences (**DTD**), carry-forward tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which they can be utilised, except:

- when the DTA arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (loss); or
- for DTDs associated with investments in subsidiaries, associates or joint arrangements, where recognition is limited to the extent that it is probable the differences will reverse in the foreseeable future and taxable profit will be available.

The carrying amount of DTAs is reviewed at each balance date and reduced to the extent that sufficient taxable profit is no longer probable. Unrecognised DTAs are reassessed each period and recognised when probable. DTAs and DTLs are measured at the tax rates expected to apply when the asset is realised or the liability settled, based on rates and laws enacted or substantively enacted by balance date. Offsetting of DTAs and DTLs is applied only when a legally enforceable right of set-off exists and they relate to the same taxable entity and taxation authority.

Income taxes relating to items recognised in other comprehensive income or directly in equity are recognised in other comprehensive income or directly in equity, respectively; all other tax is recognised in profit or loss.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 4 Income tax (cont.)

4.8 Accounting policy (cont.)

4.8.1 Tax consolidation

Norwood Systems Limited, as head entity of the Australian tax-consolidated group, recognises current and deferred tax for the Group to the extent amounts are assumed from controlled entities. Amounts arising under tax funding agreements are recognised as intercompany receivables or payables. Any difference between amounts recognised and those settled under the funding arrangements is treated as a contribution by, or distribution to, the relevant controlled entities.

4.8.2 Research and Development Tax Incentive

Where the Group receives the refundable R&D tax offset, it is accounted for as a government grant under AASB 120 (recognised in profit or loss consistently with the related expenditure). Non-refundable offsets are accounted for under AASB 112 as part of income tax. Cash refunds are received through the parent company's income tax return.

Note 5 Financial assets and financial liabilities

5.1 Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank	137,765	68,984
	137,765	68,984

5.1.1 The Group's exposure to interest rate risk and a sensitivity analysis disclosed in note 8 *Financial risk management*.

5.1.2 Cash flow information

	2025 \$	2024 \$
a. <i>Reconciliation of cash flow from operations to loss after income tax</i>		
Loss after income tax	(599,721)	(2,584,155)
○ <i>Cash flows excluded from loss attributable to operating activities:</i>	-	-
○ <i>Non-cash flows in loss from ordinary activities:</i>		
● Depreciation and amortisation	84,985	86,756
● Net share-based payments expensed	69,093	406,835
● Capitalised interest	283,133	87,819
○ <i>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:</i>		
● (Increase) / decrease in receivables	(776,450)	185,170
● Increase / (decrease) in trade and other payables	225,170	(212,106)
● Increase / (decrease) in provisions	60,570	25,753
Cash flow (used in) / from operations	(653,220)	(2,003,928)

b. *Reconciliation of liabilities arising from financing activities*

	Note	Net debt 2023 \$	Financing cash flows \$	Non-cash changes			Net debt 2024 \$
				Acquisitions \$	Conversion to equity \$	Other changes ¹ \$	
Cash drawdown facility	5.5.2	340,173	260,000	-	(376,842)	51,332	274,663
R&D loan facility payable	5.5.3	401,399	(111,426)	-	-	36,487	326,460
Loan from employee	5.5.4	-	50,000	-	-	-	50,000
Total		741,572	198,574	-	(376,842)	87,819	651,123

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 5 Financial assets and financial liabilities (cont.)**5.1 Cash and cash equivalents (cont.)**

	Note	Non-cash changes				
		Net debt 2024 \$	Financing cash flows \$	Acquisitions \$	Conversion to equity \$	Other changes ⁱ \$
Cash drawdown facility	5.5.2	274,663	(95,000)	-	-	138,679
R&D loan facility payable	5.5.3	326,460	147,445	-	-	33,071
Loan from employee	5.5.4	50,000	(50,000)	-	-	-
Convertible notes	5.5.5	-	474,700	-	(380,000)	(16,078)
Total		651,123	477,145	-	(380,000)	155,672
						903,940

i. Other changes represent capitalised interest and offsets against expenditure and, in 2024, equity purchases.

c. *Credit and loan standby arrangement with banks*

The Group has no credit standby facilities.

d. *Non-cash investing and financing activities*

2025

12,666,666 ordinary shares issued on conversion of convertible notes at \$0.03 per share, as detailed in note 7.1.3, including \$18,095.

19,833,333 options were issued in connection with the issue of convertible notes.

2024

791,141 ordinary shares issued on conversion of convertible notes at \$0.04 and \$0.037 per share, equating it \$26,108 as detailed in note 7.3.1.

14,868,397 ordinary shares issued in settlement of *Director loan – Balmain Resources Pty Ltd* via option exercise funding, equating to \$356,842.

833,333 ordinary shares issued in settlement of *Director loan – Paul Ostergaard* via option exercise funding, equating to \$20,000.

5.1.3 Accounting policy

Cash and cash equivalents include cash on hand, deposits at call, and short-term investments with original maturities of three months or less. For the *Statement of Cash Flows*, bank overdrafts are included as cash and cash equivalents; in the *Statement of Financial Position*, they are classified as borrowings.

5.2 Trade and other receivables**5.2.1 Current**

	2025 \$	2024 \$
Trade receivables	284,762	294,755
Accrued R&D grant income receivable	786,674	-
Other receivables	87	33,106
Provision of loan receivable	-	(33,101)
	1,071,523	294,760

5.2.2 The Group's exposure to credit rate risk is disclosed in note 8 *Financial risk management*.

5.2.3 The average credit period on sales and services is 30–60 days, with no interest charged. The Group applies the simplified approach under AASB 9 to measure expected credit losses. Based on historical default experience, no material loss allowance has been recognised. Receivables are considered past due when not settled within agreed terms.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 5 Financial assets and financial liabilities (cont.)**5.2 Trade and other receivables (cont.)****5.2.4 Accounting policy**

Trade receivables are generally due within 30–60 days. Receivables expected to be collected within 12 months are classified as current; all others are classified as non-current.

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses. The Group applies the simplified approach under AASB 9, recognising lifetime expected credit losses based on historical default experience adjusted for forward-looking information. For short-term receivables, discounting is not applied (see also note 5.6.1).

Impairment losses are recognised in profit or loss. Balances deemed uncollectible are written off against the allowance, and recoveries of amounts previously written off are recognised as a credit to other expenses.

5.3 Financial assets

Note

2025

2024

\$

\$

5.3.1 Non-current

Security deposit

5.3.2

149,244

-

149,244

-

5.3.2 Norwood was required to provide a security deposit equal to 5% of the total gross value (or estimated value) of the supply contract, under the Group's statement of works agreement with Optus.

5.4 Trade and other payables

2025

2024

\$

\$

5.4.1 Current

Trade payables

168,954

99,283

Accruals and other payables

408,661

350,830

Contract liabilities

220,776

220,463

Accrued director salaries

5.4.2

58,172

-

856,563

670,576

5.4.2 *Accrued director salaries represent* unpaid salary for Chief Executive Officer and Managing Director Mr Paul Ostergaard.

5.4.3 Accounting policy**a. Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. They represent liabilities for goods and services provided to the Group prior to year end that remain unpaid. Payables are classified as current liabilities unless settlement is not due within 12 months. Trade and other payables are unsecured.

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables, which are non-trade in nature, are also non-interest bearing and are generally settled within one month.

5.5 Borrowings

Note

2025

2024

\$

\$

5.5.1 Current

Cash Drawdown facility – Balmain Resources Pty Ltd

5.5.2

318,342

274,663

Research and Development (R&D) loan facility

5.5.3

506,976

326,460

Loan from employee

5.5.4

-

50,000

Convertible notes

5.5.5

125,000

-

Less: Unexpired borrowing costs/transaction costs

5.5.5

(46,378)

-

Net convertible notes

78,622

-

903,940

651,123

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 5 Financial assets and financial liabilities (cont.)**5.5 Borrowings (cont.)**

5.5.2 In April 2024 (10th variation 30 June 2025) the Company entered a Cash Drawdown facility agreement (the **Agreement**) with Balmain Resources Pty Ltd, a Company controlled by Non-executive Director Dr John Tarrant on the following key terms:

- *Facility amount* Up to \$318,342 (including fees and interest).
- *Establishment fee* 3% of the facility amount, plus GST.
- *Interest rate* 7.95% p.a. (default +2%), with an extension fee of 1.75% to 31 July 2025. To 30 June 2025, repayments of \$550,000 had reduced the loan to \$318,342 (including fees and interest).
- *Repayment date* 31 July 2025.

On 1 September 2025 (12th variation), the Agreement was extended to 3 September 2025 and principal increased to \$322,669 (note 12.1). The facility had also been extended on 1 August 2025. It was fully settled on 3 September 2025 (note 12.2).

5.5.3 The Group received advance funding from Radium Capital on its expected R&D rebate. Key terms are outlined below.

- *Counterparty* Innovation Structured Finance Co LLC facilitated by Radium Capital.
- *Amount* Up to 80% of the expected R&D tax offset for each period's eligible R&D spend. Principal and interest are repaid from the actual tax offset (expected October 2025).
- *Maturity Date* 30 November 2025, expected repayment October 2025. Early repayment permitted without penalty.
- *Interest Rate* 15% p.a.; default 22% from 1 October 2025 until repaid).
- *Security* Secured against the R&D tax offset receivable from the ATO (expected October 2025).
- *Conditions* R&D expenditure has to be reviewed by R&D Tax Consultants.
- *Purpose of loan* Wholly or predominantly for working capital or R&D expenditures.

5.5.4 In April 2024, the Company received a short-term advance from an employee on the following key terms:

- *Principal amount* \$50,000
- *Interest rate* Nil
- *Repayment date* 31 December 2024

5.5.5 Unsecured convertible notes (**Notes**) issued on the following terms:

- *Principal amount* \$505,000, of which \$380,000 converted during the year and was recognised in equity plus related value of the conversion right \$18,095).
- *Repayment date* 31 December 2025.
- *Face value* Equal to the principal amount.
- *Interest* 10% p.a., with an option to receive shares in lieu of interest at \$0.03 per share.
- *Conversion* Convertible into 16,833,333 fully paid ordinary shares at \$0.03 per share, with one free unquoted option (exercisable at \$0.03, expiring 31 December 2026) issued for every \$0.03 subscribed (i.e. 33.33 options per dollar). Noteholders may convert at any time up to maturity. The conversion right was valued at \$24,048 on issue; at 30 June 2025 the unconverted portion was valued at \$5,953.
- *Redemption* The Company may redeem unconverted Notes at maturity for their face value.

The initial fair value of the liability component was determined using a market rate for an equivalent non-convertible bond at issue. The liability is subsequently measured at amortised cost until extinguished on conversion or maturity. The residual amount is allocated to the conversion right and recognised in equity, net of tax, and is not subsequently remeasured.

a. Reconciliation of convertible note

Convertible notes issued
Less: notes converted during the year

Unexpired borrowing costs/transaction costs on issue
Less: Borrowing costs on uncovered notes for the year
Transaction costs on notes converted during the year

Net convertible notes

	2025 \$	2024 \$
Convertible notes issued	505,000	-
Less: notes converted during the year	(380,000)	-
	125,000	-
Unexpired borrowing costs/transaction costs on issue	371,681	-
Less: Borrowing costs on uncovered notes for the year	(98,060)	-
Transaction costs on notes converted during the year	(227,243)	-
	46,378	-
Net convertible notes	78,622	-

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 5 Financial assets and financial liabilities (cont.)

5.5 Borrowings (cont.)

5.5.6 Accounting policy

a. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs, and subsequently measured at amortised cost. The difference between proceeds (net of costs) and the redemption amount is recognised in profit or loss over the term of the borrowings using the effective interest method. Fees on loan facilities are recognised as transaction costs where drawdown is probable, in which case they are deferred until drawdown. Where drawdown is not probable, fees are capitalised as a prepayment for liquidity services and amortised over the facility period.

5.6 Other material accounting policies related to financial assets and liabilities

5.6.1 Investments and other financial assets

a. Classification

The Group classifies its financial assets in the following measurement categories. Those to be measured:

- Subsequently at fair value (either through other comprehensive income (**OCI**) or through profit or loss), and
- At amortised cost.

Classification depends on the entity's business model for managing financial assets and the contractual cash flow terms. For assets measured at fair value, gains and losses are recognised in either profit or loss or OCI. For equity investments not held for trading, this depends on whether the Group has made an irrevocable election at initial recognition to measure them at fair value through other comprehensive income (**FVOCI**). Debt investments are reclassified only when the business model for managing them changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date the Group commits to the transaction. Financial assets are derecognised when rights to cash flows have expired or been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

c. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (**FVPL**), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model and the asset's cash flow characteristics. Debt instruments are classified into three categories:

- **Amortised cost:** Assets held to collect contractual cash flows (solely principal and interest). Measured at amortised cost with interest income recognised using the effective interest method. Gains/losses on derecognition are recognised in profit or loss within other gains/(losses); impairment losses are shown separately.
- **FVOCI:** Assets held to collect contractual cash flows and for sale, where those cash flows are solely payments of principal and interest, are measured at FVOCI. Movements in carrying amount are recognised in OCI, except for impairment, interest income and foreign exchange gains and losses, which are recognised in profit or loss. On derecognition, cumulative OCI gains or losses are reclassified to profit or loss within other gains/(losses). Interest income is recognised using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are shown separately in the statement of profit or loss.
- **FVPL:** Assets not meeting the criteria for amortised cost or FVOCI are measured at FVPL. Gains or losses on these investments are recognised in profit or loss within other gains/(losses) in the period they arise.

ii. Equity instruments

The Group measures all equity investments at fair value. Where management elects to present fair value gains and losses in OCI, they are not reclassified to profit or loss on derecognition. Dividends from such investments are recognised in profit or loss as other income when the right to receive payment is established. Changes in fair value of financial assets at FVPL are recognised in other gains/(losses) in profit or loss. Impairment losses (and reversals) on equity investments at FVOCI are not reported separately from other fair value changes.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 5 Financial assets and financial liabilities (cont.)**5.6 Other material accounting policies related to financial assets and liabilities (cont.)****d. Impairment**

The Group assesses expected credit losses on debt instruments carried at amortised cost and FVOCI on a forward-looking basis. The impairment method depends on whether credit risk has significantly increased.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Note 6 Non-financial assets and financial liabilities**6.1 Property, plant, and equipment**

	2025 \$	2024 \$
Office equipment – at cost	183,119	182,938
Accumulated depreciation	(154,469)	(142,533)
	28,650	40,405
Leasehold improvements – at cost	81,592	81,592
Accumulated amortisation	(72,448)	(71,699)
	9,144	9,893
Total property, plant, and equipment	37,794	50,298

6.1.1 Movements in carrying amounts

	Office equipment \$	Leasehold improvements \$	Total \$
<i>Carrying amount at 1 July 2023</i>	48,371	10,646	59,017
Additions	5,736	-	5,736
Depreciation expense	(13,702)	(753)	(14,455)
<i>Carrying amount at 30 June 2024</i>	40,405	9,893	50,298
<i>Carrying amount at 1 July 2024</i>	40,405	9,893	50,298
Additions	181	-	181
Depreciation expense	(11,936)	(749)	(12,685)
<i>Carrying amount at 30 June 2025</i>	28,650	9,144	37,794

6.1.2 Accounting policy**a. Recognition and measurement**

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 6.4.1 *Impairment of non-financial assets*).

Cost includes expenditure directly attributable to acquisition, construction, or bringing the asset to working condition, including materials, labour, dismantling and restoration costs, and an appropriate share of overheads. Replacement parts are capitalised when eligible, and major inspection costs are recognised as replacements if capitalisation criteria are met.

Where considered material, the carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it does not exceed recoverable amount. Recoverable amount is assessed based on expected net cash flows from the asset's use and eventual disposal. These cash flows are not discounted to present value in determining recoverable amount.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for separately.

b. Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. Any costs of day-to-day servicing of plant and equipment are recognised in the income statement as an expense as incurred.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 6 Non-financial assets and financial liabilities(cont.)

6.1 Property, plant, and equipment (cont.)

c. Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on either a straight-line basis or diminishing balance basis, whichever is considered most appropriate, over their useful lives to the Company commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the remaining term of the lease. Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

	2025 %	2024 %
Leasehold improvements	<i>Lease term</i>	<i>Lease term</i>
Office equipment	20.00	20.00

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

d. Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

6.2 Leases

6.2.1 Right-of-use assets

Right-of-use asset – buildings

Accumulated amortisation

	2025 \$	2024 \$
Right-of-use asset – buildings	283,685	283,685
Accumulated amortisation	(247,119)	(174,819)
	36,566	108,866

6.2.2 Lease liabilities

Current

Non-current

Current	46,508	116,108
Non-current	-	-
	46,508	116,108

6.2.3 There were no additions to the right-of-use assets during the 2025 financial year were (2024: \$nil). The current lease was extended to January 2026 in February 2024.

6.2.4 Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

Depreciation charge of right-of-use assets

Interest expense (included in finance cost)

	2025 \$	2024 \$
Depreciation charge of right-of-use assets	72,630	70,637
Interest expense (included in finance cost)	5,509	4,585
	78,139	75,222

6.2.5 The total cash outflow for leases in 2025 was \$77,704 (2024: \$75,546).

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 6 Non-financial assets and financial liabilities(cont.)**6.2 Leases (cont.)****6.2.6 Accounting policy****a. Recognition and measurement**

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date the leased asset is available for use by the Group.

i. Right-of-use assets

Right-of-use assets are initially measured at cost, comprising:

- the initial measurement of the lease liability;
- any lease payments made at or before commencement, less lease incentives received;
- any initial direct costs; and
- estimated restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the asset's useful life, unless ownership is expected to transfer, in which case depreciation is over the useful life. They are subject to impairment in accordance with AASB 136 and adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (12 months or less without a purchase option) and leases of low-value assets. Payments associated with these leases are expensed on a straight-line basis over the lease term.

ii. Lease liabilities

At commencement, lease liabilities are measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in-substance fixed payments), less lease incentives receivable;
- variable payments linked to an index or rate;
- amounts expected under residual value guarantees;
- the exercise price of purchase options reasonably certain to be exercised; and
- penalties for terminating if the lease term reflects early termination.

Lease liabilities are discounted using the interest rate implicit in the lease, or the Group's incremental borrowing rate if that rate cannot be readily determined. They are subsequently measured at amortised cost using the effective interest method, increased for interest and reduced by lease payments made.

Lease liabilities are remeasured when future lease payments change due to index or rate movements, reassessment of residual guarantees, or changes in the Group's assessment of purchase, extension or termination options. A corresponding adjustment is made to the right-of-use asset, or recognised in profit or loss if the carrying amount of the asset is reduced to zero.

b. Extension and termination options

Certain property leases contain extension options to maximise operational flexibility. These options are exercisable only by the Group.

6.2.7 Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 6 Non-financial assets and financial liabilities(cont.)

6.3 Provisions

6.3.1 Current

Employee entitlements

2025	2024
\$	\$

313,769 270,985

313,769 270,985

6.3.2 Non-current

Employee entitlements

59,027 41,241

59,027 41,241

6.3.3 Movements in carrying amounts

Employee entitlements	Total
\$	\$

Carrying amount at 1 July 2024

312,226 312,226

Additions

169,245 169,245

Amounts used during the year

(108,675) (108,675)

Carrying amount at 30 June 2025

372,796 372,796

6.3.4 Description of provisions

- a. *Provision for employee benefits* represents amounts accrued for annual leave (**AL**) and long service leave (**LSL**). The current portion for this provision includes the total amount accrued for AL entitlements and the amounts accrued for LSL entitlements that have vested due to employees having completed the required period of service. The Group does not expect the full amount of AL or LSL balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

6.3.5 Accounting policy

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting date.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 6 Non-financial assets and financial liabilities(cont.)**6.4 Other material accounting policies related to non-financial assets and liabilities****6.4.1 Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see accounting policy at note 4.8) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at reporting date for indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been changes in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 7 Equity						
7.1	Issued capital	Note	2025 No.	2024 No.	2025 \$	2024 \$
Fully paid ordinary shares at no par value			515,927,627	474,980,951	36,220,598	35,524,272
7.1.1	Ordinary shares		2025 No.	2024 No.	2025 \$	2024 \$
At the beginning of the year			474,980,951	413,577,781	35,524,272	33,818,296
Movements during the year:						
	07.2023	Options exercised at \$0.024	-	350,000	-	8,400
	08.2023	Options exercised at \$0.024 and \$0.08	-	605,000	-	14,800
	11.2023	ESOP rights converted	7.3.1	791,141	-	26,108
	11.2023	Placement		12,250,000	-	490,000
	11.2023	Options exercised at \$0.024		638,165	-	15,316
	12.2023	Options exercised at \$0.024		36,369,601	-	872,859
	12.2023	Director placement		5,500,000	-	220,000
	01.2024	Options exercised at \$0.024		3,399,263	-	81,582
	06.2024	Options exercised at \$0.024		1,500,000	-	36,000
	07.2024	ESOP rights converted	7.3.1	245,470	-	-
	09.2024	Options exercised at \$0.024	7.2.1	916,667	-	-
	10.2024	Options exercised at \$0.05	7.2.1	250,000	-	-
	10.2024	Options exercised at \$0.08	7.2.1	93,750	-	-
	12.2024	Options exercised at \$0.024	7.2.1	458,334	-	-
	03.2025	Gross conversion of notes	7.1.3	10,000,000	-	-
	03.2025	Gross conversion of notes	7.1.3	500,000	-	-
	04.2025	Gross conversion of notes	7.1.3	2,166,666	-	-
	05.2025	Placement		26,315,789	-	-
Transaction costs relating to share issues						
		Cash-based		-	-	(36,300)
		Equity-based	16.1	-	-	(238,343)
		Equity-based – option expiry		-	-	10,366
At end of the year			515,927,627	474,980,951	36,220,598	35,524,272

7.1.2 Ordinary shares entitle holders to dividends and, on winding up, to a proportionate share of the Company's residual assets according to the number and amounts paid on the shares held. Each shareholder has one vote on a show of hands or one vote per share on a poll. Ordinary shares have no par value and the Company does not have authorised capital.

7.1.3 During the year, \$380,000 convertible notes were converted into ordinary shares. Included in the value recognised in equity was the value of the conversion right of \$18,095, related to the notes issue. The total value recognised on conversion was \$398,095. Refer also note 5.5.5.

7.1.4 Accounting policy

Ordinary shares are classified as equity and recorded at the fair value of consideration received, net of incremental costs directly attributable to the issue, and net of any related income tax benefit. Ordinary shares do not carry any special rights or restrictions and rank equally with respect to the Company's residual interest in profits and net assets.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 7 Equity (cont.)						
7.2	Options	Note	2025 No.	2024 No.	2025 \$	2024 \$
Options			99,381,650	197,764,414	827,886	798,151
7.2.1	Options		2025 No.	2024 No.	2025 \$	2024 \$
At the beginning of the year			197,764,414	88,905,763	798,151	135,174
Movement during the year:						
07.2023	Entitlement issue		-	41,112,778	-	82,226
07.2023	\$0.024 options exercised		-	(350,000)	-	-
07.2023	Offer prospectus		-	66,356,636	-	175,892
07.2023	Director remuneration	16.2.2a	-	7,500,000	-	150,000
07.2023	Incentive options vesting	16.2.2c	-	5,000,000	25,838	69,500
08.2023	\$0.024 & \$0.08 options exercised		-	(605,000)	-	-
11.2023	Placement options		-	12,250,000	-	-
11.2023	Advisor options	16.2.2e	-	1,500,000	-	26,850
11.2023	\$0.024 options exercised		-	(638,165)	-	-
12.2023	\$0.024 options exercised		-	(36,369,601)	-	-
12.2023	Directors placement attaching options		-	5,500,000	-	-
12.2023	Performance options	16.2.2d	-	15,000,000	-	178,875
12.2023	Expiration of options		-	(2,498,734)	-	(20,366)
01.2024	\$0.024 options exercised		-	(3,399,263)	-	-
06.2024	\$0.024 options exercised		-	(1,500,000)	-	-
09.2024	\$0.024 options exercised	7.1.1	(916,667)	-	(5,244)	-
10.2024	\$0.05 options exercised	7.1.1	(250,000)	-	-	-
10.2024	\$0.08 options exercised	7.1.1	(93,750)	-	(225)	-
12.2024	\$0.024 options exercised	7.1.1	(458,334)	-	(2,622)	-
12.2024	CN Holder options	7.2.2	16,831,650	-	269,333	-
12.2024	Alto Capital options	16.2.1b	3,000,000	-	48,000	-
12.2024	Expiry of NOROD		(107,370,664)	-	(257,881)	-
02.2025	Expiry of NOROY		(12,124,999)	-	(58,564)	-
05.2025	Red Leaf options	16.2.1c	3,000,000	-	11,100	-
At end of the year			99,381,650	197,764,414	827,886	798,151

7.2.2 During the year, the Company issued convertible notes with free attaching unquoted options. The options were recognised as borrowing costs in accordance with accounting standards and valued at \$269,333 (refer note 16.2.1a).

A total of 16,831,650 options were issued, exercisable at \$0.03 and expiring on 31 December 2026, with immediate vesting. Of these, 3,333,000 options remain subject to shareholder approval as they relate to convertible notes taken out by Directors.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 7 Equity (cont.)

7.3 Performance equity	Note	2025 No.	2024 No.	2025 \$	2024 \$
Performance equity		15,463,389	15,708,859	220,824	189,352
7.3.1 Performance equity movement		2025 No.	2024 No.	2025 \$	2024 \$
At the beginning of the year		15,708,859	10,000,000	189,352	105,000
Movements during the year:					
Issue of performance rights	16.2.2b	-	6,500,000	43,255	110,460
11.2023 ESOP rights converted		-	(791,141)	-	(26,108)
07.2024 ESOP rights converted		(245,470)	-	(11,783)	-
At reporting date		15,463,389	15,708,859	220,824	189,352

7.4 Reserves	Note	2025 \$	2024 \$
7.4.1 Summary reserves:			
Share-based payment reserve, comprising:			
Performance equity	7.3	220,824	189,352
Options	7.2	827,886	798,151
		1,048,710	987,503
Convertible note equity reserve	5.5.5	5,953	-
		1,054,663	987,503

7.4.2 Share-based payment reserve

The share-based payment reserve records the value of options and performance shares issued by the Company to its employees or consultants.

7.4.3 Convertible note equity reserve

Represents the equity component of convertible notes, being the value of the holders' conversion rights recognised in equity on initial issue under AASB 132. The reserve is transferred to share capital upon conversion or to retained earnings. Details of the convertible notes are shown note 5.5.5.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Section B. Risk

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

Note 8 Financial risk management**8.1 Financial risk management policies**

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's financial assets and liabilities is shown below:

	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	2025 Total \$	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	2024 Total \$
<i>Financial assets</i>								
• Cash and cash equivalents	137,765	-	-	137,765	68,984	-	-	68,984
• Trade and other receivables	-	-	1,071,523	1,071,523	-	-	294,760	294,760
• Financial assets	-	-	149,244	149,244	-	-	-	-
Total financial assets	137,765	-	1,220,767	1,358,532	68,984	-	294,760	363,744
<i>Financial liabilities at amortised cost</i>								
• Trade and other payables	-	-	856,563	856,563	-	-	670,576	670,576
• Borrowings	-	903,940	-	903,940	-	601,123	50,000	651,123
• Financial liabilities	-	46,508	-	46,508	-	116,108	-	116,108
Total financial liabilities	-	950,448	856,563	1,807,011	-	717,231	720,576	1,437,807
Net financial assets / (liabilities)	137,765	(950,448)	364,204	(448,479)	68,984	(717,231)	(425,816)	(1,074,063)

8.2 Specific financial risk exposures and management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor are its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Managing Director authorises expenditure however the Group has an expenditure matrix whereby authority is received from the full board.

8.2.1 Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board as a whole.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 8 Financial risk management (cont.)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

○ *Credit risk exposures*

The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, wherever possible.

8.2.2 *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's ability to raise equity funding in the market is paramount in this regard.

Typically, the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities of the Group include trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

○ *Contractual maturities*

The following are the contractual maturities of financial assets and liabilities of the Group:

	Within 1 year		Greater than 1 year		Total	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
<i>Financial liabilities due for payment</i>						
Trade and other payables	856,563	670,576	-	-	856,563	670,576
Borrowings	903,940	651,123	-	-	903,940	651,123
Leases	46,508	116,108	-	-	46,508	116,108
Total contractual outflows	1,807,011	1,437,807	-	-	1,807,011	1,437,807
<i>Financial assets</i>						
Cash and cash equivalents	137,765	68,984	-	-	137,765	68,984
Trade and other receivables	1,071,523	294,760	-	-	1,071,523	294,760
Loans, net of any impairment	-	-	149,244	-	149,244	-
Total anticipated inflows	1,209,288	363,744	149,244	-	1,358,532	363,744
Net (outflow) / inflow on financial instruments	(597,723)	(1,074,063)	149,244	-	(448,479)	(1,074,063)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 8 Financial risk management (cont.)**8.2.3 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities minimally expose it to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. The Group does not enter into derivative financial instruments including foreign exchange forward contracts to hedge against financial risk. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

a. Interest rate risk

The company and the Group are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Company and the Group's exposures to interest rate in financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

b. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

8.2.4 Sensitivity analyses

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
a. Interest rates		
Year ended 30 June 2025		
±100 basis points change in interest rates	± 1,378	± 1,378
Year ended 30 June 2024		
±100 basis points change in interest rates	± 690	± 690

8.2.5 Net fair values**a. Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the table in note 8.1 and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments whose carrying value is equivalent to fair value due to their nature include:

- Cash and cash equivalents;
- Trade and other receivables; and
- Trade and other payables.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 9 Capital management**9.1 Capital**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

9.2 Working capital

The working capital position of the Group was as follows:

	Note	2025 \$	2024 \$
Cash and cash equivalents	5.1	137,765	68,984
Trade and other receivables	5.2	1,071,523	294,760
Trade and other payables	5.4	(856,563)	(670,576)
Borrowings	5.5	(903,940)	(651,123)
Leases	6.2.2	(46,508)	(116,108)
Current provisions	6.3	(313,769)	(270,985)
Working capital position		(911,492)	(1,345,048)

Notes to the consolidated financial statements

for the year ended 30 June 2025

Section C. Group structure

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

- (a) changes to structure that occurred during the year as a result of business combinations and disposal of discontinued operations;*
- (b) transactions with non-controlling interests; and*
- (c) interests in joint operations.*

A list of significant subsidiaries is provided in 10 below.

Note 10 Interest in subsidiaries**10.1 Information about principal subsidiaries**

While the accounting parent of the Group is Norwood Systems (Aust) Pty Ltd, the legal and ultimate parent of the Group is Norwood Systems Limited. The consolidated financial statements include the financial statements of Norwood Systems (Aust) Pty Ltd as accounting parent and the subsidiaries listed in the following table.:

Entity name	Class of shares	Percentage owned		Country of incorporation
		2025	2024	
○ Norwood Systems (Aust) Pty Ltd	Ordinary	100	100	Australia
○ Norwood Systems (UK) Limited	Ordinary	100	100	UK

- a. The Group removed Norwood Systems, Inc., a U.S. incorporated entity, from the Group structure following its strike-off by the Delaware Division of Corporations. The company had been dormant with no operations, assets, or liabilities, and its removal had no impact on the Group's consolidated results, financial position, or cash flows.

Note 11 Other material accounting policies related to Group Structure**11.1 Basis of consolidation**

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

11.2 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred;
- *plus* the recognised amount of any non-controlling interests in the acquire;
- *plus* if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;
- *less* the net recognised amount of the identifiable assets acquired and liabilities assumed.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 11 Other material accounting policies related to Group Structure**11.2.1 Subsidiaries**

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceased.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note 10 *Interest In Subsidiaries* of the financial statements.

11.2.2 Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interests are measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

11.2.3 Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Section D. Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

In addition to the items and transactions disclosed below, there are also unrecognised tax amounts – see note 4 Income tax.

Note 12 Events subsequent to reporting date**12.1 Variation to the Cash Drawdown facility agreement**

On 1 September 2025, the Company approved to vary the Cash Drawdown facility agreement as described in note 5.5.2 on the following terms:

- *New principal amount* \$322,669 (31 August 2025).
- *Interest rate* 7.95% p.a.
- *Extension fee* \$3,000 payable on 3 September 2025.
- *Repayment date* 3 September 2025.

The facility had also been extended on 1 August 2025. It was fully settled on 3 September 2025 (note 12.2).

12.2 Replacement of Cash Drawdown facility agreement

On 3 September 2025, the Company announced it had refinanced the remaining balance of its loan with Balmain Resources Pty Ltd (**Balmain**). The outstanding balance was fully discharged and replaced using a new short-term unsecured loan facility of \$345,000, on the following key terms:

- *Lender:* Dilek Saticieli (a shareholder holding 8,000,000 shares or 1.55% of the Company).
- *Principal:* \$345,000.
- *Interest:* Fixed \$34,500 (non-compounding).
- *Repayments:* \$79,500 due 17 October 2025; A\$300,000 due 28 November 2025.
- *Maturity:* 28 November 2025.
- *Default charges:* \$2,000 per 7-day period on overdue balances (non-compounding).
- *Security/equity:* None (no security granted; no equity securities or options issued).

The proceeds were applied in full to retire the Balmain Cash Drawdown facility. Following settlement, no amounts remain owing under the Balmain Cash Drawdown facility.

12.3 Board changes

On 17 September 2025, Dr John Tarrant resigned as Chair and Non-Executive Director of the Company. Dr Tarrant had served on the Board for over three years, including as Chair, and contributed to strengthening the Company's governance and commercial foundations. The Board has commenced a process to appoint a new Chair.

No other matters or circumstances have arisen since balance date that have significantly affected, or may significantly affect, the Group's operations, results, or state of affairs in future financial periods

Note 13 Contingency liabilities and commitments**13.1 Non-Executive Director remuneration arrangements**

At 30 June 2025, the Group has identified potential remuneration arrangements for Non-Executive Directors (**NEDs**) amounting to approximately \$580,000. This consists of:

- \$180,000 in relation to NED fees, and
- \$400,000 in respect of additional performance and incentive arrangements (\$200,000 per director) representing work done outside of an NED role.

The final amounts, structure, timing and composition of these arrangements have not yet been determined by the Board, and their implementation remains contingent upon the receipt of the requisite shareholder approval.

As these arrangements are not presently the subject of a binding and enforceable obligation, the Group has determined that it would not be appropriate to recognise an accrual in the financial statements at this time, and accordingly disclosure is provided here as a contingent liability until such time as the relevant approvals have been obtained and the obligations become certain.

There are no other contingent liabilities as at 30 June 2025 (2024: Nil). There are no commitments as at 30 June 2025 (2024: Nil).

Notes to the consolidated financial statements

for the year ended 30 June 2025

Section E. Other Information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 14 Related party transactions

14.1 Key Management Personnel (KMP) compensation

The names and positions of KMP are as follows:

Dr John Tarrant	Non-Executive Chairman	(resigned 17 September 2025)
Mr Paul Ostergaard	Chief Executive Officer and Managing Director	
Mr Philip Marsland	Non-Executive Director	
Mr Philip Otley	Non-Executive Director	
Mr Paul Covich	Non-Executive Director	(appointed 28 January 2025, resigned 17 April 2025)
Other KMP:		
Mr Stevan Tot	General Manager Enterprise and Vice President Sales	

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 are provided in the *Remuneration report* table on page 14.

	2025 \$	2024 \$
Short-term employee benefits	434,834	414,000
Post-employment benefits	41,630	39,820
Share-based payments	6,655	242,798
Other long-term benefits	-	-
Termination benefits	-	-
Total	483,119	696,618

14.2 Other transactions with KMP or their related parties

Some Directors or former Directors of the Group hold or have held positions in other companies, where it is considered, they control or significantly influence the financial or operating policies of those entities.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following details the related party transaction for period, unless otherwise disclosed.

14.2.1 Cash Drawdown facility Balmain Resources Pty Ltd (controlled by Dr John Tarrant – Non-executive Director)

In April 2024 (10th variation 30 June 2025) Company entered a Cash Drawdown Facility agreement with Balmain Resources Pty Ltd, on the following key terms as detailed in note 5.5.2. On 1 September 2025 (12th variation) with the term extended to 3 September 2025 and principal to \$322,669, as disclosed note 12.1. The facility had also been extended on 1 August 2025. It was fully settled on 3 September 2025 (note 12.2).

Movements in the loan account are as follows:

	2025 \$	2024 \$
Opening balance payable by the Group	274,663	-
Funds loaned to the Group	455,000	260,000
Establishment and extension fees capitalised to the loan	62,203	9,900
Interest capitalised to the loan	76,476	4,763
Loan repayments made	(550,000)	-
	318,342	274,663

14.2.2 Convertible notes Dr John Tarrant – Non-executive Director, Mr Philip Marsland – Non-executive Director

Non-executive Directors Dr Tarrant and Mr Marsland each subscribed \$50,000 in the convertible note raise, detailed in note 5.5.5, on the same terms as other note holders. The attaching 3,333,000 options are subject to shareholder approval.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note	15 Earnings per share (EPS)	Note	2025 \$	2024 \$
15.1 Reconciliation of earnings to profit or loss				
	Loss for the year		(599,721)	(2,584,155)
	Less: loss attributable to non-controlling equity interest		-	-
	Loss used in the calculation of basic and diluted EPS		(599,721)	(2,584,155)
			2025 No.	2024 No.
15.2 Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS			482,546,980	446,206,171
	Weighted average number of dilutive equity instruments outstanding	15.5	N/A	N/A
15.3 Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS			482,546,980	446,206,171
15.4 Earnings per share			2025 ¢	2024 ¢
	Basic EPS (cents per share)	15.5	(0.12)	(0.58)
	Diluted EPS (cents per share)	15.5	N/A	N/A
15.5	As at 30 June 2025 the Group has 99,381,650 unissued shares under option (2024: 197,764,414) and 15,463,389 performance right (2024: 15,708,859). The Group does not report diluted earnings per share on losses generated by the Group. During the year, the Group's unissued shares under option and partly-paid shares were anti-dilutive.			

Note	16 Share-based payments	Note	2025 \$	2024 \$
16.1 Share-based payments:				
○ Recognised in profit and loss:	<i>Options (expensed)</i>	16.2.2a to d	69,093	406,835
	<i>Share-settled (expensed)</i>	16.2.2a	-	102,000
○ Recognised on convertible notes issue:	<i>Borrowing costs (expensed)</i>	16.2.1a,b	83,721	-
	<i>Equity (transaction costs)</i>	16.2.1a,b	194,015	-
○ Recognised in equity (<i>transaction costs</i>)		16.2.1c	11,100	26,850
		16.2.2e		
	Gross share-based payments		357,929	535,685

16.2 Share-based payment arrangements in effect during the year**16.2.1 Issued during the current year****a. Convertible note holders' options**

As detailed in note 5.5.5, the Company issued convertible notes with a free attaching unquoted option. Note holders may convert at any time up to the repayment date. The options have been recognised as borrowing costs in accordance with account standards and valued in accordance with note 16.3. The keys terms of the options are as follows:

Number under option	Date of expiry	Exercise price	Vesting terms
16,831,650	31 December 2026	0.03	Immediately

Unquoted options issued to note holders were valued at \$269,333. Of the above, 3,333,000 options are subject to shareholder approval for issue, as they relate to \$100,000 convertible notes taken out by Directors (see note 14.2.2).

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 16 Share-based payments (cont.)

16.2 Share-based payment arrangements in effect during the year (cont.)

b. *Convertible note advisors' options*

As part of the convertible note issue, described in note 5.5.5, the Company's advisor to the raise, Alto Capital received 3,000,000. The options have been recognised as borrowing costs in accordance with account standards and valued in accordance with note 16.3. The keys terms of the options are as follows:

Number of options	Date of expiry	Exercise price	Vesting terms
3,000,000	31 December 2026	0.03	Immediately

Unquoted options issued to advisors were valued at \$48,000.

c. *Advisor success fee options*

During the year, the Company issued 3,000,000 unlisted options to Red Leaf Securities Pty Ltd, the lead manager of the May 2025 placement. The options were issued as part of the success fee arrangement valued in accordance with note 16.3. The keys terms of the options are as follows:

Number of options	Date of expiry	Exercise price	Vesting terms
3,000,000	31 December 2026	0.03	Immediately

Unquoted options issued to advisors were valued at \$11,100.

16.2.2 Issued in prior year, remaining in effect

a. *Options issued to settled accrued director remuneration*

On 13 July 2023, the Company issued 7,500,000 options at \$0.01 to settle accrued directors' remuneration amounting to \$102,000. The options exercisable at 4 cents expiring 13 July 2026. In accordance with accounting standards and other regulatory pronouncements, a valuation was performed using the following terms:

Number of options	Date of expiry	Exercise price	Vesting terms
7,500,000	13.07.2026	\$0.04	Vest immediately

The total value of the options under valuation was \$150,000. As this exceeds the value of the fees settled, an additional \$48,000 was recognised as a share-based payment expense.

b. *Performance rights issued to employees under the Company's ESOP*

On 1 November 2023, the Company issued 6,500,000 performance rights to employees. The rights convert to equity on the employee meeting a service condition of 4 years (accelerated based on start date). The total value of the rights was \$214,500 based on a share price at grant date of \$0.033. The vested value for the year June 2025 is \$43,255 (2024: \$110,460). Life-time amount vested to June 2025 is \$153,715 (2024: \$110,460).

c. *Consultant options*

Following shareholder approval, the Company issued 5,000,000 Options to a consultant on 13 July 2023, on the following terms:

Tranche	Number of options	Date of expiry	Exercise price	Vesting terms
1	1,000,000	13.07.2026	\$0.04	6 months from the date of issue
2	1,000,000	13.07.2026	\$0.04	12 months from the date of issue
3	1,000,000	13.07.2026	\$0.04	18 months from the date of issue
4	1,000,000	13.07.2026	\$0.04	24 months from the date of issue
5	1,000,000	13.07.2026	\$0.04	30 months from the date of issue

The total value of the options was \$100,000. The vested value for the year June 2025 is \$25,838 (2024: \$69,500). Life-time amount vested to June 2025 is \$95,338 (2024: \$69,500).

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 16 Share-based payments (cont.)**16.2 Share-based payment arrangements in effect during the year (cont.)****d. Non-Executive Director options**

Following shareholder approval, the Company issued 5,000,000 Options to a Messrs Ostergaard, Otley, and Marsland on 19 December 2023, on the following terms:

Number of options	Date of expiry	Exercise price	Vesting Terms
15,000,000	18.12.2026	\$0.08	(1) once a customer agreement is signed where the total minimum contract value reaches or surpasses \$1 million within FY2024; OR (2) market capitalisation of \$30 million achieved by 30.06.2024 over a window of not less than 30 days of continuous trading days or where a change of control is agreed by the Board and Shareholders. A 30-day volume weighted average price (VWAP) will be used to determine the share price. Condition to be satisfied no later than 30 June 2024.

Due to the non-market conditions exceeding the market conditions in value, and the conditions are mutually exclusive, the higher value was adopted for initial recognition reporting purposes at \$178,875. The options failed to meet vesting conditions on 30 June 2024 and will not vest.

e. Advisors' options

Following shareholder approval, the Company issued 1,500,000 options to Advisors on 25 October 2023, as follows:

Number of options	Date of expiry	Exercise price	Vesting Terms
1,500,000	31 October 2025	0.05	Immediately

Unquoted options issued to advisors were valued at \$26,850.

16.3 Fair value of options granted during the year

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was \$0.014 (30 June 2024: \$0.016). These values were calculated, applying the following inputs to options:

Note reference	16.2.1a	16.2.1b	16.2.1c
Methodology	Black-Scholes	Black-Scholes	Black-Scholes
Grant date:	31.12.2024	31.12.2024	20.05.2025
Grant date share price:	\$0.033	\$0.033	\$0.020
Option exercise price:	\$0.030	\$0.030	\$0.030
Number of options issued:	16,833,333	3,000,000	3,000,000
Remaining life (years):	2.00	2.00	1.62
Expected share price volatility:	91.72%	91.72%	59.57%
Risk-free interest rate:	3.77%	3.77%	3.37%
Value per option	\$0.016	\$0.016	\$0.0037

Fair values

Total fair value	\$269,333	\$48,000	\$11,100
Recognised in the period in:			
- borrowing costs	\$71,057	\$12,664	\$11,100
- transaction costs	\$164,762	\$29,363	
- Balance to recognise in future periods	\$33,514	\$5,973	

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 16 Share-based payments (cont.)**16.4 Accounting policy**

The Group provides remuneration to employees, service providers and related parties in the form of share-based payment arrangements. These arrangements are equity-settled, whereby goods or services are received in exchange for shares, or rights over shares, in the Company.

The cost of equity-settled share-based payment transactions is measured by reference to the fair value of the equity instruments granted at grant date. Fair value is determined using an appropriate valuation methodology, taking into account the terms and conditions upon which the instruments were granted. Where the fair value of goods or services received can be measured reliably, that amount is used to measure both the transaction and the corresponding increase in equity. Where fair value cannot be reliably measured, the fair value of the equity instruments granted is used.

The fair value of awards incorporates all market-based vesting conditions but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are instead taken into account by adjusting the number of instruments included in the measurement of the transaction amount, such that the amount ultimately recognised reflects the number of awards that are expected to vest. Estimates are reassessed at each reporting date, with any change recognised in profit or loss and a corresponding adjustment to equity.

The cost of equity-settled share-based payment transactions is recognised as an expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are satisfied (the vesting period). The cumulative expense recognised at each reporting date reflects both the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made to reflect the likelihood of meeting market performance conditions, as these are incorporated in the grant-date fair value of the award.

Where the terms of an equity-settled award are modified, the minimum expense recognised is that which would have been recognised had the terms not been modified. In addition, any incremental fair value arising from the modification, being the difference between the fair value of the modified award and the original award at the date of modification, is recognised over the remaining vesting period.

16.5 Key estimate – Share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted. The fair value of options granted is measured using the Black-Scholes option pricing model. The model uses assumptions and estimates as inputs. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 16.3.

Note 17 Operating segments**17.1 Identification of reportable segments**

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the consolidated Group. The Group's primary business segment is the provision of voice telecommunication services. The Company operates in one segment, voice telecommunication services.

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of revenue generated, as disclosed in note 1.3. Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 18 Parent entity disclosures

Norwood Systems Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Norwood Systems Limited did not enter into any trading transactions with any related party during the year.

18.1 Financial position of Norwood Systems Limited

	2025 \$	2024 \$
Current assets	34,876	46,203
Non-current assets	-	-
Total assets	34,876	46,203
Current liabilities	636,398	389,442
Non-current liabilities	-	-
Total liabilities	636,398	389,442
Net liabilities	(601,522)	(343,239)
<i>Equity</i>		
Issued capital	47,332,694	46,636,368
Reserves	1,054,664	987,504
Accumulated losses	(48,988,880)	(47,967,111)
Total equity	(601,522)	(343,239)

18.2 Financial performance of Norwood Systems Limited

	2025 \$	2024 \$
Loss for the year	(1,021,769)	(2,714,072)
Other comprehensive income	-	-
Total comprehensive income	(1,021,769)	(2,714,072)

18.3 Guarantees

No guarantees were entered into by Norwood Systems Limited for the debts of subsidiaries as at 30 June 2025 (2024: none).

18.4 Contractual commitments and contingent liabilitiesThe parent company's contingencies and commitments are the same as those disclosed in note 13 *Contingency liabilities and commitments*. There were no other commitments or contingent liabilities as at 30 June 2025 (2024: none).**Note 19 Auditor's remuneration**

	2025 \$	2024 \$
<i>Remuneration of the auditor for:</i>		
○ Auditing or reviewing the financial reports:		
● Hall Chadwick WA Audit Pty Ltd	44,000	42,500

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 20 Statement of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

20.1 Basis of preparation

20.1.1 Reporting Entity

Norwood Systems Limited (**Norwood** or the **Company**) is a listed public company limited by shares, domiciled and incorporated in Australia. These are the consolidated financial statements and notes of Norwood and controlled entities (collectively the **Group**). The Group is a for-profit entity and is primarily involved in mobile voice, messaging, data and cyber security services.

In accordance with the *Corporations Act 2001* (Cth), separate financial statements for the parent entity are not required and have not been presented with this financial report.

20.1.2 Basis of accounting

These financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**), the *Corporations Act 2001* (Cth), and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

Australian Accounting Standards (**AASBs**) set out accounting policies that the AASB has determined result in financial statements providing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

The financial statements were authorised for issue by the Directors of the Company on 30 September 2025.

20.1.3 Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the year of \$599,721 (2024: \$2,584,155 loss) and a net cash out-flow from operating activities of \$653,220 (2024: \$2,003,928 out-flow). As at 30 June 2025, the Company has a working capital deficit of \$911,492 (2024: \$1,345,048 working capital deficit), as disclosed in note 9 of the *Capital management* note.

The ability of the Group to continue as a going concern is dependent on the Group securing additional debt and/or equity funding and generating profits from its normal course of business.

These conditions indicate the existence of a material uncertainty that may cast a doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors are confident that there will be sufficient funds for the Group to meet its obligations and liabilities and believe it is appropriate to prepare these accounts on a going concern basis for the following reasons:

- Subsequent to year end the Group received its R&D grant of \$632,880, funds were used to extinguish amounts owing to Radium Capital and fund general working capital requirements;
- Subsequent to year end, the Group settled the loan outstanding to Balmain Resources Pty Ltd and refinanced this borrowing with a new shareholder loan (refer note 12.2) which matures on 28 November 2025. The loan will be repaid at maturity through a combination of operational cash flows and/or the successful completion of a capital raising;
- The Group continues actively managed its cash flows to align with available funding; and
- The Group has the ability to raise funds from equity sources and has a successful record for past raisings that gives the board confidence that it can complete further capital raisings if required.

The Directors plan to continue the Group's operations on the basis disclosed above and believe that there will be sufficient funds for the Group to meet its obligations and liabilities for at least 12 months from the date of this report. In the event that the Group is unable to generate sufficient revenue in the normal course of business or secure additional funds through new share issues or borrowings, the Group may need to reduce costs or negotiate extended terms with key creditors in order to meet working capital requirements.

Should the Group be unable to successfully execute one or more of the aforementioned matters, there exists a material uncertainty that may cause significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern and meet its debts as and when they become due and payable.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 20 Statement of material accounting policies**20.1.4 Comparative figures**

Where required by AASBs, comparative figures have been reclassified to conform with changes in presentation in the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement, or reclassified items in its financial statements, a third statement of financial position is presented as at the beginning of the preceding period, together with the related notes, in addition to the minimum comparative financial statements required.

20.1.5 New and amended AASBs adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

20.2 Value-added taxes

Value-added tax (**VAT**) is the generic term for the broad-based consumption taxes to which the Group is exposed, including Australia (**Goods and Services Tax** or **GST**) and certain overseas jurisdictions (such as Sales Tax in the USA). For the purposes of this policy, all such taxes are collectively referred to as GST.

Revenues, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the relevant taxation authority. In such cases, the GST is recognised as part of the cost of acquisition of the asset or as part of the related expense.

Receivables and payables are stated inclusive of GST in the statement of financial position. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (or jurisdictional equivalent) is included as a current asset or liability.

Cash flows are presented in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority, is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

20.3 Foreign currency transactions and balances**20.3.1 Functional and presentation currency**

The functional currency of each Group entity is determined as the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is both the functional and presentation currency of the legal parent entity. The functional currency of Norwood Systems Inc. is the US dollar.

20.3.2 Transaction and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign currency monetary items are translated at the closing exchange rate at the reporting date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the original transaction. Non-monetary items measured at fair value are translated using the exchange rate at the date when the fair value was determined.

Exchange differences arising on the settlement or translation of monetary items are recognised in profit or loss, except where they form part of a qualifying cash flow or net investment hedge, in which case they are deferred in equity. Exchange differences on non-monetary items are recognised consistently with the classification of the underlying item: directly in other comprehensive income if the gain or loss is recognised in other comprehensive income, or in profit or loss otherwise.

20.3.3 Group companies and foreign operations

The results and financial position of foreign operations with a functional currency different from the Group's presentation currency are translated into Australian dollars as follows:

- assets and liabilities are translated at the closing exchange rate at the reporting date;
- income and expenses are translated at average exchange rates for the reporting period (unless this does not approximate the exchange rate at the transaction date); and
- equity items are translated at the exchange rates prevailing at the dates of the underlying transactions.

Exchange differences arising on the translation of foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity. These exchange differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 20 Statement of material accounting policies

20.4 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These judgements and estimates are based on historical experience and other factors considered reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of AASBs that have the most significant effect on the consolidated financial statements, and estimates that carry a significant risk of material adjustment in the next financial year, are disclosed below.

20.4.1 Critical accounting estimates and judgments

Management, in consultation with the Board, oversees the development, selection and disclosure of the Group's critical accounting policies and related estimates. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the notes below.

a. Key estimate – Taxation

Refer 4.7 in the Income Tax note.

b. Key estimate – Share-based payments

Refer note 16 *Share-based payments*

20.5 Fair Value

20.5.1 Fair Value of assets and liabilities

The Group measures certain assets and liabilities at fair value, either on a recurring or non-recurring basis, in accordance with the requirements of the applicable AASBs.

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As fair value is a market-based measurement, observable market prices are used whenever available. Adjustments may be made to reflect the specific characteristics of the asset or liability. For items not traded in an active market, fair values are determined using valuation techniques that maximise the use of observable inputs.

Market information is taken from the principal market for the asset or liability, or, if there is no principal market, the most advantageous market available at the reporting date. For non-financial assets, fair value measurement also reflects a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another participant who would use it that way.

The fair value of liabilities and the Group's own equity instruments (excluding those related to share-based payment arrangements) is determined, where possible, by reference to observable market information. Where this is not available, other valuation techniques are applied and, where significant, are disclosed in the relevant notes to the financial statements.

20.5.2 Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following hierarchy:

Level 1	Level 2	Level 3
Quoted (unadjusted) prices in active markets for identical assets or liabilities accessible at the measurement date.	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Unobservable inputs for the asset or liability.

An asset or liability is categorised in its entirety within the lowest level of input that is significant to the fair value measurement. Transfers between levels occur when there is a change in the observability of inputs or in market activity. The Group recognises such transfers at the date of the event or change in circumstances that caused the transfer.

20.5.3 Valuation techniques

The Group selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The principal approaches include:

- *Market approach* using prices and other relevant information from market transactions for identical or comparable assets or liabilities.

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 20 Statement of material accounting policies

- *Income approach* converting future amounts (cash flows, income or expenses) into a present value using appropriate discounting.
- *Cost approach* reflecting the amount that would be required to replace the service capacity of an asset.

Each technique uses inputs that reflect the assumptions market participants would apply in pricing the asset or liability, including assumptions about risk. The Group prioritises valuation techniques that maximise the use of observable inputs and minimises reliance on unobservable inputs

20.6 New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Consolidated Entity Disclosure Statement

Entity name	Ownership interest 2025	Type of entity	Trustee, partner, or participant in a joint venture	Country of incorporation	Australian resident for tax purposes
○ Norwood Systems Limited	Parent	Body corporate	N/A	Australia	Australian
○ Norwood Systems (Aust) Pty Ltd	100	Body corporate	N/A	Australia	Australian
○ Norwood Systems (UK) Limited	100	Body corporate	N/A	UK	Foreign

Basis of preparation

This Consolidated Entity Disclosure Statement (**CEDS**) has been prepared in accordance with the *Corporations Act 2001* (Cth). It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295(3A) of the *Corporation Acts 2001* (Cth) defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. It should be noted that the definitions of "Australian resident" and "foreign resident" in the *Income Tax Assessment Act 1997* are mutually exclusive. This means that if an entity is an *Australian resident*, it cannot be a *foreign resident* for the purposes of disclosure in the CEDS.

In determining tax residency, the consolidated entity has applied the following interpretation:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Tax consolidation

Norwood Systems Limited, as head entity of the Australian tax-consolidated group, recognises current and deferred tax for the Group to the extent amounts are assumed from controlled entities. Amounts arising under tax funding agreements are recognised as intercompany receivables or payables. Any difference between amounts recognised and those settled under the funding arrangements is treated as a contribution by, or distribution to, the relevant controlled entities.

Directors' declaration

The Directors of the Company declare that in the Directors' opinion:

1. The attached financial statements and notes, as set out on pages 18 to 57, are in accordance with the *Corporations Act 2001* (Cth) including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001, and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the financial year ended on that date
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 20.1.2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001* (Cth);

The Consolidation Entity Disclosure Statement on page 58 is true and correct as at 30 June 2025.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001* (Cth).

On behalf of the Directors



PAUL OSTERGAARD

Chief Executive Officer and Managing Director

Dated this Tuesday, 30 September 2025



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORWOOD SYSTEMS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Norwood Systems Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the director's declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 20.1.3 in the financial report which indicates that the Company incurred a net loss of \$599,721 during the year ended 30 June 2025. As stated in Note 20.1.3, these events or conditions, along with other matters as set forth in Note 20.1.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue Recognition As disclosed in Note 1, the Consolidated Entity generates a significant portion of its revenue from customer contracts for the provision of mobile phone application and other software piloting, integration, and implementation. The application of AASB 15 Revenue from Contracts with Customers ('AASB 15') is subject to significant judgements in respect of the identification of separate performance obligations and the recognition of revenue at either a point in time or over time. Revenue recognition is a key audit matter due to the quantum of revenue generated from contracts and the nature of the key estimates and judgments.	Our procedures included, but were not limited to: • Reviewing the relevant agreements and holding discussions with management to obtain an understanding of the contractual nature and terms and conditions of the revenue agreements; • Assessing the Consolidated Entity's revenue recognition policies for compliance with Australian Accounting Standards, in particular AASB 15; • Agreeing, for a sample of revenue transactions, the amounts recorded by the Consolidated Entity to supporting documentation to confirm the existence and accuracy of the revenue recognised; • Performing cut-off testing to ensure that revenue transactions around year-end have been recorded in the correct reporting period; and • Assessing the adequacy of the related disclosures in Note 1 of the financial report.
Share Based Payments During the year the Company issued options as part of a convertible notes issue. In addition, certain options and performance rights previously issued have vested during the period. Share-based payments are considered to be a key audit matter due to: • The significance of the transactions to the Company's financial position and	Our procedures included but were not limited to: • Analysed contractual arrangements to identify key terms and conditions of the share-based payments and relevant vesting conditions in accordance with AASB 2; • Evaluated management's valuation methods and assessed the assumptions and inputs used;



Key Audit Matter	How our audit addressed the Key Audit Matter
performance; and The level of judgement required in evaluating management's application of the requirements of AASB 2 Share-based Payment ("AASB 2").	- Assessed the amount recognised during the period against relevant vesting conditions; and - Examination of the disclosures made in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the remuneration report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error, and the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Company, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 30th day of September 2025
Perth, Western Australia

Additional information for listed public companies

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

1 Capital as at 22 September 2025

a. Ordinary share capital

515,927,627 ordinary fully paid shares held by 598 shareholders.

b. Options over Unissued Shares

The Company has an additional - unlisted options on issue in accordance with section 9.1 of the Directors' Report.

ASX Security Code	Grant Date	Date of Expiry	Exercise Price \$	Number under Option
NORAAB [#]	18.11.2022	18.11.2025	0.024	30,000,000
NORAAE	13.07.2023	13.07.2026	0.040	12,500,000
NORAAF	14.11.2023 and 22.12.2023	31.10.2025	0.050	19,000,000
NORAAG [§]	19.12.2023	22.12.2026	0.025	15,000,000
NORAAH [†]	23.12.2024 13.01.2025, and 11.06.2025	31.12.2026	0.030	19,498,650
				<u>95,998,650</u>

[#] 15,000,000 options failed to meet vesting conditions on 30 June 2023 and will not vest.

[§] 15,000,000 options failed to meet vesting conditions on 30 June 2024 and will not vest.

[†] 3,333,000 remain to be issued to directors, in connection with convertible notes, subject to

No person entitled to exercise the option has any right by virtue of the option to participate in any share issue of any other body corporate.

c. Performance Rights over Unissued Shares

Class of Performance Right	Performance Condition	Performance rights No.	Milestone Date	Expiry Date
A	Vest upon the achievement of annualised revenue of a minimum \$5,000,000 on or before the financial year ended 30 June 2026 in any twelve-month financial period, as independently verified by the Company's auditors.	5,000,000	30.06.2026	30.11.2028
B	Vested upon the achievement of annualised revenue of a minimum \$10,000,000 on or before the financial year ended 30 June 2028 in any twelve-month financial period, as independently verified by the Company's auditors.	5,000,000	30.06.2028	30.11.2028
Employee	The rights convert to equity on the employee meeting a service condition of 4 years (accelerated based on start date)	5,463,389	Varies on employee	Varies on employee
		<u>15,463,389</u>		

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

- Ordinary shares** Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- Options and performance rights** Options do not carry voting, dividend, or winding-up entitlements. Performance Rights similarly carry no such entitlements and are not transferable. Rights only arise once exercised or converted and registered as ordinary shares.

Additional Information for Listed Public Companies

e. Substantial Shareholders as at 22 September 2025

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Dr John Patrick Tarrant and related entities	124,939,874	24.22
BNP Paribas Nominees Pty Ltd (grouped)	64,095,713	12.42
Paul Frederick Norwood Ostergaard and related entities	41,790,104	8.10
JP Morgan Nominees Australia Pty Limited	29,323,186	5.68

f. Distribution of equity holders as at 22 September 2025

i. Ordinary shareholders

Category (size of holding)	Total Holders	Units held	% Held
1 – 1,000	59	9,049	0.00
1,001 – 5,000	32	92,134	0.02
5,001 – 10,000	23	178,022	0.03
10,001 – 100,000	230	11,075,185	2.16
100,001 – and over	254	504,573,237	97.79
	598	515,927,627	100.00

g. Unmarketable Parcels as at 22 September 2025

There were 182 shareholders who held less than a marketable parcel of shares, holding 1,638,010 shares.

h. On-Market Buy-Back

There is no current on-market buy-back.

i. Restricted Securities

The Company has currently no restricted securities. However, ordinary shares issued upon conversion of the Performance Rights will be voluntarily escrowed for one year from the date of issue of the Shares.

j. 20 Largest Shareholders — Ordinary Shares as at 22 September 2025

Rank	Name	No. Held	% Held
1.	Dr John Patrick Tarrant and Related Entities	124,939,874	24.22
2.	BNP Paribas Nominees Pty Ltd (Grouped)	64,095,713	12.42
3.	Paul Frederick Norwood Ostergaard and Related Entities	41,790,104	8.10
4.	J P Morgan Nominees Australia Pty Limited	29,323,186	5.68
5.	B Donovan Pty Ltd <B Donovan Super A/C> (Grouped)	14,007,328	2.71
6.	Mr Matthew Phillip Antonel	13,232,757	2.56
7.	Mr Ryan Graham Hollingsworth (Grouped)	12,150,000	2.35
8.	Ms Jue Ying Liao	9,017,893	1.75
9.	Ms Dilek Saticieli	8,000,000	1.55
10.	Hegarty Financial Investments Pty Ltd <Hegarty Super Fund A/C>	6,827,160	1.32
11.	Mr Stevan Tot	4,943,238	0.96
12.	Tersa Pty Ltd <T & L Hollingsworth S/F A/C>	4,365,221	0.85
13.	Holla Superfund Pty Ltd Holla Superfund A/C>	4,355,000	0.84
14.	Citicorp Nominees Pty Limited	4,317,107	0.84
15.	Mr Hugh James McLeod	3,647,902	0.71
16.	Mr Hemant Kumar Vanmali <Suni-Jay A/C>	3,600,000	0.70
17.	Mr Danny Adamopoulos	3,578,178	0.69
18.	C & H Lai Super Pty Ltd <Lai Superannuation Fund A/C>	3,333,333	0.65
19.	Walnor Pty Ltd	3,200,000	0.62
20.	Mr Kyle Andrew Timms & Mrs Heather Ann Timms <KA & HA Timms S/F A/C>	3,064,000	0.59
Total		365,404,234	70.81

Additional Information for Listed Public Companies

k. Unquoted Securities Holders Holding More than 20% of the Class as at 22 September 2025

• Unlisted Options (NORAAE Exercise price \$0.040, Expiry Date: 13.07.26)

Name	No. Held	% Held
Mr Ronan Dunne	5,000,000	40.00
Philip John Otley	2,500,000	20.00
Philip Sinclair Marsland	2,500,000	20.00
Dr John Patrick Tarrant	2,500,000	20.00
Sub-total	12,500,000	100.00
Total NORAAE Options	12,500,000	

• Unlisted Options (NORAAB Exercise price: \$0.024, Expiry Date: 18.12.2025)[#]

Name	No. Held	% Held
Paul Frederick Norwood Ostergaard and Related Entities	10,000,000	33.33
Philip John Otley	10,000,000	33.33
Philip Sinclair Marsland	10,000,000	33.33
Sub-total	30,000,000	100.00
Total NORAAE Options	30,000,000	

[#] 15,000,000 options failed to meet vesting conditions on 30 June 2023 and have lapsed

• Class A Performance Rights Holders

Name	No. Held	% Held
Paul Frederick Norwood Ostergaard and Related Entities	5,000,000	100.00
Sub-total	5,000,000	100.00
Total Class A Performance Rights	5,000,000	

• Class B Performance Rights

Name	No. Held	% Held
Paul Frederick Norwood Ostergaard and Related Entities	5,000,000	100.00
Sub-total	5,000,000	100.00
Total Class B Performance Rights	5,000,000	

2 The Company Secretary is Stuart Usher.

3 Principal registered office

As disclosed in the *Corporate directory* on page i of this Annual Report.

4 Registers of securities

As disclosed in the *Corporate directory* on page i of this Annual Report.

5 Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, as disclosed in the *Corporate directory* on page i of this Annual Report.



norwood
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