

Norwood Systems Limited

ABN 15 062 959 540

and its controlled entities



APPENDIX 4D

Interim Financial Report

31 December 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 & 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

Contents

- Directors' report 1
- Auditor's independence declaration 6
- Condensed consolidated statement of profit or loss and other comprehensive income 7
- Condensed consolidated statement of financial position 8
- Condensed consolidated statement of changes in equity 9
- Condensed consolidated statement of cash flows 10
- Notes to the condensed consolidated financial statements 11
- Directors' declaration 24
- Independent auditor's review report 25

Results for Announcement to the Market

for the half-year ended 31 December 2025

1. Reporting period (item 1)	
○ Report for the period ended:	31 December 2025
○ Previous corresponding period is half-year ended:	31 December 2024

2. Results for announcement to the market	Movement	Percentage %	Amount \$
○ Revenues from ordinary activities (item 2.1)	<i>Increased</i>	165.31 to	1,258,070
○ Loss from ordinary activities after tax attributable to members (item 2.2)	<i>Increased (in loss)</i>	42.78 to	(909,374)
○ Loss from after tax attributable to members (item 2.3)	<i>Increased (in loss)</i>	42.78 to	(909,374)
2.1. Dividends (items 2.4 and 5)		Amount per Security ¢	Franked amount per security %
○ Interim dividend		nil	n/a
○ Final dividend		nil	n/a
○ Record date for determining entitlements to the dividend (item 2.5)	n/a		
2.2. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):			
Refer to <i>Operating and financial review</i> on page 1 of the Directors' report.			

3. Dividends (item 3) and returns to shareholders including distributions and buy backs	
Nil.	
3.1. Details of dividend or distribution reinvestment plans in operation are described below (item 6):	
Not applicable	

4. Ratios	Current Period \$	Previous Corresponding Period \$
4.1. Financial Information relating to 4.2:		
Earnings for the period attributable to owners of the parent	(909,374)	(636,907)
Net assets/(liabilities)	(859,322)	(1,469,651)
Less: Intangible assets	-	-
Net tangible assets/(liabilities)	(859,322)	(1,469,651)
	Current Period No.	Previous Corresponding Period No.
Fully paid ordinary shares	565,927,627	476,945,172
	Current Period ¢	Previous Corresponding Period ¢
4.2. Net tangible asset or (liability) backing per share (cents) (item 4):	(0.152)	(0.308)

Results for Announcement to the Market

for the half-year ended 31 December 2025

5. Details of entities over which control has been gained or lost during the period: (item 5)**5.1. Control gained over entities**

- | | |
|---|-----|
| ○ Name of entities (item 5.1) | Nil |
| ○ Date(s) of gain of control (item 5.2) | n/a |

5.2. Loss of control of entities

- | | |
|---|-----|
| ○ Name of entities (item 5.1) | Nil |
| ○ Date(s) of loss of control (item 5.2) | n/a |

5.3. Contribution to consolidated loss from ordinary activities after tax by the controlled entity to the date(s) in the current period when control was gained / lost (item 5.3). n/a

5.4. Loss from ordinary activities after tax of the controlled entity for the whole of the previous corresponding period (item 5.3) n/a

6. Details of associates and joint ventures: (item 6)

- | | |
|---|-----|
| ○ Name of entities (item 6) | Nil |
| ○ Percentage holding in each of these entities (item 6) | N/A |

	Current Period	Previous Corresponding Period
	\$	\$
○ Aggregate share of profits (losses) of these entities (item 6)	N/A	N/A

7. The financial information provided in the Appendix 4D is based on the interim final report (attached), which has been prepared in accordance with Australian Accounting Standards.

8. The report is based on accounts which have been reviewed by the Company's independent auditor (item 9).

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 half-year ended 31 December 2025 (**H1 FY2026**).

1. Directors

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

- Mr Paul Ostergaard *Chief Executive Officer and Managing Director*
- Mr Philip Marsland *Non-Executive Director*
- Mr Philip Otley *Non-Executive Director*

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

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

2. Operating and financial review

2.1. Nature of Operations Principal Activities

○ **Stable Half-Year Cash Receipts, Reduced Cash Outflows and Additional Funding Secured**

- Net operating cash flow improved year-on-year, from a \$343K out-flow (H1 FY2025) to a \$150K in-flow (H1 FY2026).
- H1 FY2026 customer cash receipts totalled \$1,121K, an increase from the previous corresponding period's \$595K (H1 FY2025).
- Norwood secured \$885K in further funding during H1 FY2026, including \$505K from a convertible note issue and additional short-term borrowings.
- Norwood held cash of \$38K at 31 December 2025, alongside additional near-term funding subsequently received post-balance date (including approximately \$460K from an Optus milestone payment) and expected from R&D financing.

○ **Continued Progress with Tier 1 CSP Engagements**

- **Optus CogVoice™ Voicemail:** delivery progressed, with the final component of the fourth contractual milestone approved and paid during the period; the fifth milestone was completed late in the December quarter (payment received post-balance date).
- **OpenSpan™ Call Protect™:** successful completion of a paid Tier-1 Asia-Pacific proof-of-concept, with discussions now focused on potential production service roll-out terms and conditions.
- **Global Tier-1 pipeline:** continued progress across multiple Tier-1 operators in North America, EMEA and APAC, prioritising opportunities with clear near-term pathways to funded PoCs and production deployments.

○ **OpenSpan and Hyperscale Enablement**

- OpenSpan continues to bridge telco voice networks with cloud-based AI services, enabling CSPs to integrate real-time transcription, in-call fraud/scam detection and automated summarisation with minimal disruption.
- Norwood maintained close collaboration with hyperscaler partner teams (including Microsoft) and continued marketplace/procurement initiatives to streamline deployments; planned showcases include MWC Barcelona in March 2026.

○ **Stable Revenues from Spark NZ**

- Norwood's long-standing engagement with Spark NZ continued to provide stable recurring revenues.

○ **Board and Governance**

- Board focus during the period remained on disciplined execution, cash management and governance/disclosure appropriate for a listed company, while supporting conversion of Tier-1 engagements into funded PoCs and production deployments.

2.2. Operational Review

Throughout H1 FY2026, Norwood maintained its focus on advancing AI-driven voice platforms for communication service providers (CSPs). Delivery and product execution were centred on progressing the Optus CogVoice Voicemail program, successfully completing a paid Tier-1 Asia-Pacific OpenSpan Call Protect proof-of-concept, and advancing a global Tier-1 pipeline in collaboration with hyperscaler partner teams. These activities reinforce Norwood's strategy of bridging traditional telco voice infrastructure with cloud-based AI services.

Directors' report

a. *Key initiatives included:*

- **OpenSpan Platform Development and Call Protect Expansion:**

- **Platform evolution and productisation:** Norwood continued to refine OpenSpan as an AI voice enablement layer for CSP environments, aligning protocol interfaces and emerging agentic interfacing standards for carrier-grade deployments.
- **Tier-1 APAC Call Protect proof-of-concept:** Norwood successfully completed a paid proof-of-concept with a Tier-1 Asia-Pacific CSP during the period, achieving key technical and operational objectives. Post-period discussions commenced regarding potential production service roll-out terms and conditions.
- **Hyperscale deployment posture:** By leveraging hyperscale infrastructure (including Microsoft Azure), OpenSpan enables faster integration of AI services such as real-time transcription, in-call fraud/scam detection and automated summarisation, supporting CSP monetisation with minimal disruption.

- **Enhanced AI Capabilities:**

- **Real-time voice intelligence:** Continued development across in-call transcription, automated summarisation, scam and fraud detection, and cloned-voice/deepfake indicators, improving detection accuracy and operational utility for Tier-1 use cases.
- **Improved scalability, reliability and observability:** The underlying media engine and operational tooling continued to be refined, enabling higher concurrency, reduced latency and improved resiliency, aligned to Tier-1 deployment requirements.

- **Voicemail Cloud Architecture and Voice Services Support:**

- CogVoice Voicemail delivery continued to progress, including scalability and resiliency hardening, Optus-specific interface development, and automation of onboarding and data migration workflows, while maintaining compatibility with legacy CSP infrastructure and cloud-based deployments.

b. *Strategic Partnerships and Collaborations*

- **Australian Tier 1 CSP (Optus) Delivery:**

- Project implementation under Norwood's CogVoice Voicemail supply contract with Optus continued to progress. During the period, Optus approved and paid the final component of the fourth contractual milestone. Late in the quarter, Norwood completed the fifth contractual milestone (with payment received post-balance date), reflecting ongoing delivery against the implementation plan.

- **Spark NZ Relationship:**

- The Company's long-term contract with Spark NZ continued to provide stable revenues and predictable operating cashflows.

- **Global CSP Engagement:**

- Norwood continued to advance its global Tier-1 telco pipeline across North America, EMEA and APAC, progressing multiple OpenSpan and CogVoice proof-of-concept and proposal discussions, and prioritising opportunities with the strongest near-term pathways to funded delivery and recurring revenue.

- **Hyperscaler Collaborations:**

- **Microsoft:** Norwood continued close collaboration with Microsoft's CSP account teams, leveraging Azure's AI ecosystem and marketplace/procurement pathways to support customer evaluations and streamline deployments. Planned industry showcases include MWC Barcelona in March 2026.
- **AWS:** Norwood continued to partner with AWS on secure, scalable deployment options tailored to Tier-1 CSP environments, supporting a pragmatic multi-cloud posture where appropriate.

c. *Global CSP Engagement and Market Visibility*

- **Industry recognition and engagement:** During the period, Norwood received multiple awards, including the internationally regarded APICTA Gold Award, recognising OpenSpan Call Protect and its innovation outcomes, and continued targeted customer workshops and partner-led roadshows to progress Tier-1 opportunities.

- **Marketplace and procurement enablement:** Norwood maintained marketplace and procurement pathways (including Azure Marketplace listings) to increase visibility and simplify procurement for CSPs and partners.

d. *Our Focus on Innovation*

- **AI-centric research and development:** Norwood's portfolio of agentic services (including adversarial testing agents, onboarding agents and advanced IVR) continued to evolve, feeding into OpenSpan's core capabilities and improving evaluation repeatability for Tier-1 CSP engagements.

Directors' report

- **OpenSpan monetisation pathways:** Continued focus on subscription-based AI call services, security features and analytics to unlock diverse revenue opportunities for CSP customers and for Norwood.

e. *Expanding Product Lines*

- **OpenSpan for Next-Generation Voice Services:** Positioned as an AI voice enablement layer, OpenSpan supports CSP demand for cloud-hosted, AI-driven call features, including Call Protect security workflows and enterprise voice applications.
- **Agentic IVR and Voicemail Enhancements:** Incremental improvements continued to ensure integration across a wide range of CSP environments, extending from legacy 4G/5G networks to advanced AI-based workflows.

f. *Conclusion and Strategic Outlook*

The half-year ended 31 December 2025 showcased continued execution across delivery, product and market engagement:

- **Product and platform execution:** OpenSpan and CogVoice platforms progressed, including successful completion of Norwood's first paid Tier-1 Asia-Pacific Call Protect proof-of-concept and ongoing hardening of carrier-grade protocol and operational interfaces.
- **Tier-1 CSP delivery and pipeline:** Delivery under the Optus CogVoice Voicemail contract continued to progress with milestone execution achieved during the period, while the global Tier-1 pipeline across North America, EMEA and APAC advanced through focused proofs and proposals.
- **Growing financial momentum:** Revenue from ordinary activities increased materially year-on-year (as reflected in the interim results), supported by customer delivery activity, while the Company continued to manage operating cashflows with discipline.
- **Governance and discipline:** The Board remained focused on execution, cash management and governance practices appropriate for a listed company, while supporting conversion of Tier-1 engagements into repeatable, commercial outcomes.

Looking ahead, Norwood remains focused on converting Tier-1 engagements into production deployments and recurring revenue, leveraging hyperscaler go-to-market channels and planned showcases (including MWC Barcelona in March 2026) to support continued pipeline conversion.

2.3. Corporate

a. *Proceeds from borrowings*

During September 2025, the Company extended its existing loan facility and subsequently refinanced the outstanding balance of its loan with Balmain Resources Pty Ltd, as detailed in note 2.4.2 to the financial statements.

The Balmain facility was fully discharged and replaced with a \$345,000 short-term unsecured loan provided by shareholder Dilek Saticieli. The proceeds were applied entirely to repay the Balmain facility, with all facilities in this regard fully settled. The loan was subsequently repaid in December 2025.

b. *Bizcap credit facility*

On 10 October 2025, the Company entered into a \$125,000 revolving line of credit facility with Bizcap AU Pty Ltd to support working capital requirements, as detailed in note 2.4.3 to the financial statements. The facility allows for multiple drawdowns over its term and is secured against the assets of the Company, with guarantees provided by the Company and its Managing Director.

c. *Repayment of Research and Development (R&D) loan facility*

During the period, the Company fully repaid the R&D loan facility provided by Innovation Structured Finance Co LLC (facilitated by Radium Capital), amounting to a \$519K repayment.

2.4. Outlook

Norwood enters the second half of FY2026 with continued delivery momentum and an expanding Tier-1 pipeline. The Company will prioritise (i) conversion of funded proofs into production contracts, (ii) continued execution under the Optus CogVoice Voicemail program, and (iii) product hardening and repeatability of OpenSpan Call Protect deployments.

○ **Near-term commercial focus**

- **Optus:** Continue delivery against the implementation plan, with a focus on lab-to-production transition, security/access requirements and staged milestone acceptance/billing.
- **Tier-1 APAC Call Protect:** Progress commercial discussions toward a production roll-out framework following the successful paid proof-of-concept.

Directors' report

- **Global pipeline:** Advance shortlisted Tier-1 opportunities in North America, EMEA and APAC with a preference for paid, time-boxed PoCs and clear success criteria.
- **R&D and product execution**
 - **Carrier-grade hardening:** Continue to refine protocol interfaces, observability and scalability for Tier-1 deployments, incorporating learnings from customer proofs and delivery environments.
 - **Agentic capabilities:** Continue development of agentic IVR/testing/onboarding services (including Agent Dojo variants) to accelerate onboarding and improve evaluation repeatability.
- **Strategic partnerships and visibility**
 - **Hyperscaler go-to-market:** Maintain close collaboration with Microsoft CSP teams and marketplace pathways; sustain a multi-cloud posture including AWS where appropriate.
 - **Industry engagement:** Use targeted events and customer workshops, including MWC Barcelona in March 2026, to progress pipeline conversion.
- **Cash discipline and funding**
 - **Operating discipline:** Maintain tight cost control and align working capital and funding options (including R&D financing and other facilities) to delivery and receipt timing.

2.5. Financial Review

a. Profit and loss measures

	Movement (increased/ decreased)	Movement \$	6 months to 31 December 2025 \$	6 months to 31 December 2024 \$
○ Revenues from ordinary activities	Increase	783,890	1,258,070	474,180
○ Loss from ordinary activities after tax	Increase (in loss)	272,467	(909,374)	(636,907)
○ EBITDA Loss	Increase (in loss)	126,187	(679,906)	(553,719)

b. Balance sheet measures

	Movement (increased/ decreased)	Movement \$	31 December 2025 \$	30 June 2025 \$
<i>In respect to:</i>				
○ <i>Group assets</i>				
● Cash and cash equivalents	Decreased	99,814	37,951	137,765
● Trade and other receivables	Decreased	541,237	530,286	1,071,523
● Net liabilities	Increased	112,407	(859,322)	(746,915)
● Working capital deficit	Increased	75,649	(987,141)	(911,492)
○ <i>Group liabilities and equity</i>				
● Trade and other payables	Increased	162,092	1,018,655	856,563
● Issued capital	Increased	607,650	36,828,248	36,220,598

Refer to the *Operational Review* above for additional business segment performance.

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 half-year of \$909,374 (31 December 2024: \$636,907 loss) and a net cash in-flow from operating activities of \$150,421 (31 December 2024: \$342,560 out-flow). As at 31 December 2025, the Group had a working capital deficit of \$987,141 (30 June 2025: \$911,492 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.

Directors' report

These conditions indicate the existence of a material uncertainty that may cast a significant 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 period end, the Group secured funding of \$210,190, against its anticipated R&D tax incentive receivable and has the capacity to draw down additional funding over the next six months, as detailed in note 6.2.
- Subsequent to period end, on 25 February 2026, the Company entered into a \$200,000 unsecured loan facility with Plough Lane Superannuation Pty Ltd to support working capital requirements and strengthen the Group's short-term liquidity position, as detailed in note 6.1. The full amount of \$200,000 was drawn down by 27 February 2026.
- The Group is actively pursuing and negotiating new contracts expected to generate additional revenue and improve operating cash flows in the near term.
- 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.

2.6. Events Subsequent to Reporting Date

On 25 February 2026, the Company entered into a \$200,000 unsecured loan facility with Plough Lane Superannuation Pty Ltd to support working capital requirements, repayable on 30 June 2026, as detailed in note 6.1, and fully drawn.

On 10 February 2026, the Company entered into a secured loan facility of \$210,190, repayable from anticipated R&D tax refund proceeds, as detailed in note 6.2.

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 6 *Events subsequent to reporting date* on page 18.

2.7. 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.

3. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2025 has been received and can be found on page 6 of this financial report.

This Report of the Directors is signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001* (Cth).



PAUL OSTERGAARD

Executive Director and Chief Executive Officer

Dated this Friday, 27 February 2026



To the Board of Directors,

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

As lead audit director for the review of the financial statements of Norwood Systems Limited and its controlled entities for the year ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated this 27th day of February 2026
Perth, Western Australia

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2025

	Note	6 months to 31 December 2025 \$	6 months to 31 December 2024 \$
<i>Continuing operations</i>			
Revenue	1.1	1,258,070	474,180
Other income	1.2	18,762	696,507
Accountancy, audit, and legal fees		(75,739)	(90,378)
Administration expenses		(58,514)	(60,005)
ASX and share registry fees		(45,826)	(33,205)
Consultancy and subcontractor fees		(100,393)	(19,950)
Depreciation		(42,055)	(42,768)
Employee and director benefits expense		(1,028,240)	(1,102,905)
Finance costs		(187,773)	(42,796)
Information technology infrastructure cost		(202,351)	(161,030)
Patents, research, and development		(75,384)	(70,007)
Sales and marketing		(91,570)	(121,533)
Share-based payment expense	11	(190,167)	-
Travel and entertainment		(33,957)	(23,574)
Other expenses		(54,237)	(39,443)
Loss before tax		(909,374)	(636,907)
Income tax expense		-	-
Net loss for the half-year		(909,374)	(636,907)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		(909,374)	(636,907)
<i>Earnings per share:</i>			
Basic loss per share (cents per share)	9.4	¢ (0.17)	¢ (0.13)
Diluted loss per share (cents per share)	9.4	N/A	N/A

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

APPENDIX 4D

Interim Financial Report
31 December 2025

NORWOOD SYSTEMS LIMITED

AND CONTROLLED ENTITIES

ABN 15 062 959 540

Condensed consolidated statement of financial position

as at 31 December 2025

	Note	31 December 2025 \$	30 June 2025 \$
<i>Current assets</i>			
Cash and cash equivalents		37,951	137,765
Trade and other receivables	2.1	530,286	1,071,523
Other current assets		15,539	-
Total current assets		583,776	1,209,288
<i>Non-current assets</i>			
Financial assets	2.2	149,244	149,244
Plant and equipment		33,066	37,794
Right-of-use assets	3.1	416	36,566
Total non-current assets		182,726	223,604
Total assets		766,502	1,432,892
<i>Current liabilities</i>			
Trade and other payables	2.3	1,018,655	856,563
Lease liabilities	3.1	9,984	46,508
Borrowings	2.4	240,731	903,940
Provisions	3.2	301,547	313,769
Total current liabilities		1,570,917	2,120,780
<i>Non-current liabilities</i>			
Provisions	3.2	54,907	59,027
Total non-current liabilities		54,907	59,027
Total liabilities		1,625,824	2,179,807
Net assets / (liabilities)		(859,322)	(746,915)
<i>Equity</i>			
Issued capital	4.1	36,828,248	36,220,598
Reserves	4.2	1,162,914	1,054,663
Accumulated losses		(38,850,484)	(38,022,176)
Total equity		(859,322)	(746,915)

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

Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2025

	Note	Issued capital \$	Share-based payment reserve \$	Convertible note equity reserve \$	Accumulated losses \$	Total equity \$
<i>Balance at 1 July 2024</i>		35,524,272	987,503	-	(37,738,900)	(1,227,125)
Loss for the half-year		-	-	-	(636,907)	(636,907)
Other comprehensive income for the half-year		-	-	-	-	-
Total comprehensive income for the half-year		-	-	-	(636,907)	(636,907)
<i>Transaction with owners, directly in equity</i>						
Share-based payments	11.1	-	317,333	-	-	317,333
Conversion of performance rights	4.4.1	11,783	(11,783)	-	-	-
Equity component of convertible notes	4.2.2	-	-	24,048	-	24,048
Exercise of options	4.3.1	61,091	(8,091)	-	-	53,000
Expiry of options	4.3.1	-	(257,881)	-	257,881	-
Balance at 31 December 2024		35,597,146	1,027,081	24,048	(38,117,926)	(1,469,651)
<i>Balance at 1 July 2025</i>		36,220,598	1,048,710	5,953	(38,022,176)	(746,915)
Loss for the half-year		-	-	-	(909,374)	(909,374)
Other comprehensive income for the half-year		-	-	-	-	-
Total comprehensive income for the half-year		-	-	-	(909,374)	(909,374)
<i>Transaction with owners, directly in equity</i>						
Equity issued during the year (net of costs)	4.1	580,800	-	-	-	580,800
Share-based payments	11.1	-	216,167	-	-	216,167
Expiry of options	4.3.1	26,850	(107,916)	-	81,066	-
Balance at 31 December 2025		36,828,248	1,156,961	5,953	(38,850,484)	(859,322)

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

APPENDIX 4D

Interim Financial Report
31 December 2025

NORWOOD SYSTEMS LIMITED

AND CONTROLLED ENTITIES

ABN 15 062 959 540

Condensed consolidated statement of cash flows for the half-year ended 31 December 2025

Note	6 months to 31 December 2025 \$	6 months to 31 December 2024 \$
<i>Cash flows from operating activities</i>		
Receipts from customers	1,120,695	594,812
Government grants received	786,674	694,131
Payments to suppliers and employees	(1,746,463)	(1,630,795)
Net interest (paid) / received	(10,485)	(708)
Net cash used in operating activities	150,421	(342,560)
<i>Cash flows from investing activities</i>		
Purchase of plant and equipment	-	-
Net cash used in investing activities	-	-
<i>Cash flows from financing activities</i>		
Proceeds from issue of equity	650,200	-
Payments for capital raising costs	(43,400)	-
Proceeds of borrowings	479,000	885,000
Repayment of borrowings	(1,299,511)	(357,790)
Payments for the principal portion of lease liabilities	(36,524)	(34,235)
Net cash provided by financing activities	(250,235)	492,975
Net increase / (decrease) in cash and cash equivalents held	(99,814)	150,415
Cash and cash equivalents at the beginning of the half-year	137,765	68,984
Cash and cash equivalents at the end of the half-year	37,951	219,399

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

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2025

In preparing the 31 December 2025 Interim Financial Report, Norwood Systems Limited has grouped notes into sections under three key categories:

- Section A: How the Numbers are Calculated.....12
- Section B: Unrecognised items18
- Section C: Other Information.....19

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

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

The registered and principal office of the Company is:

Street: 4 Leura Street,
Nedlands WA 6009
Australia

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 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 Group:

Note	1. Revenue and other income	6 months to 31 December 2025 \$	6 months to 31 December 2024 \$
1.1	Revenue		
	World Apps stores revenue	48,551	80,314
	Spark Voicemail revenue	376,971	367,966
	Optus Voicemail revenue	801,958	-
	Other revenue	30,590	25,900
		1,258,070	474,180
1.2	Other Income		
	Net interest income	360	2,376
	Government R&D grant income: prior year returns	-	694,131
	Other income	18,402	
		18,762	696,507

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 \$
	31 December 2025					
	At a point in time	-	-	-	-	30,590
	Over time	-	48,551	801,958	376,971	-
	Total	-	48,551	801,958	376,971	30,590
	31 December 2024					
	At a point in time	-	-	-	-	25,900
	Over time	-	80,314	-	367,966	-
	Total	-	80,314	-	367,966	25,900
1.3.2	Geographical Regions	Project revenues \$	World Apps stores revenue \$	Optus Voicemail revenue \$	Spark Voicemail revenue \$	Other revenue \$
	31 December 2025					
	New Zealand	-	-	-	376,971	-
	Australia	-	(18,711)	801,958	-	30,590
	Rest of the World	-	67,262	-	-	-
	Total	-	48,551	801,958	376,971	30,590

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2025

Note 1 Revenue and other income (cont.)

1.3 Disaggregation of revenue from contracts with customers (cont.)

31 December 2024	Project revenues \$	World Apps stores revenue \$	Optus Voicemail revenue \$	Spark Voicemail revenue \$	Other revenue \$
New Zealand	-	-	-	367,966	-
Australia	-	-	-	-	25,900
Rest of the World	-	80,314	-	-	-
Total	-	80,314	-	367,966	25,900

Note 2 Financial assets and financial liabilities

2.1 Trade and other receivables

	31 December 2025 \$	30 June 2025 \$
2.1.1 Current		
Trade receivables	530,046	284,762
Accrued R&D grant income receivable	-	786,674
Other receivables	240	87
	530,286	1,071,523

2.2 Financial assets

	Note	31 December 2025 \$	30 June 2025 \$
2.2.1 Non-current			
Security deposit	2.2.2	149,244	149,244
		149,244	149,244

2.2.2 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.

2.3 Trade and other payables

	31 December 2025 \$	30 June 2025 \$
2.3.1 Current		
<i>Unsecured</i>		
Trade payables	176,618	168,954
Accruals and other payables	659,727	408,661
Contract liabilities	110,388	220,776
Accrued director salaries	71,922	58,172
	1,018,655	856,563

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2025

Note 2 Financial assets and financial liabilities (cont.)

2.4 Borrowings	Note	31 December 2025 \$	30 June 2025 \$
2.4.1 Current			
Cash Drawdown facility – Balmain Resources Pty Ltd	2.4.2	-	318,342
Research and Development (R&D) loan facility		3,164	506,976
Bizcap loan		112,567	-
Convertible notes	2.4.4	125,000	125,000
Less: Unexpired borrowing costs/transaction costs	2.4.4	-	(46,378)
Net: convertible notes		125,000	78,622
		240,731	903,940

2.4.2 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.

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. This facility was fully repaid in December 2025

2.4.3 On 10 October 2025, the Company entered into a \$125,000 revolving line of credit facility with Bizcap AU Pty Ltd.:

- *Facility type* Revolving line of credit with multiple drawdowns permitted.
- *Availability period* 210 business days from commencement.
- *Repayment period* 70 business days following the availability period; no further drawdowns permitted.
- *Repayments* Each drawdown repaid over 140 payment dates (generally daily, five days per week).
- *Pricing* Factor rate 1.35 applied to the drawdown amount plus a 6% drawdown fee to determine total repayable.
- *Security* All-monies security over the present and after-acquired property of the borrower and guarantors.
- *Guarantees* Provided by Paul Frederick N Ostergaard and Norwood Systems Limited.
- *Default* Lender may accelerate the outstanding balance and enforce security following notice.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2025

Note 2 Financial assets and financial liabilities (cont.)

2.4 Borrowings (cont.)

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

- *Principal amount* \$505,000, of which \$380,000 converted during the 2025.
- *Repayment date* 31 December 2025. Settlement of the remaining Notes, contractually due on 31 December 2025, was deferred by agreement with the noteholder to 9 January 2026 (\$75,000) and 19 February 2026 (\$50,000, plus \$5,932 in interest and \$2,500 in penalties).
- *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 ordinary shares at \$0.03, with one free option per share (exercise \$0.03, exp. 31 December 2026). Conversion may occur at any time to maturity. The conversion right was valued at \$24,048 on issue and nil at 31 December 2025 for the unconverted balance.
- *Redemption* The Company may redeem unconverted Notes at maturity for their face value.

a. Reconciliation of convertible note

	31 December 2025 \$	30 June 2025 \$
Convertible notes issued	125,000	505,000
Less: notes converted during the year	-	(380,000)
	125,000	125,000
Unexpired borrowing costs/transaction costs on issue	46,378	371,681
Less: Borrowing costs on unconverted notes for the period	(46,378)	(98,060)
Transaction costs on notes converted during the period	-	(227,243)
	-	46,378
Net convertible notes	125,000	78,622

Note 3 Non-financial assets and financial liabilities

3.1 Leases

3.1.1 Right-of-use assets

	31 December 2025 \$	30 June 2025 \$
Right-of-use asset - Buildings	283,685	283,685
Accumulated amortisation	(283,269)	(247,119)
	416	36,566

3.1.2 Lease liabilities

Current	9,984	46,508
	9,984	46,508

3.2 Provisions

3.2.1 Current

	31 December 2025 \$	30 June 2025 \$
Employee entitlements	301,547	313,769
	301,547	313,769

3.2.2 Non-current

Employee entitlements	54,907	59,027
	54,907	59,027

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2025

Note 4 Equity					
4.1 Issued capital	Note	31 December 2025 No.	30 June 2025 No.	31 December 2025 \$	30 June 2025 \$
Fully paid ordinary shares at no par value		565,927,627	515,927,627	36,828,248	36,220,598
		6 months to 31 December 2025 No.	12 months to 30 June 2025 No.	6 months to 31 December 2025 \$	12 months to 30 June 2025 \$
4.1.1 Ordinary shares					
At the beginning of the period		515,927,627	474,980,951	36,220,598	35,524,272
<i>Shares issued during the period:</i>					
○ 07.2024 ESOP rights converted		-	245,470	-	11,783
○ 09.2024 Options exercised at \$0.024		-	916,667	-	27,244
○ 10.2024 Options exercised at \$0.05		-	250,000	-	12,500
○ 10.2024 Options exercised at \$0.08		-	93,750	-	7,725
○ 12.2024 Options exercised at \$0.024		-	458,334	-	13,622
○ 03.2025 Gross conversion of notes		-	10,000,000	-	314,286
○ 03.2025 Gross conversion of notes		-	500,000	-	15,714
○ 04.2025 Gross conversion of notes		-	2,166,666	-	68,095
○ 05.2025 Placement		-	26,315,789	-	500,000
○ 11.2025 Placement		50,000,000	-	650,200	-
<i>Transaction costs relating to share issues</i>					
○ Cash-based		-	-	(43,400)	(36,300)
○ Equity-based	11.2.1a	-	-	(26,000)	(238,343)
○ Equity-based – option expiry		-	-	26,850	-
At end of the period		565,927,627	515,927,627	36,828,248	36,220,598
4.2 Reserves	Note			31 December 2025 \$	30 June 2025 \$
4.2.1 Summary reserves:					
○ Share-based payment reserve, comprising:					
● Options	4.3			923,132	827,886
● Performance equity	4.4			233,829	220,824
				1,156,961	1,048,710
○ Convertible note equity reserve	2.4.4			5,953	5,953
				1,162,914	1,054,663

4.2.2 Conversion right of convertible notes

The amount shown for other equity securities is the initial value of the conversion rights relating to the 10% convertible notes, details of which are shown note 2.4.4.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2025

Note 4 Equity (cont.)					
4.3 Options	Note	31 December 2025	30 June 2025	31 December 2025	30 June 2025
		No.	No.	\$	\$
Options		105,381,650	99,381,650	923,132	827,886
		6 months to 31 December 2025	12 months to 30 June 2025	6 months to 31 December 2025	12 months to 30 June 2025
		No.	No.	\$	\$
4.3.1 Options		99,381,650	197,764,414	827,886	798,151
At the beginning of the year					
<i>Options movement during the year:</i>					
07.2023 Incentive options vesting		-	-	4,662	25,838
09.2024 \$0.024 options exercised		-	(916,667)	-	(5,244)
10.2024 \$0.05 options exercised		-	(250,000)	-	-
10.2024 \$0.08 options exercised		-	(93,750)	-	(225)
09.2024 \$0.024 options exercised		-	(458,334)	-	(2,622)
12.2024 CN Holder options		-	16,831,650	-	269,333
12.2024 Alto Capital options		-	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		-	3,000,000	-	11,100
10.2025 Expiry of NORAAF		(19,000,000)	-	(26,850)	-
11.2025 Expiry of NORAAAB		(30,000,000)	-	(81,066)	-
11.2025 Attaching placement options	4.1.1	25,000,000	-	-	-
11.2025 Non-Exec. Director options	11.2.1b	25,000,000	-	172,500	-
12.2025 Red Leaf options	11.2.1a	5,000,000	-	26,000	-
At end of the year		105,381,650	99,381,650	923,132	827,886
4.4 Performance equity	Note	31 December 2025	30 June 2025	31 December 2025	30 June 2025
		No.	No.	\$	\$
Performance equity		15,463,389	15,463,389	233,829	220,824
		6 months to 31 December 2025	12 months to 30 June 2025	6 months to 31 December 2025	12 months to 30 June 2025
		No.	No.	\$	\$
4.4.1 Performance equity movement		15,463,389	15,708,859	220,824	189,352
At the beginning of the period					
<i>Performance equity changes during the period:</i>					
Issue of performance rights	11.2.2a	-	-	13,005	43,255
Conversions of rights	4.1.1	-	(245,470)	-	(11,783)
At end of the period		15,463,389	15,463,389	233,829	220,824

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2025

Section B. 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.

Note 5 Commitments

There are no commitments as at 31 December 2025 (30 June 2025: Nil).

Note 6 Events subsequent to reporting date**6.1 Loan facility**

On 25 February 2026, the Company entered into a \$200,000 unsecured loan facility with Plough Lane Superannuation Pty Ltd (**Plough Lane**) to support working capital requirements. Plough Lane is a company controlled by former director Dr John Tarrant who remains a substantial shareholder. The full amount of \$200,000 was drawn down by 27 February 2026.

The facility is repayable on 30 June 2026 and carries interest at 9.75% per annum. The loan is unsecured and includes the issue of options to the lender, subject to the Company's placement capacity.

6.2 R&D loan facility

On 10 February 2026, the Company entered into a secured loan agreement with Innovation Structured Finance Co., LLC for a principal amount of \$210,190.

The facility is secured against the Company's expected R&D tax refund and is repayable upon receipt of the refund or by 31 October 2026, whichever occurs earlier, and bears interest at 17% per annum (increasing to 20% upon extension and 25% in default), together with a 1.5% settlement fee and minimum interest amount of \$8,616.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

Note 7 Contingent liabilities

There are no other contingent liabilities as at 31 December 2025 (30 June 2025: Nil).

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2025

Section C. 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 8 Operating segments

8.1 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.

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.

Note	9 Earnings per share (EPS)	Note	6 months to 31 December 2025 \$	6 months to 31 December 2024 \$
9.1	Reconciliation of earnings to profit or loss			
	Loss for the half-year		(909,374)	(636,907)
	Less: loss attributable to non-controlling equity interest		-	-
	Loss used in the calculation of basic and diluted EPS		(909,374)	(636,907)
			31 December 2025 No.	31 December 2024 No.
9.2	Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS		522,449,366	475,945,172
	Weighted average number of dilutive equity instruments outstanding	9.5	N/A	N/A
9.3	Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS		522,449,366	475,945,172
			6 months to 31 December 2025 ¢	6 months to 31 December 2024 ¢
9.4	Earnings per share			
	Basic EPS (cents per share)	9.5	(0.17)	(0.13)
	Diluted EPS (cents per share)	9.5	N/A	N/A
9.5	As at 31 December 2025 the Group has 105,381,650 unissued shares under option (31 December 2024: 108,458,332) and 15,463,389 performance rights (31 December 2024: 15,463,389). The Group does not report diluted earnings per share on losses generated by the Group. During the half-year, the Group's unissued shares under option and rights were anti-dilutive.			

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2025

Note 10 Related party transactions**10.1 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.

10.1.1 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 1 September 2025 (12th variation) with the term extended to 3 September 2025 and principal to \$322,669, as disclosed note 2.4.2 The facility had also been extended on 1 August 2025. It was fully settled on 3 September 2025 (note 2.4.2).

Movements in the loan account are as follows:

	31 December 2025 \$	30 June 2025 \$
Opening balance payable by the Group	318,342	274,663
Funds loaned to the Group	-	455,000
Establishment and extension fees capitalised to the loan	-	62,203
Interest capitalised to the loan	4,539	76,476
Loan repayments made	(322,881)	(550,000)
	-	318,342

10.1.2 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 2.4.4, on the same terms as other note holders. The attaching 3,333,000 options were approved by shareholders during the period and issued subsequent to balance date.

Note	11 Share-based payments	Note	6 months to 31 December 2025 \$	6 months to 31 December 2024 \$
11.1	Share-based payments:			
	Recognised in profit and loss: <i>Options and rights</i>	11.2.1b 11.2.2a	190,167	-
	Recognised as borrowing costs for convertible notes:		-	317,333
	Recognised in equity (transaction costs)	11.2.1a	26,000	-
	Gross share-based payments		216,167	317,333

11.2 Share-based payment arrangements in effect during the half-year**11.2.1 Issued during the current half-year****a. Advisor success fee options**

During the period, the Company issued 5,000,000 unlisted options to Red Leaf Securities Pty Ltd, the lead manager of the December 2025 placement. The options were issued as part of the success fee arrangement valued in accordance with note 11.3. The keys terms of the options are as follows:

Number of options	Date of expiry	Exercise price	Vesting terms
5,000,000	8 December 2027	\$0.03	Immediately

Unquoted options issued to advisors were valued at \$26,000.

Notes to the consolidated financial statements

for the half-year ended 31 December 2025

Note 11 Share-based payments (cont.)

11.2.1 Issued during the current half-year (cont.)

b. Non-Executive Director options

Following shareholder approval, the Company issued 25,000,000 Options to a Messrs Otley and Marsland (12,500,000 each) on 28 November 2025 on the following terms:

Number of options	Date of expiry	Exercise price	Vesting Terms
25,000,000	1 December 2028	\$0.03	Immediately

Unquoted options issued to Non-Executive Directors were valued at \$172,500 valued in accordance with note 11.3.

11.2.2 Issued in prior year, remaining in effect

a. 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 period to December 2025 is \$13,005 (year to June 2025: \$43,255). Life-time amount vested to December 2025 is \$166,720 (June 2025: \$153,715).

b. Consultant options

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 (June 2025: \$25,838). Life-time amount vested to December 2025 is \$100,000 (June 2025: \$95,338).

11.3 Fair value of options granted during the half-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 half-year was \$0.0066 (31 December 2024: \$0.0160). These values were calculated, applying the following inputs to options:

Note Reference	11.2.1b	11.2.1a
Methodology	Black-Scholes	
Grant date:	28.11.2025	8.12.2025
Grant date share price:	\$0.017	\$0.016
Option exercise price:	\$0.030	
Number of options issued:	25,000,000	5,000,000
Remaining life (years):	3	2
Expected share price volatility:	80.60%	79.38%
Risk-free interest rate:	3.80%	3.90%
Value per option	\$0.0069	\$0.0052
Probability	N/A	
<i>Fair values</i>		
Total fair value	\$172,500	\$26,000
Recognised in the period	\$172,500	\$26,000

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 condensed consolidated financial statements

for the half-year ended 31 December 2025

Note 12 Statement of significant accounting policies

This note provides a list of the significant 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 periods presented, unless otherwise stated.

12.1 Basis of preparation**12.1.1 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 financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The Group is a for-profit entity and is primarily involved in mobile voice, messaging, data and cyber security services.

The separate financial statements of Norwood, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001* (Cth).

12.1.2 Basis of accounting

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The financial statements were authorised for issue on 27 February 2026 by the Directors of the Company.

12.1.3 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 half-year of \$909,374 (31 December 2024: \$636,907 loss) and a net cash in-flow from operating activities of \$150,421 (31 December 2024: \$342,560 out-flow). As at 31 December 2025, the Group a working capital deficit of \$987,141 (30 June 2025: \$911,492 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 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 period end, the Group secured funding of \$210,190, against its anticipated R&D tax incentive receivable and has the capacity to draw down additional funding over the next six months, as detailed in note 6.2;
- Subsequent to period end, on 25 February 2026, the Company entered into a \$200,000 unsecured loan facility with Plough Lane Superannuation Pty Ltd to support working capital requirements and strengthen the Group's short-term liquidity position, as detailed in note 6.1. The full amount of \$200,000 was drawn down by 27 February 2026.
- The Group is actively pursuing and negotiating new contracts expected to generate additional revenue and improve operating cash flows in the near term.
- 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.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2025

Note 12 Statement of significant accounting policies

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.

12.1.4 Comparative figures

Where required by AASBs comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

12.2 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next financial period are discussed in Note 12.2.1 below.

12.2.1 Critical Accounting Estimates and Judgments

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

a. Key estimate – Share-based payments

Refer note 11 *Share-based payments*

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

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.

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 7 to 23, are in accordance with the *Corporations Act 2001* (Cth) including:
 - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*, 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 31 December 2025 and of its performance for the half-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.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001* (Cth).

On behalf of the Directors



PAUL OSTERGAARD

Executive Director and Chief Executive Officer

Dated this Friday, 27 February 2026



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

Conclusion

We have reviewed the accompanying half-year financial report of Norwood Systems Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2025, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Norwood Systems Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Norwood Systems Limited financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 12.1.3 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$909,374 during the half year ended 31 December 2025. As stated in Note 12.1.3, these events or conditions, along with other matters as set forth in Note 12.1.3, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



Responsibility of the Directors for the Financial Report

The directors of the Norwood Systems Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated this 27th day of February 2026
Perth, Western Australia



norwood
connect globally, locally™