

Norwood Systems Limited

ABN 15 062 959 540

and its controlled entities



ANNUAL REPORT

30 June 2026

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

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Share Registry

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Australian Securities Exchange

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Chief Executive Officer's letter

We are delighted to present Norwood Systems Limited's FY2026 annual financial report. FY2026 was a year of significant commercial progress for Norwood. We advanced the major CogVoice voicemail implementation with Optus, secured additional contract value, renewed our long-standing Spark relationship and converted OpenSpan opportunities into paid Tier-1 pilots. Revenue and customer cash receipts reached new highs, while operating cash outflow reduced substantially. These achievements strengthen our position in the growing market for AI voice services and give us a broader commercial foundation for the year ahead.

Building on the platform investments made in prior years, we continued to develop OpenSpan™ and CogVoice™ as carrier-grade foundations for AI voice services. Close collaboration with our customers guided improvements in scalability, resilience, security and network integration. This work strengthens our ability to help communications service providers introduce new services and create value for their subscribers.

Delivering with established carrier customers:

- Optus program progressed and expanded.** Delivery under the five-year CogVoice voicemail supply contract moved through further contractual milestones. In June 2026, Optus contracted an additional A\$595,000 plus GST of enhancement work for solution refinement, implementation and delivery. This additional scope reflects the value of the program and the depth of collaboration required to modernise a Tier-1 voice platform.
- Spark NZ relationship renewed.** Our long-standing premium visual-voicemail service was extended to 30 June 2028. The renewal is expected to deliver approximately A\$1.5 million over its term, subject to usage volumes and foreign-exchange movements, and continues a customer relationship that has generated stable recurring revenue since 2018.

Expanding OpenSpan's commercial reach:

- We successfully completed an A\$200,000 paid OpenSpan Voice AI pilot with a major Australian Tier-1 operator on time.** The pilot evaluated small-business concierge and receptionist workflows, and follow-on discussions have moved to the potential production deployment of the service. We also completed Call Protect proofs of concept with operators in APAC and the United States. These results demonstrate technical relevance, and we are engaged with operators in production contract discussions as the next step.
- We also signed a £150,000 paid pilot agreement with a major UK telecommunications provider.** The pilot commenced in June 2026 and was scheduled to run through September 2026, evaluating OpenSpan's AI-service orchestration in a Tier-1 environment. This engagement extends our international reach and provides a further opportunity to demonstrate OpenSpan's value to a major operator.

Platform and product development:

- OpenSpan advanced through customer delivery.** We improved carrier protocol interfaces, scalability, resilience and operational tooling while advancing real-time transcription, automated summarisation, scam and fraud detection, cloned-voice indicators and small-business answering workflows. Customer pilots provided valuable insights that are helping us refine these services for carrier environments.
- CogVoice delivery strengthened our platform.** The Optus program advanced our capabilities in network interfaces, onboarding, data migration and automation. This work creates a stronger foundation for future customer deployments and extends the value of our investment across the platform.
- Our broader research program continued.** We progressed Agentic IVR, SME Assistant, Agent Dojo and MoCA, a targeted alpha initiative that reuses our agentic orchestration capability for software-development productivity. Together, these initiatives build on our core intellectual property and broaden the applications of Norwood's technology.

Financial performance:

- Revenue increased to approximately A\$2.32 million, up about 22.1% from A\$1.90 million in FY2025.** The increase reflected continued carrier delivery activity and recurring services.
- Customer cash receipts reached a record A\$2.37 million, 20.4% above the prior year's A\$1.97 million and the first time annual customer receipts exceeded A\$2 million.**
- Net operating cash outflow reduced by 65.0%, from A\$653,000 in FY2025 to A\$229,000 in FY2026.**

We continued to invest in product development and customer delivery during the year, supported by equity and short-term funding. The Group recorded a net loss of approximately A\$853,000 and held A\$176,000 in cash at 30 June 2026.

Recognition and partnerships:

- **OpenSpan Call Protect earned recognition at state, national and international levels.** In July 2025, Norwood was named Dr Mal Bryce WA Tech Company of the Year and Call Protect won the INCITE Research and Innovation Industry Award. Call Protect then received a National iAwards Merit in August and won APICTA Gold in the Industrial and Infrastructure Solutions category in December 2025. I am particularly proud of this recognition of our team's ingenuity and the quality of the technology they have developed.
- **We continued joint go-to-market work with Microsoft's telecommunications teams and carrier-grade architecture work with AWS.** These relationships broaden our access to customers and support flexible deployment options for our carrier solutions.

Building on our momentum:

The pace of AI advancement continues to create opportunities for Norwood and our customers. Telecommunications operators are looking for practical ways to bring AI into everyday communications, from protecting subscribers against scams to helping small businesses answer calls and serve their customers. Our combination of carrier expertise, voice applications and AI orchestration positions us well to address these needs.

The progress achieved in FY2026 gives us confidence in our strategy. Our established customer relationships are expanding, OpenSpan is attracting paid engagements from major operators, and the experience gained through those programs is strengthening our technology. We are building a business in which each successful customer engagement supports the next opportunity.

Our FY2027 priorities build directly on this momentum: advance the Optus implementation, progress the Australian and UK opportunities towards production deployment, develop the commercial opportunities arising from our APAC and US proofs of concept, and continue investing in capabilities that support repeatable deployment and recurring revenue.

I want to thank our team for the commitment and ingenuity they brought to this year's customer programs, and our shareholders for their continued support. I also acknowledge Dr John Tarrant's contribution as Chair and Director before his retirement in September 2025. We enter FY2027 with stronger customer relationships, a more capable platform and growing international recognition. I am excited by the opportunities ahead and look forward to building on this year's achievements to deliver lasting value for our shareholders.

PAUL OSTERGAARD*Chief Executive Officer and Managing Director*

Dated this Wednesday, 30 September 2026

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 2026 (**FY2026**).

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 (retired 17 September 2025)*
- 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 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 section 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 2026.

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 2026 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

- **FY2026 Highlights: Revenue Growth, Record Customer Receipts and Sharply Reduced Operating Cash Outflow**
 - Recognised revenue increased 22.1% to \$2,323K, reflecting stronger commercially earned income from carrier delivery and recurring services.
 - Customer cash receipts reached a Company record, up 20.4% from \$1,967K in FY2025 to \$2,368K in FY2026.
 - Net operating cash out-flow reduced from \$653K in FY2025 to \$229K in FY2026. The improvement was supported by stronger customer collections, together with grant receipts, non-cash items and working-capital timing.
 - Cash at 30 June 2026 increased to \$176K. The working capital deficit reduced by 24.0% to \$693K and net liabilities reduced by 31.6% to \$511K.

Directors' report

Commercial Delivery and Expanded Carrier Engagements

- *Optus CogVoice™ Voicemail:* Delivery under the five-year platform supply program progressed through further milestones. In June 2026, Norwood announced a \$595,000 contract enhancement.
- *OpenSpan™:* Norwood completed a paid Australian Tier-1 Voice AI pilot on schedule and commenced a £150,000 paid pilot with a major UK telco. Successful Call Protect proof-of-concepts with operators in APAC and the United States provided additional external validation of the platform.
- *Spark New Zealand:* In June 2026, Norwood announced the renewal of its premium visual-voicemail service through FY2028, expected to deliver approximately \$1.5 million, subject to subscriber volumes and exchange rates, extending a long-standing relationship that continues to provide stable recurring revenues.

Technology and Market Validation

Norwood continued carrier-grade hardening of OpenSpan and CogVoice across scalability, resiliency, security and observability. OpenSpan Call Protect also received the international APICTA 2025 Gold Award, providing independent recognition of the Company's AI voice innovation.

FY2026 was a year of meaningful commercial and operational progress for Norwood. The Company increased recognised revenue and customer collections, materially reduced operating cash outflow, expanded the scope and duration of carrier relationships, and moved OpenSpan from technical validation toward repeatable paid-pilot delivery.

a. Key initiatives included:

● CogVoice Carrier Delivery and Recurring Relationships

- *Optus program execution:* Delivery progressed under the five-year CogVoice Voicemail platform supply contract. During June 2026, Norwood secured a \$595,000 contract enhancement covering additional solution development, implementation and delivery.
- *Longer-duration revenue base:* Norwood also announced the renewal of its Spark New Zealand premium visual-voicemail service, expected to deliver approximately \$1.5 million through FY2028, extending a relationship in place since 2018.
- *Spark New Zealand:* The Company's established relationship continued to contribute stable recurring platform and support revenues.

● OpenSpan Paid Pilots and International Validation

- *Australian Tier-1 delivery:* Norwood completed a paid OpenSpan Voice AI pilot on schedule, demonstrating the platform's rapid deployment capability in a carrier environment.
- *Major UK telco:* Norwood signed a £150,000 paid pilot agreement and commenced delivery in June 2026. Any progression to production remains subject to successful pilot completion and customer approval.
- *Call Protect proof points:* Successful proof-of-concepts with operators in APAC and the United States provided further technical and commercial validation. No production award should be inferred unless definitive agreements are executed.

● Carrier-Grade Platform Development

Product work advanced real-time transcription, automated summarisation, scam and fraud detection, agentic voice workflows and repeatable onboarding, drawing directly on learnings from customer delivery and paid pilots.

b. Strategic Partnerships and Commercial Enablement

● Australian Tier-1 CSP Delivery

Norwood received payments associated with further Optus contractual milestones during FY2026 and continued implementation, scalability, resiliency and integration work.

● Spark New Zealand Relationship

The Company's long-standing Spark New Zealand relationship, as previously described above.

● Global Tier-1 Engagement

Beyond the pilots described above, additional OpenSpan and Call Protect evaluations across North America, EMEA and APAC continued to build a broader base of external technical proof points and commercial relationships.

Directors' report

○ Hyperscaler Collaboration

- *Microsoft:* Norwood continued collaboration with Microsoft CSP account teams and used Azure AI and marketplace pathways to support carrier evaluations and streamline deployment and procurement.
- *AWS:* Norwood continued architecture and deployment work supporting secure, scalable and resilient Tier-1 CSP environments, maintaining a pragmatic multi-cloud posture.

c. *Market Validation and Visibility*

- *International recognition:* OpenSpan Call Protect received the APICTA 2025 Gold Award, an independent international endorsement of Norwood's technology innovation and its application to real-world voice security challenges.
- *Commercial pathways:* Marketplace and partner-led procurement pathways continued to support visibility, customer evaluation and repeatable deployment for CSP and hyperscaler partners.

d. *Our Focus on Innovation*

AI-centric research and development: Norwood continued to advance agentic voice services, adversarial testing, onboarding automation, advanced IVR and real-time voice intelligence. Development remained directed toward improving deployment speed, reliability and repeatability for Tier-1 customers.

Monetisation pathways: The Company continued to develop subscription-based AI call services, voice-security capabilities and analytics intended to create new revenue opportunities for CSP customers and Norwood.

e. *Expanding Product Lines*

OpenSpan for next-generation voice services: OpenSpan provides a carrier-grade integration layer between CSP voice networks and cloud-hosted AI services, supporting Call Protect, transcription, summarisation and enterprise voice applications.

CogVoice and agentic applications: Continued voicemail, IVR, onboarding and testing enhancements broadened the range of carrier use cases while retaining compatibility with existing network environments.

5.3. Corporate review

a. *Retirement of Director*

On 17 September 2025, the Company announced the retirement of Dr John Tarrant as a Director and Chair of the Company. Dr Tarrant remains a substantial shareholder of the Company.

b. *Balmain Resources Pty Ltd facility*

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

c. *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. 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.

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

In August 2025, using proceeds of the FY2025 R&D tax refund, the Company fully repaid the FY2025 R&D loan facility provided by Innovation Structured Finance Co LLC (facilitated by Radium Capital), amounting to a \$519K repayment.

e. *December 2025 placement*

In December 2025, the Company completed an oversubscribed placement of fully paid ordinary shares, raising \$650,200 before costs, with free attaching unquoted options issued to participants and options issued to the lead manager under its success fee arrangement.

f. *Non-Executive Director options*

Following shareholder approval at the Annual General Meeting held on 28 November 2025, the Company issued 25,000,000 unquoted options to Non-Executive Directors.

g. *Settlement of convertible notes*

The remaining unsecured convertible notes on issue were fully settled in cash during the period. No convertible notes remain on issue at 30 June 2026.

Directors' report

h. New Research and Development (R&D) loan facility

On 10 February 2026, the Company entered into a new secured R&D loan facility with Innovation Structured Finance Co LLC (facilitated by Radium Capital), repayable from the Company's FY2026 R&D tax refund. The facility balance at 30 June 2026 was \$228,275.

i. Plough Lane 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 facility was subsequently increased and includes the issue of unquoted options to the lender, subject to the Company's placement capacity or shareholder approval. These options had not been issued at 30 June 2026.

Repayments of principal and interest were made during June 2026, leaving \$180,000 outstanding at 30 June 2026. Subsequent to year end, the Company extended the remaining \$180,000 to 30 September 2026 in exchange for an extension fee and a further 500,000 unquoted options on the same terms as the options previously agreed. The Company has since repaid \$20,000 on 30 September 2026 and rolled the remaining \$160,000 into an unsecured convertible note bearing interest at 10% per annum, convertible at \$0.019 per share and maturing on 30 June 2027, with 4,210,527 attaching options exercisable at \$0.025 and expiring 31 March 2028 (refer note 12.1).

j. Exercise of options

During the June 2026 quarter, 13,980,272 options were exercised, providing gross proceeds to the Company of \$349,507.

5.4. Financial review

a. Profit and loss measures

	Movement (increased/ decreased)	Movement \$	2026 \$	2025 \$
Revenues from ordinary activities	Increased	421,019	2,322,954	1,901,935
Loss from ordinary activities after tax	Increased	252,886	(852,607)	(599,721)
EBITDA Loss	Increased	217,461	(513,139)	(295,678)

The increase in loss after tax to \$852,607 (FY2025: \$599,721 loss) reflects the timing of R&D tax incentive recognition rather than a decline in trading performance. FY2025 recognised two years of R&D benefit: the FY2024 return of \$694,131, prepared and received during FY2025, together with the FY2025 return of \$786,674, recognised in the same year due to its expedited preparation. FY2026 other income included only the FY2026 accrual of \$657,413, with no equivalent prior-year amount. On an adjusted basis, excluding the FY2024 return recognised in FY2025, the loss after tax was \$1,293,852 in FY2025 and \$852,607 loss in FY2026, a decrease of \$441,245 (34.1%).

b. Balance sheet measures

In respect to:	Movement (increased/ decreased)	Movement \$	2026 \$	2025 \$
Group assets and net position				
• Cash and cash equivalents	Increased	38,135	175,900	137,765
• Trade and other receivables	Increased	219,309	1,290,832	1,071,523
• Net liabilities	Decreased	236,286	(510,629)	(746,915)
• Working capital deficit	Decreased	218,520	(692,972)	(911,492)
Group liabilities and equity				
• Trade and other payables	Increased	376,808	1,233,371	856,563
• Issued capital	Increased	939,071	37,159,669	36,220,598

c. Adjustments made subsequent to the lodgement of the ASX Appendix 4E

Subsequent to the lodgement of the ASX Appendix 4E, loss after tax decreased by \$7,320 due to a reduction in *Revenue* (and increase *Contract liabilities* of \$112,677) for unearned revenue and reduction in *Employee and director benefits expense* (decrease in *Accrued director fee and salaries* of \$120,000). The change also increased *Total Equity* (decreased *net liabilities*) by \$7,320.

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 \$852,607 (2025: \$599,721 loss) and a net cash out-flow from operating activities of \$228,818 (2025: \$653,220 out-flow). As at 30 June 2026, the Company had a working capital deficit of \$692,972 (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.

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:

- On 22 September 2026, the Group received its FY2026 R&D tax refund of \$657,413 (\$353,459 in cash after a \$303,955 ATO offset), which repaid the R&D loan facility in full and funded working capital (refer note 12.2);
- \$20,000 of the \$180,000 Plough Lane working capital facility was repaid on 30 September 2026, with the remaining \$160,000 rolled into a convertible note maturing on 30 June 2027 unless earlier converted, to be repaid from operational cash flows and/or a capital raising (refer note 12.1);
- The Group continues to actively manage 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.

d. 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.

Directors' report

e. *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.

f. *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.

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 49.

Directors' report

5.7. Outlook

Norwood enters FY2027 with a higher revenue and customer-receipts base, expanded contracted work with Australian Tier-1 carriers, a renewed Spark New Zealand service through FY2028 and a broader set of international OpenSpan proof points. The Company's priority is to convert this progress into repeatable production deployments and durable operating cash flow.

○ Near-term commercial focus

- *Australian carrier delivery:* Execute the expanded CogVoice program and remaining implementation activities, with continued focus on milestone acceptance, billing and cash collection.
- *Major UK telco pilot:* Complete the paid OpenSpan pilot and pursue any production opportunity subject to successful delivery and customer approval.
- *Global pipeline:* Prioritise funded, time-boxed Tier-1 pilots with clear success criteria and credible pathways to recurring production revenue.

○ Product execution

- *Carrier-grade hardening:* Continue improving protocol integration, security, observability, scalability and operational repeatability using learnings from live customer environments.
- *AI voice applications:* Advance Call Protect, agentic IVR, onboarding, testing and voice-intelligence services where they support defined customer needs and monetisation pathways.

○ Strategic partnerships and commercial discipline

- *Hyperscaler go-to-market:* Maintain targeted collaboration with Microsoft and AWS teams where partner channels can accelerate customer evaluation, procurement and deployment.
- *Cash discipline:* Maintain close control of costs, working capital and funding, and align expenditure with contracted delivery, customer receipts and the highest-conviction commercial opportunities.

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 significant environmental regulations in the jurisdictions it operates in, namely Australia, New Zealand, and the United Kingdom.

6. Information relating to the directors

○ Mr Paul Ostergaard ● Managing Director *Non-independent*

Qualifications

- BE (UWA), MBA (INSEAD)

Experience

- 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 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.

Directors' report

Interest in equity instruments	42,585,104 Ordinary Shares 5,000,000 Options (NORAAG) Options failed to meet vesting conditions on 30 June 2023 and will not vest 5,000,000 Class B Performance Rights
Directorships in Listed Entities (Past 3 Years)	None
Mr Philip Marsland	Non-executive Director <i>Independent (appt. 31 January 2022)</i>
Qualifications	BA (Hons), MA Oxon; MBA (INSEAD) with Distinction
Experience	- 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 12,500,000 Options (NORAP) 5,000,000 Options (NORAAG) Options failed to meet vesting conditions on 30 June 2023 and will not vest 1,666,500 Options (NORAAH)
Directorships in Listed Entities (Past 3 Years)	None
Mr Philip Otley	Non-executive Director <i>Independent (appt. 31 January 2022)</i>
Qualifications	BA, MBA
Experience	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 12,500,000 Options (NORAP) 5,000,000 Options (NORAAG) Options failed to meet vesting conditions on 30 June 2023 and will not vest
Directorships in Listed Entities (Past 3 Years)	None

Former director

Dr John Tarrant	Non-executive Director <i>Non-independent (appt. 31 January 2022, res. 17 September 2025)</i>
Qualifications	PhD, SJD, LLM(Legal Practice), MDefStud, LLM(CrimPros), LLB(Hons), BSc(Grad), BCom, BA, GradDipEd, DipArts, DipFinMangt, GradDipTax, GradDipIL, GradDipAdvMilLaw, GradDipMilLaw, GradCertLawTchg, GCJ, GradCertConstrPrac, GCertOnline Learning (HEd), PCert.Arbitration.
Experience	- 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.

Directors' report

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.

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)

7. Meetings of Directors and committees

During the financial year, nine circular resolutions were passed and nine 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		COMMERCIAL 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	5	5	-	-	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	5	5	2	2	2	2		
Philip Otley	5	5	2	2	2	2		
Dr John Tarrant ⁽¹⁾	-	-	-	-	-	-		

⁽¹⁾ Dr Tarrant retired on 17 September 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.

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
NORAAG [§]	19.12.2023	22.12.2026	0.080	15,000,000	-
NORAAH	23.12.2024 13.01.2025, and 11.06.2025	31.12.2026	0.030	22,831,650	22,831,650
NORAA	11.12.2025	11.12.2027	0.025	16,019,728	16,019,728
NORAP	28.11.2025	01.12.2028	0.030	25,000,000	25,000,000
				78,851,378	63,851,378

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

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 2026 financial year, 13,980,272 ordinary shares have been issued by the Company as result of the exercise of options, raising \$349,507 (2025: 1,718,751, \$53,000 cash proceeds).

Directors' report

10. Non-audit services

During the year, Hall Chadwick WA Audit Pty Ltd (**Hall Chadwick**), the Company's auditor, provided no non-audit services (2025: \$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 55.

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 2026 has been received and can be found on page 18 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 2026. 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:

○ Directors

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

○ Other KMP

- Mr Stevan Tot *General Manager Enterprise and Vice President Sales*

○ Former KMP included in current and / or comparative information

- Dr John Tarrant *Non-Executive Chairman (retired on 17 September 2025)*
- Mr Paul Covich *Non-Executive Director (appointed 28 January 2025, resigned 17 April 2025)*

Directors' report

14. Remuneration report (audited)

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.

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.

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.

	2026	2025	2024	2023	2022
Profit or (loss) for the year attributable to owners of the Company (\$)	(852,607)	(599,721)	(2,584,155)	(1,890,119)	(1,083,468)
Basic earnings per share (cents)	(0.16)	(0.12)	(0.58)	(0.53)	(0.38)
Dividend payments (\$)	Nil	Nil	Nil	Nil	Nil
Dividend payout ratio (%)	N/A	N/A	N/A	N/A	N/A
Share price (\$)	0.026	0.020	0.048	0.026	0.012
Increase/(decrease) in share price (%)	30.00	(58.33)	84.62	116.67	(20.00)

Directors' report

14. Remuneration report (audited)

d. *Voting and comments made at the Company's 2025 Annual General Meeting (AGM)*

At the AGM held on 28 November 2025, the remuneration report for the 2025 financial year was approved with 19,337,278 votes in favour (99.36%), 123,646 votes against (0.64%) and 13,279,431 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.
- *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.

14.3. KMP remuneration

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

2026 – 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	240,917	-	-	-	28,910	-	-	-	-	269,827
Mr Philip Marsland ⁽¹⁾	-	-	-	-	-	-	-	-	86,250	86,250
Mr Philip Otley ⁽¹⁾	-	-	-	-	-	-	-	-	86,250	86,250
Dr John Tarrant ⁽²⁾	12,500	-	-	-	-	-	-	-	-	12,500
Mr Stevan Tot	126,000	-	-	-	15,120	-	-	-	4,002	145,122
	379,417	-	-	-	44,030	-	-	-	176,502	599,949

(1) Amounts recorded for Messrs Marsland and Otley relate to director fees settled by way of option, refer note 16.2.1b.

(2) Dr Tarrant retired on 17 September 2025.

Directors' report
14. Remuneration report (audited)

2025 – Group	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
Group KMP	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.

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 2026

2026 – Group	Balance at start of year or appointment	Received during the year as remuneration	Received during the year on the exercise of options	Other changes during the year ⁽²⁾	Balance at end of year or at date of resignation
Group KMP	No.	No.	No.	No.	No.
Mr Paul Ostergaard	41,790,104	-	-	795,000	42,585,104
Mr Philip Marsland	2,582,485	-	-	-	2,582,485
Mr Philip Otley	250,000	-	-	-	250,000
Dr John Tarrant ⁽¹⁾	124,939,874	-	-	-	124,939,874
Mr Stevan Tot	4,943,238	-	-	-	4,943,238
	174,505,701	-	-	795,000	175,300,701

(1) Dr Tarrant retired on 17 September 2025.

(2) Other changes related to on-market purchases

b. Options in Norwood Systems Limited held by each KMP and their related entities at 30 June 2026

2026 – Group	Balance at start of year or appointment	Granted as remuneration during the year	Exercised during the year	Other changes during the year ⁽²⁾	Balance at year end or date of resignation	Vested and exercisable	Not Vested
Group KMP	No.	No.	No.	No.	No.	No.	No.
Mr Paul Ostergaard	15,000,000	-	-	(10,000,000)	5,000,000	5,000,000	-
Mr Philip Marsland	20,000,000	12,500,000	-	(10,833,500)	21,666,500	16,666,500	5,000,000
Mr Philip Otley	17,750,000	12,500,000	-	(10,250,000)	20,000,000	15,000,000	5,000,000
Dr John Tarrant ⁽¹⁾	5,000,000	-	-	-	5,000,000	5,000,000	-
Mr Stevan Tot	-	-	-	-	-	-	-
	57,750,000	25,000,000	-	(31,083,500)	51,666,500	41,666,500	10,000,000

(1) Dr Tarrant retired on 17 September 2025.

(2) Other changes related to Mr Ostergaard relate to options that expired.

Other changes related to Mr Marsland relate to 1,666,500 options issued in connection with convertible notes, and expiration of 12,500,000 options.

Directors' report

14. Remuneration report (audited)

c. Performance shares or rights in Norwood Systems Limited held by each KMP and their related entities at 30 June 2026

2026 – Group	Balance at start of year or appointments	Received during the year as compensation	Conversion to ordinary share during the year	Other changes during the year	Balance at end of year or resignation	Maximum value yet to vest
Group KMP	No.	No.	No.	No.	No.	\$
Mr Paul Ostergaard	10,000,000	-	-	(5,000,000)	5,000,000	52,500
Mr Philip Marsland	-	-	-	-	-	-
Mr Philip Otley	-	-	-	-	-	-
Dr John Tarrant ⁽¹⁾	-	-	-	-	-	-
Mr Stevan Tot	1,000,000	-	-	-	1,000,000	5,350
	11,000,000	-	-	(5,000,000)	6,000,000	57,850

(1) Dr Tarrant retired 17 September 2025.

(2) Other changes for Mr Ostergaard relate to the lapse of 5,000,000 Tranche A performance rights, as the vesting condition were not met by 30 June 2026 (refer note 16.2.1c).

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 2026 is \$26,010 (2025: \$43,255). Life-time amount vested to June 2026 is \$179,725 (2025: \$153,715).

14.6. Options issued as part of remuneration

During the 2026 financial year 25,000,000 options were issued to Messrs Otley and Marsland (12,500,000 each) as remuneration, on the below terms (2025: nil options).

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

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.

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)

On 1 September 2025 (12th variation), the facility was extended to 3 September 2025 and principal increased to \$322,669. 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 as detailed in note 5.5.2.

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

2026	2025
\$	\$
318,342	274,663
-	455,000
-	62,203
4,538	76,476
(322,880)	(550,000)
-	318,342

Directors' report

14. Remuneration report (audited)

- 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 were issued during the year, post the retirement of Dr Tarrant.

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 \$43,426 is payable to Mr Ostergaard for accrued unpaid Chief Executive Officer and Managing Director salary (2025: \$25,172) (see note 5.4.2).

- *Contingent liabilities:* At 30 June 2025, the Group has identified potential remuneration arrangements for Non-Executive Directors (NEDs) amounting to approximately \$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 Wednesday, 30 September 2026



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 2026, 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 2026
Perth, Western Australia

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2026

	Note	2026 \$	2025 \$
<i>Continuing operations</i>			
Revenue	1.1	2,322,954	1,901,935
Other income	1.2	682,354	1,483,181
Accountancy, audit, and legal fees		(186,452)	(186,377)
Administration expenses		(109,244)	(173,923)
ASX and share registry fees		(78,866)	(76,604)
Consultancy and subcontractor fees		(107,143)	(30,902)
Depreciation		(87,956)	(84,985)
Employee and director benefits expense	2.1	(2,031,281)	(2,218,387)
Finance costs		(258,051)	(221,434)
Impairment reversal		17,000	-
Information technology infrastructure cost		(407,445)	(423,301)
Patents, research, and development		(74,971)	(103,520)
Sales and marketing		(194,079)	(244,985)
Share-based payment expense	16	(150,672)	(69,093)
Travel and entertainment		(111,677)	(82,289)
Other expenses		(77,078)	(69,037)
Loss before tax		(852,607)	(599,721)
Income tax expense	4.1	-	-
Net loss for the year		(852,607)	(599,721)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		(852,607)	(599,721)
<i>Earnings per share:</i>			
Basic loss per share (cents per share)	15.4	¢ (0.16)	¢ (0.12)
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 2026

	Note	2026 \$	2025 \$
<i>Current assets</i>			
Cash and cash equivalents	5.1	175,900	137,765
Trade and other receivables	5.2	1,290,832	1,071,523
Total current assets		1,466,732	1,209,288
<i>Non-current assets</i>			
Financial assets	5.3	149,244	149,244
Plant and equipment	6.1	27,227	37,794
Right-of-use assets	6.2	120,601	36,566
Total non-current assets		297,072	223,604
Total assets		1,763,804	1,432,892
<i>Current liabilities</i>			
Trade and other payables	5.4	1,233,371	856,563
Lease liabilities	6.2	80,140	46,508
Borrowings	5.5	539,946	903,940
Provisions	6.3	306,247	313,769
Total current liabilities		2,159,704	2,120,780
<i>Non-current liabilities</i>			
Lease liabilities	6.2	51,722	-
Provisions	6.3	63,007	59,027
Total non-current liabilities		114,729	59,027
Total liabilities		2,274,433	2,179,807
Net liabilities		(510,629)	(746,915)
<i>Equity</i>			
Issued capital	7.1	37,159,669	36,220,598
Reserves	7.4	1,156,095	1,054,663
Accumulated losses		(38,826,393)	(38,022,176)
Total equity		(510,629)	(746,915)

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 2026

	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 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		-	-	24,048	-	24,048
Conversion of notes (net of costs)	7.1	170,852	-	(18,095)	-	152,757
Share-based payments		-	397,526	-	-	397,526
Conversion of performance rights	7.3	11,783	(11,783)	-	-	-
Exercise of options	7.1	61,091	(8,091)	-	-	53,000
Expiry of options	7.2.1	-	(316,445)	-	316,445	-
<i>Balance at 30 June 2025</i>		36,220,598	1,048,710	5,953	(38,022,176)	(746,915)
<i>Balance at 1 July 2025</i>		36,220,598	1,048,710	5,953	(38,022,176)	(746,915)
Loss for the year attributable to owners of the parent		-	-	-	(852,607)	(852,607)
Other comprehensive income for the year attributable to owners of the parent		-	-	-	-	-
Total comprehensive income for the year attributable to owners of the parent		-	-	-	(852,607)	(852,607)
<i>Transaction with owners, directly in equity</i>						
Equity issued during the year (net of costs)	7.1	562,714	-	-	-	562,714
Share-based payments	16.1	-	176,672	-	-	176,672
Exercise of options	7.1	349,507	-	-	-	349,507
Expiry of options	7.1, 7.2.1	26,850	(75,240)	-	48,390	-
<i>Balance at 30 June 2026</i>		37,159,669	1,150,142	5,953	(38,826,393)	(510,629)

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 2026

	Note	2026 \$	2025 \$
<i>Cash flows from operating activities</i>			
Receipts from customers		2,368,200	1,967,142
Government grants received		805,076	694,131
Payments to suppliers and employees		(3,381,788)	(3,316,365)
Interest received		6,539	1,872
Interest paid		(26,845)	-
Net cash used in operating activities	5.1.2a	(228,818)	(653,220)
<i>Cash flows from investing activities</i>			
Purchase of plant and equipment		(1,177)	-
Funds provided for bank guarantee		-	(149,244)
Net cash used in investing activities		(1,177)	(149,244)
<i>Cash flows from financing activities</i>			
Proceeds from issue of equity, net of transaction costs	7.1	938,221	463,700
Proceeds of borrowings	5.1.2b	1,217,246	1,439,898
Repayment of borrowings	5.1.2b	(1,812,445)	(962,753)
Payments for the principal portion of lease liabilities		(74,892)	(69,600)
Net cash provided by financing activities		268,130	871,245
Net increase / (decrease) in cash and cash equivalents held		38,135	68,781
Cash and cash equivalents at the beginning of the year		137,765	68,984
Cash and cash equivalents at the end of the year	5.1	175,900	137,765

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 2026

In preparing the 2026 financial statements, Norwood Systems Limited has grouped notes into sections under five key categories:

- Section A: How the numbers are calculated.....24
- Section B: Risk.....43
- Section C: Group structure47
- Section D: Unrecognised items.....49
- Section E: Other Information.....50

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 2026

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	2026 \$	2025 \$
1.1	Revenue		
	World Apps stores revenue	108,396	154,210
	Spark Voicemail revenue	741,903	746,141
	Optus Voicemail revenue	1,071,808	975,684
	Project revenue	400,446	-
	Other revenue	401	25,900
		2,322,954	1,901,935
1.2	Other Income		
	Net interest income or (expense)	6,539	2,376
	Government grant income: prior year returns	731	694,131
	current year return (accrued)	657,413	786,674
	Other income	17,671	-
		682,354	1,483,181

1.3 Information about major customers

During the financial year ended 30 June 2026, the Group had two external customers who individually contributed 10% or more of the Group's total consolidated revenues. The total revenues generated from these major customers was \$1,813,711 or 78.1% of total revenue (2025: \$1,721,825 or 90.5% of total revenue)

1.4 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.

1.4.1 Timing of revenue recognition

	Project revenues \$	World Apps stores revenue \$	Optus Voicemail revenue \$	Spark Voicemail revenue \$	Other revenue \$
2026					
At a point in time	-	-	1,071,808	-	401
Over time	400,446	108,396	-	741,903	-
Total	400,446	108,396	1,071,808	741,903	401
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

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 1 Revenue and other income (cont.)**1.4 Disaggregation of revenue from contracts with customers (cont.)****1.4.2 Geographical Regions****2026**

New Zealand

Australia

Rest of the World

Total**2025**

New Zealand

Australia

Rest of the World

Total

Project revenues \$	World Apps stores revenue \$	Optus Voicemail revenue \$	Spark Voicemail revenue \$	Other revenue \$
-	-		741,903	-
230,622	(18,711)	1,071,808	-	-
169,824	127,107		-	401
400,446	108,396	1,071,808	741,903	401
Project revenues \$	World Apps stores revenue \$	Optus Voicemail revenue \$	Spark Voicemail revenue \$	Other revenue \$
-	-		746,141	-
-	-	975,684	-	25,900
-	154,210		-	-
-	154,210	975,684	746,141	25,900

1.5 Accounting policy**1.5.1 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.

1.5.2 Revenue from sale of products 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 software is delivered to the customer.

1.5.3 Revenue from rendering of services

Revenue from subscription services is recognised over time, as the customer simultaneously receives and consumes the services performed by the Group.

1.5.4 Interest income

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

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note	2	Loss before income tax	2026 \$	2025 \$
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The following material expenses are relevant in explaining financial performance:

2.1 Employment costs

○ Directors' Fees	253,417	308,834
○ Employee wages	1,572,405	1,700,050
○ Superannuation	205,459	209,503
	2,031,281	2,218,387

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 consolidated financial statements

for the year ended 30 June 2026

Note	4	Income tax	Note	2026 \$	2025 \$
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 or (decrease) in deferred tax assets	4.5	-	(7,183)
		○ (Increase) or 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 or (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:</i>			
		Accounting loss before tax		(852,607)	(599,721)
		Prima facie tax on operating loss at 25% (2025: 25%)		(213,152)	(149,930)
		<i>Add / (Less) tax effect of:</i>			
		○ Research and development expenditure		377,824	446,592
		○ Non-deductible expenses		64,103	60,970
		○ Non-assessable items		(169,773)	(370,201)
		○ Non-recognition of deferred tax position		(59,002)	19,752
		Income tax expense or (benefit) attributable to operating loss		-	7,183
				2026 %	2025 %
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% (2025: 25%) being the rate payable on taxable profits under Australian tax law.			
				2026 \$	2025 \$
4.4		Balance of franking account at year end of the parent		nil	nil
4.5		Deferred tax assets (DTA)			
		Employee benefits		92,314	93,199
		Provision for loan receivable		60,670	28,251
		Plant and equipment (incl. under leases)		3,467	5,729
		Capital raising costs		22,502	14,979
		Tax and capital losses		8,098,531	8,166,134
		DTA / DTL not recognised		(8,277,484)	(8,308,292)
				-	-
		Set-off deferred tax liabilities		-	-
		Net deferred tax assets		-	-

Notes to the consolidated financial statements

for the year ended 30 June 2026

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:

- Operating tax losses
- Capital losses
- Temporary differences

2026 \$	2025 \$
8,098,531	8,166,134
529,278	529,278
142,120	142,120
8,769,929	8,837,532

4.7 Potential DTAs attributable to tax losses have not been recognised at 30 June 2026, as the directors do not consider realisation to be probable at this time. These benefits will only be obtained if:

- i. the Group generates sufficient future taxable income;
- ii. the Group continues to satisfy conditions for deductibility; and
- iii. 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 \$32,394,124 (2025: \$32,664,536) 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 2026

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**

	2026 \$	2025 \$
Cash at bank	175,900	137,765
	175,900	137,765

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

	2026 \$	2025 \$
a. <i>Reconciliation of cash flow from operations to loss after income tax</i>		
Loss after income tax	(852,607)	(599,721)
○ <i>Cash flows excluded from loss attributable to operating activities:</i>	-	-
○ <i>Non-cash flows in loss from ordinary activities:</i>		
● Depreciation and amortisation	87,956	84,985
● Net share-based payments expensed	150,672	69,093
● Capitalised interest	250,830	283,133
● Impairment reversal	(17,000)	
○ <i>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:</i>		
● (Increase) or decrease in trade and other receivables	(48,516)	(776,450)
● Increase or (decrease) in trade and other payables	107,551	225,170
● Increase or (decrease) in provisions	(3,542)	60,570
● Increase or (decrease) in provisions	95,838	-
Cash flow (used in) / from operations	(228,818)	(653,220)

b. *Reconciliation of liabilities arising from financing activities*

	Note	Net debt 2024 \$	Financing cash flows \$	Non-cash changes			Net debt 2025 \$
				Acquisitions \$	Conversion to equity \$	Other changes ⁱ \$	
Cash drawdown facility	5.5.2	274,663	(95,000)	-	-	138,679	318,342
R&D loan facility payable	5.5.3	326,460	147,445	-	-	33,071	506,976
Convertible notes	5.5.5	-	474,700	-	(380,000)	(16,078)	78,622
Loan from employee		50,000	(50,000)	-	-	-	-
Total		651,123	477,145	-	(380,000)	155,672	903,940

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 5 Financial assets and financial liabilities (cont.)

5.1 Cash and cash equivalents (cont.)

	Note	Non-cash changes				
		Net debt 2025 \$	Financing cash flows \$	Acquisitions \$	Conversion to equity \$	Other changes ⁱ \$
Cash drawdown facility	5.5.2	318,342	(322,880)	-	-	4,538
R&D loan facility payable	5.5.3	506,976	(308,893)	-	-	30,192
Line of Credit	5.5.4	-	37,138	-	-	94,533
Short-term loan	5.5.2	-	(38,500)	-	-	38,500
Unsecured loan	5.5.6	-	162,936	-	-	17,064
Convertible notes	5.5.5	78,622	(125,000)	-	-	46,378
Total		903,940	(595,199)	-	-	231,205

i. Other changes represent capitalised interest and offsets against expenditure.

c. Credit and loan standby arrangement with banks

The Group has no credit standby facilities.

d. Non-cash investing and financing activities

2026

- 5,000,000 options, valued at \$26,000, were issued as lead manager fees for a placement.

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.
- 19,831,650 options were issued in connection with the issue of convertible notes to holders and advisors.

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

	2026 \$	2025 \$
Trade receivables	633,205	284,762
Accrued R&D grant income receivable	657,413	786,674
Other receivables	214	87
	1,290,832	1,071,523

5.2.2 The Group's exposure to credit 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. The Groups had no trade receivables with ageing greater than 30 days (2025: \$nil)

5.2.4 Key estimate and judgement – Research and development tax incentive receivable

The R&D incentive receivable of \$657,413 (2025: \$786,674), accounted for in accordance with note 4.8.2, is recognised in the period eligible expenditure is incurred, where management judges reasonable assurance of receipt exists, based on the Group's claim history and external R&D tax specialist review. The receivable is estimated by applying the offset rate to eligible expenditure, requiring judgement over activity eligibility and cost apportionment. As the claim remains subject to registration and regulatory review, the final amount may differ, with any adjustment recognised in profit or loss when determined.

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 5 Financial assets and financial liabilities (cont.)**5.2 Trade and other receivables (cont.)****5.2.5 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	2026 \$	2025 \$
------	------------	------------

5.3.1 Non-current

Security deposit	5.3.2	149,244	149,244
		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

Note	2026 \$	2025 \$
------	------------	------------

5.4.1 Current

Trade payables		213,611	168,954
Accruals and other payables		623,970	408,661
Contract liabilities		316,614	220,776
Accrued director fees and salaries	5.4.2	79,176	58,172
		1,233,371	856,563

5.4.2 *Accrued director fee and salaries represent unpaid salary for Chief Executive Officer and Managing Director Mr Ostergaard of \$43,426 (2025: \$25,172) and accrued fees for former director and related party Dr Tarrant of \$35,750 (2025: \$33,000).*

5.4.3 Accounting policy*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	2026 \$	2025 \$
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5.5.1 Current

Cash Drawdown facility – Balmain Resources Pty Ltd	5.5.2	-	318,342
Research and Development (R&D) loan facility	5.5.3	228,275	506,976
Bizcap line of credit loan (including interest and fees)	5.5.4	131,671	-
Convertible notes	5.5.5	-	125,000
Less: Unexpired borrowing costs/transaction costs	5.5.5	-	(46,378)
Net convertible notes		-	78,622
Related party unsecured loan	5.5.6	180,000	-
		539,946	903,940

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 5 Financial assets and financial liabilities (cont.)

5.5 Borrowings (cont.)

5.5.2 On 1 September 2025 (12th variation), the Agreement was extended to 3 September 2025 and principal increased to \$322,669. The facility had also previously 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.

5.5.3 Advance funding was received from Radium Capital (**Radium**) on its expected R&D rebate. Key terms are outlined below:

- *Counterparty* Innovation Structured Finance Co LLC facilitated by Radium for the period July 2025 to March 2026.
- *Amount* 80% of the expected R&D tax offset resulting from each period's eligible R&D expenditures, with principal and interest repaid from the actual tax offsets at the end of October 2026.
- *Final Maturity Date* 31 October 2026 and expected to be paid in October 2026. Norwood has the option to repay earlier without penalties.
- *Interest Rate* 17% per annum, and default rate of 20% per annum during any lender-approved extension; 25% per annum while in default. Settlement fee of 1.5%.
- *Security* Secured against the R&D refund receivable from the ATO in October 2026.
- *Conditions* R&D expenditure has to be reviewed by R&D Tax Consultants
- *Purpose of Loan* As per agreement, wholly or predominantly for working capital or R&D expenditures.

5.5.4 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 Mr Ostergaard and Norwood Systems Limited.
- *Default* Lender may accelerate the outstanding balance and enforce security following notice.

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

- *Principal amount* \$505,000, of which \$380,000 converted during the 2025 financial year.
- *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 (issued 16,831,650, 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.

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 5 Financial assets and financial liabilities (cont.)**5.5 Borrowings (cont.)****a. Reconciliation of convertible notes**

	2026 \$	2025 \$
Convertible notes issued or on issue	125,000	505,000
Less: notes repaid or converted during the year	(125,000)	(380,000)
	-	125,000
Unexpired borrowing costs/transaction costs on issue	46,378	371,681
Less: Borrowing costs on unconverted notes for the year	(46,378)	(98,060)
Transaction costs on notes converted during the year	-	(227,243)
	-	46,378
Net convertible notes	-	78,622

5.5.6 On 25 February 2026, the Company entered into an unsecured loan agreement with a related party on the following terms:

- *Lender* Plough Lane Superannuation Pty Ltd (ACN 066 098 977) (refer note 5.5.6a)
- *Facility type* Term loan of \$280,000 varied, advanced in two tranches.
- *Draw dates* Tranche 1: \$150,000 on 26 Feb 2026; Tranche 2: balance no later than 31 Mar 2026.
- *Purpose* Working capital of the Company.
- *Repayment date* Varied to 31 August 2026; early repayment permitted without penalty.
- *Interest rate* 9.75% per annum, accruing daily, payable on repayment.
- *Default interest* Additional 3% per annum from the repayment date if unpaid.
- *Establishment fee* 4% of the loan amount plus GST, invoiced at signing and payable within 2 business days.
- *Options* Varied to 4,250,000 unquoted options at \$0.02 each, expiring 30 June 2028, subject to Listing Rule 7.1 capacity or shareholder approval. If the Options to be issued are not issued by 31 December 2026, then the Borrower must pay the Lender the market value of the Options as at 31 December 2026 plus GST as a borrowing fee.
- *Security* Unsecured.
- *Default* Lender may accelerate all outstanding monies following written notice of breach.

Subsequent to balance date the Company extended repayment to 30 September 2026, repaid \$20,000 on that date and refinanced the remaining \$160,000 as an unsecured convertible note maturing on 30 June 2027, as detailed in note 12.1.

- a. Plough Lane Superannuation Pty Ltd is the trustee of a superannuation fund controlled by Dr John Tarrant, a director of the Company until 17 September 2025, who indirectly holds 21.66% of the Company's ordinary shares. Dr Tarrant is considered to have significant influence over the Company by virtue of this shareholding, and the Lender is therefore a related party of the Company.

5.5.7 Accounting policy*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.

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 5 Financial assets and financial liabilities (cont.)

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.

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.

Notes to the consolidated financial statements

for the year ended 30 June 2026

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

	2026 \$	2025 \$
Office equipment – at cost	184,297	183,119
Accumulated depreciation	(165,468)	(154,469)
	18,829	28,650
Leasehold improvements – at cost	81,592	81,592
Accumulated amortisation	(73,194)	(72,448)
	8,398	9,144
Total property, plant, and equipment	27,227	37,794

6.1.1 Movements in carrying amounts

	Office equipment \$	Leasehold improvements \$	Total \$
<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
<i>Carrying amount at 1 July 2025</i>	28,650	9,144	37,794
Additions	1,177	-	1,177
Depreciation expense	(10,998)	(746)	(11,744)
<i>Carrying amount at 30 June 2026</i>	18,829	8,398	27,227

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 2026

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:

	2026 %	2025 %
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

	2026 \$	2025 \$
Right-of-use asset – buildings	443,931	283,685
Accumulated amortisation	(323,330)	(247,119)
	120,601	36,566

6.2.2 Lease liabilities

Current
Non-current

Current	80,140	46,508
Non-current	51,722	-
	131,862	46,508

6.2.3 There were no additions to the right-of-use assets during the 2026 financial year were (2025: \$nil). The current lease was extended to 31 January 2028 in January 2026.

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)

	2026 \$	2025 \$
Depreciation charge of right-of-use assets	76,211	72,630
Interest expense (included in finance cost)	4,945	5,509
	81,156	78,139

6.2.5 The total cash outflow for leases in 2026 was \$74,892 (2025: \$77,704).

Notes to the consolidated financial statements

for the year ended 30 June 2026

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 2026

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

6.3 Provisions	2026 \$	2025 \$
6.3.1 Current		
Employee entitlements	306,247	313,769
	306,247	313,769
6.3.2 Non-current		
Employee entitlements	63,007	59,027
	63,007	59,027
6.3.3 Movements in carrying amounts	Employee entitlements \$	Total \$
Carrying amount at 1 July 2025	372,796	372,796
Additions	73,215	73,215
Amounts used during the year	(76,757)	(76,757)
Carrying amount at 30 June 2026	369,254	369,254

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 2026

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 2026

Note 7 Equity				
7.1 Issued capital	2026 No.	2025 No.	2026 \$	2025 \$
Fully paid ordinary shares at no par value	579,907,899	515,927,627	37,159,669	36,220,598
7.1.1 Ordinary shares	2026 No.	2025 No.	2026 \$	2025 \$
At the beginning of the year	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
12.2025 Placement	50,000,000	-	650,200	-
06.2026 Exercise of options	13,980,272	-	349,507	-
<i>Transaction costs relating to share issues</i>				
Cash-based	-	-	(61,486)	(36,300)
Equity-based	-	-	(26,000)	(238,343)
Equity-based – option expiry	-	-	26,850	-
At end of the year	579,907,899	515,927,627	37,159,669	36,220,598
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, before costs. 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 2026

Note 7 Equity (cont.)							
7.2	Options	Note	2026 No.	2025 No.	2026 \$	2025 \$	
Options			91,401,378	99,381,650	955,808	827,886	
7.2.1	Options		2026 No.	2025 No.	2026 \$	2025 \$	
At the beginning of the year			99,381,650	197,764,414	827,886	798,151	
<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			16.2.2a	-	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 NORAAB			(30,000,000)	-	(48,390)	-	
11.2025 Attaching placement options			7.1.1	25,000,000	-	-	
11.2025 Non-Exec. Director options			16.2.1b	25,000,000	-	172,500	
12.2025 Red Leaf options			16.2.1a	5,000,000	-	26,000	
06.2026 Exercise of options			7.1.1	(13,980,272)	-	-	
Transfer of historic option value to accumulated losses			-	-	-	-	
At end of the year			91,401,378	99,381,650	955,808	827,886	
7.3	Performance equity	Note	2026 No.	2025 No.	2026 \$	2025 \$	
Performance equity			10,463,389	15,463,389	194,334	220,824	
7.3.1	Performance equity movement		2026 No.	2025 No.	2026 \$	2025 \$	
At the beginning of the period			15,463,389	15,708,859	220,824	189,352	
<i>Performance equity changes during the period:</i>							
Issue of performance rights			-	-	26,010	43,255	
Conversions of rights			7.1.1	-	(245,470)	-	(11,783)
Reversal of unvested rights			(5,000,000)	-	(52,500)	-	-
At end of the period			10,463,389	15,463,389	194,334	220,824	

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 7 Equity (cont.)**7.4 Reserves**

Note

2026

\$

2025

\$

7.4.1 Summary reserves:

○ Share-based payment reserve, comprising:

● Options

7.2

955,808

827,886

● Performance equity

7.3

194,334

220,824

1,150,142

1,048,710

○ Convertible note equity reserve

5,953

5,953

1,156,095

1,054,663

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 2026

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 \$	2026 Total \$	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	2025 Total \$
<i>Financial assets</i>								
• Cash and cash equivalents	175,900	-	-	175,900	137,765	-	-	137,765
• Trade and other receivables	-	-	1,290,832	1,290,832	-	-	1,071,523	1,071,523
• Financial assets	-	-	149,244	149,244	-	-	149,244	149,244
Total financial assets	175,900	-	1,440,076	1,615,976	137,765	-	1,220,767	1,358,532
<i>Financial liabilities at amortised cost</i>								
• Trade and other payables	-	-	1,233,371	1,233,371	-	-	856,563	856,563
• Borrowings	-	539,946	-	539,946	-	903,940	-	903,940
• Financial liabilities	-	80,140	51,722	131,862	-	46,508	-	46,508
Total financial liabilities	-	620,086	1,285,093	1,905,179	-	950,448	856,563	1,807,011
Net financial assets / (liabilities)	175,900	(620,086)	154,983	(289,203)	137,765	(950,448)	364,204	(448,479)

8.2 Specific financial risk exposures and management

The main risks 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 2026

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	
	2026	2025	2026	2025	2026	2025
	\$	\$	\$	\$	\$	\$
<i>Financial liabilities due for payment</i>						
Trade and other payables	1,233,371	856,563	-	-	1,233,371	856,563
Borrowings	539,946	903,940	-	-	539,946	903,940
Leases	80,140	46,508	51,722	-	131,862	46,508
Total contractual outflows	1,853,457	1,807,011	51,722	-	1,905,179	1,807,011
<i>Financial assets</i>						
Cash and cash equivalents	175,900	137,765	-	-	175,900	137,765
Trade and other receivables	1,290,832	1,071,523	-	-	1,290,832	1,071,523
Loans, net of any impairment	-	-	149,244	149,244	149,244	149,244
Total anticipated inflows	1,466,732	1,209,288	149,244	149,244	1,615,976	1,358,532
Net (outflow) / inflow on financial instruments	(386,725)	(597,723)	97,522	149,244	(289,203)	(448,479)

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 2026

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. 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 2026		
±100 basis points change in interest rates	± 1,759	± 1,759
Year ended 30 June 2025		
±100 basis points change in interest rates	± 1,378	± 1,378

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 2026

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	2026 \$	2025 \$
Cash and cash equivalents	5.1	175,900	137,765
Trade and other receivables	5.2	1,290,832	1,071,523
Trade and other payables	5.4	(1,233,371)	(856,563)
Borrowings	5.5	(539,946)	(903,940)
Leases	6.2.2	(80,140)	(46,508)
Current provisions	6.3	(306,247)	(313,769)
Working capital position		(692,972)	(911,492)

Notes to the consolidated financial statements

for the year ended 30 June 2026

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 note 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
		2026	2025	
○ Norwood Systems (Aust) Pty Ltd	Ordinary	100	100	Australia
○ Norwood Systems (UK) Limited	Ordinary	100	100	UK

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 acquiree;
- *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 2026

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 a 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 2026

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 working capital facility – related party loan**

On 31 August 2026, the Company entered into a deed of variation to the working capital facility with Plough Lane Superannuation Pty Ltd, an entity controlled by former director and substantial shareholder Dr John Tarrant, extending the repayment date of the \$180,000 outstanding loan balance from 31 August 2026 to 30 September 2026. The interest rate remains unchanged at 9.75% per annum, payable on the repayment date, with an additional default rate of 3% per annum applying if the loan is not repaid by that date. The loan remains unsecured. An extension fee equal to 2% of the loan amount plus GST is payable within two days of drawdown, and the Company has agreed to issue 500,000 unquoted options exercisable at \$0.02 and expiring 30 June 2028 as a facility fee (or, if the options are not issued by 31 December 2026, to pay the Lender the market value of those options as at that date plus GST).

On 29 September 2026, the Company entered into a binding term sheet with Plough Lane Superannuation Pty Ltd to refinance the loan. The Company repaid \$20,000 on 30 September 2026, and the remaining \$160,000 rolls over into an unsecured convertible note from 1 October 2026, with no further cash advance. The note bears interest at 10% per annum, payable monthly in arrears, and matures on 30 June 2027. Plough Lane may convert all or part of the principal into ordinary shares at \$0.019 per share up to maturity (8,421,053 shares on full conversion); interest and fees are payable in cash. An establishment fee of \$4,800 plus GST (3% of principal) is payable, and the Company must issue 4,210,527 unquoted options exercisable at \$0.025 and expiring 31 March 2028 by 31 October 2026. These options are in addition to the existing entitlement to 4,750,000 options exercisable at \$0.02 and expiring 30 June 2028 under the loan agreement, as varied (4,250,000 plus the 500,000 extension options), which the Company will issue by 31 October 2026. The Company's early repayment right under the existing loan agreement does not apply to the note. Accrued interest and fees under the existing facility remain separately payable.

12.2 Receipt of FY2026 research and development tax refund and repayment of R&D loan facility

On 22 September 2026, the Company received its FY2026 research and development (R&D) tax incentive refund of \$657,413 from the ATO, consistent with the accrued R&D grant income receivable recognised at 30 June 2026 (refer note 5.2.1). Of that amount, \$303,955 was offset by the ATO against outstanding PAYG withholding and GST liabilities on the Company's integrated client account, with the balance of \$353,459 received in cash. Following the offset, no amount remained outstanding on the Company's ATO integrated client account at the date of this report.

On the same date, the Company repaid in full the R&D loan facility provided by Innovation Structured Finance Co LLC (facilitated by Radium Capital), which was secured against the FY2026 R&D refund receivable (refer note 5.5.3). The payout amount of \$233,432 comprised principal advanced of \$210,190, a settlement fee of \$2,102 and interest of \$21,140. The facility had a carrying amount of \$228,275 at 30 June 2026; the additional \$5,157 represents interest accrued from 1 July 2026 to the repayment date and will be recognised as a finance cost in the year ending 30 June 2027. No amounts remain owing under the facility, which has been discharged.

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 \$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 2026 (2025: \$580,000). There are no commitments as at 30 June 2026 (2025: Nil).

Notes to the consolidated financial statements

for the year ended 30 June 2026

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:

Directors

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

Other KMP

- Mr Stevan Tot *General Manager Enterprise and Vice President Sales*

Former KMP included in current and / or comparative information

- Dr John Tarrant *Non-Executive Chairman (retired 17 September 2025)*
- Mr Paul Covich *Non-Executive Director (appointed 28 January 2025, resigned 17 April 2025)*

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.

	2026 \$	2025 \$
Short-term employee benefits	379,417	434,834
Post-employment benefits	44,030	41,630
Share-based payments	176,502	6,655
Total	599,949	483,119

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.

Unless otherwise stated, related party transactions are on normal commercial terms no more favourable than those available to other parties, and are set out below.

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), the Company entered into a Cash Drawdown Facility agreement with Balmain Resources Pty Ltd. On 1 September 2025 (12th variation), the term was extended to 3 September 2025 and the principal to \$322,669. The facility had also been extended on 1 August 2025. It was fully settled on 3 September 2025 (see note 5.5.2).

Movements in the loan account are as follows:

	2026 \$	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

Subsequent to retirement Dr Tarrant, on 25 February 2026 further loaned the Company \$280,000 as fully detailed in note 5.5.6.

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 were issued during the year.

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note	15 Earnings per share (EPS)	Note	2026 \$	2025 \$
15.1 Reconciliation of earnings to profit or loss				
	Loss for the year		(852,607)	(599,721)
	Less: loss attributable to non-controlling equity interest		-	-
	Loss used in the calculation of basic and diluted EPS		(852,607)	(599,721)
			2026 No.	2025 No.
15.2 Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS			543,675,464	482,546,980
	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 diluted EPS			543,675,464	482,546,980
15.4 Earnings per share			2026 ¢	2025 ¢
	Basic EPS (cents per share)	15.5	(0.16)	(0.12)
	Diluted EPS (cents per share)	15.5	N/A	N/A
15.5	As at 30 June 2026 the Group has 91,401,378 unissued shares under option (2025: 99,381,650) and 10,463,389 performance rights (2025: 15,463,389). 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 performance rights were anti-dilutive.			

Note	16 Share-based payments	Note	2026 \$	2025 \$
16.1 Share-based payments:				
	Recognised in profit and loss: <i>Options and rights</i>	16.2.1b,c 16.2.2d,e	150,672	69,093
	Recognised on convertible notes issue: <i>Borrowing costs (expensed)</i>	16.2.2a,b	-	83,721
	<i>Equity (transaction costs)</i>	16.2.2a,b	-	194,015
	Recognised in equity (<i>transaction costs</i>)	16.2.1a 16.2.2c	26,000	11,100
	Gross share-based payments		176,672	357,929

16.2 Share-based payment arrangements in effect during the year**16.2.1 Issued during the current 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 16.3. The keys terms of the options are as follows:

Number of options	Date of expiry	Exercise price	Vesting terms
5,000,000	11 December 2027	\$0.025	Immediately

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

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 16 Share-based payments (cont.)

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

b. *Non-Executive Director options*

Following shareholder approval, the Company issued 25,000,000 Options to 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 16.3.

c. *Reversal of lapsed rights*

Mr Paul Ostergaard held two tranches of 5,000,000 performance rights (Tranche A and Tranche B), recognised in June 2023 at a 50% vesting probability with a cumulative fair value of \$105,000 (\$52,500 per tranche). Tranche A's non-market vesting condition – \$5,000,000 in Group revenue by 30 June 2026 – was not satisfied and the tranche lapsed during the year. In accordance with AASB 2, the \$52,500 previously recognised for Tranche A has accordingly been reversed.

16.2.2 Issued in prior year, remaining in effect

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 accounting 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 were subject to shareholder approval and were issued in 2026, as they relate to \$100,000 convertible notes taken out by Directors (see note 14.2.2).

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 options. The options have been recognised as borrowing costs in accordance with accounting 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 prior 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.

d. *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 to 30 June 2026 is \$26,010 (2025: \$43,255). Life-time amount vested to 30 June 2026 is \$179,725 (2025: \$153,715).

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 16 Share-based payments (cont.)**16.2 Share-based payment arrangements in effect during the year (cont.)***e. 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 2026 is \$4,662 (2025: \$25,838). Life-time amount vested to June 2026 is \$100,000 (2025: \$95,338).

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 \$0.0066 (30 June 2025: \$0.014). These values were calculated, applying the following inputs to options:

Note Reference	16.2.1b	16.2.1a
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:	80.50%	79.38%
Risk-free interest rate:	3.80%	3.90%
Value per option	\$0.0069	\$0.0052
Probability	N/A	

Fair values

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 consolidated financial statements

for the year ended 30 June 2026

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 1.4. 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 2026

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

	2026 \$	2025 \$
Current assets	114,781	34,876
Non-current assets	-	-
Total assets	114,781	34,876
Current liabilities	473,715	636,398
Non-current liabilities	-	-
Total liabilities	473,715	636,398
Net liabilities	(358,934)	(601,522)
<i>Equity</i>		
Issued capital	48,272,053	47,332,694
Reserves	1,156,095	1,054,664
Accumulated losses	(49,787,082)	(48,988,880)
Total equity	(358,934)	(601,522)

18.2 Financial performance of Norwood Systems Limited

	2026 \$	2025 \$
Loss for the year	(798,202)	(1,021,769)
Other comprehensive income	-	-
Total comprehensive income	(798,202)	(1,021,769)

18.3 Guarantees

The Company and Mr Ostergaard provided a guarantee in respect of the Bizcap line of credit loan detailed in note 5.5.4. No other guarantees were entered into by Norwood Systems Limited for the debts of subsidiaries as at 30 June 2026 (2025: none).

18.4 Contractual commitments and contingent liabilities

The 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 2026 (2025: none).

Note 19 Auditor's remuneration

	2026 \$	2025 \$
<i>Remuneration of the auditor for:</i>		
○ Auditing or reviewing the financial reports:		
● Hall Chadwick WA Audit Pty Ltd	45,800	44,000

Notes to the consolidated financial statements

for the year ended 30 June 2026

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, and data 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 2026.

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 \$852,607 (2025: \$599,721 loss) and a net cash out-flow from operating activities of \$228,818 (2025: \$653,220 out-flow). As at 30 June 2026, the Company has a working capital deficit of \$692,972 (2025: \$911,492 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:

- On 22 September 2026, the Group received its FY2026 R&D tax refund of \$657,413 (\$353,459 in cash after a \$303,955 ATO offset), which repaid the R&D loan facility in full and funded working capital (refer note 12.2);
- \$20,000 of the \$180,000 Plough Lane working capital facility was repaid on 30 September 2026, with the remaining \$160,000 rolled into a convertible note maturing on 30 June 2027 unless earlier converted, to be repaid from operational cash flows and/or a capital raising (refer note 12.1);
- The Group continues to actively manage 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 2026

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 VAT in the UK). 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 (UK) Limited is pounds sterling.

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 2026

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 to note 4.7 in the Income Tax note.

b. Key and judgement – Research and development tax incentive receivable

Refer to note 5.2.4 in the Trade and other receivables note.

c. 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:

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 20 Statement of material accounting policies

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

○ *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 minimise 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 2026 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 2026	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, UK

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 *Corporations Act 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 19 to 59, 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 2026 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 Consolidated Entity Disclosure Statement on page 60 is true and correct as at 30 June 2026.

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 Wednesday, 30 September 2026



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 2026, 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 2026 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 \$852,607 during the year ended 30 June 2026. 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. 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 performance; and • The level of judgement required in evaluating management's application of the requirements of AASB 2 Share-based Payment ("AASB 2").	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; • 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 2026, 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 2026.

In our opinion, the Remuneration Report of Company, for the year ended 30 June 2026, 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.

A handwritten signature in black ink that reads "Hall Chadwick".

HALL CHADWICK WA AUDIT PTY LTD

A handwritten signature in black ink that reads "Mark Delaurentis".

MARK DELAURENTIS CA
Director

Dated this 30th day of September 2026
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 2026

a. Ordinary share capital

579,907,899 ordinary fully paid shares held by 663 shareholders.

b. Options over Unissued Shares

The Company has an additional 78,851,378 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
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
NORAA	11.12.2025	11.12.2027	0.025	16,019,728
NORAP	28.11.2025	01.12.2028	0.030	25,000,000
				<u>78,851,378</u>

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

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	Tranche A's non-market vesting condition was not satisfied and the tranche lapsed during the year.	5,000,000	30.06.2026	<i>Lapsed</i>
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 12-month financial period, as 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.

e. Substantial Shareholders as at 22 September 2026

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
John Tarrant	125,611,147	21.66
BNP Paribas	99,012,801	17.07
Paul Ostergaard	43,227,197	7.45
J P Morgan Nominees Australia Pty Limited	34,658,415	5.98

Additional Information for Listed Public Companies

f. Distribution of equity holders as at 22 September 2026

i. Ordinary shareholders

Category (size of holding)	Total Holders	Units held	% Held
1 – 1,000	59	8,872	0.00
1,001 – 5,000	30	85,185	0.01
5,001 – 10,000	21	158,022	0.03
10,001 – 100,000	268	12,778,924	2.21
100,001 – and over	285	566,876,896	97.75
	663	579,907,899	100.00

g. Unmarketable Parcels as at 22 September 2026

There were 180 shareholders who held less than a marketable parcel of shares, holding 1,522,405 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 2026

Rank	Group/Holder Name	No. Held	% Held
1.	John Tarrant	125,611,147	21.66
2.	BNP Paribas	99,012,801	17.07
3.	Paul Ostergaard	43,227,197	7.45
4.	J P Morgan Nominees Australia Pty Limited	34,658,415	5.98
5.	Mr Matthew Phillip Antonel	14,161,964	2.44
6.	Hollingsworth	13,827,700	2.38
7.	Donovan	12,807,328	2.21
8.	Mr Robert Edward McCleave	12,500,000	2.16
9.	Hegarty	6,827,160	1.18
10.	Mr Martin James Hegarty <Martin James Hegarty A/C>	5,829,220	1.01
11.	Steven Tot	4,943,238	0.85
12.	Mr Nathan Adrian Laws & Mrs Thanaphon Laws <Lawsy SF A/C>	4,755,972	0.82
13.	Holla Superfund Pty Ltd <Holla Superfund A/C>	4,575,000	0.79
14.	Tersa Pty Ltd <T & L Hollingsworth S/F A/C>	4,365,221	0.75
15.	BNP Paribas Nominees Pty Ltd <Clearstream>	3,764,788	0.65
16.	Mr Danny Adamopoulos	3,711,478	0.64
17.	Mr Hugh James Mcleod	3,647,902	0.63
18.	Mr Hemant Kumar Vanmali <Suni-Jay A/C>	3,600,000	0.62
19.	Walnor Pty Ltd	3,500,000	0.60
20.	263 Finance Pty Limited	3,477,732	0.60
	Total	408,804,263	70.49

Additional Information for Listed Public Companies

k. Unquoted Securities Holders Holding More than 20% of the Class as at 22 September 2026

Unlisted Options (NORAP: Exercise price \$0.030, Expiry Date: 01.12.2028)

Group/Holder Name	No. Held	% Held
Sarah Marsland	12,500,000	50.00
Philip John Otley	12,500,000	50.00
Sub-total	25,000,000	100.00
Total NORAP Options	25,000,000	

Class B Performance Rights

Group/Holder Name	No. Held	% Held
Paul Ostergaard	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.



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