Norwood Systems Limited

ABN 15 062 959 540

and its controlled entities

connect globally, locally™

ANNUAL REPORT

30 June 2024

Corporate directory

Current Directors

Mr Paul Ostergaard	*Managing Director*
Mr Philip Marsland	*Non-executive Director*
Mr Philip Otley	*Non-executive Director*
Dr John Tarrant	*Non-executive Director*

Company Secretary

Mr Stuart Usher

Registered Office & Principal Place of Business

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

Auditors

Hall Chadwick WA Audit Pty Ltd

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

Share Registry

Automic Pty Ltd

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

Securities Exchange

Australian Securities Exchange

Street:	Level 40, Central Park
	152-158 St Georges Terrace
	Perth WA 6000
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ASX Code:	NOR
	NOROD

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Managing Director's letter

We are delighted to present the Norwood Systems Limited (**Norwood** or the **Company**) FY2024 annual financial report. This fiscal year marks a period of significant progress and transformation for Norwood, as we advanced our technological capabilities and expanded our presence in global markets, particularly in providing AI-powered communication solutions for our Communication Service Provider (CSP) clients.

Building upon our efforts in **FY2023**, Norwood continued to make substantial investments in research and development throughout **FY2024**. Our focus has been on reinforcing our position as a leading innovator in the AI revolution, especially in enabling CSPs to offer new revenue-enhancing services to their customers. One of our primary objectives this past year involved the ongoing development and enhancement of our CSP-grade CogVoice™ AI service platform.

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

Key CSP Go-to-Market Initiatives:

- **Strengthening relationships with key CSPs in the Asia-Pacific region.** In **mid-October 2023**, following a detailed vendor review of Norwood, Singtel Group executed a Group Master Supply Agreement (GMSA) with Norwood, which was immediately followed by a Statement of Work (SoW) with Singtel Optus Australia (Optus) for an extensive internal test and evaluation (Proof of Concept) of our CogVoice platform. This PoC was successfully completed in late **December 2023**, receiving very positive feedback from the test users. Building on this success, we are now engaged in intensive commercial and contractual negotiations for a significant multi-year CogVoice supply contract with a local Tier 1 CSP.
- **Our relationship with Spark NZ continued to thrive,** with pleasing year-on-year revenue growth for the services we provide.
- **We intensified our business development efforts in Europe and North America** by investing in experienced sales and marketing resources. This has led to deeper engagements with several Tier 1 CSPs. In Europe, we have been negotiating a strategic development relationship with a leading Tier 1 CSP, which may involve multiple Proofs of Concept for our CogVoice AI technology in **FY2025**. Simultaneously, we are advancing discussions with a major North American CSP for the deployment of our agentic enabling infrastructure, demonstrating our capability to cater to diverse and complex network environments.

Stronger Strategic Relationships

We have also strengthened our relationships with leading Hyperscalers. Our Strategic Azure OpenAI Integration Initiative, promoted by Microsoft's worldwide Telecoms team, integrates Microsoft's Azure OpenAI and Azure Speech Services with our CogVoice platform. This initiative was prominently featured at the DTW Ignite TM Forum event in Copenhagen, underscoring our strong relationship with Microsoft. In parallel, we have worked closely with AWS in our Proof of Concepts with Tier 1 CSPs, highlighting the flexibility and scalability of our platform.

Innovative Cognitive Voice Services and Service Platforms

Innovation has continued to be the driving force behind our progress this year. We introduced several groundbreaking technologies, including the **CogVoice Open Services Media Gateway (OSMG)** and a revolutionary **Agentic Interactive Voice Response (IVR)** system. The CogVoice Agentic IVR solution lays the technological foundation for a diverse portfolio of call routing offerings, opening new avenues for customer interaction and engagement for businesses of all scales. We have also made significant strides with our internal tools, including the development of our **Onboarding and Adversarial Agents**, which have been instrumental in optimizing our internal processes.

These advancements significantly enhance the capabilities of our CogVoice platform, making it a more attractive and versatile solution for both CSPs and enterprises. The OSMG, in particular, provides CSPs with crucial advanced media control functions and scalable agentic interfacing services, enabling seamless integration and superior service delivery beyond what current network technologies can offer.

Results

Financially, FY2024 showed improving performance, with recognised revenue increasing by **18.5%** from FY2023, reaching approximately **$1.14 million**. From a cash-flow perspective, the business recorded a **47%** year-on-year increase in banked customer receipts, totalling **$1.30 million**, driven by cash inflows from the completed PoC with Optus and growing income from Spark NZ.

Careful financial management, along with the valued support of our largest shareholders, has allowed the Company to continue investing in R&D and expanding its global reach over the year, positioning Norwood for potential growth in the coming years.

During the year, we also strengthened our financial position through capital raisings and prudent financial management:

- We completed a heavily oversubscribed equity placement, raising **$710,000** before costs in October 2023. Reflecting the Board's confidence in Norwood's strategic direction, all directors participated in the placement.
- Additionally, we repaid and extinguished previous loan funding facilities, further solidifying our balance sheet. On 30 March 2024, a new working capital drawdown facility of up to **$300,000** was provided, supporting our R&D and go-to-market programs during 2024 as we continue to expand our revenue base.

Our commitment to innovation, strategic partnerships, and targeted growth throughout FY2024 has positioned Norwood for potential growth in the coming years. Given our experience in harnessing the power of advanced AI technologies, we are well-positioned to provide amazing new revenue-lifting solutions to CSPs and their customers. Our unwavering focus on groundbreaking innovations like CogVoice and our thriving collaborations with partners, both with CSPs and cloud service providers, is helping Norwood become a driving force within the industry, delivering enduring value and transformative experiences for our clients and their end users.

I would like to thank our employees and consultants for their hard work and continued dedication to improving Norwood, as well as our board and executive team for their continued support heading into FY2025. We are in a solid position to build on this positive momentum and execute potential future contracts.

As a Company, we continue to be confident about our future and are looking forward to the year ahead. I look forward to updating you during the course of FY2025 on these exciting new opportunities being progressed by Norwood.

Paul Ostergaard

PAUL OSTERGAARD
Managing Director

Dated this Monday, 30 September 2024

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 2024.

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:

- Mr Paul Ostergaard — *Managing Director*
- Mr Philip Marsland — *Non-executive Director*
- Mr Philip Otley — *Non-executive Director*
- Dr John Tarrant — *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 of Directors including details of the qualifications of Directors please refer to paragraph 6 *Information relating to the directors* of this Directors Report.

2. Company secretary

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

- Mr Stuart Douglas Usher

Qualifications	• B.Bus, CPA, Grad Dip CSP, MBA, FGIA, ACIS
Experience	• Mr Usher is a CPA and Chartered Company Secretary with 25 years of extensive experience in the management and corporate affairs of public listed companies. He holds an MBA from the University of Western Australia and has extensive experience across many industries focusing on Corporate & Financial Management, Strategy & Planning, Mergers & Acquisitions, and Investor Relations & Corporate Governance.

3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2024.

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 2024 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

- Operational Review
  - Norwood advanced its technology and global market presence in FY2024, forming strong partnerships with Tier 1 CSPs and Hyperscalers.
  - Key agreements include a Group Master Supply Agreement with Singtel Group and successful Proof of Concepts with Optus for the CogVoice platform.
  - Expanded business development in Europe and North America, enhancing its sales pipeline and negotiating further
- Strengthening Hyperscaler Relationships

  Integrated Microsoft's Azure OpenAI with Norwood's CogVoice platform, showcased at industry events, and collaborated with AWS for scalable solutions.

Directors' report

- Driving Innovation throughout FY2024

  Introduced new technologies like the CogVoice OSMG and Agentic IVR system, optimizing customer interaction and enhancing platform capabilities.

- Corporate
  - Capital Raising: Raised funds through option conversions and equity placements, strengthening the balance sheet for strategic activities and R&D.
  - Loan Funding: Repaid a $300,000 working capital facility and secured a new one for continued R&D and market expansion.

- Operational and Financial Performance
  - FY2024 saw an 18.5% revenue increase and improved customer receipts, with continued investment in R&D for future growth.
  - Revenue increased to $1.14 million, while losses rose to $2.58 million, with ongoing working capital challenges.

*During the 2024 financial year (**FY2024**) Norwood made progress towards its strategic objectives, advancing its technological capabilities, and expanding its presence in global markets.*

Throughout the year, Norwood strengthened its relationships with several prominent Tier 1 Communication Service Providers (**CSPs**) and market-leading Hyperscalers worldwide, including the signing of a CSP Group Master Supply Agreement, a Tier 1 CSP Proof of Concept contract, and an increase in opportunities within the Company's global sales pipeline.

a. *Key initiatives included:*

Over the year, we strengthened our relationships with key CSPs in the Asia-Pacific region. In mid-October 2023, following a detailed vendor review of Norwood, Singtel Group executed a Group Master Supply Agreement (**GMSA**) with Norwood, which was immediately followed by a Statement of Work (**SoW**) with Singtel Optus Australia (**Optus**) for an extensive internal test and evaluation (**Proof of Concept**) of our CogVoice platform.

This Proof of Concept (**PoC**) was successfully completed in late December 2023, receiving very positive feedback from the PoC test users. This success built on an earlier, more narrowly focused PoC conducted in mid-2022, in partnership with Infosys, which assessed a single feature of the CogVoice platform, the CogVoice Call Screener. Norwood also delivered this earlier POC successfully, again achieving positive KPIs from the associated test user group.

Building on the successful completion of both the first and second PoCs, Norwood has been engaged in intensive commercial and contractual negotiations since early 2024 for a significant multi-year CogVoice supply contract. These negotiations remain a top priority for the Company and are actively progressing.

Our relationship with Spark NZ continues to thrive, with pleasing year-on-year revenue growth for the services we provide.

Building on these positive developments, Norwood further intensified its business development efforts in Europe and North America during FY2024 by continuing to invest in experienced, dedicated sales and marketing resources in both regions, leading to deeper engagements with several Tier 1 CSPs. Over the past year, these efforts have significantly advanced our sales pipeline and opened up promising new opportunities for growth.

In Europe, we have been negotiating a strategic development relationship with a leading Tier 1 CSP, which may involve multiple Proofs of Concept for our CogVoice AI technology in FY2025. Simultaneously, we are advancing discussions with a major North American CSP for the deployment of agentic enabling infrastructure, demonstrating our capability to cater to diverse and complex network environments.

b. *Strengthening Hyperscaler Relationships*

Our Strategic Azure OpenAI Integration Initiative, announced earlier this year and promoted by Microsoft's worldwide Telecoms team, integrates Microsoft's Azure OpenAI and Azure Speech Services with our CogVoice platform. This initiative was prominently featured at the DTW Ignite TM Forum event in Copenhagen, where Norwood's CogVoice platform was showcased at Microsoft's booth for the second consecutive year. This underscores our strong relationship with Microsoft, in particular with Microsoft's worldwide Telecoms senior leadership team and their global CSP account teams.

In parallel, we have worked closely with AWS, for example in our Proof of Concepts with Tier 1 CSPs, highlighting the flexibility and scalability of our platform. AWS has provided robust infrastructure support, enabling seamless deployment and testing of our CogVoice solutions in diverse environments. This collaboration further enhances our ability to deliver cutting-edge solutions across multiple cloud platforms, reinforcing our commitment to interoperability and innovation.

Directors' report

c. *Driving Innovation throughout FY2024*

Innovation has been the driving force behind our progress and engagements with CSPs and partners this year. We introduced several potentially groundbreaking technologies, including the CogVoice Open Services Media Gateway (**OSMG**) and a potentially revolutionary Agentic Interactive Voice Response (**IVR**) system. The CogVoice Agentic IVR solution lays the technological foundation for a diverse portfolio of call routing offerings, such as those tailored to the Contact Centre market, and opens new avenues for customer interaction and engagement for businesses of all scales.

In parallel, we have made significant strides with our internal tools, including the development of our Onboarding and Adversarial Agents. These tools have been instrumental in optimizing our internal processes, enhancing our ability to manage complex AI-driven customer interactions, and ensuring that our solutions are robust and adaptable to a wide range of scenarios.

These advancements significantly enhance the capabilities of our CogVoice platform, making it a more attractive and versatile solution for both CSPs and potentially enterprises. The OSMG, in particular, provides CSPs with advanced media control functions and scalable agentic interfacing services, enabling seamless integration and superior service delivery beyond what current network technologies can offer.

5.3. Corporate

a. *Capital Raising*

During the period 41,357,029 NORAAA Options were converted into fully paid ordinary shares at 2.4 cents per share raising a total of $992,569 in cash for the Company, 5,000 NOROD Options were converted into fully paid ordinary shares at 8 cents per share raising a total of $400 and 1,500,000 Director Options were converted into fully paid ordinary shares at 2.4 cents per share raising a total of $36,000 in cash for the Company.

On 11 July 2023, the Company closed a fully underwritten 1 for 10 Non-renounceable Option Entitlement offer and its Underwritten Option Placement offer in accordance with its replacement prospectus dated 15 June 2023 and supplementary prospectus dated 19 June 2023. Balmain Resources Pty Ltd (**Balmain**), a company that director Dr John Tarrant controls, had fully underwritten both Offers. The placement offer included up to 66,356,636 NOROD Options offered as replacement Options for NOROD Option holders where the options had expired without being exercised. Issued at a price of $0.0025 per option to raise $165,891, the NOROD Options are quoted on the ASX and are exercisable at 8 cents, expiring 31 December 2024. The Company received acceptances for a total of 58,859,150 new Options raising $147,148, with the shortfall under the offer being 7,497,486 options.

The pro-rata entitlement offer was for 41,112,778 NOROD Options at an issue price of $0.002 per Option to raise $82,226. The Company received acceptances for a total of 23,849,619 new options. The Company received oversubscriptions under the Offer of 33,110,295 Options. Balmain as Underwriter together with the Company scaled back the oversubscriptions. In total, Norwood raised $258,118.

Norwood completed a heavily oversubscribed equity placement, raising $710,000 before costs in October 2023. The capital raise was via issue of 17.75 million fully paid ordinary shares at $0.04 per share, with a free attaching unquoted NORAAF option issued on a 1 for 1 basis exercisable at $0.05 per option expiring 31 October 2025. The Company was supported by sophisticated and professional investors, strengthening the balance sheet. This provided Norwood with the necessary resources to fund strategic market expansion activities, accelerated product development, customer experience enhancements, operational efficiency improvements and the pursuit of strategic partnerships. ACNS Capital Markets Pty Ltd ATF The ACNS Unit Trust trading as Alto Capital was the appointed Corporate Adviser to the equity raising.

Reflecting the Board's confidence in Norwood's strategic direction, all directors participated, with directors Phil Marsland and Dr John Tarrant both subscribing $100,000, Philip Otley and Paul Ostergaard subscribing $10,000 each.

b. *Loan Funding*

The loan funding that provided access to working capital facility of up to $300,000 advanced by Balmain, which had been executed in the previous year and then varied to expire on 31 December 2023, was fully repaid and extinguished, by the offsetting from Balmain Option funds (NORAAA) that were exercised and due to the Company.

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

Directors' report

5.4. Operational and Financial Performance

Financially, FY2024 showed improving performance, with recognised revenue increasing by 18.5% from FY2023, reaching $1.14 million. From a cash-flow perspective, the business recorded a 47% year-on-year increase in banked customer receipts, totalling $1.30 million, driven by cash inflows from the completed PoC with Optus and growing income from Spark NZ.

Prudent financial management, along with valued support of our largest shareholders, has allowed the Company to continue investing in R&D and expanding its global reach over the year, positioning Norwood for potential growth in the coming years.

5.5. Financial Review

a. *Profit and loss measures*

	Movement (increased/ decreased)	Movement $	2024 $	2023 $
Revenues from ordinary activities	*Increased*	178,240	1,142,437	964,197
Loss from ordinary activities after tax	*Increased*	694,036	(2,584,155)	(1,890,119)
EBITDA Loss	*Increased*	695,993	(2,436,854)	(1,740,861)

b. *Balance sheet measures*

In respect to:	Movement (increased/ decreased)	Movement $	2024 $	2023 $
Group assets				
Cash and cash equivalents	*Decreased*	311,158	68,984	380,142
Trade and other receivables	*Increased*	24,067	294,760	270,693
Net liabilities	*Increased*	130,850	(1,227,125)	(1,096,275)
Working capital deficit	*Increased*	192,429	1,345,048	1,152,619
Group liabilities and equity				
Trade and other payables	*Decreased*	101,803	670,576	772,379
Issued capital	*Increased*	1,705,976	35,524,272	33,818,296

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

Subsequent to the lodgement of the ASX Appendix 4E, loss after tax increase by $33,896 due to an increase in *Share-based payments*. The change had no effect on *Total Equity*.

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 $2,584,155 (2023: $1,890,119 loss) and a net cash out-flow from operating activities of $2,003,928 (2023: $1,180,020 out-flow). As at 30 June 2024, the Company had a working capital deficit of $1,345,048 (2023: $1,152,619 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 significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors are confident that there will be sufficient funds for the Group to meet its obligations and liabilities and believe it is appropriate to prepare these accounts on a going concern basis for the following reasons:

- Subsequent to year end the Group received its R&D grant of $694,130, funds were used to extinguish amounts owing to Radium Capital and fund general working capital requirements.
- The Company has received a Letter of support from Balmain Resources Pty Ltd, a company controlled by Dr Tarrant, stating that amounts due would not be called on until the company had the financial capacity to make repayment.
- Management have prepared a cashflow forecast for the next 12 months from the date of this report that indicates the operating cash inflows will be sufficient to meet expenses and other financial obligations as an when they are due;
- Managing cash flows in line with available funds; 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.

Directors' report

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.

5.6. 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. *Laws, regulations, and geopolitical landscape*

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

e. *Protection of intellectual property rights*

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

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

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

f. *Cybersecurity and data management*

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

Directors' report

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.

5.7. 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 13 *Events subsequent to reporting date* on page 51.

5.8. Future Developments, Prospects and Business Strategies

Likely developments in the operations of the Group have been disclosed in the Operating and Financial Review section of the Directors' Report.

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

5.9. Environmental Regulations

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

6. Information relating to the directors

Mr Paul Ostergaard	Managing Director *Non-independent*
Qualifications	BE, MBA
Experience	The Founder of Norwood Systems and the key driver of Norwood's strategic vision for delivering its portfolio of advanced telco service platform solutions. Responsible for the company's overall strategic direction, he founded Norwood Systems in 2011. The Company's current vision is to create a new class of telco network platform vendor servicing the growing needs of Telcos worldwide for modernised mobile services that can engage and delight their subscribers. Paul has a 30-year track record of success and innovation in the high-technology sector, having worked in senior executive roles in start-ups and large corporations across the North American, European and Asia-Pacific regions.

Directors' report

Mr Paul Ostergaard *(cont.)*

Prior to Norwood Systems, Paul founded several companies in the wireless communications sector including the original Norwood Systems Limited, the award-winning technology pioneer in fixed mobile convergence platforms, founded in 1999. Previously, Paul headed the global platform marketing strategy for a US$1 billion systems platform at 3Com Corporation, leading the platform's brand and core technology development across seven divisions and 37 product lines.

During his tenure at 3Com, worldwide market share for this platform increased to an all-time peak of 35% with sales increasing at an average of 50% p.a. to reach US$1.2 billion in annual revenues.

Paul holds a Bachelor of Electronic Engineering from the University of Western Australia and holds an MBA from INSEAD, Fontainebleau, France. Paul has been recognised with more than twenty honours and awards over his career, including several from UWA post-graduation. Paul holds 11 patents in telecommunications spanning US, EU, and Australian jurisdictions and speaks a total of four languages.

He was previously a finalist in the Ernst & Young Entrepreneur of the Year competition (London region) and has been invited to speak at events such as Catalyst, ETRE and the Bluetooth SIG conferences. In 2015, Paul was named to Engineers Australia's list of Top 100 Most Influential Engineers in Australia.

Interest in equity instruments	40,751,606	Ordinary Shares
	3,862,527	Options (NOROD)
	10,000,000	Options (NORAAB) 5,000,000 options failed to meet vesting conditions on 30 June 2023 and will not vest
	250,000	Options (NORAAE)
	5,000,000	Options (NORAAG)
	5,000,000	Class A Performance Rights
	5,000,000	Class B Performance Rights
Directorships held in other listed entities during the three years prior to the current year	None	

Mr Philip Marsland — Non-executive Director *Independent (appointed 31 January 2022)*

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
	5,000,000	Options (NOROD)
	5,000,000	Options (NORAY)
	10,000,000	Options (NORAAB) 5,000,000 options failed to meet vesting conditions on 30 June 2023 and will not vest
	2,500,000	Options (NORAAE)
	2,500,000	Options (NORAAF)
	5,000,000	Options (NORAAG)

Directors' report

- ***Mr Philip Marsland*** *(cont.)*

Directorships held in other listed entities during the three years prior to the current year	None

- **Mr Philip Otley** — Non-executive Director *Independent (appointed 31 January 2022)*

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

Directorships held in other listed entities during the three years prior to the current year	None

- **Dr John Tarrant** — Non-executive Director *Non-independent (appointed 31 January 2022)*

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.

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

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

Interest in equity instruments:

123,564,873	Ordinary Shares
28,764,233	Options (NOROD)
3,500,000	Options (NORAY)
2,500,000	Options (NORAAE)
2,500,000	Options (NORAAE)

Directorships held in other listed entities during the three years prior to the current year	None

Directors' report

7. Meetings of directors and committees

During the financial year, there were eight circular resolutions and five 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		FINANCE AND OPERATIONS 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	6	6	*At the date of this report, the Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.*					
Philip Marsland	6	6						
Philip Otley	6	6						
Dr John Tarrant	6	6						

8. Indemnifying officers or auditor

8.1. Indemnification

The Company has paid premiums to insure each of the current and former Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The Company has not given any further indemnity or entered into any other agreements to indemnify or pay or agree to pay insurance premiums.

No indemnities have been given or insurance 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 under Option	Vested & Exercisable
NORAAE	13.07.2023	13.07.2026	0.040	12,500,000	12,500,000
NORAY	08.02.2022	08.02.2025	0.024	13,500,000	13,500,000
NORAAB#	18.11.2022	18.11.2025	0.024	30,000,000	-
NOROD	12.07.2023	31.12.2024	0.080	107,464,414	107,464,414
NORAAF	14.11.2023, and 22.12.2023	31.10.2025	0.050	19,250,000	19,250,000
NORAAG	22.12.2023	22.12.2026	0.025	15,000,000	-
				197,714,414	126,714,414

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

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

9.2. Shares issued on exercise of options

During the 2024 financial year, 42,862,029 ordinary shares have been issued by the Company as result of the exercise of options, raising $1,028,957 (2023: nil).

10. Non-audit services

During the year, Hall Chadwick WA Audit Pty Ltd (**Hall Chadwick**), the Company's auditor, provided no non-audit services (2023: $nil), in addition to their statutory audits. Non-audit fees amounted to $nil. Details of remuneration paid to the auditor can be found within the financial statements at note 20 *Auditor's Remuneration* on page 58.

Directors' report

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 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 2024 has been received and can be found on page 20 of the annual report.

14. Remuneration report (audited)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company for the year ended 30 June 2024. The information in this 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 Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report.

14.1. Key management personnel (**KMP)**

This remuneration report details the remuneration arrangements for KMP who are defined as those persons having 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 company, and includes those Executives in the Parent and the Group receiving the highest remuneration. KMP comprise the directors of the Company and key executive personnel:

- Mr Paul Ostergaard — *Managing Director*
- Mr Philip Marsland — *Non-executive Director*
- Mr Philip Otley — *Non-executive Director*
- Dr John Tarrant — *Non-executive Director*
- Mr Stevan Tot — *General Manager Enterprise & Vice President Sales*

14.2. Remuneration Policies

Remuneration levels for Directors, secretaries and, if required, senior executives of the Company ("the Directors and senior executives") are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board may obtain independent advice on the appropriateness of remuneration packages given trends in comparative companies both locally and internationally and the objectives of the Company's remuneration strategy. No remuneration consultants were engaged by the Company during the year.

14. Remuneration report (audited)

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

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

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

a. *Fixed Remuneration*

Fixed remuneration consists of base remuneration, as well as employer contributions to superannuation funds. Remuneration levels are, if necessary reviewed annually by the Board through a process that considers individual and overall performance of the entity. If required, external consultants provide analysis and advice to ensure the Directors' and senior executives' remuneration is competitive in the marketplace.

b. *Performance-Linked Remuneration*

The remuneration policy is tailored to increase goal congruence between shareholders and Directors and key management personnel. This is facilitated through bonus schemes and the issue of options and performance securities to key management personnel to encourage the alignment of personal and shareholder interests. The Directors believe this policy will be effective in increasing shareholder wealth. Currently, remuneration is incentive-based however efforts have been made to progressively move towards a performance-linked remuneration policy.

Principles used to determine the nature and amount of variable remuneration: Relationship between remuneration and company performance.

The Directors assess the performance of the Group with regard to the price of the Company's ordinary shares listed on the ASX and the market capitalisation of the Company with Group financial performance. As the Company matures, greater emphasis will be placed on performance-linked remuneration.

The Company currently has incentives incorporated into executive service agreements based on the execution of material revenue generating contracts which should have direct correlation to company performance.

Directors and executives are issued options and, in some cases, performance securities, to encourage the alignment of personal and shareholder interests.

Directors' report

14. Remuneration report (audited)

Options issued to Directors may be subject to market-based price hurdles and vesting conditions and the exercise price of options is set at a level that encourages the Directors to focus on share price appreciation. The Group believes this policy will be effective in increasing shareholder wealth. Key management personnel are also entitled to participate in the employee share and option arrangements.

Performance securities vest on the achievement of operational milestones, providing those directors are holding performance securities as an incentive to meet the operational milestones prior to the expiry date of the performance securities.

On the resignation of Directors any vested options issued as remuneration are retained by the relevant party.

The Board may exercise discretion in relation to approving incentives such as options. The policy is designed to reward key management personnel for performance that results in long-term growth in shareholder value.

In considering the entity's performance and benefits for shareholders' wealth, the Directors have regard to the following indicators in respect of the current financial year and the previous four financial years.

c. *Statutory performance indicators*

The Group aims to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. Reported below are measures of the Group's financial performance over the last five years as required by the *Corporations Act 2001* (Cth). However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2024	2023	2022	2021	2020
Profit or (loss) for the year attributable to owners of the Company ($)	(2,584,155)	(1,890,119)	(1,083,468)	(870,660)	(1,891,225)
Basic earnings per share (cents)	(0.58)	(0.53)	(0.38)	(0.34)	(0.85)
Dividend payments ($)	Nil	Nil	Nil	Nil	Nil
Dividend payout ratio (%)	N/A	N/A	N/A	N/A	N/A
Share price ($)	0.048	0.026	0.012	0.015	0.021
Increase/(decrease) in share price (%)	84.62	116.67	(20.00)	(28.57)	(58.00)

d. *Voting and comments made at the Company's 2023 Annual General Meeting (**AGM**)*

At the Annual General Meeting held on 19 December 2023, the remuneration report for the 2023 financial year was approved with 99.83% in favour. The Group did not employ a remuneration consultant during the year.

e. *Service Agreements*

It is the Company's policy that service contracts for executive Directors and senior executives be entered into.

A service contract with an executive Director or senior executive would provide for the payment of benefits where the contract is terminated by the entity or the individual. The executive Directors and senior executives would also be entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

An executive Director or senior executive would have no entitlement to termination payment in the event of removal for misconduct.

Major provisions of the agreements existing at reporting date relating to executive remuneration are set out below:

(1) Mr Paul Ostergaard – Managing Director

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

Directors' report

14. Remuneration report (audited)

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

- *Term of Agreement* Ongoing subject to annual review.
- *Remuneration* $126,000 per annum plus superannuation at statutory rates from 1 April 2021. In line with the variation dated 1 April 2021, a further $76,500 (equivalent to 17 months at $4,500 per month) are anticipated to be converted to shares.
- *Car Allowance* $15,000 up to 29 February 2020.
- *Bonuses* Mr Tot is entitled to the following bonus payments:

  An amount of $120,000 bonus per annum payable for meeting agreed targets. The bonus is paid by meeting a mix of individual performance targets (70%) and Company performance targets (30%) which is calculated and paid quarterly. Individual performance targets include revenue generated by corporate accounts, number of corporate end user licenses and closing of major accounts (>$200k annualised revenue). Company performance targets include company revenue growth, profitability and reduction in cash burn and total number of end users. Bonus accelerators are applicable where the bonus is multiplied by 1.5 for performance >100% and <125% and 2.5 for performance >125% with no upper cap.

(3) Senior executive and executive director remuneration

Senior Executives, including Executive Directors, are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers. Executive Directors do not receive any directors' fees in addition to their remuneration arrangements. Base salary/consulting fees are set to reflect the market salary for a position and individual of comparable responsibility and experience. Base salary/consulting fees are regularly compared with the external market and during recruitment activities generally. It is the policy of the Company to maintain a competitive salary structure to ensure continued availability of experienced and effective management and staff.

f. *Non-Executive Director Remuneration*

Upon appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the policies and terms, including compensation, relevant to the office of the Director. The key terms of the Non-Executive Director service agreements are as follows:

- Term of Agreement – ongoing subject to annual review.
- There is no notice period stipulated to terminate the contract by either party.

Total remuneration for all Non-Executive Directors, last voted upon by shareholders, is not to exceed $310,000 per annum and fees are set based on fees paid to other Non-Executive Directors of comparable companies.

The Company does not have a Director's Retirement Scheme in place at present.

14.3. Directors and KMP remuneration

Details of the remuneration of the Directors and KMP of the Group (as defined in AASB 124 *Related Party Disclosures*) are set out in the following table.

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

Directors' report

14. Remuneration report (audited)

2023 – Group *Group KMP*	Short-term benefits Salary, fees and leave $	 Profit share and bonuses $	 Non-monetary $	 Other $	Post-employment benefits Super-annuation $	Long-term benefits Other $	Termination benefits $	Equity-settled share-based payments Equity $	 Options $	Total $
Mr Paul Ostergaard	288,939	-	-	-	30,339	-	-	-	132,022	451,300
Mr Philip Marsland[1]	34,000	-	-	-	-	-	-	-	27,022	61,022
Mr Philip Otley[1]	34,000	-	-	-	-	-	-	-	27,022	61,022
Dr John Tarrant[1]	89,299	-	-	-	-	-	-	-	-	89,299
Mr Stevan Tot	126,000	-	-	-	13,320	-	-	-	-	139,320
	572,238	-	-	-	43,659	-	-	-	186,066	801,963

(1) Included in fees is an amount of $34,000 for non-executive directors for Messrs Marsland, Otley, and Tarrant. The amount was accrued but not paid as at 30 June 2023, and subsequently settled through the issue of options on 13 July 2023, exercisable at 4 cents on or before 13 July 2026.

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

a. *Fully Paid Ordinary Shares*

The number of ordinary shares of Norwood Systems Limited held, directly, indirectly, or beneficially, by each KMP, including their personally-related entities for the year ended 30 June 2024 is as follows:

2024 – Group *Group KMP*	Balance at start of year or appointment No.	Received during the year as remuneration No.	Received during the year on the exercise of options No.	Other changes during the year No.	Balance at end of year or at date of resignation No.
Mr Paul Ostergaard	38,481,273	-	3,333,333	(798,363)	41,016,243
Mr Philip Marsland	82,485	-	-	2,500,000	2,582,485
Mr Philip Otley	-	-	-	250,000	250,000
Dr John Tarrant	94,967,453	-	22,299,113	6,298,307	123,564,873
Mr Stevan Tot	4,943,238	-	-	-	4,943,238
	138,474,449	-	25,632,446	8,249,944	172,356,839

b. *Options*

The number of options over ordinary shares in Norwood Systems Limited held, directly, indirectly, or beneficially, by each KMP, including their personally-related entities for the year ended 30 June 2024 is as follows:

2024 – Group *Group KMP*	Balance at start of year or appointment No.	Granted as remuneration during the year[1] No.	Exercised during the year No.	Other changes during the year No.	Balance at year end or date of resignation No.	Vested and Exercisable No.	Not Vested No.
Mr Paul Ostergaard	18,333,333	5,000,000	(3,333,333)	4,098,127	24,098,127	3,333,333	20,764,794
Mr Philip Marsland	15,000,000	7,500,000	-	7,500,000	30,000,000	5,000,000	25,000,000
Mr Philip Otley	15,000,000	7,500,000	-	2,750,000	25,250,000	5,000,000	20,250,000
Dr John Tarrant	27,299,113	5,000,000	(22,299,113)	27,264,233	37,264,233	-	37,264,233
Mr Stevan Tot	-	-	-	-	-	-	-
	75,632,446	25,000,000	(25,632,446)	41,612,360	116,612,360	13,333,333	103,279,027

(1) Options granted as remuneration are detailed at paragraph 14.6
(2) Other changes for Mr Ostergaard include the acquisition of 9,098,127 options and expiration of 5,000,000.
(3) Other changes for M Marsland include the acquisition of 7,500,000 options.

Directors' report

14. Remuneration report (audited)

c. *Performance Shares / Rights*

The number of Performance Shares in Norwood Systems Limited held, directly, indirectly or beneficially, by each KMP, including their personally-related entities for the year ended 30 June 2024 is as follows:

2024 – Group *Group KMP*	Balance at start of year or appointments No.	Received during the year as compensation No.	Conversion to ordinary share during the year No.	Other changes during the year No.	Balance at end of year or resignation No.	Maximum value yet to vest $
Mr Paul Ostergaard	10,000,000	-	-	-	10,000,000	105,000
Mr Philip Marsland	-	-	-	-	-	-
Mr Philip Otley	-	-	-	-	-	-
Dr John Tarrant	-	-	-	-	-	-
Mr Stevan Tot *(see 14.5.a below)*	-	1,000,000	-	-	1,000,000	17,077
	10,000,000	1,000,000	-	-	11,000,000	122,077

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.

a. 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 (vested value: $103,499).

b. 17,500,000 options were issued as share-based compensation during the year (2023: 15,000,000 options). In addition, no rights were issued as share-based compensation during the year (2023: 10,000,000)

c. During the year, 1,500,000 shares issued during the year to Directors as a result of options exercised that had previously been granted as compensation.

14.6. Options issued as part of remuneration

a. *Non-executive Director options*

Following shareholder approval, the Company issued 15,000,000 Options to Directors on 19 December 2023, as detailed in notes 17.2.1d and 17.3 and summarised below:

KMP	Granted during the year No.	Grant Date	Fair Value per Option $	Exercise Price $	Expiry Date	Vested during the year No.
Mr Paul Ostergaard	5,000,000	19.12.2023	$0.0159	$0.08	18.12.2026	Nil
Mr Philip Marsland	5,000,000	19.12.2023	$0.0159	$0.08	18.12.2026	Nil
Mr Philip Otley	5,000,000	19.12.2023	$0.0159	$0.08	18.12.2026	Nil

The Board have determined the probability of attaining the remaining vesting term at 75%.

14.7. Other Equity-related KMP Transactions

a. *Options funding to settled Director-related loans*

A total of 15,701,750 shares were issued in settlement of Director-related loans from Paul Ostergaard (see 14.8.a and 14.8.b during the 2024 financial year.

Directors' report

14. Remuneration report (audited)

b. *Options issued to settle accrued director remuneration*

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

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
7,500,000	13.07.2026	$0.04	Vest immediately

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

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. *Loan payable* Mr Paul Ostergaard – Managing Director

On 25 February 2022, Paul Ostergaard provided a loan of $45,000, repayable within 12 months, is unsecured and non-interest bearing.

Movements in the loan account are as follows:		2024 $	2023 $
Opening balance payable by the Group		20,000	45,000
Repayments made by the Group:	*Expense payment*	-	(15,000)
	Option exercise funding	(20,000)	(10,000)
		-	20,000

b. *Loan payable* Balmain Resources Pty Ltd (Dr John Tarrant – Non-executive Director)

On 17 February 2023 (as varied on 11 May 2022), the Company entered a loan agreement with Balmain Resources Pty Ltd, a company controlled director Dr John Tarrant, to borrow $300,000, as detailed in note 5.4.4.

Movements in the loan account are as follows:		2024 $	2023 $
Opening balance payable by the Group		320,173	-
Funds loaned to the Group		-	300,000
Interest capitalised to the loan		36,669	20,173
Repayments made by the Group:	*Option exercise funding*	(356,842)	-
		-	320,173

c. *Cash Draw Down Facility* *Balmain Resources Pty Ltd (controlled by Dr John Tarrant – Non-executive Director)*

In April 2024, Balmain Resources Pty Ltd provided the Company with a Cash Draw Down Facility of up to $300,000 with terms as detailed in note 5.4.5.

Movements in the loan account are as follows:	2024 $	2023 $
Opening balance payable by the Group	-	-
Establishment fee capitalised to the loan	9,900	-
Funds loaned to the Group	260,000	-
Interest capitalised to the loan	4,763	-
	274,663	-

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.

There have been no other transactions in addition to those described in the tables or as detailed in note 15 *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
Managing Director

Dated this Monday, 30 September 2024

HALL CHADWICK

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 for the financial year ended 30 June 2024, 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 2024
Perth, Western Australia

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2024

	Note	2024 $	2023 $
Continuing operations			
Revenue	1.1	1,142,437	964,197
Other income	1.2	602,540	533,999
Accountancy, audit, and legal fees		(174,735)	(185,474)
Administration expenses		(186,083)	(68,729)
ASX and share registry fees		(95,646)	(96,009)
Consultancy and subcontractor fees		(265,661)	(109,567)
Depreciation		(86,756)	(85,857)
Employee and director benefits expense	2.1	(1,988,687)	(2,033,813)
Finance costs		(60,842)	(62,736)
Information technology infrastructure cost		(387,087)	(297,430)
Patents, research, and development		(28,013)	(27,878)
Sales and marketing		(313,692)	(34,488)
Share-based payment expense	17	(406,835)	(186,066)
Travel and entertainment		(269,470)	(117,872)
Other expenses		(65,625)	(82,396)
Loss before tax		(2,584,155)	(1,890,119)
Income tax expense	4.1	-	-
Net loss for the year		(2,584,155)	(1,890,119)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		(2,584,155)	(1,890,119)
Earnings per share:		¢	¢
Basic loss per share (cents per share)	16.4	(0.58)	(0.53)
Diluted loss per share (cents per share)	16.4	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 2024

	Note	2024 $	2023 $
Current assets			
Cash and cash equivalents	5.1	68,984	380,142
Trade and other receivables	5.2	294,760	270,693
Total current assets		363,744	650,835
Non-current assets			
Plant and equipment	6.1	50,298	59,017
Right of use assets	6.2	108,866	42,740
Total non-current assets		159,164	101,757
Total assets		522,908	752,592
Current liabilities			
Trade and other payables	5.3	670,576	772,379
Lease liabilities	6.2	116,108	48,443
Borrowings	5.4	651,123	741,572
Provisions	6.3	270,985	241,060
Total current liabilities		1,708,792	1,803,454
Non-current liabilities			
Provisions	6.3	41,241	45,413
Total non-current liabilities		41,241	45,413
Total liabilities		1,750,033	1,848,867
Net liabilities		(1,227,125)	(1,096,275)
Equity			
Issued capital	7.1	35,524,272	33,818,296
Reserves	7.2	987,503	240,174
Accumulated losses		(37,738,900)	(35,154,745)
Total equity		(1,227,125)	(1,096,275)

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 2024

	Note	Issued Capital $	Share-based payment Reserve $	Accumulated Losses $	Total equity $
Balance at 1 July 2022		32,179,354	9,339,571	(42,354,060)	(835,135)
Loss for the year attributable to owners of the parent		-	-	(1,890,119)	(1,890,119)
Other comprehensive income for the year attributable to owners of the parent		-	-	-	-
Total comprehensive income for the year attributable to owners of the parent		-	-	(1,890,119)	(1,890,119)
Transaction with owners, directly in equity					
Shares issued during the year (net of costs)	7.1	1,389,516	-	-	1,389,516
Share-based payments	17.1	-	186,066	-	186,066
Options issued during the year	7.4	-	53,397	-	53,397
Transfers to and from reserves	7.1,7.3	249,426	(9,338,860)	9,089,434	-
Balance at 30 June 2023		33,818,296	240,174	(35,154,745)	(1,096,275)
Balance at 1 July 2023		33,818,296	240,174	(35,154,745)	(1,096,275)
Loss for the year attributable to owners of the parent		-	-	(2,584,155)	(2,584,155)
Other comprehensive income for the year attributable to owners of the parent		-	-	-	-
Total comprehensive income for the year attributable to owners of the parent		-	-	(2,584,155)	(2,584,155)
Transaction with owners, directly in equity					
Equity issued during the year (net of costs)	7.1	1,696,352	248,118	-	1,944,470
Share-based payments	17.1	(26,850)	425,225	-	398,375
Performance rights granted during the year	7.3	-	110,460	-	110,460
Conversion of performance rights	7.3	26,108	(26,108)	-	-
Expiry of options, recognised in capital raising costs	7.1	10,366	(10,366)	-	-
Balance at 30 June 2024		35,524,272	987,503	(37,738,900)	(1,227,125)

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 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers		1,327,608	885,714
Government grants received		602,243	534,664
Payments to suppliers and employees		(3,930,254)	(2,589,329)
Net interest (paid) / received		(3,525)	(11,069)
Net cash used in operating activities	5.1.2a	(2,003,928)	(1,180,020)
Cash flows from investing activities			
Purchase of plant and equipment		(2,672)	(39,776)
Net cash used in investing activities		(2,672)	(39,776)
Cash flows from financing activities			
Proceeds from issue of equity	7.1	1,567,628	836,115
Proceeds of borrowings	5.1.2b	725,841	783,591
Repayment of borrowings	5.1.2b	(527,267)	(447,895)
Payments for the principal portion of lease liabilities		(70,760)	(68,804)
Net cash provided by financing activities		1,695,442	1,103,007
Net increase / (decrease) in cash and cash equivalents held		(311,158)	(116,789)
Cash and cash equivalents at the beginning of the year		380,142	496,931
Cash and cash equivalents at the end of the year	5.1	68,984	380,142

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 2024

In preparing the 2024 financial statements, Norwood Systems Limited has grouped notes into sections under five key categories:

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.

The registered and principal office of the Company is:

Street: 4 Leura Street,
Nedlands WA 6009
Australia

Notes to the consolidated financial statements
for the year ended 30 June 2024

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	2024 $	2023 $
1.1 Revenue		
Project revenues	190,000	-
World Apps stores revenue	174,417	183,893
Spark Voicemail revenue	687,880	571,135
Corona revenue	-	129,169
Other revenue	90,140	80,000
	1,142,437	964,197
1.2 Other Income		
Net interest (expense)/income	297	(665)
Government grant income	602,243	534,664
	602,540	533,999

1.3 Disaggregation of revenue from contracts with customers

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

1.3.1 Timing of revenue recognition

2024	Project revenues $	World Apps stores revenue $	Spark Voicemail revenue $	Corona revenue $	Other revenue $
At a point in time	-		-	-	90,140
Over time	190,000	174,417	687,880	-	-
Total	190,000	174,417	687,880	-	90,140

2023	Project revenues $	World Apps stores revenue $	Spark Voicemail revenue $	Corona revenue $	Other revenue $
At a point in time	-	-	-	129,169	80,000
Over time	-	183,892	571,136	-	-
Total	-	183,892	571,136	129,169	80,000

1.3.2 Geographical Regions

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

Notes to the condensed consolidated financial statements
for the year ended 30 June 2024

Note 1 Revenue and other income (cont.)

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

2023	Project revenues $	World Apps stores revenue $	Spark Voicemail revenue $	Corona revenue $	Other revenue $
New Zealand	-	-	571,136	-	-
Australia	-	4,545	-	129,169	80,000
Rest of the World	-	179,347	-	-	-
Total	-	183,892	571,136	129,169	80,000

1.4 Accounting policy

1.4.1 Revenue from contracts with customers

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer;

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations; and

Step 5: Recognise the revenue as the performance obligations are satisfied.

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with a customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

i. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

ii. the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

iii. the Group's 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 for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

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

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

Notes to the consolidated financial statements
for the year ended 30 June 2024

Note 1 Revenue and other income (cont.)

1.4 Accounting policy (cont.)

1.4.3 Revenue from rendering of services

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

1.4.4 Interest income

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

Note 2 Loss before income tax

The following significant revenue and expense items are relevant in explaining the financial performance:

2.1 Employment costs

	2024 $	2023 $
Directors' Fees	287,998	157,299
Employee wages	1,506,986	1,709,000
Superannuation	193,703	167,514
	1,988,687	2,033,813

2.2 Accounting policy

2.2.1 Short-term benefits

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

2.2.2 Other long-term benefits

The Group's obligation in respect of long-term employee benefits other than defined benefit plans, such as long service leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the Reserve Bank of Australia's cash rate at the report date that have maturity dates approximating the terms of the Company's obligations. Any actuarial gains or 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 an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

2.2.4 Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

2.2.5 Equity-settled compensation

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, considering the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

Notes to the consolidated financial statements

for the year ended 30 June 2024

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 (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest revenue is recognised on a time proportionate basis that considers the effective yield on the financial asset.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss 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 assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to 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 income in the period in which they are incurred.

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

Note 4 Income tax

	Note	2024 $	2023 $
4.1 Income tax expense			
Current tax		-	-
Deferred tax		-	-
		-	-
Deferred income tax expense included in income tax expense comprises:			
○ Increase / (decrease) in deferred tax assets	4.6	-	-
○ (Increase) / decrease in deferred tax liabilities		-	-
		-	-
4.2 Reconciliation of income tax expense to prima facie tax payable			
The prima facie tax payable/(benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Accounting loss before tax		(2,584,155)	(1,890,119)
Prima facie tax on operating loss at 25% (2023: 25%)		(646,039)	(472,530)
Add / (Less) tax effect of:			
○ Research and development expenditure		386,100	357,837
○ Non-deductible expenses		112,909	63,122
○ Non-assessable items		(150,561)	(133,666)
○ Offset against DTL/Not recognised		297,591	185,237
Income tax expense/(benefit) attributable to operating loss		-	-

	2024 %	2023 %
4.3 The applicable weighted average effective tax rates attributable to operating profit are as follows:	-	-

a. The tax rates used in the above reconciliations is the corporate tax rate of 25% (2023: 25%) payable by the Australian corporate entity on taxable profits under Australian tax law.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 4	Income tax (cont.)	2024 $	2023 $
4.4	Balance of franking account at year end of the parent	nil	nil
4.5	**Current tax liabilities**		
	Income tax payable	-	-
4.6	**Deferred tax assets (DTA)**		
	Provision for loan receivable	8,275	8,275
	Plant and equipment	13,684	24,195
	Plant and equipment under lease	29,027	12,104
	Accruals	27,568	60,137
	Provisions – Annual and Long Service Leave	78,057	71,618
	Capital raising costs	11,503	4,877
	Business related costs	7,173	11,497
	Tax and capital losses	8,138,722	7,812,738
	DTA / DTL not recognised	(8,314,009)	(8,005,441)
		-	-
	Set-off deferred tax liabilities	-	-
	Net deferred tax assets	-	-
4.7	**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	8,138,722	7,812,738
	Capital losses	529,278	529,278
	Temporary differences	148,012	156,637
		8,816,012	8,498,653

4.8 Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2024 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

ii. the company continues to comply with conditions for deductibility imposed by law; and

iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates consider both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

The parent company has accumulated tax losses of $32,554,888 (2023: $31,250,952) which are expected to be available indefinitely for offset against future taxable profits of the parent company in which the losses arose. The recoupment of these losses is subject to assessment by the Australian Taxation Office.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 4 Income tax (cont.)

4.9 Accounting policy

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date, in each jurisdiction.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

- when the DTA relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a DTA is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of DTA is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the DTA to be utilised.

Unrecognised DTA are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. DTAs and DTLs are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. DTAs and DTLs are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the DTAs and DTLs relate to the same taxable entity and the same taxation authority.

Norwood Systems Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

Where the Group receives the Australian Government's Research and Development Tax Incentive, the Group accounts for the refundable tax offset under AASB 112. Funds are received as a rebate through the parent company's income tax return.

Notes to the consolidated financial statements
for the year ended 30 June 2024

Note 5 Financial assets and financial liabilities

5.1 Cash and cash equivalents

	2024 $	2023 $
Cash at bank	68,984	380,142
	68,984	380,142

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

5.1.2 Cash Flow Information

	2024 $	2023 $
a. *Reconciliation of cash flow from operations to loss after income tax*		
Loss after income tax	(2,584,155)	(1,890,119)
Cash flows excluded from loss attributable to operating activities:	-	-
Non-cash flows in loss from ordinary activities:		
Depreciation and amortisation	86,756	85,857
Net share-based payments expensed	406,835	302,864
Capitalised interest	87,819	62,233
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
Decrease / (increase) in receivables	185,170	(78,482)
(Decrease) / increase in trade and other payables	(212,106)	346,579
Increase / (decrease) in provisions	25,753	(8,952)
Cash flow (used in) from operations	(2,003,928)	(1,180,020)

b. *Reconciliation of liabilities arising from financing activities*

	Note	2022 $	Cash flows $	Non-cash changes: Acquisitions $	Non-cash changes: Conversion to equity $	Non-cash changes: Other changes[i] $	2023 $
Directors loan payable	5.4	525,000	300,000	-	(480,000)	(4,827)	340,173
R&D Loan facility payable	5.4	323,642	35,696	-	-	42,061	401,399
Total liabilities from financing activities		848,642	335,696	-	(480,000)	37,234	741,572

	Note	2023 $	Cash flows $	Non-cash changes: Acquisitions $	Non-cash changes: Conversion to equity $	Non-cash changes: Other changes[i] $	2024 $
Directors loan payable	5.4	340,173	260,000	-	(376,842)	51,332	274,663
R&D Loan facility payable	5.4	401,399	(111,426)	-	-	36,487	326,460
Loan from employee		-	50,000	-	-	-	50,000
Total liabilities from financing activities		741,572	198,574	-	(376,842)	87,819	651,123

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

c. *Credit and loan standby arrangement with banks*

The Group has no credit standby facilities.

Notes to the consolidated financial statements
for the year ended 30 June 2024

Note 5 Financial assets and financial liabilities (cont.)

5.1 Cash and cash equivalents (cont.)

d. *Non-cash investing and financing activities*

2024

- 791,141 ordinary shares issued on conversion of convertible notes at $0.04 and $0.037 per share, equating it $26,108 as detailed in note 7.3.1.
- 14,868,397 ordinary shares issued in settlement of *Director loan – Balmain Resources Pty Ltd* via option exercise funding, equating it $356,842 as detailed in note 5.4.4.
- 833,333 ordinary shares issued in settlement of *Director loan – Paul Ostergaard* via option exercise funding, equating it $20,000 as detailed in note 5.4.3.

2023

- 32,000,000 ordinary shares issued on conversion of convertible notes at $0.024 per share, as detailed in Note 7.1.

5.1.3 Accounting policy

For *Statement of Cash Flow* presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

5.2 Trade and other receivables

	2024 $	2023 $
5.2.1 Current		
Trade receivables	294,755	270,361
Other receivables	33,106	33,433
Provision of loan receivable	(33,101)	(33,101)
	294,760	270,693

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

5.2.3 The average credit period on sales of goods and rendering of services ranges from 30 to 60 days. Interest is not charged. No allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction.

5.2.4 Accounting policy

Trade receivables are generally due for settlement within periods ranging from 30 to 60 days. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance. (see also Note 5.5.1).

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

Notes to the consolidated financial statements
for the year ended 30 June 2024

Note 5 Financial assets and financial liabilities (cont.)

5.3 Trade and other payables

	2024 $	2023 $
5.3.1 Current		
Unsecured		
Trade payables	99,283	131,032
Accruals and other payables	350,830	311,184
Contract liabilities	220,463	228,163
Accrued director fees	-	102,000
	670,576	772,379

5.3.2 Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-trade payables, are non-interest bearing and have an average term of 1 month.

5.3.3 *Accrued director fees* represents fees for non-executive directors for Messrs Marsland, Otley, and Tarrant. They were settled through the issue of 4 cent options on 13 July 2023, exercisable on or before 13 July 2026

5.3.4 Accounting policy

a. *Trade and other payables*

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

5.4 Borrowings

	Note	2024 $	2023 $
5.4.1 Current			
Research and Development (**R&D**) loan facility	5.4.2	326,460	376,912
Accrued interest	5.4.2	-	24,487
Director loan – Paul Ostergaard	5.4.3	-	20,000
Director loan – Balmain Resources Pty Ltd	5.4.4	-	320,173
Cash Drawdown facility – Balmain Resources Pty Ltd	5.4.5	274,663	-
Loan from employee	5.4.6	50,000	-
		651,123	741,572

5.4.2 During the year, the Company received advance funding on its expected annual R&D rebate from Radium Capital. Refer below for key terms of this funding.

- *Counterparty* — Innovation Structured Finance Co LLC facilitated by Radium Capital
- *Amount* — 80% of the expected R&D tax offset resulting from each period's eligible R&D expenditures, with principal and interest repaid from the actual tax offsets at the end of the financial year.
- *Final Maturity Date* — 30 November 2024.
- *Repayment* — Norwood has the option to repay earlier without penalties.
- *Interest Rate* — 15% per annum, with default rate of 22% if repayment is later than 30 November 2024.
- *Security* — Secured against the R&D refund receivable from the ATO
- *Conditions* — R&D expenditure has to be reviewed by R&D Tax Consultants
- *Purpose of Loan as per agreement* — Wholly or predominantly for working capital or research and development expenditures.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 5 Financial assets and financial liabilities (cont.)

5.4 Borrowings (cont.)

5.4.3 On 25 February 2022, Paul Ostergaard provided a loan of $45,000, repayable within 12 months. The loan is unsecured and non-interest bearing. As at 30 June 2023, $20,000 remained outstanding. The loan was settled during the current period through option exercise funding, as detailed in 15.2.1.

5.4.4 On 17 February 2023, the Company entered a loan agreement with Balmain Resources Pty Ltd, a Company controlled by Non-executive Director Dr John Tarrant, to borrow $300,000. Further on 11 May 2023, the Company entered into a deed of variation to extend the repayment date. Refer below for key terms of this funding:

- *Principal amount* $300,000
- *Establishment fee* 3% of the loan, plus GST
- *Interest rate* 9.75% p.a. (default rate +2%)
- *Repayment date* 31 December 2023

The loan was settled during the period through option exercise funding, as detailed in 15.2.2.

5.4.5 In April 2024, the Company entered a Cash Draw Down Facility agreement with Balmain Resources Pty Ltd, a Company controlled by Non-executive Director Dr John Tarrant on the following key terms:

- *Facility amount* up to $300,000
- *Establishment fee* 3% of the facility amount, plus GST
- *Interest rate* 15% p.a. (default rate +2%)
- *Repayment date* 31 December 2024

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

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

5.4.7 Accounting policy

a. *Borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

5.5 Other material accounting policies related to financial assets and liabilities

5.5.1 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.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (**FVOCI**).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 5 Financial assets and financial liabilities (cont.)

5.5 Other material accounting policies related to financial assets and liabilities (cont.)

b. *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have 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 for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- *FVOCI*: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.
- *FVPL*: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

ii. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. *Impairment*

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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 2024

Note 6 Non-financial assets and financial liabilities

6.1 Property, plant, and equipment

	2024 $	2023 $
Office equipment – at cost	182,938	177,202
Accumulated depreciation	(142,533)	(128,831)
	40,405	48,371
Leasehold improvements – at cost	81,592	81,592
Accumulated amortisation	(71,699)	(70,946)
	9,893	10,646
Total property, plant, and equipment	50,298	59,017

6.1.1 Movements in Carrying Amounts

	Office equipment $	Leasehold improvements $	Total $
Carrying amount at 1 July 2022	20,909	11,889	32,798
Additions	39,777	-	39,777
Depreciation expense	(12,315)	(1,243)	(13,558)
Carrying amount at 30 June 2023	48,371	10,646	59,017
Carrying amount at 1 July 2023	48,371	10,646	59,017
Additions	5,736	-	5,736
Depreciation expense	(13,702)	(753)	(14,455)
Carrying amount at 30 June 2024	40,405	9,893	50,298

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 that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Where considered material, the carrying amount of property, 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 that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

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

Notes to the consolidated financial statements
for the year ended 30 June 2024

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

6.1 Property, plant, and equipment (cont.)

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 the day-to-day servicing of plant and equipment are recognised in the income statement as an expense as incurred.

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:

	2024 %	2023 %
Leasehold Improvements	*Lease term*	N/A
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

	2024 $	2023 $
6.2.1 Right of use assets		
Right of use asset - Buildings	283,685	322,580
Accumulated amortisation	(174,819)	(279,840)
	108,866	42,740
6.2.2 Lease liabilities		
Current	116,108	48,443
Non-current	-	-
	116,108	48,443

6.2.3 There were no additions to the right-of-use assets during the 2024 financial year were (2023: $nil). However, the current lease was extended to January 2026.

6.2.4 Amounts recognised in the consolidated statement of profit or loss and other comprehensive income	2024 $	2023 $
Depreciation charge of right-of-use assets	70,637	72,300
Interest expense (included in finance cost)	4,585	5,200
	75,222	77,500

6.2.5 The total cash outflow for leases in 2024 was $75,546 (2023: $74,004).

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 liability at the date at which the leased asset is available for use by the Group.

i. Right of Use Asset

The Group recognises a right of use asset at the commencement date of the lease. The right of use asset is initially measured at cost. The cost of right of use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

Right-of-use assets are measured at cost comprising the following:

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

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities. The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payment to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the assessment of lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs. The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

Lease liability is measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The amount of lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and do not contain a purchase option, and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

b. *Extension and termination options*

An extension options is included in a property of the Group. This is used to maximise operational flexibility in terms of managing the assets used in the Group’s operations. The extension option held is exercisable only by the Group and not by the respective lessor.

Notes to the consolidated financial statements
for the year ended 30 June 2024

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

6.2 Leases (cont.)

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.

6.3 Provisions

	2024 $	2023 $
6.3.1 Current		
Employee entitlements	270,985	241,060
	270,985	241,060
6.3.2 Non-current		
Employee entitlements	41,241	45,413
	41,241	45,413

6.3.3 Movements in Carrying Amounts

	Employee entitlements $	Total $
Carrying amount at 1 July 2023	286,473	286,473
Additions	95,218	95,218
Amounts used during the year	(69,465)	(69,465)
Carrying amount at 30 June 2024	312,226	312,226

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.

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

6.3 Provisions (cont.)

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.

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 4.9) 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
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Note 7 Equity

7.1 Issued capital

	Note	2024 No.	2023 No.	2024 $	2023 $
Fully paid ordinary shares at no par value		474,980,951	413,577,781	35,524,272	33,818,296

7.1.1 Ordinary shares

	Note	2024 No.	2023 No.	2024 $	2023 $
At the beginning of the year		413,577,781	340,047,768	33,818,296	32,179,354
Shares issued during the year:					
10.2022 *Issued to an employee*	17.2.2c	-	4,943,238	-	76,500
11.2022 *Conversion of Convertible Notes*	7.1.3	-	32,000,000	-	480,000
11.2022 *Issued as director remuneration*	17.2.2d	-	2,686,567	-	40,298
11.2022 *$0.024 options exercised*	7.4.1	-	2,007,937	-	48,190
12.2022 *$0.024 options exercised*	7.4.1	-	5,464,490	-	131,148
12.2022 *Issued in lieu of cash for administration fees*	17.2.2e	-	250,000	-	5,000
03.2023 *Expiry of subscribed options - premium*		-	-	-	132,713
05.2023 *$0.024 options exercised*	7.4.1	-	785,715	-	18,857
06.2023 *$0.024 options exercised*	7.4.1	-	25,392,066	-	609,410
06.2023 *Expiry of historic options - premium*	7.4.1	-	-	-	116,713
07.2023 *$0.024 options exercised*	7.4.1	350,000	-	8,400	-
08.2023 *$0.024 & $0.08 options exercised*	7.4.1	605,000	-	14,800	-
11.2023 *ESOP rights converted*	7.3.1	791,141	-	26,108	-
11.2023 *Placement*		12,250,000	-	490,000	-
11.2023 *$0.024 options exercised*	7.4.1	638,165	-	15,316	-
12.2023 *$0.024 options exercised*	7.4.1	36,369,601	-	872,859	-
12.2023 *Director placement*		5,500,000	-	220,000	-
01.2024 *$0.024 options exercised*		3,399,263	-	81,582	-
06.2024 *$0.024 options exercised*		1,500,000	-	36,000	-
Transaction costs relating to share issues					
Cash-based		-	-	(42,605)	(14,887)
Equity-based	17.2.1e	-	-	(26,850)	(5,000)
Equity-based – option *expiry*		-	-	10,366	-
At end of the year		474,980,951	413,577,781	35,524,272	33,818,296

Notes to the consolidated financial statements
for the year ended 30 June 2024

Note 7 Equity (cont.)

7.1 Issued capital (cont.)

7.1.2 Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

7.1.3 On 28 March 2022, the Company entered a binding term sheet and issued 280,000 convertible notes with a face value of $1 per note to Balmain Resources Pty Ltd, a Company controlled by Non-executive Director Dr John Tarrant, raised $280,000. Further on 23 June 2022, the Company entered into a deed of variation to convertible note binding term sheet for an additional 200,000 convertible notes with face value of $1 each to Balmain Resources Pty Ltd, to raise an additional $200,000. During November 2022, the Convertible Notes were fully converted into Fully Paid Ordinary Shares.

7.1.4 Accounting policy

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

7.2 Reserves

	Note	2024 $	2023 $
7.2.1 Summary of share-based payment reserve reserves:			
Performance equity	7.3	189,352	105,000
Options	7.4	798,151	135,174
		987,503	240,174

7.2.2 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.

7.3 Performance equity

	Note	2024 No.	2023 No.	2024 $	2023 $
Performance equity		15,708,859	10,000,000	189,352	105,000

7.3.1 Performance equity movement

		2024 No.	2023 No.	2024 $	2023 $
At the beginning of the year		10,000,000	-	105,000	-
Performance equity changes during the year:					
Issue of performance rights	17.2.2b	-	10,000,000	-	105,000
Issue of performance rights	17.2.1b	6,500,000	-	110,460	-
Conversions of rights		(791,141)	-	(26,108)	-
At reporting date		15,708,859	10,000,000	189,352	105,000

Notes to the consolidated financial statements
for the year ended 30 June 2024

Note 7 Equity (cont.)

7.4 Options

	Note	2024 No.	2023 No.	2024 $	2023 $
Options		197,764,414	88,905,763	798,151	135,174

7.4.1 Options

	Note	2024 No.	2023 No.	2024 $	2023 $
At the beginning of the year		88,905,763	100,163,956	135,174	9,339,571
Options movement during the year:					
11.2022 *Free attaching options on conversion of notes*		-	32,000,000	-	-
11.2022 *Director options issued - shortfall*	7.4.2	-	26,698,651	-	53,397
11.2022 *Directors options issued*	17.2.2a	-	30,000,000	-	81,066
11.2022 *Exercise of options*		-	(2,007,937)	-	-
12.2022 *Exercise of options*		-	(5,464,490)	-	-
03.2023 *Expiry of options - premium*		-	(66,356,636)	-	(132,713)
05.2023 *Exercise of options*		-	(785,715)	-	-
06.2023 *Exercise of options*		-	(25,342,066)	-	-
06.2023 *Reversal of director options that failed to vest*	17.2.2a	-	-	-	(42,066)
06.2023 *Expiry of historic options - premium*		-	-	-	(116,713)
07.2023 *Entitlement issue*		41,112,778	-	82,226	-
07.2023 *$0.024 options exercised*		(350,000)	-	-	-
07.2023 *Offer prospectus*		66,356,636	-	175,892	-
07.2023 *Director remuneration*	17.2.1a	7,500,000	-	150,000	-
07.2023 *Incentive options*	17.2.1c	5,000,000	-	69,500	-
08.2023 *$0.024 & $0.08 options exercised*		(605,000)	-	-	-
11.2023 *Placement options*		12,250,000	-	-	-
11.2023 *Advisor options*	17.2.1e	1,500,000	-	26,850	-
11.2023 *$0.024 options exercised*		(638,165)	-	-	-
12.2023 *$0.024 options exercised*		(36,369,601)	-	-	-
12.2023 *Directors placement options issued*		5,500,000	-	-	-
12.2023 *Performance options*	17.2.1d	15,000,000	-	178,875	-
12.2023 *Expiration of options*		(2,498,734)	-	(20,366)	-
01.2024 *$0.024 options exercised*		(3,399,263)	-	-	-
06.2024 *$0.024 options exercised*		(1,500,000)	-	-	-
Transfer of historic option value to accumulated losses		-	-	-	(9,047,368)
At end of the year		197,764,414	88,905,763	798,151	135,174

7.4.2 Options with an issue price of $0.002 per option, exercisable at $0.08 and expiring 3 March 2023 issued to directors as approved by shareholders on 26 October 2022.

Notes to the consolidated financial statements
for the year ended 30 June 2024

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 $	2024 Total $	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	2023 Total $
Financial Assets								
Cash and cash equivalents	68,984	-	-	68,984	380,142	-	-	380,142
Trade and other receivables	-	-	294,760	294,760	-	-	270,693	270,693
Total Financial Assets	68,984	-	294,760	363,744	380,142	-	270,693	650,835
Financial liabilities at amortised cost								
Trade and other payables	-	-	670,576	670,576	-	-	772,379	772,379
Borrowings	-	601,123	50,000	651,123	-	721,572	20,000	741,572
Total Financial Liabilities	-	601,123	720,576	1,321,699	-	721,572	792,379	1,513,951
Net Financial Assets / (Liabilities)	68,984	(601,123)	(425,816)	(957,955)	380,142	(721,572)	(521,686)	(863,116)

8.2 Specific Financial Risk Exposures and Management

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

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

8.2.1 Credit risk

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

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

Notes to the consolidated financial statements

for the year ended 30 June 2024

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	
	2024 $	2023 $	2024 $	2023 $	2024 $	2023 $
Financial liabilities due for payment						
Trade and other payables	670,576	772,379	-	-	670,576	772,379
Borrowings	651,123	741,572	-	-	651,123	741,572
Total contractual outflows	1,321,699	1,513,951	-	-	1,321,699	1,513,951
Financial assets						
Cash and cash equivalents	68,984	380,142	-	-	68,984	380,142
Trade and other receivables	294,760	270,693	-	-	294,760	270,693
Total anticipated inflows	363,744	650,835	-	-	363,744	650,835
Net (outflow) / inflow on financial instruments	(957,955)	(863,116)	-	-	(957,955)	(863,116)

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

Note 8 Financial risk management (cont.)

8.2.3 Market risk

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

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

a. *Interest rate risk*

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

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

b. *Price risk*

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

8.2.4 Sensitivity Analyses

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

a. *Interest rates*	Profit $	Equity $
Year ended 30 June 2024		
±100 basis points change in interest rates	± 690	± 690
Year ended 30 June 2023		
±100 basis points change in interest rates	± 3,801	± 3,801

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 2024

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	2024 $	2023 $
Cash and cash equivalents	5.1	68,984	380,142
Trade and other receivables	5.2	294,760	270,693
Trade and other payables	5.3	(670,576)	(772,379)
Borrowings	5.4	(651,123)	(741,572)
Leases	6.2.2	(116,108)	(48,443)
Current provisions	6.3	(270,985)	(241,060)
Working capital position		(1,345,048)	(1,152,619)

Section C. Group Structure

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

(a) changes to structure that occurred during the year as a result of business combinations and disposal of discontinued operations;

(b) transactions with non-controlling interests; and

(c) interests in joint operations.

A list of significant subsidiaries is provided in 10 below.

Note 10 Interest in subsidiaries

10.1 Information about principal subsidiaries

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

Entity name	Class of Shares	Percentage owned 2024	Percentage owned 2023	Country of incorporation
Norwood Systems Limited	Ord.	100	100	Australia
Norwood Systems (UK) Limited	Ord.	100	100	UK
Norwood Systems Inc.	Ord.	100	100	USA

Note 11 Other material accounting policies related to Group Structure

11.1 Basis of consolidation

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

11.2 Business combinations

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

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;

less

- the net recognised amount of the identifiable assets acquired and liabilities assumed.

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

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

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

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

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

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

Notes to the consolidated financial statements
for the year ended 30 June 2024

Note 11 Other material accounting policies related to Group Structure

11.2.1 Subsidiaries

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

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

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

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

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

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

11.2.2 Loss of control

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

11.2.3 Transactions eliminated on consolidation

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

Notes to the consolidated financial statements
for the year ended 30 June 2024

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 Commitments

There are no commitments as at 30 June 2024 (2023: Nil).

Note 13 Events subsequent to reporting date

13.1 Exercise of options – Settlement of accrued director fees

On 25 September 2024, the Company funded the exercise of 687,500 options, at 2.4c per option, through the settlement of $16,500 owed to Balmain Resources Pty Ltd (a company controlled by Dr John Tarrant) for director fees owing.

13.2 Exercise of options – Settlement of accrued director fees

On 30 September 2024, the Company has entered into a deed of variation to a loan agreement (originally detailed in note 5.4.6) that provided access to a cash drawdown capital facility of up to $300,000.

Under the deed of variation, the cash drawdown facility amount has been varied from $300,000 to $430,000. All other terms and conditions of the Loan Agreement remain in full force and effect.

There have been no other matters or circumstances that have arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

Note 14 Contingent liabilities

There are no other contingent liabilities as at 30 June 2024 (2023: Nil).

Notes to the consolidated financial statements
for the year ended 30 June 2024

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 15 Related party transactions

15.1 Key Management Personnel (KMP) compensation

The names and positions of KMP are as follows:

- Mr Paul Ostergaard — Managing Director
- Mr Philip Marsland — Non-executive Director *(appointed 31 January 2022)*
- Mr Philip Otley — Non-executive Director *(appointed 31 January 2022)*
- Dr John Tarrant — Non-executive Director *(appointed 31 January 2022)*
- *Other KMP:*
  - Mr Stevan Tot — General Manager Enterprise & Vice President Sales

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 are provided in the *Remuneration report* table on page 15.

	2024 $	2023 $
Short-term employee benefits	414,000	572,238
Post-employment benefits	39,820	43,659
Share-based payments	242,798	186,066
Other long-term benefits	-	-
Termination benefits	-	-
Total	696,618	801,963

15.2 Other transactions with KMP 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 disclose. The following details the related party transaction for year.

15.2.1 Loan payable *Mr Paul Ostergaard – Managing Director*

Mr Ostergaard provided an unsecured, non-interest bearing loan of $45,000, repayable within 12 months (see note 5.4.3).

Movements in the loan account are as follows:		2024 $	2023 $
Opening balance payable by the Group		20,000	45,000
Repayments made by the Group:	*Expense payment*	-	(15,000)
	Option exercise funding	(20,000)	(10,000)
		-	20,000

15.2.2 Loan payable *Balmain Resources Pty Ltd (controlled by Dr John Tarrant – Non-executive Director)*

Balmain Resources Pty Ltd provided a loan $300,000, with terms as detailed in note 5.4.4.

Movements in the loan account are as follows:		2024 $	2023 $
Opening balance payable by the Group		320,173	-
Funds loan to the Group		-	300,000
Interest capitalised to the loan		36,669	20,173
Repayments made by the Group:	*Option exercise funding*	(356,842)	-
		-	320,173

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 15 Related party transactions (cont.)

15.2.3 Cash Draw Down Facility *Balmain Resources Pty Ltd (controlled by Dr John Tarrant – Non-executive Director)*

In April 2024, Balmain Resources Pty Ltd provided the Company with a Cash Draw Down Facility of up to $300,000 with terms as detailed in note 5.4.5.

Movements in the loan account are as follows:	2024 $	2023 $
Opening balance payable by the Group	-	-
Establishment fee capitalised to the loan	9,900	-
Funds loan to the Group	260,000	-
Interest capitalised to the loan	4,763	-
	274,663	-
	269,900	-

Note 16 Earnings per share (EPS)

	Note	2024 $	2023 $
16.1 Reconciliation of earnings to profit or loss			
Loss for the year		(2,584,155)	(1,890,119)
Less: loss attributable to non-controlling equity interest		-	-
Loss used in the calculation of basic and diluted EPS		(2,584,155)	(1,890,119)
		2024 No.	**2023 No.**
16.2 Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		446,206,171	356,977,707
Weighted average number of dilutive equity instruments outstanding	16.5	N/A	N/A
16.3 Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		446,206,171	356,977,707
16.4 Earnings per share		**2024 ¢**	**2023 ¢**
Basic EPS (cents per share)	16.5	(0.58)	(0.53)
Diluted EPS (cents per share)	16.5	N/A	N/A

16.5 As at 30 June 2024 the Group has 197,764,414 unissued shares under option (2023: 88,905,763) and 15,708,859 performance right (2023: 10,000,000). The Group does not report diluted earnings per share on losses generated by the Group. During the year, the Group's unissued shares under option and partly-paid shares were anti- dilutive.

Note 17 Share-based payments

		Note	2024 $	2023 $
17.1 Share-based payments:				
○ Recognised in profit and loss:	*Options*	17.2.1a,c,d 17.2.2a,b	406,835	186,066
	Share-settled	17.2.1a, 17.2.2c,d	102,000	116,798
○ Recognised in equity (transaction costs)		17.2.1e 17.2.2e	26,850	5,000
Gross share-based payments			535,685	307,864

Notes to the consolidated financial statements
for the year ended 30 June 2024

Note 17 Share-based payments (cont.)

17.2 Share-based payment arrangements in effect during the year

17.2.1 Issued during the current year

a. *Options issued to settled accrued director remuneration*

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

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
7,500,000	13.07.2026	$0.04	Vest immediately

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

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

On 1 November 2023, the Company issued 6,500,000 performance rights to employees. The rights convert to equity on the employee meeting a service condition of 4 years (accelerated based on start date). The total value of the rights was $214,500 (vested value: $103,499).

c. *Consultant options*

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

Tranche	Number under Option	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 (vested value: $69,500).

d. *Non-executive Director options*

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

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

The Board have determined the probability of attaining the remaining vesting term at 75%. Due to the non-market conditions exceeding the market conditions in value, and the conditions are mutually exclusive, the higher value has been adopted for 31 December 2023 reporting purposes at $178,875.

e. *Advisors' options*

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

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
1,500,000	31 October 2025	0.05	Immediately

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

Note 17 Share-based payments (cont.)

17.2.2 Issued in prior year, remaining in effect

a. *Directors Options*

i. Tranche 1 Options

Following shareholder approval, the Company issued 15,000,000 Options to Directors on 18 November 2022, on the following terms:

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
15,000,000	18.11.2025	$0.024	*(1) Signing of an agreement with a telecoms operator, partner or enterprise client with committed cumulative revenue to Norwood in excess of AUD1m to be completed no later than 30 June 2023 (not achieved)* ***OR*** *(2) Signing of a distribution agreement with a Norwood Priority System Integrator or Supplier to Telco or Enterprise Markets with actual funds being received by the Company no later than 30 June 2023 (not achieved)* ***OR*** *(3) Total Norwood Revenues (excluding any R&D tax credits one-off or extraordinary revenue items; revenue received in the form of government grants, allowances rebates or other hand-outs and any other type of one-off non-recurring revenue received not in the normal course of business) in any single financial year in excess of AUD$2.2m.*

The Board have determined the probability of attaining the remaining vesting term at 25%

ii. Tranche 2 Options

Following shareholder approval, the Company issued 15,000,000 Options to Directors on 18 November 2022, on the following terms:

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
15,000,000	18.11.2025	$0.024	*On Norwood market capitalisation exceeding AUD $25 million over a window of not less than 30 days of continuous trading days or where a change of control is agreed by the Norwood Board and Shareholders. A 30-day volume weighted average price (**VWAP**) will be used to determine the share price. Condition to be satisfied no later than 30 June 2023* *These terms were not achieved and the options cannot vest*

b. *Director Performance Rights*

At the Company's General Meeting held on 26 October 2022, performance rights valued at $105,000 were issued to Mr Paul Ostergaard, managing director, on terms as detailed below:

Class of Performance Right	Performance Condition	Performance rights No.	Milestone Date	Expiry Date	Performance Condition Satisfied
A	Vest upon the achievement of annualised revenue of a minimum $5,000,000 on or before the financial year ended 30 June 2026 in any twelve-month financial period, as independently verified by the Company's auditors.	5,000,000	30.06.2026	30.11.2028	No
B	Vested upon the achievement of annualised revenue of a minimum $10,000,000 on or before the financial year ended 30 June 2028 in any twelve-month financial period, as independently verified by the Company's auditors.	5,000,000	30.06.2028	30.11.2028	No

c. *Shares to employee*

Shares issued to an employee in accordance with a variation of employment salary sacrifice valued at $76,500.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 17 Share-based payments (cont.)

d. *Shares issued as director remuneration*

A total of 2,686,567 shares issued settling of director John Tarrant's remuneration valued at $40,298, approved by shareholders on 26 October 2022.

e. *Shares issued in lieu of cash*

Shares issued to the lead manager in connection lieu of cash for administration fees valued at $5,000.

f. *Directors Options*

Following shareholder approval, the Company issued 15,000,000 Options to Directors on 8 February 2022, on the following terms:

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
15,000,000	8 February 2025	$0.024	Immediately

Unquoted options issued to Directors were valued at $85,808.

17.3 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 $0.018 (30 June 2023: $0.001). These values were calculated, applying the following inputs to options:

Note Reference	*17.2.1a*	*17.2.1c*	*17.2.1d*		*17.2.1e*
Methodology	Black-Scholes		Black-Scholes	Monte Carlo	Black-Scholes
Grant date:	13.07.2023		19.12.2023		25.10.2023
Grant date share price:	$0.035		$0.038		$0.040
Option exercise price:	$0.040		$0.080		$0.050
Number of options issued:	7,500,000	5,000,000	15,000,000		1,500,000
Remaining life (years):	2.04		2.47		1.34
Expected share price volatility:	92.33%		89.07%		91.13%
Risk-free interest rate:	3.89%		3.76%		4.25%
Value per option	$0.020		$0.0159	$0.00204	$0.0179
Probability	N/A		75%	N/A	N/A

Fair values

Total fair value	$150,000	$100,000	$178,875	$30,600	$26,850
Recognised in the period	$150,000	$69,500	$178,875	N/A	$26,850

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.

Note 17 Share-based payments (cont.)

17.4 Accounting policy

The Group has provided payment to service providers and related parties in the form of share-based compensation whereby services are rendered in exchange for shares or rights over shares, *equity-settled transactions*. The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate valuation model for services provided by employees or where the fair value of the goods or services received cannot be reliably estimated.

For goods and services received where the fair value can be determined reliably the goods and services and the corresponding increase in equity are measured at that fair value. The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each balance date, the entity revises its estimates of the number of options with non-market vesting conditions that are expected to become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award, *vesting date*.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

17.5 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 17.3.

Note 18 Operating segments

18.1 Identification of reportable segments

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

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

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

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

Notes to the consolidated financial statements
for the year ended 30 June 2024

Note 19 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.

19.1 Financial Position of Norwood Systems Limited

	2024 $	2023 $
Current assets	46,203	75,874
Non-current assets	-	-
Total assets	46,203	75,874
Current liabilities	389,442	261,347
Non-current liabilities	-	-
Total liabilities	389,442	261,347
Net assets/(liabilities)	(343,239)	(185,473)
Equity		
Issued capital	46,636,368	44,932,392
Reserves	987,504	135,174
Accumulated losses	(47,967,111)	(45,253,039)
Total equity	(343,239)	(185,473)

19.2 Financial performance of Norwood Systems Limited

	2024 $	2023 $
Loss for the year	(2,714,072)	(942,832)
Other comprehensive income	-	-
Total comprehensive income	(2,714,072)	(942,832)

19.3 Guarantees

No guarantees were entered into by Norwood Systems Limited for the debts of subsidiaries as at 30 June 2024 (2023: none).

19.4 Contractual commitments and Contingent liabilities

The parent company has no capital commitments at 30 June 2024 (2023: $nil). The parent company's other commitments are disclosed in Note 12 Commitments. There were no contingent liabilities as at 30 June 2024 (2023: none).

Note 20 Auditor's remuneration

	2024 $	2023 $
Remuneration of the auditor for:		
Auditing or reviewing the financial reports:		
• Hall Chadwick WA Audit Pty Ltd (**Hall Chadwick**)	25,107	37,000

Note 21 Statement of material accounting policies

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

21.1 Basis of preparation

21.1.1 Reporting Entity

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

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

21.1.2 Basis of accounting

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

Australian Accounting Standards (**AASBs**) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

The financial statements were authorised for issue on 30 September 2024 the Directors of the Company.

21.1.3 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 $2,584,155 (2023: $1,890,119 loss) and a net cash out-flow from operating activities of $2,003,928 (2023: $1,180,020 out-flow). As at 30 June 2024, the Company has a working capital deficit of $1,345,048 (2023: $1,152,619 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 significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors are confident that there will be sufficient funds for the Group to meet its obligations and liabilities and believe it is appropriate to prepare these accounts on a going concern basis for the following reasons:

- Subsequent to year end the Group received its R&D grant of $694,130, funds were used to extinguish amounts owing to Radium Capital and fund general working capital requirements.
- Management have prepared a cashflow forecast for the next 12 months from the date of this report that indicates the operating cash inflows will be sufficient to meet expenses and other financial obligations as an when they are due;
- Managing cash flows in line with available funds; and
- The Group has the ability to raise funds from equity sources and has a successful record for past raisings that gives the board confidence that it can complete further capital raisings if required.

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

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

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 21 Statement of material accounting policies

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

21.1.4 Comparative figures

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

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

21.1.5 New and Amended Standards Adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2023:

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 & AASB 141].*
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112]*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

21.2 Value added taxes

Value-added tax (**VAT**) is the generic term for the broad-based consumption taxes that the Group is exposed to such as: Australia (**Goods and Services Tax** or **GST**) and in the USA (**Sales Tax**), hereafter collectively referred to as GST.

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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 in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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

21.3 Foreign currency transactions and balances

21.3.1 Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the legal parent entity's functional and presentation currency. The functional currency of Norwood Systems Inc. is the US Dollar.

21.3.2 Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange rate differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange rate differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Note 21 Statement of material accounting policies

21.3.3 Group companies and foreign operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

21.4 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 21.4.1.

21.4.1 Critical Accounting Estimates and Judgments

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

a. Key estimate – Taxation

Refer 4.8 in the Income Tax note.

b. Key estimate – Share-based payments

Refer note 17 Share-based payments

21.5 Fair Value

21.5.1 Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable AASB.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).
For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Note 21 Statement of material accounting policies

21.5.2 Fair value hierarchy

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

21.5.3 Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

21.6 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 2024 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 2024	Type of Entity	Trustee, partner, or participant in a joint venture	Country of incorporation	Australian resident for tax purposes
Norwood Systems Limited	100	Body corporate	N/A	Australia	Australian
Norwood Systems (UK) Limited	100	Body corporate	N/A	UK	Foreign
Norwood Systems Inc.	100	Body corporate	N/A	USA	Foreign

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 21 to 62, 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 2024 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 21.1.2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

The Consolidation Entity Disclosure Statement on page 63 is true and correct as at 30 June 2024.

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

PAUL OSTERGAARD
Managing Director

Dated this Monday, 30 September 2024

HALL CHADWICK

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 2024, 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 2024 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in 21.1.2.

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* (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.

HALL CHADWICK

Material Uncertainty Related to Going Concern

We draw attention to Note 21.1.3 in the financial report which indicates that the Consolidated Entity incurred a net loss of $2,584,155 during the year ended 30 June 2024. As stated in Note 21.1.3, these events or conditions, along with other matters as set forth in Note 21.1.3, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our 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 During the year ended 30 June 2024, the Consolidated Entity generated sales revenue of $1,142,437 (2023: $964,197), as per note 1.1. 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 has been included as a key focus area in the audit report due to its financial significance and the increase in revenue during the year.	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 Group'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 Group 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 1.1 of the financial report.

HALL CHADWICK

Key Audit Matter	How our audit addressed the Key Audit Matter
Share Based Payments - $535,685 During the year the Company issued options to Directors. 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 2024, 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.

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 Note 21, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

HALL CHADWICK

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.

HALL CHADWICK

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

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Norwood Systems Limited, for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 30th day of September 2024
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 17 September 2024

a. Ordinary share capital

475,226,421 ordinary fully paid shares held by 597 shareholders.

b. Options over Unissued Shares

The Company has an additional 107,464,414 listed options and 86,000,000 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
NORAAE	13.07.2023	13.07.2026	0.040	12,500,000
NORAY	08.02.2022	08.02.2025	0.024	13,500,000
NORAAB[#]	18.11.2022	18.11.2025	0.024	30,000,000
NOROD	12.07.2023	31.12.2024	0.080	107,464,414
NORAAF	14.11.2023, and 22.12.2023	31.10.2025	0.050	19,250,000
NORAAG	22.12.2023	18.12.2026	0.025	15,000,000
				197,714,414

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

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

c. Performance Rights over Unissued Shares

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

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* Options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as ordinary shares.
- *Performance Rights* A Performance Right does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company. A Performance Right does not entitle a Holder to any dividends. A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up of the Company. A Performance Right is not transferable.

Additional Information for Listed Public Companies

e. Substantial Shareholders as at 17 September 2024

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Dr John Patrick Tarrant and related entities	123,564,873	26.00
BNP Paribas Nominees Pty Ltd (grouped)	51,897,795	10.92
Paul Frederick Norwood Ostergaard and related entities	40,751,606	8.58
JP Morgan Nominees Australia Pty Limited	27,889,186	5.87

f. Distribution of equity holders as at 17 September 2024

i. *Ordinary shareholders*

Category (size of holding)	Total Holders	Units held	% Held
1 – 1,000	58	8,784	0.00
1,001 – 5,000	32	91,243	0.02
5,001 – 10,000	23	178,022	0.04
10,001 – 100,000	243	11,673,593	2.47
100,001 – and over	241	463,274,779	97.48
	597	475,226,421	100.01

ii. *Listed options (ASX:NORAD) exercisable at $0.08 on or before 31 August 2024*

Category (size of holding)	Total Holders	Units held	% Held
1 – 1,000	5	1,368	0.00
1,001 – 5,000	9	25,628	0.02
5,001 – 10,000	11	84,539	0.08
10,001 – 100,000	37	1,356,129	1.26
100,001 – and over	37	105,996,750	98.62
	99	107,464,414	99.98

g. Unmarketable Parcels as at 17 September 2024

There were 136 shareholders who held less than a marketable parcel of shares, holding 574,823 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.

Additional Information for Listed Public Companies

j. 20 Largest Shareholders — Ordinary Shares as at 17 September 2024

Rank	Name	No. Held	% Held
1.	Dr John Patrick Tarrant and Related Entities	123,564,873	26.00
2.	BNP Paribas Nominees Pty Ltd (Grouped)	51,897,795	10.92
3.	Paul Frederick Norwood Ostergaard and Related Entities	40,751,606	8.58
4.	J P Morgan Nominees Australia Pty Limited	27,889,186	5.87
5.	Mr Ryan Graham Hollingsworth (Grouped)	14,777,700	3.11
6.	B Donovan Pty Ltd <B Donovan Super A/C> (Grouped)	14,007,328	2.95
7.	Mr Matthew Phillip Antonel	12,228,535	2.57
8.	Ms Jue Ying Liao	9,017,893	1.90
9.	Hegarty Financial Investments Pty Ltd <Hegarty Super Fund A/C>	7,360,265	1.55
10.	Mr Stevan Tot	4,943,238	1.04
11.	Citicorp Nominees Pty Limited	4,760,283	1.00
12.	Mr Hemant Kumar Vanmali <Suni-Jay A/C>	4,429,140	0.93
13.	Tersa Pty Ltd <T & L Hollingsworth S/F A/C>	4,217,143	0.89
14.	Mr Kyle Andrew Timms & Mrs Heather Ann Timms <KA & HA Timms S/F A/C>	4,000,000	0.84
15.	Mr Zane Eric Gray	3,830,300	0.81
16.	Mr Danny Adamopoulos	3,415,828	0.72
17.	Mr Peter Stewart Earl & Mrs Gail Lynette Earl <Earl Super Fund A/C>	3,385,000	0.71
18.	Mr Aivars Strazdins & Ms Diane Jeanette Thorley <For Every Free S/Fund A/C>	3,000,000	0.63
19.	Regional Networks And Services Pty Ltd	2,993,393	0.63
20.	Ms Anne-Marie Debelak	2,910,000	0.61
	Total	343,379,506	72.26

k. 20 Largest Optionholders (NOROD)— Listed Options as at 17 September 2024

Rank	Name	No. Held	% Held
1.	J P Morgan Nominees Australia Pty Limited	32,177,783	29.94
2.	Dr John Patrick Tarrant and Related Entities	28,764,233	26.77
3.	BNP Paribas Nominees Pty Ltd (Grouped)	7,045,670	6.56
4.	Paul Frederick Norwood Ostergaard and Related Entities	6,013,148	5.60
5.	Philip Sinclair Marsland	5,000,000	4.65
6.	Mr Nicolas George Ashley Bryon	4,391,356	4.09
7.	Paul Frederick Ostergaard	2,849,379	2.65
8.	Philip John Otley	2,500,000	2.33
9.	Mr Matthew Phillip Antonel	2,363,192	2.20
10.	Mr Zane Eric Gray	2,102,351	1.96
11.	B Donovan Pty Ltd <B Donovan Super A/C> (Grouped)	2,013,013	1.87
12.	Finclear Services Pty Ltd <Superhero Securities A/C>	1,763,172	1.64
13.	Mr Ryan Graham Hollingsworth (Grouped)	1,544,731	1.44
14.	Mr Nicolas George Ashley Bryon & Mrs Nicole Brooke Bryon <Bryon Andison S/F No 1 A/C>	1,309,939	1.22
15.	Sunnyit Pty Ltd <Sunnyit Superannuation A/C>	1,000,000	0.93
16.	Mrs Jane Yuet Kiu Or Poon & Mr Jacky Hin Lung Poon <Poon Super Fund A/C>	858,750	0.80
17.	Mrs Lisa Hollingsworth	688,200	0.64
18.	Tersa Pty Ltd <T & L Hollingsworth S/F A/C>	610,555	0.57
19.	Aardvark Floor Services Pty Ltd	573,720	0.53
20.	KDKF Superannuation Pty Ltd <KDKF Super Fund A/C>	522,600	0.49
	Total	104,091,792	96.88

Additional Information for Listed Public Companies

I. Unquoted Securities Holders Holding More than 20% of the Class as at 17 September 2024

- *Unlisted Options (NORAY: Exercise price $0.024, Expiry Date: 08.02.25)*

Name	No. Held	% Held
Philip Sinclair Marsland	5,000,000	37.04
Philip John Otley	5,000,000	37.04
Dr John Patrick Tarrant	3,500,000	25.92
Sub-total	13,500,000	100.00
Total NORAY Options	13,500,000	

- *Unlisted Options (NORAAE Exercise price $0.040, Expiry Date: 13.07.26)*

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

- *Unlisted Options (NORAAB Exercise price: $0.024, Expiry Date: 18.12.2025)#*

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

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

- *Unlisted Options (NORAAG Exercise price: $0.025, Expiry Date: 22.12.2026)*

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

- *Class A Performance Rights Holders*

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

- *Class B Performance Rights*

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

Additional Information for Listed Public Companies

2 The Company Secretary is Stuart Usher.

3 Principal registered office

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

4 Registers of securities

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

5 Stock exchange listing

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

norwood

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