

# Norwood Systems Limited

ABN 15 062 959 540

and its controlled entities



## APPENDIX 4D

Interim Financial Report  
31 December 2024

## Corporate directory

### Current Directors

Dr John Tarrant	<i>Non-executive Chairman</i>
Mr Paul Ostergaard	<i>Executive Director and Chief Executive Officer</i>
Mr Philip Marsland	<i>Non-executive Director</i>
Mr Philip Otley	<i>Non-executive Director</i>
Mr Paul Covich	<i>Non-executive Director</i>

### Company Secretary

Mr Stuart Usher

### Registered Office & Principal Place of Business

Street + Postal: 4 Leura Street  
Nedlands, WA 6009

Telephone: +61 (0)8 9200 3500

Email: [info@norwoodsystems.com](mailto:info@norwoodsystems.com)

Website: [www.norwoodsystems.com](http://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](mailto:hello@automicgroup.com.au)

### Securities Exchange

*Australian Securities Exchange*

Street: Level 40, Central Park  
152-158 St Georges Terrace  
Perth WA 6000

Telephone: 131 ASX (131 279) (within Australia)

Telephone: +61 (0)2 9338 0000

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ASX Code: NOR

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**Results for Announcement to the Market**

for the half-year ended 31 December 2024

1. Reporting period (item 1)				
<input type="radio"/> Report for the period ended:		31 December 2024		
<input type="radio"/> Previous corresponding period is half-year ended:		31 December 2023		
2. Results for announcement to the market		Movement	Percentage %	Amount \$
<input type="radio"/> Revenues from ordinary activities (item 2.1)		Decrease	(29.05) to	474,180
<input type="radio"/> Loss from ordinary activities after tax attributable to members (item 2.2)		Decrease (in loss)	(37.06) to	(636,907)
<input type="radio"/> Loss from after tax attributable to members (item 2.3)		Decrease (in loss)	(37.06) to	(636,907)
2.1. Dividends (items 2.4 and 5)			Amount per Security ¢	Franked amount per security %
<input type="radio"/> Interim dividend			nil	n/a
<input type="radio"/> Final dividend			nil	n/a
<input type="radio"/> Record date for determining entitlements to the dividend (item 2.5)		n/a		
2.2. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6): Refer to <i>Operating and financial review</i> on page 1 of the Directors' report.				
3. Dividends (item 3) and returns to shareholders including distributions and buy backs				
Nil.				
3.1. Details of dividend or distribution reinvestment plans in operation are described below (item 6): Not applicable				
4. Ratios			Current Period \$	Previous Corresponding Period \$
4.1. Financial Information relating to 4.2:				
Earnings for the period attributable to owners of the parent			(636,907)	(1,011,968)
Net assets/(liabilities)			(1,469,651)	221,902
Less: Intangible assets			-	-
Net tangible assets/(liabilities)			(1,469,651)	221,902
			Current Period No.	Previous Corresponding Period No.
Fully paid ordinary shares			476,945,172	470,081,688
			Current Period ¢	Previous Corresponding Period ¢
4.2. Net tangible asset or (liability) backing per share (cents) (item 4):			(0.308)	0.047

Results for Announcement to the Market  
for the half-year ended 31 December 2024

5. Details of entities over which control has been gained or lost during the period: (item 5)		
5.1. Control gained over entities		
<input type="radio"/> Name of entities (item 5.1)	Nil	
<input type="radio"/> Date(s) of gain of control (item 5.2)	n/a	
5.2. Loss of control of entities		
<input type="radio"/> Name of entities (item 5.1)	Nil	
<input type="radio"/> Date(s) of loss of control (item 5.2)	n/a	
5.3. Contribution to consolidated loss from ordinary activities after tax by the controlled entity to the date(s) in the current period when control was gained / lost (item 5.3).	n/a	
5.4. Loss from ordinary activities after tax of the controlled entity for the whole of the previous corresponding period (item 5.3)	n/a	
6. Details of associates and joint ventures: (item 6)		
<input type="radio"/> Name of entities (item 6)	Nil	
<input type="radio"/> Percentage holding in each of these entities (item 6)	N/A	
	Current Period	Previous Corresponding Period
	\$	\$
<input type="radio"/> Aggregate share of profits (losses) of these entities (item 6)	N/A	N/A
7. The financial information provided in the Appendix 4D is based on the interim final report (attached), which has been prepared in accordance with Australian Accounting Standards.		
8. The report is based on accounts which have been reviewed by the Company's independent auditor (item 9).		

## Directors' report

Your directors present their report on the consolidated entity, consisting of Norwood Systems Limited (**Norwood Systems** or **the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 31 December 2024 (**H1 FY2025**).

### 1. Directors

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

- Dr John Tarrant *Non-executive Chairman (appointed Chairman on 2 January 2025)*
- Mr Paul Ostergaard *Executive Director and Chief Executive Officer*
- Mr Philip Marsland *Non-executive Director*
- Mr Philip Otley *Non-executive Director*
- Mr Paul Covich *Non-executive Director (appointed 28 January 2025)*

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

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

### 2. Operating and financial review

#### 2.1. Nature of Operations Principal Activities

- **Stable Half-Year Cash Receipts, Reduced Cash Outflows and Additional Funding Secured**
  - Net operating cash outflow improved year-on-year, from \$759K (H1 FY2024) to \$343K (H1 FY2025).
  - Half-year (H1 FY2025) customer cash receipts totalled \$595K, a decrease from the previous corresponding period's \$797K (H1 FY2024).
  - Norwood secured \$885K in further funding during H1 FY2025, including \$505K from a convertible note issue and additional short-term borrowings.
  - Norwood held cash of \$219K at 31 December 2024 alongside additional near-term funding expected from and R&D loan facility, which was subsequently banked in January 2025.
- **Continued Progress with Tier 1 CSP Engagements**
  - Ongoing negotiations with an Australian Tier 1 CSP regarding a major voicemail refresh project.
  - Multiple discussions in EMEA and APAC for potential Proofs of Concept (**PoCs**) and broader deployments.
- **Launch of CogVoice OpenSpan on Microsoft Azure**
  - In December 2024, Norwood announced the launch of OpenSpan on Microsoft Azure, a next-generation AI voice "enablement" platform bridging telco networks and cloud-based AI services.
  - OpenSpan's integration on Microsoft Azure is drawing global CSP interest, with multiple potential PoCs under discussion and a planned showcase at MWC Barcelona in March 2025.
- **Stable Revenues from Spark NZ**
  - Norwood's long-standing engagement with Spark NZ continued to yield recurring revenues.
- **Board and Governance Updates**
  - In late December 2024, the Company appointed Dr. John Tarrant as Chair of the Board of Directors and formed a Commercial Subcommittee to drive growth in 2025.
  - Added new Director on 28 January 2025, Mr Paul Covich, who will work closely with board and key personnel on operational and ASX issues whilst also looking to strengthen corporate and investor relationships.

#### 2.2. Operational Review

Throughout the second half of 2024 (H1 FY2025), Norwood maintained its focus on advancing AI-driven voice platforms for CSPs, culminating in the launch of its next-generation CogVoice OpenSpan platform on Microsoft Azure. These efforts underscore the Company's commitment to bridging traditional telecom infrastructure with cutting-edge AI services.

## Directors' report

a. *Key initiatives included:*○ **OpenSpan Launch and Expansion:**

- **Product and Rebranding:** Norwood completed the evolution of its CogVoice Open Services Media Gateway (OSMG) into the newly branded OpenSpan Application Server platform, announced in December 2024.
- **Seamless Telco-Cloud Integration:** OpenSpan is built to bridge 4G/5G core networks and modern, cloud-based AI services. It enables CSPs to incorporate real-time transcription, in-call fraud detection, and automated translation with minimal disruption.
- **Azure Hyperscale Infrastructure:** By leveraging Microsoft Azure's AI ecosystem, OpenSpan delivers faster, more flexible voice-service integration, allowing CSPs to monetise advanced AI features quickly.

○ **Enhanced AI Capabilities:**

- **Real-Time Voice Intelligence:** Ongoing developments extend to in-call transcription, automated summarisation, and scam detection, boosting overall platform performance and reliability.
- **Improved Scalability & Performance:** The underlying media engine in OpenSpan continues to be refined, enabling higher concurrency, reduced latency, and real-time processing for large-scale Tier 1 CSP deployments.

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

- Norwood continued to enhance the CogVoice platform's voicemail and voice-to-text functionalities, ensuring compatibility with both legacy CSP infrastructure and advanced cloud-based infrastructure.

b. *Strategic Partnerships and Collaborations*○ **Tier 1 CSP Negotiations in Australia:**

- Norwood remains in active negotiations with an Australian Tier 1 CSP to refresh its core voicemail platform using Norwood's AI-driven voicemail solutions. Having passed key vendor assessment stages during H1 2025, the final contract discussions are ongoing.

○ **Spark NZ Relationship:**

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

○ **Global CSP Engagement:**

- Norwood deepened engagements with multiple CSPs in EMEA and APAC, in collaboration with Microsoft's worldwide CSP account teams. Potential paid PoCs for OpenSpan are under discussion, reflecting broad-based interest in AI-driven voice enablement.

○ **Hyperscaler Collaborations:**

- **Microsoft:** Norwood's collaboration with Microsoft will see prominent showcasing the upcoming MWC Barcelona (March 2025). Multiple Norwood offerings are now listed on the Azure Marketplace, potentially strengthening joint go-to-market activities with Microsoft's worldwide CSP account teams.
- **AWS:** Norwood continues to partner with AWS on delivering secure, scalable solutions tailored to Tier 1 CSPs, particularly in the Australian market.

c. *Global CSP Engagement*

- **International Events and Roadshows:** Norwood participated in high-profile industry events, MWC Las Vegas in October 2024, sharing speaking panels with key Microsoft partners such as Nvidia. These appearances highlight Norwood's role as an emerging leader in AI voice solutions for the telecom sector.

- **Azure Marketplace Listings:** Multiple Norwood solutions, including OpenSpan and Agentic IVR variants, are now available on the Azure Marketplace, increasing visibility and simplifying procurement for CSPs.

d. *Our Focus on Innovation*

- **AI-Centric Research & Development:** Norwood's portfolio of agentic services—spanning adversarial testing agents, onboarding agents, and advanced IVR—continues to evolve, feeding into OpenSpan's core AI capabilities.

- **OpenSpan Monetisation Pathways:** By integrating subscription-based AI call services and advanced analytics, the new OpenSpan Application Server architecture potentially unlocks diverse revenue opportunities for CSPs and for Norwood.

e. *Expanding Product Lines*

- **OpenSpan for Next-Generation Voice Services:** Positioned as an AI Voice enablement layer, OpenSpan addresses CSPs' growing demands for cloud-hosted, AI-driven call features and other enterprise applications.

## Directors' report

- **Agentic IVR and Voicemail Enhancements:** Incremental improvements ensure seamless integration with a wide range of CSP environments, extending from legacy 4G/5G networks to advanced AI-based workflows.

### f. Conclusion and Strategic Outlook

The half-year ended 31 December 2024 showcased significant milestones for Norwood:

- **Product Innovation:** Launching OpenSpan on Microsoft Azure underscores Norwood's vision of bridging traditional telco infrastructures with real-time AI services.
- **Tier 1 CSP Relationships:** Ongoing negotiations in Australia and continuing expansions in EMEA and APAC, affirm the global relevance of Norwood's solutions.
- **Growing Financial Momentum:** Improved net operating cash outflows, and successful fundraising via convertible notes and short-term facilities.
- **Governance and Leadership:** The appointment of a new Chair of the Board of Directors, formation of a Commercial Subcommittee, and addition of a non-executive Director position Norwood to scale further in 2025, with the CEO able to concentrate on closing and delivering major CSP contracts.

Looking ahead, Norwood remains focused on enhancing and commercialising its AI-driven capabilities. The Company anticipates deeper engagement with Tier 1 CSPs globally, leveraging upcoming showcases such as MWC Barcelona in March 2025 to further highlight OpenSpan's transformative potential. By continuing to innovate at the intersection of telco and AI, Norwood positions itself as a forward-thinking leader in the rapidly evolving global communications landscape.

### 2.3. Corporate

#### a. Proceeds from borrowings

During the period, Norwood completed \$505K new convertible note issue before costs. In addition, the Company was advanced an additional \$380K (excluding costs) from the Cash Draw Down Facility from Balmain Resources Pty Ltd, a company controlled by Dr John Tarrant.

The funding from these borrowings is being utilised for strategic market expansion and product development, as well as customer experience enhancements, operational efficiency improvements and furthering strategic partnerships.

#### b. Repayment of Research and Development (R&D) loan facility

During the period, the Company fully repaid the R&D loan facility provided by Innovation Structured Finance Co LLC (facilitated by Radium Capital), amounting to a \$332K repayment.

### 2.4. Outlook

Norwood enters the second half of the financial year with continued momentum, underpinned by multiple CSP engagements across key markets. Following the successful launch of the CogVoice OpenSpan platform on Microsoft Azure, the Company is well-positioned to bridge traditional telco voice infrastructure with modern, cloud-based AI services, supporting the evolving needs of Tier 1 CSPs globally.

#### ○ Ongoing Negotiations and Global Expansion

- **Australian Tier 1 CSP:** Norwood remains in advanced negotiations for a major voicemail platform refresh project, having passed critical vendor assessment phases.
- **EMEA and APAC Discussions:** Building on closer collaboration with Microsoft and AWS, Norwood is pursuing multiple Proof-of-Concept (PoC) opportunities with additional CSPs in Europe and the Asia-Pacific region.

#### ○ R&D Strength

- **Focused Investment in AI enablement platform technology:** Norwood will continue refining its OpenSpan platform and its AI capabilities for real-time call transcription, scam detection, and automated summarisation, expanding the offered feature set for next-generation voice services.

#### ○ Strategic Partnerships and Industry Visibility

- **Collaboration with Hyperscalers:** Deeper engagements with Microsoft (including Azure Marketplace listings) and AWS will remain central to Norwood's commercial strategy.
- **Upcoming Showcases:** The planned participation at MWC Barcelona in March 2025 highlights Norwood's commitment to global industry events, offering additional avenues to demonstrate OpenSpan's capabilities to potential partners.



## Directors' report

○ **Governance and Growth Trajectory**

- **Board and Leadership Focus:** Recent Board changes—including the appointment of a new Chair and a Commercial Subcommittee—ensure robust oversight and strategic direction as Norwood attempts to scale in 2025.
- **Forward-Looking Growth:** With expanding market opportunities for AI-driven telecom solutions, Norwood anticipates further revenue growth alongside controlled operating costs, leveraging its strong partnerships and leading technical capabilities.

In summary, Norwood is well-positioned to capitalise on rising demand for AI-infused voice services and an expanding pipeline of Tier 1 CSP opportunities. The Company will continue to refine and potentially commercialise its OpenSpan platform while deepening strategic relationships with global technology leaders, targeting long-term, sustainable growth.

## 2.5. Financial Review

## a. Profit and loss measures

	Movement (increased/ decreased)	Movement \$	6 months to 31 December 2024 \$	6 months to 31 December 2023 \$
○ Revenues from ordinary activities	Decrease	194,153	474,180	668,333
○ Loss from ordinary activities after tax	Decrease (in loss)	375,061	(636,907)	(1,011,968)
○ EBITDA Loss	Decrease (in loss)	381,435	(553,719)	(935,154)

## b. Balance sheet measures

In respect to:	Movement (increased/ decreased)	Movement \$	31 December 2024 \$	30 June 2024 \$
○ <b>Group assets</b>				
● Cash and cash equivalents	Increased	150,415	219,399	68,984
● Trade and other receivables	Decreased	232,167	62,593	294,760
● Net liabilities	Increased	242,526	(1,469,651)	(1,227,125)
● Working capital deficit	Increased	190,792	(1,535,840)	(1,345,048)
○ <b>Group liabilities and equity</b>				
● Trade and other payables	Decreased	33,417	637,159	670,576
● Issued capital	Increased	72,874	35,597,146	35,524,272

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

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

The Group incurred a loss for the half-year of \$636,907 (31 December 2023: \$1,011,968 loss) and a net cash out-flow from operating activities of \$342,560 (31 December 2023: \$758,707 out-flow). As at 31 December 2024, the Group had a working capital deficit of \$1,535,840 (30 June 2024: \$1,345,048 working capital deficit).

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

These conditions indicate the existence of a material uncertainty that may cast a 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:

- 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 and when they are due;
- Managing cash flows in line with available funds;

**Directors' report**

- The Board received a letter of comfort that Cash Drawdown facility agreement, as described in note 2.3.3, will not require repayment during the period 24 February 2025 to 30 June 2025 unless the Company has sufficient funds available to do so during that period either in whole repayment or in part repayment of the facility.
- The Group has the ability to raise funds from equity sources and has a successful record for past raisings that gives the board confidence that it can complete further capital raisings if required.

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

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

**2.6. Events Subsequent to Reporting Date**

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements as disclosed in note 6 *Events subsequent to reporting date* on page 19.

**2.7. Future Developments, Prospects and Business Strategies**

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

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

**3. Auditor's independence declaration**

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2024 has been received and can be found on page 6 of this financial report.

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


**PAUL OSTERGAARD**

*Executive Director and Chief Executive Officer*

Dated this Thursday, 27 February 2025

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 review of the financial statements of Norwood Systems Limited for the financial year ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully

*Hall Chadwick*  
HALL CHADWICK WA AUDIT PTY LTD

*Mark DeLaurentis*  
MARK DELAURENTIS CA  
Director

Dated this 27<sup>th</sup> day of February 2025  
Perth, Western Australia

**Condensed consolidated statement of profit or loss and other comprehensive income**

for the half-year ended 31 December 2024

	Note	6 months to 31 December 2024 \$	6 months to 31 December 2023 \$
<i>Continuing operations</i>			
Revenue	1.1	474,180	668,333
Other income	1.2	696,507	602,541
Accountancy, audit, and legal fees		(90,378)	(90,642)
Administration expenses		(60,005)	(111,131)
ASX and share registry fees		(33,205)	(66,503)
Consultancy and subcontractor fees		(19,950)	(292,784)
Depreciation		(42,768)	(43,134)
Employee and director benefits expense		(1,102,905)	(906,138)
Finance costs		(42,796)	(33,978)
Information technology infrastructure cost		(161,030)	(165,302)
Patents, research, and development		(70,007)	(10,621)
Sales and marketing		(121,533)	(17,060)
Share-based payment expense	11	-	(372,940)
Travel and entertainment		(23,574)	(140,086)
Other expenses		(39,443)	(32,523)
<b>Loss before tax</b>		<b>(636,907)</b>	<b>(1,011,968)</b>
Income tax expense		-	-
<b>Net loss for the half-year</b>		<b>(636,907)</b>	<b>(1,011,968)</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to members of the parent entity</b>		<b>(636,907)</b>	<b>(1,011,968)</b>
<i>Earnings per share:</i>			
Basic loss per share (cents per share)	10.4	¢ (0.13)	¢ (0.24)
Diluted loss per share (cents per share)	10.4	N/A	N/A

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

## APPENDIX 4D

Interim Financial Report  
31 December 2024

## NORWOOD SYSTEMS LIMITED

AND CONTROLLED ENTITIES

ABN 15 062 959 540

### Condensed consolidated statement of financial position

as at 31 December 2024

	Note	31 December 2024 \$	30 June 2024 \$
<b>Current assets</b>			
Cash and cash equivalents		219,399	68,984
Trade and other receivables	2.1	62,593	294,760
Other current assets		21,303	-
<b>Total current assets</b>		<b>303,295</b>	<b>363,744</b>
<b>Non-current assets</b>			
Plant and equipment		43,680	50,298
Right-of-use assets	3.1	72,716	108,866
<b>Total non-current assets</b>		<b>116,396</b>	<b>159,164</b>
<b>Total assets</b>		<b>419,691</b>	<b>522,908</b>
<b>Current liabilities</b>			
Trade and other payables	2.2	637,159	670,576
Lease liabilities	3.1	81,873	116,108
Borrowings	2.3	832,922	651,123
Provisions	3.2	287,181	270,985
<b>Total current liabilities</b>		<b>1,839,135</b>	<b>1,708,792</b>
<b>Non-current liabilities</b>			
Provisions	3.2	50,207	41,241
<b>Total non-current liabilities</b>		<b>50,207</b>	<b>41,241</b>
<b>Total liabilities</b>		<b>1,889,342</b>	<b>1,750,033</b>
<b>Net assets / (liabilities)</b>		<b>(1,469,651)</b>	<b>(1,227,125)</b>
<b>Equity</b>			
Issued capital	4.1	35,597,146	35,524,272
Reserves	4.4	1,051,129	987,503
Accumulated losses		(38,117,926)	(37,738,900)
<b>Total equity</b>		<b>(1,469,651)</b>	<b>(1,227,125)</b>

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

## Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2024

	Note	Issued capital \$	Share-based payment Reserve \$	Convertible note equity reserve \$	Accumulated losses \$	Total equity \$
<i>Balance at 1 July 2023</i>		33,818,296	240,174	-	(35,154,745)	(1,096,275)
Loss for the half-year attributable to owners of the parent		-	-	-	(1,011,968)	(1,011,968)
Other comprehensive income for the half-year attributable to owners of the parent		-	-	-	-	-
Total comprehensive income for the half-year attributable to owners of the parent		-	-	-	(1,011,968)	(1,011,968)
<i>Transaction with owners, directly in equity</i>						
Equity issued during the half-year (net of costs)		1,597,087	258,118	-	-	1,855,205
Share-based payments		(26,850)	398,291	-	-	371,441
Performance rights granted during the half-year		-	103,499	-	-	103,499
Conversion of performance rights		26,108	(26,108)	-	-	-
Expiry of options, recognised in capital raising costs		10,366	(10,366)	-	-	-
<i>Balance at 31 December 2023</i>		35,425,007	963,608	-	(36,166,713)	221,902
<i>Balance at 1 July 2024</i>		35,524,272	987,503	-	(37,738,900)	(1,227,125)
Loss for the half-year attributable to owners of the parent		-	-	-	(636,907)	(636,907)
Other comprehensive income for the half-year attributable to owners of the parent		-	-	-	-	-
Total comprehensive income for the half-year attributable to owners of the parent		-	-	-	(636,907)	(636,907)
<i>Transaction with owners, directly in equity</i>						
Share-based payments	11.2.1	-	317,333	-	-	317,333
Conversion of performance rights	4.3.1	11,783	(11,783)	-	-	-
Equity component of convertible notes	4.4.2	-	-	24,048	-	24,048
Exercise of options	4.2.1	61,091	(8,091)	-	-	53,000
Expiry of options	4.2.1	-	(257,881)	-	257,881	-
		-	-	-	-	-
<i>Balance at 31 December 2024</i>		35,597,146	1,027,081	24,048	(38,117,926)	(1,469,651)

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



Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2024

In preparing the 31 December 2024 Interim Financial Report, Norwood Systems Limited has grouped notes into sections under three key categories:

- Section A: How the Numbers are Calculated.....12
- Section B: Unrecognised items .....19
- Section C: Other Information.....20

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

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

*The registered and principal office of the Company is:*

Street: 4 Leura Street,  
Nedlands WA 6009  
Australia

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**Notes to the condensed consolidated financial statements**

for the half-year ended 31 December 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 Group:

Note	1. Revenue and other income	6 months to 31 December 2024 \$	6 months to 31 December 2023 \$
<b>1.1</b>	<b>Revenue</b>		
	Project revenues	-	190,000
	World Apps stores revenue	80,314	102,125
	Spark Voicemail revenue	367,966	333,540
	Other revenue	25,900	42,668
		474,180	668,333
<b>1.2</b>	<b>Other Income</b>		
	Net interest income	2,376	298
	Government grant income	694,131	602,243
		696,507	602,541
<b>1.3</b>	<b>Disaggregation of revenue from contracts with customers</b>		
	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.		
<b>1.3.1</b>	<b>Timing of revenue recognition</b>		
	<b>31 December 2024</b>		
	At a point in time	-	25,900
	Over time	80,314	-
	<b>Total</b>	80,314	25,900
	<b>31 December 2023</b>		
	At a point in time	-	42,668
	Over time	190,000	-
	<b>Total</b>	190,000	42,668
<b>1.3.2</b>	<b>Geographical Regions</b>		
	<b>31 December 2024</b>		
	New Zealand	-	-
	Australia	-	25,900
	Rest of the World	80,314	-
	<b>Total</b>	80,314	25,900

## Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2024

## Note 1 Revenue and other income (cont.)

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

	Project revenues \$	World Apps stores revenue \$	Spark Voicemail revenue \$	Other revenue \$
<b>31 December 2023</b>				
New Zealand	-	-	333,540	-
Australia	190,000	-	-	42,266
Rest of the World	-	102,125	-	402
<b>Total</b>	<b>190,000</b>	<b>102,125</b>	<b>333,540</b>	<b>42,668</b>

## Note 2 Financial assets and financial liabilities

## 2.1 Trade and other receivables

	31 December 2024 \$	30 June 2024 \$
<b>2.1.1 Current</b>		
Trade receivables	62,353	294,755
Other receivables	33,341	33,106
Provision of loan receivable	(33,101)	(33,101)
	<b>62,593</b>	<b>294,760</b>

## 2.2 Trade and other payables

	31 December 2024 \$	30 June 2024 \$
<b>2.2.1 Current</b>		
<i>Unsecured</i>		
Trade payables	132,406	99,283
Accruals and other payables	339,558	350,830
Contract liabilities	110,232	220,463
Accrued Chief Executive Officer salary – Mr Paul Ostergaard	54,963	-
	<b>637,159</b>	<b>670,576</b>

## 2.3 Borrowings

	Note	2024 \$	2023 \$
<b>2.3.1 Current</b>			
Research and Development (R&D) loan facility	2.3.2	-	326,460
Cash Drawdown facility – Balmain Resources Pty Ltd	2.3.3	699,603	274,663
Loan from employee		-	50,000
Convertible notes	2.3.4	505,000	-
Less: Unexpired borrowing costs	2.3.4	(371,681)	-
Net: convertible notes		<b>133,319</b>	<b>-</b>
		<b>832,922</b>	<b>651,123</b>

**Notes to the condensed consolidated financial statements**

for the half-year ended 31 December 2024

**Note 2 Financial assets and financial liabilities (cont.)****2.3 Borrowings (cont.)**

**2.3.2** 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 October 2024.
- *Final Maturity Date* 30 November 2025 and expected to be paid in October 2025. Norwood has the option to repay earlier without penalties.
- *Repayment* Norwood has the option to repay earlier without penalties.
- *Interest Rate* 15% per annum, with default rate of 22% (from 1 October 2025 until the loan is repaid in full).
- *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* Wholly or predominantly for working capital or research and development expenditures.

**2.3.3** In April 2024 (varied in September, October, November, December 2024) the Company entered a Cash Draw Down Facility agreement (**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 \$699,000 (including interest)
- *Establishment fee* 3% of the facility amount, plus GST
- *Interest rate* 15% p.a. (default rate +2%)
- *Repayment date* 31 January 2024

Subsequent to balance date, the Agreement was varied to 14 March 2025 and \$744,468, as disclosed in note 6.1.

**2.3.4 Unsecured Convertible Notes (Notes):**

- *Principal amount* \$505,000
- *Repayment Date* 31 December 2025
- *Face Value* Equal to the principal amount
- *Interest* 10% per annum. There is an option to elect to receive shares in lieu of interest to be issued at a price of \$0.03 per share.
- *Conversion* The Notes can be converted to 16,833,333 million fully paid ordinary shares at \$0.03 per share, with a free attaching unquoted option issued on the basis of 33.33 options for every dollar subscribed for, exercisable at \$0.03 per option expiring 31 December 2026. Note holders may convert at any time up to the repayment date.
- *Redemption* The Company has the right to redeem any unconverted Notes at the repayment date by payment to the Note holders of the face value of the Notes.

The initial fair value of the liability portion of the bond was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

**Notes to the condensed consolidated financial statements**

for the half-year ended 31 December 2024

**Note 3 Non-financial assets and financial liabilities****3.1 Leases****3.1.1 Right-of-use assets**

Right-of-use asset - Buildings

Accumulated amortisation

31 December 2024	30 June 2024
\$	\$

461,006 283,685

(388,290) (174,819)

72,716 108,866

**3.1.2 Lease liabilities**

Current

Non-current

81,873 116,108

- -

81,873 116,108

**3.2 Provisions****3.2.1 Current**

Employee entitlements

31 December 2024	30 June 2024
\$	\$

287,181 270,985

287,181 270,985

**3.2.2 Non-current**

Employee entitlements

50,207 41,241

50,207 41,241

**Notes to the condensed consolidated financial statements**  
for the half-year ended 31 December 2024

Note 4 Equity					
4.1 Issued capital	Note	6 months to 31 December 2024	12 months to 30 June 2024	6 months to 31 December 2024	12 months to 30 June 2024
		No.	No.	\$	\$
Fully paid ordinary shares at no par value		476,945,172	474,980,951	35,597,146	35,524,272
4.1.1 Ordinary shares		6 months to 31 December 2024	12 months to 30 June 2024	6 months to 31 December 2024	12 months to 30 June 2024
		No.	No.	\$	\$
At the beginning of the period		474,980,951	413,577,781	35,524,272	33,818,296
<i>Shares issued during the period:</i>					
07.2023 \$0.024 options exercised		-	350,000	-	8,400
08.2023 \$0.024 & \$0.08 options exercised		-	605,000	-	14,800
11.2023 ESOP rights converted		-	791,141	-	26,108
11.2023 Placement		-	12,250,000	-	490,000
11.2023 \$0.024 options exercised		-	638,165	-	15,316
12.2023 \$0.024 options exercised		-	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
07.2024 ESOP rights converted	4.3.1	245,470	-	11,783	-
09.2024 \$0.024 options exercised	4.2.1	916,667	-	27,244	-
10.2024 \$0.05 options exercised	4.2.1	250,000	-	12,500	-
10.2024 \$0.08 options exercised	4.2.1	93,750	-	7,725	-
09.2024 \$0.024 options exercised	4.2.1	458,334	-	13,622	-
<i>Transaction costs relating to share issues</i>					
Cash-based		-	-	-	(42,605)
Equity-based	11.2.1a	-	-	-	(26,850)
Equity-based – option expiry		-	-	-	10,366
At end of the period		476,945,172	474,980,951	35,597,146	35,524,272

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## Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2024

Note 4		Equity (cont.)				
4.2	Options	Note	6 months to 31 December 2024 No.	12 months to 30 June 2024 No.	6 months to 31 December 2024 \$	12 months to 30 June 2024 \$
Options			108,458,332	197,714,414	849,512	798,151
4.2.1	Options		6 months to 31 December 2024 No.	12 months to 30 June 2024 No.	6 months to 31 December 2024 \$	12 months to 30 June 2024 \$
At the beginning of the year			197,714,414	88,855,763	798,151	135,174
<i>Options movement during the year:</i>						
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			-	7,500,000	-	150,000
07.2023 Incentive options			-	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			-	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			-	15,000,000	-	178,875
12.2023 Expiration of options			-	(2,498,734)	-	(20,366)
01.2024 \$0.024 options exercised			-	(3,399,263)	-	-
06.2024 \$0.024 options exercised			-	(1,500,000)	-	-
09.2024 \$0.024 options exercised			4.1.1	(916,667)	-	(5,244)
10.2024 \$0.05 options exercised			4.1.1	(250,000)	-	-
10.2024 \$0.08 options exercised			4.1.1	(93,750)	-	(225)
09.2024 \$0.024 options exercised			4.1.1	(458,334)	-	(2,622)
12.2024 CN Holder options			11.2.1a	16,833,333	-	269,333
12.2024 Alto Capital options			11.2.1b	3,000,000	-	48,000
12.2024 Expiry of NOROD				(107,370,664)	-	(257,881)
Transfer of historic option value to accumulated losses				-	-	-
At end of the year			108,458,332	197,714,414	849,512	798,151

## APPENDIX 4D

Interim Financial Report  
31 December 2024

## NORWOOD SYSTEMS LIMITED

AND CONTROLLED ENTITIES

ABN 15 062 959 540

### Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2024

Note	4	Equity (cont.)					
4.3		Performance equity	Note	6 months to 31 December 2024 No.	12 months to 30 June 2024 No.	6 months to 31 December 2024 \$	12 months to 30 June 2024 \$
		Performance equity		15,463,389	15,708,859	177,569	189,352
4.3.1		Performance equity movement		6 months to 31 December 2024 No.	12 months to 30 June 2024 No.	6 months to 31 December 2024 \$	12 months to 30 June 2024 \$
		At the beginning of the period		15,708,859	10,000,000	189,352	105,000
		<i>Performance equity changes during the period:</i>					
		● Issue of performance rights		-	6,500,000	-	110,460
		● Conversions of rights		-	(791,141)	-	(26,108)
		● Conversions of rights	4.1.1	(245,470)	-	(11,783)	-
		At end of the period		15,463,389	15,708,859	177,569	189,352
4.4		Reserves	Note			6 months to 31 December 2024 \$	12 months to 30 June 2024 \$
4.4.1		Summary of share-based payment reserve reserves:					
		● Performance equity	4.3			177,569	189,352
		● Options	4.2			849,512	798,151
		● Convertible note equity reserve	4.4.2			24,048	-
						1,051,129	987,503
4.4.2		Conversion right of convertible notes					
		The amount shown for other equity securities is the initial value of the conversion rights relating to the 10% convertible notes, details of which are shown note 2.3.4.					

**Notes to the condensed consolidated financial statements**

for the half-year ended 31 December 2024

**Section B. Unrecognised items**

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

*In addition to the items and transactions disclosed below, there are also unrecognised tax amounts.*

**Note 5 Commitments**

There are no commitments as at 31 December 2024 (30 June 2024: Nil).

**Note 6 Events subsequent to reporting date****6.1 Variation to the Cash Drawdown facility agreement**

On 26 February 2025, the Company agreed to vary the Cash Drawdown facility agreement (**Agreement**) as described in note 2.3.3 on the following terms:

- *Principal amount* \$744,467.65 (28 February 2025)
- *Interest rate* 15% pa
- *Total balance* \$744,467.65 including interest and fees (28 February 2025)
- Balmain offers to extend the facility until 14 March 2025 for an extension fee of 1.40% of the new principal amount of \$744,467.65 being a fee of \$10,422.55 plus GST (Note: The extension fee proposed is higher than the previous rate of 1.0%)
- The loan will not default on 28 February 2025 and the default interest rate will not apply
- The extension fee will be payable at maturity on 14 March 2025

In addition, the Company received a proposal to provide an additional facility tranche on the following terms:

- *Additional facility tranche* \$75,000
- *Establishment fee* 4% being \$3,000 plus GST
- *Repayment Date* 31 March 2025
- *Interest rate* 15% pa

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

**Note 7 Contingent liabilities**

There are no other contingent liabilities as at 31 December 2024 (30 June 2024: Nil).



Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2024

Section C. Other Information

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

Note 8 Operating segments

8.1 Identification of reportable segments

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

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

Note 9 Related party transactions

9.1 Other transactions with KMP or their related parties

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

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

9.1.1 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 2.3.3.

Movements in the loan account are as follows:

Opening balance payable by the Group  
Establishment fee capitalised to the loan  
Funds loaned to the Group  
Interest capitalised to the loan

	6 months to 31 December 2024 \$	12 months to 30 June 2024 \$
Opening balance payable by the Group	274,663	
Establishment fee capitalised to the loan	11,220	9,900
Funds loaned to the Group	380,000	260,000
Interest capitalised to the loan	33,720	4,763
	699,603	274,663

## Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2024

Note	10 Earnings per share (EPS)	Note	6 months to 31 December 2024 \$	6 months to 31 December 2023 \$
<b>10.1 Reconciliation of earnings to profit or loss</b>				
	Loss for the half-year		(636,907)	(1,011,968)
	Less: loss attributable to non-controlling equity interest		-	-
	Loss used in the calculation of basic and diluted EPS		(636,907)	(1,011,968)
			6 months to 31 December 2024 No.	6 months to 31 December 2023 No.
<b>10.2 Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS</b>			475,945,172	419,207,734
	Weighted average number of dilutive equity instruments outstanding	10.5	N/A	N/A
<b>10.3 Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS</b>			475,945,172	419,207,734
			6 months to 31 December 2024 ¢	6 months to 31 December 2023 ¢
<b>10.4 Earnings per share</b>				
	Basic EPS (cents per share)	10.5	(0.13)	(0.24)
	Diluted EPS (cents per share)	10.5	N/A	N/A
<b>10.5</b>	As at 31 December 2024 the Group has 108,458,332 unissued shares under option (31 December 2023: 202,663,677) and 15,463,389 performance rights (31 December 2023: 15,708,859). The Group does not report diluted earnings per share on losses generated by the Group. During the half-year, the Group's unissued shares under option and rights were anti-dilutive.			
Note	11 Share-based payments	Note	6 months to 31 December 2024 \$	6 months to 31 December 2023 \$
<b>11.1 Share-based payments:</b>				
	Recognised in profit and loss: <i>Options and rights</i>		-	372,940
	<i>Equity-settled</i>		-	102,000
	Recognised as borrow costs for convertible notes:	11.2.1a, b	317,333	
	Recognised in equity (transaction costs)		-	26,850
	Gross share-based payments		317,333	501,790

## APPENDIX 4D

Interim Financial Report  
31 December 2024

## NORWOOD SYSTEMS LIMITED

AND CONTROLLED ENTITIES  
ABN 15 062 959 540

## Notes to the consolidated financial statements

for the half-year ended 31 December 2024

## Note 11 Share-based payments (cont.)

## 11.2 Share-based payment arrangements in effect during the half-year

## 11.2.1 Issued during the current half-year

## a. Convertible note holders' options

As detailed in note 2.3.4, the Company issued convertible notes with a free attaching unquoted option. Note holders may convert at any time up to the repayment date. The options have been recognised as borrowing costs in accordance with account standards. The keys terms of the options are as follows:

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
16,833,333	31 December 2026	0.03	Immediately

Unquoted options issued to advisors were valued at \$269,333.

## b. Convertible note advisors' options

As part of the convertible note issue, described in note 2.3.4, the Company's advisor to the raise, Alto Capital received 3,000,000, as follows:

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
3,000,000	31 December 2026	0.03	Immediately

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

## 11.3 Fair value of options granted during the half-year

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

The weighted average fair value of options granted during the half-year was \$0.016 (31 December 2023: \$0.017). These values were calculated, applying the following inputs to options:

Note Reference	11.2.1a	11.2.1b
Methodology	Black-Scholes	
Grant date:	31.12.2024	
Grant date share price:	\$0.033	
Option exercise price:	\$0.030	
Number of options issued:	16,833,333	3,000,000
Remaining life (years):	2	
Expected share price volatility:	91.72%	
Risk-free interest rate:	3.77%	
Value per option	\$0.016	
Probability	N/A	

## Fair values

Total fair value	\$269,333	\$48,000
Recognised in the period	\$269,333	\$48,000

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

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

**Notes to the condensed consolidated financial statements**

for the half-year ended 31 December 2024

**Note 12 Statement of significant accounting policies**

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

**12.1 Basis of preparation****12.1.1 Reporting Entity**

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

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

**12.1.2 Basis of accounting**

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

The financial statements were authorised for issue on 27 February 2025 by the Directors of the Company.

**12.1.3 Going Concern**

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

The Group incurred a loss for the half-year of \$636,907 (31 December 2023: \$1,011,968 loss) and a net cash out-flow from operating activities of \$342,560 (31 December 2023: \$758,707 out-flow). As at 31 December 2024, the Group a working capital deficit of \$1,535,840 (30 June 2024: \$1,345,048 working capital deficit).

The ability of the Group to continue as a going concern is dependent on the Group securing additional debt and/or equity funding and 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:

- 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 and when they are due;
- Managing cash flows in line with available funds;
- The Board received a letter of comfort that Cash Drawdown facility agreement, as described in note 2.3.3, will not require repayment during the period 24 February 2025 to 30 June 2025 unless the Company has sufficient funds available to do so during that period either in whole repayment or in part repayment of the facility.
- 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.

**Notes to the condensed consolidated financial statements**

for the half-year ended 31 December 2024

**Note 12 Statement of significant accounting policies**

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.

**12.1.4 Comparative figures**

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

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

**12.2 Use of estimates and judgments**

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

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

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next financial period are discussed in Note 12.2.1 below.

**12.2.1 Critical Accounting Estimates and Judgments**

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

**a. Key estimate – Share-based payments**

Refer Note 11 *Share-based payments*

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

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

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## Directors' declaration

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

1. The attached financial statements and notes, as set out on pages 7 to 24, are in accordance with the *Corporations Act 2001* (Cth) including:
  - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date,
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



PAUL OSTERGAARD

Executive Director and Chief Executive Officer

Dated this Thursday, 27 February 2025



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

### Conclusion

We have reviewed the accompanying half-year financial report of Norwood Systems Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other selected explanatory notes, and the directors' declaration.

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

- Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 12.1.3 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$636,907 during the half year ended 31 December 2024. As stated in Note 12.1.3, these events or conditions, along with other matters as set forth in Note 12.1.3, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.





### Responsibility of the Directors for the Financial Report

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

### Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Hall Chadwick*  
HALL CHADWICK WA AUDIT PTY LTD

*Mark Delaurentis*  
MARK DELAURENTIS CA  
Director

Dated this 27<sup>th</sup> day of February 2025  
Perth, Western Australia



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