

Norwood Annual Financial Report for FY21

Highlights

- Total receipts from customers for the 2021 fiscal year reaches \$1.168 million, versus \$1.051 million in FY20, an increase of 11% period-to-period and a record for the Company.
- Ongoing relationship with **Spark NZ** continues to go from strength to strength, including a ~NZD\$639,000 Purchase Order from Spark NZ post-fiscal year end.
- Operating cash outflows for FY21 were down 64% compared to FY20.
- Norwood continued to strengthen its relationships with key customers and progress partnership with IPsoft company Amelia to enhance its flagship World Voicemail service with intelligent conversational AI services.
- Software development contracts from Avicena Systems completed during the period to support the development of highly scalable pathogen screening instrument.
- Received an Australian Tax Office (ATO) Research and Development (R&D) Grant of \$656,031.
- Limited productivity disruption amid volatile COVID-19 environment.

'Sharing Economy' and 'Communications as a Service' pioneer Norwood Systems Limited (Norwood or the Company) (ASX: NOR) is pleased to provide its financial report for the year ended 30 June 2021.

This announcement is authorised for release by the Board of the Company.

<ENDS>

For personal use only

Company

Paul Ostergaard

CEO and Founder

Office: +61 8 9200 3500

Web: www.norwoodsystems.com

Twitter: @norwoodsystems

Investor Relations

Shane Murphy

FTI Consulting

Office: +61 8 9485 8888

Email: shane.murphy@fticonsulting.com

Mobile: +61 420 945 291

Twitter: @ShaneWMurphy

Background

Norwood Systems Ltd (ASX: NOR) is revolutionizing mobile voice, messaging, data and cyber security services through its pioneering award-winning virtual mobile services platforms and associated Apps.

The Company's breakthrough offerings deliver Over the Top (OTT) connectivity, knowledge and intelligence services. Norwood's products and services are targeted at a broad spectrum of prospective customers from individuals through to large enterprises and government agencies.

Norwood has delivered services to more than 7 million customers since launching its platform in mid-2014, servicing people in 200+ countries & territories and 5000+ cities worldwide and has achieved a 4+ App Store rating on all published Apps.

For personal use only

For personal use only

Appendix 4E

ABN: 15 062 959 540

Given in accordance with ASX Listing Rule 4.3A



Appendix 4E

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

The following sets out the requirements of the Appendix 4E with the stipulated information either provided here or cross-referenced to the 30 June 2021 Annual Financial Report, which is enclosed.

The following is a summary of the financial results for the financial year ended 30 June 2021 for Norwood Systems Limited and its controlled entities. Unless otherwise stated all figures are provided in AUD.

1. Company details & reporting period

Norwood Systems Limited and its controlled entities ("the Group")

Year Ended	Previous Corresponding Period
30 June 2021	30 June 2020

2. Results for announcement to the market

Comparison to previous period	Increase/ (Decrease)	30 June 2021 \$	30 June 2020 \$
Revenue from continuing operations	20.78%	1,050,831	870,015
Loss from ordinary activities after tax attributable to members	(53.96%)	(870,660)	(1,891,225)
Net loss for the year attributable to members	(53.96%)	(870,660)	(1,891,225)

3. Commentary on the results

Refer to the Review of Operations on page 17 of the attached Annual Financial Report for the year ended 30 June 2021.

4. Statement of Profit or Loss & Other Comprehensive Income with notes to the statement

Refer to the attached Annual Financial Report for the year ended 30 June 2021:

- Consolidated Statement of Profit or Loss and Other Comprehensive Income
- Notes to the Consolidated Financial Statements

5. Statement of Financial Position with notes to the statement

Refer to the attached Annual Financial Report for the year ended 30 June 2021:

- Consolidated Statement of Financial Position
- Notes to the Consolidated Financial Statements

6. Statement of Cash Flows with notes to the statement

Refer to the attached Annual Financial Report for the year ended 30 June 2021:

- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements

Appendix 4E (Cont'd)

SUMMARY RESULTS FOR THE YEAR ENDED 30 JUNE 2021

7. Dividends

There were no dividends declared or paid during the year.

8. Statement of Changes in Equity

Refer to the attached Annual Financial Report for the year ended 30 June 2021:

- Consolidated Statement of Changes in Equity
- Notes to the Consolidated Financial Statements

9. Earnings Per Share (EPS)

	30 June 2021	30 June 2020
Basic loss per share (cents per share)	(0.34)	(0.85)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	252,792,827	222,237,632

The amount used as the numerator in calculating basic EPS is the same as the net profit/(loss) reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

10. Net Tangible Asset (NTA) Backing Per Share

	30 June 2021	30 June 2020
Net tangible asset backing per share (cents per share)	(0.40)	(0.33)

11. Entities over which control has been gained during the year

Not applicable.

12. Any other significant information needed by an investor to make an informed assessment of the Group's financial performance and position

All significant information has been included elsewhere in this document or in the Annual Financial Report for the year ended 30 June 2021.

13. Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued.

14. Signed



Mr Paul Ostergaard

Managing Director

31 August 2021

For personal use only

Annual Report

For the year ended 30 June 2021

ABN: 15 062 959 540



norwood
connect globally, locally™

Corporate Information

Directors:

Mr Paul Ostergaard
Managing Director

Mr Mike Edwards
Non-Executive Director

Mr Giles Everist
Non-Executive Director

Company Secretary:

Mr Steven Wood

Auditors:

BDO Audit (WA) Pty Ltd
38 Station Street,
Subiaco, WA 6008
Telephone: +61 8 6382 4600

Share Registry:

Link Market Services Limited
Level 4 Central Park,
152 St Georges Terrace,
Perth, WA 6000
Telephone +61 1300 554 474

Lawyers:

Steinepreis Paganin
Level 4, The Read Building,
16 Milligan St,
Perth, WA 6000

Bankers:

Bankwest
150 Rokeby Road,
Subiaco, WA 6008

Westpac Banking Corporation
Level 14, 109 St Georges Terrace,
Perth, WA 6000

Registered & Principal Office:

4 Leura Street,
Nedlands, WA 6009

Telephone: +61 8 9200 3505
Email: info@norwoodsystems.com
Website: www.norwoodsystems.com

Postal Address:

4 Leura Street,
Nedlands, WA 6009

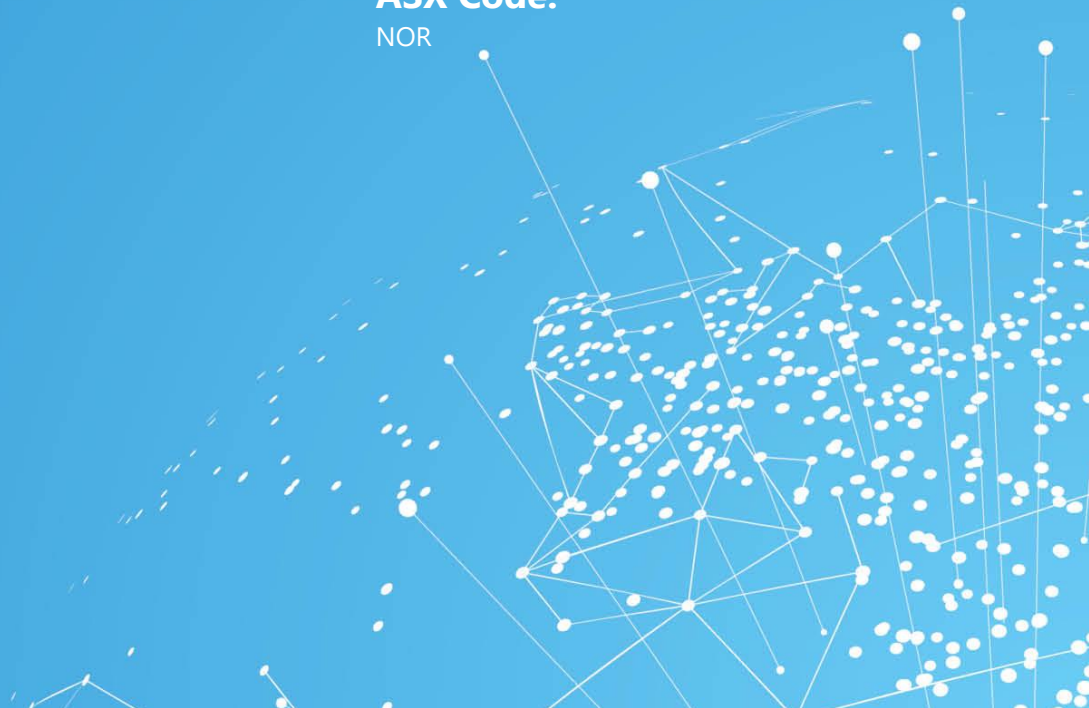
Home Securities Exchange:

Australian Securities Exchange Limited
Level 40, Central Park,
152-158 St George's Terrace
Perth, WA 6000

ASX Code:

NOR

For personal use only



Contents

CORPORATE INFORMATION	2
ABOUT NORWOOD SYSTEMS	5
MANAGING DIRECTORS' REMARKS	9
DIRECTORS' REPORT	12
AUDITOR'S INDEPENDENCE DECLARATION	32
FINANCIAL REPORT	34
DIRECTORS' DECLARATION	74
INDEPENDENT AUDITOR'S REPORT	75
ASX ADDITIONAL INFORMATION	79
CORPORATE GOVERNANCE	84

For personal use only



For personal use only

About

Norwood Systems

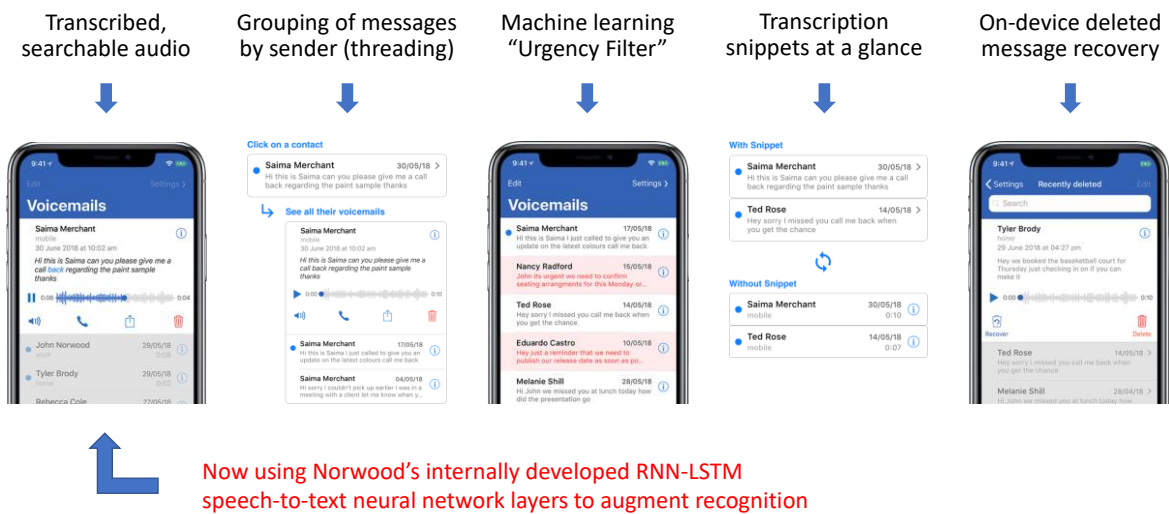


About Norwood Systems

Norwood Systems is revolutionising mobile voice, messaging, data and cyber security services through its pioneering award-winning mobile services platforms and its award-winning Apps. Its mission is to deliver high quality end-to-end communications solutions to Telcos that streamline and simplify how their users subscribers can access affordable, high-quality value-added telecommunications.

Norwood's Current Telco Focus

Two years ago, Norwood Systems re-focused its go-to-market strategy on delivering Norwood's World Voicemail platform to Telcos considering upgrading their ageing, legacy, and end-of-life voicemail platforms.



World Voicemail is an extremely scalable and reliable voicemail service that can be deployed for Telcos either on-premises (as with Spark NZ's service) or in the cloud (as with Norwood's own "calling card" Voicemail demonstration service).

World Voicemail's service scope encompasses both the end user experience as well the core network components, meaning that (unlike most other competing Telco-grade voicemail services) Norwood can continue to improve and advance World Voicemail's feature set, without constraints of having to work with either legacy network interfaces or limited native App user interfaces.

For end users, World Voicemail transforms a hard-to-use dial-up voicemail service for an end user into a high-quality visual user experience, that delivers an amazing array of new value-added features to users of the service, such as transcription, message emphasis/de-emphasis, message threads and message search.

Norwood receives extremely positive feedback from end users and prospective Telco clients on the general transformative quality of using the World Voicemail App. The App user interfaces on both iOS and Android smartphones are world-class, and gain extremely favourable ratings overall on the App stores. By way of example, the Australian Apple App Store currently shows an App Store Rating of 4.3 out of 5, reflecting the very high level of end-user satisfaction with the World Voicemail App and the underlying service.

Similarly, for Telcos, World Voicemail provides a highly meaningful and significant advance in the start-of-the-art for such service platforms. Crucially, for a "trailing edge" service, such as voicemail, that is generally hard for the Telcos to monetise, Norwood's World Voicemail service can deliver unparalleled cost efficiencies and Opex savings to Telcos. The "Core" voicemail service, which does not include transcription, can be profitably offered to service providers, priced at or below the cost of the Telcos' existing maintenance contracts for their ageing legacy

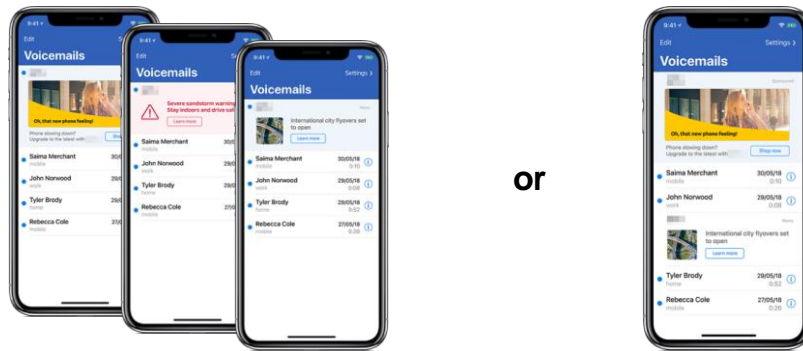
voicemail service, meaning Telcos can modernise their current voicemail service with no additional ongoing Opex impact, and potentially even realising some ongoing savings.

The Core service provides many of the features of Norwood's "Premium" transcribed voicemail service, thus representing great value for money, in addition to the savings. When hosted in the Cloud, both the Core and Premium services further enable the Telco to realise dramatic internal Opex savings, as the bulk of the service management is handled by Norwood and its partners.

World Voicemail, however, is not just a savings play for Telcos, but also can provide the Telcos with valuable tools to engage with their customer base. It is well recognised for example that Telcos around world are facing a severe commoditisation of their service offerings. For example, many mobile plans now offer unlimited local minutes and text messages and differentiate primarily on plan price and the amount of 3G/4G/5G data provided.

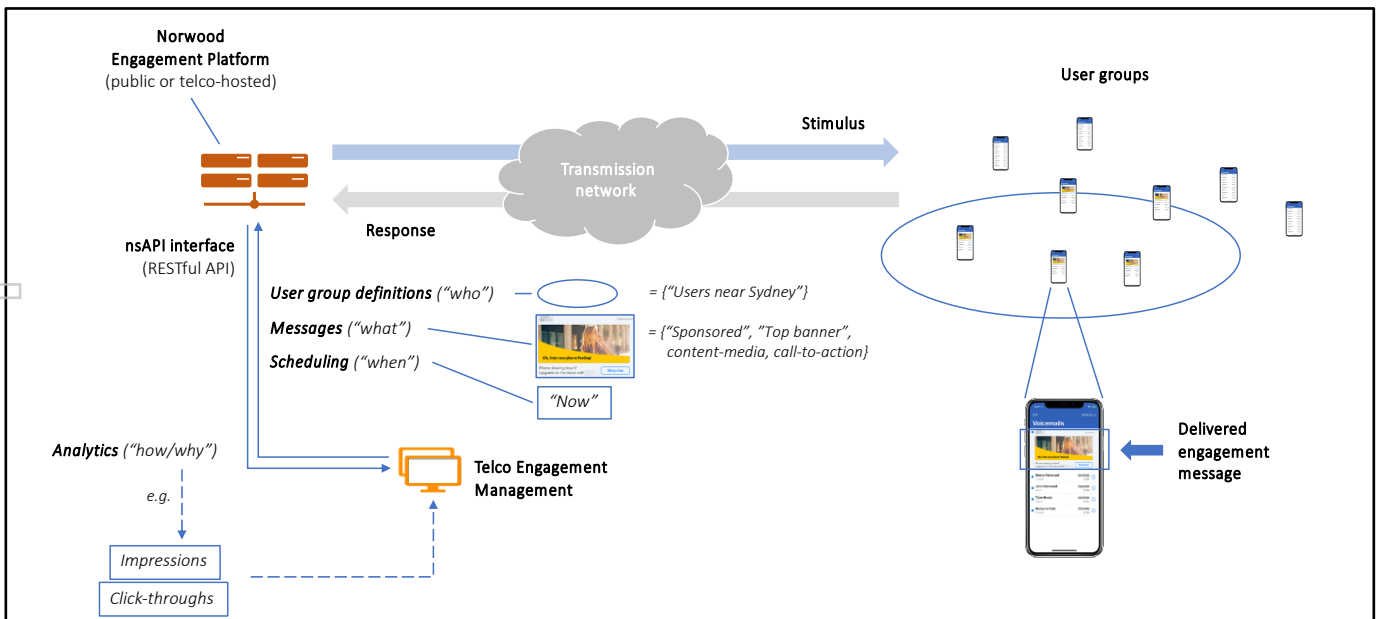
Offers / Alerts / News – single-message feed

Multi-message feed



A variety of news, alert and promotional channels can be combined to drive customer engagement KPIs

Among a range of value-added services features that Norwood believes Telcos will find attractive, Norwood is positioning the World Voicemail platform as a tool to help Telcos combat this commoditisation and to help drive additional subscriber engagement without appearing to spam or interrupt those subscribers.



For personal use only

Norwood's future roadmap – personal mobile virtual assistants

Norwood estimates the global voicemail upgrade/replacement to be approximately \$1 billion p.a. in addressable market value. This is borne out of Norwood's understanding¹ of the current global value of voicemail maintenance revenues alone, which is understood to be on the order of \$0.5 billion p.a.

Beyond the market for voicemail services, the market for Telco cloud services generally has an economic value estimated at approximately US\$20 billion in 2021, growing to US\$52 billion in 2026². Norwood is focused on developing new services targeting this larger market opportunity, whilst building on and leveraging its position with its successful reference platform, World Voicemail.

From Norwood's perspective, the obvious evolution path for World Voicemail is to move from a focused voicemail services platform to a more general purpose, state-of-the-art **call completion service platform**, that can address this larger market opportunity.

At the time of the last AGM presentation, Norwood signalled that it was investigating how to build such a general purpose platform, with the signature service feature of the new platform being **an extremely advanced conversational AI dialog engine**, that forms the basis for a credible virtual personal assistant service, one capable of robustly answering calls, routing calls, booking appointments and of course taking messages.

Norwood has tested the market attractiveness of this concept – namely the idea of giving telco subscribers a high-quality cutting-edge personal virtual assistant – with a number of telcos and potential telco partners around the world and has received a warm reception to the concept. Not only is the concept new and exciting, but also one that Telcos potentially can monetise to increase their Average Revenue Per User (ARPU), a key performance metric for all Telcos.

Norwood is currently working with some intensity on bringing a compelling 'beta' version of this new service to market in the near term that can perform a robust sub-set of the full anticipated set of features, for testing by end-users and Telco staff alike.

¹ Internal Norwood estimate

² See: <https://www.marketsandmarkets.com/Market-Reports/telecom-cloud-market-72237103.html>

For personal use only

Managing Director's Remarks



Managing Director's Remarks

As a Company, we are pleased to present the Norwood Systems Limited (Norwood) FY21 annual financial report.

During the fiscal year, the Company significantly strengthened its operational performance, underpinned by increased receipts and reduced cash burn, even in light of COVID-19 and its subsequent restrictions continuing to linger. Norwood made further strides in enhancing the industry-leading **World Voicemail** platform in FY21 by commencing the incorporation of cutting-edge AI technology with our flagship offering, via the Teaming Agreement with IPsoft company **Amelia**, along with initiating additional potential partnerships currently in discussion.

Norwood is confident that the World Voicemail platform can help Telcos drive up engagement with their subscriber base and the growing revenue generating contract with Spark NZ is a testament to this.

As Norwood is now aware of a number of pending Telco voicemail tenders, both in the APAC and European regions (the Company having been invited to three such briefings on such forthcoming tenders in recent months) we are also enthused by the prospect of additional potential Telco voicemail deal-flow in the near- to mid-term.

The fiscal year marked more positive progress in relation to this long-standing **Spark NZ** contract. We continued to successfully deliver innovative solutions for the key client, which included in an NZD\$639,000 Purchase Order from Spark NZ post-fiscal year end, laying a solid foundation for further growth in FY22. Additionally, the two **Avicena** contracts Norwood received in FY21 demonstrates the breadth of our technological capabilities and the tangible translation of this into successful outcomes for customers.

Strong financial discipline and cost control is a core focus of the Company heading into FY22, so we can convert increased revenue into robust net earnings over the long-term.

Results

Pleasingly, our significant investment in technology and marketing, as well as our strong financial discipline, translated into improved financial performance. Norwood delivered a net loss for the year ending 30 June 2021 of \$870,660, which is a significant improvement on the prior corresponding period (year ending 30 June 2020: \$1,891,225).

During the year, the Company successfully completed two placements to raise \$220,000 (before costs). Norwood also issued convertible notes to Managing Director, Paul Ostergaard, in May 2021 and raising a further \$200,000 from his personal investment in the Company.

Further to this, Norwood received an Australian Tax Office (ATO) Research and Development (R&D) Grant of \$656,031 in September 2020 and a JobKeeper Grant of \$307,200 during the financial year. This coupled with constant prudent cash control and increasing customer cash receipts, gives the Board confidence that the short-term capital requirements of the Company are in hand.

World Voicemail

After launching **World Voicemail** in FY19, throughout FY20 and FY21 Norwood has continued to develop and enhance the platform to further strengthen the Company's position to target the \$1 billion telco market for legacy voicemail service replacement. World Voicemail's evolving capabilities are being positively received by our growing pipeline of telco prospects.

World Voicemail is both available for Android and iOS smartphone users and helps Telcos to drive subscriber engagement, while enabling modernisation of their voicemail delivery in their network.

In FY19, Norwood signed a four-year contract with **Spark NZ** for the supply of World Voicemail software licences, white label World Voicemail Apps and professional services. Post-FY21, on 16 July 2021, Norwood announced that long-term customer Spark NZ supplied the Company with a Purchase Order worth approximately NZD\$639,000 (c. AUD\$603,000) for services to be provided across the 2022 financial year relating to the contract.

Prior to this Agreement, Norwood had received other Purchase Orders from Spark NZ, notably a Purchase Order worth approximately NZD\$244,000 announced on 11 July 2019.

Norwood continues to develop World Voicemail's capabilities to drive long-term market penetration. As at the date of this Annual report, Norwood is tracking a number of anticipated Telco voicemail requests for tender (RFTs) that Norwood believes are likely to be issued before the end of calendar year 2021.

The Future

As noted in the previous section, Norwood is driving the evolution of voicemail and Telco call completion services more generally to the next level. The Company has invested considerable resources over the past nine months, focusing on using conversational AI and Natural Language Understanding engines to provide a comprehensive upgrade to the World Voicemail service.

The focus of the Company is to transform voicemail from just dealing with recording and passing on voice messages to providing another level entirely of call engagement and interactivity, through the deployment of high-quality virtual personal assistants that are based on powerful conversational AI and chatbot engines, licensed from partners who are leaders in those technology domains.

Norwood's goal is to replace static recorded voicemail greetings with a dynamic and engaging virtual AI persona who can answer and screen your calls, just like a virtual Personal Assistant.

To support this development, during FY21 Norwood entered into a Teaming Agreement with global leader in cognitive artificial intelligence (AI), **Amelia**, an IPsoft company. The Company is currently also in preliminary discussions with an exciting additional partner for this project, the details of which will be announced in the near-term, once a full partnering agreement has been struck between Norwood and this new party.

These exciting technological developments Norwood is progressing in conjunction with our continuously improving financial position has brought considerable optimism about the Company's future.

I'd like to extend a special thanks to our employees, who all did their part to facilitate a smooth transition to working from home operations as COVID-19 reached Western Australia. As a result, Norwood experienced limited productivity disruption from the pandemic.

We are in a healthy operational and financial 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 in FY22 and beyond.



Mr Paul Ostergaard
Managing Director
31 August 2021

For personal use only

Directors' Report

For the year ended 30 June 2021

ABN: 15 062 959 540



Directors' Report
FOR THE YEAR ENDED 30 JUNE 2021



Directors

Your Directors present their report together with the financial proclamations of the Group comprising of Norwood Systems Limited and the entities it controlled for the financial year ended 30 June 2021. So as to consent to the arrangements of the Corporations Act 2001, the Directors' report as follows:

The Directors in office at any time during the financial year and up to the date of this report are as follows:

Paul Ostergaard

Managing Director

Michael Edwards

Non-Executive Director

Giles Everist

Non-Executive Director

For personal use only

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Particulars of Directors, Company Secretary and Executive Management



Paul Ostergaard

Managing Director

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. 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.

Other current directorships of ASX listed companies: Nil

Other directorships held in ASX listed companies in the last three years: Nil

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Particulars of Directors, Company Secretary and Executive Management (Cont'd)



Michael Edwards

Non-Executive Director

Mr Edwards is a Geologist and Economist with over 20 years' experience in Senior Management in both the private and public sector. He has a Bachelor of Business (Economics and Finance) from Curtin University of Technology and a Bachelor of Science (Geology) from The University of Western Australia. He spent three years with Barclays Australia in their Corporate Finance department and then 8 years as an Exploration and Mine Geologist with companies such as Gold Mines of Australia, Eagle Mining and International Mineral Resources. Since 2010 Mr Edwards has been consulting to numerous companies conducting project evaluations and deal structuring across a wide range of commodities and countries.

Mr Edwards is an Authorised Representative of Alto Capital, a Perth based Investment and Corporate Advisory firm and has been involved in the successful capital raising and ASX listings of many companies.

Other current directorships of ASX listed companies:

Non-Executive Chairman - Firefly Resources Ltd
Non-Executive Chairman - Barra Resources Limited
Non-Executive Director – Auroch Minerals Limited

Other directorships held in ASX listed companies in the last three years:

Non-Executive Director – Digital Wine Ventures Limited
Non-Executive Director – Esense-Lab Ltd
Non-Executive Director – DE Mem Ltd

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Particulars of Directors, Company Secretary and Executive Management (Cont'd)



Giles Everist

Non-Executive Director

Mr Everist joined the Board of Norwood Systems as a Non-Executive Director in November 2015. Mr Everist has extensive corporate and financing experience, having held executive financial roles at Coopers and Lybrand, Rio Tinto, Fluor Australia, Monadelphous and Macmahon. Mr Everist has previously chaired ASX listed companies and brings outstanding corporate governance credentials and superb finance capabilities to the Board of Norwood.

Mr Everist is a current Director of ASX listed company Austal Limited, Mr Everist has previously sat on the boards of technology start-ups such as APE Mobile, which specialises in paperless apps for the construction industry, and Qodeo, which produces time and money saving tools, data & connectivity for the global venture community. Mr Everist is a Chartered Accountant and a member of the Institute of Chartered Accountants (England and Wales). He holds a Bachelor of Sciences (Honours) in Mechanical Engineering from the University of Edinburgh.

Other current directorships of ASX listed companies:

Non-Executive Director – Austal Limited

Other directorships held in ASX listed companies in the last three years:

None

Steven Wood

Company Secretary

Mr Wood has specialised in corporate advisory, company secretarial & financial management services professionally since 2011. Mr Wood is a Chartered Accountant, and has been involved in various private and seed capital raisings as well as successful ASX listings, whilst also providing company secretarial and financial management services to both ASX and unlisted public and private companies.

Mr Wood started his career in the Perth office of Pitcher Partners where he spent several years in their corporate re-structuring division.



Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Particulars of Directors, Company Secretary and Executive Management (Cont'd)

Steven Tot

General Manager Enterprise & Vice President Sales

Steven is responsible for Norwood's Enterprise Go to Market strategy, partner channels and overall sales execution.

Steven has 25 years of international telecoms experience spanning Australia, the UK and Silicon Valley in various roles including product marketing, pre-sales solution consulting, sales & account management, Partner & Alliance management to a senior leadership level.

Steven is a former Head of Global Consulting and General Manager, ICT Channels at Telstra. He is passionate about disruptive technology that enables clients to improve their business advantage.



Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Principal Activities

The principal activities during the year include:

- A multi-site, geo-redundant on-premises visual voicemail solution in conjunction with other subcontractors **for Spark NZ** commenced development in January 2020 and was delivered successfully in October 2020.
- Secured two contracts during the fiscal year totalling \$270,000 with **Avicena Systems** to develop the Automated Lamp Testing System (ALTS) to 'operational prototype' stage.
- Secured a NZD\$639,000 Purchase Order from **Spark NZ** post-fiscal year end.
- Entered into a Teaming Agreement with global leader in cognitive artificial intelligence (AI), **Amelia**, an IPsoft company, to enhance the World Voicemail service.
- Broadening of Norwood's relationships with key partners and prospective partners.

Results

The net loss attributable to members of the Group for the year ended 30 June 2021 amounted to \$870,660 (2020: \$1,891,225).

Dividends

There were no dividends paid or declared during the year.

Review of Operations

Sales and Commercialisation Activities

Spark NZ

Post-fiscal year end, on 16 July 2021, Norwood announced that long-term customer Spark NZ supplied the Company with a Purchase Order worth approximately NZD\$639,000 (c. AUD\$603,000) for services to be provided across the 2022 financial year.

The Purchase Order comes under an agreement between the Company and Spark NZ that was initially announced to the ASX in January 2020 ("Agreement"), which Norwood progressed positively throughout the 2021 fiscal year.

Under the Agreement, Norwood has provided Spark with a branded version of Norwood's World Voicemail service and application, for use by Spark NZ subscribers, available on the New Zealand App Stores.

Spark commenced promoting this branded version – Spark Voicemail – to its subscribers in March 2020.

Furthermore, a multi-site, geo-redundant on-premises visual voicemail solution in conjunction with other subcontractors was delivered in October 2020, and is now integrated into Spark's virtualised network and compute infrastructure.

The advanced visual voicemail offering provides a modern voicemail interface for users to visually browse and manage voicemail messages through an App.

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

COVID-19 travel restrictions continue to impact customer engagement, with all interactions with prospects outside of Australia necessarily being done online, however the Company remains confident at present that potentially material progress will be achieved with one or more of these prospects in the 2022 fiscal year.

Avicena Contract

In December 2020, Norwood announced to the market it had secured a \$100,000 contract with Avicena Systems (Avicena).

The contract encompassed the development of the software functionality for the Avicena Sentinel's Automated Lamp Testing System (ALTS) to 'operational prototype' stage, enabling the pathogen screening instrument to deliver up to 100,000 assays daily. This includes a CPU, cloud reporting and storage, and a system control interface. In June 2021, Norwood announced it received a \$170,000 contract for software development services from Avicena to further develop and enhance the software functionality of the ALTS. Subsequent to 30 June 2021, all services and amounts due have been delivered.

Product Development Activities

Amelia AI Teaming Agreement

During FY21, Norwood entered into a Teaming Agreement with global leader in cognitive artificial intelligence (AI), Amelia, an IPsoft company.

The Agreement encompasses collaborating on developing and jointly offering a radical improvement to existing telco-hosted personal call completion services.

The new service will utilise Norwood's new Voice Assistant offering, in conjunction with Amelia's intelligent virtual assistant hosted in the network. Norwood's Voice Assistant is a value-added offering that extends and enhances World Voicemail.

The final product is set to provide an automated, interactive voice platform that seamlessly helps and screens inbound callers, guided by AI-derived "intents", much like a real personal assistant would be able to.

Norwood plans to launch private telco operator beta trials of this revolutionary service in the first half of FY22

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Corporate

Capital Raising

In December 2020 and January 2021, Norwood successfully completed an Option Placement, raising a total of \$116,713 before costs. Net proceeds from the Option Placement were geared towards pursuing material licensing deals and revenue generating contacts related to World Voicemail. The Company is seeing robust commercial interest in World Voicemail, and discussion remains on foot with a number of telcos and telco partners worldwide.

In January 2021, Norwood completed a Placement and raised \$100,000 via the issue of 4,347,826 fully paid ordinary shares at \$0.023 per share. In addition, in February 2021, Norwood raised another \$120,000 via a placement of 6,666,665 ordinary shares at \$0.018 per share.

In May 2021, Norwood executed a binding terms sheet to issue 8,333,333 convertible notes with a face value of \$0.024 each to Paul Ostergaard, Managing Director of the Company, and raised \$200,000 from his investment in the Company. The terms of the agreement are subject to shareholder approval.

The Board continues to manage the capital requirements of the Group to ensure the capital needs of the Group in the coming quarter will be met. This consideration includes the possibility of other material revenue generating contracts additional to the Spark NZ contract.

R&D Tax Rebate & Funding Arrangement

Norwood received a tax offset receipt of \$656,031 as an R&D rebate from the ATO in relation to FY20 R&D activities. The funds were applied to the retirement of the R&D tax offset funding agreement noted in the Quarterly Activity report for the period ended 30 September 2020 (see ASX announcement 30 October 2020) with approximately \$92,000 in remaining surplus from the rebate being applied to working capital purposes.

The R&D receipts have allowed the Group to sustain R&D momentum, which so far has included the delivery of a new visual voicemail service, World Voicemail, new sentiment analysis capabilities for World Phone and Corona, and regular product updates for World Phone, World Message and World Wi-Fi.

The Group has utilised the R&D tax offset funding arrangement in the year ended 30 June 2021 in relation to FY21 R&D activities. Based on September 2020, December 2020, and March 2021 quarterly activities, the Group received a total funding of \$296,229 during the year ended 30 June 2021. The June 2021 quarter R&D funding is anticipated to be received in the September quarter.

Cost Reduction Initiative

During the period, Norwood conducted a thorough review of its cloud-based server infrastructure to identify further operational efficiencies and cost savings. This has led to a number of important adaptations, implementations currently underway, to how Norwood consumes third party cloud services. The Company is confident that these operational changes will deliver significant additional savings to its cloud infrastructure costs over the current and future periods.

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report or the financial statements.

Likely Developments & Expected Results of Operations

Other than as disclosed elsewhere in this report, there are no likely developments in the operations of the Company that were not finalised at the date of this report.

Matters subsequent to the End of the Financial Year

On 16 July 2021, Norwood received a purchase order from its long-term customer, Spark NZ for approximately NZD\$639,000 for services to be provided across the financial year 2022 under the agreement initially detailed to the ASX on 30 January 2020 (Agreement). Under the Agreement, Norwood to provide Spark with a Spark-branded version of Norwood's world Voicemail service and application, for the use by Spark NZ subscribers, available on the New Zealand App Stores.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

Environmental Regulation and Performance

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations. The Group's operations comply with NGER Act 2007.

Indemnification and Insurance of Directors and Officers

During the financial year, the Company incurred a premium of \$21,000 excluding GST and stamp duty (2020: \$17,500) to insure the Directors and Secretary of the Company.

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Directors' Interests in the Shares and Options of the Company

As at the date of this report, the interests of the Directors in ordinary shares, unlisted options and performance shares of the Company were:

Director	Shares		Options	
	Held Directly	Held Indirectly	Held Directly	Held Indirectly
Paul Ostergaard	-	20,172,349	-	-
Michael Edwards	-	975,583	-	900,000
Giles Everist	-	525,000	-	900,000
Total	-	21,672,932	-	1,800,000

Meetings of Directors

The number of meetings of the Company's Directors held during the year and the numbers of meetings attended by each Director are:

Board of Directors	Meetings Attended	Meetings Eligible to Attend
Paul Ostergaard	3	3
Michael Edwards	3	3
Giles Everist	3	3

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

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 2021. The information contained in this report has been audited as required by section 308(3C) of the Corporations Act 2001. 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.

This remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, and includes the following specified executives in the Company:

Key Management Personnel

Directors:

Mr Paul Ostergaard	Managing Director	Appointed 8 June 2015
Mr Michael Edwards	Non-Executive Director	Appointed 8 June 2015
Mr Giles Everist	Non-Executive Director	Appointed 13 November 2015

Executives:

Mr Steven Tot	General Manager Enterprise & Vice President Sales	Appointed 19 October 2015
---------------	--	---------------------------

Remuneration Policies

Remuneration levels for Directors, secretaries and, if required, senior executives of the Company ("the Directors and senior executives") will be 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.

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 executive's remuneration.

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Remuneration Report (Audited) (Cont'd)

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

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 market place.

Performance-Linked Remuneration

The remuneration policy will be tailored to increase goal congruence between shareholders and Directors and key management personnel. This will be 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 Group believes 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.

As the Group is currently in the start-up phase, 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 rather than 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.

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.

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Remuneration Report (Audited) (Cont'd)

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 indices in respect of the current financial year and the previous three financial years.

	2021	2020	2019	2018
Net profit / (loss)	(\$870,660)	(\$1,891,225)	(\$3,032,364)	(\$4,044,223)
Share price	\$0.015	\$0.021	\$0.05	\$0.07
Change in share price¹	(\$0.006)	(\$0.029)	(\$0.02)	(\$0.08)
Earnings per share	(0.34)	(\$0.85)	(\$2.05)	(\$3.40)

As the Group is currently in the start-up phase, 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 rather than Group financial performance.

¹Norwood completed a 10 for 1 consolidation of its securities in December 2019. The consolidation had no material effect on the percentage interest of each individual shareholder and the aggregate value of each shareholder's holding did not change as a result of the consolidation. The 2019 and 2018 columns have been adjusted to reflect the share capital consolidation that occurred during the current year.

Service Agreements

It is the entity'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:

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Remuneration Report (Audited) (Cont'd)

Mr Paul Ostergaard – Managing Director

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

Mr Ostergaard's remuneration was effective from 17 March 2019.

Mr Steven 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, and further \$54,000 to be settled via issue of shares in the Company.
- 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.

Non-Executive Directors

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.
- Non-Executive Directors' Fees of \$45,000 per annum.
- 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. Directors' base fees are presently set at \$45,000 per annum.

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

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Remuneration Report (Audited) (Cont'd)

Hedging Exposure

It is the entity's policy that Directors and executives of the Company are required to seek the prior written approval of the Board before entering into hedging arrangements in respect to their holdings of Company equity instruments. The executive or Director must provide full details of any such hedging arrangements for consideration by the Board. The Board will consider each approach for approval on its merits, taking into account the size of the holding, the level of exposure, the repayment requirements and the impact any adverse market conditions may have on the capital structure of the Company.

Remuneration of Key Management Personnel

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Norwood Systems Limited are set out in the following table:

Key Management Personnel of Norwood Systems Limited

2021 Key Management Personnel	Salary & Fees \$	Non-Monetary \$	Annual Leave and Long Service Leave \$	Post-Employment Benefits	Share Based Payments	Total \$	Performance Related %
				Superannuation \$	Options \$		
Executive Directors							
Mr Paul Ostergaard	\$253,879	-	(\$5,678)	\$24,118	-	\$272,319	-
Total Executive Directors	\$253,879	-	(\$5,678)	\$24,118	-	\$272,319	-
Non-Executive Directors							
Mr Michael Edwards	\$45,000	-	-	-	\$2,499	\$47,499	-
Mr Giles Everist	\$41,096	-	-	\$3,904	\$2,499	\$47,499	-
Total Non-Executive Directors	\$86,096	-	-	\$3,904	\$4,998	\$94,998	-
Total Directors	\$339,975	-	(\$5,678)	\$28,022	\$4,998	\$367,317	-
Executives							
Mr Steven Tot	\$180,000	-	(\$2,219)	\$15,818	-	\$193,599	-
Total Executives	\$180,000	-	(\$2,219)	\$15,818	-	\$193,599	-
Total	\$519,975	-	(\$7,897)	\$43,840	\$4,998	\$560,916	-

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Remuneration of Key Management Personnel (Cont'd)

2020 Key Management Personnel	Salary & Fees \$	Non- Monetary \$	Post- Employment Benefits	Share Based Payments	Total \$	Performance Related %
			Superannuation \$	Options \$		
Executive Directors						
Mr Paul Ostergaard	\$268,065	-	\$25,466	-	\$293,531	-
Total Executive Directors	\$268,065	-	\$25,466	-	\$293,531	-
Non-Executive Directors						
Mr Michael Edwards	\$45,000	-	-	\$26,317	\$71,317	-
Mr Giles Everist	\$41,096	-	\$3,904	\$26,317	\$71,317	-
Total Non-Executive Directors	\$86,096	-	\$3,904	\$52,634	\$142,634	-
Total Directors	\$354,161	-	\$29,370	\$52,634	\$436,165	-
Executives						
Mr Steven Tot	\$190,000	-	\$18,050	-	\$208,050	-
Total Executives	\$190,000	-	\$18,050	-	\$208,050	-
Total	\$544,161	-	\$47,420	\$52,634	\$644,215	-

Share Based Compensation

No equity was granted to Directors and Executives during the FY 2021 as compensation.

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Remuneration of Key Management Personnel (Cont'd)

Share Holdings of Key Management Personnel

The number of ordinary shares of Norwood Systems Limited held, directly, indirectly or beneficially, by each Director and key management personnel, including their personally-related entities for the year ended 30 June 2021 is as follows:

Directors and Executives	Held at 30 June 2020	On Market Purchase During the Year	Other Changes	Held at 30 June 2021
Mr Paul Ostergaard	20,172,349	-	-	20,172,349
Mr Michael Edwards	610,114 ¹	-	365,469	975,583
Mr Giles Everist	125,000	-	400,000	525,000
Mr Steven Tot	10,000	1,819	-	11,819
Total	20,917,463	1,819	765,469	21,684,751

¹Adjusted to reflect correction to holdings. Refer to ASX announcement 26 August 2021 for further detail.

Option Holdings of Key Management Personnel

The number of options of Norwood Systems Limited held, directly, indirectly or beneficially, by each Director and key management personnel, including their personally-related entities for the year ended 30 June 2021 is as follows:

Directors and Executives	Tranche	Grant Date	Held at 30 June 2020	% Vested	Granted	Exercised	Expired	Held at 30 June 2021	Unve- sted at 30 June 2021	Max. \$ to vest at 30 June 2021
Mr Paul Ostergaard	A	27 Nov 2015	1,900,000	100%	-	-	(1,900,000)	-	-	-
	M	15 Dec 2017	250,000	100%	-	-	(250,000)	-	-	-
	N	15 Dec 2017	250,000	100%	-	-	(250,000)	-	-	-
			2,400,000		-	-	(2,400,000)	-	-	-
Mr Giles Everist	ZEPO	29 Nov 2018	400,000	100%	-	(400,000)	-	-	-	-
	ZEPO	27 Aug 2019	400,000	100%	-	-	-	400,000	-	-
	NOROA ¹	27 Aug 2019	500,000	100%	-	-	-	500,000	-	-
			1,300,000		-	(400,000)	-	900,000	-	-
Mr Michael Edwards	ZEPO	29 Nov 2018	400,000	100%	-	(400,000)	-	-	-	-
	ZEPO	27 Aug 2019	400,000	84%	-	-	-	400,000	-	-
	NOROA ¹	27 Aug 2019	500,000	100%	-	-	-	500,000	-	-
			1,300,000		-	(400,000)	-	900,000	-	-
Mr Steven Tot	NOROP11	2 Aug 2016	100,000	100%	-	-	-	100,000	-	-
	D	27 Nov 2015	500,000	100%	-	(500,000)	-	-	-	-
	NOROC	N/A	-	N/A	251,820 ²	-	-	251,820	-	-
			600,000		251,820	(500,000)	-	351,820	-	-

¹ Refer Prospectus 4 December 2020 and 24 December 2020 and ASX announcement 30 December 2020

² The movement was related to Mr Tot participation in the listed option issue that occurred during the year.

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Performance Share Holdings of Key Management Personnel

There are no performance shares of Norwood Systems Limited held, directly, indirectly or beneficially, by each Director and key management personnel, including their personally-related entities for the year ended 30 June 2021.

Other Transactions with Key Management Personnel

Norwood and Avicena Systems Pty Ltd, of which Paul Ostergaard is a Director, entered into an agreement on 3rd of November 2020 whereby Norwood were engaged to undertake software development relating to Avicena's prototype machine. Under the agreement, Norwood have provided infrastructure as required to support the timely development of the prototype software on the machine. Norwood received a fixed fee of \$100,000 excluding GST, 70% of the fee was invoiced on execution of the agreement and the remaining 30% was invoiced on completion. The full amount of the fixed fee received during the period. These services were provided on normal commercial terms and at arm's length. No amount remained outstanding as at 30 June 2021.

On 21 May 2021, Norwood and Avicena entered into a Service Agreement whereby Norwood undertook software development relating to the operation of the Avicena and provide physical facilities to support timely development of the software. The value of the contract was \$170,000 before GST. On 21 June 2021, Avicena offered an ex gratia payment to Norwood of a further \$50,000 over and above the original contract amount of \$170,000 for completion of certain outstanding software items under the Service Agreement. Subsequent to 30 June 2021, all services and amounts due have been delivered.

Key Management Personnel Loans

Ocean Broadband Ltd (Mr Paul Ostergaard – Managing Director)

Ocean Broadband Ltd, a company of which Mr Paul Ostergaard is a Director and Shareholder, shared office space and employees with Norwood Systems (Aust) Pty Ltd until approximately 30 June 2015. A loan balance has arisen between Norwood Systems (Aust) Pty Ltd and Ocean Broadband Ltd as a result of these shared transactions and cash transfers. There is no formal loan agreement in place between the Company and Mr Paul Ostergaard or his related entities. Movements in the loan account during the year are as follows:

	2021	2020
	\$	\$
Opening balance payable by the Group	-	40,469
Provision for loan receivable	-	(40,469)
Total payable by / (receivable due to) the Group	-	-

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Key Management Personnel Loans (Cont'd)

Ostergaard Family Trust (Mr Paul Ostergaard – Managing Director)

The Company has a loan account with the Ostergaard Family Trust, the movements in which are as follows:

	2021	2020
	\$	\$
Opening balance payable by the Group	-	33,101
Loan proceeds (advanced)	-	-
Provision for loan receivable	-	(33,101)
Total payable by / (receivable due to) the Group	-	-

Mr Paul Ostergaard – Managing Director

The Company has a loan account with the Paul Ostergaard, the movements in which are as follows:

	2021	2020
	\$	\$
Opening balance payable by the Group	-	36,501
Provision for loan receivable	-	(36,501)
Convertible notes ¹	(200,000)	-
Total payable by / (receivable due to) the Group	(200,000)	-

¹During the year, the Company received funds from Paul Ostergaard relating to convertible notes issued. As at 30 June 2021, the notes are unsecured interest free debt instruments and did not carry any rights to conversion until receipt of shareholder approval which will be obtained at a General Meeting of the Company. The General Meeting is to be held in September 2021. The funds were raised to enable the Company to fund its working capital requirements. Total funds raised under the convertible note agreements was \$200,000, and under the terms of the Convertible Note Agreements, the Company's obligation to repay the loan funds will be satisfied by the Company issuing Conversion Shares to the Lender.

Voting of Shareholders at last year's Annual General Meeting

Norwood Systems Limited received more than 50.14% of "yes" votes on its remuneration report for the 2020 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

- END OF AUDITED REMUNERATION REPORT -

Directors' Report (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

Auditor & Non-Audit Services

BDO Audit (WA) Pty Ltd ("BDO") continues in office in accordance with Section 327 of the Corporation Act 2001. The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

During the year there were no fees paid or payable for non-assurance services provided by the auditor of the Group (2020: nil).

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2021 has been received and can be found on page 32.

Proceedings on Behalf of the Company

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

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

Options over unissued ordinary shares

During the period, 813,920 share options were converted into share capital (2020: nil share options). At the date of this report the following options over ordinary shares in Norwood Systems Limited are on issue and outstanding:

Tranche	No. of Options	Exercise Price	Expiry Date
NOROP11	265,000	\$0.57	2 August 2021
ZEPO	1,200,000	\$0.00	27 August 2021
NOROC	67,356,636	\$0.00	31 October 2021
Total	68,821,636		

Signed in accordance with a resolution of the Directors.



Mr Paul Ostergaard
Managing Director
31 August 2021

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF NORWOOD SYSTEMS LIMITED

As lead auditor of Norwood Systems Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Norwood Systems Limited and the entities it controlled during the period.



Dean Just
Director

BDO Audit (WA) Pty Ltd
Perth, 31 August 2021

For personal use only

For personal use only

Financial Report

For the year ended 30 June 2021

ABN: 15 062 959 540



Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue	4	1,050,831	870,015
Interest and other revenue		10	944
Government grant income	4	1,050,731	820,997
Sales and marketing	5	(109,736)	(159,052)
Patent, research and development		(163,082)	(207,973)
Information technology infrastructure cost		(232,497)	(232,067)
Employee and director benefits expense	5	(1,666,830)	(1,756,384)
ASX & share registry fees		(78,166)	(123,747)
Share based payment expense	19	(7,496)	(86,172)
Consultancy and subcontractor fees		(112,289)	(206,915)
Finance costs		(35,530)	(65,298)
Accountancy, audit and legal fees		(342,060)	(253,339)
Other expenses		(52,005)	(215,492)
Travel and entertainment		(2,752)	(76,091)
Administration expenses		(85,720)	(111,074)
Depreciation		(84,069)	(89,577)
Loss before income tax		(870,660)	(1,891,225)
Income tax benefit	6	-	-
Loss after tax for the year attributable to the members of Norwood Systems Limited		(870,660)	(1,891,225)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to the members of Norwood Systems Limited		(870,660)	(1,891,225)
Loss per share for the year attributable to the members of Norwood Systems Limited			
Basic and diluted loss per share (cents per share) for the year	7	(0.34)	(0.85)

The above 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 2021

	Note	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	58,474	152,730
Trade and other receivables	9	122,475	160,794
Contract assets	4	-	10,787
Total Current Assets		180,949	324,311
Non-Current Assets			
Plant and equipment		106,261	120,714
Right to use assets	10	40,634	109,310
Total Non-Current Assets		146,895	230,024
TOTAL ASSETS		327,844	554,335
LIABILITIES			
Current Liabilities			
Trade and other payables	11	602,489	450,183
Lease liabilities	10	43,940	81,425
Provisions		196,783	207,687
Loans payable	12	491,462	432,914
Contract Liabilities		88,619	20,228
Total Current Liabilities		1,423,293	1,192,437
Non-Current Liabilities			
Provisions		52,071	62,628
Lease liabilities	10	-	32,452
Total Non-Current Liabilities		52,071	95,080
TOTAL LIABILITIES		1,475,364	1,287,517
NET ASSETS/(LIABILITIES)		(1,147,520)	(733,182)
EQUITY			
Issued capital	13	30,958,991	30,644,878
Reserves	14	9,164,081	9,021,872
Accumulated losses	15	(41,270,592)	(40,399,932)
TOTAL EQUITY/(NET ASSET DEFICIENCY)		(1,147,520)	(733,182)

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes of Equity

FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 30 June 2020	30,644,878	9,021,872	(40,399,932)	(733,182)
Loss for the year	-	-	(870,660)	(870,660)
Total other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(870,660)	(870,660)
<i>Transaction with owners, directly recorded in equity</i>				
Issue of ordinary shares, net of transaction costs	221,113	-	-	221,114
Issue of listed options	-	134,713	-	134,713
Share to be issued	84,000	-	-	84,000
Share based payment	9,000	7,496	-	16,496
Total transactions with owners	314,113	142,209	-	456,323
Balance at 30 June 2021	30,958,991	9,164,081	(41,270,592)	(1,147,520)

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2019	29,532,587	8,935,700	(38,508,707)	(40,420)
Loss for the year	-	-	(1,891,225)	(1,891,225)
Total other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(1,891,225)	(1,891,225)
<i>Transaction with owners, directly recorded in equity</i>				
Issue of ordinary shares, net of transaction costs	1,036,291	-	-	1,036,291
Share to be issued	12,000	-	-	12,000
Share based payment	64,000	86,172	-	150,172
Total transactions with owners	1,112,291	86,172	-	1,198,463
Balance at 30 June 2020	30,644,878	9,021,872	(40,399,932)	(733,182)

The above 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 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		1,168,327	1,051,614
Government grants received		1,050,731	820,997
Payments to suppliers and employees		(2,621,291)	(3,154,546)
Interest received		10	944
Interest paid		(721)	(48,084)
Net cash flows used in operating activities	17	(402,944)	(1,329,075)
Cash flows from investing activities			
Purchase of plant & equipment		(939)	(11,689)
Net cash flows used in investing activities		(939)	(11,689)
Cash flows from financing activities			
Proceeds from the issue of shares and options	13	355,827	1,243,400
Share issue costs		-	(17,200)
Radium loan repayment		(546,553)	(569,915)
Proceeds from loan		376,266	510,046
Payments for the principal portion of lease liabilities		(75,911)	(79,919)
Proceed from convertible notes	12	200,000	-
Net cash flows from financing activities		309,627	1,086,412
Net decrease in cash and cash equivalents		(94,256)	(254,352)
Cash and cash equivalents at the beginning of the year		152,730	407,082
Cash and cash equivalents at the end of the year	8	58,474	152,730

The above 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 2021

NOTE 1: REPORTING ENTITY

Norwood Systems Limited is a listed public Company incorporated and domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "consolidated entity" or "Group"). A description of the nature of the Company's operations and its principal activities is included in the Directors' Report which does not form part of this financial report. The consolidated financial statements were authorised by the Board of Directors on the date of signing the Directors' Declaration.

NOTE 2: BASIS OF PREPARATION

This General Purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) and the Corporations Act 2001.

The Financial Statements and Notes of the Company comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

Compliance with AIFRS ensures that the Financial Statements and Notes comply with International Financial Reporting Standards.

Norwood Systems Limited is a company limited by shares. The financial report is presented in Australian currency. Norwood Systems Limited is a for-profit entity.

Going Concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$870,660 and had net cash outflows from operating activities of \$402,944 and a net asset deficiency of \$1,147,520. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The ability of the entity to continue as a going concern is dependent on securing additional funding through capital raising activities and the securing of material revenue generating contracts to continue its operational and marketing activities.

The Directors are satisfied they will be able to raise additional working capital as required and thus it is appropriate to prepare the financial statements on a going concern basis. In arriving at this position the Directors have considered the following matters:

- The Directors have assessed the cash flow requirements for the 12 month period from the date of approval of the financial statements and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements;
- The working capital deficiency contains amounts not currently owing but will be due and settled within the next 12 months. The Directors are satisfied additional funds will be available when these obligations are due;

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: BASIS OF PREPARATION (Cont'd)

Going Concern (Cont'd)

- The Directors anticipate generation of revenues as a result of provision of the Group's products and services;
- Creditors totalling approximately \$67,474 have provided confirmation they will extend agreed payment terms until such time as the Group has the ability to settle invoices;
- The Group is in ongoing discussions with remaining creditors which will be settled upon funding through a debt or equity event. At the date of this report, the Group has not received any demands for payment from creditors;
- Active cost cutting measures have continued;
- Key shareholders have confirmed willingness to financially support the Group via a debt or equity event;
- Securing and drawing down on part of an R&D tax offset funding agreement to the amount of approximately \$90,000 subsequent to period end;
- Ability to draw down further R&D tax offset funding at the end of current quarter;
- The entity anticipates to receive its FY21 R&D rebate of approximately \$400,000 and this is secured against the Company's R&D Loan Facility;
- Cash on hand of \$58,474 as at 30 June 2021; and
- A history of successfully completing capital raisings over the preceding financial period, including via a placement, an entitlement issue and the issue of convertible notes. The Directors are monitoring the impact of the Coronavirus (COVID-19) pandemic on an ongoing basis. Currently, there does not appear to be either any significant impact upon the ability of the Group to raise additional funding through the capital market.

The Group continues to negotiate with a number of potential customers for its products. Should any of these negotiations be successful, based on its current modelling, the Group understands that due to the technology having already been developed, there will be minimal further capital required and the margins on any likely engagements will deliver surplus cash flows to the Group.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that 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.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 20.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: BASIS OF PREPARATION (Cont'd)

Significant Judgements and Key Assumptions

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included as follows:

Share Based Payments

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Transactions with employees and others providing similar service are measured by reference to the fair value at grant date of the equity instrument granted using a Black-Scholes option pricing model.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates, specific knowledge about the individual debtor's financial position and forward looking external industry information in line with the expected credit loss model.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation charges for its plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: BASIS OF PREPARATION (Cont'd)

Significant Judgements and Key Assumptions (Cont'd)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Convertible notes

Compound financial instruments issued by the Group comprise convertible notes that can be converted into ordinary shares. The conversion feature requires shareholder approval, it has not been accounted for, with the total proceeds presented as a current loan liability in the statement of financial position. The current loan liability initially measured at the fair value of a similar liability that does not have an equity conversion option. The equity component initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest related to the financial liability is recognized in the statement of profit or loss and other comprehensive income.

On conversion the financial liability is reclassified to equity and no gain or loss is recognised. As the conversion feature on convertible notes issued during the current year is subject to shareholder approval at reporting date, it has not been accounted for in the current year, with the total proceeds presented as a current loan liability in the statement of financial position

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: BASIS OF PREPARATION (Cont'd)

Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavorably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Norwood Systems Limited and its subsidiaries (the Group) as at 30 June 2021 or for any time during the year.

The financial statements of subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

(b) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity.

A financial liability is removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets not measured at fair value comprise:

- loans and receivables with fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- II. All financial liabilities are measured at amortised cost using the effective interest rate method. The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or un-collectability.

(c) Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

(d) Patents & Development Expense

The Company expenses all research and development costs as incurred. The amounts incurred in relation to patent development costs and patent applications are expensed until the Company has received formal notification that a patent has been granted. The Company believes expensing patent development and application costs provides the most relevant and reliable information to financial statement users. The Company will only record a development asset when there is certainty that the Company will be able to patent the technology it has created, as demonstrated by the approval of the patent application and as a result expect future economic benefits to flow to the Company.

Following initial recognition of development expenditure as a development asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit, which will normally be the useful life of the patent. Amortisation is recorded in other expenses. During the period of development, the asset is tested for impairment annually.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) New Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

NOTE 4: REVENUE AND OTHER INCOME

	2021	2020
	\$	\$
Revenue		
World Apps revenue	48,419	89,405
Corona Revenue	48,314	111,756
World Voicemail	640,149	668,854
Software development	313,949	-
Total revenue	1,050,831	870,015
Government Grants		
JobKeeper	307,200	108,000
Research and Development Grant	743,531	712,997
Total government grant income	1,050,731	820,997

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4: REVENUE AND OTHER INCOME (Cont'd)

(a) Accounting policies and significant judgements

Interest Revenue

Interest revenue is recognised using the effective interest method. It includes the amortisation of any discount or premium.

World Apps & Corona Revenue

World Apps and Corona revenue is majority prepaid and subsequently amortised based on usage. Any prepaid revenue is recognised only when the Company has satisfied the relevant performance obligation, being the provision of call connections. Revenue is recognised on a straight line basis over the usage period.

World Voicemail

The World Voicemail stream to date consists of mobile phone application piloting, integration and implementation services under fixed-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the work performed does not create an asset of alternative use to the Group and the Group has an enforceable to right to payment for performance to date. This is determined based on the actual labour time spent relative to the total expected labour time required. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change.

Software Development

The software development revenue is related to software development relating to Avicena Automated Lamp Testing System (ALTS) for the purpose of screening for the COVID-19 virus. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the work performed does not create an asset of alternative use to the Group and the Group has an enforceable to right to payment for performance to date. This is determined based on the actual labour time spent relative to the total expected labour time required. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period to which the costs relate. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4: REVENUE AND OTHER INCOME (Cont'd)

JobKeeper

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(b) 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.

Timing of revenue recognition – 30 June 2021	World Apps revenue	Corona Revenue	World Voicemail
At a point in time	-	-	-
Over time	362,368	48,314	640,149
Total	362,368	48,314	640,149

Geographical Regions – 30 June 2021	World Apps revenue	Corona Revenue	World Voicemail
New Zealand	131	-	498,556
Australia	334,791	48,314	-
Rest of the World	27,446	-	141,593
Total	362,368	48,314	640,149

Timing of revenue recognition – 30 June 2020	World Apps revenue	Corona Revenue	World Voicemail
At a point in time	-	-	-
Over time	89,405	111,756	668,854
Total	89,405	111,756	668,854

Geographical Regions – 30 June 2020	World Apps revenue	Corona Revenue	World Voicemail
New Zealand	1,019	-	565,403
Australia	29,085	111,756	-
Rest of the World	59,301	-	103,451
Total	89,405	111,756	668,854

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4: REVENUE AND OTHER INCOME (Cont'd)

(c) Assets and liabilities related to contracts with customers

The group recognised the following assets and liabilities related to contracts with customers:

	2021	2020
	\$	\$
Current contract assets relating to the World Voicemail and Software Development	-	10,787
Total contract assets	-	10,787
Current contract liabilities relating to the World Voicemail and Software Development	88,619	20,228
Total contract liabilities	88,619	20,228

In adopting AASB 15, the group recognised a contract asset in relation to the World Voicemail fixed-price contracts whereby the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. Nil revenue was recognised in the current reporting period relating to carried-forward contract liabilities or performance obligations satisfied in a prior year.

Critical judgement in allocating transaction price

The World Voicemail fixed-price contract has a number of performance obligations, and the transaction price was allocated to the performance obligations based on the stand-alone selling prices.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 5: MATERIAL PROFIT AND LOSS ITEMS

Loss before income tax has been determined after incurring the following expenses:

	2021	2020
	\$	\$
Employee and Director Benefits		
Director's fees	300,152	314,922
Employee wages	1,227,928	1,299,039
Superannuation	138,750	142,423
Total employee and director benefits	1,668,830	1,756,384
Sales and Marketing		
Marketing costs	2,888	4,120
Sales commissions	44,440	55,269
Sales and marketing consultants	62,408	99,663
Total sales and marketing	109,736	159,052

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 6: INCOME TAX

Major components of income tax expense

	2021	2020
	\$	\$
(a) The major components of income tax expense/(benefit) comprise of:		
Current tax benefit	-	-
Deferred tax benefit	-	-
	-	-
(b) Reconciliation of prima facie tax on continuing operations to income tax expense / (benefit):		
The prima facie tax payable on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
Accounting loss before income tax	(870,660)	(1,891,225)
Prima facie income tax payable on loss before income tax at 26% (2020: 27.5%)	(226,372)	(520,087)
Add/(Less) Tax effect of:		
Non-deductible differences	-	27,582
Non-assessable income	-	(201,657)
Research and development expenditure	279,990	-
Entertainment	190	-
Penalties and fines	208	-
Non-assessable items	(22,750)	-
Research and development grant income	(170,568)	414,732
Share based payments	1,949	-
Non-deductible legal fees	2,476	-
Offset against DTL/Not recognised	134,877	279,430
Income tax expense attributable to profit	-	-
(c) Current tax liability		
Current tax relates to the following:		
Current tax liabilities/(assets)		
Opening balance	-	-
Income Tax	-	-
	-	-

For personal use only

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 6: INCOME TAX (Cont'd)

(d) Deferred Tax

Deferred Tax Assets balance comprises:

Provision for loan receivable	39,248	30,512
AASB 6 Lease adjustment	-	1,113
Plant and equipment	46,964	61,203
Plant and equipment under lease	11,289	-
Accruals	33,957	14,086
Provisions – Annual and Long Service Leave	64,702	74,336
Capital Raising Costs	13,555	21,010
Business Related Costs	33,463	61,551
DTA/DTL not recognised	(8,059,585)	(8,953,052)
Tax and capital losses	7,816,407	8,689,241
	-	-

Deferred Tax Liabilities balance comprises:

Prepayments	(91)	-
Offset against DTA/Not recognised	91	-
	-	-
Net Deferred Tax	-	-

(e) Deferred income tax(revenue)/expense included in income tax expense comprises:

Decrease/(increase) in DTA	(116,910)	(314,543)
(Decrease)/increase in DTL	(17,892)	30,196
Offset against DTA/DTL not recognised	134,802	284,348
	-	-

(f) Deferred income tax related to items charged or credited directly to equity

Decrease/(increase) in DTA	-	4,950
(Decrease)/increase in DTL	-	-
Offset against DTA/DTL not recognised	-	(4,950)
	-	-

For personal use only

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 6: INCOME TAX (Cont'd)

(g) Deferred tax assets not brought to account

Temporary differences	232,522	263,675
Operating tax losses	7,816,407	8,107,036
Capital losses	550,449	582,205
	8,599,377	8,952,917

The benefit for tax losses will only be obtained if:

- the Company derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Company continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
- there are no changes in tax legislation in Australia which will adversely affect the Company in realising the benefit from the deductions for the losses.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Norwood Systems Limited and its wholly-owned Australian subsidiary have not formed an income tax consolidated group under the tax consolidation regime.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 7: LOSS PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income or loss and share data used in the total operations basic and diluted earnings per share computations:

	2021	2020
	\$	\$
Loss used in the calculation of basic and diluted loss per share	(870,660)	(1,891,225)
Basic loss per share attributable to equity holders (cents per share)	(0.34)	(0.85)
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share	252,792,827	222,237,632

Options outstanding during the year have not been taken into account in the calculation of the weighted average number of ordinary shares as they are considered anti-dilutive.

I. Basic loss per share

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

II. Diluted loss per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 8: CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash at bank	58,474	152,730
Total Cash and Cash Equivalents	58,474	152,730

Cash at bank earns interest at floating rates based on daily bank rates. Refer to note 22 on financial instruments for details on the Group's exposure to risk in respect of its cash balance. Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTE 9: TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
Current:		
Trade Receivables	163,625	93,206
Provision for doubtful debt	(40,000)	-
Other Receivables	109,454	178,049
Provision of loan receivable ¹	(110,954)	(110,954)
Prepaid Expenses	350	493
Total Trade and Other Receivables	122,475	160,794

¹The loan receivable from Paul Ostergaard were provided for during the prior year and refer to note 23 for further disclosure.

Trade accounts and other receivables are initially valued at fair value, less any allowance for expected credit losses using the expected credit loss model under AASB 9. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid. As at 30 June 2021, nil amounts had been impaired (2020: \$110,954). Prepaid expenses refer to amounts paid for goods and services in advance, and these amounts are amortised over the period of time to which the service relates.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 10: RIGHT TO USE ASSETS AND LEASE LIABILITIES

The group have recognised the below balances in the current year in relation to AASB 16.

	2021	2020
	\$	\$
Right of Use Assets		
Right of use asset - Buildings	177,987	177,987
Accumulated amortisation	(137,353)	(68,677)
	40,634	109,310
Lease Liabilities		
Current	43,940	81,425
Non-current	-	32,452
	43,940	113,877

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial

direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

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.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under -residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 10: RIGHT TO USE ASSETS AND LEASE LIABILITIES (Cont'd)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 11: TRADE AND OTHER PAYABLES

	2021 \$	2020 \$
Current:		
Trade payables	266,361	202,040
Other creditors and accruals	336,128	248,143
Total Trade and Other Payables	602,489	450,183

Trade payables are non-interest bearing and are normally settled on 30-day terms.

Trade accounts and other payables and accrued liabilities represent the principal amounts outstanding at reporting date plus, where applicable, any accrued interest

NOTE 12: LOANS PAYABLE

	2021 \$	2020 \$
Current:		
R&D Loan Facility Payable ¹	278,828	408,029
Unexpired Interest ¹	12,634	24,885
Convertible Note Payable ²	200,000	-
Total Loan Payable	491,462	432,914

(1) R&D Loan Facility Payable

During the year, the Company received advance funding on its expected FY2021 R&D rebate from Radium Capital. Refer to below for key terms of this funding.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 12: LOANS PAYABLE (Cont'd)

Key Facility Terms:

- 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 2021
 - Norwood has the option to repay earlier without penalties
- Interest Rate: 14% per annum, and default rate of 18% (from 1 October 2020 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 as per agreement: Wholly or predominantly for working capital or research and development expenditures.

(2) Convertible Notes Payable

On 17 May 2021 (as varied on 11 August 2021), the Company entered into an unsecured convertible note facility (Convertible Note Facility) with Paul Ostergaard for the issue of 8,333,333 convertible notes (Notes) to the value of \$200,000, the conversion of the Notes into Shares being subject to the receipt of shareholder approval. As at 30 June 2021, the notes are unsecured interest free debt instruments and did not carry any rights to conversion until receipt of shareholder approval which will be obtained at a General Meeting of the Company. The General Meeting is to be held in September 2021.

Key Terms and Conditions:

- Each note has a face value of \$0.024;
- Maturity date is 12 months from the date the Convertible Note Facility is signed by all the parties;
- Each note issued may be converted into one fully paid ordinary share of the Company. The conversion occurs automatically upon shareholder approval;
- Each note will have a conversion price of \$0.024;
- Interest is 8% per annum, and payable in arrears on redemption. If automatically converted, no interest applies.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13: ISSUED CAPITAL

	2021	2020
	No. of Shares	No. of Shares
Issued Ordinary Shares – no par value (fully paid)	260,504,864	247,838,755
Total	260,504,864	247,838,755

	No.	\$
Opening balance – 1 July 2019	2,076,510,283	29,532,587
Sept 2019 – Shares issued as consideration for professional services received ¹	20,350,000	55,000
October 2019 – Shares issued under placement	66,666,666	200,000
December 2019 – Shares issued under placement and shares issued to advisors ²	69,166,666	209,000
December 2019 – Share consolidation (1:10) ³	(2,009,423,552)	-
February 2020 - Shares issued under placement ⁴	5,138,387	206,000
March 2020 - Shares issued under placement ⁵	8,066,667	203,000
June 2020 – Shares issued under placement	11,363,638	250,000
June 2020 - Shares to be issued as consideration for professional services received ⁶	-	12,000
Cost of share issue	-	(22,710)
Closing balance – 30 June 2020	247,838,755	30,644,878

- 10,350,000 shares (pre-consolidation) in the Company were issued in satisfaction of outstanding invoices in relation to advisory services with a total value of \$33,000. In addition 10,000,000 shares (pre-consolidation) in the Company were issued to the underwriter as capital raising cost with a total value of \$40,000. Out of the total value of \$40,000, a total value of service for \$18,000 was received and recognised in FY2019.
- 2,500,000 (pre-consolidation) shares in the Company were issued in satisfaction of outstanding invoices in relation to advisory services with a total value of \$9,000.
- Norwood received shareholder approval at the Company's Annual General Meeting to consolidate its issued capital through the conversion of every 10 existing securities into 1 security. The consolidation of capital was applied to all listed and unlisted options at the time of the consolidation.
- 138,387 shares were issued to an advisor for services provided with a total value of \$6,000.
- 66,667 shares were issued to an advisor for services provided with total value of \$3,000.
- Shares to be issued to an advisor in relation to advisory services with a total value of \$12,000.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13: ISSUED CAPITAL (Cont'd)

	No	\$
Opening balance – 1 July 2020	247,838,755	30,644,878
Nov 2020 - Shares issued pursuant to the exercised of 13,614 NOROA Listed Options with \$0.08 exercise price	13,614	1,089
Nov 2020 - Shares issued pursuant to the exercised of 13,614 NOROA Listed Options with \$0.08 exercise price	306	24
Dec 2020 - Shares issued pursuant to the exercised of 800k unlisted NOROA ZEPO options	800,000	-
Dec 2020 - Shares issued as consideration for professional services received	837,698	9,000
Jan 2021 - Shares issued under Placement	4,347,826	100,000
Feb 2021 - Shares issued under Placement	6,666,665	120,000
June 2021- Shares to be issued as consideration for professional services received ^(a)	-	84,000
Cost of share issue	-	-
Closing balance – 30 June 2021	260,504,864	30,958,991

(a) Shares to be issued to an advisor in relation to advisory services with a total value of \$84,000 for the fair value of services rendered.

The Company has unlimited authorised capital. There are no restrictions on distributions of dividends or repayment of capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Capital Management

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maximise the returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board is constantly reviewing the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the Board may issue new shares, return capital to shareholders or sell assets to reduce debt.

The Group was not subject to any externally imposed capital requirements during the year.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14: SHARE BASED PAYMENT RESERVE

	2021	2021
	No. of Options	\$
Issued Options	107,045,790	9,164,081
	No.	\$
Opening balance – 1 July 2020	107,045,790	9,021,872
Oct 2020 - Exercise of options	(13,920)	-
Dec 20 - Listed Options Issued	58,356,636	116,713
Jan 21 - Listed Options Issued	9,000,000	18,000
Expiry of options	(105,566,870)	-
Share Based Payments – Further vesting value of options	-	7,496
Closing balance – 30 June 2021	68,821,636	9,164,081

	2020	2020
	No. of Options	\$
Issued Options	107,045,790	9,021,872
	No.	\$
Opening balance – 1 July 2019	626,487,112	8,935,700
September 2019 – NOROA listed options ⁽ⁱ⁾ & ⁽ⁱⁱ⁾	121,666,667	13,462
September 2019 – ZEPO options issued to KMP and consultants ⁽ⁱⁱⁱ⁾	12,000,000	40,504
October 2019 – NOROA listed options (Placement)	66,666,667	-
December 2019 – Shares consolidation (1:10) ^(iv)	(744,138,294)	-
February 2020 – Free attaching NOROA listed options	5,000,000	-
March 2020 – Free attaching NOROA listed options ^(v)	4,000,000	-
June 2020 – Free attaching NOROA listed options ⁽ⁱ⁾	15,363,637	-
Share based payments – further vesting value of options	-	32,206
Closing balance – 30 June 2020	107,045,790	9,021,872

- i. An additional 15,000,000 NOROA listed options (pre-consolidation) were issued to the underwriter with the same terms and conditions of the free attaching options (exercise price of \$0.008 and expiry 31 October 2020), subject to shareholders approval (shareholder approval received on 29 May 2020).
- ii. Included in total NOROA listed options issued was 66,666,667 NOROA listed options (pre-consolidation) issued to the underwriter (refer to point iii), 15,000,000 NOROA listed options (pre-consolidation) issued to an advisor. NOROA listed options have an exercise price of \$0.008 and expire on 31 October 2020.
- iii. Issue of unlisted ZEPO options to KMP and consultant. The ZEPO options have a nil exercise price and expire on 20 September 2021 with a 12 month vesting condition.
- iv. Norwood received shareholder approval at the Company's Annual General Meeting to consolidate its issued capital through the conversion of every 10 existing securities into 1 security. The consolidation of capital was also applied to all listed and unlisted options at the time of the consolidation.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14: SHARE BASED PAYMENT RESERVE (Cont'd)

- v. 4,000,000 free attaching NOROA Listed options were issued as part of a placement, and the remaining 4,000,000 free attaching NOROA Listed options are subject to shareholder approval which subsequently received on 29 May 2020, and the options were issued in June 2020.

For further details in regards to movements in options share based payments during the year ended 30 June 2021, refer to Note 19.

NOTE 15: ACCUMULATED LOSSES

	2021	2020
	\$	\$
Accumulated Losses	(41,270,592)	(40,399,932)
Opening balance	(40,399,932)	(38,508,707)
Net loss for the financial year	(870,660)	(1,891,225)
Total	(41,270,592)	(40,399,932)

NOTE 16: GROUP ENTITIES

Parent Entity

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.

Name	Country of Incorporation	% Equity Interest 2021	% Equity Interest 2020
Norwood Systems Ltd	Australia	100%	100%
Norwood Systems (UK) Pty Ltd	Australia	100%	100%
Norwood Incorporated	USA	100%	100%

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 17: OPERATING CASH FLOW INFORMATION

	2021	2020
	\$	\$
Reconciliation of cash flow from operations with loss after income tax		
Loss for the year	(870,660)	(1,891,225)
Non-cash items:		
Shares issued as consideration for services provided	93,000	15,809
Share based payments	7,496	86,172
Depreciation and amortisation	84,069	89,577
Rent and finance costs relate to leases	5,974	-
Changes in Assets and Liabilities		
(Increase) / Decrease in Trade and Other Receivables	49,105	302,911
Increase / (Decrease) in Trade and Other Payables	249,531	41,912
Increase / (Decrease) in Provisions	(21,459)	25,769
Cash flows used in operations	(402,944)	(1,329,075)

During the financial year ended 30 June 2021, there were nil non-cash investing activities (2020: nil).

NOTE 18: AUDITOR'S REMUNERATION

	2021	2020
	\$	\$
The auditor of Norwood Systems Limited is BDO Audit (WA) Pty Ltd		
Amounts received or due and receivable by BDO for:		
Audit and review services	62,749	45,764
	62,749	45,764

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 19: SHARE BASED PAYMENTS

Share based payments made during the financial year ended 30 June 2021 are summarised below.

(a) Recognised Share Based Payment Expense

	2021	2020
	\$	\$
Expense arising from equity settled share based payment transactions through issue of share capital and options	7,496	86,172
Consulting expenses settled through issue of share capital and options	93,000	64,000
	100,496	150,172

(b) Options Granted During the Year

No options were granted during the financial year ended 30 June 2021 in exchange for goods or services.

(c) Summary of Options Granted for Goods or Services

Tranche	Grant Date	Exercise Price	Expiry	Held at 30 June 2021
NOROP11	2 Aug 2016	\$0.57	2 Aug 2021	265,000
ZEPO	27 Aug 2019	\$0.00	20 Sept 2021	1,200,000
				1,465,000

	2021	WAEP	2020	WAEP
Outstanding at the beginning of the year	6,665,000	\$0.07	39,650,000	\$0.07
Consolidation (1:10) during the year	-	-	(35,685,000)	-
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Issued during the year	-	\$0.00	2,700,000	\$0.05
Expired during the year	(5,200,000)	-	-	-
Outstanding at the end of the year	1,465,000	\$0.06	6,665,000	\$0.07

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 19: SHARE BASED PAYMENTS (Cont'd)

(d) Weighted Average Remaining Contractual Life

The weighted average remaining contractual life of options outstanding at 30 June 2021 is 0.19 years (2020: 0.61 years).

(e) Range of Exercise Prices and Weighted Average Share Price at the Date of Exercise

The range of exercise prices for options outstanding at the end of the year was \$Nil - \$0.57 (2020: Nil - \$0.923).

(f) Weighted Average Fair Value

The weighted average fair value of options granted in exchange for good or services during the current year was nil (2020: \$30,910).

(g) Shares issued for consideration of services

During the financial year, the following shares were issued to an advisor in consideration for services in relation to corporate advisory during the year:

Share Based Payment	Number of shares	\$ Value
December 2020 - Issue of shares as consideration for professional services received	346,152	\$9,000

- (a) 346,152 shares in the Company were issued on 21 December 2020 in satisfaction of outstanding invoices in relation to advisory services with a total value of \$9,000.
- (b) 3,634,380 shares in the Company is yet to be issued for \$84,000 of professional services which have been accrued at 30 June 2021.

Share Based Payments

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Transactions with employees and others providing similar service are measured by reference to the fair value at grant date of the equity instrument granted using a Black-Scholes option pricing model.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 20: PARENT ENTITY INFORMATION

	2021	2020
	\$	\$
Assets		
Current assets	37,060	108,805
Non-current assets	-	-
Total Assets	37,060	108,805
Liabilities		
Current liabilities	407,025	158,007
Non-current liabilities	-	-
Total Liabilities	407,025	158,007
Net Assets/(Deficiency)	(369,965)	(49,202)
Equity		
Issued capital	42,187,800	41,873,688
Reserves	11,062,475	11,036,979
Accumulated losses	(53,620,240)	(52,959,869)
Total Net Asset Deficiency	(369,965)	(49,202)
Loss of the parent entity	(660,372) ⁽¹⁾	(1,205,747) ⁽¹⁾
Total comprehensive loss of the parent entity	(660,372) ⁽¹⁾	(1,205,747) ⁽¹⁾

⁽¹⁾ Loss includes impairment of intercompany loan of nil (2020: \$629,128) and impairment of investment in subsidiaries of nil (2020: nil).

The contingent liabilities of the Company are the same as the contingent liabilities of the Group as disclosed at note 25.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 21: SEGMENT INFORMATION

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. 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 (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash, receivables, and payables.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified.

The Group manages its exposure to key financial risks, including interest rate, credit and liquidity risks in accordance with the Group's risk management policy. The primary objective of the policy is to reduce the volatility of cash flows and asset values arising from such movements.

The Group uses different methods to measure and manage the different types of risks to which it is exposed. These include monitoring the levels of exposure to interest rate risk, ageing analysis and monitoring of credit allowances to manage credit risk and the use of future cash flow forecasts to monitor liquidity risk.

(b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

(c) Credit Risk

i. Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2021	2020
	\$	\$
Financial Assets - Current		
Cash and cash equivalents	58,474	152,730
Trade and other receivables	122,475	160,794
Total Financial Assets	180,949	313,524

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22: FINANCIAL INSTRUMENTS (Cont'd)

As at 30 June 2021, there were no financial assets neither past due nor impaired (2020: nil).

ii. Interest Rate Risk

The Group's maximum exposure to interest rates at the reporting date was:

	Range of Effective Interest Rate	Carrying Amount	Interest Rate Exposure			Total
			Variable Interest Rate	Non-Interest Bearing	Fixed Interest Rate	
Consolidated 2021	(%)	\$	\$	\$	\$	\$
Financial Assets - Current						
Cash and cash equivalents	0-0.75	58,474	58,474	-	-	58,474
Consolidated 2020						
Financial Assets - Current						
Cash and cash equivalents	0-0.75	152,730	152,730	-	-	152,730

iii. Trade and Other Receivables

The Group's maximum exposure to credit risk for trade and other receivables at the reporting date was:

	Carrying Amount	Not past Due and not impaired	Credit Risk Exposure			Impaired Financial Assets
			1-3 Months	3 Months to 1 Year	1 Year to 5 Years	
Consolidated 2021	\$	\$	\$	\$	\$	\$
Financial Assets - Current						
Trade and other receivables	122,475	122,475	-	-	-	-
Consolidated 2020						
Financial Assets - Current						
Trade and other receivables	160,794	160,794	-	-	-	-

(d) Liquidity Risk

i. Exposure to Liquidity Risk

The carrying amount of the Group's financial liabilities represents the maximum liquidity risk. The Group's maximum exposure to liquidity risk at the reporting date was:

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22: FINANCIAL INSTRUMENTS (Cont'd)

	2021	2020
	\$	\$
Financial Liabilities - Current		
Trade and other payables	674,795	450,183
Loan Payable	491,462	432,914
Total Financial Liabilities	1,166,257	883,097

ii. Contractual Maturity Risk

The following table discloses the contractual maturity analysis at the reporting date:

2021	6-12 months	1 year or less	Over 1 to 5 years	More than 5 years	Total
Financial Instrument	\$	\$	\$	\$	\$
Financial Assets					
Cash	58,474	-	-	-	58,74
Other debtors	122,475	-	-	-	122,475
Total financial assets	180,949	-	-	-	180,950
Financial Liabilities					
Trade payables	266,361	-	-	-	266,361
Other payables	408,434	-	-	-	408,434
Loan Payable	491,462	-	-	-	491,462
Total financial liabilities	1,166,257	-	-	-	1,166,257

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22: FINANCIAL INSTRUMENTS (Cont'd)

2020 Financial Instrument	6-12 months \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Total \$
Financial Assets					
Cash	152,730	-	-	-	152,730
Other debtors	160,794	-	-	-	160,794
Total financial assets	313,524	-	-	-	313,524
Financial Liabilities					
Trade payables	202,040	-	-	-	202,040
Other payables	248,143	-	-	-	248,143
	432,914	-	-	-	432,914
Total financial liabilities	883,097	-	-	-	883,097

(e) Market Risk

i. Currency Risk

The Group's primary operations were in Australia and New Zealand during the year ended 30 June and therefore exposed to foreign exchange risk, primarily in the NZ dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through debtor balances generated from NZ client and as at the year ended 30 June 2021, the balance is \$100,466 (2020: 70,114).

ii. Interest Rate Risk

The Group's only exposure to interest rate risk is Cash as set out in Note 22(c)(ii). The group is not exposed to debt interest rate risk in 2021 as the R&D facility and convertible note incurs a fixed interest rate (2020: no exposure as borrowings bear interest at a fixed rate).

iii. Sensitivity Disclosure Analysis

Taking into account past performance, future expectations and economic forecasts, the Group believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the Reserve Bank of Australia).

It is considered that 100 basis points is a 'reasonably possible' estimate of potential variations in the interest rate.

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the Group at year end as presented to key management personnel, if changes in the relevant risk occur.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22: FINANCIAL INSTRUMENTS (Cont'd)

	Carrying Amount	Interest Rate Risk			
		+1% Profit	+1% Equity	-1% Profit	-1% Equity
2021	\$	\$	\$	\$	\$
Financial Assets - Current					
Cash and cash equivalents	58,474	585	585	(585)	(585)
2020					
Financial Assets - Current					
Cash and cash equivalents	152,730	1,527	1,527	(1,527)	(1,527)

NOTE 23: RELATED PARTY TRANSACTIONS

(a) Key Management Personnel Compensation

Information on remuneration of all Directors and key management personnel is contained in the Remuneration Report within the Directors' Report.

The aggregated compensation paid to Directors and key management personnel of the Group is as follows:

	2021 \$	2020 \$
Short-term employee benefits	512,078	544,161
Post-employment benefits	43,840	47,420
Share Based Payment	4,998	52,634
Total	560,916	644,215

(b) Loans with Key Management Personnel

Ocean Broadband Ltd (Mr Paul Ostergaard – Managing Director, appointed 8 June 2015)

Ocean Broadband Ltd, a company of which Mr Paul Ostergaard is a Director and Shareholder, shared office space and employees with Norwood Systems (Aust) Pty Ltd until approximately 30 June 2015. A loan balance has arisen between Norwood Systems (Aust) Pty Ltd and Ocean Broadband Ltd as a result of these shared transactions and cash transfers. There is no formal agreement in place in relation to the loan receivable from Paul Ostergaard.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 23: RELATED PARTY TRANSACTIONS (Cont'd)

Movements in the loan account during the year are as follows:

	2021	2020
	\$	\$
Opening balance receivable by the Group	-	40,469
Provision for loan receivable	-	(40,469)
Total receivable due to the Group	-	-

(b) Loans with Key Management Personnel (Cont'd)

Ostergaard Family Trust (Mr Paul Ostergaard – Managing Director, appointed 8 June 2015)

The Company has a loan account with the Ostergaard Family Trust, the movements in which are as follows:

	2021	2020
	\$	\$
Opening balance payable by the Group	-	33,101
Loan proceeds (advanced)	-	-
Provision for loan receivable	-	(33,101)
Total payable by / (receivable due to) the Group	-	-

Mr Paul Ostergaard – Managing Director

The Company has a loan account with the Paul Ostergaard, the movements in which are as follows:

	2021	2020
	\$	\$
Opening balance payable by the Group	-	36,501
Provision for loan receivable	-	(36,501)
Convertible Notes ¹	(200,000)	-
Total payable by / (receivable due to) the Group	(200,000)	-

For personal use only

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 23: RELATED PARTY TRANSACTIONS (Cont'd)

¹During the year, the Company received funds from Paul Ostergaard relating to convertible notes issued. As at 30 June 2021, the notes are unsecured interest free debt instruments and did not carry any rights to conversion until receipt of shareholder approval which will be obtained at a General Meeting of the Company. The General Meeting is to be held in September 2021. The funds were raised to enable the Company to fund its working capital requirements. Total funds raised under the convertible note agreements was \$200,000, and under the terms of the Convertible Note Agreements, the Company's obligation to repay the loan funds will be satisfied by the Company issuing Conversion Shares to the Lender. Refer to Note 12 for further details of the convertible notes.

(c) Other Related Party Transactions

Norwood and Avicena Systems Pty Ltd, of which Paul Ostergaard is a Director, entered into an agreement on 3rd of November 2020 whereby Norwood were engaged to undertake software development relating to Avicena's prototype machine. Under the agreement, Norwood have provided physical facilities as required to support the timely development of the prototype software on the machine. Norwood received a fixed fee of \$100,000 excluding GST, 70% of the fee was invoiced on execution of the agreement and the remaining 30% was invoiced on completion. The full amount of the fixed fee received during the period. These services were provided on normal commercial terms and at arm's length. No amount remained outstanding as at 30 June 2021.

On 21 May 2021, Norwood and Avicena entered into a Service Agreement whereby Norwood undertook software development relating to the operation of the Avicena and provide physical facilities to support timely development of the software. The value of the contract was \$170,000 before GST. Subsequent to 30 June 2021, all services and amounts due have been delivered.

Notes to the Consolidated Financial Statements (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 24: MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 16 July 2021, Norwood received a purchase order from its long-term customer, Spark NZ for approximately NZD\$639,000 for services to be provided across the financial year 2022 under the agreement initially detailed to the ASX on 30 January 2020 (Agreement). Under the Agreement, Norwood to provide Spark with a Spark-branded version of Norwood's world Voicemail service and application, for the use by Spark NZ subscribers, available on the New Zealand App Stores.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

NOTE 25: COMMITMENT AND CONTINGENT LIABILITIES

The Directors are not aware of any other commitment and contingent liabilities that may arise from the Group's operations as at 30 June 2021.

For personal use only

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2021

In the Directors' opinion:

- a. the accompanying financial statements set out on pages 34 to 73 and the Remuneration Report in the Directors' Report are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the year ended on that date; and
 - ii. complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2021.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors



Mr Paul Ostergaard

Managing Director

31 August 2021

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 Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

We 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 report.

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in 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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 4, the Group generates a significant portion of its revenue from customer contracts for the provision of mobile phone application and other software piloting, integration and implementation services.</p> <p>The application of AASB 15 <i>Revenue from Contracts with Customers</i> ('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.</p> <p>Revenue recognition is a key audit matter due to the quantum of revenue generated from contracts and the nature of the key estimates and judgements.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • 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 4 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 Group 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 30 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Norwood Systems Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a faint, light-colored BDO logo.

Dean Just

Director

Perth, 31 August 2021

ASX Additional Information

FOR THE YEAR ENDED 30 JUNE 2021

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Financial Report is set out below.

SHAREHOLDINGS

The issued capital of the Company at 11 August 2021 is 263,004,864 ordinary fully paid shares. All ordinary shares carry one vote per share. The Company has used the cash it had at the time of admission to the Official List of the ASX in accordance with its stated business objectives.

TOP 20 SHAREHOLDERS AS AT 11 AUGUST 2021

		No of Shares Held	% Held
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	20,719,370	7.88
2	7SUNDAYS PTY LTD	18,700,000	7.11
3	PAUL FREDERICK NORWOOD OSTERGAARD	12,590,460	4.79
4	BNP PARIBAS NOMINEES PTY LTD	11,439,573	4.35
5	MS ANNE-MARIE DEBELAK	10,500,000	3.99
6	MR KINGSLEY BRYAN BARTHOLOMEW	5,906,610	2.25
7	MR MATTHEW PHILLIP ANTONEL	5,816,600	2.21
8	GRANGE CONSULTING GROUP PTY LTD	5,682,752	2.16
9	NETWEALTH INVESTMENTS LIMITED	4,965,688	1.89
10	MR RYAN GRAHAM HOLLINGSWORTH	4,274,639	1.63
11	LEON CAPITAL PTY LTD	3,443,213	1.31
12	DOMAEVO PTY LTD	3,200,000	1.22
13	BILL JOHN REAL ESTATE PTY LTD	2,685,000	1.02
14	BLAMNCO TRADING PTY LTD	2,681,818	1.02
15	OCEAN BROADBAND LTD	2,647,480	1.01
16	T & N ARGYRIDES INVESTMENTS PTY LTD	2,500,000	0.95
17	B DONOVAN PTY LTD	2,473,602	0.94
18	GOLDFIRE ENTERPRISES PTY LTD	2,385,845	0.91
19	TERSA PTY LTD	2,306,178	0.88
20	E EQUITIES PTY LTD	2,151,890	0.82
	Total	127,070,718	48.31
	Balance of register	135,934,146	51.69
	Grand total	263,004,864	100.00

ASX Additional Information (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

RANGE & LOCATION OF SHAREHOLDERS

Shares Range	No. of Holders	No. of Shares
100,001 and Over	278	238,852,508
10,001 to 100,000	568	20,371,530
5,001 to 10,000	263	2,013,112
1,001 to 5,000	573	1,596,406
1 to 1,000	878	171,308
Total	2,560	263,004,864
Holdings less than a marketable parcel	2,048	10,132,995

Shareholders by Location	No. of Holders	No. of Shares
Australian holders	2,465	258,358,835
Overseas holders	99	4,646,029
Total	2,564	263,004,864

VOTING RIGHTS

The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

RESTRICTED SECURITIES

There are no restricted securities.

ASX Additional Information (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

SUBSTANTIAL SHAREHOLDER NOTICES AS AT 11 AUGUST 2021

		No. of Shares Held	% Held
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	20,719,370	7.88
2	7Sundays Pty Ltd	18,700,000	7.11

OPTION HOLDINGS

The Company has the following classes of unlisted options on issue at 11 August 2021 as detailed below. Options do not carry any rights to vote.

Class	Terms	No. of Options
NOROP11	Exercisable at \$0.57 expiring on or before 2 August 2021	265,000
ZEPO	Exercisable at \$0.000 expiring on or before 27 August 2021	1,200,000
NOROC	Exercisable at \$0.000 expiring on or before 31 October 2021	67,356,636
		68,821,636

The following Option holders hold more than 20% of a particular class of the Company's Unlisted Options.

Holder	UNLISTED OPTIONS	
	NOROP11	ZEPO
Mr Steven Tot	100,000 37.74%	-
Mr Mike Edwards	-	400,000 33%
Mr Giles Everist	-	400,000 33%
Mr Steven Wood	-	400,000 33%
Total	100,000	1,200,000
Balance of register	265,000	-
Total Number of Holders	7	3

ASX Additional Information (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2021

OPTION HOLDINGS (Cont'd)

(i) LISTED OPTIONS

Listed options (NOROC) of the Company at 11 August 2021 is 67,356,636.

TOP 20 OPTIONHOLDERS AS AT 11 AUGUST 2021

		No of Listed Options Held	% Held
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	20,045,455	29.76
2	AJAVA HOLDINGS PTY LTD	6,670,000	9.90
3	7SUNDAYS PTY LTD	5,000,000	7.42
4	CITICORP NOMINEES PTY LIMITED	3,892,935	5.78
5	BNP PARIBAS NOMINEES PTY LTD	3,468,411	5.15
6	MR RYAN GRAHAM HOLLINGSWORTH	2,177,500	3.23
7	WOODROFFE INVESTMENTS (VIC) PTY LTD	2,000,000	2.97
8	ARCO IRIS TRADING PTY LTD	1,679,550	2.49
9	MR ZANE ERIC GRAY	1,500,250	2.23
10	LEON CAPITAL PTY LTD	1,181,820	1.75
11	MR MATTHEW PHILLIP ANTONEL	1,100,000	1.63
12	BLAMNCO TRADING PTY LTD	1,015,155	1.51
13	MR DANIEL SEIGFRIED LABELLA	751,500	1.12
14	AARDVARK FLOOR SERVICES PTY LTD	537,275	0.80
15	GRANGE CONSULTING GROUP PTY LTD	500,000	0.74
15	ELEVATION DESIGN & SOLUTIONS PTY LTD	500,000	0.74
15	DR MICHAEL DAVID STEINER	500,000	0.74
15	EAL SUPER PTY LTD	500,000	0.74
15	MRS IMOGEN ELIZABETH DRAKE STEINER	500,000	0.74
15	MRS HELEN MARGARET BURKE	500,000	0.74
15	GG REGI PTY LTD	500,000	0.74
15	GAMILEN PTY LTD	500,000	0.74
15	SHADWICK NOMINEES PTY LTD	500,000	0.74
15	MRS SALLY MARJORIE EVERIST	500,000	0.74
15	M D STEINER PTY LIMITED	500,000	0.74
15	SUE STEINER PTY LTD	500,000	0.74
15	NARDIE GROUP PTY LTD	500,000	0.74
15	PETER J BURKE PTY LTD	500,000	0.74
15	EGAN FINANCIAL PTY LTD	500,000	0.74

15	JPAC HOLDINGS PTY LTD	500,000	0.74
15	TILU PTY LTD	500,000	0.74
15	M & M SMIGLIANI PTY LIMITED	500,000	0.74
16	MRS LISA HOLLINGSWORTH	477,700	0.71
17	VERIDO HOLDINGS PTY LTD	400,000	0.59
18	B DONOVAN PTY LTD	363,750	0.54
19	MR NEIL JOHN HOSKING	354,400	0.53
20	YUNKI PTY LIMITED	280,000	0.42
Total		61,895,701	91.89
Balance of register		5,460,935	8.11
Grand total		67,356,636	100.00

RANGE & LOCATION OF OPTIONHOLDERS

Shares Range	No. of Holders	No. of Listed Options
100,001 and Over	58	66,309,731
10,001 to 100,000	24	834,160
5,001 to 10,000	17	123,820
1,001 to 5,000	33	79,540
1 to 1,000	25	9,385
Total	157	67,356,636
Holdings less than a marketable parcel	125	7,336,785

Shareholders by Location	No. of Holders	No. of Listed Options
Australian holders	157	67,356,636
Overseas holders	0	0
Total	157	67,356,636

Corporate Governance Statement

The Board of Directors (“the Board”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

This statement outlines the main Corporate Governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations 4th edition unless otherwise stated.

Board of Directors

Role of the Board

The Board’s primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for the overall Corporate Governance of the entity including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for Directors and senior executives, establishing and monitoring the achievement of management’s goals and ensuring the integrity of risk management, internal control legal compliance and management information systems. It is also responsible for approving and monitoring financial and other reporting. The Company has a board charter for review on its website and includes the roles, responsibilities, and accountability of the company secretary.

Board Processes

The Board has established an Audit Committee and Remuneration Committee. The Board has not established a Nomination Committee because of the limited size, nature and scope of operations of the Company, the Board itself undertakes these responsibilities. The Board has established a framework for the management of the Company including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds scheduled meetings each year and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared in conjunction with the Chairman (where applicable). Standing items include the financial reports, strategic matters, governance and compliance. Submissions are circulated in advance.

Director Education

The entity does not have a formal process to educate new Directors about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors, these matters are dealt with on an informal basis at present. However, when the Company expands its present business activities a formal process will be initiated to educate new and existing Directors on an ongoing basis.

Corporate Governance Statement (Cont'd)

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all relevant Company information and, subject to prior consultation with the Chairman (if applicable), may seek independent professional advice from a suitably qualified adviser at the Company's expense. The Director must consult with an adviser suitably qualified in the relevant field, and obtain the Chairman's or other Independent Directors' approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other members of the Board.

Composition of the Board

The names of the Directors of the Company in office at the date of this report are set out in the Directors' Report.

The Board currently has a majority of independent Directors. Directors have been selected to bring specific skills and industry experience to the Company. The Board has an expansive range of relevant industry experience, financial, legal and other skills and expertise to meet its objectives. The current board composition includes two independent Directors and one non-independent Director.

The future composition of the Board is determined using the following principles:

- the Board should comprise not more than ten Directors and not less than three Directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate materialises;
- a majority of Directors having extensive knowledge of the Company's industries, and those which do not, have extensive expertise in significant aspects of auditing and financial reporting, or risk management of large companies;
- the Chairman should not also be the Chief Executive Officer;
- the Board should comprise Directors with a broad range of expertise both nationally and internationally;
- Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter Directors are subject to re-election at least every three years. The tenure for executive Directors is linked to their holding of executive office; and
- the Board assumes the role of Nomination Committee due to the size, nature and scope of the Company.

An independent Director is a Director who is not a member of management (a Non-Executive Director) and who:

- holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated, directly or indirectly, with a shareholder of more than 5% of the voting shares of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal or employee of a material* professional adviser or a material* consultant to the Company or another Group member;
- is not a material* supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a material* supplier or customer;
- has no material* contractual relationship with the Company or another Group member other than as a Director of the Company;

Corporate Governance Statement (Cont'd)

- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially* interfere with the Director's ability to act in the best interests of the Company.

The Board considers Mr Michael Edwards and Mr Giles Everist to be independent Directors and Mr Paul Ostergaard, as a member of management, to not be an independent Director. Therefore the majority of the Board is considered to be comprised of independent Directors.

* the Board considers 'material', in this context, to be where any Director-related business relationship has represented, or is likely in the future to represent the lesser of at least 10% of the relevant segment's or the Director-related business' revenue. The Board considered the nature of the relevant industries' competition, and the size and nature of each Director-related business relationship, in arriving at this threshold.

The Board maintains a skills matrix which indicates the mix of skills, experience and expertise that are considered necessary at Board level for optimal performance of the Board. The matrix reflects the Board's objective to have an appropriate mix of industry and professional experience including skills such as leadership, governance, strategy, finance, risk, relevant industry experience, HR, policy development, international business and marketing skills. External consultants may be brought in with specialist knowledge to address areas where this is an attribute deficiency in the Board.

Remuneration

The Board formed a Remuneration Committee despite the limited size and nature of the operations of the Company. The Remuneration Committee reviews remuneration packages and policies applicable to the Directors and employees. The Company has a documented Remuneration Committee charter, approved by the Board. The remuneration committee met once during the financial year.

The Remuneration Committee is also responsible for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies none of which are applicable to the Company at the present time.

The total remuneration for all non-executive Directors, last voted upon by shareholders, is not to exceed \$310,000 per annum. The current remuneration for each non-executive Director is \$45,000 per annum. Non-executive Directors do not receive bonuses.

Remuneration Report

The Remuneration Report is set out above and forms part of the Directors' Report for the financial year ended 30 June 2021.

Audit Committee

The Board formed an Audit Committee despite the limited size and nature of the operations of the Company. The Company has a documented Audit Committee charter, approved by the Board. The external auditors and audit committee met twice during the financial year.

Corporate Governance Statement (Cont'd)

The Chief Financial Officer and Company Secretary has declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained, the Company's financial reports for the year ended 30 June 2021 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results.

The responsibilities of the Audit Committee, also assumed by the Board include:

- reviewing the annual, half year concise financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles, and assessing whether the financial information is adequate for shareholder needs;
- assessing corporate risk assessment processes;
- reviewing the Company's policies and procedures for compliance with Australian equivalents to International Financial Reporting Standards;
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review;
- providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001;
- assessing the adequacy of the internal control framework and the Company's code of ethical standards;
- organising, reviewing and reporting on any special reviews deemed necessary by the Board;
- reviewing the nomination and performance of the external auditor;
- monitoring the procedures to ensure compliance with Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements; and
- addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions.

The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year to:

- discuss the external audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- review the half yearly and annual financial report prior to lodgment with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend Board approval of these documents, prior to announcement of results;
- review the draft annual and half year financial report, and recommend Board approval of the financial report; and
- review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.

Corporate Governance Statement (Cont'd)

Nomination Committee

The Board assumes the role of the Nomination Committee because of the limited size and nature of the operations of the Company. The Company has a documented Nomination Committee charter, approved by the Board, and it is available on the company's website.

The Board's function as a Nomination Committee is to examine the selection and appointment practices of the Company.

The responsibilities of the Nomination Committee as assumed by the Board are given below.

Size and Composition of the Board

To ensure that the Board has the appropriate blend of directors with the necessary skills, expertise, relevant industry experience and diversity, the Board shall:

- regularly review the size and composition of the Board and consider any appropriate changes;
- identify and assess necessary and desirable Director skills and competencies and provide advice on the skills and competency levels of directors with a view to enhancing the Board;
- make recommendations on the appointment and removal of Directors;
- make recommendations on whether any Directors whose term of office is due to expire should be nominated for re-election;
- regularly review the time required from Non-Executive Directors and whether Non-Executive Directors are meeting that requirement;
- regularly review the Company's Diversity Policy and make decisions as to any strategies required to address Board diversity; and
- regularly review and consider and note the relative proportion of women and men at all levels of the economic group controlled by Company.

Selection Process of New Directors

The Board shall review the Company's Policy and Procedure for Selection and Appointment of Directors and the Company's Diversity Policy. Such procedure should be transparent to promote investor understanding and confidence in the process.

The Board is empowered to engage external consultants in its search for a new Director, particularly as a means to increase the presentation of candidates which meet the requirements and targets set pursuant to the Company's Diversity Policy.

The initial appointment of a new Director is made by the Board. The new Director will be required to stand for election at the Company's next general meeting.

Each Director and senior executive is required to enter into a written agreement with the Company which sets out the terms of their appointment.

Corporate Governance Statement (Cont'd)

Performance Appraisal

The Board shall:

- develop a process for evaluation of the performance of the Board, Board committees (if any), and when deemed appropriate by the Chair, individual Board members in accordance with the Company's Process for Performance Evaluation;
- implement ways of enhancing the competency levels of Directors;
- consider and articulate the time required by Board members in discharging their duties efficiently;
- undertake continual assessment of Directors as to whether they have devoted sufficient time in fulfilling their duties as Directors;
- develop a process for, and carry out, an evaluation of the performance of the Managing Director and other senior executives in accordance with the Company's Process for Performance Evaluation;
- review and implement the Company's induction program;
- ensure new Directors participate in the induction program; and
- provide all Directors with access to ongoing education relevant to their position in the Company, including education concerning key developments in the Company and in the industry and environment within which it operates.

Risk Management

Oversight of the Risk Management System

The Board has implemented a risk management system for assessing, monitoring and managing operational, financial reporting, and compliance risks for the Company. Because of the limited size and scope of the Company's operations, management determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Board assesses the financial reporting risk management and associated compliance and controls on an ongoing basis. The operational and other risk management compliance and controls are also assessed on an ongoing basis. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the group. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to report back (at least annually) on the efficiency and effectiveness of risk management, inter alia, by benchmarking the Company's performance against industry standards. Given the present size of the Company, these assessments are reviewed by the Board as a whole and not through a separate internal audit function.

Risk Profile

The risk management program is aimed at ensuring risks are identified, assessed and appropriately managed. Major risks for the entity arise from such matters as actions by competitors, government policy changes, information technology security, supplier relationships, occupational health and safety, financial reporting, consumer and industry trends and the purchase, development and use of information systems and communication technology.

Corporate Governance Statement (Cont'd)

Financial risk exposures arise in the course of the day-to-day operating activities of the entity, largely due to cash flow and interest rate movements. The primary objective of financial exposure management is to reduce the volatility of cash flows and asset values arising from such movements. The cash funds invested by the Company are generally in short term investments with Australian banks.

Risk Management and Compliance and Control

The Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board's policy on internal controls is comprehensive and comprises the Company's internal compliance and control systems, including:

- financial reporting – there is a budgeting system with an annual budget approved by the Directors. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly. The entity reports to shareholders half yearly;
- continuous disclosure – the entity has a policy that all shareholders and investors have equal access to the Company's information and has procedures to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules;
- a comprehensive process is in place to identify matters that may have a material effect on the price of the Company's securities and notify them to the Board;
- the Company Secretary is responsible for interpreting the Company's policy and where necessary informing the Board;
- the Company Secretary is responsible for all communications with the ASX; and
- investment appraisal – the entity has clearly defined guidelines for capital expenditure. These include detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested.

Comprehensive practices have been established to ensure:

- capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- business transactions are properly authorised and executed; and
- financial reporting accuracy and compliance with the financial reporting regulatory framework.

Financial Reporting

The Chief Financial Officer and Company Secretary has declared, in writing to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. Budgets and revised forecasts for the year are prepared regularly.

Assessment of Effectiveness of Risk Management

The Board ensures compliance of the internal controls and risk management programs by reviewing the effectiveness of the compliance and control systems.

Corporate Governance Statement (Cont'd)

Ethical Standards

All Directors, executives and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the entity. The Board reviews the Ethical Standards policy regularly and processes are in place to promote and communicate these policies.

Conflict of Interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist Directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned is not present at the meeting whilst the item is considered. Details of Director - related entity transactions with the entity are set out in note 23.

Code of Conduct

The entity has advised each Director, executive and employee that they must comply with the Ethics Standards policy. The policy covers the following:

- aligning the behaviour of the Board and management with the code of conduct by maintaining appropriate core Company values and objectives;
- fulfilling responsibilities to shareholders by delivering shareholder value;
- usefulness of financial information by maintaining appropriate accounting policies and practices and disclosure;
- employment practices such as occupational health and safety, employment opportunity, the level and structure of remuneration, and conflict resolution;
- responsibilities to the community, such as environmental protection policies, supporting the community activities, sponsorships and donations;
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution;
- compliance with legislation including policies on legal compliance in countries where the legal systems and protocols are significantly lower than Australia's;
- conflicts of interest;
- corporate opportunities such as preventing Directors and key executives from taking advantage of property, information or position for personal gain;
- confidentiality of corporate information;
- fair dealing;
- protection and proper use of Company's assets;
- compliance with laws; and
- reporting of unethical behaviour.

Corporate Governance Statement (Cont'd)

Trading in General Company Securities by Directors and Employees

The key elements of the Securities Trading Policy set out are:

- identification of those restricted from trading – Directors and employees may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options;
 - during any closed period (that is five days immediately prior to the release of the preliminary announcement of the Company's annual or half year results and one day after the announcement); and
 - whilst in possession of price sensitive information not yet released to the market;
- raising the awareness of legal prohibitions including transactions with colleagues and external advisers;
- requiring details to be provided of intended trading in the Company's shares; and
- requiring details to be provided of the subsequent confirmation of the trade.

The policy also details the insider trading provisions of the Corporations Act 2001 and is reproduced in full on the Company's website and in the Group's announcements provided to the ASX.

Communication with Shareholders

The Board provides shareholders with information using a comprehensive Continuous Disclosure policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website and issuing media releases.

In summary, the Continuous Disclosure policy operates as follows:

- the Company Secretary is responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX. Such matters are advised to the ASX on the day they are discovered, and all senior executives must follow a continuous disclosure discovery process, which involves monitoring all areas of the entity's internal and external environment;
- the annual financial report is provided to all shareholders on the Company's website via a link to the ASX announcements website (unless a shareholder has specifically requested to receive a physical copy), including relevant information about the operations of the entity during the year, changes in the state of affairs of the entity and details of future developments;
- the half yearly report contains summarised financial information and a review of the operations of the entity during the period. The half year reviewed financial report is lodged with the ASX, and sent to any shareholder who requests it;
- proposed major changes in the entity which may impact on share ownership rights are submitted to a vote of shareholders;
- notices of all meetings of shareholders; and
- the external auditor attends the annual general meetings to answer any questions concerning the conduct of the audit, the preparation and content of the auditor's report, the compliance of accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

Corporate Governance Statement (Cont'd)

All of the above information, including that of the previous three years, is made available on the Company's website via a link to the ASX announcements website immediately upon public release, and available to all shareholders who lodge their contact details with the Company.

Shareholders have the option to receive communications from, and send communications to, the Company and its security registry electronically either through contacting the Company via its website or contacting the security registry directly.

The Board encourages full participation of shareholders at the annual general meeting, to ensure a high level of accountability and identification with the entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, the remuneration report and changes to the constitution. Copies of the constitution are available to any shareholder who requests it.

Gender Diversity

The Company has not adopted an express policy specifically addressing achievement of gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy but will consider adopting a policy in the future. Furthermore, the Company has not set any objectives for achieving gender diversity. Should a gender diversity policy be considered appropriate for the Company in the future due to increases in size of the organisation, the policy will specifically deal with the objectives for achieving diversity.

The Company's corporate code of conduct provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.

The Company currently has no female board members, and two female employees.

Corporate Governance Statement (Cont'd)

ASX Principals of Good Corporate Governance

The Board has reviewed its current practices in light of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the ASX Corporate Governance Guidelines with which the Company does not comply:

ASX Principle	Reference/comment
Principle 1: Lay solid foundations for management and oversight	
1.5 The Board should establish a diversity policy	The Company has not adopted an express policy specifically addressing achievement of gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy but will consider adopting a policy in the future. Furthermore, the Company has not set any objectives for achieving gender diversity. Should a gender diversity policy be considered appropriate for the Company in the future due to increases in size of the organisation, the policy will specifically deal with the objectives for achieving diversity. The Company's corporate code of conduct provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.
Principle 2: Structure the Board to add value	
2.1 The Board should establish a nomination committee	Given the size of the Board there is no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.
Principle 7: Recognise and manage risk	
7.1-2 The Board should establish an risk committee	The Company does not have a Risk Committee. The Board believes that, with only three Directors on the Board, the Board itself is the appropriate forum to deal with this function. The board continuously reviews and addresses risk facing the Company.

For personal use only

www.norwoodsystems.com



norwood
connect globally, locally™