



11 July 2019

Ms Penelope Reid
Advisor, Listings Compliance (Perth)
Australian Stock Exchange
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

Dear Penelope

RESPONSE TO ASX QUERY

Norwood Systems Limited (Norwood or the Company) (ASX: NOR), refers to your letter dated 9 July 2019 in relation to disclosures made by Norwood with respect to ongoing discussions with two significant telco vendors.

Norwood confirms that discussions with these vendors remain ongoing, and as detailed in the Corporate Overview for the March quarter, continue to be complex and time consuming, as well as providing validation of the partner interest in Norwood's World Voicemail offering. No specific event (positive or negative) during the ongoing discussions has led Norwood to consider that the status of discussions has changed (i.e. they are still on foot but remain incomplete).

Norwood intends to again provide a general update on the operation of the Company alongside the Appendix 4C report for the June quarter.

We provide the following responses to your specific queries (the numbers below correspond to the numbers on the query received):

1. Please confirm the identity of the two significant telco vendors referred to in the December and March Quarterly Reports ("Vendors").

Oracle Corporation and Metaswitch Networks.

2.1 The status of NOR's proposed partnerships with the Vendors and why these partnerships have not yet been formalised;

The proposed partnerships remain subject to ongoing discussion and negotiation. No specific event (positive or negative) during the ongoing discussions has led Norwood to consider that the status of discussions has changed (i.e. they are still on foot but remain incomplete). There is no specific event or issue that has prevented formalisation of the discussions, other than the general complex commercial nature of dealing with large counterparties particularly on new or novel products and solutions.

2.2 Why the market has not been updated with respect to the status of these partnerships (in the March Quarterly Report it states that discussions have been “complex and time consuming”, please clarify in your response why this is the case);

No specific event (positive or negative) during the ongoing discussions has led Norwood to consider that the status of discussions has changed (i.e. they are still on foot but remain incomplete). The discussions are complex and time consuming as they involve significant telco vendors with multi-layered decision-making structures, and the commercial and technical interoperability discussions that may lead to a contract are not yet finalised. As such, Norwood did not consider it necessary to specifically update the market on the unchanged status of these ongoing discussions. Norwood intends to provide a general status update alongside the upcoming Appendix 4C release in respect of the June quarter.

2.3 If, and when, NOR expects to formalise these partnerships (if these partnerships are no longer likely, please state this);

Norwood considers that, based upon the current status of discussions and the reasonable expectations of management, it is likely that these partnerships will be formalised in the future. Based on the current status of discussions, Norwood anticipates that formalisation of one partnership is likely to occur in the current (September 2019) quarter and formalisation of the second partnership is likely to occur within the following quarter. However, if there is a change to the negotiations such that Norwood no longer considers that these partnerships will be formalised, Norwood will immediately update the market.

2.4 The significance of these partnerships to NOR;

Norwood’s current focus is on further commercialising the World Voicemail product and both of the potential partnerships offer a very significant opportunity to advance that objective. Both of the Vendors have hundreds of telco customer relationships, and the partnerships have the potential to rapidly advance sales of the World Voicemail product that Norwood would have great difficulty achieving by going to market with the product alone.

2.5 On what basis NOR stated, in the December Quarterly Report, that the partnerships were expected to be formalised during that quarter?

Norwood made the statements in the December Quarterly Report based on the reasonable expectations of management as to the status of discussions at the time of the report, including positive discussions advanced during January 2019.

3. Please confirm that NOR is complying with the Listing Rules and, in particular, Listing Rule 3.1

Norwood confirms that it is complying with the Listing Rules, and in particular, Listing Rule 3.1

4. Please confirm that NOR’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of NOR with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms that this letter and the responses above have been authorised and approved by the Board.

For and on behalf of the Board



Steven Wood
Company Secretary

<ENDS>

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9 July 2019

Mr Steven Wood
Company Secretary
Norwood Systems Limited
C/- Grange Consulting PO Box 902
WEST PERTH WA 6872

By email: sw@grangeconsulting.com.au

Dear Mr Wood

Norwood Systems Limited ('NOR'): ASX Query

ASX refers to the following:

- A. NOR's announcement entitled "Norwood Corporate Overview and App 4C for December 2018 Quarter" released on the ASX Market Announcements Platform ("MAP") on 31 January 2019 ('December Quarterly Report'), which includes the following statements (emphasis added):

"Over the past quarter, Norwood has been developing relationships with two significant telco vendors (Oracle plus one other vendor) whose offerings complement Norwood's World Voicemail solution. Both of these parties have responded very positively to Norwood's recent telco voicemail contract win, demonstrating a genuine intent (from Norwood's perspective) to strike go-to-market deals with Norwood to address the telco voicemail network upgrade market opportunity.

Norwood expects both of these relationships to evolve into formal partnership structures over the course of this current quarter, with very positive discussions advancing during the month of January 2019 to date.

Norwood's goal in partnering with these two vendors is to augment Norwood's own direct telco sales efforts for its visual voicemail platform. Each of these vendors have hundreds of existing telco relationships and they therefore each represent a robust indirect channel opportunity to boost Norwood's traction in the worldwide telco market.

As such partnership structures are formalised this quarter, Norwood will make appropriate announcements, and will elaborate on the "go-to-market" plans that each partnership will address."

- B. NOR's announcement entitled "Norwood Corporate Overview and App 4C for March 2018 Quarter" released on MAP on 1 May 2019 ('March Quarterly Report'), which includes the following statements (emphasis added):

"Following the signed contract with Spark in early December 2018, discussions on joint go to market activities have accelerated between Norwood and two selected telco partners. These have been intensive discussions that have variously involved planning of targeted joint outreaches to three to four high profile telcos, to broader discussions on offering Norwood's service to a partner's entire telco customer base (in that instance, in excess of 500 telcos worldwide).

These discussions have been complex and time consuming, involving a high level of detail, financial and market modelling and featuring a high level of senior C-level engagement with these partners providing further evidence of the strong partner interest in Norwood's World Voicemail offering."

- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

Request for Information

Having regard to the above, ASX asks NOR to respond separately to each of the following questions and requests for information:

1. Please confirm the identity of the two significant telco vendors referred to in the December and March Quarterly Reports (“Vendors”).
2. It appears that the proposed partnerships with the Vendors have not yet been formalised, despite positive statements in the December Quarterly Report suggesting that the partnerships are expected to be formalised during that quarter. In this regard, please confirm the following:
 - 2.1 the status of NOR’s proposed partnerships with the Vendors and why these partnerships have not yet been formalised;
 - 2.2 why the market has not been updated with respect to the status of these partnerships (in the March Quarterly Report it states that discussions have been “complex and time consuming”, please clarify in your response why this is the case);
 - 2.3 if, and when, NOR expects to formalise these partnerships (if these partnerships are no longer likely, please state this);
 - 2.4 the significance of these partnerships to NOR; and
 - 2.5 on what basis NOR stated, in the December Quarterly Report, that the partnerships were expected to be formalised during that quarter?
3. Please confirm that NOR is complying with the Listing Rules and, in particular, Listing Rule 3.1.
4. Please confirm that NOR’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of NOR with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3PM AWST Thursday, 11 July 2019**.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to NOR’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that NOR’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in NOR’s securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Penelope Reid
Adviser, Listings Compliance (Perth)