

**ASX ANNOUNCEMENT**

18 November 2015

## **Norwood Surpasses the ‘Double Million’ with World Phone**

**Highlights:**

- **World Phone annualised revenue run rate increased to more than A\$1,300,000 p.a.**, a 44% increase in run rate since the previous announcement on November 5, 2015 after a standing start from launch on 31 July 2015.
- **World Phone free downloads have now surpassed 1,000,000 worldwide, up by 33% since the previous announcement.**
- Enhanced internally managed digital marketing efforts leading to exceptional results in both improved download rates, and declining costs of acquisition.
- Norwood plans to provide regular revenue updates during the current ramp up phase on a fortnightly basis for the next quarter.
- Additional expertise added to the Norwood Board, with the appointment of Giles Everist as a Non-Executive Director

“Sharing Economy” telecommunications pioneer Norwood Systems Ltd (“Norwood” or “the Company”) (ASX: NOR) is pleased to announce that World Phone has now surpassed the “Double Million” – over a **million downloads** of the iOS App and an annualised revenue run rate above **one million dollars** per annum.

The costs of acquisition for new downloads continue to improve, with advertising costs now ranging from 50c to \$1 per download. This is a direct result of Norwood being able to retain key learnings and iterate marketing improvements through the Company’s in-house digital marketing team.

Revenues from **World Phone** are currently equivalent to a run rate of **over A\$1,300,000 per annum**, an increase of 44% since the last announcement on revenue run rate dated November 5, 2015. Revenue splits across geographies remain in line with recent announcements, with approximately 50-60% coming from developed markets.

**World Phone** enables users to connect easily with their contacts for roaming or long-distance calls using high-quality, low-cost local landline networks – making it easy and affordable to make international voice calls from a mobile device, anywhere around the globe. **World Phone** also allows users to “Be Local™” whilst travelling and effortlessly set up and subscribe for a nearby local number so that contacts can call users without the inconvenience and cost of dialling their international number.

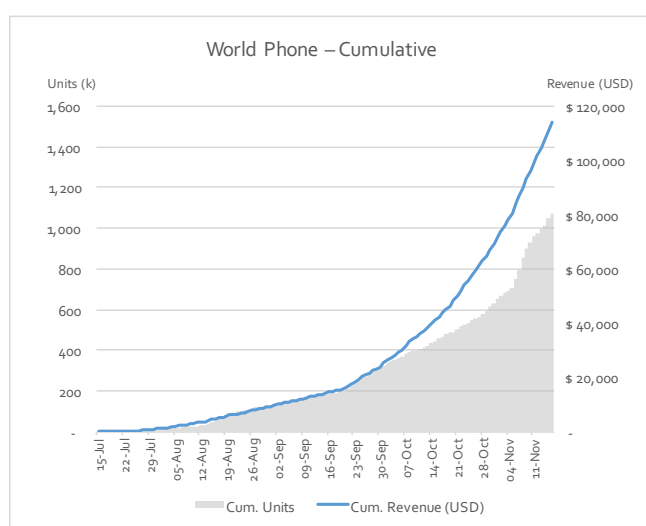
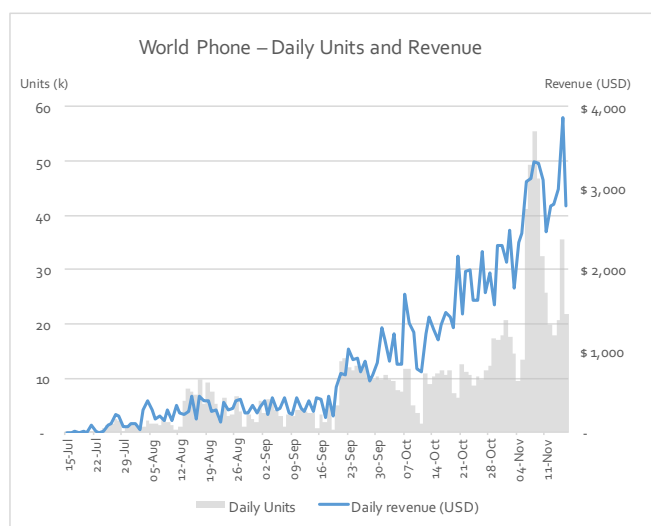
Norwood continues to deliver on the growth strategy detailed in the ASX release on [23 September 2015](#), including the impending Android launch on 30 November 2015. Other **World Phone** enhancements detailed in the aggressive growth strategy are near completion, with additional languages set to launch shortly, to be followed by free App-to-App calling. Both of these initiatives will expand the addressable market for **World Phone**, and increase user engagement. The launch of **World Phone** onto the Android platform on 30 November will open up an entirely new market for **World Phone**.

## Norwood Systems CEO and Founder, Paul Ostergaard, commented:

*“We are highly pleased with the progress we have made towards the ambitious growth goals we set out less than eight weeks ago, and surpassing the ‘double million’ with over a million downloads and annualised revenues of over a million dollars is very significant. Downloads and Revenue both continue to increase, at rates of increase significantly above those recorded just a few weeks ago. Alongside this we have ongoing declining costs of acquisition.”*

*“From the beginning we have been very concerned to focus on successfully monetising our investment in both the **World Phone** and **CORONA** platforms. Beyond our early success in driving increased downloads of **World Phone**, one of the most pleasing aspects of our recent performance has been the relentlessly increasing trend in daily revenue from **World Phone**. All of the downloads in the world are not useful if we cannot convince enough of our users that our products are worth paying for, or that our partner offerings are worthwhile.”*

*“Our continually decreasing costs of acquisition for new downloads will also greatly assist our monetisation efforts, as our internally run and managed digital marketing efforts narrow in on the most effective campaigns for **World Phone** and help refine our efforts over time – lowered costs of acquisition lead directly to higher returns from our monetisation strategies.”*



\* Apple iTunes App Store analytics data, 16 November 2015

As World Phone has seen exceptional early growth rates in the initial three months of launch and the impact of the growth strategy commenced in September, Norwood has been concerned to ensure that the market remains fully updated on revenue trends, with regular releases detailing revenue progress. As the growing revenue trend has become firmly established, the Company will now move to less frequent updates, commencing with fortnightly updates for the coming months ahead. Ultimately, the Company will move in line with the market standard of quarterly updates for revenue reporting, as per ASX Listing Rule requirements.

## Appointment of Non-Executive Director, Mr Giles Everist

Norwood is also pleased to announce that Mr Giles Everist has accepted an invitation to join the Board as a Non-Executive Director. In line with the growth strategy detailed in the ASX release on [23 September 2015](#), Norwood initiated a process to expand the capability and skill set of Norwood’s Board.

Mr Everist has extensive corporate and financing experience, having held executive finance roles at Coopers and Lybrand, Rio Tinto, Fluor Australia, and Monadelphous. 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 companies Macmahon Holdings, Decmil Group, LogiCamms and Austal. Mr Everist also sits on the boards of startup firms 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.

**Norwood Systems CEO and Founder, Paul Ostergaard, commented:**

*“Giles is an excellent appointment to our Board, combining a strong background in finance and extensive ASX listed corporate governance expertise with a recent deep understanding and involvement in successful tech focussed start-up companies. I look forward to the contribution he will make to our future success.”*

-ENDS-

For Further information, please contact:

<b>Paul Ostergaard, CEO &amp; Founder</b> <b>Office:</b> +61 8 9200 3500 <b>Web:</b> www.norwoodsystems.com <b>Twitter:</b> @norwoodsystems, @paulostergaard	<b>Shane Murphy, FTI Consulting</b> <b>Office:</b> +61 9485 8888 <b>Direct:</b> +61 8 9485 8804 <b>Mobile:</b> +61 420 945 291 <b>Twitter:</b> @ShaneWMurphy
---	--

**Glossary:**

A number of consumer mobile App industry metrics are referred to in this release, alongside traditional financial metrics. For the benefit of readers, these metrics are defined further below.

**Revenue** for mobile apps refers to gross revenue earned from sale of the application to the consumer, i.e. prior to any commission, allocation, sales share or overhead etc. taken by an App store such as the Apple iTunes App Store for iOS or Google Play Store for Android. Typically, these App stores levy an overhead of circa 30% of revenue.

**“One off” versus “Subscription” Revenue** discusses the split between purchases that are one off in nature such as additional calling minutes inside **World Phone**, or future booking.com commissions and subscription revenue which is primarily comprised of leasing local numbers, and plans such as the ultimate flat rate monthly plan available on **World Phone**. One off revenue, such as purchasing additional calling minutes, is still classed as one off even if the same user makes multiple purchases in the same month, or regular purchases over an extended period of time.

**Revenue Annual Run Rate** refers to the approximate Annual Revenues from **World Phone** that would be received, should the current weekly average revenue continue unchanged (along with similar Foreign Exchange Rates) for a full 12-month period. As **World Phone** has only been on sale since 31 July 2015, an annual figure for sales is not yet available. This metric is NOT a forecast of future revenues, but an illustration to assist investors in determining the significance of current run rate revenue figures.

**Average Revenue per User or ARPU** is simply the total amount of revenue earned divided by the number of users over the relevant period, such as weekly or monthly. In the industry, a monthly period is most commonly used. Given the large numbers of non-paying users present in any consumer mobile app, *average* revenue figures will always be much lower than available spending options as the revenue from spending users is averaged out across the entire user base. Typically, only a few percent of a consumer mobile App user base will spend money on a mobile App after downloading the App for free.

**Engaged Users** refers to users who have done more than simply download a mobile app, i.e. they have opened and used the App on their mobile device at least. Engaged Users cease to be counted as engaged if they have not interacted with the App for a given time period. **Engagement** similarly refers to users actually using the app, rather than simply downloading the app.

## Background

Individual travellers, businesses and governments globally are incurring significant international call roaming charges. Informa Telecom estimates that mobile operators today bill more than US\$55 billion annually in roaming charges\*, which is forecast to grow to more than \$80 billion by 2018 (source: *Juniper Research report on the Mobile Roaming Market, 2014*).

Norwood Systems' patent-pending cloud service platforms integrate the international fixed phone network with short-haul Voice over Internet Protocol (VoIP) technologies to optimise roaming business travellers' telephony experiences.

Australian businesses and individual business travellers are using Norwood's services today on multiple continents. The Company has built up a significant pipeline of prospects, including global players in the areas of aviation, professional services, banking, telecommunications, engineering and legal services.

## About Norwood Systems

Norwood Systems Ltd (ASX: **NOR**) is revolutionizing the 'Sharing Economy' delivery of high-quality telecommunications services for individual business travellers and organisations on a worldwide basis. The Company listed on the ASX on 16 June 2015.

Norwood Systems was founded in 2011 to develop and supply the best possible global mobility and roaming solutions using Over The Top (OTT) technologies. The Company's breakthrough offerings, **CORONA™** and **World Phone™**, deliver the world's most advanced international fixed-line roaming solutions addressing a broad spectrum of customers, from individual business travellers all the way through to large enterprise and government clients.

**CORONA** is an award-winning, enterprise-class cloud services platform that integrates compatible mobile devices securely and seamlessly with the organisation's existing Unified Communication or PBX networks, independent of their location.

**World Phone** is an award-winning, revolutionary communications App, delivering effortless 'Sharing economy' consumer access to leading fixed-line network service providers around the world, providing unparalleled local access to high-quality voice networks in more than 90 countries.



**World Phone™**