Norwood Telephony App Enhancements
and Product Development Progress

Highlights:
- o **World Phone** major new upgrade features including **Free App-to-App Calling**, **World Credit** and **Global Dynamic Pricing** now integrated into next Android platform release
  - o Public Android release of new features to commence in June, following cloud-based platform upgrades for server-based **World Credit** tracking
  - o Full language support equivalent to iOS version already live for Android
- o Major **CORONA** enhancements including **CORONA Cloud** and **CORONA GTS** now under closed external testing
- o **World Message** and **World Wi-Fi** development continues, with **World Wi-Fi** also selected as a finalist for the WAITTA INCITE awards in the "Most Disruptive Technology" category
  - o The shared economy backbone platform (**EUROPA**) that powers **World Phone** has also been selected as a finalist in the "Most Effective Platform" category

"Sharing Economy" telecommunications pioneer Norwood Systems Ltd ("Norwood" or "the Company") (ASX: NOR) is pleased to provide an update on the ongoing enhancements to the Company's Over-the-Top (OTT) Telephony App, **World Phone**, and continued development progress on **CORONA**, **World Message** and **World Wi-Fi**.

World Phone

After launching a significant update for the iOS platform of **World Phone**, incorporating **Free App-to-App Calling, World Credit** and **Global Dynamic Pricing**, these additional enhancements have now been fully implemented into the Android version of the **World Phone** App. Together with the roll-out of these new enhancements, Norwood will implement a number of additional improvements to the cloud-based infrastructure for **World Credit** to provide the improved support required for the Android platform. These updates are planned to be launched in June, which will bring both platform versions of **World Phone** to the same feature level.

Meaningful discussions with a range of mobile operators, and other interested groups, remain underway canvassing the possibility of material carrier licencing or other distribution arrangements for Norwood's platform of Apps including **World Phone**, **World Message** and **World Wi-Fi**. Whilst not all of these discussions will ultimately reach a successful outcome, Norwood is confident that a number will progress to agreements leading to material revenues for Norwood.

With these potentially material discussions underway, and with **World Phone** now having proven itself over 4 million plus downloads and tens of millions of calling minutes, Norwood has reduced the level of digital marketing spend on acquiring direct **World Phone** customers. This is in anticipation of potentially opening an additional customer acquisition channel via the mobile operators' customer base, to work alongside direct digital marketing. Total revenue earned per user continues to increase, across the installed base, driven by improvements in monetisation strategies targeting existing downloaders of the **World Phone** App.

CORONA

As previously announced, Norwood is developing additional features for the corporate telephony offering **CORONA**, named **CORONA Cloud**, and **CORONA GTS** (Global Trunk Services). **CORONA Cloud** will allow corporate users to have a centralised web dashboard for managing multiple users and groups in the business environment. **CORONA GTS** will connect all of office voice traffic to Norwood's global federated network, giving a single vendor solution for multi-sited multi-country organisations.

New: CORONA support to be added within World Phone. Work Phone to be deprecated.

Rollout of the new **CORONA Cloud** capabilities has been delayed somewhat, in large part due to an earlier internal decision to retire the original **CORONA Work Phone** App, replacing it with a new, "unified" **World Phone** App to service corporate **CORONA** customers, as well as existing consumer end-users. Norwood has invested a significant amount of additional development effort to modify **World Phone** so that it can also support **CORONA** and **CORONA Cloud** implementations in a seamless manner. The end result will be a single App, **World Phone V1.2,** which will be able to operate effortlessly in either a corporate or a personal use case context, supporting an elegant user interface to enable the end-user to switch easily between the two modes. More details **World Phone V1.2** will be announced when it is released.

Both of these products, as well as **World Phone V1.2**, have now entered closed external testing, following demonstrations to potential customers. Feedback to date has been extremely positive and the Company is convinced of the merits, having selected this somewhat more complicated and longer development path, of the simpler and more elegant solution that a single App solution represents.

The closed external testing includes potential future launch customers for both enhancements.

World Message and World Wi-Fi

Reflecting its ambitious scope and vision, **World Wi-Fi** has been selected as a finalist in the WAITTA (WA Information Technology and Telecommunications Information Alliance) INCITE awards, under the "Most Disruptive Technology" category. The shared economy Telco platform, **EUROPA**, that powers World Phone has also been selected as a finalist in the "Most Effective Platform" category. Award winners are announced on 24 June 2016. WAITTA will also choose the winners and merit recipients who will represent Western Australia in the National iAwards, held in Melbourne in September 2016. Both **CORONA** and **World Phone** are previous National iAward winners, reflecting the strong external expert validation for Norwood's products.

Development of both **World Message** and **World Wi-Fi** remains on track for further product details to be announced in the current quarter. **World Message** combines the best of SMS with the best of traditional App-to-App messaging, with deep **World Phone** integration, whilst **World Wi-Fi** lets you seamlessly get online at many millions of Wi-Fi hotpots globally, effortlessly and cost-effectively.

World Message and **World Wi-Fi** will also benefit from the corporate use case functionality being delivered with **World Phone V1.2**, with the Company placing support for both Apps on its **CORONA Cloud** roadmap as a future upgrade.

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

*"Acknowledging the ambitious R&D agenda that we laid out in February this year, our development team's work has been progressing well on planned new features, enhancements and core development for our suite of products, including **World Phone**, **World Message**, **World Wi-Fi** and **CORONA**, and I am pleased with the progress that this team is making across all these product and service areas."*

"Our Over-the-Top Apps and platforms address a number of critical and valuable market opportunities to deliver state-of-the-art communications services to consumers, businesses and Telcos, ultimately backed by our vision of becoming a world leading vendor in 'sharing economy' telecommunications service platforms".

*"Discussions with potential mobile operator partners are also progressing well. This is an important key market for Norwood, which we identified last year, and we believe we are so far one of the first vendors to look to provide mobile operators with a full suite of advanced end-user Apps, including **World Phone**, **World Wi-Fi** and **World Message,** as well as the supporting federated **EUROPA** platform, that they will need to compete effectively with other Over-the-Top players that are eating away at their core revenue base."*

*"Serving the global mobile carrier community will sit very well alongside our existing direct consumer acquisition channels for **World Phone**, and our business-oriented offering in **CORONA**."*

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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 overhand 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[*] (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