

ASX ANNOUNCEMENT

15 June 2016

Norwood Raises Capital for Continued Service Expansion

Highlights:

- Up to \$5.0 million in new capital offered at \$0.035 per Share, which together with existing cash reserves, fulfils Norwood's targeted baseline budgets beyond through to mid-2017
 - The new capital is comprised of a \$3.5 million placement to institutional and sophisticated investors ("Placement"), together with a \$1.5 million priority offer for eligible shareholders (Priority Offer). Both the Placement and Priority Offer (together, the "Offers") have one free attaching Option for every three shares issued.
- Funds raised will be used for Norwood to complete successful initial build-out of "Over-the-Top" ("OTT") Apps and platforms delivering communications services to consumers and businesses, for sales and marketing spend to attract corporate and telco customers, along with necessary working capital.
- Additional customer revenue, potential existing option exercise receipts and post 30 June FY16 R&D tax rebate will be used to enhance these activities.
- Norwood will continue to unlock considerable upside from existing consumer revenue streams over **World Phone**, corporate market potential with the **CORONA** platform, and promising Telco OTT partnership discussions with the **EUROPA** platform, coupled with future App launches for **World Wi-Fi** and **World Message**.

"Sharing Economy" telecommunications pioneer Norwood Systems Ltd ("Norwood" or "the Company") (ASX: NOR) is pleased to announce a significant proposed capital injection of up to \$5.0 million. The capital raising structure chosen allows for participation from new and existing institutional holders, alongside a priority offer at the same terms for all Norwood shareholders.

A prospectus will be lodged with ASIC today, which comprises a Placement to institutional investors to raise \$3.5 million, along with a Priority Offer to eligible shareholders to raise \$1 million with oversubscriptions of up to a further \$0.5 million accepted ("Prospectus").

The price offered under the Placement and Priority Offer is 3.5 cents per fully paid ordinary share in the capital of Norwood ("Share") which represents a discount of 10% to the last closing Share price of 3.9 cents on 9 June 2016. For every three Shares issued under the Placement and Priority Offer, the subscriber will receive one free attaching option, exercisable at 5.5 cents each and expiring two years after issue ("Option"). Norwood intends to apply for the Options to be listed on the ASX.

Under the Priority Offer, eligible shareholders are entitled to apply for a parcel of either \$2,000, \$5,000, \$10,000 or \$15,000 worth of Shares, to raise up to \$1.5 million. Shareholders appearing on the Company's Share register at ASX market close on Friday, 24 June 2016 will be eligible to participate in the Priority Offer. The Priority Offer will be on a **'first in, first served'** basis and eligible shareholders will be posted a copy of the Prospectus along with a Priority Offer application form. Further, eligible shareholders will be able to download a copy of the Priority Offer application form, with details provided in the Prospectus. Refer to the Prospectus for full details of the Priority Offer and timetable.

The Placement and Priority Offer are within the Company's existing capacity under ASX Listing Rule 7.1 and 7.1A and accordingly no shareholder approval is required to issue the Shares pursuant to these offers. The total number of Shares to be issued pursuant to the Placement Offer is 100,000,000 with 33,333,333 free attaching Options. The maximum number of Shares to be issued under the Priority Offer is 42,857,143 with 14,285,714 free attaching Options.

Norwood expects the proposed funding, at the minimum raising amount, to meet expected budgets for operating expenses through FY2017, including the development and completion of anticipated Apps and associated service platforms. Norwood continues to see significant interest across the Company's range of current and future Apps and platforms for consumers, corporates and potential Telco partners.

The capital raised under the Offers, after costs of the Offers, will support final R&D for in development products **World Wi-Fi** and **World Message**, alongside continued marketing efforts for **World Phone**, **EUROPA** and **CORONA**, including the soon to launch **CORONA Cloud** and **CORONA GTS**. The Board believes the funds raised will supply sufficient working capital for Norwood to achieve these objectives.

Norwood has now built a portfolio of more than just mobile roaming or corporate solutions. The Company can soon address multiple needs, including BYOD expenses management solutions, long-distance calling on mobile or fixed lines, roaming voice, travelling data and messaging across multiple customer segments from Telco, corporates and individuals. This includes **World Phone**, **CORONA** and **CORONA Cloud**, **EUROPA**, **World Wi-Fi** and **World Message** which are detailed in the accompanying Investor Presentation.

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

"I am pleased and gratified by the continued market support for our strategy in addressing the rapidly changing communications landscape. We firmly believe our Over-the-Top Apps and platforms have a strong and vital role to play in the communications market.

This capital secures our continued ability to make rapid inroads into the market opportunities we have identified across consumer, corporate and Telco target customers, addressing needs in both fixed and mobile long distance calling, travelling users for both voice and data and messaging. This is all tied together by our fundamental 'sharing economy' approach with an underlying core federated network delivering all these services.

*We are seeing very strong corporate interest from potential ASX 200 corporate clients for our new Beta Release **CORONA Cloud** platform, and likewise from Telcos for our carrier-grade multi-service OTT platform, **EUROPA**. I look forward to the continued market penetration success and product innovations we can deliver with these funds, and again thanks shareholders for their support."*

A full update on Norwood's current status, strategy and objectives is contained in the Investor Presentation lodged alongside this announcement.

Azure Capital acted as Lead Manager to the Offers. Steinepreis Paganin has acted as solicitors to the Company in relation to the Offers.

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For Further information, please contact:

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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 revolutionising 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