

ASX ANNOUNCEMENT

19 February 2018

Norwood Receives R&D Tax Offset Funding

‘Sharing Economy’ and ‘Communications as a Service’ pioneer Norwood Systems Ltd (Norwood or the Company) (ASX: NOR) is pleased to confirm the draw down on part of an R&D tax offset funding agreement.

The Company noted in the most recent quarterly report that it had in place an undrawn, approved facility available which allows the Company to receive advance funding on its expected FY2018 R&D rebate. Norwood has now chosen to utilise this facility, receiving advance funding on the expected FY2018 R&D rebate for the first six months of FY2018. The key terms of the facility are detailed below.

Norwood has so far received \$356,395 pursuant to the funding agreement, representing 80% of the conservatively estimated R&D tax offset for the six-month period ending 31 December 2017. Norwood has a good track record of successfully securing raising working capital to fund its growth and remains confident of its ability to raise further funding to accelerate growth as required. Norwood is also confident that the relationships with RAC, Visa, Affinion, Oracle and CommSys, in addition to the deal with JMP and collaborations with Compliance partners signed during the current and previous quarter, will allow the Company to gain momentum over the coming quarters.

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: 31/10/2018.
 - Norwood has the option to repay earlier without penalties.
- Interest Rate: 15% per annum
- 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.

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About Norwood Systems

Norwood Systems Ltd (ASX:NOR) is revolutionising mobile voice, messaging, data and cyber security services through its pioneering award-winning virtual mobile services platform, Corona® and its award-winning Apps, World Phone®, World Message™, World Secure™ and World Wi-Fi™.

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 6 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.

Norwood Systems listed on the ASX in June 2015 and trades with the stock ticker NOR.