

ASX ANNOUNCEMENT

22 December 2015

Norwood Expands Markets and Payments Options – Announces New Payments, Pricing and World Credit Platforms to Power Future Growth

Highlights:

Norwood announces comprehensive new payments, pricing and credit management initiatives to drive market penetration of the Company's consumer Apps outside the roaming market into the long distance telecommunication market and beyond. These initiatives will expand the size of Norwood's potential customer base and revenue generating capacity.

- **New Payments Partners:** New platform will support multiple payments methods, and will bring new payment partners on board: **Stripe**, to process cards payments, and **Peppermint Innovation**, to serve unbanked customers in developing markets. Norwood will see increased customer revenue and net income via these partners through both lower commission rates on card payments and access to unbanked customers who could not previously spend money with Norwood (or other VoIP providers).
- **Global Dynamic Pricing:** Norwood's services will be priced optimally per calling location and destination, rather than using a fixed global rate. The pricing will vary depending on where users will be calling from and to, with pricing set periodically to optimise gross contribution per region. Timed high-volume plans, including the Company's Ultimate Plan, will continue to be supported.
- **World Credit:** Norwood will be switching from minutes-based consumption to a credit-based consumption approach, called **World Credit**, within all of its consumer Apps. This will enable individualised route-based pricing. Norwood's App users will benefit from individualised corridor pricing by drawing down on their pre-paid "**World Credit**" balance per call, topped up through any of the existing or new payments methods added over time. **World Credit** is designed to be shared across Apps, facilitating a "single account, multiple App" relationship between Norwood and its customers.
- **New Payments Partners, Global Dynamic Pricing and World Credit platforms** will be rolled out progressively for all of Norwood's consumer Apps on Android and iOS through Q1 2016.

"Sharing Economy" telecommunications pioneer Norwood Systems Ltd ("Norwood" or "the Company") (ASX: NOR) is pleased to announce a fundamental upgrade to the Company's consumer App e-commerce framework, focusing on significant improvements to Payments, Pricing and Credit Management with its new **World Credit** platform.

The upgrade will maximise **World Phone's** monetisation potential well beyond its existing geographically and pricing defined roaming market.

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New Markets →

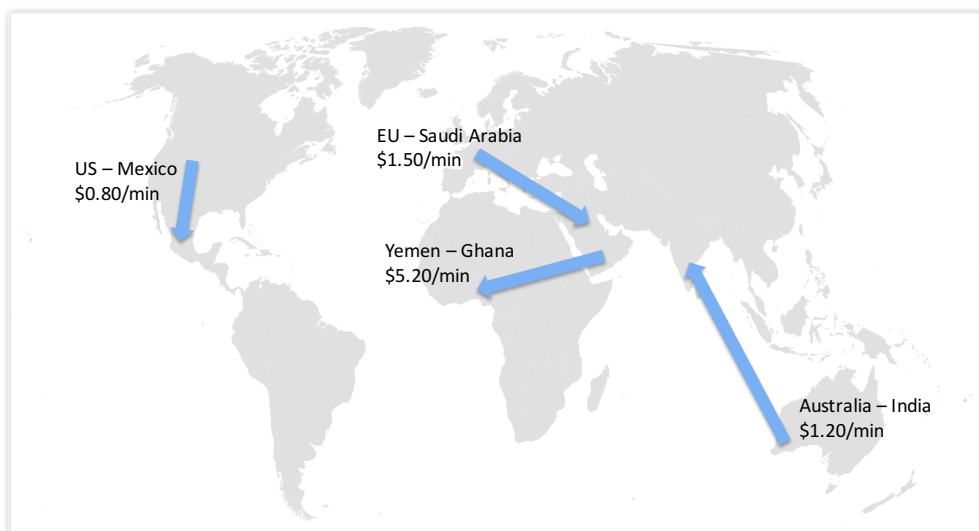
Payment types	Markets		
	Roaming	Long-distance	Unbanked
In-App Purchase:	Existing	✓ New	N/A
Credit Card:	✓ New	✓ New	N/A
Non-Credit Card:	✓ New	✓ New	✓ New
Loyalty Points	Future	Future	Future

↓ New Payment Options

Expansion of Payment Options and Addressable Markets

Norwood is bringing additional payments partners on board, to support direct credit card payments, as well as novel non-credit card payments and remittances platforms to serve customers without bank accounts in developing markets. Norwood expects these payment partner initiatives to lower average commission rates paid out to partners, as well as expanding Norwood’s addressable market to the ‘unbanked’ sector in the developing world. Two new payments partners for Norwood are **Stripe**, a US-headquartered Internet and Mobile payments company, and **Peppermint Innovation Limited** (ASX: PIL), a Western Australian-headquartered Payments Platform company, focusing on bringing the “unbanked” into the global payments system.

This upgrade also marks a substantial change to Norwood’s pricing strategy, moving from a single global flat-rate pricing regime to a more flexible, globally-tailored contribution-maximised pricing model. This change will enlarge Norwood’s addressable worldwide market, as well as expanding use cases for **World Phone** and other Norwood Apps beyond the existing roaming traveller market into the generalised long-distance market. This strategy will specifically target key identified high-value pricing corridors.

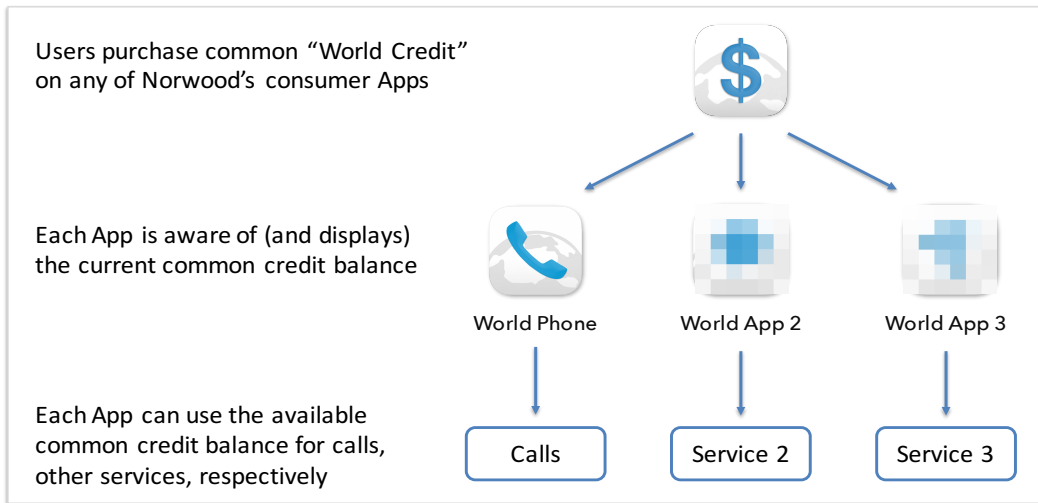


Example Telco Pricing Corridors (not actual data)

World Credit is a new shared-credit platform enables users to maintain a single, securely managed pre-paid credit balance with Norwood that can be applied on telecommunications services across multiple Norwood Apps. Maintaining a stored credit balance per user that can be shared across Apps will provide Norwood with the basis for:

- Flexible pricing, adapted per calling route on the **World Phone** App

- Support for streamlined multi-App relationships with Norwood’s customers, for example to support “family plans” or multiple Norwood Apps that address different targeted use cases.



World Credit operating across multiple Norwood Apps

Norwood Systems CEO and Founder, Paul Ostergaard, commented:

*“I am very excited to introduce **World Credit** to the public, as it is an initiative that we have been working on for some time now. It leverages the best insights of one of the world’s foremost telecommunications pricing experts, who has been advising the Company on its global pricing strategy since August this year. **World Credit** lays the foundation for a future consumer multi-App business for Norwood – a significant part of our strategy – with a single common payments framework across all such Apps.*

“The new contribution-maximised pricing model takes our Company into a new playing field, where for the first time we address the entire global long-distance telecommunications market, currently estimated at 600 billion minutes per year, opening many new opportunities in addition to our existing presence in the roaming market.

*“Expanded Payments Options and the **World Credit** Platform will also provide Norwood with improved margins and market reach, as well as giving our customers unparalleled flexibility in how they transact with us.*

*“Our award-winning **World Phone** App has experienced great initial success since its launch only five months ago, regularly achieving daily download rates on App Stores that are higher than many competing VoIP Apps’ daily download rates – across numerous markets. **World Phone** has also been generating highly encouraging early revenue in a number of interesting markets.*

*“We see these new initiatives on pricing, payments and shared credit as really important and valuable additions to our overall revenue and go-to-market models. Since launch, we have noted an asymmetric uptake and monetisation of the **World Phone** App across many markets. In many cases, we believe this to be due to the competitiveness (or alternatively lack thereof) of our existing flat-rate global pricing when applied across many differently-priced markets. These new initiatives are designed to drive additional App uptake and monetisation in a number of market segments that we currently don’t yet compete effectively in.*

“Finally, on behalf of the entire Norwood team, I want to wish our investors and supporters the very best for the holiday season and the New Year. We appreciate that it has recently been a turbulent time in the market and want to re-affirm the team’s commitment and dedication to building the world’s most compelling telecommunications platforms, powered by an exciting array of beautiful, easy-to-use and monetisable consumer and corporate applications. Having laid a robust foundation over the past five months, in terms of our people, systems, products and services, we are working very hard – through the break – on an amazing product pipeline and an equally amazing array of customer and partner opportunities before us. We are looking forward to 2016 with great anticipation. Thank you for your support to date.”

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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*, 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™

About Peppermint Innovation

Peppermint Innovation Limited (ASX: **PIL**) is a company focused on the commercialisation of a proprietary Mobile Banking, Payments and Remittance technology, designed for banks, mobile money operators, remittance companies, payment processors, retailers/merchants, credit card companies, and microfinance institutions.

The focus of Peppermint's initial efforts is in the Philippines, a country with a population of circa 100 million people and 105 million mobile phones in use, where over 4 years have been spent developing and integrating the technology, which is currently being used by three leading commercial banks.

Peppermint aims to leverage a successful commercialisation strategy in the Philippines and build on established relationships in order to develop a commercial presence utilising the Mobile Banking, Payments and Remittance Platform further across Asia and beyond.

About Stripe

Stripe is the best way to accept payments online and in mobile apps. Stripe handles billions of dollars every year for forward-thinking businesses around the world.

Stripe now processes billions of dollars a year for thousands of businesses, from newly-launched start-ups to Fortune 500 companies. Since Stripe powers so many new businesses, it's a snapshot of how the Internet is changing; many users are in categories that barely existed five years ago. Web and mobile businesses around the world using Stripe include Twitter, Kickstarter, Shopify, Salesforce, Lyft, and many more.

Stripe is 358 people and headquartered in an old trunk factory in the Mission district of San Francisco. The company has received around \$300 million in funding to date; investors include Sequoia Capital, Visa, American Express, Peter Thiel, and Elon Musk.

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