

ASX ANNOUNCEMENT

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Norwood Completes Development of New World Phone App Capabilities

Highlights:

- Three fundamental new capabilities for Norwood's Over-the-Top Telephony App, **World Phone**, have completed development and include:
 - **Free App-to-App Calling**, allowing users of the App to call each other free of charge, increasing user engagement and monetisation potential
 - **Global Dynamic Pricing**, allowing variable pricing per country and calling destination, and enlarging Norwood's addressable market beyond roaming
 - Norwood's **World Credit** platform allowing users to purchase common "World Credit" on any of Norwood's World Apps
- The **World Phone** upgrades build upon successful features that users already love and pay for:
 - Crystal clear high quality audio thanks to Norwood's superior technical solution to VOIP implementation
 - Instant local number rental, in over 70 countries across the globe
 - Significant cost savings over global roaming or long distance rates
- Latest **World Phone** upgrades are expected to increase user engagement, and lead to greater monetisation and enhanced revenue for Norwood

"Sharing Economy" telecommunications pioneer Norwood Systems Ltd ("Norwood" or "the Company") (ASX: NOR) is pleased to announce that development of comprehensive new payments, pricing and credit management initiatives for the Company's Over-the-Top (OTT) Telephony App, **World Phone**, is now complete and deployed with the Apple App Store.

These fundamental upgrades for **World Phone** incorporate the previously announced Free App-to-App Calling, **World Credit** and **Global Dynamic Pricing** features. With these new features **World Phone**'s monetisation potential is set to expand well beyond its existing geographically and pricing defined roaming market into the generalised long-distance market.

As noted in the recent strategy update, Norwood is planning for potential revenue volatility during the launch window of **Global Dynamic Pricing**. Calibration of optimal pricing strategies will continue post release and can be expected to continue for up to several months' post launch.

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

"World Phone has enjoyed great success in just seven months of being available, with over 3.6 million downloads and half a million dollars in revenue to date. It is a great product that many users enjoy and value, all around the world.

*"Now well prior to the product's 1st anniversary we are adding three new fundamental capabilities to **World Phone** with **World Credit**, **Global Dynamic Pricing** and **Free App-to-App Calling**, marking a fundamental advance in the revenue generating and engagement potential of **World Phone**.*

*“With Global Dynamic Pricing, **World Phone** is set to be competitive in more locations than ever before, and across more than just global roaming or high cost locations. This is expected to significantly enhance the already considerable number of paying users of our products.*

“This all builds towards Norwood’s vision of one network spanning multiple Apps, multiple segments and spanning diverse use cases and markets.”

With the completion of development and internal testing and the subsequent deployment to the Apple App Store, iOS users can expect to enjoy the new features of **World Phone** within the next fortnight, once the standard Apple review process is completed. Apple iPhone is the lead development platform for **World Phone**, and the updates applied on the iPhone platform will now roll over to the Android version, with implementation expected to take approximately 3-4 weeks.

Norwood’s future product roadmap for 2016 builds upon the market expansion created by these fundamental new capabilities. Norwood is creating a multi-service App portfolio to support diverse end-user communication needs – beyond just voice services. This will see Norwood integrating the Company’s corporate and end user platforms, CORONA and the World Apps, commencing with the launch of CORONA cloud. This will allow Norwood to support a full range of use cases from individual travellers or long distance callers, through small to medium enterprises, large corporate deployments and carrier white label agreements.

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 or communicating from overseas 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.

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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 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