

ASX ANNOUNCEMENT

23 October 2015

**World Phone Revenue Run Rate Increases to Over \$600,000 per Annum
and Go-To-Market Team Expands**

Highlights:

- **World Phone** annualised revenue run rate increased by 50% since September 2015 to more than \$600,000 p.a.
- **World Phone downloads now exceed 500,000 worldwide.**
- Internal digital marketing analytics, via Facebook & Twitter, are driving **World Phone** user acquisition
- Average acquisition cost per user remaining around \$1
- **Nick Horton** appointed as **Vice President Marketing**
 - Previously Blackberry VP & Managing Director for Middle East, Turkey and North Africa.
 - Deeply experienced global executive who has built and led international marketing, sales, and product management operations for global businesses including BlackBerry, Orange (France Telecom) and O2 (Telefonica) exceeding annual sales targets of hundreds of millions of dollars.
 - Responsibility for driving further growth for the Company's **World Phone** platform, with a strong focus on end-user consumer B2C marketing and digital channel acquisition, retention and growth programs

"Sharing Economy" telecommunications pioneer Norwood Systems Ltd ("Norwood" or "the Company") (ASX: NOR) is pleased to announce that revenues from **World Phone** are currently equivalent to a run rate of over \$600,000 per annum, less than three months since the App's launch. **World Phone** easily connects users with contacts while roaming overseas through access to high quality, low-cost local landline networks, making it easy and affordable to make voice calls from a mobile device wherever you are around the globe.

World Phone has now seen over 500,000 downloads in more than 200 countries. The App has been the number one most downloaded Travel App in 93 countries and number one highest grossing Travel App in 57 countries on the Apple App Store. The App has now established a semi-permanent presence in the top 10 lists for Travel Apps in roughly half of all iTunes App Stores, further boosting its viral growth.

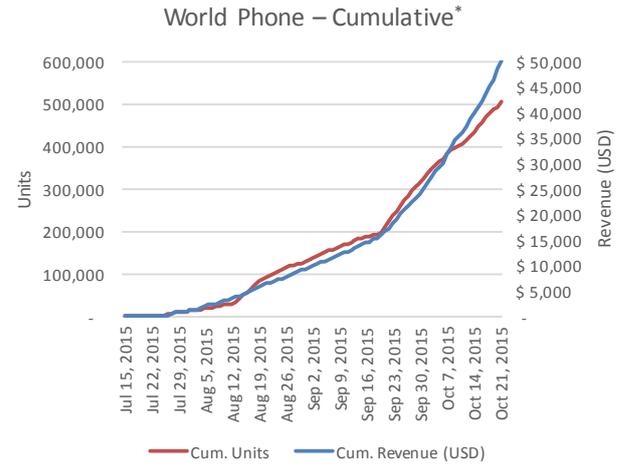
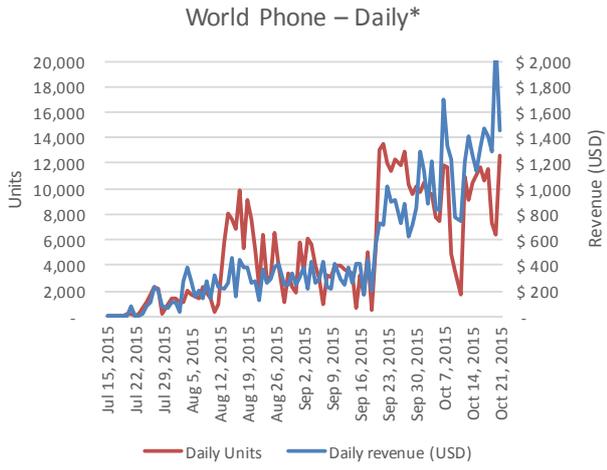
The growing user base sets Norwood up for increased revenue flows, as users purchase call minutes, numbers and subscription plans. Revenue is still split roughly 50/50 between one-off consumable purchases (extra calling minutes) and subscription-type items (local number leases and monthly plans).

Norwood's user growth and associated revenue can grow without scaling up fixed costs, and the Company's revenue seen to date has been linked at a statistically significant level both to the size of the installed base, as well as recent downloads.

To drive further growth, Mr Nick Horton has been appointed as Vice President Marketing for Norwood, reporting to the CEO, Paul Ostergaard. Mr Horton is a former VP and MD for Blackberry and senior executive at Orange, with senior executive experience across Australasia, Europe, the Middle East and South East Asia. At his previous roles, Mr Horton delivered against multi-hundred million-dollar revenue targets, with on target performance for a major smartphone brand. As the new VP of Marketing, Mr Horton will lead Norwood's organic and partner-led consumer acquisition, monetisation and growth efforts.

For personal use only

For personal use only



* Apple iTunes App Store analytics data, 21 Oct 2015

Norwood's recently signed strategic partnership agreement with Booking.com has also commenced bringing additional revenue in the form of shared Booking.com commissions from stays booked by **World Phone** users via the App. Norwood is seeing multiple daily bookings made by such users from the App. Booking.com related revenues to be confirmed on a 30 days post month-end basis from Booking.com and therefore are not reflected in this announcement.

The Company also recently announced a launch date of November 30, 2015 for **World Phone** on Android devices, thereby opening up a huge new market opportunity, and it also recently announced the appointment of Steve Tot, a senior ex-Telstra executive, as Norwood's new VP Sales to drive **CORONA** sales growth.

Norwood is delivering on its growth strategy detailed in the ASX release on [23 September 2015](#), including a number of other initiatives such as localisation efforts with **World Phone** and free App-to-App calling.

Norwood Systems CEO and Founder, Paul Ostergaard, commented:

*"It is so great to see that our revenue stream has been growing and accelerating at such a rapid pace over such a short time. The Company is addressing a great opportunity to grow and attract new users, driving revenue with both **World Phone** and **CORONA**, as we continue to scale up customer acquisition and product innovation efforts."*

*I am delighted to welcome Nick Horton as our new Vice President of Marketing. He brings with him considerable expertise and experience to drive **World Phone** customer acquisition and engagement, as we continue to execute our aggressive growth plan. Nick's experience in building consumer sales in the mobile space is outstanding, and will greatly assist us in taking **World Phone** and consumer targeted sales to the next level.*

We will continue to drive towards our goal of market leadership in 'Sharing Economy' telco services, targeting multiple multi-billion-dollar market opportunities in both the consumer and corporate sectors."

-ENDS-

For Further information, please contact:

Paul Ostergaard , CEO & Founder Office: +61 8 9200 3500 Web: www.norwoodsystems.com Twitter: @norwoodsystems, @paulostergaard	Shane Murphy , FTI Consulting Office: +61 9485 8888 Direct: +61 8 9485 8804 Mobile: +61 420 945 291 Twitter: @ShaneWMurphy
--	---

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™