

ASX ANNOUNCEMENT

5 November 2015

Norwood Penetrates North American and European Markets with World Phone

Highlights:

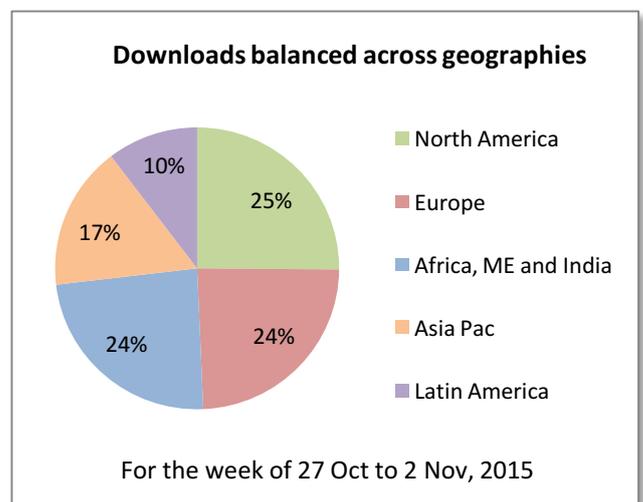
- Significant revenues now flowing from developed markets – **60% of revenues** in the past week coming from European and North American iTunes account holders.
- **World Phone annualised revenue run rate increased to more than A\$900,000 p.a.**, a 20% increase in the past week, and from a base of zero in **just the three months since launching** on 31 July 2015.
- **World Phone downloads now exceed 700,000** worldwide, also **up by 20% in the last week** and again from a standing start just three months ago.
- Average acquisition cost per user are declining, achieving advertising costs per download well below \$1 over the last week.
- Extensive internal digital marketing knowledge base now built up to support the World Phone launch on Android.

“Sharing Economy” telecommunications pioneer Norwood Systems Ltd (“Norwood” or “the Company”) (ASX: NOR) is pleased to announce that further enhancements to the Company’s internally managed marketing program have seen significant success both in achieving noteworthy revenue increases primarily from developed markets and in driving considerable jumps in overall download numbers for **World Phone**.

Revenues from **World Phone** are currently equivalent to a run rate of **over A\$900,000 per annum**, an increase of 20% in the past week. The increased revenues have also seen a larger portion of **World Phone’s** revenues come from **developed markets**, including North America and Europe, after initial early success in North Africa and the Middle East.

The **World Phone** Android launch remains on track for 30 November 2015, with Norwood continuing to refine and test advanced builds of its Android **World Phone** App. External beta testing is scheduled to commence shortly, ahead of the global launch. The launch of the Android version of **World Phone** will open up a significant new market opportunity for the Company. Norwood’s extensive internal marketing knowledge base, built up for its iPhone **World Phone** client over the last three months, will directly transfer to the launch of the Android **World Phone** marketing campaign.

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 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.



World Phone has now seen over 700,000 downloads in more than 200 countries. The App has been the number one most downloaded Travel App in 95 countries and the number one highest grossing Travel App in 71 countries on the Apple App Store. **World Phone** has recently achieved the 2nd highest grossing Travel App in the **United States**, as well as the current highest grossing Travel App in 13 countries and top 10 grossing App in 58 countries, indicating a broad geographic spread and depth of monetisable adoption for **World Phone**.

Norwood continues to deliver on the growth strategy detailed in the ASX release on [23 September 2015](#), including the impending Android launch on 30 November 2015, localisation efforts with **World Phone** and free App-to-App calling.

Norwood Systems CEO and Founder, Paul Ostergaard, commented:

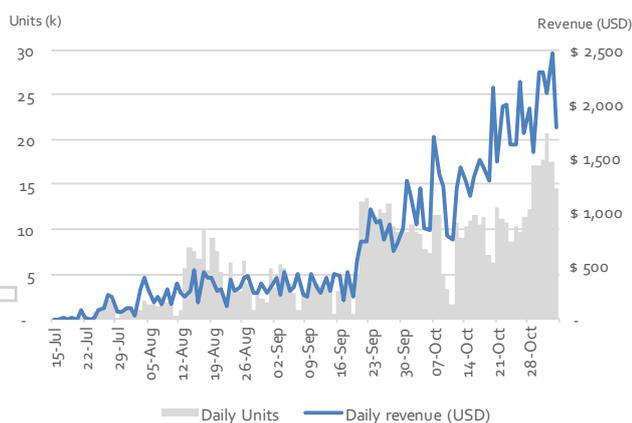
*"We are now just over 3 months out from the global launch of **World Phone** on the iPhone iOS platform. All of our metrics – downloads, revenues and acquisition costs – continue to improve, as we build up a detailed knowledge base of the best advertising strategies, markets, and revenue generating customers for our product.*

This is a massive achievement – we have launched a brand new global voice service and in just three months have scaled it up reliably and cost-effectively, gaining strong traction across all geographies, and have done so using a highly efficient marketing strategy. We've now demonstrated that we can target and break into markets across the globe, from developed to developing countries, generating meaningful revenues at the same time, all while seeing a declining average cost of acquiring new customers.

*These results have been achieved prior to launching our much-anticipated Android **World Phone** App. We will soon be applying our deep acquired understanding of the best **World Phone** markets and the prime revenue targets, built up over the last 3 months for the iPhone client, from Day One of our Android App launch.*

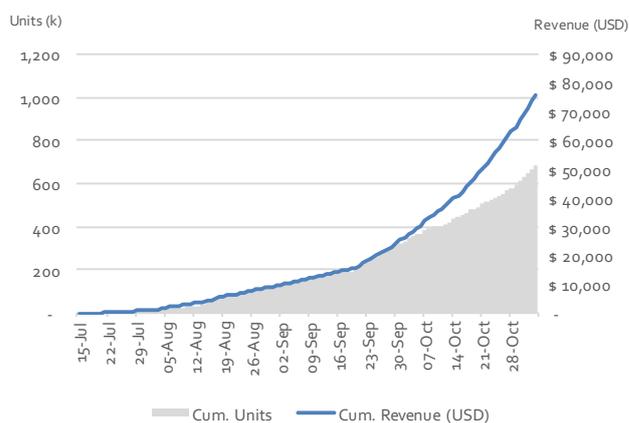
*We continue to make significant improvements to our marketing and average revenues per user and look forward to providing further updates, as we progress with the rollout of **World Phone** worldwide."*

World Phone – Daily Units and Revenue



* Apple iTunes App Store analytics data, 3 Nov 2015

World Phone – Cumulative



-ENDS-

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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™

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