

ASX ANNOUNCEMENT

31 January 2025

**Operations Overview and Appendix 4C for the 31 December 2024 Quarter**

**CogVoice OpenSpan™ launched on Microsoft Azure, Continuing Tier 1 CSP Negotiations, and Global Engagements Deepen**

**Highlights**

- **Continued Negotiations with Australian Tier 1 CSP**
  - Norwood during the quarter continued negotiations with an Australian Tier 1 Communications Service Provider (CSP) to refresh their core network voicemail platform.
- **Launch of the CogVoice OpenSpan (“OpenSpan”) Application Server**
  - On 17 December 2024, Norwood launched its next-generation AI Voice ‘enablement’ platform, the **OpenSpan Application Server platform**, built on **Microsoft Azure**.
- **Stable Half-Year Cash Receipts & Additional Funding Secured**
  - Cash receipts banked for the December 2024 quarter was \$168,000.
  - Half-year-to-date (H1 FY2025) net operating cash outflow (including R&D tax) improved year-on-year from \$872,000 (H1 FY2024) to \$387,000 (H1 FY2025).
  - Secured \$735,000 in further funding during the quarter. See Financial Commentary for details.
- Received post-quarter in January 2025 a further \$309,000 from an R&D loan facility for R&D expenditure covering the period of July 2024 to December 2024.
- **New CSP Platform Opportunities with OpenSpan and Related Technologies:**
  - Norwood is continuing its piloting of its Open Services Media Gateway platform with a Tier 1 operator in the US.
  - Engagements deepening with multiple CSPs around the world on OpenSpan POC and application deployment discussions.
- **Progressed work for long-term client Spark NZ as scheduled:**
  - Continued to receive stable cashflows from operations with Spark NZ.
- **Post quarter the Board appointed Dr John Tarrant as Chair, formed a Commercial Subcommittee to support the Company’s growth trajectory in 2025 and appointed new Director Mr Paul Covich.**

Norwood Systems Ltd (“**Norwood**” or the “**Company**”) (ASX: NOR), a leading cloud-native voice service platform innovator, is pleased to provide an overview of the Company’s activities for the December 2024 quarter and the accompanying Appendix 4C cashflow report.

Norwood's CEO and Founder, Paul Ostergaard, said:

*“During the December 2024 quarter Norwood continued negotiations with a Tier 1 CSP regarding a major voicemail project.*

*“The December 2024 launch of OpenSpan on Azure further validates our commitment to bridging the gap between traditional telco infrastructure and cutting-edge AI services. We are seeing interest from CSPs around the world in OpenSpan and are currently actively engaged with several operators regarding potential OpenSpan proofs-of-concept.*

*“We believe OpenSpan will be a gamechanger for operators looking to accelerate their subscriber AI strategy in 2025, and we look forward to showcasing these innovations at MWC Barcelona and continuing to strengthen our global CSP partnerships.”*

## Sales and Commercial Activities

### 1. Continued Local Tier 1 CSP Negotiations

Norwood continued negotiations with a major Australian Tier 1 CSP to refresh its legacy voicemail platform using Norwood’s CogVoice Voicemail offering.

### 2. Launch of OpenSpan

On 17 December 2024, Norwood announced the launch of **OpenSpan** on Microsoft Azure (refer to ASX announcement of the same date). As a potentially game-changing AI Voice ‘enablement’ platform, OpenSpan bridges the gap between traditional CSP core networks and cutting-edge, cloud-based AI services, enabling faster integration of advanced features such as in-call fraud detection, automated call summarisation, and real-time translation.

- **Built on Microsoft Azure** – This integration leverages Azure’s hyperscale infrastructure and AI ecosystem, empowering CSPs to adopt new AI-based voice offerings with minimal disruption.
- **Seamless CSP Integration** – OpenSpan’s modular architecture supports both 4G and 5G networks, bridging legacy infrastructure with modern, AI-powered services.
- **Flexible Monetisation** – CSPs can quickly commercialise new voice features, tapping into the robust capabilities of Azure AI Speech and OpenAI-based services.

### 3. Worldwide Partner and CSP Engagements

- **EMEA PoC Discussions** – Ongoing discussions on launching paid POCs with multiple operators in Europe and the Middle East, in collaboration with the relevant Microsoft CSP account teams.
- **North America** – Pilot testing of OpenSpan with a Tier 1 US operator continues to progress, with media-load and codec transcoding validations scheduled for Q1 2025. Ongoing discussions on

launching paid POCs with multiple operators in North America, in collaborations with the relevant Microsoft CSP account teams.

- **APAC PoC Discussions** – Ongoing discussions on launching paid POCs with multiple operators in the APAC region, in collaboration with the relevant Microsoft CSP account teams.
- **Spark NZ** – Norwood’s longstanding engagement continues to deliver recurring revenue.
- **AWS Collaboration** – Norwood is continuing its work with AWS to on platform architectures to deliver cutting-edge scalable and secure voice solutions to Tier 1 CSPs using AWS cloud services.

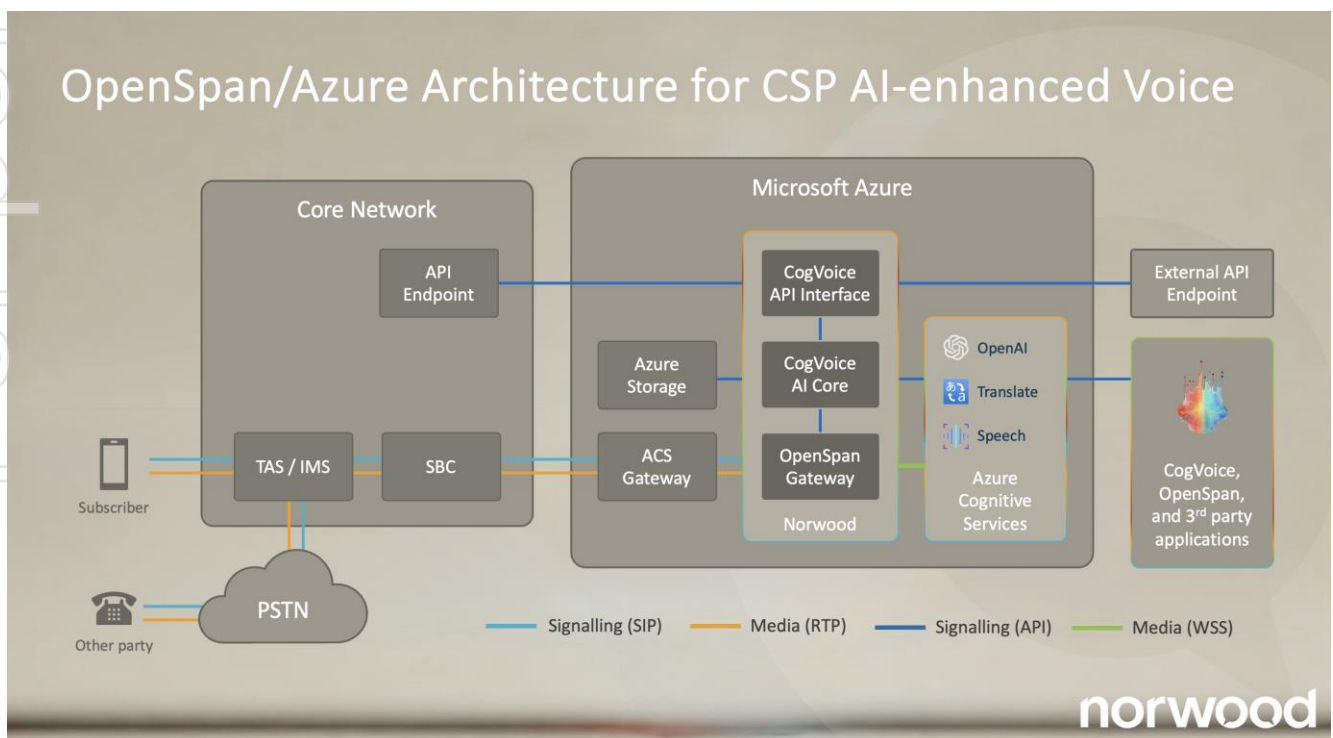
#### 4. Upcoming OpenSpan and Agentic Apps Showcase at MWC Barcelona

Norwood is set to showcase OpenSpan at MWC Barcelona in early March 2025, in collaboration with Microsoft. This high-profile event will demonstrate how OpenSpan can transform CSP voice networks through Azure-hosted AI services, strengthening Norwood’s position as a leading innovator in the telco AI space.

## Product and Service Development Activities

### 1. Launch of OpenSpan

This past December 2024 quarter, Norwood completed the **productisation** of its CogVoice Open Services Media Gateway (OSMG) into the newly launched **CogVoice OpenSpan Application Server** platform. Building on the Company’s experience in piloting OSMG with a Tier 1 US operator, **OpenSpan** now integrates a broader set of real-time AI-driven functions and deeper Microsoft Azure connectivity, enabling Communication Service Providers (CSPs) to seamlessly and rapidly bridge traditional telco voice infrastructure with modern cloud-based AI services.



OpenSpan on Azure Core Architecture

## 2. AI-Powered Enhancements & Ongoing R&D

Norwood continues to invest in **AI-centric capabilities** that extend OpenSpan's value to CSPs:

- **Scalability and Performance Gains** – Ongoing refinements to the underlying OpenSpan media engine boost concurrency and reduce latency, ensuring large-scale deployments can support high simultaneous call volumes in real-time.
- **Flexible Monetisation** – The OpenSpan Application Server architecture introduces new revenue pathways for CSPs, allowing quick integration of subscription-based AI call services and advanced analytics.

## 3. Other Platform Initiatives

**CogVoice Voicemail & Agentic IVR** – Incremental improvements to existing Agentic IVR and CogVoice Voicemail solutions ensure compatibility with diverse CSP ecosystems, with the Company's primary R&D focus for the past and current quarter being on further bolstering OpenSpan's productisation and support for AI applications and interfaces.

**Research & Development** – Norwood's ongoing R&D into advanced agentic services (e.g. Adversarial Agent, Onboarding Agent) continues to enrich the broader CogVoice ecosystem, ultimately feeding into future OpenSpan releases.

## Financial

### Financial commentary

#### R&D Loan Facility

Norwood continues to leverage a loan facility for R&D work through Radium Capital. This facility is accessible after each quarter's end, subject to certain criteria. The Company received a further \$310,000 from this R&D loan facility in January 2025 (covering July to December 2024 R&D expenditures).

#### Cash Draw Down Facility with Balmain Resources

- In October 2024, Norwood agreed an increase to its Cash Draw Down Facility with Balmain Resources Pty Ltd (Balmain), originally commenced in April 2024 with a capital amount of \$300,000, providing access to an additional \$150,000 under the existing Loan Agreement to \$580,000.
- In November 2024, the facility was increased again by \$60,000, bringing total availability under the facility to \$640,000 with the facility principal now reset to include all accrued interest and fees up to 31 December 2024 to total \$699,603 (See ASX Announcement dated 31 December 2024, titled 'Norwood varies cash drawdown facility'). It was further agreed to extend the repayment date one month to 31 January 2025.
- Post-quarter in January 2025, the repayment date for the facility was extended to February 14, 2025, with the principal amount owing reset to \$720,114.

## Convertible Note Issue

In December 2024, Norwood successfully raised \$505,000 from the issuance of unsecured Convertible Notes carrying a 10% annual interest rate and a maturity date of 31 December 2025. The Notes are convertible at \$0.03 per share, with free attaching unquoted options exercisable at \$0.03 per option, expiring 31 December 2026. Proceeds from the Note issue will fund continuing R&D efforts and working capital needs. Directors John Tarrant and Phil Marsland each contributed \$50,000 to the offering. Shareholder approval will be required for the Director Note conversions and the issue of the Note Options.

## CEO Option Exercise

In October 2024, Norwood's CEO and Founder, Paul Ostergaard, exercised a number of 5c and 8c Norwood options, contributing \$20,000 in additional working capital.

## Business Activities Expenditure

Over the December 2024 quarter, Norwood continued to invest in R&D, product enhancements, and sales activities. Key expense items included:

- Research & Development: \$235,000 in the quarter (\$624,000 for H1 FY2025).
- Staff Costs: \$215,000 in the quarter (\$409,000 for H1 FY2025).
- Administration & Corporate Costs: \$157,000 in the quarter (\$275,000 for H1 FY2025).

These outlays support the Company's strategic focus on AI-driven product development and commercialisation opportunities.

## Quarterly Cash Flows

- Cash Receipts in the December quarter reached \$168,000, bringing H1 FY2025 receipts to \$574,000.
- Net Operating Cash Outflow for the December quarter was \$607,000, with the cumulative outflow for H1 FY2025 at \$387,000.
- Closing Cash at 31 December 2024 stood at \$218,000, bolstered by the new Convertible Notes, short-term borrowings, and the CEO's option exercise.

## Payments

Norwood notes that item 6.1 in the Appendix 4C relates to executive director salary and superannuation.

## Post Quarter Governance Activities

On 2 January 2025, Dr John Tarrant was appointed Chair who will lead the Board in providing strong oversight and strategic guidance, ensuring the highest standards of governance as Norwood expands into new markets and finalises potential contracts. Mr Paul Ostergaard continues to serve as Chief Executive Officer and Founder, focusing on completing the contractual discussions already underway with major prospective clients globally.

A new Commercial Subcommittee has been formed to support the Company's growth trajectory in 2025, which will work closely with management to accelerate sales growth, shape product and innovation and scale partnerships.

Mr Paul Covich was appointed as a non-executive director of the Company on 28<sup>th</sup> January 2025, with the goal of further strengthening support from Norwood's investor community and positioning Norwood for future growth.

Together, these changes allow us to focus on a step change in delivery at Norwood. As CEO, Paul Ostergaard is now able to further focus on ensuring our offerings remain truly world class, and on closing and delivering contracts for the Company.

**ENDS**

**For media inquiries, please contact:**

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### **About Norwood Systems**

Norwood Systems (ASX: NOR) is a leading innovator in voice communication services, providing advanced conversational and generative AI technologies to revolutionise global communications. Its solutions enhance user experiences, delivering reliable and cutting-edge voice services to customers worldwide.

# Appendix 4C

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

NORWOOD SYSTEMS LIMITED (ASX: NOR)

ABN

15 062 959 540

Quarter ended (Current quarter)

31 December 2024

### Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (6 Months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	168	574
1.2 Payments for:		
(a) research and development	(235)	(624)
(b) product manufacturing and operating costs	(71)	(183)
(c) advertising and marketing	(97)	(166)
(d) leased assets	-	-
(e) staff costs	(215)	(409)
(f) administration and corporate costs	(157)	(275)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / refunded	-	-
1.7 Government grants and tax incentives	-	694
1.8 Other: (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(607)</b>	<b>(387)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

Consolidated statement of cash flows		Current Quarter \$A'000	Year to date (6 Months) \$A'000
<b>3. Cash flows from financing activities</b>			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	505	505
3.3	Proceeds from exercise of options	-	20
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	258	410
3.6	Repayment of borrowings	-	(332)
3.7	Transaction costs related to loans and borrowings	(33)	(33)
3.8	Dividends paid	-	-
3.9	Other: <i>Payments for the principal portion of lease liabilities</i>	(17)	(34)
<b>3.10 Net cash from / (used in) financing activities</b>		713	536
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>			
4.1	Cash and cash equivalents at beginning of period	112	69
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(607)	(387)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	713	536
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>		218	218
<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	193	87
5.2	Call deposits	25	25
5.3	Bank overdrafts	-	-
5.4	Other (provide details):	-	-
<b>5.5 Cash and cash equivalents at end of quarter</b> (should equal item 4.6 above)		218	112
<b>6. Payments to related parties of the entity and their associates</b>		<b>Current quarter \$A'000</b>	
6.1 Aggregate amount of payments to related parties and their associates included in item 1		40	
6.2 Aggregate amount of payments to related parties and their associates included in item 2		-	
Note: if any amounts are shown in items 6.1 and 6.2 your quarterly activity report must include a description of, and an explanation for, such payments			
Salary and superannuation payments to Managing Director, see quarterly report commentary.			



7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.		
7.1 Loan facilities	700	700
7.2 Credit standby arrangements	-	-
7.3 Other (please specify): <i>Convertible Notes</i>	505	505
7.4 Total financing facilities	1,205	1,205

7.5 Unused financing facilities available at quarter end	-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

<p>o <b>Cash Draw Down Facility</b></p> <p>In April 2024 (varied in September, October and December 2024 and post-quarter in January 2025) the Company entered a Cash Draw Down Facility agreement with Balmain Resources Pty Ltd, a Company controlled by Non-executive Director Dr John Tarrant on the following key terms:</p> <p><i>Facility amounts</i> up to \$720,114 (including interest, as of 31 January 2025)</p> <p><i>Establishment fee</i> 3% of the facility amount, plus GST</p> <p><i>Interest rate</i> 15% p.a. (default rate +1%)</p> <p><i>Repayment date</i> 14 February 2025</p> <p>o <b>R&amp;D Facility Terms:</b></p> <p><i>Counterparty:</i> Innovation Structured Finance Co LLC facilitated by Radium Capital for the July to December 2024 period.</p> <p><i>Amount:</i> 80% of the expected R&amp;D tax offset resulting from each period's eligible R&amp;D expenditures, with principal and interest repaid from the actual tax offsets at the end of the October 2024.</p> <p><i>Final Maturity Date:</i> 30 November 2025 and expected to be paid in October 2025. Norwood has the option to repay earlier without penalties.</p> <p><i>Interest Rate:</i> 15% per annum, and default rate of 22% (from 1 October 2025 until the loan is repaid in full).</p> <p><i>Security:</i> Secured against the R&amp;D refund receivable from the ATO in October 2025.</p> <p><i>Conditions:</i> R&amp;D expenditure has to be reviewed by R&amp;D Tax Consultants</p> <p><i>Purpose of Loan:</i> As per agreement, wholly or predominantly for working capital or R&amp;D expenditures.</p> <p>o <b>Unsecured Convertible Notes ("Notes"):</b></p> <p><i>Principal amount</i> \$505,000</p> <p><i>Repayment Date</i> 31 December 2025</p> <p><i>Face Value</i> Equal to the principal amount</p> <p><i>Interest</i> 10% per annum. There is an option to elect to receive shares in lieu of interest to be issued at a price of \$0.03 per share.</p> <p><i>Conversion</i> The Notes can be converted to 16,833,333 million fully paid ordinary shares at \$0.03 per share, with a free attaching unquoted option issued on the basis of 33.33 options for every dollar subscribed for, exercisable at \$0.03 per option expiring 31 December 2026. Note holders may convert at any time up to the repayment date.</p> <p><i>Redemption</i> The Company has the right to redeem any unconverted Notes at the repayment date by payment to the Note holders of the face value of the Notes.</p>	
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8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(607)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	218
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	218

**8.5 Estimated quarters of funding available** (Item 8.4 divided by Item 8.1)

0.36

*Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.*

**8.6** If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. *Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?*

Answer:

Yes

2. *Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

Answer:

The company has taken steps to raise further cash to fund its operations. The company has a proven history of successful capital raisings, share placements to Directors and the recent issue of convertible notes in December 2024 of \$505,000. The company additionally has forecast cash flows from customers sufficient to fund its operations. \$309,000 has been received in January 2025 from the Radium R&D loan facility for the period of July to December 2024 R&D work, which is typically accessible subsequent to the end of each quarterly period through Radium Capital, subject to certain criteria being met.

3. *Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

Answer:

Yes, the Company expects to be able to continue its operations and to meet its business objectives based on its responses to items 1 and 2 above.

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: Friday, 31 January 2025

Authorised by: The Board  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.