

ASX ANNOUNCEMENT

30 April 2025

Operations Overview and Appendix 4C for the 31 March 2025 Quarter

Contract secured with Optus, post-quarter milestone cash receipt strengthens balance sheet, Tier-1 pipeline developing and global engagements continue

Highlights

- **Australian Tier 1 Contract Secured with Optus**
 - Five-year \$2.98 million supply agreement signed with Optus to replace its national voicemail platform with Norwood's CogVoice Voicemail solution.
- **Early Optus Contract Milestones Met During the March 2025 Quarter – cash received post-quarter**
 - First two Optus project milestones delivered on schedule during the March 2025 quarter leading to the first contract receipts being banked within two weeks of quarter-end.
- **Improving P&L and Balance Sheet Profile**
 - March 2025 quarter customer cash receipts of \$159,000. Post-quarter a further \$735,000 of cash receipts banked.
 - Pro-forma unaudited March 2025 quarter invoiced revenues rose to approximately \$839,000.
 - Post-quarter repaid \$200,000 of the Balmain Resources cash draw-down facility.
 - Expecting a further \$171,000 cash inflow in early May 2025 from an R&D loan facility for R&D expenditure covering the period of January to March 2025.
 - \$300,000 of convertible notes converted to equity in the quarter.
- **Growing Communication Service Provider (CSP) Pipeline**
 - Norwood is continuing to engage with multiple CSPs around the world on OpenSpan and CogVoice application Proof-of-Concept (PoC) and deployment discussions.
- **Progressed Work for Long-term Client Spark NZ as Scheduled**
 - Continued to receive stable cashflows from services provided to Spark NZ.

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 March 2025 quarter and the accompanying Appendix 4C cashflow report.

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

"Closing the Optus deal was a significant achievement for Norwood. We have proven over the last couple of months that our company can close a contract and then proceed

to deliver on schedule. The first two deliverable milestones for the Optus contract were achieved rapidly post-contract signature, and the associated cash inflow has strengthened our balance sheet as we proceed into the next phase of growth.

“With a growing number of Tier 1 operators engaging with Norwood for proofs-of-concept for CogVoice and OpenSpan, leveraging our Microsoft and AWS relationships, we are working on converting our recent momentum into additional POC engagements and subsequent production rollouts with operators around the world.”

Sales and Commercial Activities

Optus Contract Implementation

- High-level design and detailed specifications accepted by Optus, with the project implementation now well underway.
- Next two milestones (platform build & integration demonstration) targeted for Q4 FY25 delivery and invoicing.

Tier-1 Pipeline Expansion

- North America: Unpaid OpenSpan POC completed with US Tier-1 CSP. Whilst no contract arose immediately from this collaboration, Norwood is continuing to explore business applications with this CSP's business division through one of its partners. Additional POCs under discussion with further North American operators.
- EMEA & APAC: Multiple paid POC proposals have been made to operators over the quarter, resulting in ongoing engaged sales dialogue.

Strategic Partnerships

- Microsoft Azure joint-go-to-market collaboration; multiple Norwood/Microsoft operator briefing sessions being conducted.
- AWS architecture work continues, focusing on carrier-grade scalability, resiliency and security options for hosting the OpenSpan platform and CogVoice applications in production-grade AWS cloud environments.

OpenSpan and Agentic Apps Showcased at MWC Barcelona, in partnership with Microsoft

Norwood successfully showcased OpenSpan at MWC Barcelona in early March 2025, in collaboration with Microsoft, with Norwood being invited to speak on-stage at the Microsoft stand. This high-profile event demonstrated 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.

Norwood was referenced as one of Microsoft's 23 named global telco industry vendor partners just prior to, and during the MWC25 event in March 2025, highlighting the overall emphasis that Microsoft is giving to the Norwood-Microsoft go-to-market partnership.



Product and Service Development Activities

- **CogVoice Voicemail** – Optus deployment driving feature hardening, Optus-specific interface development and automation of on-boarding and data migration workflows.
- **Call Fraud Protection** – demonstrated live to Microsoft CSP clients at MWC25, running on OpenSpan.
- **Real-time speech ↔ speech translation** – live translation pipeline benchmarked sub-second. Targeting demonstrations to CSPs in May 2025, running on OpenSpan.
- **CogVoice SME Assistant** – Self-service web portal spins up an AI receptionist in <15 minutes: greeting, FAQs, call routing, appointment booking. Pre-built integrations for common calendars.
- **CogVoice Agentic IVR** – Systems deployed to the public cloud and demonstrated agentic call routing at MWC25.

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.

Norwood's engagement with research institutions has broadened over the past quarter, with Norwood now collaborating with four institutions on targeting ultra-low-latency inference, low-resource speech packs and adaptive fraud models:

- University of Western Australia (UWA)
- Murdoch University
- CSIRO, and
- Sri Lanka Institute for Information Technology (SLIIT)

Financial

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 \$309,000 from this R&D loan facility in January 2025 (covering July 2024 to December 2024 R&D expenditures) and is expecting a further approximately \$171,000 from this facility in early May 2025.

Cash Draw Down Facility with Balmain Resources

- In March 2025, the facility was increased again by \$75,000, bringing total availability under the facility to \$715,000 with the facility principal now reset to include all accrued interest and fees up to 31 March 2025 to total \$856,736 (See ASX Announcement dated 14th & 27th March 2025, titled 'Norwood varies cash drawdown facility'). It was further agreed to extend the repayment date three months to 30th June 2025, the interest rate has been reduced to 7.95% and the extension fee has been waived from 1st April 2025.
- Post-quarter, \$200,000 of the principal amount outstanding was repaid in April 2025.
- All other terms and conditions of the loan agreement remain in the full force and effect.

Convertible Notes

- \$300,000 of convertible notes converted to equity in the quarter with a further \$80,000 converted in April leaving only \$125,000 unconverted from initial \$505,000.

Business Activities Expenditure

Over the March 2025 quarter, Norwood continued to invest in R&D, product enhancements, and sales activities. Key expense items included:

- Research & Development: \$317,000 in the quarter (\$940,000 for YTD FY2025).
- Staff Costs: \$208,000 in the quarter (\$569,000 for YTD FY2025).
- Administration & Corporate Costs: \$122,000 in the quarter (\$398,000 for YTD FY2025).

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

Quarterly Cash Flows

- Cash Receipts in the March 2025 quarter reached \$159,000, bringing FY2025 receipts-to-date to \$732,000.
- Net Operating Cash Outflow for the March 2025 quarter was \$587,000, with the cumulative outflow for H1 FY2025 at \$925,000.

Payments

Norwood notes that item 6.1 in the Appendix 4C relates to executive director salary and superannuation of which no payments were made during the quarter.

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 March 2025

Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (9 Months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	159	732
1.2 Payments for:		
(a) research and development	(317)	(940)
(b) product manufacturing and operating costs	(83)	(265)
(c) advertising and marketing	(16)	(181)
(d) leased assets	-	-
(e) staff costs	(208)	(569)
(f) administration and corporate costs	(122)	(398)
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)	-	-
1.9 Net cash from / (used in) operating activities	(587)	(925)
2. Cash flows from investing activities		
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)	-	-
2.6 Net cash from / (used in) investing activities	-	-

Consolidated statement of cash flows		Current Quarter \$A'000	Year to date (9 Months) \$A'000
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	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	384	746
3.6	Repayment of borrowings	-	(332)
3.7	Transaction costs related to loans and borrowings	-	(33)
3.8	Dividends paid	-	-
3.9	Other: <i>Payments for the principal portion of lease liabilities</i>	-	(34)
3.10 Net cash from / (used in) financing activities		384	872
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	219	69
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(587)	(925)
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)	384	872
4.5	Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period		16	16
5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	(9)	194
5.2	Call deposits	25	25
5.3	Bank overdrafts	-	-
5.4	Other (provide details):	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)		16	219
6. Payments to related parties of the entity and their associates		Current quarter \$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-	
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			
-			

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 see 7.6(a),(b)	1,165	1,165
7.2	Credit standby arrangements	-	-
7.3	Other (please specify): <i>Convertible Notes</i> see 7.6(c)	305	305
7.4	Total financing facilities	1,470	1,470
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.		
(a)	Cash Draw Down Facility In April 2024 (9 th variation 27 th March 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: <i>Facility amount</i> up to \$856,736 (including interest) <i>Establishment fee</i> 3% of the facility amount, plus GST <i>Interest rate</i> 15% p.a. (default rate +2%) and extension fee of 1.5% up to 31 March 2025, Effective from 31 st March 2025 – interest rate reduced to 7.95% p.a. (default rate +2%), nil extension fee. <i>Repayment date</i> 30 June 2025		
(b)	R&D Facility Terms: <i>Counterparty:</i> Innovation Structured Finance Co LLC facilitated by Radium Capital for the July to March 2025 period. <i>Amount:</i> 80% of the expected R&D tax offset resulting from each period’s eligible R&D expenditures, with principal and interest repaid from the actual tax offsets at the end of the October 2025. <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. <i>Interest Rate:</i> 15% per annum, and default rate of 22% (from 1 October 2025 until the loan is repaid in full). <i>Security:</i> Secured against the R&D refund receivable from the ATO in October 2025. <i>Conditions:</i> R&D expenditure has to be reviewed by R&D Tax Consultants <i>Purpose of Loan:</i> As per agreement, wholly or predominantly for working capital or R&D expenditures.		
(c)	Unsecured Convertible Notes ("Notes"): <i>Principal amount</i> \$205,000 (remaining, from an original \$505,000) <i>Repayment Date</i> 31 December 2025 <i>Face Value</i> Equal to the principal amount <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. <i>Conversion</i> The remaining Notes, after partial conversion in March 2025 can be converted to 6,833,333 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 except for the director convertible note holdings representing 3,333,000 fully paid ordinary shares which must receive shareholder approval to convert. <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.		
8. Estimated cash available for future operating activities		\$A'000	
8.1	Net cash from / (used in) operating activities (Item 1.9)	(587)	
8.2	Cash and cash equivalents at quarter end (Item 4.6)	16	
8.3	Unused finance facilities available at quarter end (Item 7.5)	-	
8.4	Total available funding (Item 8.2 + Item 8.3)	16	

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

0.027

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:

No. The Company has received post quarter approximately a further \$735k of cash receipts banked which includes receipts from a recently secured telecommunications contract (See ASX Announcement 18-March 2025). The Company is forecasting an increase in revenues and a corresponding decline in overall net operating costs for the June 2025 quarter.

The March 2025 quarter cashflows also included one-off higher administrative and corporate spending, combined with one-off engineering and administrative costs after securing the telecommunications contract.

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 more recently the issue of convertible notes in December 2024 of \$505,000, of which \$300,000 converted to equity in March 2025 and a further \$80,000 converted subsequent to the quarter. The company additionally has forecast cash flows from customers sufficient to fund its operations. A further ~\$171,000 is forecast to be received from the R&D loan facility in the first week of May for the period of January to March 2025 R&D work, which is accessible subsequent to the end of each quarterly period through Radium Capital, subject to certain criteria being met.

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:

Yes, refer above

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: Wednesday, 30 April 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.