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ASX ANNOUNCEMENT
4 July 2017

Norwood Signs Distribution Agreement

Highlights

- *Distribution agreement with RAC Travel to promote customised **World Phone** packages to RAC WA's 840,000 members*
- *Provides an additional high value channel to market for World Phone whilst providing RAC WA members with convenient and cost effective travel communication*
- *Norwood estimates that it can expect approximately 10,000 to 20,000 customers per annum at an expected average revenue of $30.00 per customer from this Agreement, which implies annual revenue of approximately $300,000 to $600,000*

'Sharing Economy' telecommunications pioneer Norwood Systems Ltd (Norwood or the Company) (ASX: NOR) is pleased to announce the signing of a distribution agreement (Agreement) with RAC Travel Services Pty Ltd (RAC Travel), Western Australia's leading travel agent and a subsidiary of The Royal Automobile Club of WA (Inc.). (RAC WA). The Agreement will see Norwood's **World Phone** service promoted to RAC WA's 840,000 members and customers when they purchase travel and cruise packages, travel insurance, arrange international licences and other associated travel products.

RAC Travel will be responsible for promoting the **World Phone** service to their members and customers across a variety of channels, including the RAC website, direct marketing, in store materials and face-to-face discussion with travel consultants at its seven locations across Western Australia. Payment for the **World Phone** packages will be charged directly via upfront credit card processing and will not be subject to Apple or Google App Store payment terms.

Under the terms of the Agreement, Norwood will provide two custom **World Phone** packages at a bundled rate to RAC Travel members and customers which incorporate outbound calling minutes, incoming calling minutes and a local inbound phone number. The local inbound number will allow customers to divert their Australian phones to **World Phone** so they can continue to receive calls without paying expensive voice global roaming charges whilst they are overseas. Norwood will contract directly with those customers and provide all fulfilment and customer service to users. The Agreement has an initial term of 12 months with service reviews every six months, and can be terminated by either party with 30 days' notice.

Under the Agreement, sales through RAC Travel channels are expected to commence within two months. Assuming a successful rollout and based on input from RAC Travel, Norwood anticipates generating approximately 10,000 to 20,000 customers per annum via the Agreement, at an expected average revenue per customer of $30.00, which implies annual revenue of approximately $300,000 to $600,000.

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

"This is an excellent endorsement of the utility of World Phone for travellers with the RAC, one of Western Australia's most trusted brands, and we look forward to servicing the customers and members of RAC Travel with a high quality, cost effective service to stay in touch whilst travelling overseas."

The custom **World Phone** packages for RAC Travel members and customers are scoped to a broad set of destination countries, covering 154 landline and mobile networks, with certain higher priced destinations excluded. The United States, United Kingdom, Indonesia (Bali), Thailand, New Zealand, China, Hong Kong, France, Vietnam, Singapore and Canada are all included destinations.

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Overview of the Roaming Calling Solution for RAC Travel customers, including RAC members

World Phone is the world's leading virtual phone app. It allows users to put a second phone and number on their smartphone with excellent call quality and lower cost. Whilst travelling, users can call home at low cost using **World Phone**, whilst still receiving inexpensive calls to their Australian number, even if using a local SIM. This is achieved by simply forwarding their home and/or mobile number to a local inbound number provided by **World Phone**, which then places the call through to the **World Phone** app on their phone handset. An advanced voice mail feature is incorporated into **World Phone**, which allows users to pick up and listen to messages anywhere in the world from the cloud.

Norwood is changing the way we globally connect

At Norwood Systems, we're passionate about revolutionising telecommunications. To actualise this goal, we have developed versatile and innovative service platforms that combine Norwood's cloud services and Apps with a wide range of best in class network providers for voice, SMS and Wi-Fi access. By connecting your smartphone effortlessly and simply to local networks around the world via our award-winning Apps, you get high quality connections, clear and secure conversations for a fraction of international roaming costs.

About Norwood Systems

Norwood Systems provides voice, messaging and data services to consumers, enterprises and carriers globally, leveraging its' federated telecommunications services network partnerships. Our mission is to deliver disruptive end-user communications apps that streamline and simplify how users around the world can access affordable, high-quality telecommunications services – anywhere, anytime.

Norwood has solutions that service Enterprise, Telco and Partner channels.

Our Enterprise Solutions deliver powerful, yet simple platforms to make business communications more cost effective, easier to manage, and regulatory compliant. This is made possible by Corona® Cloud and Corona GTS, with its suite of mobility Apps.

Norwood Systems' innovative Telco Solution addresses all three categories of telecommunication providers. Major carriers, mobile virtual network operators (MVNOs), and Data-only providers.

Finally, our Partner Solutions are designed for the forward looking, customer driven Travel and Loyalty partner, providing an easy way to invigorate brand offerings with App based benefits.