

ASX ANNOUNCEMENT

21 July 2025

Operations Overview and Appendix 4C for the 30 June 2025 Quarter

Substantial Cash Receipts, Debt Reduction, Innovation, and Recognition Drive Strongest Quarter Yet

Highlights

- **Record quarterly cash receipts** of \$1.24 million (more than a 7x increase quarter on quarter), delivering a net positive operating cash flow of \$243k, marking Norwood's strongest cash receipts quarter on record.
- **Successful capital raise:** Completion of an oversubscribed capital raising of \$500k.
- **Significant debt reduction:** Repaid \$550k of the Balmain Resources Pty Ltd cash drawdown facility, reducing the loan payable to \$318k, strengthening the company's balance sheet.
- **Strong Optus project progress:** First three milestones delivered on schedule, resulting in strong cash inflow.
- **Microsoft partnership:** Joint go-to-market sessions held across a dozen jurisdictions; featured at Microsoft's booth at the TM Forum DTW Ignite Conference in June 2025.
- **Sales pipeline growth:** Several new opportunities across four continents, pursued individually or jointly with Microsoft.
- **OpenSpan™:** Strong ongoing interest in the OpenSpan platform by Communication Service Providers (CSPs) worldwide.
- **'Agent Dojo' soft-launched:** App-based demonstrator to enable rapid operator trialling of Norwood's full suite of agentic services with zero integration overhead.
- **New product alpha capabilities:** Outbound AI sales agents and Rich Communications Services (RCS) chat-card capabilities now in external early testing with selected parties.
- **Spark NZ:** Operational cashflows remain steady.
- **Industry Recognition:** Secured two key awards post-quarter – the **Research & Innovation Industry Award** for OpenSpan™ Call Protect and the **Dr Mal Bryce Western Australian Tech Company of the Year Award** at the 34th annual WAITTA Incite Awards.

Norwood Systems Ltd ("**Norwood**" or the "**Company**") (ASX: NOR), a leading cloud-native AI service platform innovator, is pleased to provide an overview of the Company's activities for the June 2025 quarter and the accompanying Appendix 4C cashflow report.

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

"The June 2025 quarter marked a clear inflection point for Norwood, highlighted by record customer receipts, strong positive cash flow, and substantial debt reduction, reflecting disciplined execution of our strategic and operational priorities across the entire business."

“The two prestigious WAITTA Incite awards, received post-quarter on 18 July 2025, further validate our technological leadership and strategic investments. With ongoing support from Microsoft on our go-to-market activities and an expanding footprint of active engagements throughout North America, Europe, and Asia Pacific, we enter FY2026 with great momentum.”

Sales and Commercial Activities

1. Optus Contract Implementation

- Project implementation well underway.
- First three milestones delivered on time, generating substantial cash inflow for Norwood.

2. Tier-1 Pipeline Expansion

- North America: Follow on engagement with the Consumer and Business teams of the US Tier-1 CSP with whom Norwood conducted an OpenSpan Proof of Concept (POC) in late 2024. An additional OpenSpan POC under discussion with another North American CSP.
- EMEA/APAC: Progressing several OpenSpan POC engagements and proposals.

3. Strategic Partnerships

- Microsoft joint-go-to-market continuing actively; multiple Norwood/Microsoft operator briefing sessions conducted over the June 2025 quarter and several are scheduled for the current September 2025 quarter.
- AWS architecture work continues, focusing on carrier-grade scalability, resiliency and security options.

4. OpenSpan and Agentic Apps Showcased at DTW Ignite, in partnership with Microsoft

Norwood successfully showcased its new Agentic Demonstrator platform at the DTW Ignite Conference in Copenhagen in mid-June 2025, with OpenSpan featured on the Microsoft stand.

5. Industry Recognition and Awards

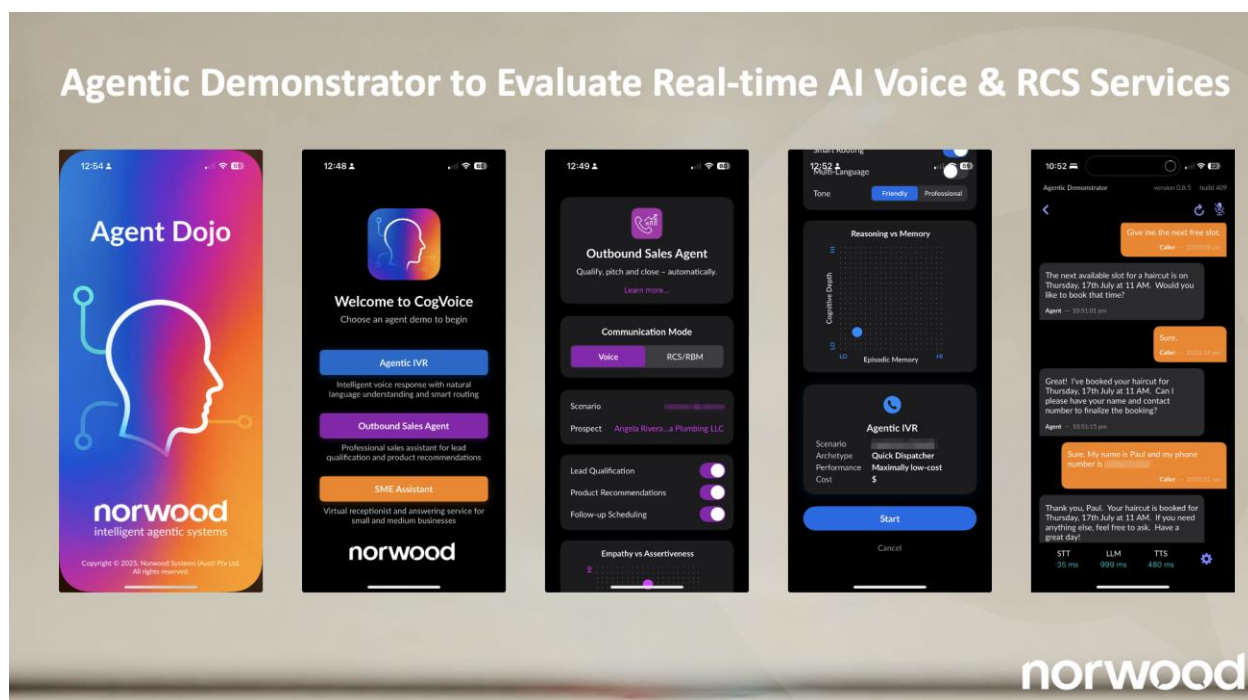
Subsequent to quarter-end, Norwood achieved significant industry recognition, receiving two prestigious awards at the **34th WAITTA Incite Awards** held 18 July 2025.

The Company won the **Research & Innovation Industry Award** for its **OpenSpan Call Protect** service, acknowledging its groundbreaking AI-driven technology that detects sophisticated phone-call scams in real-time. Additionally, Norwood was honoured as the recipient of the esteemed **Dr Mal Bryce Western Australian Tech Company of the Year Award**, recognising the Company's extraordinary contribution to Western Australia's technology sector and economy. These awards underscore Norwood's strong strategic positioning and ongoing commitment to innovation and excellence.

Norwood is now a finalist representing Western Australia at the **National iAwards** held in Adelaide late August 2025.

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.
- **OpenSpan:** Ongoing development of OpenSpan's protocol interfaces, maintaining alignment with TM Forum's evolving Open Digital Architecture (ODA) standards to ensure industry interoperability and strategic positioning.
- **Rich Communications Services (RCS):** Expanded the core dialogue stack to support RCS-based agentic interactions, positioning Norwood to capture new opportunities in non-voice messaging communication channels. Initial internal demonstration testing took place in June 2025, with external beta targeted for Q1/2 FY26.
- **Outbound AI Sales Agents:** Began alpha live trial evaluations during the June 2025 quarter, covering selected closed-loop sales scenarios.
- **CogVoice SME Assistant:** Continuing work during the June 2025 quarter on the self-service web portal. The agent supports call greeting, FAQs, call routing, appointment booking for businesses up to 50 employees. Pre-built integrations for calendars and appointment booking systems.
- **CogVoice Agentic IVR:** Continued developments of new scenarios.
- **Research & Development:** Ongoing engagement with its four research institution partners, with Norwood collaborating with these partners on innovation in ultra-low-latency inference, low-resource speech packs and adaptive fraud models.
- **Agent Dojo:** A new mobile demonstration platform soft-launched during the June 2025 quarter, enabling CSPs to rapidly evaluate the real-time performance of Norwood's full suite of agentic solutions. The application is a marketing tool – it showcases advanced functionalities across a number of agentic use case scenarios.



Agent Dojo: New Agentic Demonstration Platform

Financial Commentary

Capital Raising

On 16 May 2025, the Company announced a successful and oversubscribed capital raising of \$500,000. The Placement was completed using the Company's available capacity under ASX Listing Rules 7.1. Red Leaf Securities Pty Ltd was engaged as lead manager. Funds raised had been allocated to expand Norwood's market presence, accelerate product development, enhance customer experience, improve operational efficiency, partial repayment of debt, and support strategic partnership initiatives.

Resignation of Director

On 17 April 2025, the Company announced the resignation of Mr Paul Covich as a Director of the Company.

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 \$114,000 (net of ATO payments) from this R&D loan facility in May 2025 (covering January 2025 to March 2025 R&D expenditures) and expecting a further approximately \$230,000 (net of Radium loan repayments) from its R&D tax refund, expected in September 2025.

Cash Draw Down Facility with Balmain Resources

- Following the reset of the Balmain loan facility at \$856,074 on 31 March 2025, the Company successfully repaid \$550,000 during the June 2025 quarter, significantly reducing the outstanding principal and interest balance to \$318,342 as at 30 June 2025.
- The Draw down facility repayment date was extended to 31 July 2025 (tenth deed of variation) (ASX Announcement, dated 1 July 2025).

All terms and conditions of the loan agreement remain in the full force and effect.

Business Activities Expenditure

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

- Research & Development: \$404,000 in the quarter (\$1,344,000 total for FY2025).
- Staff Costs: \$249,000 in the quarter, consistent with prior periods (\$818,000 total for FY2025).
- Administration & Corporate Costs: \$151,000 in the quarter, consistent with prior periods (\$549,000 total for FY2025).
- A bank guarantee of \$149,000 was established in accordance with the terms of the Optus Supply Contract.

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

Quarterly Cash Flows

- Cash Receipts in the June 2025 quarter reached \$1,235,000, bringing FY2025 receipts to \$1,967,000.
- Net Operating Cash Inflow for the June 2025 quarter was \$243,000, with the cumulative outflow for FY2025 at \$682,000.
- Closing Cash held as at 30 June 2025 was \$138,000. Norwood is expecting to receive approximately \$960,000 during Q1 FY2026 from customers and further R&D refunds.

Payments

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

This announcement is approved by the board for release.

ENDS

For media inquiries, please contact:

Paul Ostergaard, CEO & Founder

Office: +61 8 9200 3500

Web: www.norwoodsystems.com

Email: info@norwoodsystems.com

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)

30 June 2025

Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (12 Months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,235	1,967
1.2 Payments for:		
(a) research and development	(404)	(1,344)
(b) product manufacturing and operating costs	(87)	(352)
(c) advertising and marketing	(101)	(282)
(d) leased assets	-	-
(e) staff costs	(249)	(818)
(f) administration and corporate costs	(151)	(549)
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	243	(682)
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 – Bank Guarantee (provide details if material)	(149)	(149)
2.6 Net cash from / (used in) investing activities	(149)	(149)

Consolidated statement of cash flows	Current Quarter \$A'000	Year to date (12 Months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	500	500
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	(36)	(36)
3.5 Proceeds from borrowings	114	860
3.6 Repayment of borrowings	(550)	(882)
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	28	900
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	16	69
4.2 Net cash from / (used in) operating activities (item 1.9 above)	243	(682)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(149)	(149)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	28	900
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	138	138
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	113	(9)
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)	138	16
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	79	
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 <i>see 7.6(a),(b)</i>	825	825
7.2	Credit standby arrangements	-	-
7.3	Other (please specify): <i>Convertible Notes see 7.6(c)</i>	138	138
7.4	Total financing facilities	963	963
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)	<p>Cash Draw Down Facility</p> <p>In April 2024 (10th variation 30 June 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 amount</i> up to \$318,342 (including interest)</p> <p><i>Establishment fee</i> 3% of the facility amount, plus GST</p> <p><i>Interest rate</i> 7.95% p.a. (default rate +2%) and extension fee of 1.75% up to 31 July 2025. Up to 30 June 2025 there have been repayments made of \$550,000 by the Company reducing the principal amount of the loan to \$318,342 including fees and interest, as of 30 June 2025.</p> <p><i>Repayment date</i> 31 July 2025.</p>		
(b)	<p>R&D Facility Terms:</p> <p><i>Counterparty:</i> Innovation Structured Finance Co LLC facilitated by Radium Capital for the July to June 2025 period.</p> <p><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.</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&D refund receivable from the ATO in October 2025.</p> <p><i>Conditions:</i> R&D expenditure has to be reviewed by R&D Tax Consultants</p> <p><i>Purpose of Loan:</i> As per agreement, wholly or predominantly for working capital or R&D expenditures.</p>		
(c)	<p>Unsecured Convertible Notes ("Notes"):</p> <p><i>Principal amount</i> \$135,000 (remaining, from an original \$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 remaining Notes, after partial conversion up to 30 June 2025 can be converted to 4,500,000 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.</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>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	243
8.2 Cash and cash equivalents at quarter end (Item 4.6)	138
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	138
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A

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:

N/A

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:

N/A

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:

N/A

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: Monday, 21 July 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.