

ASX ANNOUNCEMENT

27 March 2025

Norwood varies cash drawdown facility on significantly more favourable terms

Variation to cash drawdown facility

Norwood Systems Ltd (Norwood or the Company) (ASX: NOR) wishes to advise that it has entered into a ninth deed of variation to a loan agreement that provided access to a cash drawdown capital facility of up to \$300,000 (ASX Announcement dated 30 April 2024, titled "Norwood secures new cash drawdown facility of \$300k"). This variation to the terms of the loan agreement provides significantly more favourable terms to Norwood based on the re-assessed risk of the loan by the lender following Norwood's announcement of a \$2.98 million contract with Optus on 18 March 2025.

The loan was advanced by Balmain Resources Pty Ltd (Balmain), a company that director, Dr John Tarrant controls. Under the first deed of variation (announced to ASX on 30 September 2024), the cash drawdown facility amount was varied to \$430,000. Under the second deed of variation, the loan was increased to \$580,000 (announced to ASX on 29 October 2024). Under the third deed of variation, the loan increased to \$640,000 (announced to ASX on 29 November 2024). Under the fourth deed of variation, interest and fees were capitalised bringing the new principle to \$699,602.84 as of 1st January 2025 and the repayment date was extended to 31 January 2025 (announced to ASX on 31 December 2024). Under the fifth deed of variation, interest and fees were capitalised bringing the new principle to \$720,114.21 as of 14th February 2025 and the repayment date was extended to 14th February 2025 (announced to ASX on 31st January 2025). Under the sixth deed of variation, interest and fees were capitalised bringing the new principle to \$732,189.69 as of 14th February 2025 and the repayment date was extended to 28th February 2025 (announced to ASX on 14th February 2025). Under the seventh deed of variation, interest and fees were capitalised bringing the new principle to \$744,467.65 as of 14th March 2025 and the repayment date was extended to 14th March 2025 (announced to ASX on 26th February 2025). Under the eighth deed of variation, interest and fees were capitalised bringing the new principle to \$763,590.47 as of 31st March 2025 and the repayment date was extended to 31st March 2025 (announced to ASX on 14th March 2025).

The ninth deed of variation agrees to an extension of the repayment date to 30th June 2025, the interest rate has been reduced to 7.95% and the extension fee has been waived. The new principal amount as on 27 March 2025 is \$851,190 .

All other terms and conditions of the Loan Agreement remain in full force and effect.

The Board continues to assess the transaction as being arm's length as the terms are better for the Company than the prevailing market rates.

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Following the recent ASX announcement dated 18th March 2025, titled 'Norwood Systems Signs Voicemail Platform Supply Contract with Optus', Balmain has assessed the loan facility as lower risk and has offered the company significantly improved terms. The Company thanks Dr Tarrant for his continued support and commitment to the business.

The loan facility was put in place in April 2024 to provide vital working capital for the company to implement its growth opportunities including pursuing and finalising the recently announced Optus contract. Accordingly, the facility and the resulting working capital was instrumental in the company having sufficient capital to grow its business in the last 12 months. As a result, the company was able to secure the Optus contract and position itself for further growth during the remainder of 2025 including the company's aim to continue to increase revenue and cashflow from operations.

The company anticipates having sufficient surplus cashflow from operations to commence making repayments of the loan in one or more tranches prior to 30 June 2025.

Paul Ostergaard, CEO and Founder of Norwood Systems, commented: "This significantly improved facility underscores our main investor's confidence in Norwood's trajectory, particularly following our strategic win with Optus. The amended terms strengthen our financial position, allowing us to pursue further growth opportunities with greater flexibility and financial certainty. We remain committed to leveraging recent successes to accelerate our momentum, drive continued revenue growth, and enhance shareholder value throughout 2025 and beyond."

This announcement has been approved for release by the Board.

ENDS

For media inquiries, please contact:

Norwood Systems Ltd

Paul Ostergaard

CEO and Founder

Email: info@norwoodsystems.com

Phone: +61 8 9200 3500

About Norwood Systems

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