

ASX ANNOUNCEMENT

22 January 2026

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

Optus milestone progress, Tier-1 APAC Call Protect POC completion and record H1 FY2026 revenue highlight disciplined execution.

Highlights

- Record preliminary unaudited recognised revenue of \$2.1 million for H1 FY2026 (six months ended 31 December 2025).
- Optus CogVoice™ Voicemail: Optus approved and paid the final component of the fourth contractual milestone during the quarter.
- Post-quarter: Norwood received payment for the fifth Optus contractual milestone completed in mid-December 2025; customer cash receipts in the current March 2026 quarter to date exceed \$480,000.
- OpenSpan™ Call Protect: Successful completion of a paid proof-of-concept with a Tier-1 Asia-Pacific operator; discussions now focused on potential production service roll-out terms and conditions.
- Global Tier-1 pipeline: Continued progress across multiple Tier-1 operators in North America, EMEA and APAC, supporting Norwood's global telco go-to-market strategy.
- Strategic partnerships: Joint go-to-market activity continued with Microsoft telco account teams across multiple regions; AWS architecture work continued focusing on carrier-grade scalability, resiliency and security options.
- MoCA™ (Manager of Coding Agents): Internal development progressed strongly, with preparations underway for a targeted international alpha testing programme.
- Capital management: Completed an oversubscribed \$650,000 share placement during the quarter to support operations and growth initiatives.
- Debt reduction and liquidity: Repayment of borrowings of \$383,000 during the quarter; \$125,000 revolving line-of-credit facility in place (with \$65,000 undrawn at quarter end).
- Investment in product and R&D: Continued investment in R&D and product development.

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

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

"Execution with our Tier-1 customers continued to build momentum through the December quarter, including further progress on our Optus Voicemail deployment and successful completion of our first Tier-1 APAC OpenSpan Call Protect proof-of-concept. Late in the quarter, we completed the fifth Optus milestone and customer cash receipts in the current quarter to date have already exceeded \$480,000. Initial unaudited management results indicate preliminary recognised revenue of \$2.1 million for the half-year ended 31 December 2025 – a new record for Norwood. We remain focused on disciplined execution and converting Tier-1 engagements into scalable, production deployments."

Sales and Commercial Activities

1. Optus CogVoice™ Voicemail Contract

- Project implementation under Norwood's CogVoice Voicemail supply contract with Optus continued to progress, with the final component of the fourth contractual milestone approved and paid during the quarter.
- Post-quarter, Norwood completed the fifth contractual milestone, reflecting ongoing delivery against the implementation plan and reinforcing the Company's capability to execute complex Tier-1 carrier projects across multiple phases. Customer cash receipts in the current March 2026 quarter to date exceed \$480,000, including Optus milestone receipts and receipts from other customers.

2. Tier-1 APAC OpenSpan™ Call Protect Proof-of-Concept and Global Pipeline

- Norwood successfully completed the OpenSpan Call Protect proof-of-concept with a Tier-1 Asia-Pacific communication service provider (CSP), achieving key technical and operational objectives with measured performance in line with, or above, expectations.
- The outcome is strategically significant as Norwood's first completed Tier-1 APAC Call Protect POC and provides a reference point for further engagements globally. Norwood and the operator are now engaged in discussions regarding possible commercial roll-out terms and conditions. There is no certainty these discussions will result in a binding production contract.
- Norwood continued to advance its global Tier-1 telco pipeline across North America, EMEA and APAC, progressing multiple OpenSpan and CogVoice proof-of-concept and proposal discussions and prioritising opportunities with the strongest near-term pathways to production deployment and recurring revenue.

3. Strategic Partnerships

- Microsoft joint go-to-market continued actively; multiple Norwood/Microsoft operator briefing sessions were conducted during the December 2025 quarter and additional sessions are scheduled to continue on into the current March 2026 quarter.
- AWS architecture work continued, focusing on carrier-grade scalability, resiliency and security options.

4. Spark NZ

Our long-standing relationship with Spark continues to deliver predictable operating cashflows.

5. MoCA - A New Agentic Coding Tool (Alpha Programme)

Norwood's new MoCA (Manager of Coding Agents) initiative progressed strongly during the December 2025 quarter. MoCA is a non-telco, horizontal software development productivity tool that re-uses the agentic orchestration capabilities developed for Norwood's telco offerings.

The Company is preparing a targeted international alpha testing programme for MoCA, aimed at independent software developers and enterprises, to validate capability, usability and integration with existing development workflows. MoCA remains an incremental, IP-leveraging initiative and is not expected, on its own, to have a near-term material impact on the Company's financial results.

Product and Service Development Activities

- **CogVoice Voicemail:** Continued Optus deployment driving scalability and resiliency hardening, Optus-specific interface development and automation of onboarding and data migration workflows.
- **OpenSpan Call Protect:** Continued development, incorporating learnings from the Tier-1 APAC proof-of-concept, including production hardening and protocol interface updates aligned with evolving agentic interfacing standards.
- **MoCA:** Internal development progressing, with a targeted alpha programme planned to commence shortly.
- **Agent Dojo:** Ongoing improvements to reduce response latency, localise languages responses (Spanish, Italian, German, Danish and French to start with) and strengthen demonstration scenarios for operator engagements.
- **Outbound AI Sales Agents / CogVoice Agentic IVR:** Continued alpha live trial evaluations and development of additional closed-loop scenarios.
- **CogVoice SME Assistant:** Continued work on the self-service web portal and associated workflows.
- **Research & Development:** Continued engagement with research institution partners on ultra-low-latency inference, low-resource speech packs and adaptive fraud models.

Financial Commentary

Norwood continued to invest in research and development during the December 2025 quarter.

Customer receipts for the quarter were \$487,000, reflecting Optus milestone receipts and ongoing services revenue from other customers. The Company also successfully delivered the Tier-1 APAC OpenSpan Call Protect proof-of-concept during the quarter, which included one-off engineering and operational costs.

Capital Management

During the quarter, the Company completed an oversubscribed \$650,000 share placement (before costs) and continued to reduce outstanding debt, including repayment of \$383,000 of borrowings. The Company also has established a revolving line of credit facility with Bizcap AU Pty Ltd with a total facility limit of \$125,000 and \$65,000 available but undrawn at quarter end.

Record H1 FY2026 Recognised Revenue (Preliminary and Unaudited)

Initial unaudited management results indicate preliminary recognised revenues of \$2.1 million from all sources for the half-year ended 31 December 2025, representing a new record for the Company. These figures are preliminary and unaudited only and remain subject to completion of the Company's half-year accounts and any audit/review adjustments.

R&D Loan Facility

Norwood has access to an R&D loan facility through Radium Capital which is accessible after each quarter's end, subject to meeting certain criteria. The Company forecasts receiving approximately \$280,000 from the facility in early February 2026 for the period of July to December 2025 R&D work.

Business Activities Expenditure

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

- Research & Development: \$246,000 in the quarter.
- Product manufacturing and operating costs: \$139,000 in the quarter.
- Advertising and marketing: \$83,000 in the quarter.
- Staff Costs: \$163,000 in the quarter.
- Administration & Corporate Costs: \$199,000 in the quarter.

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

Quarterly Cash Flows

- Cash Receipts in the December 2025 quarter reached \$487,000.
- Net Operating Cash Outflow for the December 2025 quarter was \$343,000.
- Closing Cash held as at 31 December 2025 was \$38,000. Post-quarter, the Company received approximately \$460,000 from a completed Optus milestone completion payment and expects further inflows, including forecast drawdown from the R&D loan facility in early February 2026.

Payments

Norwood notes that item 6.1 in the Appendix 4C relates to salary and superannuation payments to the Managing Director.

ENDS

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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 2025

Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (6 Months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	487	974
1.2 Payments for:		
(a) research and development	(246)	(492)
(b) product manufacturing and operating costs	(139)	(196)
(c) advertising and marketing	(83)	(142)
(d) leased assets	-	-
(e) staff costs	(163)	(448)
(f) administration and corporate costs	(199)	(437)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / refunded	-	-
1.7 Government grants and tax incentives	-	786
1.8 Other: (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(343)	45
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)	-	-
2.6 Net cash from / (used in) investing activities	-	-

Consolidated statement of cash flows	Current Quarter \$A'000	Year to date (6 Months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	650	650
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(43)	(43)
3.5 Proceeds from borrowings	128	473
3.6 Repayment of borrowings	(383)	(1,225)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other: <i>Payments for the principal portion of lease liabilities</i>	-	-
3.10 Net cash from / (used in) financing activities	352	(145)
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	29	138
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(343)	45
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)	352	(145)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	38	38
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	13	4
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)	38	29
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		42
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

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)*
7.2 Credit standby arrangements
7.3 Other (please specify): *Convertible Notes see 7.6(c)*

7.4 Total financing facilities

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
125	60
-	-
-	-
125	60

7.5 Unused financing facilities available at quarter end

65

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) Line of Credit Loan

On 10 October 2025, the Company entered into a Line of Credit Loan facility on the following key terms:

<i>Lender:</i>	Bizcap AU Pty Ltd (ABN 54 633 927 090)
<i>Facility type:</i>	Line of Credit (revolving facility with redraws allowed)
<i>Principal:</i>	\$125,000
<i>Availability term (draw period):</i>	210 business days from the Commencement Date, during which the Borrower may request drawdowns.
<i>Trailing repayment term:</i>	70 business days after the availability term ends, during which no new drawdowns can be made but outstanding amounts continue to be repaid.
<i>Repayment period:</i>	Each drawdown repaid over 140 payment dates, usually daily (5 days/week).
<i>Pricing:</i>	Factor Rate 1.35 applied to (drawdown + drawdown fee) to calculate total repayable.
<i>Drawdown fee:</i>	6% of each drawdown.
<i>Maturity:</i>	At end of trailing repayment term (70 business days after draw period) unless repaid earlier.
<i>Further term (optional):</i>	If elected, balance + new drawdown fee is multiplied again by Factor Rate and repaid over another 140 payment dates.
<i>Default:</i>	Missed payments allow direct debit retries; after notice, lender can accelerate and debit full balance and enforce security.
<i>Security:</i>	All-monies security over all present and after-acquired property of borrower and guarantors.
<i>Guarantors:</i>	Individual: Paul Frederick N Ostergaard. Corporate: Norwood Systems Limited.
<i>Use of funds:</i>	Business/investment purposes only (not personal or residential property).

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(343)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	38
8.3 Unused finance facilities available at quarter end (Item 7.5)	65
8.4 Total available funding (Item 8.2 + Item 8.3)	103
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.3

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:

- 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 is forecasting an increase in revenues and a decline in operating expenses for the March 2026 quarter, leading to a corresponding decline in net operating cash used for the March 2026 quarter.

This is due, in part, from \$460,000 of cash receipts received post-quarter from a completed Optus milestone completion payment. In addition, the December 2025 quarter cashflows also included one-off engineering and operational costs for the OpenSpan Call Protect Proof-of-Concept project successfully delivered during the December 2025 quarter.

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 oversubscribed share placement in December 2025 of \$650,000. The company additionally has forecast cash flows from customers sufficient to fund its operations. A further approximately \$280,000 is forecast to be received from the R&D loan facility in the first week of February for the period of July to December 2025 R&D work, which is accessible subsequent to the end of each quarterly period through Radium Capital, subject to certain criteria being met.

- 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.

- 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

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

Date: Thursday, 22 January 2026

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.