

ASX ANNOUNCEMENT

28 October 2026

Operations Overview and Appendix 4C for the 30 September 2026 Quarter

Customer receipts rise to A\$808,000 and operating cash flow turns positive as Tier-1 Voice AI engagements progress through evaluation and commercial negotiations.

Highlights

- **Customer cash receipts:** A\$808,000 for the September 2026 quarter, up A\$224,000 or 38% from the June 2026 quarter.
- **Positive operating cash flow:** Net operating cash inflow of A\$103,000, supported by customer receipts and A\$657,000 reported in government grants and tax incentives.
- **Australian OpenSpan pilot:** The A\$200,000 excluding GST Microsoft-contracted pilot was completed successfully and on schedule in early July. Follow-on service and commercial discussions continued.
- **UK Tier-1 engagement:** Paid-pilot evaluation, user testing and production planning advanced, including a broader fixed and mobile business proposition. A production contract remained subject to customer selection, approvals and agreement.
- **US Tier-1 engagement:** Norwood and its global systems integration partner have completed the best-and-final-offer (BAFO) phase of the operator's AI voice-protection process and remain in contract negotiations.
- **Existing carrier business:** CogVoice voicemail engineering and integration continued with an Australian Tier-1 operator, with a milestone payment received. Spark New Zealand continued to contribute customer receipts.
- **Global commercial pipeline:** Norwood is working on a number of opportunities across North America, EMEA and APAC.
- **Working capital refinancing:** A binding term sheet signed in September provided for refinancing the remaining A\$160,000 Plough Lane working capital loan into an unsecured convertible note effective 1 October 2026.
- **Quarter-end cash:** Cash and cash equivalents were A\$14,000 at 30 September 2026, compared with A\$176,000 at 30 June, following A\$265,000 of net financing cash outflows.
- **Subsequent funding:** On 14 October, Norwood announced A\$695,000 of firm convertible-note commitments before costs. All subscription funds were received by 15 October, with securities subject to the announced terms and approval requirements.
- **ISO 27001 milestone:** Norwood successfully passed its external ISO 27001 audits after quarter-end and expects the certificate to be issued in early November 2026.

Norwood Systems Ltd ("Norwood" or the "Company") (ASX: NOR) is pleased to provide an overview of its activities for the quarter ended 30 September 2026 and the accompanying Appendix 4C cash flow report.

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

"The September quarter brought higher customer receipts and positive operating cash flow while we continued to invest in OpenSpan, CogVoice and customer delivery. Customer receipts of A\$808,000 were 38% higher than in the June quarter, and grant and tax-incentive receipts also made an important contribution.

"We have passed the BAFO phase with our US Tier-1 opportunity and remain in contract negotiations. Together with the progress of our UK engagement, this shows how operator interest is moving into detailed commercial and delivery work. Our focus is to agree production contracts, deliver existing commitments and manage working capital carefully. The October funding provides additional resources to support this work."

Sales and Commercial Activities

1. Australian Tier-1 OpenSpan Pilot and Follow-on Discussions

The Microsoft-contracted OpenSpan paid pilot, valued at A\$200,000 excluding GST, was completed successfully and on schedule in the first half of July 2026. The pilot evaluated small-business concierge and receptionist workflows in a live Australian Tier-1 carrier environment.

Follow-on discussions considered broader use of OpenSpan interfaces and additional Voice AI services, including call protection. Progression to production remained subject to the operator's business case, further technical evaluation and commercial agreement.

2. UK Tier-1 Paid Pilot and Production Planning

The previously announced paid UK pilot progressed through technical and user evaluation during the quarter. Work covered call handling and transfer, Microsoft 365 calendar onboarding, booking workflows, customer dashboards and carrier integration.

Norwood and its global systems integration partner submitted joint technical and commercial responses and developed the proposed implementation and support model. Discussions broadened to a fixed and mobile business proposition, with additional integration and operational requirements.

The production selection process remained open at quarter-end. Commercial negotiations and supplier due diligence continued in October. Any rollout remains subject to final customer approval, agreed scope, contracts and implementation and acceptance requirements.

3. US Tier-1 AI Voice Protection Contract Negotiations

Norwood and its global systems integration partner have passed the best-and-final-offer (BAFO) phase for the US Tier-1 AI voice-protection opportunity and remain in contract negotiations.

Joint delivery planning, cloud deployment work and partner enablement continued. A production agreement remains subject to agreement on final commercial terms, implementation requirements and customer approvals.

4. Global Commercial Pipeline

Norwood is working on a number of opportunities around the world across North America, EMEA and APAC. The Company continues to engage with telecommunications operators and delivery partners to progress technical and commercial discussions.

5. Existing Carrier Delivery and Other Operator Opportunities

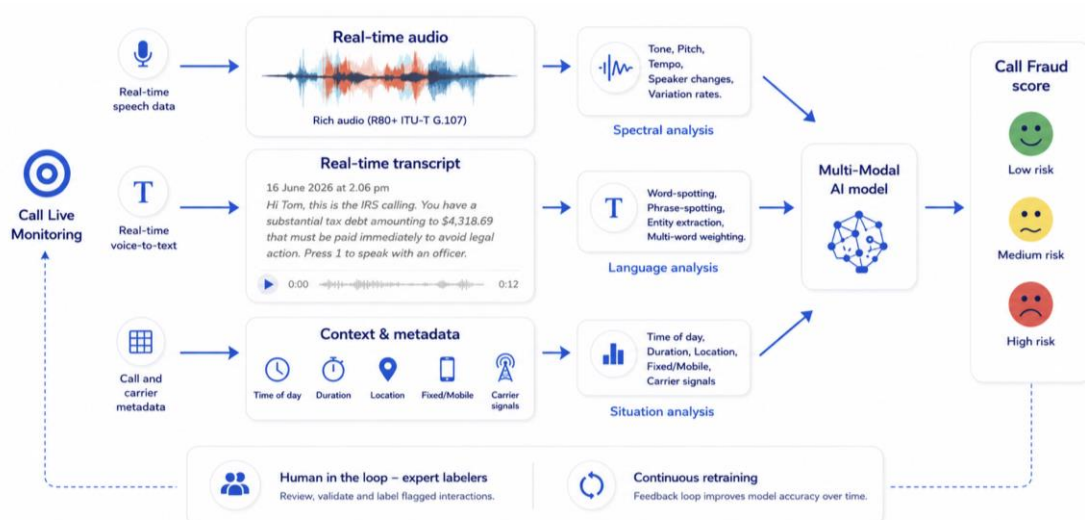
Engineering and integration continued under the existing Australian Tier-1 CogVoice voicemail programme and the enhancement work announced in June. The operator issued a production-services purchase order and paid a milestone invoice during the quarter. Work continued on laboratory deployment and commissioning, with access and integration dependencies affecting progress.

Spark New Zealand continued to contribute receipts under the established carrier relationship. A prospective new voicemail procurement process remained a future opportunity. Norwood also continued exploratory discussions with other operators and developed joint deployment and support workstreams with its global systems integration partner.

Other pipeline discussions remain subject to customer evaluation, funding and commercial approval.

Product and Service Development Activities

- **CogVoice Voicemail:** Continued engineering, telephone-user-interface testing and cloud integration under existing carrier programmes, with customer laboratory deployment work continuing.
- **OpenSpan and Call Protect:** Continued work on voice AI applications, cloud deployment and call-protection capabilities. An Azure demonstration and test environment for partner enablement was operational by quarter-end, with validation continuing.



Inside Norwood's OpenSpan Call Protect service: Audio, language and network context inform real-time call-fraud risk assessment. Customer-specific validation and production acceptance remain part of deployment planning.

- **SME Assistant and Jobs Agent:** Further development of onboarding, calendar integration, appointment booking, call transfer and customer dashboards in support of operator evaluations.
- **Partner Enablement:** Shared preliminary OpenSpan and CogVoice Academy materials and progressed deployment documentation, cloud-security review and joint technical and delivery responsibilities.
- **Cloud Delivery Architecture:** Continued Azure deployment and development of media switching and management capabilities to support repeatable carrier implementations.
- **Carrier Operations and Security:** Continued work on provisioning, monitoring, resilience and security processes. Subsequent to quarter-end, Norwood successfully passed its external ISO 27001 audits and expects the certificate to be issued in early November 2026.

- **Research and Development:** Continued investment in OpenSpan and CogVoice. Given the increasing focus on OpenSpan-led applications, a rationalisation of legacy World Apps was initiated, retaining World Voicemail and planning a smaller supporting infrastructure footprint.

Financial Commentary

Norwood generated A\$103,000 of net operating cash inflow in the September 2026 quarter, compared with a net operating cash outflow of A\$222,000 in the June quarter. The September result also included A\$657,000 reported in government grants and tax incentives.

Customer cash receipts were A\$808,000, up A\$224,000 or 38% from A\$584,000 in the June quarter. Operating cash expenditure totalled A\$1.362 million as the Company continued product development and customer delivery. Cash and cash equivalents closed at A\$14,000 after borrowing repayments and lease payments exceeded new financing receipts.

Capital Management

Net financing cash outflow was A\$265,000, comprising A\$185,000 of new borrowings, A\$430,000 of borrowing repayments and A\$20,000 of lease principal payments. No investing cash flows were reported.

Working Capital Refinancing and Subsequent Funding

The Company repaid A\$20,000 of Plough Lane loan principal on 30 September, leaving A\$160,000. A binding term sheet executed on 29 September refinanced that balance into an unsecured convertible note effective 1 October 2026, maturing on 30 June 2027 and bearing 10% annual interest. The refinancing provided no fresh cash. On 14 October, the Company announced A\$695,000 of firm commitments for a further convertible-note raising before costs. All subscription funds were received by 15 October. The notes carry 10% annual interest, mature on 30 June 2027 and have a conversion price of 1.9 cents. Conversion rights and attaching options remain subject to the terms and shareholder-approval requirements described in the announcement.

FY27 Outlook

Near-term priorities are to complete customer and partner commercial arrangements, convert commercial opportunities into production contracts, deliver existing programmes and collect customer invoices. The Company will continue to manage expenditure and working capital closely. Its cash position remains dependent on customer payment timing, grant and tax-incentive receipts, financial commitments and access to funding when required.

Business Activities Expenditure

September 2026-quarter cash expenditure supporting research, development, operations and commercial activity comprised:

- Research and development: A\$538,000.
- Product manufacturing and operating costs: A\$183,000.
- Sales and marketing: A\$114,000.
- Staff costs: A\$350,000.
- Administration and corporate costs: A\$177,000.

These categories totalled A\$1.362 million for the quarter and supported ongoing product engineering, customer delivery and the Company's operating activities.

Quarterly Cash Flows

- Operating activities generated A\$103,000 of net cash inflow, comprising A\$808,000 of customer receipts and A\$657,000 in government grants and tax incentives, less A\$1.362 million of operating payments.
- There were no investing cash flows. Net financing cash outflow was A\$265,000, reflecting A\$245,000 of net borrowing repayments and A\$20,000 of lease principal payments.
- Cash and cash equivalents decreased by A\$162,000, from A\$176,000 at 30 June to A\$14,000 at 30 September 2026. The \$695,000 October 2026 convertible-note raising is a subsequent event and is excluded from the September-quarter cash balance.

Payments

The A\$40,000 reported in Appendix 4C item 6.1 comprised salary and superannuation payments to the CEO and Managing Director and was included in operating cash flows. No related-party payments were reported under investing activities.

ENDS

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About Norwood Systems

Norwood Systems (ASX: NOR) develops OpenSpan, the Voice AI application operating platform for telecom networks, and CogVoice applications for call protection, small-business answering and other voice services. The Company works with telecommunications providers and delivery partners to evaluate, deploy and operate these services.

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 September 2026

Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (3 Months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	808	808
1.2 Payments for:		
(a) research and development	(538)	(538)
(b) product manufacturing and operating costs	(183)	(183)
(c) advertising and marketing	(114)	(114)
(d) leased assets	-	-
(e) staff costs	(350)	(350)
(f) administration and corporate costs	(177)	(177)
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	657	657
1.8 Other: (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	103	103
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 (3 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	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	185	185
3.6 Repayment of borrowings	(430)	(430)
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>	(20)	(20)
3.10 Net cash from / (used in) financing activities	(265)	(265)
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	176	176
4.2 Net cash from / (used in) operating activities (item 1.9 above)	103	103
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)	(265)	(265)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	14	14
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	(11)	151
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)	14	176
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	40	
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) and (b)</i>	309	309
7.2 Credit standby arrangements	-	-
7.3 Other (please specify): <i>Convertible Notes see 7.6(c)</i>	-	-
7.4 Total financing facilities	309	309
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)

Line of Credit Loan

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

Lender

Bizcap AU Pty Ltd (ABN 54 633 927 090)

Facility type

Revolving line of credit with multiple drawdowns permitted.

Availability period

210 business days from commencement.

Repayment period

70 business days following the availability period; no further drawdowns permitted.

Repayments

Each drawdown repaid over 140 payment dates (generally daily, five days per week).

Pricing

Factor rate 1.35 applied to the drawdown amount plus a 6% drawdown fee to determine total repayable.

Security

All-monies security over the present and after-acquired property of the borrower and guarantors.

Guarantees

Provided by Paul Frederick N Ostergaard and Norwood Systems Limited.

Default

Lender may accelerate the outstanding balance and enforce security following notice.

(b)

Convertible Note – Plough Lane Superannuation Pty Ltd

On 29 September 2026, the Company entered into a binding term sheet with Plough Lane Superannuation Pty Ltd to refinance the loan in 7.6(b). Following repayment of \$20,000 on 30 September 2026, the remaining \$160,000 rolled over into an unsecured convertible note from 1 October 2026 (after quarter end) on the following key terms:

Lender

Plough Lane Superannuation Pty Ltd (ACN 066 098 977)

Facility type

Convertible note of \$160,000 rolled over from the loan in 7.6(b); no further cash advance.

Commencement

1 October 2026.

Maturity date

30 June 2027.

Interest rate

10% per annum, payable monthly in arrears.

Conversion

Lender may convert all or part of the principal into ordinary shares at \$0.019 per share up to maturity (8,421,053 shares on full conversion); interest and fees are payable in cash.

Establishment fee

\$4,800 plus GST (3% of principal).

Options

4,210,527 unquoted options exercisable at \$0.025 each, expiring 31 March 2028, to be issued by 31 October 2026, in addition to the 4,750,000 options under 7.6(b).

Early repayment

The early repayment right under the loan agreement in 7.6(b) does not apply to the note.

Security

Unsecured.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	103
8.2 Cash and cash equivalents at quarter end (Item 4.6)	14
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	14
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: Wednesday, 28 October 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.