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ASX ANNOUNCEMENT **28 October 2020**

Syntonic September 2020 Quarterly Review and Appendix 4C

Highlights:

- Executed a Share Purchase Agreement for the sale of the Company's entire interest in Syntonic Wireless, Inc. and Syntonic US, Inc. to the First Orion Corporation.
- Subsequent to the end of the quarter, shareholders approved the sale of the Syntonic US Companies at its General Meeting with the transaction targeting closing on 31 October 2020.
- Q1 FY20 (unaudited) financials
  - Gross revenue of $1.18 million, down 42.2% on Q4 FY20 ($2.04 million), a consequence of the 47.1% decline in FOX Sport Gol subscription sales during the September 2020 quarter
  - Cash expenses from operating activities of $0.53 million, a reduction of 44.0% on Q4 FY20 ($0.95 million) resulting from cost savings efforts including the shut-down of Syntonic's non-Brazilian operations
  - Cash receipts of $0.26 million and accounts receivable (uncollected payments due the Company) of $0.63 million as of 30-September 2020

Seattle, Washington – Syntonic Limited ("**Syntonic**" or "**Company'**) (ASX:SYT), a mobile content services provider, is pleased to provide its Appendix 4C – Quarterly Cash Flow report for the three months ending 30 September 2020.

Syntonic CEO and Managing Director, Gary Greenbaum said:
"Over the course of the past two quarters, the Company has been seeking a financial solution to resolve its mounting cash deficit from negative operating cash flows that resulted from COVID-19's impact on the business – specifically the decline in FOX Sports Gol subscription sales and the overall dampening in consumer spending on mobile subscription content.

The Board evaluated a number of prospective alternatives and determined that the best course of action in the present circumstances was to divest the operating entities, Syntonic Wireless and Syntonic US ("**Syntonic US Companies"**).

Coincident with the completion of the sale of the Company's interest in the Syntonic US Companies, the executive directors and current Chairman will resign from the Company board and from their respective executive management roles at the Syntonic subsidiaries.

On a personal note, it has been an honor and a privilege the past four years leading Syntonic as a public company and engaging with Australian investors."

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Financial Highlights

Syntonic generates revenue principally through revenue share agreements with content providers from mobile content subscriptions sales transacted via the Syntonic's Revenue Generation Platform™ ("RGP"). The content services revenue figures that are reported in the Company's public filings are gross revenues or the transaction value associated with the content subscription sales. What Syntonic receives from the carriers and/or the content providers, after taxes and their respective revenue share are deducted, are the reported cash receipts which typically trail the revenue recognition by at least one quarter.

The Company's quarterly revenue was $1.18 million, a 42.2% decrease on the previous quarterly period (Q4 FY20 $2.04 million). The principle factor for the September quarter revenue decline was a 47.1% reduction in FOX Sports GoI subscription sales due to the suspension of soccer in many of the South American soccer leagues. During the quarter, FOX Sports (acquired by the Disney Corporation) terminated the FOX Sports GoI content service and elected to not exercise the annual renewal for Syntonic syndication.

The Company reduced its quarterly cash expenses from operating activities to $0.53 million, a 44.0% reduction on Q4 FY20 ($0.95 million). A significant component of this reduction was a result of the shut-down in all non-Brazilian Syntonic operations.

Cash receipts for the quarter were $0.26 million, down 57.9% on Q4 FY20 ($0.61 million). and accounts receivable (uncollected payments due the Company from services delivered) were $0.63 million as of 30 September 2020.

As detailed in item 6 of the attached Appendix 4C, no payments to related parties were paid during the quarter.

Syntonic entered Q2 FY21 with a cash balance of $0.21 million.

Operational Progress

With declining cash reserves during the quarter, the Company reduced all expenses to the minimum required to remain operational as it pursued various courses of action to address the Company's negative operating cash flows. These cost reductions included a shut-down of all non-essential activities in its non-Brazilian operations and minimum media investments for sustaining operations at the Company's Brazilian subsidiary.

Corporate Highlights

During the quarter, the Company executed a Share Purchase Agreement for the proposed sale of the Company's entire interest in the outstanding issued share capital of its subsidiaries, Syntonic Wireless, Inc. and Syntonic US, Inc to First Orion Corporation ("**Proposed Sale**"). Details of this transaction can be referenced in the Company's ASX announcement dated 25 September 2020. At Syntonic's General

Meeting on 26 October 2020, the Company obtained the requisite shareholder approval pursuant to Listing Rule 11.2 for sale of the operational assets to the First Orion Corporation. Completion of the Proposed Sale is expected to occur on, or around, 31 October 2020.

Approved at the Company's General Meeting was the selective capital reduction and cancellation of the all Syntonic securities, including all Performance Rights and options in the Company, held by the directors Messrs Gary Greenbaum, Rahul Agarwal, and Steve Elfman.

Announced after the end of the September quarter, Messrs Gary Greenbaum, Rahul Agarwal, and Steve Elfman will resign from the Board at the completion of the sale of the Company's interest in the Syntonic US Companies. Coinciding with these resignations will be the appointment of Messrs Giuseppe Graziano and Tim Slate as non-executive Directors effective 1 November 2020.

Outlook

The Company intends to utilize the funds raised from the sale of its divested assets to explore other project and business acquisition opportunity, which may not be in the technology sector.

This announcement has been approved by the Board of Syntonic.

About Syntonic

Syntonic Ltd (SYT.ASX) is a Seattle-based mobile content services provider which provides the complete customer journey connecting premium content to mobile subscribers. Syntonic has created the world's leading unified mobile revenue platform spanning mobile advertising, content services and mobile commerce. Syntonic's carrier-grade service has been designed with high availability, scalability and 100% revenue assurance in mind. The Syntonic platform has been deployed and validated by some of the world's largest content providers.

To learn more about Syntonic, visit www.syntonic.com.

For further enquiries, please contact:

Gary Greenbaum
CEO and Managing Director, Syntonic

Tim Slate
Company Secretary
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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity	
Syntonic Limited	
ABN	**Quarter ended ("current quarter")**
68 123 867 765	30 September 2020

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	235	235
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(189)	(189)
	(f) administration and corporate costs	(339)	(339)
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	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	27	27
1.9	**Net cash from / (used in) operating activities**	**(266)**	**(266)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	118	118
	(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 (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**118**	**118**

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	202	202
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**202**	**202**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	226	226
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(266)	(266)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	118	118

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	202	202
4.5	Effect of movement in exchange rates on cash held	(65)	(65)
4.6	**Cash and cash equivalents at end of period**	**215**	**215**

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	215	226
5.2	Call deposits	-	-
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)**	**215**	**226**

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	-
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 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	215	215
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	215	215

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.

Additional information:
Lender – First Orion Corporation.
Interest rate – Nil.
Maturity date – At call by First Orion Corporation.
Secured or unsecured – Unsecured.

The Company notes the loan facility detailed above will not be considered as part of the settlement of liabilities associated with the Syntonic US Companies, however First Orion may withhold and/or deduct from the monthly instalments as detailed in section 3.3(a)(i and ii) in the Syntonic's Notice of Meeting dated 25 September 2020

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(266)
8.2	Cash and cash equivalents at quarter end (item 4.6)	215
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	215
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1

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:

8.6.1 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: SYT expects that it will continue to have negative operating cash flows in the short term.

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8.6.2 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: During the quarter, the Company executed a Share Purchase Agreement for the proposed sale of the Company's entire interest in the outstanding issued share capital of its subsidiaries, Syntonic Wireless, Inc. and Syntonic US, Inc to First Orion Corporation ("Proposed Sale"). Details of this transaction can be referenced in the Company's ASX announcement dated 25 September 2020. At Syntonic's General Meeting on 26 October 2020, the Company obtained the requisite shareholder approval pursuant to Listing Rule 11.2 for sale of the operational assets to the First Orion Corporation. Completion of the Proposed Sale is expected to occur on, or around, 31 October 2020.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Please refer to our response above in respect to the Proposed Sale.

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: .....28 October 2020.....

Authorised by: .....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 – eg 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.