

Syntonic Outlines its 2018 Business Objectives

Syntonic Services Business

Freeway by Syntonic®:

- Major installed base expansion through near-term growth in Southeast Asia, China, Central and Eastern Europe, Latin America and Africa
- Targeting 25% quarter-on-quarter growth of the Freeway installed base (Services + Systems deployments) adding to existing 25.3 million installed base

Syntonic DataFlex®:

- Commercial launch along with major distribution and reseller agreements, resulting in material revenue generating deployments with enterprise customers worldwide
- Targeting first revenue generating agreements by end of the current quarter

Syntonic Systems Business

- Expanding Syntonic platform licensing to major mobile carriers and service providers, building on foundational success with Syntonic's Systems clients that include Verizon Wireless and Tata Communications
- Adding platform support for sponsored international roaming to enable Syntonic and mobile operators to participate in the US\$676 billion revenue generated by on-line travel services' transactions¹

Seattle, Washington – Syntonic Limited (“Syntonic” or “Company”) (SYT.ASX), a leading mobile platform and services provider, is pleased to provide its key business objectives for calendar year 2018.

Syntonic will concentrate business unit investment for maximal growth and achievable revenue opportunities.

¹ eMarketer, Digital Travel Sales Worldwide, July 2017

The three pillars for Syntonic's business growth in 2018 are:

- 1) Strong global expansion of the Freeway service to enable sponsored data and unlimited content plans;
- 2) Broad commercialisation of DataFlex, the company's enterprise mobility service; and
- 3) Aggressive focus to enhance the Company's Systems business, licensing its white-labeled platform service to mobile operators and service providers.

The key metric for tracking the Company's growth is the number of end-points enabled with the Freeway technologies, referred to as the Freeway installed base. The Company will provide investors with key success metric guidance for the DataFlex product.

The Company expects that its efforts to increase the addressable market will result in an engaged installed base. As activation and engagement continue to grow, these installed end-points become increasingly monetisable for the Company.

Syntonic Services Business

Freeway by Syntonic®

In 2018, Syntonic will expand the Freeway services (sponsored data and unlimited content plans) to new geographies – targeting those that are dominated by prepaid data plan subscribers who ration their data use, specifically in Southeast Asia, China, Central and Eastern Europe, Latin America and Africa.

The Company's go-to-market strategy is to work with regional partners to operate the Freeway service in local markets and to offload the go-to-market activities such as local content procurement and customer acquisition. Revenue models vary by region, but generally involve a net revenue share relationship between the regional partner and Syntonic that is based on the respective share of the marketing and data costs.

In the last quarter of CY17, Syntonic announced partnerships in China, Vietnam, Turkey, sub-Saharan Africa, and Mexico. These announced partnerships alone will increase Freeway's smartphone addressable audience in 2018 by over 800 million².

Additional partnerships and carrier integrations in the markets detailed above are in the pipeline for deployment in 2018. The increase in addressable audience, along with expansion in Syntonic's Systems business, will drive growth of the Freeway installed base an anticipated 25% quarter-on-quarter in 2018, building on the current 25.3 million installed based as of 31-December 2017.

Syntonic Services Business

Syntonic DataFlex®

Syntonic will renew commercialisation of its B2B service, Syntonic DataFlex, in 2018. The DataFlex service provides mobile split billing on an employee smartphone, offering the potential to reduce enterprise mobile spending by 50% and increase workforce productivity by more than 10%.

² eMarketer, Sep 2016

Syntonic has received significant in-bound interest in DataFlex and has starting the process of resourcing this business with an inside sales team and an outside global channel sales operation. The Company is targeting first revenue generating agreements by the end of the current quarter.

Syntonic Systems Business

The Syntonic Systems business unit licenses the Company's platform technologies to mobile carriers and service providers. The licensed technologies include the Syntonic Connected Services Platform™ ("Syntonic CSP"), the Freeway SDK™, and a white-labeled Freeway container application.

The platform service empowers mobile operators to offer sponsored data, zero-rated (unmetered), ad-supported, and unlimited access content plans to their subscribers.

In 2018, the Company will enhance the Syntonic CSP by adding support for sponsored international data roaming. The new resulting service will allow international travelers free data roaming for destination travel apps, and will allow Syntonic and mobile operators to participate in the revenue generated by online traveler service transactions—an estimated worldwide US\$676 billion market opportunity.

The license-based Systems business provides significant, high-margin revenue opportunity as Syntonic addresses the carriers' massive subscriber base, with carriers assuming all go-to-market costs including marketing, customer acquisition, and content procurement. Key customers secured to date include Verizon Wireless and Tata Communications.

The revenue model for the Systems business reflects monetisation growth with the expanding Freeway installed base. Syntonic expects to earn a device royalty ranging from 1 to 10 US cents per monthly activated device service and/or to directly participate in the net revenue generated by the Freeway service on the activated device.

As of 31-December-2017, the Systems business contributed 24.5 million installed units to the overall Freeway installed base³. The Company anticipates significant uplift of the installed base, activations, and consumer usage, ramping revenue contribution to the overall business in 2018.

The Company expects both installed base and activations to increase in 2018 as:

- 1) Syntonic licenses its technology to additional carrier licensees,
- 2) Tata Communications deploys its Sponsored Data Exchange worldwide, and
- 3) Carriers ramp up compelling content offers that include the Freeway technologies

Syntonic CEO and Managing Director, Gary Greenbaum, said:

"We have built solid foundations on which we can accelerate our growth trajectory in 2018. Although the achievement of 25 million deployments of our mobile technology represents real-world validation of the compelling need for Syntonic's services, we are clear in our 2018 objective to greater monetise this installed base."

³ Including the Freeway Services Business, the Freeway installed based at the end of CY2018 was 25.3 million.



"In 2018, we are looking forward to building on our momentum by expanding the base of blue-chip licensees of our Connected Services Platform, executing on our global expansion plans for Freeway, and launching and scaling DataFlex.

"Entering attractive markets, launching valuable products and boosting customers' utilisation of our platform will be some of the key aspects that should deliver significant value for Syntonic shareholders and establish a sustainably monetisable business as the Company continues to build scale."

About Syntonic:

Syntonic Ltd (SYT.ASX) is a Seattle based software company which has developed two mobile technology services: Freeway by Syntonic®, which allows consumers unlimited mobile access to content and applications, supported by subscription and sponsorship; and Syntonic DataFlex®, which enables businesses to manage split billing expenses for employees when they use their personal mobile phones for work. Founded in 2013, Syntonic has developed worldwide strategic partnerships with leaders in the mobile ecosystem.

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

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