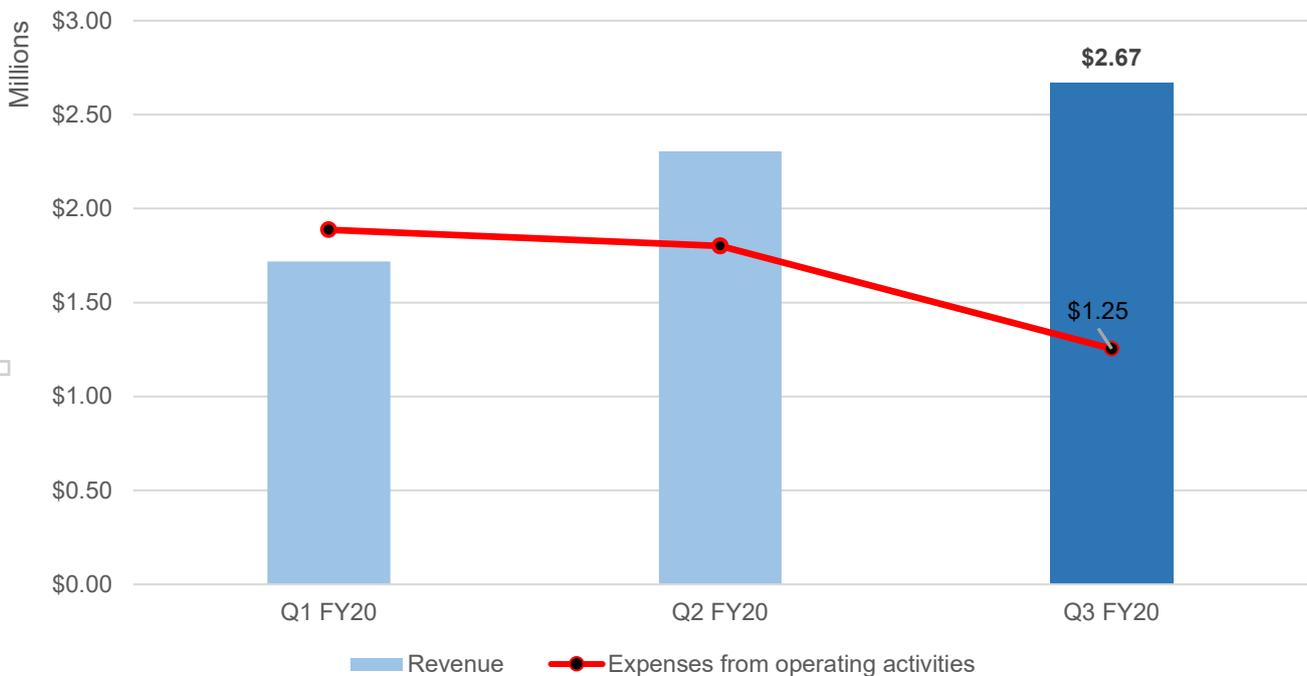


Syntonic March 2020 Quarterly Review and Appendix 4C

Highlights:

- March FY20 (unaudited) revenue¹ of \$2.67 million, up 16.1% on Q2 FY20 (\$2.30 million) and up 52.1% from the corresponding quarter in FY19 (\$1.76 million)
- Cash operating expenses of \$1.25 million, a reduction of 30.3% from the prior quarter (\$1.80 million) with improved cash collection and buy-out licensing of the Company's legacy Freeway® products
- FOX Sports Gol was the highest grossing subscription service during the quarter, comprising 46.7% of the platform transactions and 44.1% of the Company's content monetisation revenue
- COVID-19 adversely impacting content services revenue, including FOX Sports Gol, during the quarter with material ramping down of new subscribers commencing in March.
- Cash receipts of \$0.69 million, up 38% on Q2 FY20 (\$0.50 million) and accounts receivable (uncollected payments due the Company from services delivered) of \$0.83 million

FY 2020 Quarterly Revenue and Cash Operating Expenses



¹ All revenue figures are unaudited unless explicated stated otherwise

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 31 March 2020.

Syntonic CEO and Managing Director, Gary Greenbaum said:

“Despite solid sales during the March FY20 quarter, Syntonic was not immune to the global impact of the coronavirus pandemic. The Company’s financial health has been impacted with a decline in mobile consumer spending for many of the Company’s content offerings.

The cancellation of worldwide soccer matches materially impaired the value proposition of our top content offering, Fox Sports Gol, which represented over 44% of the Company’s quarterly content sales. By the end of March, there were no new subscribers for the Fox Sports Gol service and a rapid decline in subscription renewals.

To offset our expected negative operating cash flows, the Company is taking various aggressive measures to continue its operations during this uncertain period, including engaging with strategic and financial investors to resolve the Company’s short-term cash requirements.”

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 a quarter.

The Company’s quarterly gross revenue was \$2.67 million, a 16.1% increase from the previous quarterly period (Q2 FY20 \$2.30 million) and up 52.1% from last year’s corresponding period (Q3 FY19 \$1.76 million). During the March FY20 quarter the Brazilian Real (“BRL”) declined by 10.6% to the Australian Dollar, with real growth in the Company’s primary business operations based in Brazil.

A significant contribution to the March FY20 quarter’s revenue growth was subscriptions sales of FOX Sports Gol curated soccer content. During the quarter, there were 929,528 paid transactions for FOX Sports Gol content which represented 46.7% of all RGP payment transactions and 44.1% of the Company’s content monetisation revenue.

The Company reduced its quarterly cash operating expenses to \$1.25 million, a 30.3% reduction from the previous quarter. In anticipation of COVID-19’s material impact on the Company’s cash flows, the Company initiated aggressive cost containment activities during the quarter that included:

- deferral of all Syntonic executives’ wages;
- reduction of all customer acquisition spending to an essential minimum for sustaining business operations;
- elimination of all product development and support expenses except those related to the Company’s sales of its legacy products, i.e. Freeway sponsored data and data rewards; and
- termination of all Company non-essential staff, vendors, and contractors.

Cash receipts for the quarter were \$0.69 million, up 38% on Q2 FY20 (\$0.50 million). This increase was associated from content subscriptions sales, licensing fees for the Company's legacy Freeway products and aggressive collection of its accounts receivable². With the majority of the cash receipts denominated in BRL, these nominal cash figures underrepresent the real growth as a consequence of the 10.6% depreciation of the BRL on the Australian dollar.

Syntonic entered Q4 FY20 with a cash balance of \$0.31 million and an accounts receivable totalling \$0.83 million.

Operational Progress

Syntonic principally generates revenue from content subscription sales transacted via the Syntonic RGP. The platform supports the complete customer journey, connecting premium content to mobile subscribers in a cost-efficient manner. The RGP benefits content providers by allowing them to remain focused on their core competency, i.e. creating quality content, with Syntonic focusing on content promotion and marketing, customer acquisition, content distribution, and monetisation.



During the quarter, the content monetization business focused on minimizing acquisition costs and maximizing sales from high contribution margin subscription renewals.

To generate additional short-term cash, the Company has been negotiating with carriers and partners for a "buy-out" license to Syntonic's legacy products – the Freeway sponsored data and data rewards service. The new license will grant the licensee the right to develop new functionality on the platform with the assumption of all operations, support and maintenance responsibilities.

During the March FY20 quarter, Syntonic execute it's first "buy-out" license with Thang Long Event Limited, Syntonic's Vietnam-based partner with commercial agreements with Mobifone Telecommunications Corporation and Viettel. Terms of the agreement were detailed in the Company's 26 February 2020 Business Update disclosure.

Corporate Highlights

Syntonic appointed Mr Tim Slate as the Company Secretary, effective 9 January 2020. Mr. Tim Slate is a Chartered Accountant, an Associate Member of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors. With the appointment of Mr Slate, the Company terminated its long-standing service agreement with Mr Steven Wood and Mr Ed Meagher, as Joint Company Secretary.

² Accounts receivable are unreceived cash from mobile carriers and content providers for services rendered. Syntonic's agreements have net payment terms between 30 – 90 days from the date the Syntonic invoice is received by the carrier.

The Company hosted a General Meeting 13 February 2020. A resolution, pertaining to the re-election of David Wheeler as non-executive Director, was approved by shareholder vote.

Outlook

During the March FY20 quarter, the Company's key performance indicators---namely revenue, transactions, and quality and quantity of its carrier and content provider partnerships, all trended positive and indicative of solid business performance.

Despite this achievement, Syntonic's reiterates that it is uncertain of the impact COVID-19 may have to its revenue and cash receipts at this stage and is continuing to pursue various courses of actions to bolster its cash position to offset its expected short term negative operating cash flows including:

1. advancing the progress of its collection of accounts receivable;
2. further reductions in the Company's expenditure;
3. selling its legacy products to its current strategic mobile carriers and partners which will result in additional capital and reduce operating costs; and
4. engaging with strategic and financial investors to resolve the Company's short-term cash requirements.

In addition, the Company is presently considering, and engaging with various third parties in respect to, the potential divestment of certain key assets and business operations. Any such divestment will be subject to compliance with the ASX Listing Rules and the Company obtaining shareholder approval.

The Company will keep shareholders updated in respect to the impact of COVID-19 to its business and the progress of the above matters by way of further ASX announcements.

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

E: ir@syntonic.com

Appendix 4C

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

Name of entity

Syntonic Limited

ABN

68 123 867 765

Quarter ended ("current quarter")

31 March 2020

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|-----------------------------------------------------------|------------------------------------|------------------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 689 | 1,756 |
| 1.2 Payments for | | |
| (a) research and development | (73) | (626) |
| (b) product manufacturing and operating costs | (320) | (1,108) |
| (c) advertising and marketing | (19) | (91) |
| (d) leased assets | - | - |
| (e) staff costs | (522) | (1,911) |
| (f) administration and corporate costs | (238) | (1,093) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | - | (20) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (462) | (3,071) |
| 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 | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|-------------------------------------------------------|----------------------------|---------------------------------------|
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | 3 | 3 |
| | (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 | 3 | 3 |

| | | | |
|-------------|-----------------------------------------------------------------------------------------|-------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 1 | 3,473 |
| 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 | - | (233) |
| 3.5 | Proceeds from borrowings | - | 750 |
| 3.6 | Repayment of borrowings | - | (1,845) |
| 3.7 | Transaction costs related to loans and borrowings | - | (25) |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | (11) | (11) |
| 3.10 | Net cash from / (used in) financing activities | (10) | 2,109 |

| | | | |
|-----------|------------------------------------------------------------------------------|-------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 886 | 1,400 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (462) | (3,071) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 3 | 3 |

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| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---------------------------------------------------------------------|----------------------------|---------------------------------------|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (10) | 2,109 |
| 4.5 | Effect of movement in exchange rates on cash held | (103) | (127) |
| 4.6 | Cash and cash equivalents at end of period | 314 | 314 |

| 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 | 314 | 882 |
| 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) | 314 | 882 |

| 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 | 90 |
| 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

Director services – \$17,000

Non director services – \$73,000

Non director services consist of software engineering services provided by Adroit Business Solutions Inc, a company associated with Mr Agarwal.

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
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

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

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.

| 8. | Estimated cash available for future operating activities | \$A'000 |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 8.1 | Net cash from / (used in) operating activities (Item 1.9) | (451) |
| 8.2 | Cash and cash equivalents at quarter end (Item 4.6) | 314 |
| 8.3 | Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 | Total available funding (Item 8.2 + Item 8.3) | 314 |
| 8.5 | Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 1 |
| 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: Yes, SYT expects that it will continue to have negative operating cash flows in the short term, however, negative operating cash flow is expected to reduce in the coming quarters. | |
| | 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? | |

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| | |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>Answer:</p> <p>Yes, SYT is monitoring its cash position and is taking a number of steps to ensure that it has sufficient capital to fund its operations and meet its working capital requirements, including through:</p> <ul style="list-style-type: none"> • its sizeable accounts receivable balance of \$830,000 at 31 March 2020, which represents past receivables due for services rendered by SYT - SYT is presently advancing the progress of its collection and is working to improve the efficiency of its payment cycle; • selling its legacy products to its current strategic mobile carriers and partners which will result in additional capital and reduce operating costs; • including engaging with strategic and financial investors to resolve the Company's short-term cash requirements; and • consideration and engagement with various third parties in respect to the potential divestment of certain key assets and business operations. |
| 3. | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? |
| | <p>Answer:</p> <p>Yes, SYT expects to be able to continue its operations and to meet its business objectives based on the responses detailed in section 2 above</p> |

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:30 April 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.