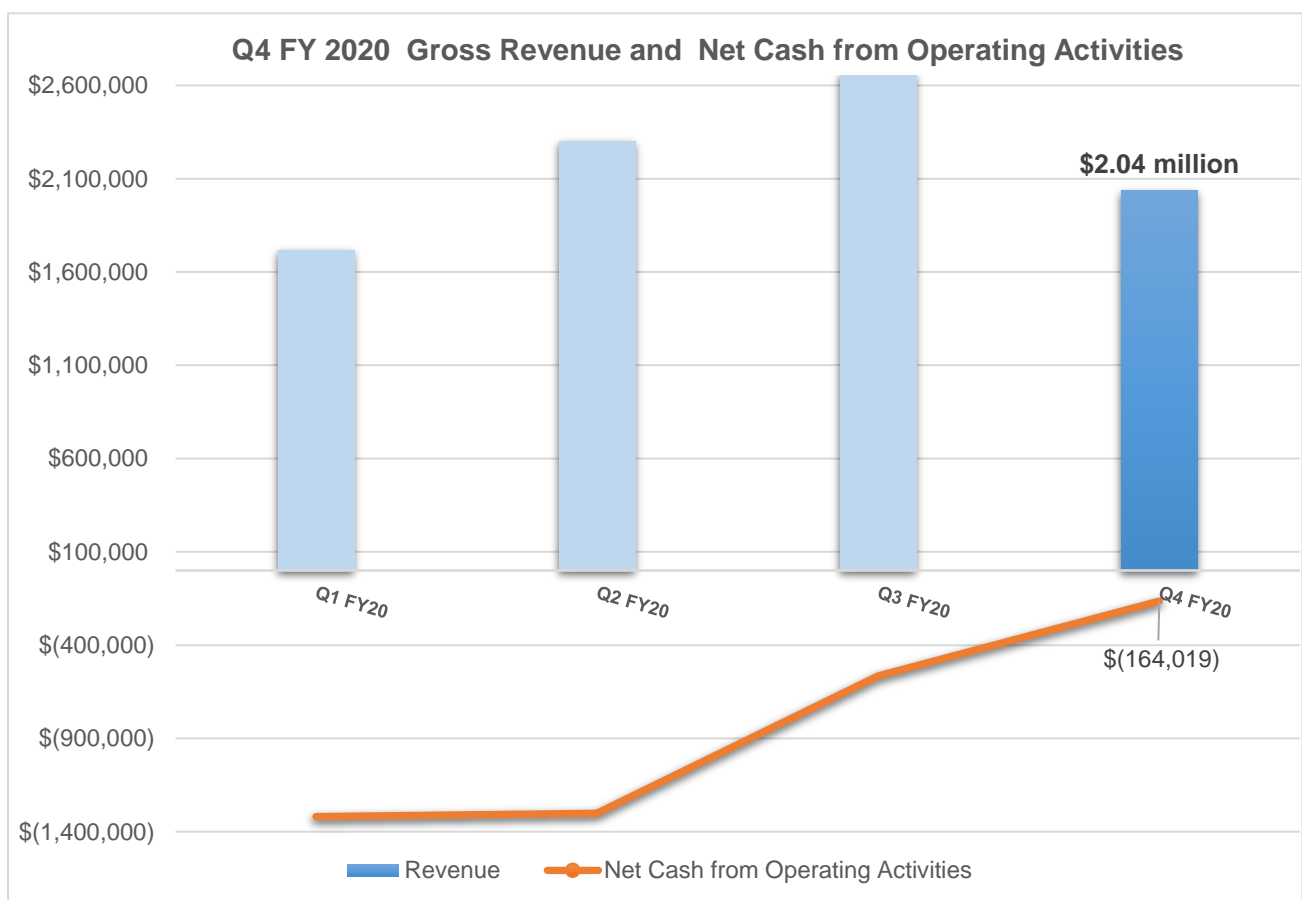


Syntonic June 2020 Quarterly Review and Appendix 4C

Highlights:

- Q4 FY20 (unaudited) revenue¹ of \$2.04 million, down 23.7% on Q3 FY20 (\$2.67 million), largely driven by a 31.6% decline in FOX Sport Gol subscription sales during the June quarter
- COVID-19 adversely impacting content services revenue, including FOX Sports Gol with daily active users down 51.9% on the quarter.
- Net cash loss from operating activities of \$0.16 million, a reduction of 70.9% on Q3 FY20 (\$0.56 million) with cost savings from the ramp-down of Syntonic's non-Brazilian operations
- Cash receipts of \$0.61 million and accounts receivable (uncollected payments due the Company) of \$0.67 million as of 30 June 2020



¹ All revenue figures in this disclosure are unaudited

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 June 2020.

Syntonic CEO and Managing Director, Gary Greenbaum said:

“The impact of COVID-19 continued to dampen the Company’s growth during the June quarter. The shut-down of Latin America soccer leagues resulted in a 31.6% decline in Fox Sports Gol quarterly revenue.

Accounting for the 25.3% depreciation of the Brazilian Real, (“BRL”) compared to the Australia Dollar (“AUD”) during the June quarter, the quarterly key financial indicators (revenue and cash receipts) had only modest real declines compared to the March quarter and significant advancement made on collections of accounts receivable.

Despite a weakening global economy, the Syntonic business model was proven durable as the Company reallocated its subscriber acquisition investments from FOX Sports to other high-value content offerings in the Company’s content portfolio.

The Company, however, still operates at a cash deficit, with a net cash outlay for operations at \$0.16 million. To offset expected negative operating cash flows, the Company continues to take various aggressive cost-control measures to continue its operations.”

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 \$2.04 million, a 23.7% decrease on the previous quarterly period (Q3 FY20 \$2.67 million). The principle factor for the June quarter revenue decline was the reduction in FOX Sports Gol subscription sales due to the suspension of soccer in many of the premium soccer leagues. The FOX Sports Gol subscription revenue contributed 30.9% to the overall company content monetization revenue, the lowest quarterly contribution in the Company’s history selling FOX Sports Gol content.

To partially offset this decline in FOX Sports Gol’s contribution revenue, the Company reallocated its subscriber acquisition budget to other content properties such as Tô Aqui, a family geo-location service from ProUser that generated 1.12 million transactions, or 60.2% of all transactions, conducted on the Syntonic RGP during the June quarter.

The Company reduced its quarterly net cash loss from operating activities to \$0.16 million, a 70.9% reduction on Q3 FY20 (\$0.56 million). In anticipation of COVID-19's material impact on the Company's cash flows, the Company continued its aggressive cost containment activities during the quarter that include:

- on-going deferral of all Syntonic executives' wages
- termination of all Company non-essential staff, vendors, and contractors
- ramp-down on all customer support, engagement and operations outside of Brazil

Cash receipts for the quarter were \$0.61 million, down 11.5% on Q3 FY20 (\$0.69 million) and accounts receivable (uncollected payments due the Company from services delivered) were \$0.67 million as of 30 June 2020.

The Company's operational expenses mainly comprised of:

- research and development (\$0.099 million), used for the ramp-down and customer support of the Company's legacy products (sponsored data and data rewards) and Thang Long Event Limited's paid support for their "buy-out" license of Syntonic's legacy Connected Services Platform™ as announced in the Company's 26 February 2020 Business Update disclosure,
- product manufacturing and operating costs (\$0.265 million), used for media investment and content providers' revenue share distribution,
- staff costs (\$0.329 million) and
- administrative and corporate costs (\$0.085 million)

Listing Rule 4.7C.3

In item 6 of the attached Appendix 4C, payments to related parties of approximately \$0.106 million comprising of Director Services of \$0.007 million and Non-Director Services - software engineering services provided by Adroit Business Solutions Inc of \$0.099 million were paid during the quarter for the research and development services described above.

Syntonic entered Q1 FY21 with a cash balance of \$0.23 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.



The biggest operational challenge during the June quarter was accommodating for the anticipated decline in FOX Sports Gol revenue and user-base as a consequence of the world-wide shut-down of premium soccer leagues that occurred in mid-March 2020.

Prior to the shutdown, the daily active users of the Fox Sports Gol service peaked at 89,740 in mid-March 2020. By the end of the June quarter, the FOX Sports Gol daily active users declined to 31,356 with little anticipated growth in the service until South American soccer leagues reopen.

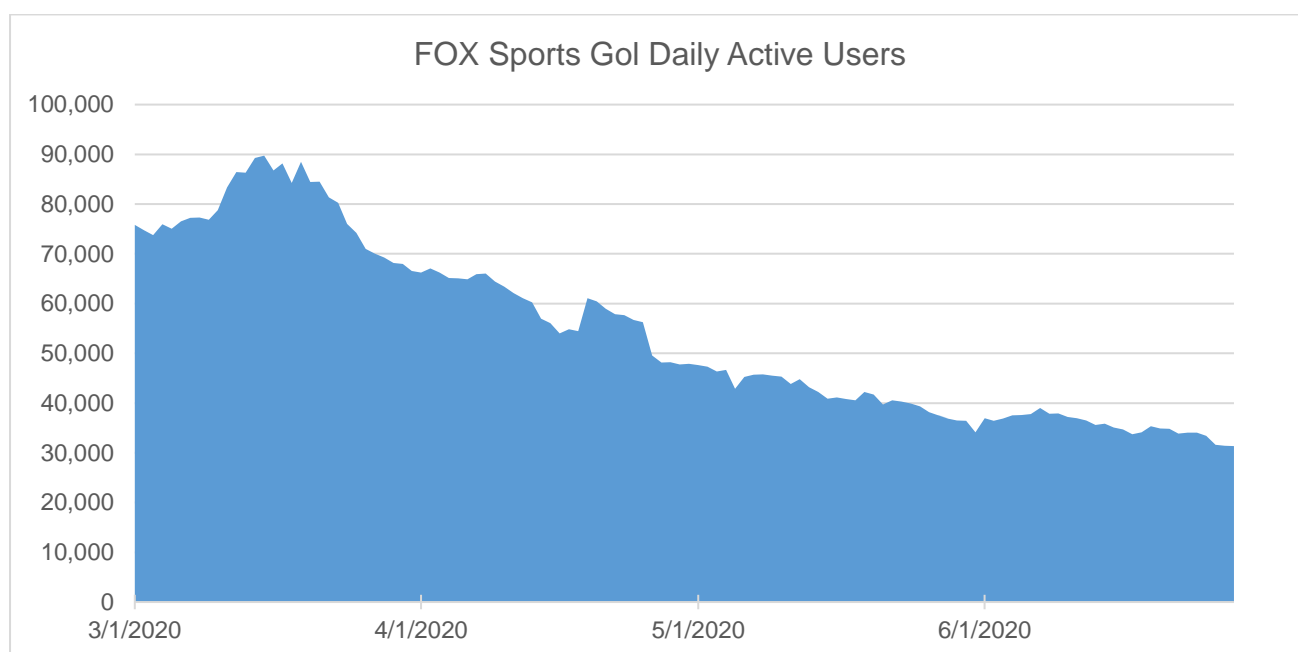


Figure 1: FOX Sports Gol Daily Active Users

During the second half of the June quarter, many of the European leagues reopened, including the Premier League (restarted on 17 June 2020), Bundesliga (restarted on 16 May 2020), and La Liga (restarted on 11 June 2020). However, the COVID-19 pandemic continued to materially impact much of South America, requiring that most of the regional, national, and international tournaments remained suspended.

Despite an escalating COVID-19 crisis in much of South America, economic pressures are forcing many of the South American leagues to resume later in the current quarter. The Company continues to closely monitor activities from South American soccer leagues and tournaments on the resumption of matches.

South American Tournament/League	Status
Liga MX (Mexico)	Season cancelled
CONCACAF Champions League	Postponed indefinitely
Copa America (Brazil)	2020 championship cancelled
Copa Libertadores	Starting 15 September 2020
Campeonato Brasileiro (Brazil)	Starting 9 August 2020
2020 Copa do Brasil	Starting 26 August 2020
Copa Argentina	2019-2020 suspended

Figure 2: Current Status of South America Soccer

As a consequence of the uncertainty of soccer's resumption in South America, the Company has been divesting its subscriber acquisition investments to its other content properties which include: Tô Aqui (safety/location service) Desrotulando (health and nutrition service); Saud 4 Patas (veterinary services), Kidsa (education service), and others. The Company continues to engage with high-value regional content providers for syndication rights using the Syntonic RGP.

Outlook

During the June FY20 quarter, many of the Company's key performance indicators were down principally due to COVID-19 pandemic impact on the suspension of South American soccer and the decline in consumer mobile spending.

Syntonic remains highly uncertain of the future impact COVID-19 may have to its revenue and cash receipts. As a consequence, the Company is continuing to pursue various courses of actions to bolster its cash position to offset its expected short term negative operating cash flows.

Syntonic is presently in advanced negotiations with various third parties in respect to the potential divestment of its main undertaking. Any such divestment will be subject to the execution of formal documentation and Syntonic 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")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	610	2,365
1.2 Payments for		
(a) research and development	(99)	(784)
(b) product manufacturing and operating costs	(265)	(1,373)
(c) advertising and marketing	-	(90)
(d) leased assets	-	-
(e) staff costs	(329)	(2,241)
(f) administration and corporate costs	(85)	(1,177)
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	4	25
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(164)	(3,295)
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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	4
	(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	-	4

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	144	894
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)	33	33
3.10	Net cash from / (used in) financing activities	177	2,297

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	314	1,400
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(164)	(3,295)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	4

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	177	2,297
4.5	Effect of movement in exchange rates on cash held	(101)	(180)
4.6	Cash and cash equivalents at end of period	226	226

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	226	314
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)	226	314

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	106
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>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.</i></p> <p>Director services – \$7,000 Non director services – \$99,000 Non director services consist of software engineering services provided by Adroit Business Solutions Inc, a company associated with Mr Agarwal.</p>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
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)	(164)
8.2	Cash and cash equivalents at quarter end (item 4.6)	226
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	226
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1
	<i>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.</i>	
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.	
	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: SYT is monitoring its cash position and is continuing to pursue various courses of actions, including: <ul style="list-style-type: none"> • via its accounts receivable balance of \$670,000 as at 30 June 2020, which represents past receivables due for services rendered by SYT; and • it is in advanced negotiations with various third parties in respect to the potential divestment of its main undertaking. 	

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 SYT's potential divestment of its main undertaking.

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:31 July 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.