

## Proposed Sale of Syntonic US Companies

**Seattle, Washington** – Syntonic Limited (“**Syntonic**” or “**Company**”) (**ASX:SYT**), a mobile content services provider, announces 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. (including Syntonic Brasil Tecnologia LTDA, a wholly owned subsidiary of Syntonic US Inc) (together, the “**Syntonic US Companies**”) to First Orion Corp. (“**First Orion**”), a US corporation (“**Proposed Transaction**”).

As detailed in the Company’s announcement dated 23 March 2020 and quarterly activities and cashflow reports dated 30 April 2020 and 31 July 2020, the Company’s business has been impacted by the COVID-19 pandemic, in particular:

- by reason of the decline in consumer mobile spending; and
- the suspension of South American soccer which has impacted its FOX Sports Gol content service.

Having regard to the above matters, the Company has pursued various initiatives to ensure a sufficient cash position to remain operational and has investigated various courses of action including debt and equity financing and the divestment of its core assets. The Board evaluated a number of prospective alternatives and determined that the Proposed Transaction is the best course of action in the present circumstances.

The Proposed Transaction is subject to Syntonic executing formal binding documentation and shareholder approval pursuant to Listing Rule 11.2.

Pursuant to a non-binding letter of intent between First Orion and Syntonic, it is presently proposed that the Proposed Transaction will be on the following terms:

- First Orion will pay to the Company, as consideration for the acquisition of the entire issued share capital of the Syntonic US Companies, a purchase price of US\$1,220,000 as follows:
  - US\$1,000,000, comprising a deposit of US\$85,000 (**Deposit**) and payment of US\$915,000 in cash on completion of the Proposed Transaction; and
  - US\$220,000 payable in four (4) equal monthly installments of US\$55,000.00 beginning January 1, 2021 and on the first day of each month thereafter with the last payment payable on March 31, 2021.
- Prior to completion of the Proposed Transaction, the Company will discharge and cause the Syntonic US Companies to be free and clear of any indebtedness including indebtedness owed to the Company or any other person or company affiliated with the Syntonic US Companies, other than current accounts payable and accrued expenses incurred in the ordinary course of business.

The Company has received the Deposit from First Orion and if (i) the parties do not enter into formal binding documentation prior to a targeted closing date of 15 October, 2020 or (ii) the parties enter into formal binding documentation and the agreement is terminated prior to 31 October, 2020 for

any reason (save for a termination by the Company due to a breach of the agreement by First Orion or due to matters arising outside of the control of the Company), the Deposit will be repaid to First Orion.

If the Proposed Transaction completes, the Company will no longer have any title or ownership interest in the Syntonic US Companies. As a consequence, the Company will not generate any further operating revenue and cash receipts from the Syntonic US Companies (and by extension the Company will not generate any material revenue given this is the Company's sole business undertaking).

The Company intends to utilise the funds raised from the Proposed Transaction to explore other projects and business acquisition opportunities (which may not be in the technology space / sector). An indicative use of funds table is as follows:

Indicative Use of Funds	Amount (US\$)
Settlement of liabilities associated with the Syntonic US Companies <sup>1</sup>	US\$682,222
Working Capital and pursuit of new opportunities	USD\$537,778
<b>Total</b>	<b>US\$1,220,000</b>

Note:

1. Comprises US\$485,499 of existing liabilities as at 30 June 2020 and anticipated liabilities of approximately US\$196,723 to be incurred between 1 July 2020 to 30 September 2020.

Further, it is presently proposed that, in conjunction with, and subject to the completion of, the Proposed Transaction:

- Mr Gary Greenbaum, the Managing Director and CEO, will release Syntonic Wireless Inc. (and by extension the Company) of its obligation to pay his outstanding and deferred salary of US\$110,348 and severance payment of US\$87,500 in respect to his engagement as Chief Executive Officer and Mr Agarwal has agreed to release Syntonic Wireless Inc. (and by extension the Company) of its obligation to pay his outstanding and deferred salary of US\$110,348 and his severance payment of US\$87,500;
- to implement a more appropriate capital structure and to facilitate the Company's pursuit of future business opportunities:
  - the Company will undertake a selective capital reduction pursuant to which 602,528,061 Shares held by Mr Gary Greenbaum (and/or his nominee), 602,528,061 Shares held by Mr Rahul Agarwal (and/or his nominee) and 3,900,000 Shares held by Mr Steven Elfman (and/or his nominee) will be cancelled; and
  - the Company will cancel all of the existing Performance Rights and Options of Messrs Greenbaum and Agarwal (and/or their nominees) (being an aggregate of 398,789,660 Performance Rights and 50,000,000 Options) for nil consideration; and

- Messrs Gary Greenbaum, Rahul Agarwal and Steven Elfman will resign as directors of the Company.

The Company advises that it is presently in the process of negotiating and finalising formal binding documentation in respect to the Proposed Transaction and will, following the execution of formal binding documentation, dispatch a notice of meeting to shareholders to seek approval for (amongst other matters) the Proposed Transaction. Further details in respect to the Proposed Transaction, including the risks that shareholders will be subject to following completion of the Proposed Transaction (which include, in respect to any future acquisition by the Company, the requirement to re-comply with Chapters 1 and 2 of the Listing Rules), advantages and disadvantages and the timing of implementation of the Proposed Transaction, will be provided in the notice of meeting to shareholders.

Shareholders are advised that the Company will remain in suspension pending the release of announcements in relation to its Appendix 4E and the execution of formal binding documentation in respect to the Proposed Transaction. The Company will keep shareholders updated in respect to the progress of the Proposed Transaction by way of further ASX announcements.

### **About First Orion**

First Orion helps the world's leading carriers, enterprises and mobile apps provide mobile users with the protection they need from scams and the identity verification they need to answer trusted calls. The flagship First Orion Call Protection Suite currently provides call control, blocking, transparency and management solutions to tens of millions of mobile handsets. Additionally, First Orion's Call Enhancement Suite, INFORM™ and ENGAGE®, tells mobile subscribers who is calling and why, empowering them with the ability to take action, while also providing businesses the ability to verify their identity when calling their customers. With First Orion enterprises, hospitals, government entities, non-profits, last-mile logistics, banks and more can now deliver critical communications and have their calls answered.

First Orion powers communication transparency solutions for T-Mobile, Metro by T-Mobile, Boost Mobile, Sky, Virgin Mobile and Sprint Prepaid mobile networks along with PrivacyStar and other mobile apps. Established in 2008 and led by Charles Morgan (former Founder & CEO of Acxiom), First Orion is headquartered in North Little Rock, Arkansas, has offices in Seattle, London, and Dubai, and employs nearly 250 people globally.

Refer to First Orion's website at <https://firstorion.com/> for further details.

### **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](http://www.syntonic.com).

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