

SPRYLOGICS

Seeing Beyond the Obvious

Investor Presentation

July 2013

TSX.V: SPY

SHARES OUTSTANDING (BASIC): 110,503,662

MARKET CAPITALIZATION: ~\$5 MM

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Spylogics' actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Presentation: changes in government priorities, funding levels, contracts and regulations; failure of systems to meet performance requirements; satellite failure; dependency on electronic systems including data corruption; failure to maintain technological advances and market positions; inadequate protection of Spylogics' intellectual property rights; exposure to foreign currency fluctuations; changes in economic and political conditions; inability of suppliers or subcontractors to effect technology transfer; failure to maintain business alliances; uncertainty in financing arrangements; insufficient insurance against material claims or losses; our status and stage of development; and general industry conditions. Spylogics' plans and results could differ materially from those anticipated in these forward-looking statements as a result of these risk factors set forth above.

SPRYLOGICS

Users of mobile messaging applications generate content based on intention to do something (see a movie, go to dinner, grab a coffee), and this intention has value.

Sprylogics captures this value for its clients by applying patented, location-based & context-sensitive search capability that allows users to share intention—all within the mobile messaging application.

MOBILE MESSAGING IS EXPLODING

10 TRILLION ANNUALLY

27 BILLION DAILY

USERS ARE TALKING ABOUT

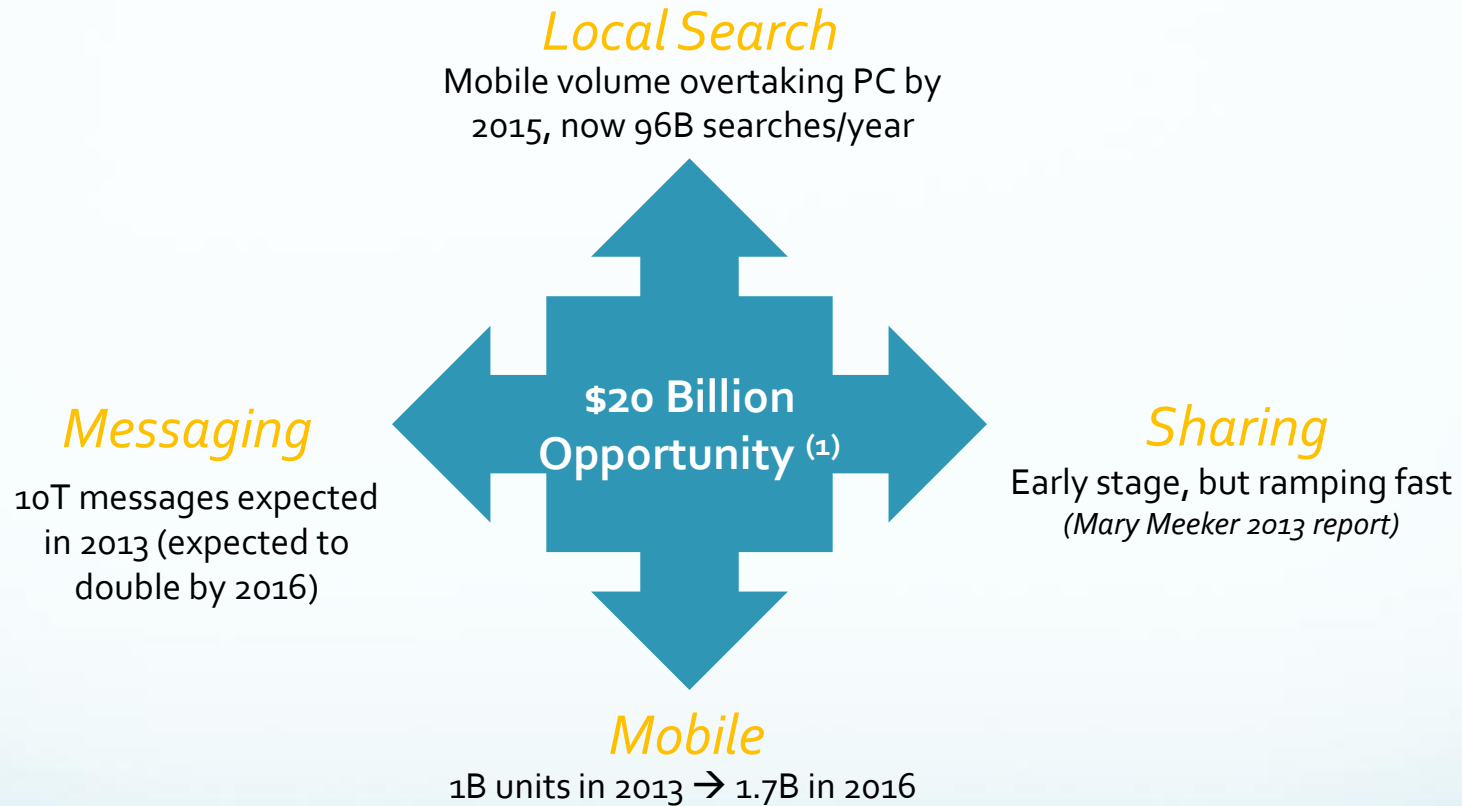
- Places to Go
- Local Businesses
- Media Content

35% OF MESSAGES CONTAINS MONETIZABLE CONTENT WITH INTENT

- Planning: 37.1%
- Place Discovery: 10.2%
- Information Seeking: 10%
- Food and Drink: 9.5%
- Sports/Entertainment: 6.8%

Users leave messaging Apps mid-conversation to search and find content, leaking intent to purchase.

CASE FOR LOCAL MOBILE ADVERTISING



CONVERGENCE OF 4 KEY TRENDS IS OUR SWEET SPOT.

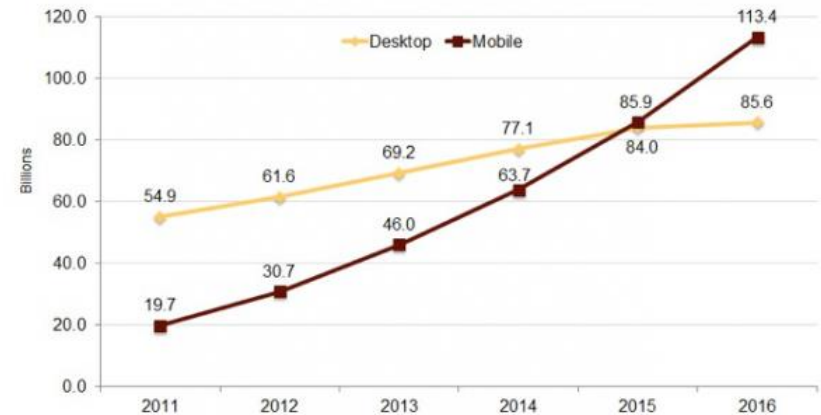
(1) Expected 2014 global mobile ad spending (Source: eMarketer)

THE RISE OF MOBILE LOCAL SEARCH

- Local Search is 20% of PC search and 40% of smartphone queries (*Google*)
- 50% of Local Mobile Search happens in Apps
- Smartphone owners average 20 Mobile Searches/month (*expected to reach 40*)
- 96 Billion Local Mobile Searches annually worldwide
 - 1B smartphones worldwide
 - 240 searches per year (12 x 20/month)
 - 40% of queries are local
- CAGR in mobile search expected to be > 35% through 2016

US MARKET

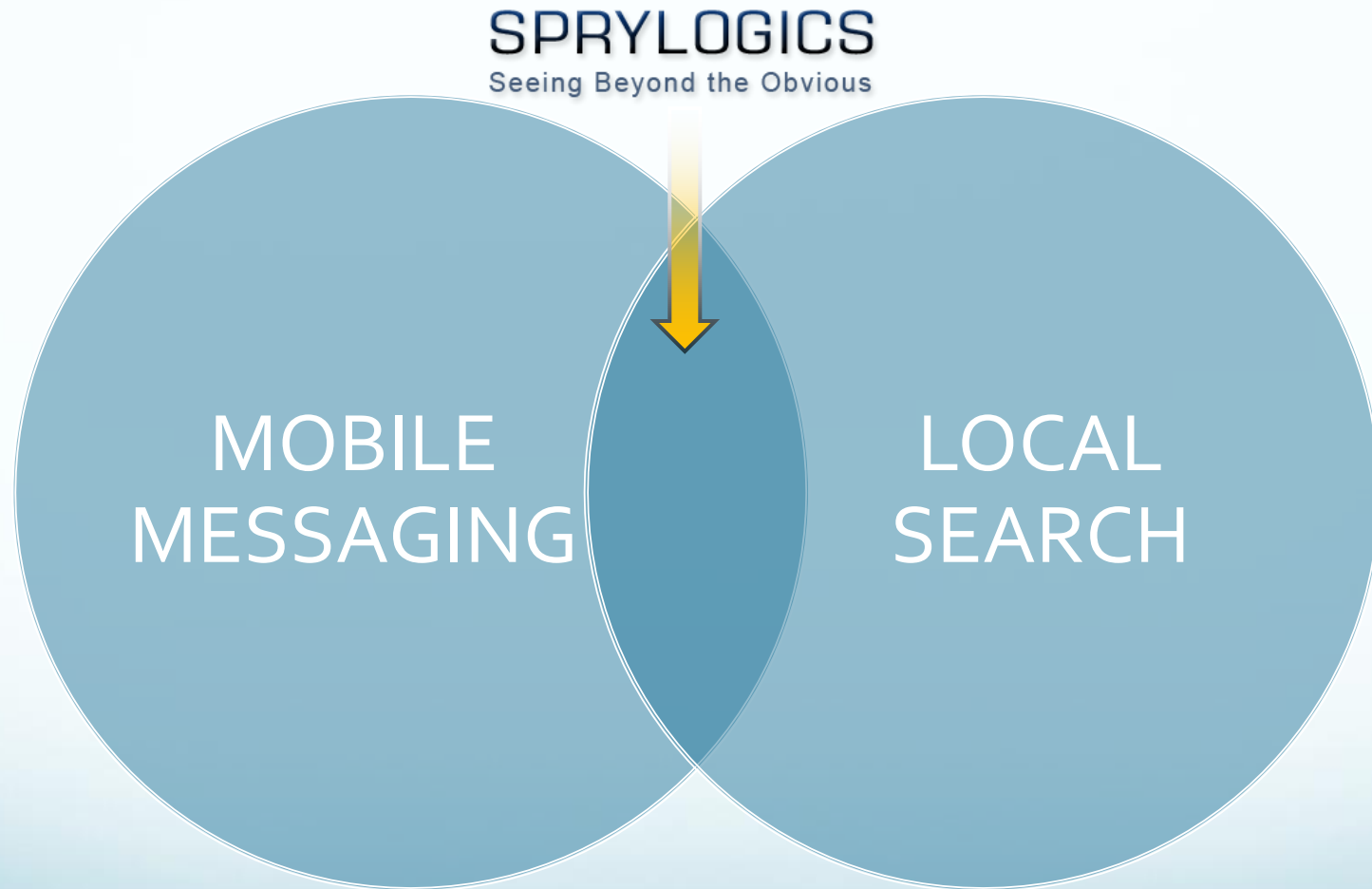
Mobile vs. PC Local Search Volumes (BIA/Kelsey Forecast)



BIA/Kelsey

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MONETIZING THE INTERSECTION



OVER THE TOP (OTT) APPS CHALLENGES

- Undifferentiated service – all apps look the same
- Monetization – with growth their costs are rising with no clear path to monetization:
 - Display advertising doesn't work on mobile; it lacks relevance and real estate
 - It is hard to justify charging an annual fee (WhatsApp) for something which has been available for free



Nimbuzz!



SPRYLOGICS HAS A SOLUTION FOR THEM.

CARRIER CHALLENGES

- Explosion of OTT apps is impacting legacy Instant messaging (SMS or texting) revenue, representing a decline in margins by 30-50%
- This loss is estimated at \$23B in 2012
- Telecom carriers must innovate with new differentiated services and capabilities in order to stop the erosion and regain some revenues and profits
- This is going to be accomplished via RCS, a next-gen implementation of text messaging that looks and feels like an OTT app, but is interoperable amongst carriers
- In order to compete against OTTs, RCS will need to be free, requiring carriers to be able to generate revenues through effective advertising



SPRYLOGICS HAS A SOLUTION FOR THEM.

THE SPRYLOGICS SOLUTION

- The Sprylogics platform has 3 differentiating features that together offer a solution that allows the capture of monetizable intent:
 - 1) Enables users to do more within chat
 - 2) Prevents users from leaving for 3rd party services
 - 3) Keeps users in search context by letting them share from within search results
- This environment creates user interaction that allows revenue capture (that was previously not possible) from two key area:
 - **Advertising** (native sponsored listings and display ads)
 - **Transactions** (restaurant reservations, movie tickets, events, etc.)

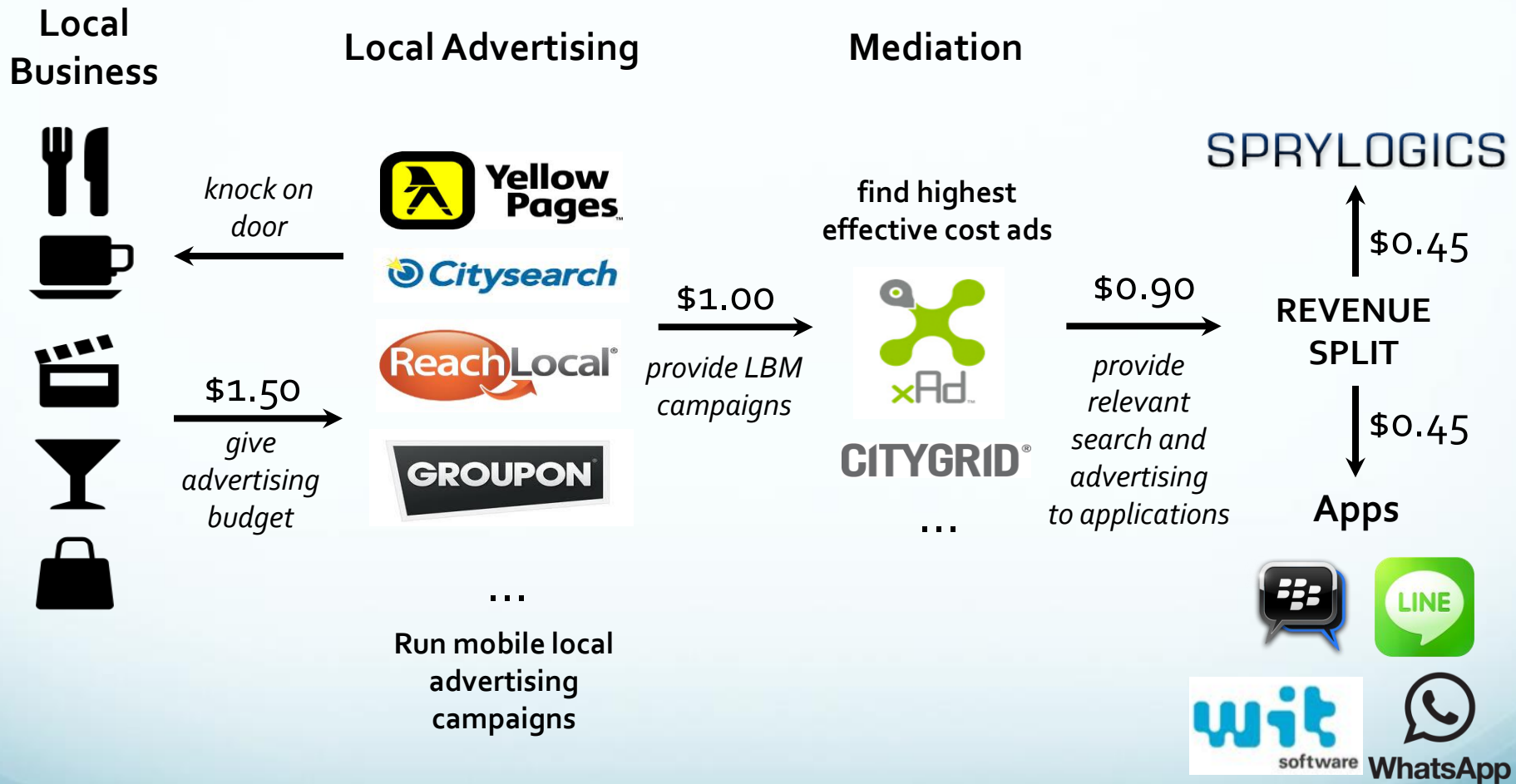
Enabling the next generation of Mobile Experiences via Shared Messaging and the capture of Monetizable Intent.

WHAT ABOUT GOOGLE?

- While Google is the *de facto* leader in search, it just launched its own OTT service (“Google Hangouts”) on May 15, 2013
- Hangouts replaced Google+Messenger, Google Talk, and Google Voice , and is integrated with Gmail, Google+, Google Drive and Chrome
- **It competes directly against all other OTT services**
- No incentive for OTT companies to use Google-developed in-app search component :
 - Increases Google’s market power and share of mobile advertising dollars
 - Reduces perceived differentiation among OTT users

Sprylogics provides OTTs with a working solution today.

THE LOCAL SEARCH ECOSYSTEM



POYNT: A STRATEGIC ACQUISITION



SPRYLOGICS

CANADIAN & US
PARTNERS

LOCATION-BASED
SEARCH PATENTS

PLATFORM

NEXT-GEN
FUNCTIONALITY

+

INTERNATIONAL
PARTNERS

LOCATION-BASED
SEARCH PATENTS

PLATFORM

NEXT-GEN
FUNCTIONALITY

=

SPRYLOGICS 2.0

GLOBAL
PARTNERS

LOCATION-BASED
SEARCH PATENTS

PLATFORM

NEXT-GEN
FUNCTIONALITY

USING POYNT AS A STARTING POINT

- Layers on location-based capability and attractive content
- **1.3MM monthly active users and over 20MM downloads across 5 platforms**
- Top ranked in Google Play for Travel & Navigation
- 5 contextual location-based patents granted & numerous pending
- IP initially developed by SPY management and sold to Poynt, valued at \$27 million ⁽¹⁾
- WI-LAN contracted to monetize IP
- Established sources of content includes:



POYNT OFFERS CONTENT SOURCES THAT USERS LOVE TO SHARE.

THE POYNT IP PORTFOLIO

- Family of granted contextual location based advertising patents:
 - **Network for targeting individual operating a microcomputer regardless of his location**
US 8099477 B2 (priority date: Aug 27, 1999) Network for targeting individual operating a microcomputer regardless of his location US 7870229 B2 (priority date: Aug 27, 1999)
 - **Multi-mode location based e-directory service enabling method, system, and apparatus**
US 7941430 B2 (priority date: May 13, 2004)
 - **Method and system for wireless message-based advertising**
US 8315178 B2 (priority date: Feb 8, 2008)
 - **Method of Using Location Information for Advertising System Based on 3-Dimensional Shapes**
Application No.: 201103790-0 (priority date: May 28, 2010)

POYNT + SPY = MESSAGING + SEARCH + SHARE

2 NEW PRODUCTS FOR 2 MARKETS

POYNT 2.0 for Consumers

- Product was neglected while in CCAA
- Poynt users will be offered new updates that will integrate SHARE technology and greatly enhance the user experience and exploit e-commerce intent
- Poynt will also become a 3rd party messenger App (OTT), with integrated SHARE and LOCAL SEARCH
- Poynt will incorporate key Sprylogics search technologies enabling SIRI-like functionality

POYNT INSIDE for OTTs

- Easy to integrate SDK and API
- Brings integrated Search and Sharing to Messaging Apps
- Licensed technology with built-in monetization via a revenue split
- Enables users to:
 - Discover, view, discuss, share movies, restaurants, videos; make reservations, etc.
 - “Swipe to Share” anything they find to their friends... without ever leaving the messaging app

POYNT INSIDE: PROOF OF CONCEPT

2ya (sample implementation) showcases search-in-chat capability



- 2ya
 - Sprylogics' in-house OTT app
 - 15,000 downloads in first 3 weeks
 - Excellent reviews
 - Took valuable user feedback
- Ave user:
 - 10 searches / month
 - Monetized via sponsored search

CASE STUDY



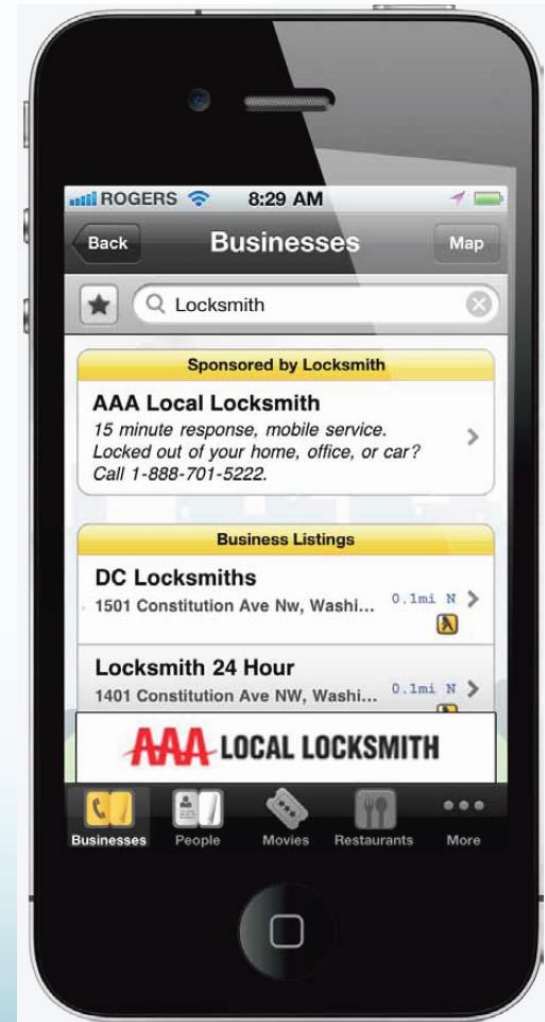
Advertiser: US-based syndicated locksmith service that provides a nationwide, 24/7 mobile locksmith service

Objectives: Raise awareness of service and expand user base

Keyword targeting: (list of keywords included “24 hour locksmith”, “auto locksmith”, and “broken key”)

- Region: (NYC, L.A., Washington)
- Ad Units: Text ads, banner ads

Result: Click thrus well over 50x the industry standard and a 64% click-to-call rate; campaign outperformed expectations and industry standards



CASE STUDY



Advertiser: US-headquartered motel chain

Objective: Maintain a premium user experience by targeting mobile users actively looking for travel and related services

- Region: United States
- Ad Units: Text ads, banner ads

Result: Click thru well over 10x industry standard, resulting in 42% redemption rate of promotional offers



BUILDING A NEW INDUSTRY



- Social traffic & navigation app
- Acquired by Google for \$1.1 billion (announced June 2013)
- Approximately 15MM active users and negligible revenue



- Location-based mobile network
- \$112MM in venture funding (*including \$41MM investment by Silver Lake Partners – April/13*)
- 8 million users and annual revenue of \$2MM (2012)



- Local search and recommendations
- Acquired by eBay for \$135MM in April 2011 (*4MM monthly active users at the time; \$17MM revenue in '10*)



- Social mapping service
- Acquired by Green Dot for \$43M in March 2012

NEXT STEPS

CAPITAL MARKETS FUNDING

- To accelerate growth & capitalize on the large revenue opportunities
- Specific use of proceeds:
 - Expand sales and BD team
 - Trade shows that target Asian and European carriers/ messaging providers
 - Commence direct brand sales for major category sponsorship
 - Sign on content partners in Eastern Europe and China & establish preload partners in Europe

BUSINESS DEVELOPMENT

- In advanced discussions with carriers, handset manufacturers and OTT messaging players, all leading worldwide players that represent over 500 MM mobile users

NEAR-TERM MILESTONES

- Add at least one major Asian and two European partners in the next 6 months

TERMS OF OFFERING

Issuer: Sprylogics International Corp. (the “Company”)

Offering: Commercial best efforts private placement of Subscription Receipts

Amount: Approximately \$6 million

Offering Price: *to be determined in the context of the market*

Selling Jurisdiction: All of the Provinces of Canada

Subscription Receipts: Each Subscription Receipt will automatically convert into one Common Share of the Company (on a post consolidation basis in accordance with the Share Consolidation)

Escrow Release Conditions: Escrowed funds shall be released to the Company, and the Subscription Receipts will automatically be exercised into Common Shares upon:

- 1) Completion of the acquisition of Poynt Inc.
- 2) Completion of a Share Consolidation (10:1 ratio)

Sole Agent: Beacon Securities Limited

Closing Date: On or about July •, 2013

USE OF PROCEEDS

	\$6 Million Raise
Debt Repayment (\$2.7M is for POYNT)	\$3,500,000
R&D Staffing	\$650,000
Sales, Marketing & BD Staffing	\$500,000
Sales, Marketing & BD Efforts	\$480,000
General & Administrative	\$375,000
Capital Expenditures	\$75,000
Financing Fees (7%)	\$420,000
TOTAL USE OF PROCEEDS	\$6,000,000

TEAM

- **Management**

- Marvin Igelman CEO (*Poynt, Portfolios.com, Board of: American Apparel, Jamba Juice*)
- Alex Živković CTO (*Dunn and Bradstreet, Poynt, Post Grad thesis in Artificial Intelligence*)
- David Berman CFO (*iseemedia*)
- Bhavuk Kaul VP Product Marketing (*former Head of Search, Research in Motion*)

- **Board/Advisors**

- Jeff Sagansky (*former President Sony Pictures, CBS*), Asim Abdullah (*CommerceOne*), Dennis Miller (*Spark Capital*), Tony Lacavera (*WIND Mobile*), Michael Serruya (*Yogen Frusz*), Keith Yokomoto (*ARTISTdirect Inc.*), Kenes Rakishev (*SAT & Co. & Genesis Angels Fund*), Kevin Taylor (*Nortel, Facey*), William Mougayar (*Interim CMO for Sprylogics & serial entrepreneur*)

- **R&D Team**

- 20+ years experience building carriers-grade solutions in use throughout EMEA & India
- 14 Engineers/Semantic Researchers/Data Scientists
- 3 PHDs - Semantic Technology
- UI team (3) - previous mobile app ~20M users

INVESTMENT HIGHLIGHTS

- Industry Leading Management With Proven Success
- Mobile Messaging is the Standard (27bn/day), Creating a Multi-Billion Dollar Search and Share Market
- Differentiated App integrates messaging with key internal functionality:
 - Location-based mobile search
 - Sharing
- Business model that captures monetizable intent
 - Revenue driven from advertising and transactions
- Strong product launch to be supported with multiple near term catalysts

SPRYLOGICS

Seeing Beyond the Obvious

TSX.V - SPY

Thank you

Marvin Igelman, CEO

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Concord, ON L4K 3P3

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Securities legislation in Ontario provides that purchasers of securities are entitled to rights of action for rescission or damages where an offering memorandum and any amendment to it contains a Misrepresentation. In accordance with Section 130.1 of the Securities Act (Ontario) (the "Ontario Act"), in the event that an offering memorandum or any amendment thereto contains a Misrepresentation, a purchaser who purchases securities offered by such offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action against the issuer for damages, or, while still the owner of the such securities purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the issuer, provided that: (a) the issuer will not be liable if it proves that the

purchaser purchased the securities with knowledge of the Misrepresentation; (b) in the case of an action for damages, the issuer will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and (c) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the purchaser. A purchaser resident in Ontario should refer to the provisions of the Ontario Act and its regulations for particulars of the rights and defences discussed above and consult with a lawyer. The rights discussed above are in addition to and without derogation from any other right or remedy which a purchaser might have at law. No action shall be commenced to enforce these statutory rights more than: (a) in an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action; or (b) in an action for damages, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action.

British Columbia and Alberta

Purchasers in British Columbia and Alberta are not entitled to the statutory rights described above, in consideration of their purchase of securities of Sprylogics and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action from damages or rescission that is substantially the same as the statutory right of action, if any, provided to residents of Ontario who purchase securities of Sprylogics.