We Need To Push-to-Talk

A Lucrative Investment at the Push of A Button

December 5, 2016

Emergency first responders and vehicle fleet managers need instantaneous and clear communications to save lives and increase productivity. Traditional proprietary networks are expensive to maintain, and carriers are decommissioning legacy cellular networks once used for Push-to-Talk communications and transitioning customers to newer networks. A new generation of dedicated cellular devices for commercial vehicles as well as rugged smartphones with Push-to-Talk features and productivity apps has emerged, and Siyata Mobile (SIM:TSX-V) (SIMFF:OTC), a cellular handset OEM with extensive carrier and software relationships, looks poised to win significant market share.

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Reasons to Read this Report

1. Discover the importance of Push-to-Talk (PTT) communications in vehicle fleets and emergency first responders;
2. Find out how PTT hardware has evolved from voice devices to dedicated handsets and applications;
3. Unearth regulatory and carrier catalysts driving the PTT over Cellular (PoC) market;
4. See how big the PoC market could be, and;
5. Read about Siyata Mobile (SIM:TSX-V) (SIMFF:OTC), a global developer of a vehicle-mounted, cellular network communications platform that looks poised to capture a significant share of the PoC market.

Introduction

Push-to-talk (PTT) communications addresses the need within businesses and emergency first responders to communicate time-critical information quickly and efficiently. Mobile productivity is no longer a luxury; it is essential to support a productive workforce. Traditional fleets use land mobile radios (LMR), Bluetooth with cellular handsets, or dedicated vehicle management communications devices. These fleets often use a combination of several technologies that complicate fleet communications, adding inflated capital and maintenance costs for hardware and software. The combination of carriers discontinuing legacy networks, aging hardware that is expensive to maintain, regulatory mandates, and reliable connectivity are driving fleet managers to look at alternative solutions that work and lower CAPEX and OPEX costs.

Siyata Mobile (SIM:TSX-V) (SIMFF:OTC) is a global developer of a vehicle-mounted, communications hardware platform that operates over cellular mobile networks. The Company is addressing the decommissioning of legacy networks and the transition of first responders from proprietary LMR networks to cellular networks. Siyata is executing on a strategy that leverages mobile carriers to drive their products into vehicle fleets, thereby creating new revenue sources for cellular carriers. **Siyata also has done extensive integration work with Kodiak Networks (private), a leading PTT over Cellular (PoC) platform provider that has relationships with AT&T (T:NYSE), Bell Canada (BCE:TSX), KPN (KPN:AMS), Telefónica (TEF:NYSE), Verizon (V:NYSE), Vodafone (VOD:LON) and HOT Mobile, a member of Altice NV (ATC:AMS).**

First Responder Public Safety Radio Communications

First responders (fire, police, and ambulances) used some of the first push-to-talk radio networks. Governments typically built their own networks at considerable cost with ongoing maintenance outlays. However, the networks were essential for the sake of public safety. Therefore, it's imperative that emergency first responder communications are quick and clear. Networks must be available, accessible, security, and privacy.

Public safety networks are still widely in use in North America but should transition to a new first responder network called First Responder Network Authority (FirstNet). The Middle

Class Tax Relief and Job Creation Act of February 22, 2012 created FirstNet. This Act gave FirstNet permission to build, operate and maintain the first high-speed, nationwide wireless broadband network dedicated to public safety. First responders will likely use existing public safety networks as backups.

As Exhibit 1 shows, the 700MHs band, also known as Band 14, is reserved for FirstNet public safety communications. This frequency band was set aside following the transition of analog television signals to out-of-band digital transmissions. This is the first step to ending decades-long interoperability and communications issues between first responders.

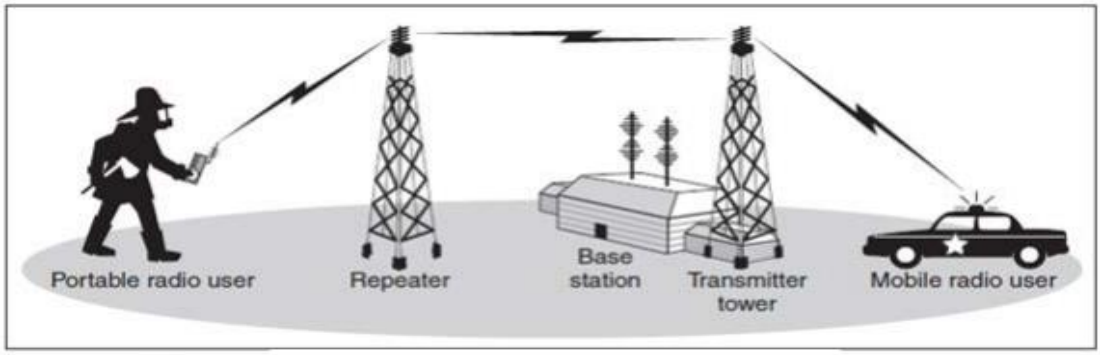
Exhibit 1: LMR Frequencies

- **VHF (Low Band): 30MHz to 50Mhz (and a bit beyond for Government) - Usually used for long range, large area coverage (States, Counties, etc)**
- **VHF (High Band): 150 MHz to 170MHz (and a bit beyond for Govternment) - Usually used for medium range, medium area coverage (Cities, Counties. Etc)**
- **UHF (Upper High Band): 450 MHz – 470MHz (and a bit beyond for Govt.) Usually used for short range, smaller area coverage (Cities, etc)**
- **700MHz: pending DTV issues, band plans and spectrum clearing. Public Safety will have dedicated channels.**
- **800MHz: Currently used by Public Safety, Nextel, and other Industry users**
- **900MHz: (paging)**
- **4.9GHz: Public Safety dedicated spectrum (Mesh/WiMax architecture). Fairly new, not many deployed**
- **Federal Govt / Military: has many other bands and frequencies in use.**

Source: NPSTC

Cellular Communications for Vehicle Fleets

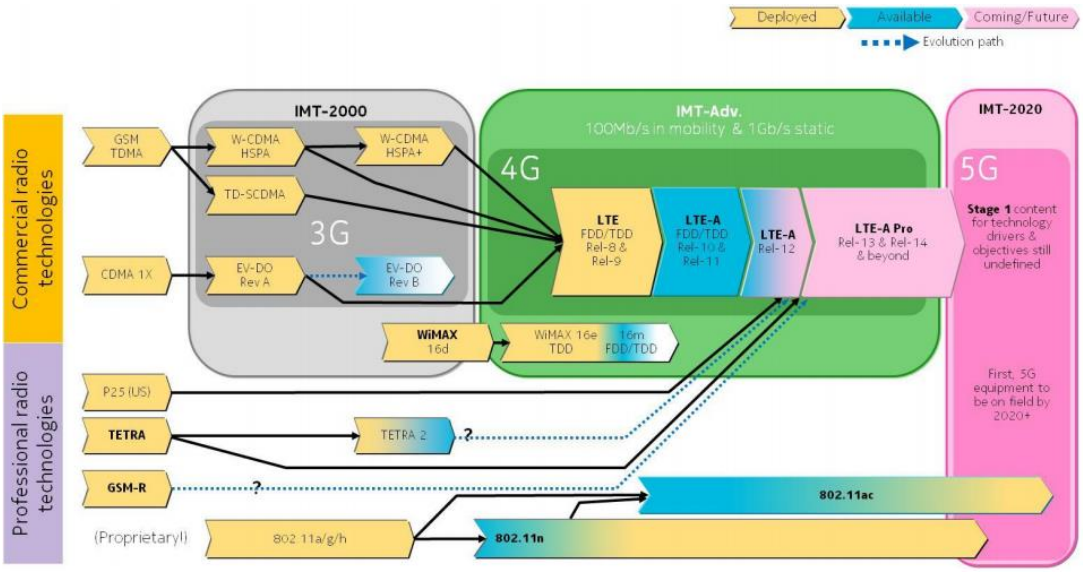
Land mobile radio systems are terrestrial wireless communication systems typically used by vehicle fleets, especially truckers. The Department of Homeland Security states that the first LMR systems appeared in the 1930s and were used to support mission-critical voice communications.



A LMR System
Source: DHS

Land-based cellular communication networks have undergone several iterations since the 1980s. When commercial wireless networks evolved, many PTT users, especially those in the trucking industry leveraged third-party infrastructure operating on Very High Frequency (VHF) and Ultra High Frequency (UHF) radio bands. 1G (first generation) was the first generation of cellular networks and were used for analog voice communications. Next came 2G networks that were the first digital cellular systems. 2G evolved into 2.5G, which had faster data rates. 3G digital networks improved upon 2.5G's speed, and 4G is the latest practical standard of digital cellular communications. LTE (long-term evolution) is a way to achieve 4G data speeds. Exhibit 2 illustrates the evolution of communications networks.

Exhibit 2: Radio Communications Standards



Source: EMTRS

The biggest disadvantage with LMR is that it only supported voice. With the emergence of digital communication protocols in the late 1980s, public safety agencies saw an opportunity to transition away from expensive analog proprietary systems. In 1989, the Association of Public-Safety Communications Officials-International and the National Association of State Telecommunications Directors began Project 25 to adopt open-standard, digital communication protocols. Public safety agencies served as standards testers to move away from locked-in solutions. These agencies provided their feedback, which collectively became the foundation of Project 25.

Some fleet operators kept their LMR networks. This created the problem of how to communicate data, and often, the solution involved issuing a smartphone or having workers bring their own device (BYOD). This meant that vehicle fleet operators had to pay for two networks: the LMR network for PTT and the carrier's cellular network for data communications. This is a reason why carriers are courting fleets with PoC offerings; the opportunity to sell another SIM card that generates recurring monthly revenues.

During events like 9-11 in 2001 and Hurricane Katrina in 2005, communications were imperative to coordinating personnel and resources to where they would best be used. Unfortunately, those events destroyed critical communications networks, which compounded the difficulty of rescue efforts. Following 9-11, The Homeland Security Act of 2002 mandated the

creation and consolidation of the U.S. Government's communication systems with State and local government personnel, agencies, and the public.

Push-to-Talk Technology

Push-to-talk could be considered the next generation "Walkie Talkie", or a WhatsApp for businesses/enterprises. PTT is a two-way radio communications service that operates with a push of a button. It allows people to instantaneously connect by pushing a button. When this happens, only one person pushing the button talks while the other(s) listen(s). The net result is communications on demand.

Push-to-Talk over Cellular (PoC) is PTT that leverages existing 2.5G, 3G, and 4G cellular networks. Subscribers can make both regular cellular and PTT calls using the same handset. PoC also extends the limited range of traditional PTT proprietary networks to national and international cellular coverage allowing PTT enabled devices to "roam". PoC solutions and services can save companies money, since the network infrastructure cost is borne by the mobile carriers and PoC handsets are far less expensive (Exhibit 3) than the current offerings. Plus, companies can reign in the number of devices needed by workers since modern PoC solutions combine voice, data, text, and PTT in one handset.

Exhibit 3: Cost Comparison between LMR and PoC Systems

Cost Elements	Traditional LMR	PoC Solutions
Network Development & Rollout	Hundreds of Thousands to Millions of Dollars	$ 0
Cost of Devices (per user)	$700 - $7,000	$300 - $800
Device subsidies available with multi-year contracts	No	Yes
Dispatcher or Manager Dashboard and Communication device	Costs vary but run in thousands of dollars	$30 per dispatcher unit

Source: Frost & Sullivan

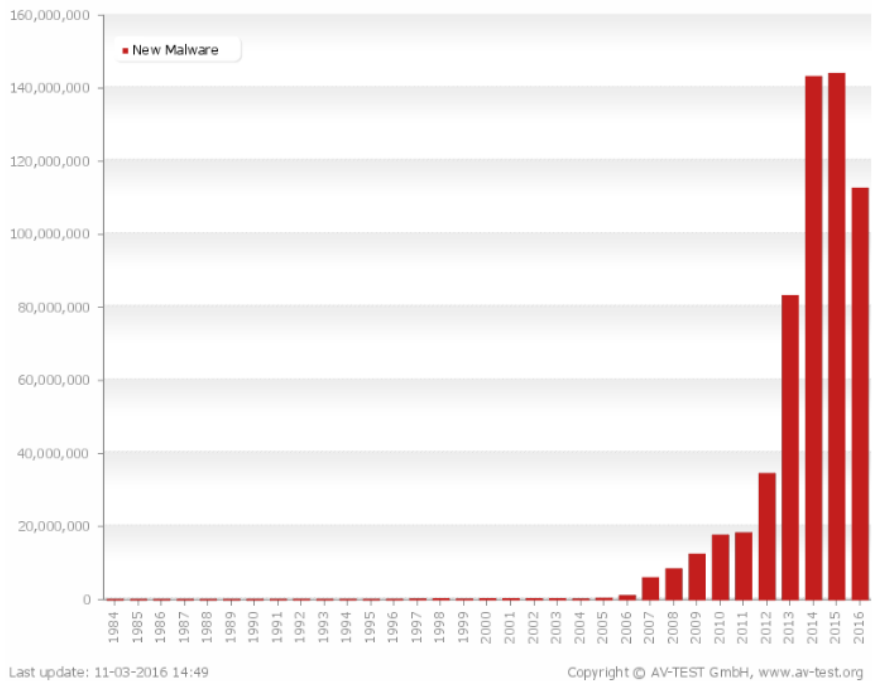
Source: AT&T

Enterprises can implement PoC either through dedicated handsets or smartphone applications. The overall cost of implementing PoC apps is lower than dedicated handsets, especially in BYOD environments where workers provide the hardware. Dedicated PoC handsets with app software have several advantages over BYOD PoC apps in that they:

- Are easier to use because of a physical PTT button instead of a software button;
- Typically have noise cancellation features for use in industrial environments such as a semi-truck cab, police car, or factory;
- Generally minimize the delay between when the button is pushed and when voice communications occur. A millisecond delay can cut off part of a message, requiring users to repeat what they were attempting to communicate. In an emergency, delays could mean the difference between life and death;
- Can be more secure than apps, given the prevalence of malware (software that damages, disables, or destroys applications, software, and operating systems) (Exhibit 4);

- May not enable some fleet management apps on different handset operating systems;
- In some extreme environments, cellular phones connected via Bluetooth may not have adequate communications range and ruggedness;
- May not allow fleet managers be able to identify the drivers in advance;
- Usually have range beyond the current cellular tower, allowing the device to potentially reach towers that aren't disabled after a natural disaster.

Exhibit 4: Number of Malware Programs Created Each Year



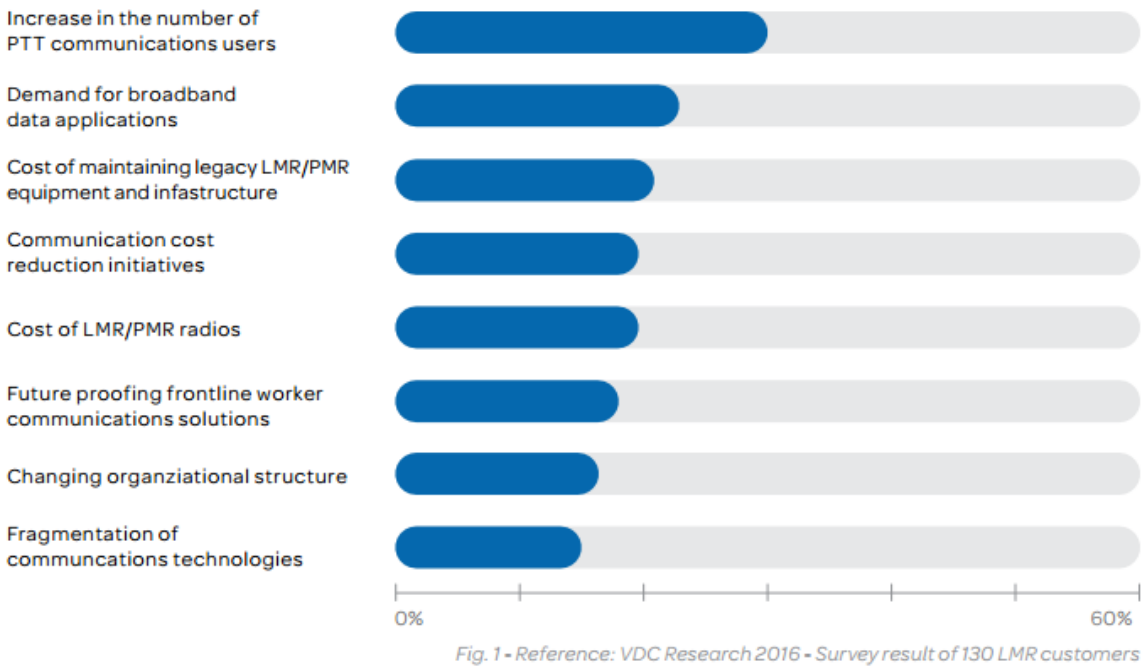
Source: AV-TEST

End Markets

The number of mobile workers is expected to rise through 2020. In 2015, market intelligence firm IDC forecasted that the number of mobile workers in the United States would rise from 96.2 million in 2015 to 105.4 million by 2020.

An AT&T survey of 130 organizations unveiled why a transition from regular LMR to PTT over cellular (PoC) is occurring (Exhibit 5). An increase in the number of PTT users was the primary reason.

Exhibit 5: Key Factors Driving LMR to PoC over Cellular Solutions



Source: AT&T

Fleets

Almost any commercial vehicle fleet can benefit from PoC. Fleet managers need to know where their assets are deployed to determine how best to use those assets. Often this involves locating and communicating with their drivers, and over 95% of all trucks currently use LMR devices to provide communication with the dispatch. Unlike BYOD phones, dedicated PoC vehicle mounted devices allow fleet managers to contact the vehicle regardless of the driver. Furthermore, dedicated PoC devices are usually charged from the vehicle's battery, so fleet managers don't have to worry about drivers forgetting their BYOD phone at home, recharging issues, and maintenance. In addition, vehicle mounted PoC devices allow the drivers national and international roaming using the same device over the carrier's data plan, which is both attractive for fleets and cost effective.

Hospitality

The hospitality industry has many uses for PTT. The first is safety. Workers are often the first on the scene when an emergency involving a guest occurs. In the case of a hotel, the employee could be housekeeping staff, who can use PTT to alert a supervisor. Supervisors sometimes must manage multiple tasks, such as HVAC maintenance, concierge, and redirecting staff to other tasks. In some cases, on premise cellular connectivity may not be possible, therefore requiring a proprietary LMR network.

Obsolete Technology Drives the Need for New PoC Solutions

In 1991, Motorola pioneered Integrated Digital Enhanced Network (iDEN), a wireless technology that combined cellular phones, radio, pager, fax, speaker phone, and an Internet browser. iDen facilitated two-way communications over cellular networks. It allowed PTT to groups of people in addition to one-to-one communications, and users could transmit data over iDEN. Google inherited iDEN when it acquired Motorola Mobility, but Google and Motorola exited the iDEN handset market in 2012. And since then, several North America's carriers announced that they are shutting down their 2G networks. AT&T (T:NYSE) on January 1, 2017; Telus (T:TSX) on January 31, 2017; Verizon on December 31, 2019.

In May 2012, Google (GOOG:NASDAQ) bought Motorola's (MSI:NYSE) Mobility division for $12.5 billion. Motorola Mobility was the company's handset division, but Google sold it to Lenovo (0992:HKG) for $2.9 billion in January 2014. Some said that the sale was because Google only wanted Motorola's handset patents, to protect itself from Apple (AAPL:NASDAQ). Many of the Motorola 2G handsets were incompatible with newer, cellular networks, giving Google another reason to not support the devices.

Aging Networks Drive the Need for New PoC Solutions

Cellular carriers are deactivating their aging networks because they are expensive to maintain. Google/Motorola exiting the iDEN handset business is one reason why carriers are decommissioning their iDEN networks, upon which many PTT systems operate. But as they close legacy networks, carriers are seeking ways to generate revenue, preferably monthly subscription revenues. These factors are driving carriers to migrate PTT enterprise customers onto advanced cellular networks with newer PoC enabled devices and services.

Bluetooth Allows Handsfree Operation and Legal Compliance

Road safety is also a factor that fleet operators must consider when deciding upon a PTT solution. In 2012, the U.S. Department of Transportation imposed rules that restricted texting and hand-held mobile phone usage for commercial motor vehicle (CMV) drivers. The Department's research indicated that the odds of being involved in a safety-critical event increased 23.2 times for drivers who text as opposed to those who didn't. However, CMV drivers can still communicate by pressing a single button. CMV drivers are only permitted to use mobile phones that are mounted to the vehicle and in close proximity. PTT-enabled handsets also address the single button issue.

Market Forecasts – PTT Looks Positioned for Growth

Despite the decommissioning of 2G networks, PTT services demand remains high. First responders should transition to FirstNet; truckers are moving away from LMR. To meet PTT demand, many carriers have launched PoC services that combine PTT applications with dedicated PTT handsets.

According to the United States Department of Transportation, in 2015 there were approximately 12.3 million fleet vehicles in the United States.

Telecommunications market intelligence firm SNS Telecom forecasts that public safety investments in LTE networks could reach $600 million by the end of 2016 and grow at a 33% CAGR during the 4 subsequent years. Recall that LTE is a way to achieve defined 4G speeds. The firm also anticipates that by 2020, over 4.4 million LTE devices, including rugged handsets, smartphones, and vehicular routers, will be deployed to take advantage of the LTE infrastructure investment, which the firm believes is being built across 90 public safety, LTE, network commitments.

In 2015, ABI Research forecast that public safety LTE subscribers could reach 11 million by 2020. The research firm estimates that this could be a $5.1 billion market by 2020. We note that these forecasts do not include non-emergency first response fleets.

Research firm MarketsandMarkets forecasts that the LMR market could grow from $7.52 billion in 2014 to $15.65 billion in 2020. Transparency Market Research valued the 2013 LMR system market at $10.5 billion and projected it to rise to $30.6 billion by 2020. Zion Market Research saw a $14.4 billion LMR market in 2015 and projects a $38.9 billion market by the end of 2021.

Zion Market Research expects the enterprise mobility market to grow from $85 billion in 2014 to $500 billion by 2020. Enterprise mobility management includes the people, processes, and technology focused on managing mobile devices, wireless networks, and other business mobile computing services. In terms of software, the global enterprise mobility market consists of mobile device management, mobile application management, enterprise email, and content management. Mobile device management was the most popular software in the global enterprise mobility market due to the proliferation of mobile phones.

Fleet management systems are growing. Although the third-party forecasts we provide may not be directly applicable to PoC, what the numbers show is that fleet managers are concerned about tracking and communicating with their vehicles. MarketsandMarkets projects that the fleet management market could grow from $9.54 billion in 2016 to $27.90 billion in 2021, a 23.9% CAGR. Visiongain estimates that the commercial vehicle telematics market (vehicle tracking) could generate over $16 billion of revenue in 2016. Global Markets Insights anticipated that the 2015 vehicle tracking market was worth $8 billion and may scale to $22 billion by 2022, growing at a 16% CAGR. Business research firm NOVONOUS projects that global fleet management will grow at a 16.7% CAGR until 2020.

Push-to-Talk Software and Hardware Vendors

In the United States and Canada, almost all telephony carriers offer PoC solutions. In the United States, Verizon Wireless (VZ:NYSE), Sprint PCS (S:NYSE), Nextel (acquired by Sprint), and Alltel (bought by Verizon) were the first carriers to offer commercial cellular PoC services. At the time, their PTT solutions would not work cross-carrier, placing the impetus upon businesses and emergency first responders to select a carrier that provided adequate geographical coverage. The Open Mobile Alliance established standards that allow PoC to work across carriers that have adopted the standards.

Kodiak – A Leading PoC Software Supplier

Kodiak Networks (private) is a leading PTT vendor that has carrier relationships with AT&T (T:NYSE), Bell Canada, KPN (KPN:AMS), Telefónica (TEF:NYSE), Verizon (V:NYSE), Vodafone (VOD:LON), HOT Mobile, a member of Altice NV (ATC:AMS) and others. Leveraging its carrier partners, Kodiak has enabled enhanced PoC communications to key industry verticals including hospitality, manufacturing, construction, transportation, utilities, and energy. The Company's PTT solutions operate over 3G and 4G LTE networks, which, according to the Company, ensures the fastest speed, best voice quality, and integration of numerous mobile communication applications.

Source: Kodiak

Mobile Tornado – A Whirlwind of PTT Software

Mobile Tornado (MBT:LON) specialises in the provision of instant communications services for mobile devices, focusing on enterprise workforce management. By equipping workforces with conventional mobile handsets and Mobile Tornado's instant communication services, companies can communicate with one or many employees simultaneously, monitor employee locations, and immediately be alerted of major issues, at the touch of a button.

Sonim Technologies – Rugged Smartphones

Sonim Technologies (private) provides rugged, water-submersible mobile phones for workers exposed to demanding and hazardous environments. The Company specializes in workforce-critical communication tools for vertical industries that include: construction, security guarding, oil, gas and chemical operations, utilities, transportation and logistics, forestry, agriculture and defense. Sonim has application partners supplying push-to-talk, lone worker/man-down safety services, mobile resource management and time and activity verification solutions, helping to make field workers safe, efficient and accountable.

Kyocera

Japan-based Kyocera (6971:TYO) has established an ecosystem of partners that are creating highly customized applications to meet vertical market demands. Through the combination of PoC and Kyocera's rugged devices, organizations can consolidate voice, data, and business productivity apps onto a single device, and utilize PTT services across a vast array of interoperable communication networks.

Siyata Mobile – Removing the Clutter

Headquartered in Montréal, Canada, Siyata Mobile (SIM:TSX-V) (SIMFF:OTC) is a leading, global developer of a vehicle-mounted, communications platform that operates over cellular mobile networks. With over 150,000 units installed in multiple markets, the Company is targeting professional vehicles such as trucks, vans, buses, ambulances, and other emergency first responders. Siyata designed its platform to replace multiple vehicle devices (Exhibit 6) with a single device that incorporates voice, data, and fleet management solutions. Siyata has established carrier relationships with: Bell Canada (BCE:TSX), Telus (T:TSX), Cellcom (CEL:NYSE), Partner Communications (PTNR: NASDAQ), Hot Mobile which is a member of Altice NV (ATC:AMS), Pelephone (private), and others.

Siyata's platform provides several advantages for carriers beyond hardware sales. Siyata's handsets require subscribers to have a SIM card for network access. Plus, Siyata's vehicle mounted hardware and functionality makes subscribers sticky, thereby generating monthly revenue streams for carriers.

Siyata's sales model depends upon distribution agreements with cellular network operators and third-party resellers. The Company has distribution agreements with operators and dealers in the United Kingdom, Australia, and Sweden. Siyata is also targeting North American operators that used Motorola systems and are in the process of decommissioning their legacy 2G networks. **And it appears Siyata's model is working; on December 5, 2016, Siyata announced that it had received over $1 million in purchase orders for its various PoC devices from an undisclosed mobile operator.**

Exhibit 6: Typical Commercial Vehicle Communications Hardware

Source: Siyata Mobile

Strategic Partnership with Leading PoC Software Vendor

On November 1, 2016, Siyata announced the launch of its Uniden® UPC620 rugged phone and Uniden® U200 with Hot Mobile, a leading Israeli mobile operator that is closing its iDEN network. The deal was beneficial for Siyata not only because of the new operator relationships but also because it occurred after Siyata completed a 4-month trial of Kodiak PoC software. **Kodiak is a leading PTT vendor that has carrier relationships with AT&T (T:NYSE), Bell Canada KPN (KPN:AMS), Telefónica (TEF:NYSE), Verizon (V:NYSE), and Vodafone (VOD:LON).**

Source: Siyata Mobile

Based on discussions with management, the Kodiak relationship is expected to open several new carriers in the coming year, which should drive sales of hardware for Siyata and software royalties for Kodiak. There is a 3-way interest to see Siyata's products succeed. Siyata's products open the commercial vehicle market for both the cellular carriers and for Kodiak, which mainly sell into the handheld market, generating new PoC software license fees for both the carriers and for Kodiak. The mobile operators are interested in selling voice and data services which again will motivate them to adopt Siyata technology as it will give them a tool to replace traditional commercial LMR systems with PoC. These catalysts lead us to believe that Siyata will be able to penetrate the large-scale Kodiak PoC mobile providers leveraging their unique PoC devices for commercial vehicles.

Products that Address Horizontal Needs

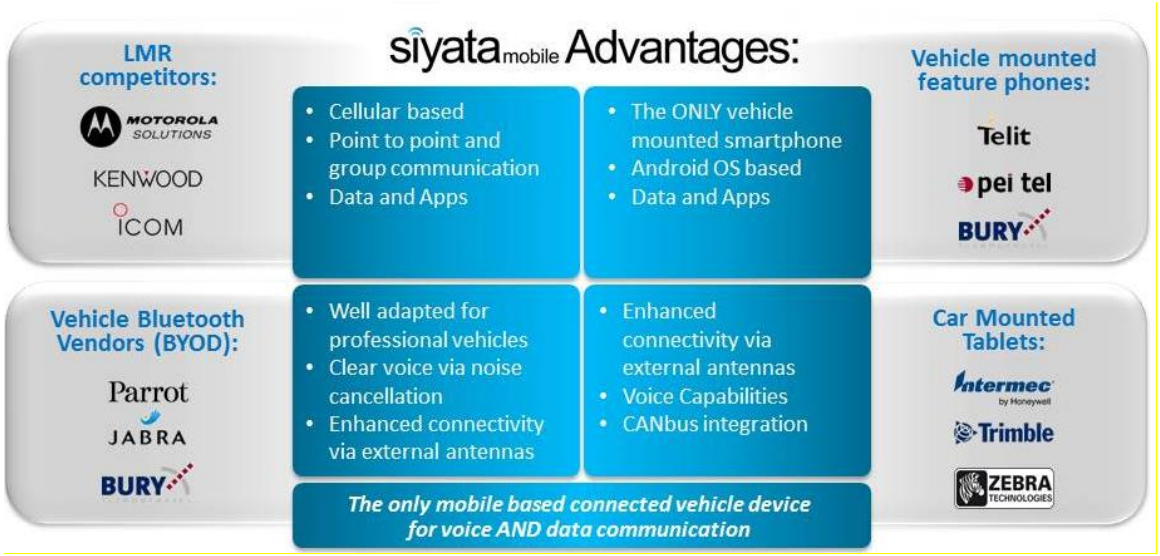
Siyata primarily competes against five technologies: LMR, iDEN, Bluetooth, fixed truck phones, and car tablets. The Company's product lines typically incorporate several of these technologies into a single device to appeal to different horizontal markets (Exhibit 7). **Siyata believes there are close to 50,000 Motorola 2G truck phone devices in Canada and approximately 400,000 in the USA that will need to be replaced in the coming years.**

On April 19, 2016, Siyata announced the acquisition of Signifi Mobile, a profitable Montreal-based company that manufactures, markets, and sells Uniden® cellular signal boosters and accessories across Canada and the United States. The acquisition was accretive and gave Siyata access to Signifi's Uniden devices and sales channels. The Uniden® U60, U65 and U70 cellular booster kits greatly enhance indoor cellular signal coverage, while the UM50 is highly complementary to Siyata's connected vehicle devices to increase cellular coverage in commercial fleets, cars, recreational vehicles, and other means of transportation. The cash and stock transaction closed June 8, 2016.

Siyata's Uniden® UPC620 rugged
Source: Company reports

Siyata Mobile currently has four products that address the communication needs of fleet managers with their drivers. Truckfone CP100, which Siyata launched in 2011, is a vehicle mounted cellular feature phone that operates on 3G networks. Truckfone provides clear, echo free sound, and a large dial pad for ease of use. Voyager CP200 launched in late 2013, is an Android-based, 3G vehicle-mounted smartphone that allows third-party app installations. Voyager is the world's first 3G, fixed truck phone. Siyata's Uniden® U620 is an Android-based, multi-purpose, rugged cellular phone designed to operate in harsh environments. BAGFONE is a signal boosted, mobile communications device intended for remote locations where cellular signal strength is weak.

Exhibit 7: Competitive Analysis of Siyata Products



Source: Siyata Mobile

Expanding the Value Proposition

Carriers are eager to offer PoC solutions to vehicle fleets to increase their monthly revenue streams. PTT alone appeals to many fleet managers. However, an expanding universe of fleet apps increases the handset's value proposition (Exhibit 8). For example, in the United States, the Federal Motor Carrier Safety Administration imposes strict regulations concerning the accurate recording of hours truckers work over each 24-hour period. Many truckers record these time logs in a book, a method that is not always accurate. Time log applications are available for PTT handsets, eliminating errors at the push of a button and therefore eliminating potential Department of Transportation fines. Siyata intends to use its devices as "real estate", offering third party apps like time log, navigation, fleet management, mobile device management, and more to allow commercial vehicles to have a truly all in one device in the vehicle's cabin. These apps will be from third party companies that Siyata plans to do revenue sharing deals with.

Exhibit 8: Building the Value Proposition with Productivity Apps

Source: Siyata Mobile

Catalysts

Siyata has several catalysts that make its stock compelling for investors.

1. **Carrier relationships:** Siyata already has carrier relationships with Bell Canada, Telus, Cellcom, Hot Mobile, Partner Communications Pelephone, and others. Through leading PoC software provider Kodiak, Siyata has potential access to AT&T, KPN, Telefónica, Verizon, Vodafone and others. Carriers see PoC as a new recurring revenue stream, giving Siyata the opportunity to forge new channels for its hardware.

2. **New software relationships that increase handset value proposition:** Exhibit 8 illustrates some of the software solutions that increase the PoC value proposition for fleet managers. Handsets are not only voice communication tools but also productivity tools to help companies to optimize their mobile and remote assets. Optimizing assets reduce company costs, which increases the handset's value proposition. Forging more relationships with new software vendors can allow fleets to have a truly all in one communication device for commercial vehicles while allowing Siyata additional recurring revenue streams from these third-party apps.

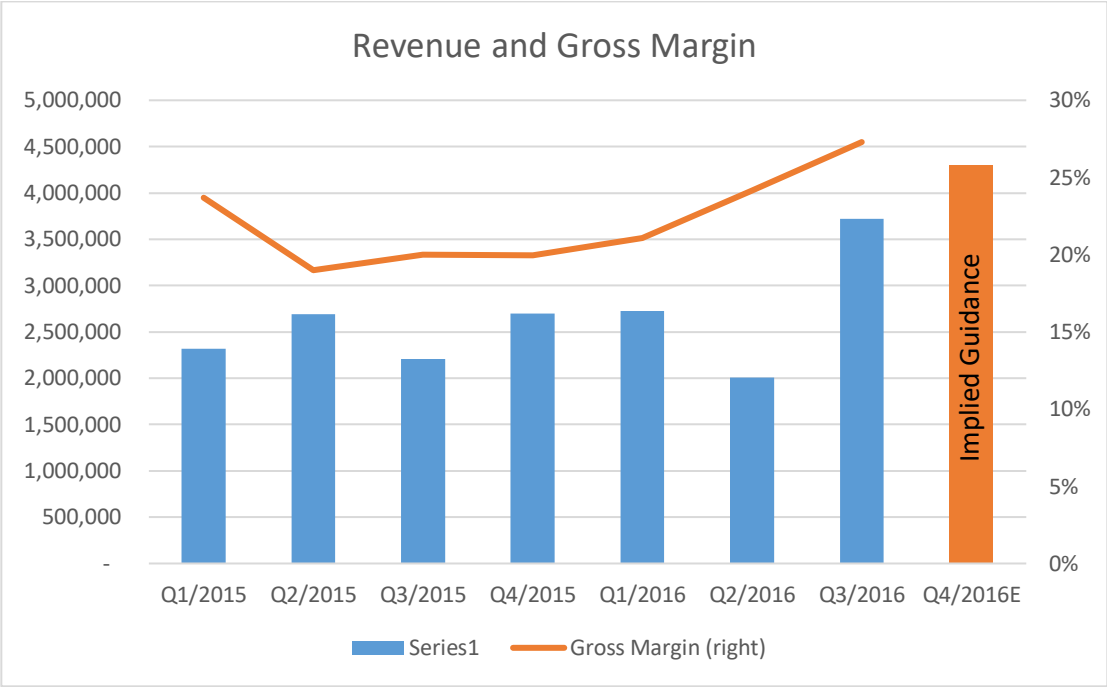
3. **Market size:** Given the breadth of Siyata's Tier 1 carrier relationships, it's not unfathomable that large fleets could place large PoC orders through these carriers. There are 12.3 million fleet vehicles in the United States alone, and it's easy math to calculate what "X" handsets at a "Y" cost to a carrier would contribute to Siyata's top line. iDEN networks are gone; FirstNet will transition first responders onto a modern, standardized network; carriers want new revenue streams; fleet managers want to optimize their fleets. What this means is that many of those 12.3 million fleet vehicles will likely transition to PoC.

4. **Competition:** There doesn't seem to be any real competition for Siyata in the commercial vehicle device market, and after selling over 150,000 units, Siyata is surely ahead of the curve in this large-scale market.

Top Line is Growing

On November 30, 2016, Siyata reported record revenues during its third quarter of 2016. Revenues during the quarter were $3.7 million, about a 62% year-over-year increase. During the conference call, CEO Marc Seelenfreund reiterated that the Company expected double digit growth in 2017 over the second half run rate of approximately $16 million. The $16 million run rate implies fourth quarter revenues of over $4 million (Exhibit 9). Management also expects operating expenses to remain relatively flat and claim they have sufficient working capital to fund near-term growth needs.

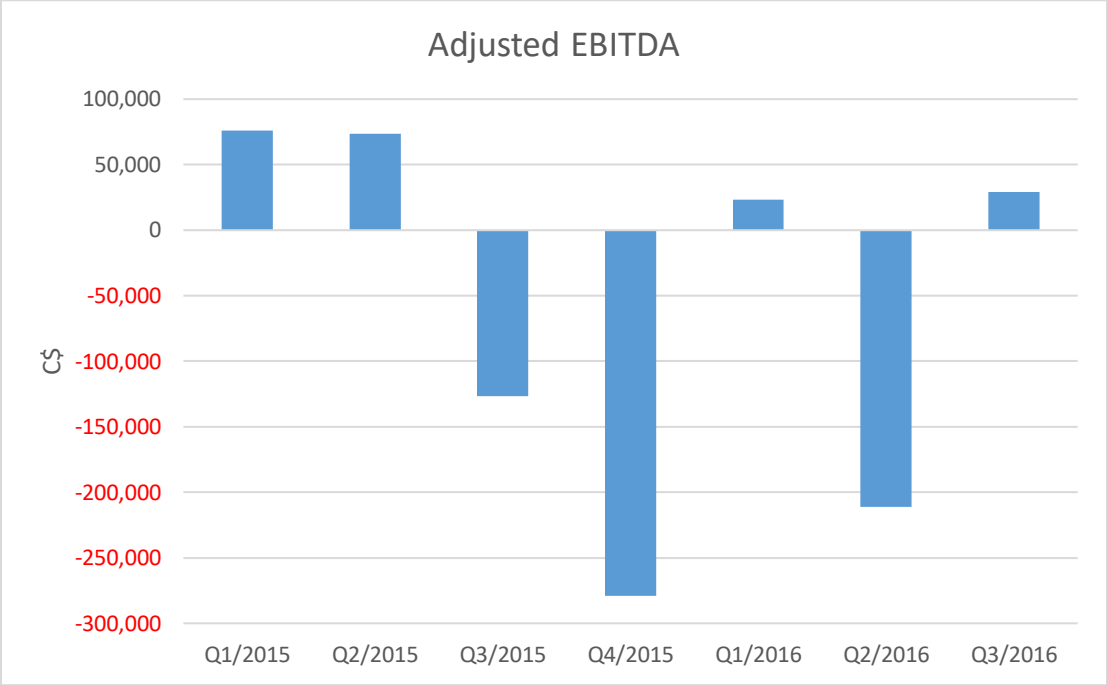
Exhibit 9: Siyata's Growing Its Business



Source: Siyata Mobile

Gross margin in Q3 was 27%, up from 24% last quarter and up from 20% in Q3/2015 (Exhibit 9). While management has not guided to how gross margin will trend going forward, they did say on the Q3 conference call that margins are higher on sales from the North American region. Clearly if Siyata is successful with Kodiak in breaking into some of the targeted North American carriers, investors could benefit from higher margins. Siyata's gross margin could also benefit from higher volume unit sales and the introduction of higher margin newer products in future quarters that will also improve gross margin through increased customer adoptions. **It appears as though Siyata is just crossing over into being profitable (Exhibit 10). Based on the outlook for Q4, it seems like investors should see another profitable quarter in Q4 assuming gross margin and operating expenses remain consistent.**

Exhibit 10: Siyata's EBITDA Trending in the Right Direction



Source: Siyata Mobile

Conclusion

Millions of enterprise customers, emergency first responders and vehicle fleet managers all need instantaneous and clear communications to save lives and increase productivity. Traditional proprietary networks are expensive to maintain, and carriers are decommissioning legacy cellular networks once used for Push-to-Talk communications. A new generation of Push to Talk over Cellular is becoming popular and some of the leading global mobile operators are actively getting in to this market. Rugged smartphones and connected vehicle devices with Push-to-Talk features have emerged, and Siyata Mobile (SIM:TSX-V) (SIMFF:OTC), a handset OEM with extensive carrier and software relationships, looks poised to win significant market share in this large scale and lucrative space..

Acronyms Used in this Report

BYOD	bring-your-own-device
CAGR	compounded annual growth rate
CMV	commercial motor vehicle
iDEN	Integrated Digital Enhanced Network
LMR	land mobile radio
LTE	long-term evolution
PoC	push-to-talk over cellular
PTT	push-to-talk
UHF	ultra-high frequency
VHF	very high frequency

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