

**15<sup>th</sup> January, 2018: OtherLevels Holdings Limited (ASX: OLV) (OtherLevels)** has today released its Appendix 4C for the quarter ended 31<sup>st</sup> December 2017.

- OtherLevels is pleased to announce that Q2 FY18 is the first quarter that the company has achieved positive operational cashflow. This is consistent with the Board's ongoing priorities of aggressively growing new sales and revenue, whilst tightly managing expenses.
- Cash receipts from customers exceeded A\$2,000,000 this quarter for the first time since operations commenced. At A\$2,066,000 this represented an increase of more than 82% compared to A\$1,132,000 for the prior year's corresponding period.
- Operating and investing costs in the quarter increased marginally by 1.5% compared to the prior year corresponding period at A\$2,025,000.
- The quarter was also notable for the achievement of the first month where revenue exceeded A\$500,000, reflecting the cumulative success of the company's sales growth.
- OtherLevels continued to focus on cost and expense management. Average quarterly costs have decreased year on year, from A\$2,673,000 in FY16, to A\$2,236,000 in FY17, and YTD FY18 of A\$2,027,000.
- In summary, OtherLevels has now achieved a key milestone to support long-term growth, optimise operational performance and maximise shareholder returns.

The following table summarises the quarterly cash receipts and net cash payments from operating and investing activities over the last 8 quarters:

	Cash inflows (Customer receipts) A\$'000	Cash outflows (Operating & Investing) <sup>(#)</sup> A\$'000	Net cash flows (Operating & Investing) A\$'000
<b>Q2 FY18</b>	<b>2,066</b>	<b>(2,025)</b>	<b>41</b>
Q1 FY18	1,353 <sup>1</sup>	(2,029)	(676)
Q4 FY17	1,550	(1,934)	(384)
Q3 FY17	1,050	(1,834)	(784)
Q2 FY17	1,132	(1,997)	(865)
Q1 FY17	1,288 <sup>2</sup>	(3,177) <sup>3</sup>	(1,889)
Q4 FY16	984	(2,708)	(1,724)
Q3 FY16	978	(2,509)	(1,531)

1 In addition to the \$620,000 in customer receipts in Q1 2018, the Company also received R&D tax concession for the financial year ended 30 June 2017 of \$733,000.

2 In addition to the \$489,000 in customer receipts in Q1 FY17, the Company also received the R&D tax concession for the financial year ended 30 June 2016 of \$799,000.

3 Includes one-off restructuring costs, primarily in the US.

# Note that OtherLevels collects and pays sales taxes such as VAT and GST on sales and expenses, and these taxes are included in the cash inflows and outflows.

The quarter represents a strong result, built on a great team effort, as well as a number of substantial customer wins from September onwards, together with continued customer acceptance of additional fee based value adding functionality. As we enter 2018, we will focus on winning further customers and expanding and retaining existing ones, whilst maintaining cost discipline.

The Company's Board and management remain absolutely focused upon successfully monetising OtherLevels' valuable proprietary platform in Australia and global markets, and will shortly release the half year results and operational update. The focus remains on sales growth, operational cost control and the goal of sustaining and increasing positive operational cash flow.

- ENDS -

## Contact

### Brendan O'Kane

Managing Director and CEO

[brendan.okane@otherlevels.com](mailto:brendan.okane@otherlevels.com)

## About OtherLevels

OtherLevels is a leading second-generation digital marketing platform operating in Europe, the US and Australia

The OtherLevels platform enables clients to **acquire sooner, engage smarter** and **retain longer** and supports desktop, mobile web and apps. OtherLevels leading clients include Camelot (UK), Tatts, Coles, Flight Centre, IHG, LadbrokesCoral, Betfred, Doubledown and Playstudios.

For more information, please visit <http://otherlevels.com>, OtherLevels Holdings Limited ACN 603 987 266.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

OtherLevels Holdings Limited

**ABN**

88 603 987 266

**Quarter ended ("current quarter")**

31 December 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,066	2,686
1.2 Payments for		
(a) research and development	(165)	(330)
(b) staff costs	(678)	(1,453)
(c) administration and corporate costs	(637)	(1,257)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(41)	(81)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	733
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>546</b>	<b>300</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(7)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property (software development)	(501)	(930)
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) 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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(505)</b>	<b>(937)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	1
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(88)
3.5	Proceeds from borrowings	200	1,200
3.6	Repayment of borrowings	(100)	(100)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>100</b>	<b>1,013</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	616	385
4.2	Net cash from / (used in) operating activities (item 1.9 above)	546	300
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(505)	(937)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	100	1,013
4.5	Effect of movement in exchange rates on cash held	4	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>761</b>	<b>761</b>

5.	<b>Reconciliation of cash and cash equivalents</b> 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	761	616
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>761</b>	<b>616</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
80
-

Director fees along with CEO & Managing Director employment agreement with Mr Brendan O'Kane.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities (refer below)	1,100	800
8.2 Credit standby arrangements	-	-
8.3 Loan facility - Other (refer below)	1,350	1,350
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8.1 Loan facilities as at 31 December comprise of the following:		
(a) \$800,000 - Brendan O'Kane and Brian Mitchell, directors of OtherLevels Holdings Limited. Interest rate is 12% per annum, and the loan is unsecured. Amount drawn as at 31 December 2017 = \$500,000.		
(b) \$300,000 – Halfbrick Studios Pty Ltd. Interest rate is 12% per annum, and the loan is unsecured. Amount drawn as at 31 December 2017 = \$300,000.		
8.3 Loan facility of \$1.35 million, as announced to the ASX on 4 July 2017. Lenders are a syndicate of sophisticated and professional investors, led by Brendan O'Kane and Brian Mitchell, directors of OtherLevels Holdings Limited. Refer to ASX announcement for further details. As at 31 December 2017, the full facility of \$1,350,000 had been drawn.		

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(165)
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	(752)
9.6 Administration and corporate costs	(584)
9.7 Interest and other finance costs	(42)
9.8 Investing cash outflows - Plant & equipment	(3)
- Software development	(429)
<b>9.9 Total estimated cash outflows</b>	<b>(1,985)</b>

10. <b>Acquisitions and disposals of business entities</b> <b>(items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

### 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.

Sign here:



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Company Secretary

Date: 15 January 2018

Print name: Andrew Ritter

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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. Payments to employees totalled \$1.344 million, comprising of research & development (1.2(a) - \$165k), staff costs (1.2(b) - \$678k) and software development (2.1(d) - \$501k). The allocation between these categories may vary from quarter to quarter, depending on the activities undertaken by employees.