

Chairman's Address – OtherLevels AGM 2019

I am pleased to welcome my fellow Shareholders to the 2019 Annual General Meeting of OtherLevels.

The Company made steady progress during FY19 including:

- signing 7 new clients during the year;
- the successful acquisition and integration of XCOM Media; and
- continued success and stronger presence in the emerging US sport betting market.

However, FY19 also presented various challenges including delays in securing new business. The year was particularly impacted from consolidation within the UK wagering sector and resulting effect on OtherLevels clients, the general uncertainty and deferral of investment decisions in the UK due to Brexit, and the lead time in the US for operators to obtain sports betting licences as enabling legislation is enacted on a state by state basis.

FY19 Financial Performance

Let me now turn to briefly summarise our financial results, which have previously been released to the market, for the financial year ending 30 June 2019.

Total group revenues for FY19 was A\$5.6m, a 7% increase over FY18. The FY19 EBITDA was a loss of \$1.7m and Net Loss After Tax was \$3.4m.

Licence revenues increased by 10% from \$3.6m in FY18 to \$3.9m and represented 71% of total FY19 revenues. The Managed services revenue stream increased by 87% from \$421,977 to \$788,850. Professional services decreased by 49% from \$1.2 to \$0.6m and represented 11% of FY19 revenues.

UK operations constituted 44% of total group revenue, Australia operations contributed 34% and the US operations 22%. Revenue from Australian operations increased from \$0.9m to \$1.9m boosted by XCOM's contribution. US operations had a 33% increase in revenue from \$0.9m to \$1.2m.

The lower than forecast results in FY19 led to a detailed review by the Board of the Company's cost base and sales and go to market model as announced in the operational update in July 2019.

As a result, the company restructured certain roles which, together with other savings, has reduced the annualised cost base by approximately \$1.3m, with the bulk of these reductions being realisable from the start of FY20.

Operational update and FY20 Strategy

As previously indicated, the Company will focus on four core sales objectives in FY20, which include:

- Retain and extend OtherLevels installed client base;
- Amplify OtherLevels opportunity in the global wagering and sportsbook markets via distribution channels;
- Continue to seek further opportunities in the mid-market in Australia and New Zealand, based on the successful acquisition of XCOM; and
- Grow OtherLevels presence in selective sectors where we have established clients, in particular travel and hospitality.

The Board believes these actions will significantly improve the performance of the business, improve efficiency and maximise our sales potential.

The Company continued to add clients in additional European countries, including Poland, Belgium and Portugal, while expanding existing client activity in Greece and Spain. The sports betting and lottery markets in Europe will continue to evolve and de-regulate, though there is significant low cost competition from emerging markets.

The opportunity in the emerging US sports betting market continues to develop. To date 10 states have passed legislation enabling retail and/or on-line sports betting, and in some states, iGaming. A further 17 states are in the process of drafting or enacting sports betting legislation. The size of the US sports betting market is in excess of US \$150bn and we are pleased that we already have 4 clients in the leading state, New Jersey, as well as 2 clients in Pennsylvania. We expect future success with the In-Play Live Messaging Platform as US sports betting operators move from initial launch, to meeting the expectations of US fans, with more sophisticated real-time offerings.

The Company continues to progress discussions with leading vendors in the martech and sports betting/iGaming markets with a view to accelerating our sales reach via one or more significant resale and distribution agreements. We believe that this is the most effective and efficient way to cover the breadth of opportunity for the companies products and services. Established brand name suppliers to the industry provide sales coverage, existing relationships, and complementary services. Whilst discussions are at an advanced stage, they can be complex and time consuming. However the company remains confident of a successful outcome to these discussions.

The Company will also continue to evolve its partnering strategy. In FY20, OtherLevels will continue to focus on a smaller number of deeper partnerships to ensure early joint client success and create referenceable clients as the basis for a successful partnership. OtherLevels membership of the Salesforce partner program, and the Company's integration with Salesforce is a key element of our partner strategy.

The Company continues to enhance both the OtherLevels Intelligent Messaging and OtherLevels In-Play Live Messaging platforms. The acquisition of XCOM added significant email experience to the OtherLevels team, as well as related email technology that has now been added to the Intelligent Messaging Platform. As a result OtherLevels has launched support for the email channel, and pleasingly signed the first email client in the most recent quarter.

OtherLevels also applied for a Research and Development rebate of \$0.5m for the FY19 year, with the refund received in Q1 FY20.

Summary

For FY20, the OtherLevels strategy of being a leading enterprise marketing automation platform and adding value to key clients through delivering a world class digital marketing platform remains unchanged. The Company's Board and management will continue to closely monitor sales, costs and resulting operating cash flows, and will further adjust costs if required, in order to ensure that OtherLevels is able to further improve operational performance and maximise shareholder returns.

The Board believes the company remains significantly undervalued, compared with many early stage companies, either listed on the ASX or held privately. OtherLevels has demonstrable and valuable intellectual property, a range of market leading clients and a high proportion of recurring revenue streams. It is the Board's objective to see the value of the company more truly reflected in its valuation.

The Company continues discussions with potential partners in the martech and sports betting/iGaming space with a view to greater sales coverage, particularly to take advantage of the significant opportunity in the US market. While these discussions are not yet concluded, the Board looks forward to successfully concluding them in an acceptable timeframe.

Acknowledgements

I would like to take this opportunity to thank our employees for their outstanding contribution, in developing our intellectual property and in servicing our customers. I'd also like to thank Ashika Lala for her outstanding contribution as CFO. Ashika is stepping down to spend more time with her young family. Andrew Ritter, the Company Secretary for OtherLevels and previous CFO, will resume CFO duties.

I also wish to acknowledge our clients for having placed their trust in OtherLevels, and in valuing our solutions and professional services.

And finally, I would like to thank all our shareholders for their continued support, through what has been a challenging period. Our shareholders should continue to see improved performance and progress as we continue to focus on our core markets, with world leading technology.

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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** across desktop, mobile web and apps audiences. OtherLevels provides both **OtherLevels Intelligent Messaging**, an omni-channel messaging solution, as well as **OtherLevels In-Play**, a real-time live messaging solution for on-line sports betting and iGaming operators. OtherLevels leading clients include Camelot (UK), Tatts/Tabcorp, Flight Centre, IHG, OPAP, Golden Nugget, LadbrokesCoral, Betfred and Caesars Entertainment.

For more information, please visit <http://otherlevels.com>.

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