

ASX Release

29 February 2016

OTHERLEVELS STRONG FIRST HALF REVENUE GROWTH

- **Strong 110% growth in H1 FY16 revenue over the corresponding period in FY15**
- **A\$1.7m revenues in H1 FY16 with expansions in both contracts size and number**
- **Continued growth in focus sectors with 4 new customers signed since 1 January 2016**
- **Substantial reduction in quarterly cash burn to A\$1.5m (down from A\$2.3m in June)**

OtherLevels Holdings Limited (**ASX: OLV**) ("**OtherLevels**" or the "**Company**") is pleased to announce its H1 FY16 financial results with a strong 110% increase in revenues compared to the same period last year. The Company continued to execute on a focused strategy in H1 FY16 with key highlights including:

Growth in focus sectors

- ✓ **Strong 110% growth in H1 FY16 revenue** over the comparable FY15 period
- ✓ Momentum continues with **4 new customers** signed since January 1, 2016

Compete aggressively

- ✓ Validation in November Forrester report of the sector, and recognition of OtherLevels as an **emerging competitor** alongside industry heavyweights Oracle, Salesforce, Adobe and IBM
- ✓ High level of cash and cost management focus with cash burn in Q2 FY16 **reduced to A\$1.5m (from A\$2.3m)**

Investment in OtherLevels Platform

- ✓ Launch of OtherLevels Intelligent Messaging Platform
- ✓ Further integration with 3rd party vendors including Salesforce
- ✓ Strong pipeline of product releases for 2016

The OtherLevels strategy to provide the **leading enterprise marketing automation platform** remains unchanged. The Company remains focused on taking advantage of the **continued shift in enterprise marketing** spend to mobile, and the growth of mobile devices.

Financial highlights

- Revenue increased by 110% to A\$1.7m against comparable period in FY15, driven by:
 - Contract sizes increasing with largest ever contract signed in November 2015 for A\$1.1m;
 - Number of customers increasing to 30 high quality enterprise customers; and
 - Higher revenues from existing clients that have been using the platform for over 12 months, with an average of US\$115k revenue per annum, up 33.7% from comparable period in FY15.
- Net loss of A\$3.6m in H1 FY16
- Reduction in US\$ server costs of 20.4% over period, despite increasing volumes
- Non A\$ revenues remain high at over 85% in December 2015
- Favourable SaaS license/service revenue split of 67% / 33%
- Cash collected of A\$2.1m in H1 FY16
- Cash receipts balance in December quarter of A\$1.4m

Operational highlights

- Strong revenue growth across both existing and new customers
- Launch of OtherLevels Intelligent Messaging platform
- Additional strategic partner agreements signed
- Largest customer contract ever of A\$1.1m signed in November 2015
- Sales execution challenges in the US addressed
- Successful execution of back office cost reduction programs

OtherLevels now has an experienced sales team in place across the UK and Europe, which brings significant expertise in enterprise SaaS sales. In particular, our focus on the wagering sector in the UK is resulting in several new customers and the adoption of OtherLevels technology as a core component of their marketing operations.

OtherLevels now has 39 staff in place across our offices in San Francisco, London, Brisbane and Melbourne. Brisbane remains the hub for our development and back office operations, and is a relatively low cost centre compared to the higher priced markets in the US and Europe.

The Company had previously been impacted by difficulties in hiring high quality sales executives, particularly in the US, in order to meet the increasing demand for our products. This difficulty, together with the cyclical nature of the games industry, has led to a delay in our growth expectations in that market. The Board believes that sufficient actions have been taken to address these issues with results expected to be realised in H2 FY16.

OtherLevels now supports 3 of the top global games companies, 3 of the largest social casino companies and 2 leading lottery operators. We have key clients in hospitality, retail, and media, and our focus is well aligned with these leading enterprises as they embrace the shift to mobile marketing.

OtherLevels also provides supplementary value added services including training, implementation and report customisation services to support its core software offering. Professional services activities continue to grow, reflecting increased awareness from customers that OtherLevels is building deep expertise in the creation and deployment of strategic messaging campaigns, which support the deployment of the OtherLevels digital marketing platform.

OtherLevels has also experienced strong revenue growth from our existing customer base. Customers that have been using the OtherLevels platform for more than 12 months increased their average annualised spend to US\$115k per customer, up 33.7% from the corresponding period in FY15. The Company anticipates that over the long term this measure will continue to grow as OtherLevels technology is deployed by existing customers in additional application areas and in increasing volumes. During the H1 FY16 period, the Company also launched the OtherLevels Intelligent Messaging platform, in conjunction with one of our major customers, which is immediately revenue-accretive.

OtherLevels was also featured in the Forrester Report “*Vendor Landscape: Mobile Engagement Automation Solutions*”, alongside industry heavyweights such as Oracle, Salesforce, Adobe and IBM.

The Company continued to add strategic business partners such as Optimove, and we have announced an initial integration with Salesforce Marketing Cloud. Expanding and leveraging these partner opportunities will continue to be a focus for OtherLevels in 2016.

The Company is well positioned for continued revenue growth in H2 FY16, with four new customers added in January and February across several of our key market sectors. The customer pipeline continues to grow, due to increasing interest in our solutions and an agile sales team that is quickly recognising key opportunities.

Capital raising update

On 17 February 2016 the Company announced that it was undertaking a capital raising of up to A\$5,000,000 to accelerate sales and provide additional working capital. OtherLevels has received commitments for a placement of 10,000,000 shares at A\$0.08 per share from institutional and sophisticated investors to raise A\$800,000, and is undertaking a 1 for 3 non – renounceable entitlement offer to raise up to a further A\$4,200,000 at the same offer price. The Board of OtherLevels will participate in the entitlement offer at a minimum level of A\$1,125,000. The closing date for acceptances under the entitlement offer is 11 March 2016.

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About OtherLevels

OtherLevels is a leading second-generation digital marketing platform with offices in San Francisco, London, Brisbane and Melbourne. OtherLevels is at the forefront of the enterprise marketing transformation being driven by the massive shift to mobile.

The OtherLevels digital marketing platform enables marketers to engage and retain their audience across desktop, mobile web and apps. For more information, please visit <http://otherlevels.com>, OtherLevels Holdings Limited ACN 603 987 266.