

## OPERATIONAL UPDATE

OtherLevels Holdings Limited (**ASX: OLV**) ("**OtherLevels**" or the "**Company**") is pleased to provide the following Operational Update.

### Summary

OtherLevels made substantial progress in FY19 and looks forward to building increased shareholder value in FY20.

Highlights include:

- Sales to 4 new clients in the past 3 months
- Increased success and presence in the emerging and important US sport betting market
- Further traction with the In-Play Live Messaging platform
- Successful integration of the XCOM acquisition with synergies fully achieved.

However, delays in securing new business, particularly in H1 FY19 and consolidation within the UK wagering sector and resulting impact upon OtherLevels clients, meant that the Company has not achieved its goals for FY19.

FY19 group revenue is now expected to finish between \$5.5m to \$5.7m. Correspondingly, the EBITDA loss is expected to fall within \$1.6 to \$1.9m which includes one-off acquisition and restructuring costs of \$420,000.

As announced in a previous update, the Company established a Convertible Note facility of \$1.0m which has now been fully underwritten by the Chairman and Managing Director, with the option to convert to shares being subject to shareholder approval.

To address the Company's business performance, the Board has undertaken a review with the objective of better leveraging OtherLevels' leading Intelligent Messaging and In-Play Live Messaging platforms and maximising sales and leadership within the Company's chosen sectors, to enable the Company to achieve positive earnings in the near term.

The review's outcomes were focused in two key areas: firstly, OtherLevels' cost base and secondly, the sales and go to market model.

### OtherLevels Cost Savings

OtherLevels has a robust and proven core technology platform enabling it to now focus (from a revised lower cost base) on improving client facing user interfaces and experiences, which maximise its competitive positioning. The acquisition of XCOM along with associated technical staff, has enabled the integration of enhanced templating and email functionality, defraying the cost of in-house development, while expanding the core OtherLevels Intelligent Messaging platform.

As a result, the Company has restructured certain roles which, together with other savings, has reduced its annualised cost base by approximately \$1.3m. The bulk of these reductions are realisable from the start of FY20. As part of these changes the Board and senior executives have agreed to a reduction in fees and short-term remuneration respectively, for FY20.

### Enhanced Sales and Go to Market Model

OtherLevels continues to review how to best exploit its best-in-class technology given the opportunities arising from changes to the regulatory framework for the U.S. sports betting and iGaming sectors and the continued growth of European and emerging markets wagering opportunities.

The US Supreme Court's decision to strike out the PASPA legislation, now enables U.S. States to pass their own legislation, enabling legal retail and/or on-line sports betting, and in some states, iGaming. To date 10 states have passed such legislation with a mix of retail and on-line and a further 17 states are in the process of drafting or enacting sports betting legislation. The scale of the opportunity is significant, with 14 operators having launched or planning to launch sports betting in New Jersey alone. The size of the U.S. sports betting market is in excess of U.S. \$150bn. OtherLevels has 4 of the New Jersey operators as clients.

OtherLevels has built significant experience in the lottery, sports betting and iGaming sectors during the past 5 years and has been highly engaged directly with clients and prospects, as well as potential strategic partners. OtherLevels has the right mix of capabilities to enable new operators to acquire, retain and engage their users, across the spectrum of campaign and real-time marketing, when using the OtherLevels In-Play Live Messaging and core Intelligent Messaging platforms.

In the United Kingdom and Europe, the Company has historically sold directly to wagering and sports betting operators. This strategy cannot be replicated in the U.S. due to geography, the diversity of the opportunity on a state by state basis and the scale needed to be successful in the U.S. market.

Hence for the past 12 months OtherLevels has progressed discussions with a number of leading vendors in the martech and sports betting/iGaming space with a view to accelerating sales reach via one or more significant resale and distribution agreements. These discussions take time and can be impacted due to factors outside the Company's control. However, the Board remains confident that a substantial partnership agreement, with a focus in the US market, can be concluded in the coming months, resulting in an uplift in sales for FY20.

## **Operational Progress**

Whilst the Company has been disappointed in its overall sales performance in FY19, it has continued to secure new clients.

In May, the company announced it had signed a leading UK based provider of online casino, slots and bingo games, which will see the client use OtherLevels as the messaging platform within their new sportsbook solution. The initial order is valued in excess of A\$75,000 with scope for an increase in this value in future.

In June OtherLevels signed a major nationwide U.S. casino brand, operating both retail casino and sports betting brands. The operator has multiple properties in over 10 states. Additionally, the Company signed a top 5 licenced sports betting operator in Poland, joining other European clients across Spain, Greece and Austria.

More recently, the Company announced that it has won a new sports betting operator in the Spanish market. The operator will use OtherLevels across desktop and mobile web for both opt-in and non opt-in users. The initial contract is valued at A\$75,000. Additionally, XCOM has recently secured a new Australian client in the on-line retail sector, in a transaction leveraging the OtherLevels platform.

## **Summary and FY20 Outlook**

The Board is very focussed on ensuring that the goal of positive EBITDA in FY20 is achieved through the above actions.

OtherLevels strategy of being a leading enterprise marketing automation platform and adding value to key clients through delivering world class digital marketing software and service platforms remains unchanged.

The Company will focus on four core sales objectives, while maintaining tight control over our cost base. These are:

- Retain and extend OtherLevels installed client base
- Amplify our 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
- Grow OtherLevels presence in selective sectors where we have established clients, in particular travel and hospitality

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

The Board believes the company remains significantly undervalued, compared with many early stage companies, 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.

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## Contact

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## About OtherLevels

OtherLevels is a leading second-generation digital marketing platform with offices 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 Live Messaging**, a real-time live messaging solution for on-line sports betting and iGaming operators. OtherLevels leading clients include Camelot (UK), Tatts/Tabcorp, Coles, Flight Centre, IHG, LadbrokesCoral, Betfred and Doubledown.

For more information, please visit [www.otherlevels.com](http://www.otherlevels.com), OtherLevels Holdings Limited ACN 603 987 266.