

**OTHERLEVELS HOLDINGS LIMITED - HALF YEAR RESULTS 2019**

OtherLevels Holdings Limited (**ASX: OLV**) ("**OtherLevels**" or the "**Company**") today releases its results for the half year ended 31 December 2018.

**Key highlights for the period:**

- **13% increase** in revenue to **A\$2.71m** for H1 FY19, from the prior corresponding period in FY18.
- **12% improvement** in EBIT from prior corresponding period after adjusting for one-off transaction costs and FX impacts.
- **7% increase** and strong customer receipts of **A\$2.88m** (excluding R&D) from H1 FY18.
- **Significant progress and increasing interest in the In-Play Module** and capabilities.
- XCOM contribution of **\$0.339m** to Group revenue and EBIT of **\$0.129m** to the FY19 HY1 results.
- **Successful integration of XCOM** with realisation of initial cost synergies and marketing of expanded capabilities to existing clients and prospects.

**Operational Achievements and Highlights**

During the half-year ended 31 December 2018, the Group recognised revenue of \$2.71m (\$2.39m to December 2017) and a net loss after income tax expense of \$1.85m (\$1.49m to December 2017). As at 31 December 2018, OtherLevels had cash on hand of \$0.471m.

Operating loss before interest and tax was \$1.28m, which when compared to the prior corresponding period, is a 12% improvement (after adjusting for one-off costs relating to the XCOM acquisition and FX movement).

The first half of FY19 saw cash receipts from customers of \$2.88m (\$2.69m to December 2017). In addition, the Company also received \$0.809m during the six-month period relating to the FY18 R&D tax concession and EMDG grant.

Net operating and investing cashflow (excluding XCOM acquisition costs) also improved to a \$0.46m deficit compared to \$0.64m deficit for the period ended 31 Dec 2017.

Compared to the prior corresponding period, licence fee income grew 21%, while Professional Services revenue fell. The primary reason for the fall in Professional Services revenue was driven by a UK client exiting the UK market. Existing UK clients have also been cautious in outsourcing service work, resulting in softer demand for OtherLevels Professional Services. Management remains focused on ensuring staffing levels are adjusted as necessary so that service costs match service revenues.

Based on HY1 results, FY19 group revenue is now forecast to be in the range \$6.2m to \$6.7m and EBITDA is forecast to be a loss of 0.9m to 0.5m.

FY19 Q3 has started strongly with existing customer contract renewals secured, quarter to date, in excess of \$1.3m. This demonstrates the continued value that the OtherLevels platform delivers to existing clients.

We also note that OtherLevels US revenues increased by 38% from the prior corresponding period. This reflects growth opportunities offered by the regulatory changes relating to legalised on-line wagering on a state by state basis in the US.

In order to capitalise on the opportunity, OtherLevels has strategically located its team in Philadelphia, adjacent to existing sportsbook clients in New Jersey, and an existing partnership with the digital division of a major US casino and lottery vendor. OtherLevels is progressing discussions with strategic vendors to establish increased distribution in the US market. Central to these discussions is the OtherLevels “In-Play” Module which is a world class application, and particularly suited to US sports.

The acquisition of XCOM has provided increased momentum for the Australian operations, and a route to the Australian mid-market, specifically in the hospitality and travel sector. Initial synergies of \$0.088m per annum, have been realised through co-location and integration of back office functions. XCOM’s in-house application email tools will augment the OtherLevels platform and deliver revenue synergies moving forward. XCOM staff are now trained in the use of the OtherLevels platform and are marketing the expanded capabilities to existing clients and prospects.

The OtherLevels strategy of being a leading enterprise marketing automation platform with deep, high value, long-term relationships with its clients remains unchanged. The Company remains focused on taking advantage of the continued shift in enterprise marketing spend to digital channels.

We remain committed to our strategy of adding value to key customers through delivering world class digital marketing software and service platforms. We remain confident that with this focus, contracts for major annuity clients will be re-signed, new contracts secured and the software, services and capabilities of the OtherLevels team will provide those customers with improved business leverage.

## Contacts

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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. The OtherLevels platform offers both **Intelligent Messaging for Conversion**, and **Intelligent Messaging for Marketing Clouds and CRM**, hence delivering both acquisition and engagement capabilities for digital marketers.

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

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