

OtherLevels Appendix 4C

Quarter ended 31 March 2020

30 April 2020: OtherLevels Holdings Limited (ASX: OLV) (OtherLevels or the Company) has today released its Appendix 4C for the quarter ended 31 March 2020 and is pleased to provide the following update.

The cash flow results for Q3 FY2020 are attached and features operating and investing cash receipts of \$1.45 million, bringing total cash receipts for the nine months year to date to \$4.4 million. As at the end of the quarter the Company had approximately \$0.8 million in outstanding receivables, of which \$0.6 million has been collected.

During the quarter, the Company continued its focus on retaining and extending the OtherLevels installed client base and expanded upon its strategic partnership with Genius Sports Media which has widened its sales channel. Operating and investing expenditure of \$1.67 million was incurred for the quarter, representing a decrease of 10% from the previous quarter. As announced to the market on 25 March 2020, the Company implemented significant measures to reduce cash expenditure, and is in the process of securing funding and incentives through the various Government assistance packages relating to the COVID-19 situation, both in Australia and overseas. Amongst these measures, the CEO and all Directors will waive their emoluments for the next three months to 30 June 2020 (\$42k was paid for the March 2020 quarter).

During the quarter, the loan syndicate agreement was extended to 31 January 2021 and a buy-back of unmarketable parcels was successfully completed. Further to the earlier announcement the Company has successfully completed an Entitlement Offer to raise \$1.41 million to reduce debt of \$1.24 million and the balance of \$0.17 million to fund working capital.

The benefit of these measures to the Company's net operating and investing cash flows will occur over the coming quarters to manage the adverse impact of COVID-19.

Approved for distribution by the Board of Directors of OtherLevels Holdings Limited.

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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***, 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 and Betfred.

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

For media enquiries please contact media@otherlevels.com.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

OtherLevels Holdings Limited (OV)

ABN

88 603 987 266

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,482	4,431
1.2 Payments for		
(a) research and development	(119)	(365)
(b) direct costs of sales	-	-
(c) sales, advertising and marketing	(12)	(42)
(d) leased assets	(39)	(117)
(e) staff costs	(804)	(2,821)
(f) administration and corporate costs	(393)	(1,370)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(49)	(171)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	40	541
1.8 Other (Restructuring Costs)	-	-
1.9 Net cash from / (used in) operating activities	106	87
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses (see Item 10)	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(250)	(777)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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)	-	-
2.6	Net cash from / (used in) investing activities	(250)	(777)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(10)	(10)
3.5	Proceeds from borrowings	400	950
3.6	Repayment of borrowings	(150)	(150)
3.7	Transaction costs related to loans and borrowings	(23)	(48)
3.8	Dividends paid	-	-
3.9	Other (share buy-back)	(38)	(38)
3.10	Net cash from / (used in) financing activities	179	704

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	183	206
4.2	Net cash from / (used in) operating activities (item 1.9 above)	106	87
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(250)	(777)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	179	704
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	219	219

5.	Reconciliation of cash and cash equivalents 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	219	219
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	219	219

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

42

Amounts included in item 6.1 are fees paid to Directors of the Company during the period.

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Director fees and employment agreement with Mr Brendan O'Kane, CEO & Managing Director, OtherLevels Holdings Limited.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	4,350	4,300
7.2 Credit standby arrangements	-	-
7.3 Other (Convertible Note facility)	1,000	1,000
7.4 Total financing facilities	5,350	5,300

7.5 Unused financing facilities available at quarter end

50

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.1 Loan facilities as at 31 March 2020 comprise of the following:

- (a) \$300,000 – Halfbrick Studios Pty Ltd. Interest rate is 12% per annum, and the loan is unsecured. This is fully drawn as at 31 March 2020.
- (b) Loan facility of \$2,800,000. Lenders are a syndicate of sophisticated and professional investors, led by Brendan O'Kane (Managing Director) and Brian Mitchell (Chairman), directors of OtherLevels Holdings Limited. This facility has been fully drawn as at 31 March 2020.
- (c) Loan facility of \$500,000. Lenders are directors of OtherLevels Holdings Ltd including Brendan O'Kane, Brian Mitchell and Cris Nicolli. \$450,000 has been drawn as at 31 March 2020.
- (d) Short-term loan facility of \$750,000. Lenders are directors of OtherLevels Holdings Ltd including Brendan O'Kane and Brian Mitchell. This facility has been fully drawn as at 31 March 2020.

7.3 Convertible Note facility of \$1,000,000 fully underwritten by Brendan O'Kane and Brian Mitchell with the option to convert to shares being subject to shareholder approval.

** Subsequent to the end of the quarter, \$1.24 million of debt has been reduced from the proceeds of the Entitlement Offer.*

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating & investing activities (Items 1.9 & 2.6)	(144)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	219
8.3 Unused finance facilities available at quarter end (Item 7.5)	50
8.4 Total available funding (Item 8.2 + Item 8.3)	269
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.87

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

As announced to the market on 25 March 2020, the Company implemented significant measures to reduce cash expenditure, and is in the process of securing funding and incentives through the various Government assistance packages relating to the COVID-19 situation, both in Australia and overseas.

The Company has successfully completed an Entitlement Offer to raise \$1.41 million to reduce debt of \$1.24 million and the balance of \$0.17 million to fund working capital.

The benefit of these measures to the Company's net operating and investing cash flows will occur over the coming quarters to manage the adverse impact of COVID-19.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Yes – refer to Question 1 above.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

The Company believes it will be able to continue its operations and meet its business objectives through cash flow from operations, funding from capital raisings (both debt and equity) and the ongoing support of sophisticated and professional investors.

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.

Date: 29 April 2020

Authorised by: By order of the Board



Andrew Ritter (Company Secretary)
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.