

Chairman's Address – OtherLevels AGM 2017

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

This has been our second full year as an ASX Listed company, and has marked a consolidation period, during which the company has maintained revenues and aggressively managed costs. We have established a base for growth, and the Company has made significant progress towards its goal of positive operating cash flow.

FY17 was a year where we completed our exit from the games sector whilst retaining and growing revenues from our major clients. We also established managed services as a profitable revenue stream, partnered with a significant U.S. Artificial Intelligence marketing company and further developed the OtherLevels platform.

During H1 FY17, the Company announced changes to our sales strategy with the objective of creating a more efficient and effective sales model. This achieved cost reductions of 27%, and headcount reductions of 22%, while the Company was able to achieve year on year revenue growth of 9% in constant currency terms.

The Company continues to see improved sales activity, on-growing growth from our installed base, and uptake of high margin professional services capabilities.

The wagering and lotteries sector remains a core focus for the group, and during FY17 the Company added seven major clients from this sector. This included additional customers in the UK, Europe, US and Australia. The Company will continue to target this sector as OtherLevels expertise, knowledge and reputation is recognized.

FY 2017 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 June 30, 2017.

Revenue for the period was A\$3.37m, a decrease of 3% over the prior period. However underlying revenue grew 9% based on constant currency FY16 exchange rates.

Licence revenue growth was 17% based on constant FY16 exchange rates, with strong growth from existing clients. The top 5 clients grew 40% in revenue. Quarterly growth was 28.3% between Q1 FY17 and Q4 FY17 in revenue terms.

EBITDA improved by \$2.5m, or 39%, to a reduced loss of \$4.1m, and NPAT improved by 29% to a reduced loss of \$4.5m. Our continued focus on cost measures resulted in a decrease in cash operating and investing costs of 29% from A\$2.7m in Q4 FY16 to A\$1.9m in Q4 FY17.

Costs per quarter decreased by 29% across the period between Q4 FY16 and Q4 FY17, with quarterly cash burn decreasing from A\$1.7m to A\$384,000 over the same period.

Subsequent to year end, in September 2017, the Company received A\$732,970 as a cash refund under the Federal Governments R&D Tax Incentive Scheme. The funds will be used to advance OtherLevels second generation messaging platform and provide working capital for the business. Capital raising activity

The Company announced in December 2017, that an amount of \$1.1m was received as a placement, from an existing investor. The Company also announced that the Chairman, and CEO, had entered into a joint loan facility of A\$800,000.

On 4th July 2017, the Company further announced that it had put in place a two year funding facility of A\$1.35m, via a number of sophisticated investors, again supported by the Chairman and CEO, delivering the funds expected to reach operating cash flow break even.

Operational Progress

We are now deploying a mix of direct and partner sales strategies and have aligned our sales and marketing resources, and related spend, with those geographies and sectors where OtherLevels can best achieve success.

During the year revenue from UK operations grew 15% from £966k to £1.1m with further new client wins, whilst also growing the existing client base.

The Australian business benefited from the investment in dedicated sales resources, evidenced by a 60% growth in revenue from A\$388k to A\$621k.

Due to the previously announced FY16 restructuring and cost reductions in the US, revenue from US operations decreased from US\$821k to US\$664k, however core clients have continued to deploy and use OtherLevels products and services

The second half of FY2017, saw strong sales growth which has continued in H1, 2018. Encouragingly, sales to date in FY2018 include; another European national lottery operator (A\$260,000), the Company's first wagering operator from the Spanish market, the leading UK publisher in the consumer choice sector, a large affiliate to the wagering industry, and a major wagering operator with operations in the UK and Australia (A\$240,000). The period has also been marked by existing client expansion and annual renewal. Highlights include one renewal of over A\$600,000, and another client's expanded use of additional services and licences of A\$245,000.

Product Development

The OtherLevels 2 platform has successfully been deployed across the client base. It provides the platform upon which additional modules can be added, so that OtherLevels remains a leader in digital multi-channel marketing technology.

Our product development strategy continues to focus on the goal of freeing marketers from the challenge of deciding "best channel" and "best time" to reach individual users. Instead OtherLevels Intelligent Messaging is designed to achieve this, freeing the marketer to work at a campaign and creative level, with a focus on maximising outcomes, rather than at an individual channel level.

In support of a multi-channel approach OtherLevels continued the development of web based channels, and web based messaging across desktop and mobile web is now the typical starting point of an OtherLevels engagement. It offers the benefits of fast deployment, and often larger audiences than app based messaging, hence contributing to increased message use.

Twelve months ago the Company announced the addition of Action Engine to facilitate real-time messaging. This has been well received across the client base, and now renamed as **Event Engine**, is being

further expanded within the wagering sector via the **Event Engine In-play Module**. The In-Play Module enables a human bookmaker to easily select the best message for a given market. A leading wagering client has entered into a Heads of

Agreement with a potential value of A\$700,000 over 3 years, as an initial development partner. This further confirms OtherLevels leadership in this sector, and creates significant expansion opportunities in FY18 and beyond.

During and subsequent to the period, OtherLevels has continued the focus on Intelligent Messaging as the core tenet of the OtherLevels proposition. **Intelligent Messaging for Marketing Clouds**, enables marketers to utilise widely employed solutions such as Salesforce Marketing Cloud, in conjunction with OtherLevels messaging capabilities. In support of this OtherLevels delivered a major new release of OtherLevels for the Salesforce AppXchange.

Intelligent Messaging for Conversion maximises the conversion of visitors to websites and apps, helping turn them from unknown visitors to known users. This is creating new sales opportunities, as it enables OtherLevels to deliver a strong value proposition targeted at an expanded set of prospects with large discretionary acquisition budgets.

OtherLevels also announced a major partnership with Amplero, a leader in Artificial Intelligence (AI) decisioning for marketers. This means that Amplero can decide the appropriate content and best offer for a user, while OtherLevels can decide how best to get the offer in front of the user. The first joint client is live and OtherLevels has secured exclusive rights for 2 years to resell Amplero into the regulated wagering and lotteries sectors in the UK and Europe.

Looking to the coming year, the Company will continue to invest in Intelligent Messaging, expansion of the Event Engine In-play Module within the wagering sector, and selected high potential partnerships such as Amplero.

Summary

The actions that OtherLevels took in FY16, along with the cost reductions in H1 2017 have set the platform for longer term growth.

Cost discipline has been maintained and we continue to see strong sales activity in the United Kingdom, with a strong pipeline mix of new prospects, and existing customer volume growth, together with the adoption of additional product functionality. The second half of our financial year consistently delivers strong rates of renewal from our growing installed base, and the Board has confidence that we will shortly achieve operating cash flow break even.

The Company continues to maintain a strong focus on attaining the right balance of cash burn and sales results. The Board and management will continue to closely monitor cash flow in order to ensure that OtherLevels is in the best financial position to optimize operational performance and maximize shareholder returns.

The Company will continue to work to ensure that the market understands the on-going progress towards positive operating cash flow. Similarly, the Company will continue to highlight how the OtherLevels business model is built on initial upfront investment in platform and client acquisition, with long term recurring revenues. As OtherLevels continues to retain and expand existing clients, at lower marginal cost, we believe that over time the benefits of this approach will be recognized by the market.

Acknowledgements

I would also like to take this opportunity to thank our employees for their outstanding contribution, in developing our intellectual property, and in servicing our customers.

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 difficult period. Our shareholders should continue to see improved performance and progress as we continue to focus on our core markets, with world leading technology.

- ENDS -

About OtherLevels

OtherLevels is a leading second-generation digital marketing platform with operations 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>

For media enquiries please contact media@otherlevels.com.