

## OTHERLEVELS HOLDINGS LIMITED – FULL YEAR RESULTS 2018

OtherLevels Holdings Limited (**ASX: OLV**) (“**OtherLevels**” or the “**Company**”) today releases its results for the year ended 30 June 2018.

### Key Financial highlights for the period:

- **56% increase** in revenue to \$5.25m from \$3.37m in FY17.
- **33% increase** in customer receipts to \$5.62m (excluding R&D) from \$4.2m in FY17.
- **73% improvement** in EBITDA to a loss of (\$1.1m) from a loss of (\$4.1m) in FY17.
- **62% improvement** in NPAT to (\$1.7m) from a loss of (\$4.5m) in FY17.
- **57% improvement** in net operating and investing cashflow to (\$1.7m) from (\$3.9) in FY17.
- **10% cash expense reduction** at \$8.1m in FY18 compared to \$8.9m in FY17.
- **Positive operational cashflow** in Q2 and Q3.

### Operational Achievements and Highlights

FY18 saw the Company achieve a continued increase in group revenues and cash receipts as well as positive operational cashflow in two quarters.

Total revenue grew by 56% for the year including a 53% increase in licence revenue, 55% increase in professional services revenue and 87% increase in managed services revenue. EBITDA improved by 73% to a loss of (\$1.1m) and the Company expects to achieve positive EBITDA in FY19.

Revenue from UK and European operations grew 79% and now constitute 66% of total revenue. The Australian business saw 45% growth and now represents 17% of total revenue. The US business remained strong and also contributed 17% of total revenue.

The Company achieved its focus of maximizing operating cash flow with a disciplined approach to expenditure. The goal of positive operating and investing cashflow was achieved in both Q2 and Q3 of FY18, and the Company’s goal is to achieve positive operating cash flow through FY19.

OtherLevels applied for a Research and Development rebate of \$0.768m for the FY18 year, which has been processed and was received in August 2018.

### FY19 Strategy

The Company continues to focus on the lotteries and wagering sector and sees on-going opportunities within the sector due to the transition from government to outsourced operation of regulated lotteries in Europe and the US. The Company added another national European lottery operator as a client during the period and is confident of securing its first US state-based lottery client in FY19. OtherLevels knowledge and expertise within the sector also contributed to signing the Company’s first lottery funded, not for profit client, shortly after year end.

Consolidation in the UK market creates both challenges and opportunities for Otherlevels due to management turnover and platform consolidation. In turn, this has created a number of emerging

and high-growth companies that are well placed to take advantage of OtherLevels technology and services.

The Company also sees further opportunities driven by loyalty, membership and visitor website conversion within the travel and hospitality sectors. OtherLevels already has one of the world's top 3 hotel operators as a major client, as well one of the world's largest travel operators. Across this sector there is a continuous need to both drive engagement with members and guests, as well as increase the conversion of site visitors into known members.

In addition, OtherLevels has identified that activating a mid-market strategy will accelerate growth whilst mitigating the reliance on enterprise customers.

Mid-market clients typically have limited marketing resources, and a high dependence on digital agencies and email marketing. Outsourcing of non-core services is more common, and solutions are often delivered as service packages combining services and technology, again making it easier to buy. This mirrors the company's existing managed service experiences and also accelerates the buying process.

Intelligent Messaging remains at the core of the OtherLevels platform and remains a strategic initiative for the Company.

The Company continues to review its partnering strategies. In FY19, OtherLevels will focus on a smaller number of deeper partnerships to ensure early joint client success and create referenceable clients as the basis for a successful partnership. OtherLevels membership of the Salesforce partner program, and the Company's integration with Salesforce is a key element of the partner roadmap, and partnerships that enhance new sales and distribution are being prioritized.

In summary, during FY19 the Company will maintain a strong focus on achieving positive operational cash flow, and continued cost management discipline, while growing shareholder value.

## 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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