

31st October, 2017: OtherLevels Holdings Limited (ASX: OLV) (OtherLevels) has today released its Appendix 4C for the quarter ended 30 September 2017.

- Cash receipts from customers were \$620,000 for the quarter, an increase of more than 26% compared to \$489,000 for the prior corresponding period. The Company also received an R&D tax concession for the financial year ended 30 June 2017 of \$733,000.
- Operating and investing costs in the quarter were 36% lower at \$2,029,000, a reduction of \$1,148,000 compared to \$3,177,000 for the prior year's corresponding period. Current quarter costs of \$2,029,000 were slightly higher than the previous few quarters, due to a number of one-off items.
- The quarter finished strongly, with revenue in September exceeding \$400,000, which is expected to grow through the balance of the financial year.
- During the quarter 5 new customers were announced, including a major national European lottery operator, and the quarter ended with strong momentum leading into Q2, FY18.
- This momentum has been realised, as during October, sales and associated invoicing to new and existing customers approached \$1m. This included a leading wagering company with operations in the United Kingdom and Australia, for an initial contract value of \$240,000. The Company believes that it can realise larger value initial contracts, particularly in the wagering markets, from customers and prospects who understand the return on investment that OtherLevels can deliver with the Intelligent Messaging suite.
- During the quarter OtherLevels also announced further integration with Salesforce Marketing Cloud where the OtherLevels plug-in may be added to a customer's existing Marketing Cloud by the simple click of a button. The company has also established a partnership with Amplerio, a leader in artificial intelligence powered marketing that maximizes customer lifetime value and loyalty. This agreement provides OtherLevels with exclusive rights to resell and market the Amplerio solution within the UK and EMEA to the licensed real-money wagering and lottery markets.

The following table summarises the quarterly cash receipts and net cash payments from operating and investing activities over the last 21 months:

	Cash inflows (Customer receipts) A\$'000	Cash outflows (Operating & Investing) A\$'000	Net cash flows (Operating & Investing) A\$'000
Q1 FY18	1,353 ¹	(2,029)	(676)
Q4 FY17	1,550	(1,934)	(384)
Q3 FY17	1,050	(1,834)	(784)
Q2 FY17	1,132	(1,997)	(865)
Q1 FY17	1,288 ²	(3,177) ³	(1,889)
Q4 FY16	984	(2,708)	(1,724)
Q3 FY16	978	(2,509)	(1,531)

¹ In addition to the \$620,000 in customer receipts in Q1 2018, the Company also received R&D tax concession for the financial year ended 30 June 2017 of \$733,000.

² In addition to the \$489,000 in customer receipts in Q1 FY17, the Company also received the R&D tax concession for the financial year ended 30 June 2016 of \$799,000.

³ Includes one-off restructuring costs, primarily in the US.

During the quarter, and as announced to the market on 4th July 2017, OtherLevels secured a \$1.35 million loan facility from a syndicate of sophisticated and professional investors, led by Brian Mitchell and Brendan O’Kane, Directors of OtherLevels. The facility provided working capital to support the Company’s strategy of growing sales, while aggressively managing costs, so as to achieve positive operating cash flow.

\$350,000 of the loan facility was advanced in June 2017 and the remaining \$1.0 million was advanced during July.

The first quarter of the fiscal year is the company’s cyclically weakest quarter for sales and cyclically lowest quarter for cash collections, due in part to the summer holiday period in the US, UK and Europe. The next two quarters are traditionally OtherLevels strongest quarters, and the first month of the second quarter, together with the outlook, supports the company’s goal to achieve positive operational cash flow. In addition, as at the end of the quarter, the Company still had \$400,000 of undrawn loan facilities.

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Contact

Brendan O’Kane

Managing Director and CEO

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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** and supports desktop, mobile web and apps. OtherLevels leading clients from the wagering, lotteries and social casino sectors, include Camelot (UK), Tatts, Coles, Flight Centre, IHG, LadbrokesCoral, Betfred, Doubledown and Playstudios.

For more information, please visit <http://otherlevels.com>, OtherLevels Holdings Limited ACN 603 987 266.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

OtherLevels Holdings Limited

ABN

88 603 987 266

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	620	620
1.2 Payments for		
(a) research and development	(165)	(165)
(b) staff costs	(775)	(775)
(c) administration and corporate costs	(617)	(617)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(40)	(40)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	733	733
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(243)	(243)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property (software development)	(429)	(429)
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) 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	(432)	(432)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	1	1
3.4 Transaction costs related to issues of shares, convertible notes or options	(88)	(88)
3.5 Proceeds from borrowings	1,000	1,000
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	913	913

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	385	385
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(243)	(243)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(432)	(432)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	913	913
4.5 Effect of movement in exchange rates on cash held	(7)	(7)
4.6 Cash and cash equivalents at end of quarter	616	616

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	616	616
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)	616	616

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	75
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director fees along with CEO & Managing Director employment agreement with Mr Brendan O'Kane.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities (refer below)	1,100	700
8.2 Credit standby arrangements	-	-
8.3 Loan facility - Other (refer below)	1,350	1,350
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

- 8.1 Loan facilities as at 30 September 2017 comprise of the following:
- (a) \$800,000 - Brendan O’Kane and Brian Mitchell, directors of OtherLevels Holdings Limited. Interest rate is 12% per annum, and the loan is unsecured. Amount drawn at 30 September 2017 = \$500,000.
 - (b) \$300,000 – Halfbrick Studios Pty Ltd. Interest rate is 12% per annum, and the loan is unsecured. Amount drawn at 30 September 2017 = \$200,000.
- 8.3 Loan facility of \$1.35 million, as announced to the ASX on 4 July 2017. Lenders are a syndicate of sophisticated and professional investors, led by Brendan O’Kane and Brian Mitchell, directors of OtherLevels Holdings Limited. Refer to ASX announcement for further details.
As at 30 September 2017, the full facility of \$1,350,000 had been drawn.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(165)
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	(821)
9.6 Administration and corporate costs	(451)
9.7 Investing cash outflows - Plant & equipment	(3)
- Software development	(501)
9.8 Total estimated cash outflows	(1,941)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.

Sign here: 

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Company Secretary

Date: 31 October 2017

Print name: Andrew Ritter

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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. Payments to employees totalled \$1.369 million, comprising of research & development (1.2(a) - \$165k), staff costs (1.2(b) - \$775k) and software development (2.1(d) - \$429k). The allocation between these categories may vary from quarter to quarter, depending on the activities undertaken by employees.
5. Estimated cashflows for the next quarter ending 31 December 2017 includes an additional payrun relating to Australian and US employees due to the timing of the fortnightly pay cycle.