

Chairman's Address for AGM

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

This has been our first full year as an ASX Listed company and the company has faced a number of challenges which has resulted in lower than expected growth.

New client acquisition has taken longer than anticipated due to a combination of extended sales cycles, the slowdown due to the northern hemisphere summer, the potentially larger size of some contracts, and the level of M&A activity in the UK wagering sector.

In addition the US Games sector proved difficult, due to the 'hit based' volatility of the games market, making most customers in this sector vulnerable to market cycles. As a result some customers were lost during the period, impacting our revenues and growth.

This, combined with our decision to continue investing in the North American market in the first half of 2016, created a higher level of costs without the resulting level of sales.

As a result, in September, 2016 we announced an adjustment to our sales strategy in order to optimize our sales execution in each market. As a result of this we have been able to reduce staffing by 22% resulting in significant cost reductions in the order of 27%, which will assist with our goal of becoming cash flow positive.

It is pleasing to report that since this decision, our billings across the two months of September and October have exceeded \$1m, and we have seen the first sale of Action Engine, OtherLevels real-time messaging content option.

In the three months from September to November we have signed three new customers, including a UK listed Software and services company, a US based publisher, and a UK comparison site. We have also seen a strengthening sales pipeline.

The company is now seeing improved sales activity, an increase in additional opportunities in our installed base, and further interest in high margin professional services capabilities.

Financial Performance

Let me now turn to briefly summarise our financials results, which have previously been released to the market, for the financial year ending June 30, 2016:

Revenue for the period of A\$3.5m, representing growth of 106% over the prior period, and a net loss after tax of A\$6.4m.

Our average annualized recurring revenue per customer continued to grow, and at the end of fiscal FY16, stood at US\$152K, for those customers using the platform for more than 12 months.

Subsequent to the year end, in September 2016, the company received A\$799,000 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

At the start of 2016, the Board determined that OtherLevels needed to raise \$5m to achieve positive operating cash flow.

In March 2016 OtherLevels raised A\$1.6m from existing shareholders via a 1 for 3 non-renounceable entitlement offer, and a further A\$0.8m via a placement to institutional and sophisticated investors.

We continued to work with our financial advisors, Lodge Partners, and in June 2016 OtherLevels successfully raised an additional A\$1.6m by way of a placement to institutional and sophisticated investors. In addition, the company entered into a Subscription Agreement to raise a further \$1.6m, on a deferred settlement basis. Subsequently this was approved at an Extraordinary General Meeting held on August 5, 2016.

We have previously announced to the market that receipt of the funds due under the Subscription Agreement has been delayed. I am pleased to confirm that Lodge Partners are in the process of completing the funding for the first tranche of the Subscription Agreement which will be provided in the next few days.

New Operating model and enhanced sales strategy

We have aligned our sales and marketing resources, and related spend, with those geographies and sectors where OtherLevels can best achieve success. As such, in some locations we will go to market with a continuing and stronger partner centric strategy, while in others we will continue to engage with clients directly through the sales cycle.

The UK, Europe, and Australian wagering sectors continue to be priority markets for OtherLevels due to their regulatory settings which allow both online and mobile wagering.

In addition the loyalty membership sector, including travel and hospitality, selected online and retailers, and global publishers continue to provide opportunities as the end- users are more receptive to sophisticated online and mobile strategies.

Product Development

OtherLevels continues to cement its position as a leader in digital multi-channel marketing technology.

We have recently announced the release of OtherLevels 2, which redefines how marketers create messages and campaigns. We have developed a completely new user interface which enables marketers to easily combine multiple message formats and channels into messages and campaigns. When used with OtherLevels Intelligent Messaging, a single message can now reach each user , using the best channel and format so as to maximize campaign outcomes.

Our product development strategy is based in the belief that intelligent , data driven marketing automation is the critical element in enabling customers to focus on campaign content and maximizing outcomes, rather than focusing on how to reach their audience.

The company also announced Action Engine. Action Engine is an optional module, and compliments other value added modules, including Intelligent Messaging. While intelligent messaging determines the best channel and time to maximize message delivery, Action Engine makes sure that the message content and audience are both being selected dynamically in real-time.

At the end of 2015, OtherLevels featured in the Forrester review of Mobile Marketing Automation Platforms, and I am pleased to confirm that we are also featured in the recently published 2016 Forrester Review.

These platform developments, and independent validation via leading organisations such as Forrester, ensures that OtherLevels maintains a strong competitive position in the market, and can drive increased messaging and upsell opportunities from existing customers.

Summary

Otherlevels has reduced it's cost base, restructured the North American operations, and re-aligned our go to market model, to a mix of direct and partner sales, based on market and location.

The result is increased focus and reduced costs. We are now seeing a strong rebound in sales activity in the United Kingdom, with a good pipeline mix of new prospects, and existing customer volume growth, together with the adoption of additional product functionality. Given our customer base, the second half of our financial year generally represents strong rates of renewal from our existing customer base.

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 with it's advisors to ensure that the market understands the on-going progress towards operating positive 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 customers 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, in what has been a challenging year.

- ENDS -

About OtherLevels

OtherLevels is a leading second-generation digital marketing platform with offices in San Francisco, London, Brisbane and Melbourne. OtherLevels is at the forefront of the enterprise marketing transformation being driven by the massive shift to mobile.

The OtherLevels digital marketing platform enables marketers to engage and retain their audience across desktop, mobile web and apps.

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

For media enquiries please contact media@otherlevels.com.