

UPDATE ON VOLUNTARY SUSPENSION – SIGNIFICANT CHANGE IN ACTIVITIES RESULTING FROM AGREEMENT FOR THE PROVISION OF ONLINE LOTTO BETTING

The Directors of Activistic Limited (**Activistic** or the **Company**) would like to update Shareholders on the status of the Company's voluntary suspension.

The suspension was requested by the Company on 26 April 2017 as a result of Plus Connect, Activistic's wholly owned subsidiary, being in final discussions with MyLotto24, part of Zeal Networks (TIM: FRA), regarding an agreement for the provision of lottery products giving the Company the ability to offer Australian and Asian customers bets on some of the world's most popular lotteries (**MyLotto24 Agreement**).

Following execution of the MyLotto24 Agreement, the Company lodged an ASX announcement pre-market on Friday 28 April 2017 with a view to the lifting of the voluntary suspension. The ASX did not release the announcement and instead contacted the Company to advise that the terms of the agreement could represent a significant change in the nature of the Company's activities under Chapter 11 of the ASX Listing Rules, being a change to include gambling products, and requiring Activistic to make submissions so the ASX could reach a decision in this regard.

Following submissions by the Company, the ASX has advised that it considers the MyLotto24 Agreement will result in a significant change in the nature of the Company's activities, a change that requires approval from the Company's shareholders and the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Activistic intends to seek Shareholder approval under ASX Listing Rule 11.1.2 for this change in the nature of its activities and to re-comply with Chapters 1 and 2 of the ASX Listing Rules as soon as possible.

The Company also intends to lodge an announcement shortly with further information about the effect of the re-compliance on the Company, at which time it intends to apply to ASX for the Company's Shares to be reinstated to trading.

An indicative timetable is set out below.

Event	Indicative Date
Further ASX announcement and application for reinstatement to trading	22 May 2017
Shareholder Notice of Meeting despatched	16 June 2017
Prospectus lodged with ASIC and ASX	7 July 2017
Shareholder Meeting	18 July 2017
Prospectus capital raising completed	4 August 2017
Re-admission to quotation on ASX	18 August 2017

Activistic may seek to raise funds, by way of debt and/or equity, of up to approximately \$500,000 for working capital purposes during the above process, subject to compliance with ASX requirements.

MyLotto24 Agreement Highlights

- Plus Connect signs product deal with MyLotto24, part of Zeal Networks (TIM: FRA);
- Zeal is a pioneer in the field of lottery-based online games in Europe and has been established in 1999;
- The agreement gives Plus Connect customers exposure to some of the world's largest and most popular lotteries;
- Under the agreement, MyLotto24 will fund all of the cash prizes. The largest prize paid out by MyLotto24 was €47.8 million (≈A\$68 million) in 2015;
- Lottery sales in Australia are estimated at over A\$6.5 billion annually.

Lotto betting involves betting on the outcome of lotteries from all around the world. It is a market disrupting business model that is proving successful in Europe and has shown to be well accepted by Australian consumers.

Plus Connect will have the option to accept bets on the outcome of a wide range of international lotteries including EuroMillions and Eurojackpot. The agreement also supports the development of Activistic's international lottery expansion plans.

Executive Director of Activistic, Paul Crossin said: *"This agreement enables Plus Connect to bring additional products into the market. By leveraging our existing resources and infrastructure, and cross-selling to our existing customer base we are able to design high gross margin products that are competitive with existing offers in the market."*

MyLotto24 is a reputable UK entity registered with Companies House and licensed and regulated by the UK Gambling Commission. Its licence allows the provision of pool betting, betting on real events, and to operate and provide gambling software. The largest prize paid out by MyLotto24 was €47.8 million (≈A\$68 million) in 2015.

For the financial year ended 31 December 2016, MyLotto24 reported total operating performance and net profit of €133.5 (2015: €136.0) million and €45.2 (2015: €48.0) million respectively. The Group's cash balance including short term deposits was €106.3 (2015: 94.8) million. The annual report and financial statements were audited by Ernst & Young LLP.

"MyLotto24 is pleased to enter into the agreement with Plus Connect to supply lottery and lotto-betting products for the Australian and Asian markets. The completion of this agreement is the culmination of many month's due diligence between the parties and is in line with our international expansion strategies. We look forward to launching a suite of products into the Australian markets in the second half of 2017", said Egidio Messito, MyLotto24's director.

Under the agreement, MyLotto24 will provide Plus Connect access to its platform, allowing Plus Connect to benefit from the economies of scale achieved by MyLotto24. Through a comprehensive hedging facility, the liability for pay-outs is effectively shifted to MyLotto24, leaving no exposure to Plus Connect and ensuring prizes are paid.

Key terms of the agreement:

Commencement Date: 1st August 2017

Currency: Euro

Plus Connect Obligations:	<p><u>Compliance:</u> Plus Connect is responsible for all design and implementation of policies and procedures including customer checks, as required to comply with Applicable Law and industry best practice. Plus Connect shall maintain full and proper records in respect of its activities in relation to this agreement for a period of six years.</p> <p><u>Operations:</u> Plus Connect is solely responsible for the design, management and maintenance of the websites offering betting products.</p> <p><u>Marketing:</u> Plus Connect is responsible for the marketing and promotion and shall use all reasonable endeavours to maximise sales while ensuring all marketing and promotion is conducted in a socially responsible manner and in accordance with the Applicable Law</p>
MyLotto24 Obligations:	<p><u>Compliance:</u> MyLotto24 must comply with Applicable Law.</p> <p><u>Operations:</u> MyLotto24 shall use reasonable endeavours to maintain the MyLotto24 Platform throughout the term.</p>
Commercial Terms:	<p><u>Bet Prices:</u> Prices are fixed and calculated on the basis of an assumed betting volume projection. Following the end of the six-month period commencing on the date of the launch of the products, betting volumes will be examined and bet prices may be revised.</p> <p><u>Float Account:</u> The parties will maintain a float account to cover small prizes paid out.</p> <p><u>Minimum Expenditure:</u> The agreement requires a minimum annual expenditure which will cover all MyLotto24 services.</p>
Warranties:	Plus Connect shall maintain any necessary licences and approvals under Applicable law to enter into and perform its obligations under this agreement.

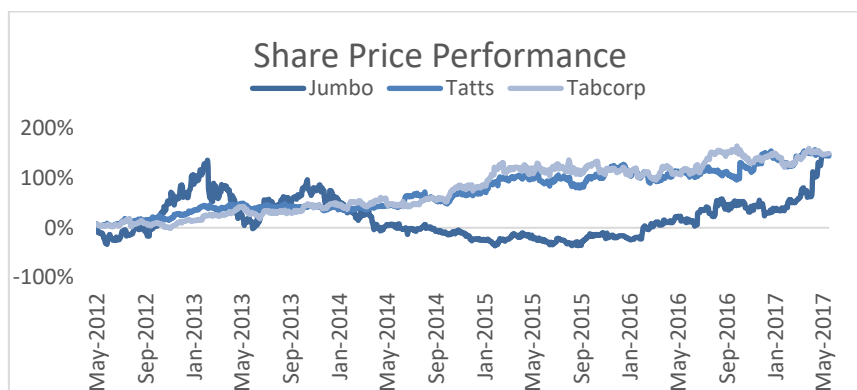
The parties estimate these products will be launched during the second half of 2017. The agreement will continue in force unless terminated by either party subject to termination clauses.

The online lottery market continues to experience strong growth across the globe and Australia continues to lag significantly behind international performance. By offering lottery-betting products Plus Connect is focused on satisfying a proportion of what we see as unsatisfied demand.

As illustrated in the below table, there are a number of ASX listed companies operating in the gaming segment and benefiting from high retention customers and strong sales. Recent share price performance indicates strong investor interest in this space. Activistic aims to gain a share of this market initially in Australia through the products offered by Plus Connect.

	ASX Symbol	Market Cap*	1-year return*	3-year return*	5-year return*	5-year dividend*
Jumbo Interactive	JIN	124 Million	105%	133%	152%	\$ 0.22
Tatts Group	TTS	6.3 Billion	15%	68%	125%	\$ 0.85
Tabcorp Holdings	TAH	3.9 Billion	19%	68%	132%	\$ 1.20

*As at and to 16 May 2017



“Lotto betting on some of the world’s largest and most traditional lotteries has the potential to become a significant value accretive activity for Plus Connect, driving strong growth and generating shareholder return”, said Paul Crossin.

All bets will be fully compliant with Plus Connect’s licence issued by the Northern Territory of Australia under the *Racing and Betting Act*.

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