

Commentary for the quarter ending 30 June 2017

Operations

Activistic Limited (“Activistic” or the “Company”) is pleased to comment on its key activities and achievements during the June quarter.

Magpie Millions continues to perform strongly and results to date are very encouraging. Sales have remained steady despite most marketing activities targeted at Collingwood’s digital followers and at no incremental costs.

The Company has run a number of paid media campaigns focused on a more general audience, resulting in a significant number of new registrations and most importantly, new cash players. These results confirm that this product is not only attractive to Collingwood’s supporters, but also to a much wider audience.

Following a comprehensive analysis of its charity lottery product, the Weather Lottery, the Company decided to migrate to a more powerful platform, the same used for Magpie Millions. In conjunction to the migration process, the Company also re-designed the product, making it more appealing to its target audience. The charity partners featured on the Weather Lottery have continued to show their support, and have encouraged these changes.

The Company continues to operate its micro-donations assets with a focus in the U.S market. All costs related to these activities have been significantly reduced due to the continuing absence of any substantial revenue flows. The Company has identified a U.S based technology provider who has shown interest in working with Activistic; the parties are now investigating how to collaborate. This represents an outstanding opportunity for Activistic, allowing the Company to benefit from its assets and relationships developed in the U.S market, without incurring the costs of having a physical presence overseas.

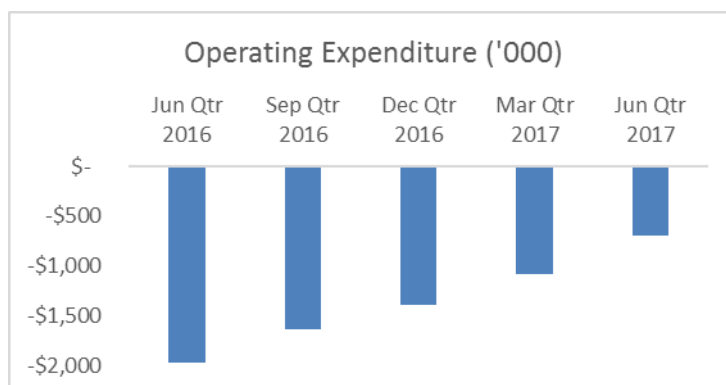
Operating expenditure and cash management

Operating expenditure during the quarter of \$694K was focused on enhancing and scaling up Magpie Millions, re-developing and migrating the Weather Lottery into a new and more sophisticated platform, and maintaining the micro-donations activities.

As previously announced, the Board has reviewed and made several significant cost reductions. The operating expenditure of \$694K for the June quarter is noticeably lower than in prior periods. Furthermore, it includes a number of non-recurring expenses related to scaling down activities in the U.S and U.K, as well as staff termination payments. There were also payments of approximately \$110K as a result of overdue and pre-acquisition Plus Connect creditors.

It is expected that monthly operating expenditure for the next quarter will be between \$200K and \$240K depending on user acquisition activities.

The chart bellows illustrates the results of the cost reduction measures implemented by the Board.



Funding

During the June quarter and following a comprehensive evaluation process, the Company decided to draw down \$500,000 from its existing Convertible Note Facility through the issue of 5 Convertible Notes with a face value of \$100,000 each. Funds will be used for working capital requirements and for the re-compliance process.

This option was chosen over a potentially dilutive equity issue and will allow the Company to generate value accretive results to enhance shareholder value.

The Company and the noteholder have agreed to amend the terms of the Facility to incorporate a conversion floor price of \$0.05 per share.

Re-compliance

The Company continues to progress with its re-compliance activities. An update was released to the ASX platform on 28 July 2017 and a further announcement is expected to be released on 10 August 2017.

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

Activistic Limited

ABN

27 007 701 715

Quarter ended ("current quarter")

30 June 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	33	70
1.2 Payments for		
(a) research and development	(81)	(754)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(31)	(1,185)
(d) leased assets	-	-
(e) staff costs	(361)	(1,431)
(f) administration and corporate costs	(539)	(1,904)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	11
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	288	390
1.8 Other (lottery winnings paid)	(1)	(4)
1.9 Net cash from / (used in) operating activities	(694)	(4,809)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	38
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	(660)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(622)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	3,560
3.2	Proceeds from issue of convertible notes	500	1,500
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(75)	(312)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(125)	(125)
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	300	4,623

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	999	1,449
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(694)	(4,809)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(622)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	300	4,623
4.5	Effect of movement in exchange rates on cash held	1	(35)
4.6	Cash and cash equivalents at end of quarter	606	606

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	296	433
5.2 Call deposits	310	566
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)	606	999

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
(60)
-

6.1 consists of Director's Fees.

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

Quarterly report for entities subject to Listing Rule 4.7B

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	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (Convertible Note)	2,000	1,500
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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(40)
9.2 Product manufacturing and operating costs	(110)
9.3 Advertising and marketing	(60)
9.4 Leased assets	-
9.5 Staff costs	(200)
9.6 Administration and corporate costs	(220)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(630)

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

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:
(Company secretary)

Date: 31 July 2017

Print name: Ramon Soares

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.