

**Commentary for the quarter ending 30 June 2016**

**Operations**

Activistic Limited (“Activistic” or the “Company”) is pleased to report that the June quarter has been very productive as the Company continues to increase its partner and donor base, successfully signing two additional highly influential charities in the U.S. Key highlights from the quarter include:

- ✓ Agreement signed with Got Your Six to join Veterans Call. Got Your Six was founded in 2012 and has been successful in mobilizing giving by creating deep reach into the entertainment, political and corporate sectors. Got Your Six has collaborated with many Hollywood celebrities, as well as established key political names.
- ✓ Team Rubicon signed to join Veterans Call. Team Rubicon unites the skills of 35,000 specialist military veteran volunteers with first responders. Team Rubicon has partnered on initiatives with major corporates including Walmart and American Express.
- ✓ Continued progress with discussions in the political arena with interest from a pipeline of congressman, senators and parties wishing to engage a white label solution.
- ✓ Late stage discussions in the entertainment vertical with progress towards a white label solution for a high profile multi-artist global event.
- ✓ A pipeline of continuing opportunities with major US national and international charities for the development of white label products.
- ✓ Continued discussions with several national and international charities which are intended to join the Ralli app.

**Technology**

During the quarter the Company has enhanced the Veterans Call app, implementing a number of improvements, including the elimination of user friction points that had been identified through the previous period. The overall user experience has improved dramatically, enabling a faster and easier donation process. Consequently, conversion rates have increased significantly, resulting in reduced user acquisition costs. The Company continues to work on the new Activistic Apps Platform, which will provide a consolidated view of data, improved visibility of user tracking and analytics, as well as a single and simple platform to manage Veterans Call and Ralli. The new Platform will also enable any white label apps to be incorporated much faster, reducing the time to market from taking more than three months previously, to potentially a matter of weeks – with a consequent reduction in the delivery cost.

**Marketing**

Activistic has made significant progress during the June quarter. The Company partnered with American online platform SportsBlog, as part of an initiative to promote the Veterans Call app to a wider audience. In addition, Activistic teamed up with socially conscious brand Sword & Plough, aiming to boost donations via Veterans Call.

The Company also conducted a marketing campaign coinciding with Independence Day celebrations in the U.S. As part of the campaign, Veterans Call partnered with U.S. Marine Combat veteran, actor/producer and philanthropist J.W Cortes. The campaign engaged a range of prominent social media influencers to help spread the message and reach potential contributors. Close cooperation with charity partners, mobile advertising and organic and paid social media activity all played a key part in the campaign.

Conversion rates improved significantly during the quarter and the app has consistently gained high ratings on both the Apple App Store and Google Play Store.

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

Activistic is continuing to actively discuss partnerships with individuals and organisations that are able to support the Veterans Call brand through their large distribution networks and social media presence.

**Finance**

Operating expenditure during the quarter of \$1.97 million was focused on scaling up activities in the U.S., brand development of Veterans Call and Ralli, development of new apps and the new Activistic Apps Platform. A significant portion of these costs is non-recurring, and will enable a faster and more effective user base growth, as well as the addition of potential white label apps and other verticals.

The table below details the non-recurring expenses incurred during the quarter.

Activity	Cost (\$)
App and infrastructure development:	214,900
Implementation of user tracking and analytics:	29,463
Payments for marketing assets:	73,000
Other non-recurring payments:	167,772
<b>Total non-recurring payments:</b>	<b>485,135</b>

Whilst uptake among donors did not generate cash flows during the period, revenue has increased for the third consecutive quarter. It is important to note that the revenue-to-cash cycle ranges from 90 to 120 days.

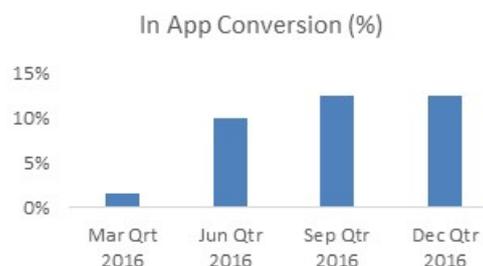
Download to open conversions have increased from 14% (March quarter) to more than 80% (June quarter). It means that 80% of those who downloaded Veterans Call consequently opened and used the app. In app conversions have improved from below 2% to 10%, with some marketing channels achieving rates in excess of 12%. In app conversion rates represent the percentage of users who successfully make a donation, out of those who opened the app. Both these rates experienced by Veterans Call are significantly higher than the industry average for this category of app.

By the end of the month of July, downloads of Veterans Call are expected to pass the 150,000 mark.

The table below details the annualised donations raised by Veterans Call for the last two quarters. It also estimates Activistic's annualised results for the next two quarters, given the current conversion rates and other relevant statistics.

Period	Downloads	Annualised Donations (\$)	In app Conversion (%)
Jan to Mar 2016	36,476	3,920	1.6%
Apr to Jun 2016	5,222	17,520	10.0%
Jul to Sep 2016*	205,000	836,640	12.5%
Sep to Dec 2016*	250,000	1,836,640	12.5%

\*Estimates based on current acquisition expenditure and relevant statistics. Includes Veterans Call only. No other verticals or white labels are included. Annualised donations based on conservative retention period of six months.



Sep Quarter 2016 and Dec Quarter 2016 are estimates.

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Annualised donations have continued to increase. Given current growth and conversion rates, the trend is expected to be consistent over the next two quarters. Conversion rates have also improved significantly. Marketing activities during the March quarter were targeted at a general audience, which explains the lower in app conversion rate.

The Board of Directors is very pleased with the momentum gained in the quarter to 30 June and more particularly the lift in July as we move into the new financial year.

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## Appendix 4C

### Quarterly report for entities admitted on the basis of commitments

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

Name of entity

Activistic Limited

ABN

24 007 701 715

Quarter ended ("current quarter")

30 June 2016

#### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) staff costs	(367)	(1,209)
	(b) advertising and marketing	(666)	(1,867)
	(c) research and development	(215)	(215)
	(d) leased assets	-	-
	(e) other working capital	(733)	(2,275)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	17
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	<b>Net operating cash flows</b>	<b>(1,976)</b>	<b>(5,549)</b>

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		Current quarter \$A'000	Year to date (12 months) \$A'000
1.8	Net operating cash flows (carried forward)	(1,976)	(5,549)
<b>Cash flows related to investing activities</b>			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	(11)
	(e) other non-current assets	-	(422)
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	<b>Net investing cash flows</b>	-	(433)
1.14	<b>Total operating and investing cash flows</b>	(1,976)	(5,982)
<b>Cash flows related to financing activities</b>			
1.15	Proceeds from issues of shares, options, etc.	-	3,905
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (Capital Raising Costs)	-	(250)
	<b>Net financing cash flows</b>	-	3,655
	<b>Net increase (decrease) in cash held</b>	(1,976)	(2,327)
1.21	Cash at beginning of quarter/year to date	3,403	3,985
1.22	Exchange rate adjustments to item 1.20	22	(209)
1.23	<b>Cash at end of quarter</b>	1,449	1,449

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**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(120)
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

1.24 consists of Director's Fees.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

**Financing facilities available**

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	1,449	3,403
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>		1,449	3,403

## Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A	N/A
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Joint Company Secretary  
Print name: Ramon Soares

Date: 29 July 2016

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**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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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