



30 July 2019

ACTIVITIES REPORT AND APPENDIX 4C FOR QUARTER ENDED 30 June 2019

Highlights

- Strong growth achieved with 3rd consecutive Quarter of 300%+ growth in cash receipts with \$763k in cash receipts in Q4, 2019
- Acquisition of digital marketing company Blackglass completed, expanding OPN's online marketing and customer acquisition capability
- Sydney office added to Perth, Singapore and China office representation
- RooLife e-Commerce platform live in China and Australia
- Appointed dedicated distributor in China for the sale and distribution of its Artificial Intelligence and Machine Learning technology
- Contract wins for digital marketing and sales distribution with the Company's RooLife e-Commerce business for sale of products into China
- Extended Brand Gateway for Skincare, Vitamins, Minerals, Supplements (VMS) and Health & Wellbeing products for sale into China including Petrus Pharmaceuticals
- Agreement to extend payment processing capability for WeChat and Alipay in Australia adding AUD\$ payments processing from Chinese e-Wallets
- New e-Commerce Artificial Intelligence Recommendation Engine built and delivered - *DAISHU*
- Integration of Artificial Intelligence Recommendation Engine into RooLife e-Commerce Platform
- Oversubscribed share placement completed to raise \$2 million

Artificial intelligence and e-Commerce marketing company OpenDNA Limited (**ASX: OPN**) ("**OpenDNA**" or the "**Company**") provides shareholders with the Company's Quarterly Activities Report and Appendix 4C for the Quarter ended 30 June 2019.

Financial Position

OpenDNA achieved its third consecutive Quarter of 300%+ growth in cash receipts. The company received \$763k in cash receipts in Quarter 4 and closed the year with \$2.1 million in cash.

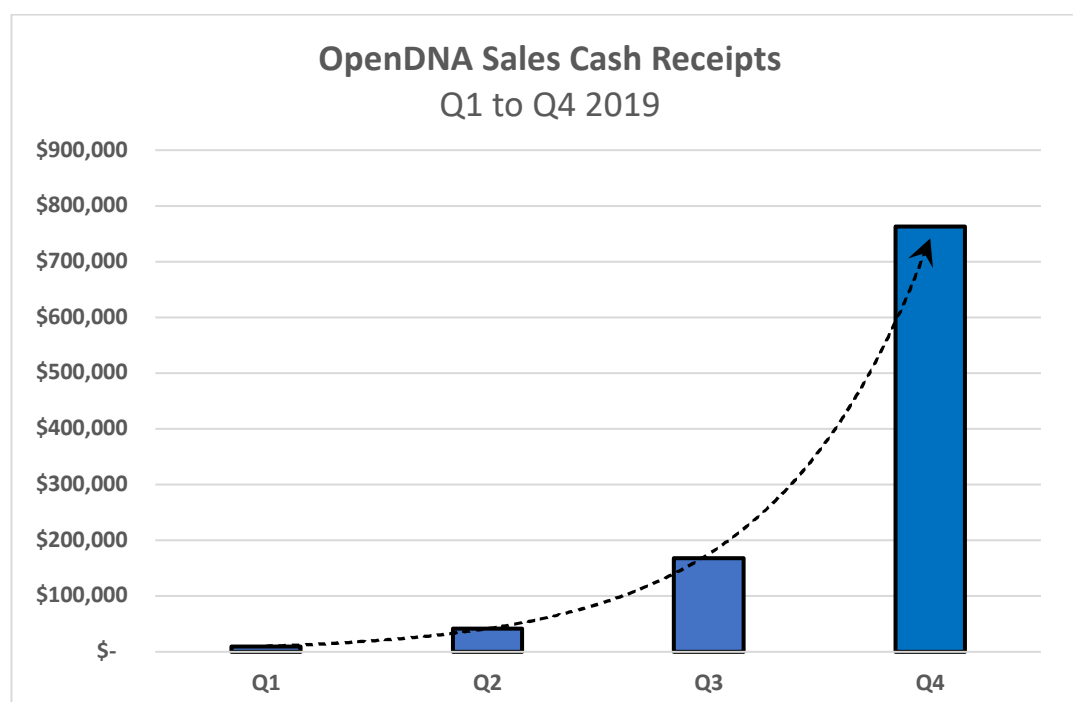


Figure 1: OpenDNA Cash receipts by Quarter for FY2019

In April, the Company announced the acquisition of digital marketing company, Blackglass, for a consideration of \$300k and completed an oversubscribed capital raising of \$2 million.

Business Activity

During the Quarter the Company completed a number of strategic initiatives focussed on driving immediate and future revenue for the Company.

OpenDNA completed the acquisition of digital marketing company, Blackglass Pty Ltd, purchased from ASX-listed IncentiaPay Limited, extending the group's capability to service the online marketing, customer acquisition and profiling requirements of the RooLife business. Thus providing access for OpenDNA's Artificial Intelligence System into new markets and customers.

The acquisition expanded the group's operating capabilities and geographic footprint with a Sydney office added to Perth, Singapore and China offices.

The Company further extended its China payment processing capability to service Chinese tourists, business travellers, students and Chinese living in Australia with the integration of ASX-listed Novatti's China Payments functionality into the Company's RooLife portals.

With this addition, OpenDNA is able to seamlessly process the purchase of products and services from WeChat and Alipay made by Chinese in Australia in AUD\$, adding to OpenDNA's CNY processing capability, optimising the Company's position with foreign exchange transactions.

The service optimises transactions between RooLife's merchants and customers in Australia, delivering fast settlement, via an Australian domestic funds transfer to the merchant's Australian account in AUD\$ from WeChat and Alipay payment transaction made by Chinese when in Australia.

OpenDNA has rapidly built a diverse, high-quality customer base with multiple revenue streams which are expected to contribute to the growth and reach of the company's operations in both Australia and China.



Figure 2: OpenDNA's Growing Customer and Revenue Database

The Company launched its RooLife services in China with Vitamins, Minerals & Supplements, skincare and health products based on the high demand for these product ranges, with the annual revenue for this market segment estimated at US\$30 billion in 2017 and with projected annual compound growth of 10% through to 2025¹.



Figure 3: The RooLife Platform manages all aspects of marketing, distribution and payment

In June OpenDNA entered into an agreement with Petrus Pharmaceutical to sell its well-known and widely distributed products exclusively in China. Petrus Pharmaceutical products are sold and available through over 5,000 pharmacies in Australia and are expected to have strong market appeal in China through the RooLife platforms.

OpenDNA's RooLife provides all requirements for brands to sell their products in China including licencing, marketing, logistics, payment collection, processing and is able to provide valuable intelligent insights into customer buying behaviour.

During the Quarter the company completed the integration of its new e-commerce Artificial Intelligence Recommendation Engine, Daishu, with its RooLife e-Commerce platform. Daishu is designed to optimise RooLife sales by making the most appropriate recommendations to online shoppers while providing valuable insights for its customers into consumer preferences and behaviours. This is invaluable to help profile what brand segments and products are attractive to the Chinese consumer and facilitate recurring revenue streams.

On 29th May, the Company appointed a distributor in China, QEdge Technology, for the sale and distribution of its Artificial Intelligence and Machine Learning technology targeting e-Commerce applications.

The platform is expected to have wide application in China where consumers are early and eager tech adopters, which is reflected by smartphone penetration rates across China. Industry forecasts show that in 2019 the country will account for over 55% of all online retail sales globally.¹

Business Outlook

OpenDNA is aiming to develop and grow its customer base across multiple industry verticals, expanding the application of its digital marketing, AI and e-Commerce capabilities both in Australia and China.

The company is seeking to continue to:

- Grow the high-quality customer base for its digital services in Australia;
- Expand its digital services in China;
- Assist Australian businesses and brands to successfully enter the China market;
- Develop key sales partnerships in key verticals including Tourism & Airports, Diagou and Student channels and Online and Retail sales.

ENDS

1. Source: www.cmaustralia.org.au/resources/Documents/Complementary-medicines-in-China-report%20May2017.pdf

For further information, please visit the OpenDNA website at www.opendna.ai or contact:

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About OpenDNA Limited (ASX:OPN)

The OpenDNA Group of companies provides fully integrated digital marketing and customer acquisition services focusing on driving online sales of products and services for its clients. Powered by the OpenDNA hyper personalisation and profiling Artificial Intelligence System, OpenDNA provides personalised real-time, targeted marketing. With a key focus on driving sales in Australia and China the Company's Roolife online e-Commerce marketplace assists businesses to sell directly to Chinese consumers and accept payment via the Wechat and Alipay mobile payments platforms. Roolife's key positioning is about knowing and remaining connected with Chinese consumers, allowing brands to continually sell products to Chinese Consumers based on their profiles and purchasing behaviours.

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

OpenDNA Limited

ABN

14 613 410 398

Quarter ended ("current quarter")

30 JUNE 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	763	983
1.2 Payments for		
(a) research and development	(133)	(530)
(b) product manufacturing and operating costs	(532)	(645)
(c) advertising and marketing	(14)	(16)
(d) leased assets	-	-
(e) staff costs	(479)	(1,422)
(f) administration and corporate costs	(301)	(1,178)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	289
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(694)	(2,512)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(2)
(b) businesses (see item 10)	(100)	(350)
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	11
	(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	(101)	(341)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,000	4,500
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(134)	(299)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(10)	(10)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
	Cash assumed on acquisition of subsidiary	60	70
3.10	Net cash from / (used in) financing activities	1,916	4,261

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	974	669
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(694)	(2,512)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(101)	(341)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,916	4,261

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	16
4.6	Cash and cash equivalents at end of quarter	2,093	2,093

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	2,093	974
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)	2,093	974

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

Current quarter
\$A'000

157

-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payments to directors, include Directors remuneration and Superannuation on Directors fees. The amount includes the final director fee to Jay Shah.

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

44

-

Payments totalling \$44,177 were paid to Murcia Pestell Hillard Pty Ltd, a company related to Mr. Grant Pestell, for the provision of legal services.

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 (please specify)	-	-
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.		
N/A		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	124
9.2 Product manufacturing and operating costs	390
9.3 Advertising and marketing	71
9.4 Leased assets	-
9.5 Staff costs	580
9.6 Administration and corporate costs	217
9.7 Other (provide details if material)	176
9.8 Total estimated cash outflows	1,558

Note:

OpenDNA is generating revenue with cash receipts which will be collected in the next quarter which will offset cash outflows.

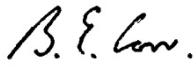
Item 9.7 cash outflows include the second and final payment for the acquisition of the Blackglass business, which will deliver additional revenue and cash receipts next quarter; capital raising costs; and capital spend relating to the development of the Roolife e commerce platform.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Blackglass Pty Ltd	-
10.2 Place of incorporation or registration	Australia, NSW	-
10.3 Consideration for acquisition or disposal (paid in current quarter)	\$100,000 ¹	-
10.4 Total net assets	100	-
10.5 Nature of business	Digital Marketing Company	

¹ Pursuant to the ASX announcement on 12 April 2019, OpenDNA Limited has reached an agreement to acquire digital marketing company, Blackglass Pty Ltd from ASX-listed IncentiaPay Limited. The consideration payable to IncentiaPay Limited by the Company in connection with the acquisition is \$300,000 with the Company able to fund the acquisition out of its existing cash reserves with \$100,000 paid in April 2019 and the balance, subject to working capital adjustment, approximately 60 days from 18 April 2019 which was expected completion date.

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: 
(Managing Director)

Date: 30 July 2019

Print name: Bryan Carr

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.