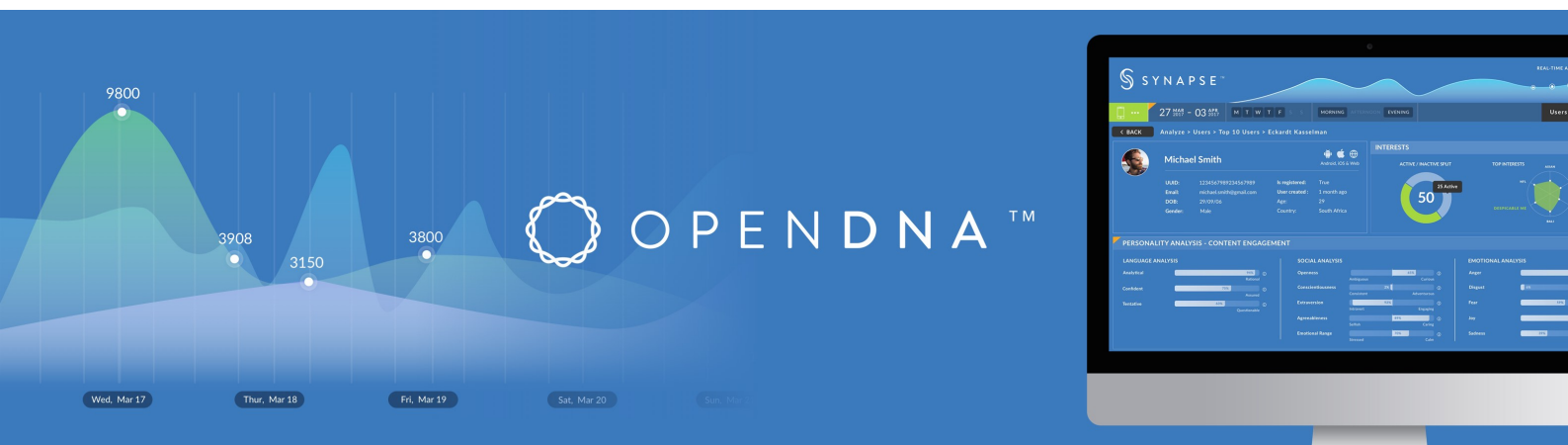


25 January 2018

# ACTIVITIES REPORT AND APPENDIX 4C FOR QUARTER ENDED 31 DECEMBER 2017

## Highlights:

- Signature of new customer arrangements in gaming, cognitive computing and digital media sectors
- Continued growth of customer pipeline both organically and through multiple channel partnership arrangements
- Completion of revenue-generative App build work for Endeavour Drinks Group with OpenDNA-powered "Drinks Library" App now in final stages pre-release
- Customer integration and "proof of concept" trial work undertaken for Epoch Times
- Receipt of research and development refund of more than \$340,000
- Continual development of proprietary business tool "Synapse" to deliver increased value to users of OpenDNA's Artificial Intelligence System (AIS)



Leading and award winning artificial intelligence company OpenDNA Limited (ASX: OPN) ("**OpenDNA**" or the "**Company**") is pleased to provide shareholders with the Company's quarterly activities report and Appendix 4C for the quarter ended 31 December 2017.

### New customer arrangements

Building on customer agreements signed in previous periods, the Company announced binding agreements during the Quarter with new customers Uproar, Expert Systems and Boardroom.Media.

During the first week of the Quarter, OpenDNA signed up an innovative gaming community creator (Uproar, Inc) and a leading cognitive computing company (Expert System). Uproar is a rapidly-expanding business which has developed a unique mix of game-enhancing services for the \$91 Billion video game industry and has a number of hit titles connected to its service, whilst Expert System has an enviable customer base including Zurich Insurance Group, Shell, Chevron, Bloomberg BNA, Sanofi, Thomson Reuters and the U.S. Departments of Agriculture and Justice. Accordingly, these agreements provide the Company with exposure to large user bases and/or blue-chip clients within lucrative and growing international industries.

OpenDNA's agreement with Uproar gives the Company the potential to receive 25% of revenue generated by Uproar's platform over and above an agreed baseline figure, whilst the agreement with Expert System contemplates the potential generation of income from user licences and professional service fees in connection with the provision and integration of OpenDNA's technology. [Integration discussions are currently underway with both parties].

In November, the Company entered into an agreement with leading digital media production company, Boardroom.Media ("**Boardroom**"), which specialises in providing quality audio and video production and webcasting services for listed public companies. The agreement, which has an initial term of 12 months, contemplates the integration of OpenDNA's Artificial Intelligence System ("**AIS**") into Boardroom's digital platforms, to enable OpenDNA to generate insights and psychographic data for Boardroom on its individual readers. Under the agreement, OpenDNA will be entitled to monthly user-based license and content sourcing fees. In addition, OpenDNA will be entitled to a 25% share in any uplift in revenue generated from advertising within Boardroom's website.

The build of [relevant plug-ins and] other integration tools is now complete, with a view to the integration process for Boardroom occurring during the Quarter ending 31 March 2018.

### **Continued growth of customer pipeline**

Consistent with the previous Quarter, OpenDNA continued in the reporting period to progress discussions with companies identified as potentially able to benefit from OpenDNA's AIS solution, including a number of potential customers who are prominent in their relevant industries. Further, the recent addition of BBDO and Columbus Agency in Singapore to the Company's suite of channel partners/reseller organisations has already resulted during the Quarter just completed in a number of additional companies being identified and/or approached as potential candidates for OpenDNA's services.

As was the case regarding the previous Quarter, several customer discussions remained ongoing as at the date of the subject Quarter and the Company will update the market regarding the signature of additional agreements in due course.

### **Ongoing integration and trials with existing customers**

During the Quarter, paid development and build work was completed on an innovative "Drinks Library" App (in both iOS and Android forms) designed in conjunction with

Woolworths-owned Endeavour Drinks Group ("**Endeavour**"). Now undergoing final internal review with Endeavour prior to launch, the App uses OpenDNA's AIS technology to build interest profiles on customers' specific individual drinking preferences, creating data which can be used for a variety of marketing and customer experience enhancement purposes. Under the Endeavour agreement, OpenDNA is entitled to revenue from further development and implementation work as well as ongoing usage-based licensing fees once the App is launched.

In addition to the work with Endeavour, trial activities were progressed during the Quarter with MOU counterparty Epoch Times, whose eponymous multi-language newspaper has more than 105 million-page views per month from over 20 million monthly active site visitors. The trials involved "switching on" the OpenDNA AIS for a 200,000-strong sample group of Epoch Times readers in order to demonstrate the ability of the Company's technology to predict articles and content of interest to specific users, consequently increasing page views and overall engagement. Results to date have been highly encouraging and OpenDNA anticipates being in a position shortly to announce aggregate anonymized data from completed customer trials undertaken recently.

### **Continuous development of "Synapse" business tool**

As previously announced, one of the core pillars of the Company's business model is the continuous improvement of its technology to benefit customers. In that regard, further enhancements were made during the subject Quarter to Synapse, OpenDNA's proprietary data visualization system, in order to further increase its usefulness to customers. Synapse's comprehensive "dashboard" displays real-time insights generated from the Company's AIS, with users able to see those insights illustrated in a number of different ways. Accordingly, it enables the Company's customers to understand and make immediate decisions regarding their clients and users based on the picture of their likes, dislikes, interests and level of engagement reflected in those insights.

The recent improvements to Synapse involved the inclusion of additional ways for customers to view and understand the insights generated by the Company's AIS, as well as data export functionality rendering Synapse near-universally compatible with existing third-party business intelligence tools commonly in use.

### **R&D refund**

Finally, during the Quarter, processing of the Company's refund claim for research and development-related activities undertaken during the financial year ended 30 June 2017 was completed successfully, as a result of which the Company received refund proceeds of \$343,000. Given the Company's ongoing development of its proprietary technology and commitment to research and development to optimize its offering, it is expected that there will also be scope during the current financial year for a substantial refund claim to be made in due course.

**OpenDNA's Chief Executive Officer and MD, Jay Shah, said:**

*"This has been another Quarter of steady progress for OpenDNA, with pleasing results in particular from the work done for existing customers Endeavour and Epoch Times which we are excited about building on and monetizing going forward. With the recent improvements made to Synapse, we are now even more confident that our AIS provides a compelling proposition capable of unlocking value for organisations operating in a broad range of industry sectors. In that regard, with several potential customer discussions and existing projects underway, we look forward to providing additional news to the market over the coming weeks."*

**ENDS**

**For further information, please visit the OpenDNA website at [www.opendna.ai](http://www.opendna.ai) or contact:**

Jay Shah  
Chief Executive Officer  
Ph: +61 8 6444 1702  
Email: [hello@opendna.ai](mailto:hello@opendna.ai)

Richard Jarvis  
Chief Financial Officer  
+61 8 6444 1702  
Email: [hello@opendna.ai](mailto:hello@opendna.ai)



Follow OpenDNA on Twitter [@OpenDNAOfficial](https://twitter.com/OpenDNAOfficial)

**People are not categories. People are individuals.**

OpenDNA is an Artificial Intelligence company that enables businesses to better understand their individual users by building detailed psychographic, personality & behavioural maps of those users; giving them the most personalized, relevant and targeted experiences possible. The technology has been proven to improve user engagement and retention, in turn creating the ability for OpenDNA's customers to increase revenue.

[opendna.ai](http://opendna.ai)

Unit B9, 1st Floor 431 Roberts Rd Subiaco WA 6008

Registered as: OpenDNA Limited

ACN: 613 410 398

## 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")**

31 December 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	33	40
1.2 Payments for		
(a) research and development	(379)	(790)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(253)	(599)
(f) administration and corporate costs	(257)	(830)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	343	343
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(510)</b>	<b>(1,827)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(8)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(6)</b>	<b>(8)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
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	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
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	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,437	3,748
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(510)	(1,827)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(6)	(8)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	16	24
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,937</b>	<b>1,937</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,937	2,437
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,937</b>	<b>2,437</b>

**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

<b>Current quarter \$A'000</b>
89
-

Payments to directors, include Directors fees, Superannuation on Directors fees and Directors remuneration.

**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

<b>Current quarter \$A'000</b>
14
-

Payments totalling \$14,000 were paid to Murcia Pestell Hillard Pty Ltd, a company related to Mr. Grant Pestell, for the provision of legal services.

8. <b>Financing facilities available</b> <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. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	345
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	129
9.6 Administration and corporate costs	237
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>711</b>

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



**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: 25 January 2018

Print name: Peter Torre

**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.