



30 April 2019

## ACTIVITIES REPORT AND APPENDIX 4C FOR QUARTER ENDED 31 March 2019

### Highlights

- **First full Quarter contribution from acquired businesses CHOOSE Digital and RooLife with cash receipts up 300% from prior Quarter**
- **Four digital marketing and sales distribution agreements signed with the Company's RooLife e-Commerce business for sale of products into China**
- **OpenDNA to manage market entry and sales of skincare, Vitamins, Minerals, Supplements (VMS) and Health & Wellbeing products into China**
- **OpenDNA signed Health and Wellness company Better Nature to RooLife platform to assist with market entry into China, provide digital marketing and drive sales through its RooLife online platform**
- **Meluka Honey appointed OpenDNA to support its China market entry and drive sales of its products in China on OpenDNA's RooLife platform**
- **OpenDNA entered into agreement to market and sell Australian tourism packages from Sightseeing Pass Australia directly to Chinese tourists via its RooLife platform and websites**
- **Agreement with Novatti to extend payment processing capability for WeChat and Alipay in Australia**
- **Post end of Quarter, oversubscribed 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 31 March 2019.

#### **Business Activity - Integration of RooLife and CHOOSE Digital with OpenDNA AI**

During the Quarter the Company continued work on the integration of OpenDNA's Artificial Intelligence System ("AIS") with RooLife's China-focused e-Commerce platforms prepared for launch in May 2019.

The integration of the CHOOSE Digital and the RooLife companies has extended OpenDNA's business reach and revenue generation capability leading to a number of contract wins during the Quarter including:

- NNM Services for market entry and sale of skincare, Vitamins, Minerals, Supplements (VMS) and Health & Wellbeing products into China;
- Better Nature for market entry into China, provision of digital marketing services and sales and distribution of products;
- Meluka Honey for China market entry, digital marketing and sale of products in China on OpenDNA's RooLife platform;
- Agreement with Sightseeing Pass Australia to market and sell Australian Tourism packages directly to Chinese tourists via its RooLife platform and websites.

The Company is experiencing strong demand for its digital marketing and e-Commerce services and capability which now incorporates the Company's AI platform with the ability to personalise the shopping experience for users based on their ongoing interaction and behaviour.

The RooLife e-Commerce platform delivers all requirements to market, sell and deliver product directly to consumers in China, facilitating collection of payment using the most widely used payment methods in China, Alipay and WeChat Pay, allowing settlement to the merchant in their preferred currency.

OpenDNA's digital marketing and customer acquisition capability, with its AI hyper-personalisation engine, provides for a targeted, personalised shopping experience and is able to deliver valuable insights into purchasing behaviour and market intelligence to brands selling into China.

The agreements secured during the Quarter expand on OpenDNA's announced strategy to market and sell high-quality and authentic Australian products and services to the large and rapidly growing consumer market for these products in China.

The Company has elected to launch its RooLife services 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 2025<sup>1</sup>.

In late February Better Nature, a provider of high-quality and authentic, 100% naturally sourced Australian product was added to the portfolio of products to be marketed and sold online in Australia and China, extending OpenDNA's reach and range in the Health and Wellbeing market.

In early March, EVE Investments' Meluka Honey appointed OpenDNA to lead its market entry into China and to drive online sales for its products, further extending the range of natural products to be sold on the Company's RooLife platform.

Also in March, OpenDNA entered into an agreement with Sightseeing Pass Australia for OpenDNA's RooLife e-Commerce platform and hyper-personalisation AI engine to market and profile prospective travellers and suggest appropriate travel plans to Chinese visitors seeking holiday packages in Australia.

OpenDNA will receive commissions on all products sold through its RooLife platform and will generate valuable insights into Chinese tourist travel plans which is expected to allow the Company to additionally market and sell relevant high-quality Australian products online via its RooLife e-Commerce platform.

This agreement with Sightseeing Pass Australia opens up access for OpenDNA to Australia's largest inbound tourism sector of 1.43 million Chinese tourists currently spending \$10 billion per annum.<sup>2</sup>

The Company intends to continue to grow the portfolio of products to be marketed and sold online consequently building group revenue.

### **Financial Position**

As at 31 March 2019 the Company held \$974k in cash and cash equivalents which was supplemented in April by an additional \$2,000,000 with the company accepting subscriptions in an oversubscribed capital raising.

### **Business Outlook**

In the coming Quarter, OpenDNA will integrate Blackglass, a digital marketing business acquired in April 2019, into its group operations expanding the range of services provided to an extended customer base.

Additional revenue streams and customers will come on line in the June Quarter which will add to the revenue growth already being achieved by the company and expected to continue in the coming Quarters.

One-off acquisition costs of \$300,000 will be incurred in the next Quarter, with this to be funded from existing cash holdings and operating cashflow from the Blackglass business.

**ENDS**

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

2. Source: [www.tra.gov.au/data-and-research/chinese-free-and-independent-travellers-their-potential-for-regional-australia](http://www.tra.gov.au/data-and-research/chinese-free-and-independent-travellers-their-potential-for-regional-australia)

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

31 March 2019

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               | 168                                | 220  |
| 1.2 Payments for  |                                    |  |
| (a) research and development                              | (126)                              | (397)  |
| (b) product manufacturing and operating costs             | (113)                              | (113)  |
| (c) advertising and marketing                             | (2)                                | (2)  |
| (d) leased assets   | -                                  | -  |
| (e) staff costs   | (533)                              | (943)  |
| (f) administration and corporate costs                    | (245)                              | (877)  |
| 1.3 Dividends received (see note 3)                       | -                                  | -  |
| 1.4 Interest received                                     | 2                                  | 5  |
| 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)                   | -                                  | -  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(850)</b>                       | <b>(1,818)</b>                                 |

|  |     |       |
|--|-----|-------|
| <b>2. Cash flows from investing activities</b> |     |       |
| 2.1 Payments to acquire:                       |     |       |
| (a) property, plant and equipment              | (1) | (1)   |
| (b) businesses (see item 10)                   | -   | (250) |
| (c) investments                                | -   | -     |

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| (d) intellectual property                                 | -                                  | -  |
| (e) other non-current assets                              | -                                  | -  |
| 2.2 Proceeds from disposal of:                            |                                    |  |
| (a) property, plant and equipment                         | 6                                  | 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)                   | -                                  | -  |
| <b>2.6 Net cash from / (used in) investing activities</b> | <b>5</b>                           | <b>(240)</b>                                   |

|   |          |              |
|---|----------|--------------|
| <b>3. Cash flows from financing activities</b>                                  |          |              |
| 3.1 Proceeds from issues of shares  | -        | 2,500        |
| 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 | -        | (165)        |
| 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                                       | -        | 10           |
| <b>3.10 Net cash from / (used in) financing activities</b>                      | <b>-</b> | <b>2,345</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              | 1,821 | 669     |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (850) | (1,818) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | 5     | (240)   |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above)            | -     | 2,345   |

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|---|--|------------------------------------|--|
| 4.5   | Effect of movement in exchange rates on cash held  | (2)                                | 18   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of quarter</b> | <b>974</b>                         | <b>974</b>                                     |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>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<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 974                                | 1,821                               |
| 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>974</b>                         | <b>1,821</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<br/>\$A'000</b> |
|------------------------------------|
| 262                                |
| -                                  |

Payments to directors, include Directors fees, Superannuation on Directors fees and Directors remuneration. The amount includes the final salary payment 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

| <b>Current quarter<br/>\$A'000</b> |
|------------------------------------|
| 33                                 |
| -                                  |

Payments totalling \$32,950 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><br><i>Add notes as necessary for an understanding of the position</i>   | Total facility amount<br>at quarter end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$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                       | 123          |
| 9.2 Product manufacturing and operating costs      | 536          |
| 9.3 Advertising and marketing                      | -            |
| 9.4 Leased assets                                  | -            |
| 9.5 Staff costs                                    | 478          |
| 9.6 Administration and corporate costs             | 340          |
| 9.7 Other (provide details if material)            | 420          |
| <b>9.8 Total estimated cash outflows</b>           | <b>1,897</b> |

**Note:**

*OpenDNA is generating revenue with cash receipts expected in the next quarter which will significantly offset cash outflows.*

*Item 9.7 cash outflows include \$300k one-off acquisition costs for the Blackglass business, which will deliver additional revenue and cash receipts in the next quarter.*

*Item 9.2 includes a portion of payables expected to be reimbursed to the company under the terms of the acquisition agreement.*

*Item 9.7 includes one-off capital raising expenses of \$120k.*

| 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: 30 April 2019

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.