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OPN to Acquire China e-Commerce Business Quality Brands International Direct (QBID)

- **OpenDNA (ASX:OPN) to acquire specialist China market entry and digital marketing company Quality Brands International Direct (QBID)**
- **Acquisition to further extend OPN's RooLife sales channels and marketing capability in China and Australia**
- **Acquisition will rapidly expand OPN's customer and revenue base – QBID achieved FY19 Unaudited Revenue of \$4m**
- **Extended customer base to provide additional opportunities for OPN's Artificial Intelligence System (AIS)**
- **Upfront acquisition price of \$175k to be funded from existing cash holdings with an additional \$492k to be paid in shares in OPN which will be escrowed for 12 months**
- **Delivers synergistic and complementary business with significant new revenue streams**
- **Fast tracks OPN's China Growth Strategy by leveraging QBID's successful sales performance and presence in China since 2015**

Artificial Intelligence (AI) and e-Commerce marketing company OpenDNA Limited (**ASX: OPN**) ("**OpenDNA**" or the "**Company**") is delighted to announce it has reached agreement to acquire China market entry and digital marketing company, Quality Brands International Direct ("**QBID**").

OpenDNA is to acquire 100% of the issued shares in QBID and related body corporates, with the acquisition to deliver immediate additional revenue, complementary and synergistic digital marketing capabilities and immediate sales channels for the Company's RooLife customers.

QBID, which was founded and majority owned by Mr John Kilborn and Mr George Panagios, has been successfully driving e-Commerce sales in China for 4 years, provides a range of comprehensive multi-platform e-Commerce solutions across many major platforms and e-Retailers in China and facilitates traditional B2B distribution for registered imported products in China. Its unaudited financial statements

for FY19 report the company achieved revenue of \$4m, and have projected revenue of \$4.5m for the year ended 30 June 2020, of which the Company will benefit proportionately from the date of acquisition.

QBID's capabilities naturally enhance and extend the services of OpenDNA's RooLife business by adding additional marketing translation, logistics, warehousing, trade regulation and e-Commerce platform marketing experience.



Figure 1: QBID Principals and Founders John Kilborn and George Panagios with OpenDNA Managing Director Bryan Carr together at the recent AliExpo Conference in Sydney.

The consideration payable by the Company for the QBID acquisition is milestone-based and aligned with revenue achievement, with the Company able to fund the acquisition out of its existing cash reserves.

Upon Completion of the acquisition, OpenDNA will pay \$175,000 in cash and will issue \$491,667 in fully paid ordinary shares ("Shares") to QBID shareholders based on an issue price according to the VWAP over the 20 days prior to the date of the term sheet. The issue of Shares will be undertaken under the Company's 15% placement capacity. Further consideration is payable upon achievement of agreed revenue targets as set out in the table below and all Shares issued are subject to voluntary 12-month escrow provisions from date of issue.

Milestones	Cash Consideration	Share-based Consideration
Completion	\$175,000	\$491,667 ¹
<i>Achievement of \$2m in revenue in any 6-month period within 3 years of Completion</i>	\$150,000	\$491,667 ²
<i>Achievement of \$4.5m in revenue in any 12-month period within 3 years of Completion</i>	-	\$1,333,333 ²
Total (based on achievement of all milestones)	\$325,000	\$2,316,667

1. Based on 20-day VWAP prior to term sheet execution. 2. Based on 30-day VWAP prior to share issue.

Managing Director Bryan Carr stated, “OpenDNA has very aggressive growth targets and with a complementary and overlapping customer base and synergistic skill sets with QBID, both we and the current QBID shareholders were immediately attracted to the benefits of working together.

We expect via the acquisition we will be able to immediately and significantly increase our annualised revenue as we expand the range of services we provide to both the QBID and OpenDNA customer base and cross-sell our full suite of products including our Artificial Intelligence System (AIS).

In addition to the above, the Chairman of OpenDNA Grant Pestell commented, “This acquisition is a further example of OpenDNA delivering on our announced strategy to accelerate revenue growth, build out the reach and capability of our RooLife platform in China and expand the customer base for our AIS.”

Mr Pestell further added, “We are delighted to have the principals of QBID, John Kilborn, George Panagios Jonathan Cox and Wesley Gao and their teams joining the OpenDNA group – they bring a wealth of knowledge with 50+ years of high-level, brand relations, China-focussed and healthcare product experience to OpenDNA and RooLife.”

QBID founder George Panagios stated “We are delighted to join the OpenDNA team. There is great synergy and complementarity in our teams, their skillsets, networks and delivery in market both locally and in China. We look forward to building the OPN business together”.

We look forward to continuing to update shareholders of OPN’s progress over the coming weeks and months.

ENDS

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.