



31 October 2019

Quarterly Activities Report and Appendix 4C for the Period Ended 30 September 2019

Quarter Highlights

- September 2019 Quarter Revenue of \$580k (78% of full FY19 revenue)
- Cash Receipts of \$639,000 for the September Quarter
- OpenDNA and Perth Airport entered partnership agreement to provide the RooLife Chinese-language Mobile Shopping platform with payment via WeChat and Alipay - launch to public expected November 2019
- OpenDNA's RooLife system agreed for rollout with iconic tourist destination Lobster Shack to market to and attract Chinese tourists
- Lobster Shack founders agreed to a strategic investment of \$500k in OpenDNA by way of placement, with \$300k cash received post end of Quarter
- OpenDNA announced it would acquire specialist China market entry and digital marketing company Quality Brands International Direct (QBID)
- QBID acquisition progressing and expected to deliver complementary business with additional revenue streams in the December Quarter
- Revenue uplift forecast for Q2 FY20, supported by QBID acquisition and expected sales for China's Singles Day Shopping Festival in November

e-Commerce marketing and 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 30 September 2019 (the "**Quarter**", or "**Reporting Period**").

OpenDNA enables businesses to sell more effectively online, with a focus on the Australian and Chinese markets. The Company's systems optimise online engagement, customer acquisition and direct sales for its customers.

The OpenDNA Group provides fully integrated digital marketing and customer acquisition services, powered by the OpenDNA hyper-personalisation and profiling Artificial Intelligence (AI) System, providing 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.

OpenDNA and 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.

Financial Position

The company collected \$639k in cash receipts in the September Quarter and closed the Quarter with \$1.561m in cash with an additional \$300k received following the end of the Quarter from strategic investor and customer, the Thompson family of the Lobster Shack.

OpenDNA expects an uplift in revenue in the upcoming Quarter as the company expands its customer and revenue base in Australia and China, incorporates the QBID business and looks to drive online sales in China through the November sales period, including Singles Day on 11 November, the world's largest revenue online shopping event.

Business Activity

During the Reporting Period, the Company secured a number of new customers and grew revenue streams across a range of projects. Significant developments during the Quarter included:

- Perth Airport for Duty Free Shopping in Australia and direct sales to China project;
- Frasers Property - Digital Marketing & Online Customer Acquisition
- National Breast Cancer Foundation - Appointed Digital Partner to drive Brand Awareness and Profile
- Announced proposed QBID (Quality Brands International Direct) acquisition;
- Announced WeChat and Alipay Payments Deal with WA tourist destination Lobster Shack.

OpenDNA announced its partnership with Perth Airport and commenced implementation of the Perth Airport RooLife Online Shopping platform to sell Perth Airport's retail products online to Chinese travelers both in Australia and China.

The Perth Airport RooLife shopping platform will be launched in November 2019 in time to service the busy travel and tourist period during December and to meet the shopping demands of the growing number of travelers expected on the new flights direct from Shanghai to Perth commencing in January 2020, which leads into the peak Chinese New Year travel period.

Under the agreement, OpenDNA will provide all services to assist Perth Airport to grow sales to Chinese consumers through the RooLife platform, providing its online licensing for China, system hosting, marketing design, translation, sales promotion and management services to support and drive e-Commerce sales to Chinese shoppers.

Perth Airport is the Western Hub to Australia with approximately 14 million passengers travelling through its terminal annually. The Perth Airport RooLife platform will be marketed to and provide a quick and easy way for Chinese shoppers to purchase Australian products directly from Perth Airport using their mobile phones, with payment using WeChat Pay and Alipay whilst in the airport, and during their travels around Australia or from their home in China.

The platform will be launched in late November 2019 with marketing via the Airport's WIFI environment and placement of the QR Code (below) throughout high-traffic areas and on digital advertising screens. The customer base and associated sales are expected to develop and grow over the next two quarters as customer engagement is optimized following launch.



**Figure 1: Scan to Shop in WeChat
Perth Airport RooLife Shopping Platform**

During the Quarter OpenDNA signed on iconic Western Australian tourist destination, Lobster Shack (www.lobstershack.com.au) to provide marketing and Chinese mobile payment processing to service the Chinese tourism market with first sales expected in the December Quarter.

In addition to the provision of marketing and payment processing services, OpenDNA agreed a strategic \$500k placement of shares in OpenDNA to the Thompson Family, founders of the Lobster Shack restaurant and Indian Ocean Rock Lobster, the seafood processing facility in Cervantes WA exporting live lobsters and a range of seafood products to China and other markets.

RooLife and Lobster Shack plan to strategically work together to:

1. Implement the RooLife China payments processing system (including WeChat & Alipay) into the Lobster Shack;
2. Develop and deliver strategic initiatives aimed at increasing the number of Chinese tourists visiting the Lobster Shack;
3. Deliver Chinese language messaging, marketing materials and mobile applications to optimise ordering and increase sales of Lobster Shack products;
4. Explore additional business opportunities in cross-border transactions and sale of products into China.

On 16 September 2019, the Company announced it had entered into an agreement to acquire China market entry and digital marketing company, Quality Brands International Direct (QBID).

QBID has been successfully driving e-Commerce sales in China for 4 years, providing a range of comprehensive multi-platform e-Commerce solutions across many major platforms and e-Retailers in China and facilitating traditional B2B distribution for registered imported products in China.

Commencing from completion, the acquisition will deliver immediate additional revenue, complementary digital marketing capabilities, enhance OPN's management team and provide immediate sales channels for the Company's RooLife customers.

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.

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.

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 SEPTEMBER 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 | 639 | 639 |
| 1.2 Payments for | | |
| (a) research and development | (125) | (125) |
| (b) product manufacturing and operating costs | (427) | (427) |
| (c) advertising and marketing | (44) | (44) |
| (d) leased assets | - | - |
| (e) staff costs | (549) | (549) |
| (f) administration and corporate costs | (193) | (193) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 2 | 2 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | (62) | (62) |
| 1.9 Net cash from / (used in) operating activities | (759) | (759) |

| | | |
|--|-----|-----|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (5) | (5) |
| (b) businesses (see item 10) | - | - |
| (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 | - | - |
| (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 | (5) | (5) |

| | | |
|---|------------------|------------------|
| 3. Cash flows from financing activities | | |
| 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 | (12) | (12) |
| 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) | 200 ¹ | 200 ¹ |
| | - | - |
| 3.10 Net cash from / (used in) financing activities | 188 | 188 |

¹ Pursuant to the ASX announcement on 16 September 2019, OpenDNA Limited agreed a strategic placement of shares to the Thompson Family, founders of the Lobster Shack and Indian Ocean Rock Lobster to raise **\$500,000**, of which \$200,000 was received in the September Quarter and **\$300,000** was received post the end of the Quarter (in October).

| | | |
|---|-------|-------|
| 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 | 2,093 | 2,093 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (759) | (759) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date \$A'000 |
|---|--|------------------------------------|---------------------------------|
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (5) | (5) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 188 | 188 |
| 4.5 | Effect of movement in exchange rates on cash held | (1) | (1) |
| 4.6 | Cash and cash equivalents at end of quarter | 1,516² | 1,516 |

² Additionally, **\$300,000** was received post the end of the Quarter as the balance of payment related to a strategic placement of shares to the Thompson Family, founders of the Lobster Shack and Indian Ocean Rock Lobster.

| 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 | 1,516 | 2,093 |
| 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) | 1,516 | 2,093 |

6. Payments to directors of the entity and their associates

| | Current quarter \$A'000 | |
|-----|--|-----|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | 244 |
| 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 | |

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

7. Payments to related entities of the entity and their associates

| | Current quarter \$A'000 | |
|-----|--|----|
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | 12 |
| 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 | |

Payments totalling \$12,133 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 | 126 |
| 9.2 Product manufacturing and operating costs | 432 |
| 9.3 Advertising and marketing | 222 |
| 9.4 Leased assets | - |
| 9.5 Staff costs | 707 |
| 9.6 Administration and corporate costs | 254 |
| 9.7 Other (provide details if material) | 397 ³ |
| 9.8 Total estimated cash outflows | 2,138 |

OpenDNA is a **revenue generating business** for which it expects to receive cash receipts in the next quarter and which are expected to markedly offset the estimated cash outflows.

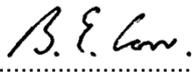
The estimated outflows also include additional expenses associated with the expected operation of QBID Pty Ltd as a wholly owned subsidiary, which will also bring additional cash receipts for associated sales.

³ Inclusive of amounts expected to be paid to settle the acquisition of Blackglass Pty Ltd (as announced 12 April 2019) and the acquisition of Quality Brands International Direct ("QBID") (as announced 16 September 2019).

| 10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above) | Acquisitions | Disposals |
|--|--------------|-----------|
| 10.1 Name of entity | - | - |
| 10.2 Place of incorporation or registration | - | - |
| 10.3 Consideration for acquisition or disposal (paid in current quarter) | - | - |
| 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: 
(Managing Director)

Date: 31 October 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.