



28 November 2019

Acquisition of China e-Commerce Business QBID

- **OpenDNA (ASX:OPN) has executed the definitive Share Purchase Agreement for China market entry and digital marketing company, QBID, with completion pending payment of \$50k in cash and issue of \$492k in shares at \$0.038 (expected within 2 days upon completion of conditions precedent)**
- **\$125k of previously announced upfront acquisition price of \$175k has been agreed to be applied to working capital of QBID**
- **Key additional terms of the acquisition as earlier announced:**
 - **Upon achievement of \$2m in revenue by the QBID business in any 6-month period within 3 years, OPN will pay QBID shareholders \$150k in cash and \$492k in shares in OPN, escrowed for 12 months**
 - **Upon achievement of \$4.5m in revenue by the QBID business in any 12-month period within 3 years, OPN will issue \$1.33m in shares in OPN, escrowed for 12 months**
- **The acquisition rapidly expands OPN's customer, product and revenue base in China with expected revenue contribution from QBID for balance of FY20 forecast to be circa \$1.2 million**
- **Fast tracks OPN's RooLife China Growth Strategy by leveraging QBID's successful sales performance and presence in China since 2015**

Further to its release of 16 September 2019, Artificial Intelligence (AI) and e-Commerce marketing company OpenDNA Limited (ASX: OPN) ("**OpenDNA**" or the "**Company**") is delighted to announce it has executed the definitive Share Purchase Agreement for the acquisition of China market entry and digital marketing company, Quality Brands International Direct ("**QBID**"), expanding the Company's China-focussed digital marketing capability, e-commerce platforms and revenue.

Completion of all conditions precedent to the acquisition is expected to occur within the next 2 days, following which, the issue of \$491,667 in fully paid ordinary shares to QBID shareholders at \$0.038 and payment of \$50k in cash will occur. The remaining conditions precedent are only administrative in nature including change in office holders for QBID.

\$125,000 of the initially announced upfront cash payment is to be applied as working capital to the QBID business with the company to issue 12,938,605 fully paid ordinary shares to satisfy the acquisition with the shares to be issued under Listing Rule 7.1 and subject to voluntary 12-month escrow provisions.

The acquisition extends the services of OpenDNA's RooLife business by adding additional China-based digital marketing, translation, logistics, warehousing, trade regulation and e-Commerce platform marketing experience.

QBID, has been successfully driving e-Commerce sales in China for 4 years across a range of well-established e-Commerce platforms and e-Retailers in China including traditional B2B distribution for registered imported products in China.



Figure 1: OPN's RooLife Expanded Product Range & Revenue Lines with QBID

Partial consideration payable by the Company for the QBID acquisition is milestone-based and aligned with revenue achievement with the Company able to fund the \$50,000 cash acquisition component out of its existing cash reserves.

Future conditional 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	\$50,000	\$491,667 ¹
Achievement of \$2m in revenue in any 6-month period within 3 years of Completion	\$150,000	\$491,667 ²
Achievement of \$4.5m in revenue in any 12-month period within 3 years of Completion	-	\$1,333,333 ²
Total (based on achievement of all milestones)	\$200,000	\$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, "We have been working closely with the QBID team while concluding this transaction and we are delighted to have John Kilborn, George Panagios Jonathan Cox and Wesley Gao and their teams joining the OpenDNA group. "

"We are excited by the opportunities and projects already underway and those expected to be delivered from December 2019 with QBID."

We confirm our earlier guidance that, with the addition of QBID, we are expecting revenue in excess of \$1m in the current quarter and we enter 2020 with an expanded customer, product and revenue base that will contribute to and continue to drive the Company's growth. Based on QBID's updated forecasts, revenue contribution from QBID for the balance of FY20 is expected to be approximately \$1.2 million.

The Chairman of OpenDNA Grant Pestell commented, “The addition of QBID to our group affirms our announced strategy to rapidly build out the reach and capability of our RooLife platform in China, expand the customer base for our Artificial Intelligence systems and most importantly deliver revenue growth as we drive towards our target of profitability.”

QBID founder George Panagios stated “We are delighted to now be part of the OpenDNA group and to be working closely with the OpenDNA team. Together we have an enviable and unique combination of skillsets, networks and delivery capability both locally and in China and with the opportunities ahead of us we are excited by the prospect and to be OpenDNA shareholders.”

We look forward to continuing to update shareholders of OPN’s progress with an expanded capability and customer base for our products.

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.