

31 July 2018

ACTIVITIES REPORT AND APPENDIX 4C FOR QUARTER ENDED 30 June 2018

Highlights:

- Endeavour Drinks Group plans marketing and promotional activities of OpenDNA's Artificial Intelligence powered Drinks Library App
- OpenDNA shortlisted by Oracle Singapore as part of a program that will give the Company access to Oracle's customers and partners
- Progressive discussions with prospective customers across a multitude of sectors
- Research and development activities continue towards formulation and implementation of EU General Data Protection Regulations (GDPR) solution
- Strategic and group-wide review of all expenditure undertaken



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 June 2018.

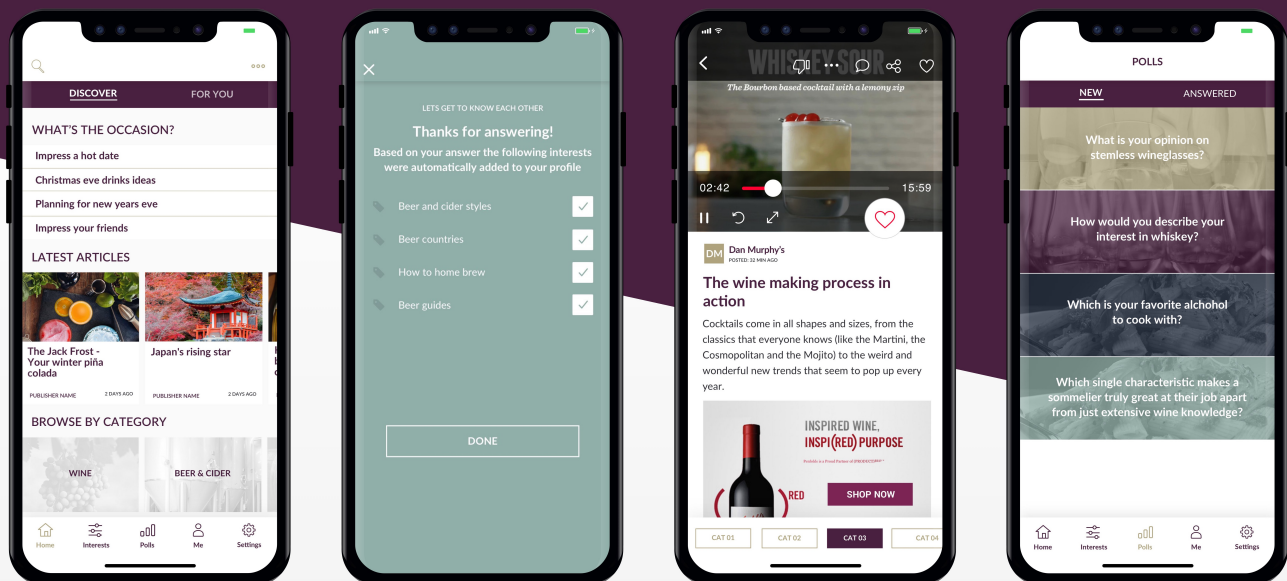
Customer arrangements

Endeavour Drinks Group

As announced by the Company on 5 April 2018, Endeavour Drinks Group ("Endeavour") successfully launched its Drinks Library App, which is powered by OpenDNA's Artificial Intelligence System ("AIS"). Endeavour is operated by Woolworths Limited, which is the owner of the Dan Murphy's, BWS and CellarMasters brands (amongst others).

During the Quarter, Endeavour commenced planning various activities designed to market and promote the Drinks Library App. A marketing campaign due to commence in the Quarter ending 30 September 2018, will target over 3 million of their existing customers providing further information about the App. This, together with other marketing initiatives aimed at a wider audience, is being undertaken by Endeavour to increase awareness and user adoption.

The Company is also in discussions with Endeavour with respect to the next phases of development. All development work will be fully funded by Endeavour and the Company will also generate ongoing revenue through a fixed monthly content sourcing and cataloguing fee as well as variable monthly user subscription fees.



Business Development

Oracle Singapore

During the Quarter, OpenDNA was shortlisted by Oracle Singapore's accelerator program, a next-generation acceleration initiative whereby Oracle Singapore will select 5 companies to work with and foster co-development and co-innovation, throughout all stages of their growth and development.

A total of 306 companies applied for the program. OpenDNA is 1 of 10 companies shortlisted to advance to the next and final round, with the final selection being made in late August 2018.

This is a strong testament to OpenDNA's technology and in its ability to attract the attention of a world class technology company such as Oracle. If selected, OpenDNA will receive several valuable benefits, including:

- ✓ Access to Oracle customers and partners to drive revenue and future growth
- ✓ Access to investors
- ✓ Cloud infrastructure to rapidly scale OpenDNA's AI

Sales Pipeline

During the Quarter, discussions have advanced with a number of prospective customers with respect to adopting OpenDNA's technology. Currently open prospects include companies operating within the Financial Services, Banking, Insurance and Telecoms sectors.

The pipeline of potential customers is robust and the Company will advise the market immediately on entering into any material legally binding commercial arrangements with such prospects.

Other activities

As part of the Company's strategy, it is also in discussions with several well-known global technology brands to form similar relationships to that contemplated with Oracle, that will enable the Company to rapidly expand its global footprint and its potential to attract large businesses as customers for its AI technology.

EU General Data Protection Regulations

As announced by the Company on 26 April 2018, OpenDNA is undertaking various research and develop activities to ensure its AIS, ancillary products and tools comply with the European Union General Data Protection Regulations ("GDPR"). GDPR is a new EU regulation governing consumers' private information, which came into effect on 25 May 2018. This regulation will have a significant impact on how organisations worldwide manage their users' data and privacy.

The introduction of GDPR presents a significant leverage point for OpenDNA. Through the adoption and use of OpenDNA's AIS, customers will not only comply with the GDPR regulations but will also have the ability to understand in real-time their individual user's interests, likes, dislikes, wants and needs. In turn, businesses can use this information to automatically personalise the experiences of the individual user without violating their data privacy rights by essentially giving the user total control over their own data.

Financial position and cash management

As noted in the attached Appendix 4C, the Company held A\$669k in cash and cash equivalents as at 30 June 2018.

During the Quarter, the Board of Directors conducted a strategic review which included a review of all expenditure and, as part of various ongoing cost reduction measures, the Directors continue to defer payment of their fees. To further preserve cash, the Board is considering the potential settlement of amounts owing to the Directors by way of the issue of shares in the Company (which would need to be subject to shareholder approval).

A number of other expenditures have either ceased or reduced, including expenditure relating to full-time employees, external advisors and external service providers.

As the majority of pure development expenditure has been incurred in previous periods, the cash burn has already been reduced accordingly. However, these additional cost reduction measures, together with a strategic review that is currently being undertaken, will ensure the Company continues to operate in an efficient manner.

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

"The Quarter has involved rationalising and optimizing internal functions as the main phase of development is now complete. In parallel to this we continue to develop a strong sales pipeline in banking, telecoms and other industry sectors and work towards forming strategic partnerships with global technology companies to ultimately drive revenue.

The changes in the world's view of data privacy have aided in organizations ramping up their interest in and use of AI technology to help automate a number of these tasks, as well as to provide greater insights into their customers without violating their data privacy.

OpenDNA will update the market in due course as agreements are finalized and work commences with customers."

ENDS

For further information, please visit the OpenDNA website at opendna.ai or contact:

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About OpenDNA Limited

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

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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	18	115
1.2 Payments for		
(a) research and development	(293)	(1,427)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(102)	(823)
(f) administration and corporate costs	(211)	(1,307)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	343
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(587)	(3,087)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(9)
(b) businesses (see item 10)	-	-
(c) investments	-	-

+ See chapter 19 for defined terms

1 September 2016

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Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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)	-	-
2.6	Net cash from / (used in) investing activities	-	(9)
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	-	-
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	-	-
3.10	Net cash from / (used in) financing activities	-	-
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	1,273	3,748
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(587)	(3,087)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(9)

+ See chapter 19 for defined terms

1 September 2016

Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	17	17
4.6	Cash and cash equivalents at end of quarter	669	669

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	669	1,273
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)	669	1,273

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

**Current quarter
\$A'000**

-

-

As part of an ongoing group wide cost reduction plan conducted by the Board of Directors, the Directors deferred their remuneration entitlement during the quarter. Deferred remuneration may be settled by the issue of securities in the future, subject to shareholder approval.

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

**Current quarter
\$A'000**

-

-

N/A

Quarterly report for entities subject to Listing Rule 4.7B

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	144
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	55
9.6 Administration and corporate costs	146
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	345

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	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Quarterly report for entities subject to Listing Rule 4.7B

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: 31 July 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.