

18 September 2017

OPERATIONAL UPDATE

Highlights:

- Rollout implementation of OpenDNA's proprietary technology with existing customers in key market sectors, including:
 - Endeavour Drinks Group
 - Looker
 - Future Mobile Technology
- Advanced discussions with significant enterprise clients in:
 - Telecommunications
 - Marketing intelligence
 - Fintech
- Progressive and ongoing development and release of technological innovations designed to improve uptake of OpenDNA services and to drive compelling use case
- Growing customer and wider market recognition of the importance of personalisation of content

Leading artificial intelligence company OpenDNA Limited (ASX: OPN) ("**OpenDNA**" or the "**Company**") is pleased to provide the market with the following operational update as to recent and forthcoming activities concerning the Company's progress across various aspects of its business.

Industry focus

As previously announced, OpenDNA's strategy to drive customer uptake and awareness of the benefits of its personalisation technology has been underpinned by a focus on certain key industries which the Company has identified as core initial target sectors.

Those industries, which include:

- publishing and news;
- telecommunications;
- sports, recreation & leisure;
- e-commerce; and
- business intelligence and analytics,

were chosen by the Company as being sectors having substantial global customer numbers and ongoing growth potential, a high degree of consumer interaction and the propensity, in OpenDNA’s view, to benefit heavily from the personalisation insights generated by the Company’s technology.

OpenDNA has, since its listing on ASX in November 2016, actively pursued engagement and uptake with organisations operating in these areas, as well as continuing to work on innovations designed to enable businesses in those industries to maximise the practical benefits they can obtain from the Company’s Artificial Intelligence (“AI”) technology.

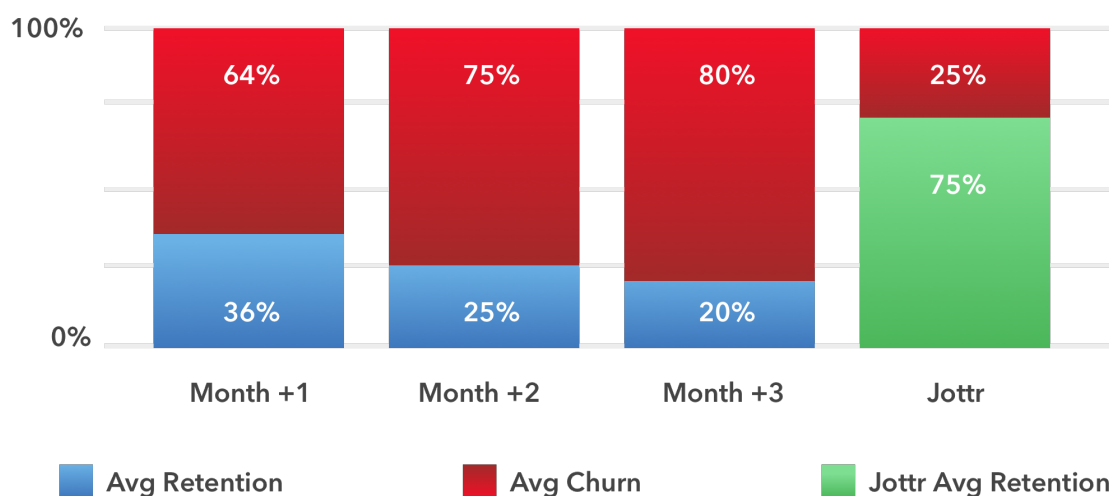
The Company has successfully demonstrated the potential of its technology to, and secured, customers in each of the above sectors. Details of the progress of those customer arrangements are set out in the balance of this operational update.

Product rollout

Active Applications

Pursuant to binding customer agreements, OpenDNA-powered software applications (“Apps”) have been designed, built and released for US-based online sports blogging website SportsBlog and luxury goods and activities publication Robb Report (Australian edition). Those Apps have generated positive results on retention and user engagement.

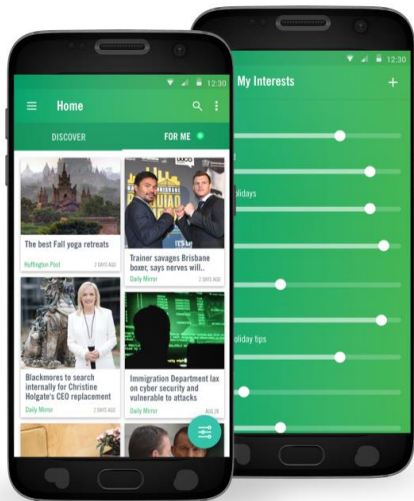
Engagement and retention data for these Apps demonstrate a positive trajectory in performance. With engagement figures of 14 articles per session and 8 minute session times (compared to an industry average of 6 minutes for a news App), plus a returning user retention figure of 75% (compared to an estimated industry average, as per the graph below, of 20% over the first 3 months following launch of a news App), the metrics signal a validation of the Company’s personalization technology.



Results derived from a study undertaken in 2016 by Localytics, which was conducted over a period of 6 months across more than 37,000 Apps servicing a range of industries.

In addition, the Company's proprietary app *Jottr* has been updated recently with the release of an enhanced version. Available in its own right in both iOS and Android formats (in the Appstore and Play Store, respectively), Jottr also contains the basis of white-label architecture which can be customised for particular OpenDNA customer applications.

The newly-released Jottr App features "native ads" from Facebook and can provide users with content from over 250,000 sources on topics such as entertainment, medicine, technology, sports, world news, finance and more.



Originally launched in iOS form in January 2016, the Jottr App has delivered and continues to deliver clear evidence of the benefits of the Company's innovative technology and its ability to provide an enhanced user experience.

Jottr has also been featured in the Appstore on several occasions since its launch.

Since January 2016, Jottr usage statistics have shown an average user session time of **11 minutes and 26 seconds**, with users reading 13 news stories on average, as depicted below.

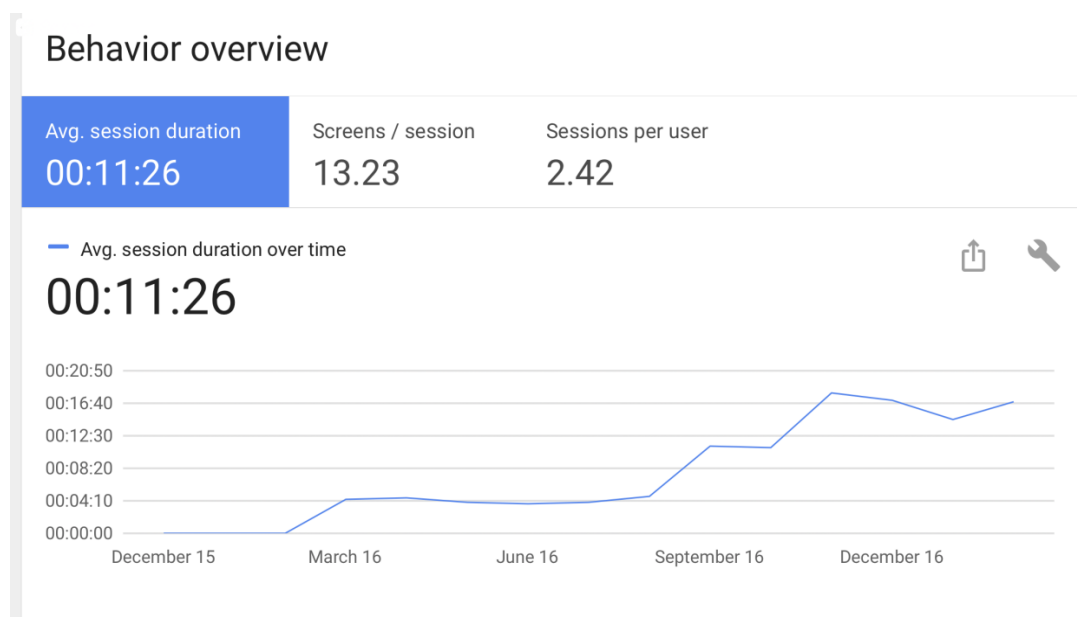


Fig: Analytics Screenshot from Google Analytics for Jottr iOS

The industry average for mobile session length in media and entertainment is 5 minutes and 59 seconds (Source: Statista). Jottr shows twice the industry average in usage, as depicted below.

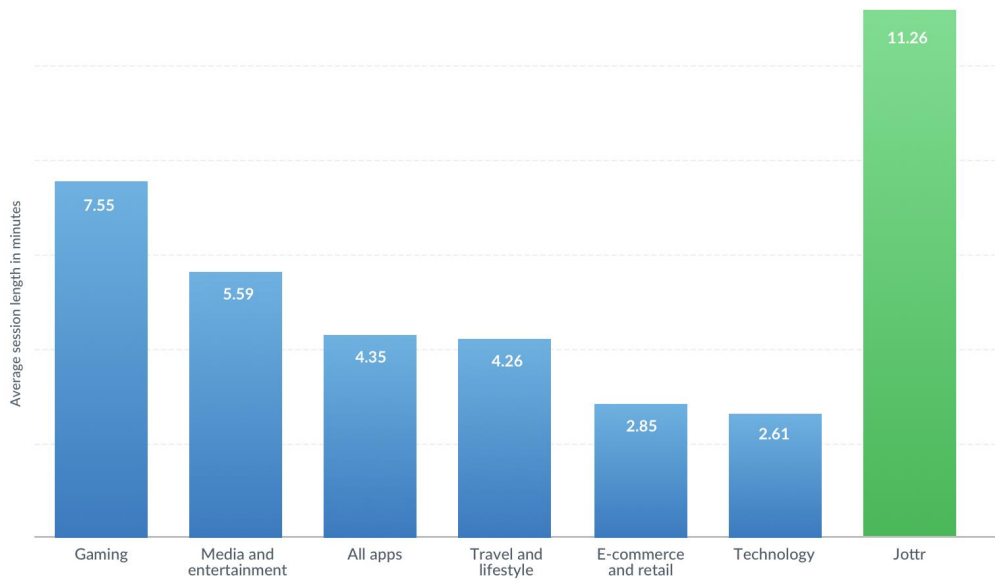


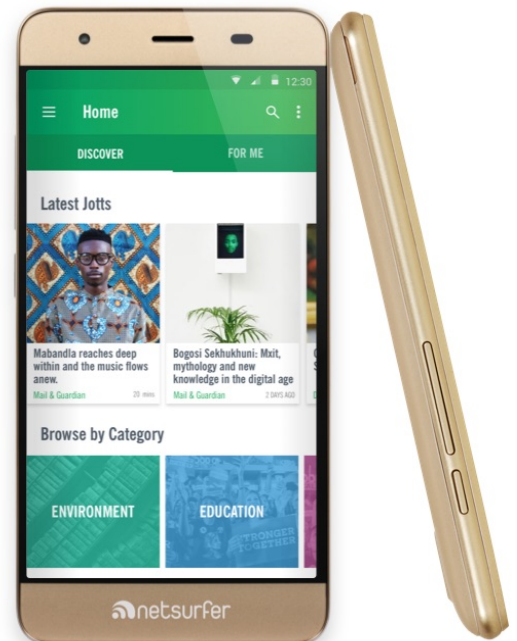
Fig: Average session length of Jottr vs industry standard

Products under development

In late June, OpenDNA announced the signature of a binding arrangement with innovative Android handset and tablet manufacturer and provider Future Mobile Technology (“FMT”), whose brands include the popular *Netsurfer* brand of smartphones (with over 500,000 users).

The agreement with FMT contemplates that a version of the Company’s Jottr App will be pre-loaded onto new Netsurfer handsets (subject to Google’s certification), enabling personalised content to be delivered automatically to the handset user from the moment they buy it.

The App has been submitted for release and is awaiting readiness of revised versions of the Netsurfer range for customer release (expected in Q4 2017), so that it can be uploaded to those devices.



The arrangements with FMT entitle OpenDNA to revenue which is based on a 50% share for all advertising within the App, and as the user base increases so will the revenues.

The FMT agreement potentially opens up a massive market sector to the Company in terms of the opportunity to deploy its technology within the Android hardware sector (which comprises more than two billion monthly active users in the mobile handset

space), paving the way forward for OpenDNA to deliver the “Internet of Me” experience to every customer in the future.

Equally importantly, OpenDNA is currently in the process of developing an AI-powered, personalised content & commerce App for the Woolworths-owned Endeavour Drinks Group, one of Australia’s largest retail liquor businesses and owner of the Dan Murphy’s, Liquor Barons and CellarMasters brands. The agreement with Endeavour illustrates the recognition by a market-leading, forward-thinking business of the exciting possibilities afforded by OpenDNA’s personalisation technology, a position echoed by Westpac in awarding the Company a place earlier this year amongst its *Businesses of Tomorrow*.



Under its agreement with Endeavour, OpenDNA will generate revenue from development / implementation work undertaken by it, as well as in connection with usage-based licensing fees once the App is launched. This arrangement constitutes OpenDNA’s first agreement with an e-commerce customer and the Company intends to continue to focus on that sector in coming months, to drive additional customer uptake from e-commerce businesses locally and internationally.

Technology improvements and innovations

Integration of advertising capability

As early as December last year, OpenDNA commenced putting in place arrangements with leading suppliers of advertising inventory, capability and technology, so as to bolster its offering to publisher customers in particular.

The strategy behind this initiative was to enable OpenDNA to provide not only highly accurate psychographic insights in relation to each specific reader (enabling content to be provided to them based on a detailed understanding of their likes, dislikes and interests), but also for the Company to serve as a “one-stop shop” for publishers, through which advertising content could also be sourced and displayed to those readers.

The Company's initial agreement with US-based MediaFuse was supplemented in March with agreements with market-leading providers Facebook and Fyber, with the Facebook relationship in particular giving OpenDNA the ability to integrate "native advertising" technology into its offerings (enabling ads to be displayed in a seamless manner within other App or website content, free of breaks or other inconsistencies).

As mentioned above, OpenDNA recently launched an enhanced version of its Jottr "smart App" in both iOS and Android formats, which benefits from native advertising capability as well as access to thousands of content sources and serves as a demonstration of the Company's technology which can be readily adapted for specific customer requirements.

Release of SDK in Android format

The Company has recently released for public use its Software Development Kit ("**SDK**") in Android format. Public release of the OpenDNA SDK means that developers can easily integrate the Company's technology into new Apps. Together with the public availability of OpenDNA's proprietary App Jottr, this initiative promotes the ease with which OpenDNA's technology can be adopted by businesses and integrated into their environments, enabling the immediate delivery of enhanced and personalised insights regarding their users or customers.

IRIS web content extraction tool

A further innovative technology released recently by OpenDNA is its IRIS "neural network" web content extraction tool. Launched in late July, this tool has already been deployed onto the OpenDNA AI engine and OpenDNA expects it to generate a meaningful uplift in accurately contextualizing content which in turn will provide users with far greater control over the content that they wish to engage with.



The IRIS tool intelligently separates out dilutive, noisy data (such as advertisements or other non-core information) surrounding the relevant key content from a web page, to increase accuracy of OpenDNA's content personalization algorithms.

Previously a complex business issue and a potential cause of inaccuracy in connection with personalization, OpenDNA has created its own proprietary tool to solve this issue and is also leveraging it as a further limb of (and valuable point of difference in relation to) its overall AI solution to customers.

Synapse data visualisation system

Finally, as announced last week, OpenDNA has completed development of Synapse, the first version of its own data visualization system, including a comprehensive "dashboard" which will help businesses better understand their customers and which will provide the Company's AI insights in a form that they can act on, in real-time.



Work in progress

Over the last six months, OpenDNA has focused on customers in the following sectors:

- **Business Intelligence and Analytics:** Having established a "co-promotion, co-selling" relationship with one of the darlings of the Silicon Valley, Looker, Inc. (an emerging leader in business intelligence), OpenDNA has now successfully integrated its technology into Looker's digital platforms and is now commencing discussions with Looker's customers to market the ability to deliver AI-powered psychographic insights to them by way of augmentation of the services they receive from Looker.

In addition, with that technology integration successfully completed, Looker's salesforce are now able to promote and sell OpenDNA services when pitching their platform to prospective customers and upselling existing customers.

The sales and marketing process will be done in stages in order to ensure that the integration with Looker's customer base is done swiftly and without any disruption to their internal technical teams.

- **Marketing Intelligence:** There are a number of companies that power marketing insights and outbound communications for enterprises. OpenDNA is devising a pilot to enhance the service offerings of a number of marketing intelligence organisations based in the United States.

Further information will be released to the market once proofs of concept are launched.

- **Telecommunications:** OpenDNA has been undertaking ongoing analysis of ways in which large telecommunications companies can optimise customer success communications to reduce churn of high-value, at-risk customers with the use of psychographics.

Working with a leading business in the industry, OpenDNA is developing specific tailored solutions to demonstrate how the same business, facing seemingly the same customer service issue, can achieve far higher subscriber retention success with the use of psychographics which capture and map the intent of subscribers at an individual level. Further information on this initiative is also expected to be released in due course.

- **Fintech:** OpenDNA is in discussions with several financial services companies to leverage psychographics in optimizing their monetization systems. Proving the benefits of using psychographics in driving higher revenue by understanding the personality of the user is one of OpenDNA's focus areas for the Fintech vertical.

Building awareness of personalised AI

The Board believes that psychographic insights will be a key "win theme" for the Company as it engages with more and more leading businesses and strategic customers. Few, if any, competitors have OpenDNA's AI-driven approach to personalisation and, coupled with the additional practical tools and innovations which have been developed by the Company and are included in its overall offering, it provides a compelling use case for businesses of all sizes and across a broad range of industry sectors.

While simple rule-based engines, which are employed by various other organisations, can deliver moderately accurate profiles of a user's interests, crunching big data to ascertain personality attributes - which can in turn be used to solve more complex business problems such as how to predict behaviours and understand intentions behind behaviours - is dramatically higher-value technology.

The Company is in discussions with several organisations regarding trialling this type of technology, which can be delivered via OpenDNA's AI system and algorithms, on real use

cases such as predicting churn of high-risk, high-value customers and optimizing monetization opportunities for high-value users.

OpenDNA also continues to work towards increasing understanding levels in the wider market and within key prospective customer sectors regarding the use of AI and machine learning to better understand individuals and deliver enhanced experiences and outcomes to them. Over the last six months the Company's Managing Director and CEO, Mr Jay Shah, has been invited to speak at a number of significant events across the globe, some of which include:

- CASBAA summit conference (Singapore, March 2017)
- Vodafone *"Deep Dive on Artificial Intelligence and Machine Learning"* (London, June 2017)
- Spark Plus *"ASX-Small Cap Growth Day"* (Singapore, August 2017)
- Wholesale Investor *"Singapore Emerging Company Investor Evening"* (Singapore, Aug 2017)
- *All That Matters* conference (Singapore, September 2017)
- APP Securities Pty Limited's *"NAB Technology Lunch"* (Sydney, September 2017)
- Sky TV interview with business commentator, Peter Switzer (Sydney, September 2017)
- Red Leaf Securities *"Technology Lunch"* (Sydney, September 2017)
- AI Summit (Singapore, October 2017)

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