

## BOARD & MANAGEMENT

**Wayne Zekulich**  
Non-Executive Chairman

**Peter Gibbons**  
Managing Director

**Darren Bromley**  
Executive Director / CFO  
Company Secretary

**Duncan Anderson**  
Executive Director / CTO

**Danielle Lee**  
Executive Director

**Sean Adomeit**  
Chief Operating Officer

## CAPITAL STRUCTURE

Ordinary Shares	193.8 million
Options	2.9 million
Performance rights	14.8 million

## MARKET CAPITALISATION

\$31.0 million (at \$0.16 per share as at 22 February 2021)

## 52 WEEK SHARE PRICE RANGE

\$0.13 - \$0.44

## CASH (as at 31 Dec 2021)

\$6.48M

## TOP 20 SHAREHOLDERS

70.42% as at 31 December 2021

## CONTACT

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PO Box 896 Claremont WA 6910

ABN: 75 612 329 754

# Half-Year Report and Results

Australian property technology ('PropTech') company, Openn Negotiation Limited (ASX: OPN), ('Openn' or 'the Company'), in accordance with Listing Rule 4.2A.3, is pleased to announce the Interim Financial Report and ASX Appendix 4D for the six months ended 31 December 2021.

This information is to be read in conjunction with the annual report for the year ended 30 June 2021.

**This announcement is authorised for market release by the Board of Openn Negotiation Ltd.**

**ENDS**

## Further information:

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Managing Director  
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## About Openn Negotiation

Openn Negotiation Limited (ASX: OPN) is an Australian property technology ('PropTech') company offering a proprietary cloud-based software platform to support real estate agents in selling property online with greater transparency.

The Openn platform facilitates a negotiation process, featuring streamlined digital contracting and automated communication tools, which enhances a property transaction. The solution provides buyers with real-time feedback through their device on how much competition exists and where their price stands in the negotiation, resulting in an optimal sales outcome.

## Appendix 4D – Half-Year Financial Report

The Board of Directors present the half year report together with the financial results of the consolidated entity (Group), being Openn Negotiation Limited (formerly Appwell Pty Ltd) and its controlled entities, for the half year ended 31 December 2021.

### Results for announcement to the market

Financial results	31 Dec 2021 \$	31 Dec 2020 \$	Up / Down	Change \$	%
Income and investment returns from ordinary activities	656,045	510,797	Up	145,248	28.44
Loss from ordinary activities after tax attributable to members	(3,266,400)	(626,524)	Up	(2,639,876)	(421.35)
Net loss for the year attributable to members	(3,266,400)	(626,524)	Up	(2,639,876)	(421.35)
Cents per ordinary share (loss)	(1.74)	(0.50)	Up	(1.24)	(248.00)

### Commentary on the result is outlined in the directors' report.

Dividends	31 Dec 2021 \$	31 Dec 2020 \$	Up / Down	Change \$	%
Paid or declared	Nil	Nil	-	-	-

No dividends have been declared or are payable for the half year ended 31 December 2021. The Group does not have any dividend reinvestment plan in operation.

Net tangible asset per share	31 Dec 2021 \$	30 Jun 2020 \$	Up / Down	Change \$	%
Cents per ordinary share	0.0310	0.0007	Up	0.0302	4,097

**Details of entities over which control was gained or lost** The Company established a wholly owned subsidiary in the United States of America as part of its expansion plan into overseas jurisdictions.

**Details of associates and joint ventures** The Company did not create any associates or Joint Ventures during the reporting period.

**Other significant information** On 21 July 2021 the Company completed its listing on the Australian Securities Exchange. The Company issued 45,000,000 fully paid ordinary shares at an issue price of \$0.20 per share to raise \$9,000,000 (before costs).

**Compliance statement** This report is based on the consolidated financial statements for the half year ended 31 December 2021 which have been reviewed by our auditor HLB Mann Judd (WA) Partnership.

The report is not subject to any modifications to the review opinion.

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**OPENN NEGOTIATION LIMITED**

ABN 75 612 329 754

**Interim Financial Report**

**For the half-year ended 31 December 2021**

[www.openn.com.au](http://www.openn.com.au)

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## CORPORATE DIRECTORY

### Board of Directors

Wayne Joseph Zekulich	Non-Executive Chairperson
Peter John Gibbons	Managing Director
Duncan Royce Anderson	Executive Director
Darren Michael Bromley	Executive Director
Danielle Marguerite Lee	Non-Executive Director

### Company Secretary

Darren Bromley

### Registered Office

c/- BDO  
38 Station Street  
Subiaco WA 6008

### Principal & Registered Office

Level 1, 4 Stirling Road,  
Claremont WA 6010

### Contact Details

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[www.openn.com.au](http://www.openn.com.au)

### Share Registry

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth, WA 6000

### Auditors

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
Perth WA 6000

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## DIRECTORS' REPORT

The Board of Directors present their report together with the financial statements of the consolidated entity (**Group**), being Openn Negotiation Limited (**Openn** or the **Company**) (formerly *Appwell Pty Ltd*) and controlled entities, for the half-year ended 31 December 2021.

### Directors

The names of the Directors of the Company in office during the half-year and to the date of this Report are:

Wayne Joseph Zekulich	-	Non-Executive Chairperson
Peter John Gibbons	-	Managing Director
Duncan Royce Anderson	-	Executive Director
Darren Michael Bromley	-	Executive Director
Danielle Marguerite Lee	-	Non-Executive Director

### Principal Activities

Openn Negotiation Limited (**ASX:OPN**), (**Openn, Group** or **Company**) is an Australian property technology (**PropTech**) company offering a proprietary cloud-based software platform to support real estate agents in selling property online with greater transparency.

The Openn platform facilitates a negotiation process, featuring streamlined digital contracting and automated communication tools, which enhances a property transaction. The solution provides buyers with real-time feedback through their device on how much competition exists and where their price stands in the negotiation, resulting in an optimal sales outcome.

The Group's Australian and New Zealand (**AU/NZ**) operating entity, Openn Pty Ltd, operates the Platform which enables the sale of real estate electronically utilising the exclusive Openn Negotiation Process. On 30 August 2021, the Group launched Openn Offers to provide another real estate sales method which follows a typical private treaty sales process, enhanced by the benefits of the Openn platform, such as increased buyer transparency, faster digital contracts and automated communication capabilities. Openn's vision is to provide agents with the ability to use the Openn Platform to conduct any method of sale.

The business currently services the AU/NZ property markets, with an expansion into the North American market currently underway.

The Company's initial public offering (**IPO**) on the Australian Securities Exchange (**ASX**) came after raising the maximum \$9,000,000 through the issue of 45,000,000 shares at \$0.20 per share, under the fully underwritten prospectus lodged in May 2021.

### Operating and financial review

#### Operating Results

The Group continued to develop its core technology platform and establish its network of clients to increase sales throughout the period. The results of these activities are set out in the Statement of Profit or Loss and Other Comprehensive Income below. The Group incurred a loss of \$3,266,400 (31 December 2020: Loss \$626,524) as a result of continued investment in developing the technology, increase in overhead costs relating to establishing new locations overseas and within Australia and increasing labour costs to support the expansion programme.

#### Review of Operations

##### Highlights

- **Openn Negotiation successfully listed on the ASX on 21 July 2021 via a fully underwritten and oversubscribed IPO**
- **Rolling 12-month growth in uploads is 111%, which compares favourably to the 71% annual growth rate required to meet 5% target market share as stated in the 2021 AGM**
- **Openn North America Inc. incorporated and appointment of North American personnel**
- **Patent accepted in USA, creating a strong legal pathway to protect investment in USA market entry**
- **US pilot program commenced with Broker Agreements executed ahead of program launch**
- **Calendar Q1, 2022 will be focused growing industry relationships to formalise partnerships with existing channels to market in key regions across Canada and the USA**
- **Introduction of 'Openn Offers', a private treaty product with rapid training growth and uploads**
- **Invited into REACH Canada Accelerator program, with investment from the National Association of Realtors venture arm, Second Century Ventures**
- **Commenced expansion of Australian east coast market access capabilities**
- **Partnerships with First National, RE/MAX and the Professionals**

The Openn platform was built from the ground up to service all forms of real estate sale. The platform is designed to allow sellers and agents to choose the method of sale that fits best for their property. Each option offers varying levels of transparency to buyers, while providing a full digital contracting and real time communication experience to all participants.

Since the initial launch in 2017, the group has followed a well-established process to confirm market viability across all Australian states and in New Zealand. That process has recognised a genuine market problem exists, the Openn platform solves the problem, and the value proposition is sufficiently compelling for people to pay for it.

# DIRECTORS' REPORT

## Operating and financial review (continued)

Openn continued to develop its core technology platform and establish its network of clients to increase sales and uploads to the Openn platform throughout the year. Rolling 12-month growth in uploads is 111%, which compares favourably to the 71% annual growth rate required to meet the 5% market share target as stated in the 2021 Annual General Meeting. During Q2, the business continued to focus on executing its growth blueprint centred around three core objectives.

1. **Adoption** - growing Openn listing penetration to >5% Total Addressable Market (residential) by June 2024. At this stage of the business evolution, driving agent adoption and vendor awareness/ consideration is the primary focus. Achieving critical mass has been identified as a pathway to larger market opportunities via monetising data assets.
2. **Ecosystem** - Establish meaningful partnerships with synergistic PropTech and agent ecosystems. Continue developments to embed Openn into the existing agent workflows and limit barriers to adoption.
3. **Data** - develop data as an asset and tool to enhance value exchange between users and partners.

Openn Offers, Openn's online private treaty solution, launched in September 2021 and accounted for 30% of total uploads in Q2 FY22. Encouragingly, this growth has not been at the expense of Openn's auction offering - Openn Negotiation, which has also grown in volume.

The total number of agents trained and certified was 4,521 at 31 December 2021 and continues to grow.

The Company has continued its program of canvassing the market to attract high calibre senior resources with an intent to strengthen our eastern states presence and capacity to execute market expansion plans.

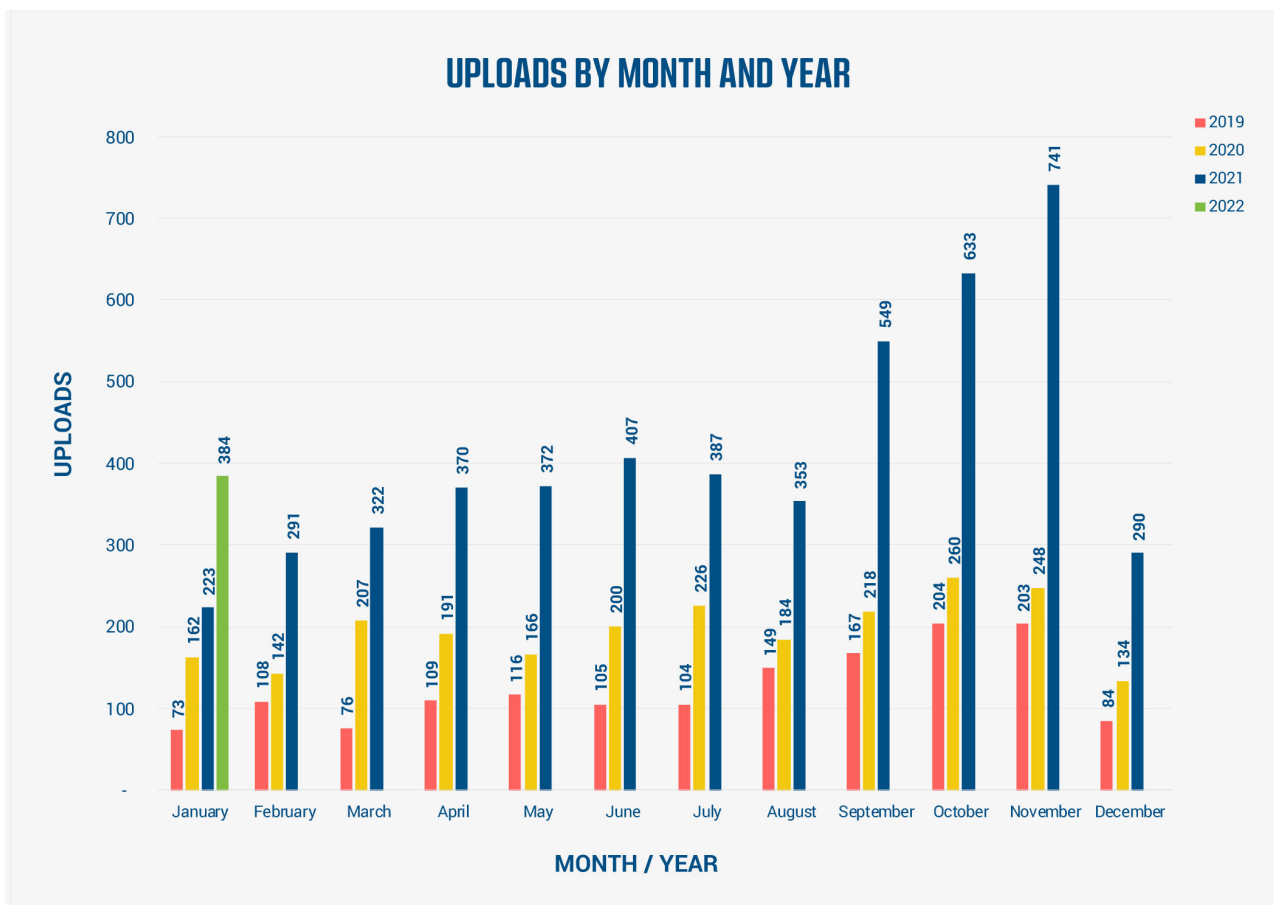


Figure 1: Growth in number of uploads per month on the Openn platform up to 31 January 2022

The Group's US subsidiary, Openn North America Inc. runs the USA and Canadian operations. The first USA pilot version of the technology was released in November 2021.

The US and Canadian real estate transactional process typically involves buyers' agents and sellers' agents. Some states require buyers' agents to be involved. Others are optional. In order to provide fair access to listings for all buyers' agents in an area, the market in that area is semi-regulated by a Multiple Listing Service (MLS). This creates two opportunities for products like Openn.

- MLS organizations and related technology providers, offer mature channel to market access for new entrants with solutions aligned to their needs; and
- Each certified Openn agent, when they list a property using Openn, will introduce the platform to the multiple buyer agents participating in that sale negotiation. This creates a natural lead generation alignment for buyers agents and the environment for viral take up of the Openn platform.

# DIRECTORS' REPORT

## Operating and financial review (continued)

Each MLS maintains an online database of listings within its jurisdiction, providing access to its broker members and other technology providers to download and present data to consumers via their own platforms. Larger MLS organisations provide educational and other services to their members.

They are key participants in the real estate market and ideal partners for at a minimum data access. Larger MLS organisations are also potentially important partners to assist with promotion and delivery at scale.

### Key achievements to date in North America

- Hiring of Eric Bryant as Director of Operations. An experienced, well known and well-connected PropTech expert. Along with the engagement of market entry strategists, and sales staff. Subsequent the December quarter, but prior to release of this report, Openn has completed the hiring process for four additional key resources in product, sales and expanded the engineering team to support North American enhancement and integration needs.
- Brokers from Re/MAX in Massachusetts and Century 21 in Connecticut have been testing the initial US pilot version.
- MLS data access agreements have been executed with two MLS organisations covering the initial pilot states.
- Enhancements, including integration to each pilot MLS, have been designed and developed for release in the March 2022 quarter.
- The pilot process has been very helpful in identifying the core value proposition for US market participants and the priorities for product enhancement ahead of market launch.

Openn's go-to-market strategy is largely complete and Openn remains on track to target a commercial launch in North America during the first half of calendar year 2022.

During the reporting period, the company began discussions with key MLS groups, industry associations, brokers and technology providers to the market. The key emerging theme is the consumer and regulatory demand for transparency, and the impact on agent efficiency caused by regulatory oversight pressures, which are uniquely addressed by the Openn platform.

The Company's efforts in calendar Q1, 2022 will be focused on leveraging these themes and growing industry relationships to formalise partnerships with existing channels to market in key regions across Canada and the USA.

### High level North American market metrics:

	USA	Canada
Multiple Listing Services	531	18
Real Estate Boards / Associations	1,108	62
Realtors (Agents)	~1.5m Active NAR <sup>1</sup> members	~141,000 Active CREA <sup>2</sup> members
Residential Sales (New & Existing 2020)	~6,400,000	~550,000

1. National Association of REALTORS®.
2. Canadian Real Estate Association

### MLS Statistics

- Largest 20 MLSs in US account for 50% of all MLS subscribers
- Largest 75 MLSs (14%) account for 80% of all 1.7M MLS subscribers
- Smallest 45% (248 MLSs) have 400 or less subscribers

### REACH Canada 2022 Accelerator Program

During the half year, Openn, through its wholly owned subsidiary, Openn North America Inc. was selected and invited by REACH Canada Accelerator Ltd (REACH) (a Second Century Ventures company) to participate in the esteemed 2022 Accelerator Program.

Openn is the first company to be invited into multiple REACH programs internationally, an encouraging indicator of the appetite for more transparent and efficient methods of sale in real estate on the global stage.

Second Century Ventures (SCV) is a venture capital fund focused on promoting innovation in the real estate industry and helping to enable the entrepreneurial spirit of real estate thrive. SCV has been fully capitalised by the National Association of REALTORS® in the USA.

REACH helps accelerate and grow promising new technology companies in the real estate and adjacent industries through an intensive event-based program. REACH Canada leverages a community of real estate industry executives, investors, developers, mentors and entrepreneurs, along with the global REACH Accelerator network.

The Group will measure the value of Openn's participation in this program by the market reach enabled and its impact on the level of investment required to enter the market. Partnerships initiated through or assisted to conclusion by the REACH program are expected to promote the success of market entry in Canada and be very helpful in significantly reducing the marketing investment needed.



# DIRECTORS' REPORT

## Operating and financial review (continued)

### Openn Negotiation compared with Openn Offers - a New Private Treaty Solution

The Group will continue focusing on implementing its strategic plan for the continued development and expansion of the Openn platform.

'Openn Offers' was released as a trial to selected agents in May 2021. The new offering adopts a traditional private treaty sales process which is enhanced through improved transparency for buyers, streamlined digital contracting and automated communication tools.

The product officially launched in September 2021 and immediately demonstrated outstanding results contributing to a 56% increase in uploads compared to the previous month (August 2021). While the product was launched into the market at no cost for an initial promotional period to drive scale, the Group is pleased to see sustained growth in the use of the Openn Negotiation product.

### Core Data Services

During the reporting period, the Group reached a statistically significant market share of residential property sales in Darwin and several regional NSW markets.

During Q2 FY22, we commenced or evolved several initiatives designed to demonstrate the value in our unique depth of market data. Including:

- The development of the Openn Buyer Index. This tracks the changes in the level of competitive support for properties sold over time;
- Buyer pattern analysis. For example, whether local or interstate buyers behave differently and how offer strategies impact success;
- Tracking unmet demand. Understanding the level of unmet demand for different property types at different price points.

Leveraging Openn data to bring more value to buyers, sellers and agents will be a key focus of the company in the first half of calendar 2022.

### Significant changes in the state of affairs

There have been no significant changes to the Company's state of affairs during the half year.

### Events Subsequent to Reporting Date

On 9 February 2022, Pental Group Limited ceased to be a substantial holder of ordinary shares on Openn Negotiation Ltd.

On 10 February 2022, 479,631 ordinary shares classified by ASX as restricted securities subject to ASX escrow were released from restriction.

On 14 February 2022, Mr Sean Adomeit was appointed Chief Executive Officer of Openn Pty Ltd, the Company's 100% controlled operating subsidiary for Australia and New Zealand.

No other material subsequent events have occurred from balance date to the date of this report.

### Auditor's independence declaration

The auditor's independence declaration under section 307C of the Corporations Act is set out on page 5.

This report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors.



**Wayne Zekulich**  
**Non-executive Chairperson**

Dated this 22 February 2022



Figure 2: Openn Negotiation versus Openn Offers

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of Openn Negotiation Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia  
22 February 2022

**B G McVeigh**  
Partner

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**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Revenue	3	656,045	510,797
Other Income	3	376	63,522
Advertising and marketing expenses		(203,304)	(145,834)
Employment expenses	3	(1,908,287)	(639,106)
Consulting expenses		(185,879)	(24,275)
General and administration expenses	3	(1,263,288)	(172,103)
Occupancy costs		(11,192)	(15,633)
Financing expenses		(2,151)	(36,413)
Technology expenses		(348,720)	(167,479)
<b>(Loss) before income tax expense</b>		<b>(3,266,400)</b>	<b>(626,524)</b>
Income tax (expense) / benefit		-	-
<b>(Loss) after tax from continuing operations</b>		<b>(3,266,400)</b>	<b>(626,524)</b>
<b>Other Comprehensive Income</b>			
Items that may be realised through profit and loss			
Exchange differences on translation of foreign operations		2,945	-
<b>Other comprehensive income for the period, net of tax</b>		<b>2,945</b>	<b>-</b>
<b>Total comprehensive (loss) for the period attributable to:</b>			
Owners of the Company		(3,263,455)	(626,524)
<b>Loss per share attributed to the owners of the Company</b>			<b>RESTATED</b>
Basic (loss) per share (cents)		(1.74)	(0.50)
Diluted (loss) per share (cents)		(1.74)	(0.50)

The accompanying condensed notes form part of the consolidated financial statements.

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

		DEC	JUNE
	Note	2021 \$	2021 \$
<b>Current assets</b>			
Cash and cash equivalents	4	6,483,070	566,370
Other receivables and assets	5	163,200	290,120
<b>Total current assets</b>		<b>6,646,270</b>	<b>856,490</b>
<b>Non-current assets</b>			
Plant and equipment	6	96,479	102,457
Intangible assets	7	1,428,957	1,215,306
Other receivables		31,992	16,142
<b>Total non-current assets</b>		<b>1,557,428</b>	<b>1,333,905</b>
<b>TOTAL ASSETS</b>		<b>8,203,698</b>	<b>2,190,395</b>
<b>Current liabilities</b>			
Trade and other payables	8	722,072	755,604
Borrowings	10	-	25,000
Lease liability	9	26,001	37,832
<b>Total current liabilities</b>		<b>748,073</b>	<b>818,436</b>
<b>Non-current liabilities</b>			
Lease liability	9	27,538	48,435
<b>Total non-current liabilities</b>		<b>27,538</b>	<b>48,435</b>
<b>TOTAL LIABILITIES</b>		<b>775,611</b>	<b>866,871</b>
<b>NET ASSETS</b>		<b>7,428,087</b>	<b>1,323,524</b>
<b>Equity</b>			
Issued capital	11	16,895,941	7,933,910
Reserves	12	440,175	31,243
(Accumulated losses)		(9,908,029)	(6,641,629)
<b>TOTAL EQUITY</b>		<b>7,428,087</b>	<b>1,323,524</b>

The accompanying condensed notes form part of the consolidated financial statements.

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2021

	Consolidated					Total Equity \$
	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Share based Payment Reserve \$	Foreign Currency Reserve \$	
<b>Balance at 1 Jul 2021</b>						
Balance at the beginning of the period	7,933,910	(6,641,629)	31,243	-	-	<b>1,323,524</b>
Issue of shares (net of costs)	8,962,031	-	-	-	-	<b>8,962,031</b>
Issue of performance rights	-	-	-	405,987	-	<b>405,987</b>
<b>Total comprehensive income</b>						
(Loss) for the period	-	(3,266,400)	-	-	-	<b>(3,266,400)</b>
Movement in reserves	-	-	-	-	2,945	<b>2,945</b>
Total comprehensive (loss) for the period	-	(3,266,400)	-	-	2,945	<b>(3,263,455)</b>
<b>Balance as at 31 Dec 2021</b>	<b>16,895,941</b>	<b>(9,908,029)</b>	<b>31,243</b>	<b>405,987</b>	<b>2,945</b>	<b>7,428,087</b>

	Consolidated				Total Equity \$
	Ordinary Shares \$	Accumulated Losses \$	Option Reserve \$	Share based Payment Reserve \$	
<b>Balance at 1 Jul 2020</b>					
Balance at the beginning of the period	4,566,900	(4,566,729)	20,554	-	<b>20,725</b>
Issue of shares (net of costs)	250,000	-	-	-	<b>250,000</b>
Issue of options – employees	-	-	2,936	-	<b>2,936</b>
<b>Total comprehensive income</b>					
(Loss) for the period	-	(626,524)	-	-	<b>(626,524)</b>
Movement in reserves	-	-	-	-	<b>-</b>
Total comprehensive (loss) for the period	-	(626,524)	-	-	<b>(626,524)</b>
<b>Balance as at 31 Dec 2020</b>	<b>4,816,900</b>	<b>(5,193,253)</b>	<b>23,490</b>	<b>-</b>	<b>(352,863)</b>

The accompanying condensed notes form part of the consolidated financial statements.

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# CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2021

Note	31 Dec 2021 \$	31 Dec 2020 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	724,895	597,001
Payments to suppliers and employees	(3,374,589)	(1,124,255)
Interest paid	(2,151)	(36,413)
Income tax – R&D incentive received	-	265,597
Interest received	264	-
Government assistance	-	63,522
<b>Net cash (used in) operating activities</b>	<b>(2,651,581)</b>	<b>(234,548)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(34,356)	(4,106)
Payment for technology development	(302,160)	(194,519)
Payments for security deposits	(15,683)	-
<b>Net cash (used in) investing activities</b>	<b>(352,199)</b>	<b>(198,625)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	9,412,031	250,000
Payment of issue costs	(450,000)	-
Repayment of borrowings	(25,000)	-
Repayment of leases	(16,551)	(11,501)
<b>Net cash provided by financing activities</b>	<b>8,920,480</b>	<b>238,499</b>
Net increase / (decrease) in cash and cash equivalents	5,916,700	(194,674)
Cash and cash equivalents at the beginning of the period	566,370	360,482
Effect of exchange rate fluctuations on cash held	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>6,483,070</b>	<b>165,808</b>

The accompanying condensed notes form part of the consolidated financial statements.

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2021

## 1. Summary of significant accounting policies

This consolidated interim financial report for the half-year ended 31 December 2021 includes the financial statements and notes of Openn Negotiation Limited (**Openn Negotiation** or **Company**) which is a public company limited by shares, incorporated and domiciled in Australia, and its controlled entities (**Group**).

The financial statements were authorised for issue by the Directors on 22 February 2022.

### a. Basis of preparation

This interim financial report for the half-year period ended 31 December 2021 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001 (Cth)* (**Corporations Act**). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the financial year ended 30 June 2021 and considered together with any public available information released by the Company.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the new or amended standards became applicable for the current reporting period. The Group did not have to make retrospective adjustments as a result of adopting these standards.

### b. Going concern

The financial report has been prepared on a going concern basis.

### c. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, is the full Board of Directors. During the period the Group established its first office in the United States of America. The Group now has two geographical locations and reports these separately within its segment note. The Group currently has one business segment which is technology.

### d. Revenue

The Group owns and operates a technology platform which allows users to list properties for sale on the platform. Payment for the transactions occurs immediately when the client purchases an upload. The Group recognises revenue over the expected time period which the client accesses the technology using the average days listed as a measurement basis for recording revenue. At the conclusion of the average period the Group's obligations cease at the end of the expected time period and no further obligations exist. Where the client has the option to defer payment until a successful sale, the Group defers the entire payment until it is certain revenue will flow to the Group. The Group also provides training and marketing material for client sales. The revenue for these ancillary and separate services is recognised when the service is complete.

### e. Critical accounting judgements and key sources of estimations

Share based payments

The Company has undertaken some Performance Rights valuation calculation taking into account the facts and circumstances that existed at the time of the valuation. Any changes in these facts and circumstances may result in the option valuation being materially different to the final outcome.

### f. New standards, interpretations and amendments not yet adopted by the Group

New accounting standards, interpretations and amendments have been issued but are not yet effective, however these are not considered relevant to the activities of the Group nor are they expected to have a material impact on the financial statements of the Group.

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2021

## 2. Segment information

Segment information

In the prior period, the Company had one segment, real estate in Australia. During this period the Company has established a geographical location in the USA. The results, assets and liabilities are listed below.

	31 December 2021			31 December 2020		
	Australia	USA	Total	Australia	USA	Total
Results Profit / (loss)	(2,643,736)	(622,664)	<b>(3,266,400)</b>	(626,524)	-	(626,524)
Assets	8,042,302	161,396	<b>8,203,698</b>	2,190,395	-	2,190,395
Liabilities	(775,541)	(70)	<b>775,611</b>	(866,871)	-	(866,871)

## 3. Loss from continuing operations

	31 Dec 2021	31 Dec 2020
	\$	\$

Loss from continuing operations before income tax has been determined after:

### 1. Revenue

Website and associated sales	655,755	509,106
Marketing sales	24	1,669
Interest revenue	266	22
	<b>656,045</b>	<b>510,797</b>

Revenue from contracts with customer

The Group derives revenue from the following sources:

- (i) providing access to its technology platform;
- (ii) providing training services to use the platform; and
- (iii) providing marketing support for customers that use the technology platform;

Revenue from these activities is recognised for technology over time (at the expected completion of the listing based on average listing days) and for services at a point in time once the customer received the service.

The Group does not have a significant concentration of customers and no customer represents over 10% of its business.

The Group does not have any expected credit losses in relation to its customer as historically the Group receives all of its cash up front or within 30 days of month end. There is no history of default with the Group's customers.

### 2. Other income

Profit on disposal	376	-
Government assistance	-	63,522
	<b>376</b>	<b>63,522</b>

### 3. Expenses –

(i) Employment expenses		
Salary and wages	1,248,788	557,785
Other personnel costs	122,862	5,860
Superannuation	111,451	54,553
Increase/(decrease) in leave liabilities	19,199	17,972
	<b>1,502,300</b>	<b>636,170</b>

Share-based payment expense	405,987	2,936
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<b>TOTAL</b>	<b>1,908,287</b>	<b>639,106</b>
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# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2021

## 3. Loss from continuing operations

	31 Dec 2021 \$	31 Dec 2020 \$
(c) Expenses –		
(ii) General and administration costs		
ASX fees	115,000	-
Accounting expenses	29,294	16,555
Audit fees	28,987	5,000
Depreciation and amortisation	151,174	47,023
Insurance expenses	82,262	754
Legal fees	248,403	-
Partnership expenses	300,223	10,027
Travel expenses	37,512	1,731
Sales costs	137,247	52,328
Other administration expenses	133,186	38,685
	<b>1,263,288</b>	<b>172,103</b>

## 4. Current assets: Cash and cash equivalents

	31 Dec 2021 \$	30 Jun 2021 \$
Cash at bank and on hand (i)	6,483,070	566,370
Bank short term deposits (ii)	-	-
	<b>6,483,070</b>	<b>566,370</b>

(i) Cash at bank and on hand earns interest at floating rates based on daily bank deposits

(ii) Available at short notice

## 5. Current assets: Other assets and receivables

	31 Dec 2021 \$	30 Jun 2021 \$
GST receivables	14,994	22,466
Prepayments	119,694	238,719
Sundry receivables	28,512	28,935
	<b>163,200</b>	<b>290,121</b>

No receivables are considered past due other than those provided for.

## 6. Non-current assets: Property, plant & equipment

	31 Dec 2021 \$	30 Jun 2021 \$
<b>Fixed assets</b>		
<b>Right of use assets - Property</b>		
At cost	114,529	139,809
Less: Accumulated depreciation	(62,469)	(54,721)
	<b>52,060</b>	<b>85,088</b>
<b>Office equipment</b>		
At cost	72,549	38,194
Less: Accumulated depreciation	(28,130)	(20,825)
	<b>44,419</b>	<b>17,369</b>
<b>Reconciliation/movement for the period / year</b>		
Carrying amount at beginning of period	102,457	98,437
Additions	34,356	12,385
New right of use asset	-	30,492
Recognition of right to use asset (i)	(15,800)	-
Depreciation charge	(24,534)	(38,857)
Carrying amount at end of period	<b>96,479</b>	<b>102,457</b>

(i) The Company extinguished a lease during the period resulting in an decrease in the right of use asset. The details of the changes in the lease liability are outlined in Note 9 below.

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# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2021

## 7. Non-current assets: Intangible assets

	31 Dec 2021 \$	30 Jun 2021 \$
<b>Intangible assets</b>		
<b>Technology assets</b>		
At cost	1,726,941	1,386,650
Less: Accumulated amortisation	(355,181)	(232,379)
	<b>1,371,760</b>	<b>1,154,271</b>
<b>Patents</b>		
At cost	56,565	56,565
Less: Accumulated amortisation	(14,539)	(12,982)
	<b>42,026</b>	<b>43,583</b>
<b>Trademarks</b>		
At cost	30,095	30,095
Less: Accumulated amortisation	(17,757)	(16,042)
	<b>12,338</b>	<b>14,053</b>
<b>Website</b>		
At cost	9,065	9,065
Less: Accumulated amortisation	(6,232)	(5,666)
	<b>2,833</b>	<b>3,399</b>
<b>TOTAL INTANGIBLES</b>	<b>1,428,957</b>	<b>1,215,306</b>
<b>Reconciliation of the movement for the period</b>		
Carrying amount at beginning of the period	1,215,306	-
Additions during the period	340,291	423,052
Amounts acquired through asset acquisition	-	874,772
Disposal	-	-
Depreciation charge	(126,640)	(82,518)
Carrying amount at end of period / year	<b>1,428,957</b>	<b>1,215,306</b>

## 8. Current liabilities: Trade and other payables

	31 Dec 2021 \$	30 Jun 2021 \$
Trade payables (i)	327,007	416,719
Other payables	395,065	338,885
	<b>722,072</b>	<b>755,604</b>

(i) No trade payables past due over 30 days as at 31 December 2021 (2020: \$NIL)

## 9. Lease liability

	31 Dec 2021 \$	30 Jun 2021 \$
Leases		
Current liability	26,001	37,832
Non-current liability	27,538	48,435
<b>TOTAL</b>	<b>53,539</b>	<b>86,267</b>

### Reconciliation of movements in the balance

Opening balance	86,267	87,198
Lease relinquished during the period	(16,177)	-
Amounts borrowed	-	29,529
Less: amount repaid	(16,551)	(30,460)
Closing balance at end of period	<b>53,539</b>	<b>86,267</b>

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2021

10. Borrowings	31 Dec 2021 \$	30 Jun 2021 \$
<b>Borrowings</b>		
Current borrowings	-	25,000
<b>TOTAL</b>	<b>-</b>	<b>25,000</b>
<b>Reconciliation/movements in the balance</b>		
Opening balance (i)	25,000	473,975
Amounts included in asset acquisitions	-	343,900
Less: Amounts repaid	(25,000)	(343,900)
Less: Debt converted into equity (ii)	-	(500,000)
Reduced by: amortisation of borrowing costs	-	51,025
Carrying amount at end of period	<b>-</b>	<b>25,000</b>

## (i) Related party borrowings

The Company received \$25,000 from the directors for the purchase of shares relating to a transaction in 2017. The terms of the loan are set out below.

Time Period: No formal expiry, repayable on demand

Rate: Nil

Security: Nil

The amount was repaid during this period.

## (ii) Third party loans

During the prior period, the Company entered into a facility with 2 external parties. The terms of the loan are as follows:

Facility face value - convertible notes A\$1,500,000. Drawn downs are allowed in \$100,000 minimums.

Facility fee A\$30,000

Interest rate: 10% simple interest plus an internal rate of return equal to 15%

Security: Over assets of the Company

Maturity date: 18 months after the 1st draw down

Conversion: the greater of a \$30 million valuation of the next series B raising.

The loan was extinguished through the issue of shares.

## 11. Issued capital

### Equity (number of shares on issue and the amount paid (or value attributed) for the shares)

193,786,121 fully paid ordinary shares (30 June 2021: 146,725,964)

### (a) The following changes to the shares on issue and the attributed value during the periods:

	31 Dec 2021 Number	30 Jun 2021 Number	31 Dec 2021 \$	30 Jun 2021 \$
Balance at the beginning of the period	146,725,964	7,750,000	7,933,910	4,566,900
Share split <sup>1</sup>	-	117,250,011	-	-
Issue of shares on conversion of debt <sup>2</sup>	-	3,125,002	-	500,000
Issue of share for acquisition <sup>3</sup>	-	3,117,461	-	498,790
Issue of shares in a placement <sup>4</sup>	-	15,201,370	-	2,432,219
Issue of share on conversion of options <sup>5</sup>	-	282,120	-	15,045
Issue of shares on listing <sup>6</sup>	45,000,000	-	9,000,000	-
Issue of shares to investors <sup>7</sup>	2,060,157	-	412,031	-
Share issue costs <sup>8</sup>	-	-	(450,000)	(79,044)
<b>Sub-total</b>	<b>193,786,121</b>	<b>146,725,964</b>	<b>16,895,941</b>	<b>7,933,910</b>

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2021

## 11. Issued capital (continued)

The Company issued the following securities during the current and prior periods:

- On 21 December 2020, shareholders approved the split of share on a 1 for 16.129 basis. The total shares on issue post the re-construction was 125,000,011.
- On 5 January 2021 the Company converted \$500,000 of debt to shares at an issue price of \$0.16 per share.
- On 22 January 2021 the Company issued 3,117,461 to acquire 100% of the issued capital of Openn World Pty Ltd.
- On 20 January 2021 the Company issued 15,201,370 shares as a pre-IPO placement at an issue price of \$0.16 per share
- On 27 April 2021 the Company issued 282,120 shares on the conversion of employee options at an issue price of \$0.05333 per share.
- On 19 July 2021 the Company listed on ASX and issued 45,000,000 share at an issue price of \$0.20 per share under a prospectus.
- On 18 November 2021 the Company issued 2,060,157 shares at an issue price of \$0.20 per share to sophisticated investors.
- The costs of share issue.

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on shares held.

## 12. Reserves

	31 Dec 2021	30 Jun 2021
	\$	\$
Option reserves (a)	31,243	31,243
Share based payment reserve (b)	405,987	-
Foreign currency reserve	2,945	-
	<b>440,175</b>	<b>31,243</b>

### (a) Share based payments - Options

	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	Number	Number	\$	\$
Balance at the beginning of the period	2,934,519	17,523	31,243	20,554
Split of options during the period	-	264,597	-	-
Issue of options to employee (1)	-	-	-	2,936
Conversion of options	-	(282,120)	-	-
Issue of options to brokers (2)	-	2,934,519	-	7,753
Balance as at period end	<b>2,934,519</b>	<b>2,934,519</b>	<b>31,243</b>	<b>31,243</b>

The Company issued the following securities during the prior periods.

- On 31 December 2018, the Company issued 17,523 options exercisable at \$0.895 (282,120 exercisable at \$0.0534 post option split) per option and expiring on 30 December 2023 to an employee to provide a performance linked incentive component in his remuneration. The options vested over 2 years. The Company valued the options using a Black-Scholes Option Pricing model with the following inputs:
  - Grant date – 31 December 2018
  - Expiry date – 30 December 2023
  - Market price of securities – \$2
  - Exercise price of securities – \$0.895
  - Risk free rate – 1.5%
  - Volatility – 48.34%

The fair value of the options was \$23,400 which was amortised over the vesting period.

On 21 December 2020 the Company re-organised its share option securities on issue and split the securities on a 1 for 16.129 basis (rounded up). The previous options issued (17,523) were split to 282,120.

- On 20 January 2021 the Company issued 2,934,519 options exercisable at \$0.24 cents and expiring on 25 January 2025 to promoters of the Company as fees relating to a mandate to lead manage a capital raising for listing on the Australian Securities Exchange. The options vested immediately and have been valued based on the value of the services provided being \$7,753.

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# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2021

## 12. Reserves

### (b) Share based payments – Performance rights

	31 Dec 2021 Number	30 Jun 2021 Number	31 Dec 2021 \$	30 Jun 2021 \$
Balance at the beginning of the period	-	-	-	-
Rights granted during the period – Executives & Staff	15,599,000	-	405,987	-
Lapse of rights <sup>1</sup>	(1,040,000)	-	-	-
Balance as at period end	<b>14,559,000</b>	-	<b>405,987</b>	-

1. On 7 January 2022 the Company announced that 1,040,000 Rights had lapsed. The Rights lapsed on 15 November 2021 as a consequence of a failure to meet vesting conditions.

	Service Performance Rights	Class A Performance Rights	Class B Performance Rights
VWAP Milestone (\$) (a)	Refer below	Refer below	Refer below
Methodology	Share price at grant date	Monte Carlo	Monte Carlo
Grant date	12 July 2021	12 July 2021	12 July 2021
Expiry date	11 July 2023	11 July 2026	11 July 2026
Share price at grant date (\$)	0.16	0.16	0.16
Exercise price (\$)	N/A	Nil	Nil
Risk-free rate (%)	N/A	0.65	0.65
Volatility (%)	N/A	84.96	84.96
<b>Fair value per security (\$)</b>	<b>0.16</b>	<b>0.1349 (10% hurdle) 0.1230 (15% hurdle) 0.1133 (25% hurdle)</b>	<b>0.1349 (10% hurdle) 0.1230 (15% hurdle) 0.1133 (25% hurdle)</b>
<b>Fair value (\$)</b>	<b>1,247,920</b>	<b>210,431 (10% hurdle) 287,802 (15% hurdle) 441,841 (25% hurdle)</b>	<b>210,431 (10% hurdle) 287,802 (15% hurdle) 441,841 (25% hurdle)</b>

- (a) Hurdles of the Rights include
- (i) 2 years of continuous service (service Performance Rights)
  - (ii) Listing on ASX
  - (iii) 10% of the Rights issued to vest when the volume-weighted average share price over 30 consecutive days is greater than \$0.35
  - (iv) 15% of the Rights issued to vest when the volume-weighted average share price over 30 consecutive days is greater than \$0.50
  - (v) 25% of the Rights issued to vest when the volume-weighted average share price over 30 consecutive days is greater than \$0.65

The fair value of the performance rights is being expensed over the assumed vesting period.

## 13. Commitments

### Technology commitments

At reporting date, the Company has no capital commitments.

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2021

## 14. Contingencies

### Contingent liabilities

At reporting date, the Company has no contingent commitments.

## 15. Related party transactions

### (a) Key management personnel

On 15 July 2021, prior to listing, the Company issued Performance Rights to directors, key management personal and staff. The total number of Performance Rights issued was 15,599,000 as outlined in Note 12.

The number of Performance Rights held during the financial year by each director and other members of key management personnel of the Company including their personally related parties, is set out below:

	Balance at 1 Jul 2021	Granted as compensation	Rights vested to shares	Net change / Other	Balance at 31 Dec 2021
<b>Directors</b>					
Wayne Zekulich <sup>1</sup>	-	300,000	-	-	300,000
Danielle Lee <sup>1</sup>	-	200,000	-	-	200,000
Peter Gibbons <sup>2</sup>	-	3,250,000	-	-	3,250,000
Duncan Anderson <sup>1</sup>	-	2,250,000	-	-	2,250,000
Darren Bromley <sup>1</sup>	-	1,550,000	-	-	1,550,000
Sean Adomeit <sup>1</sup>	-	1,800,000	-	-	1,800,000
<b>Total</b>	-	9,350,000	-	-	9,350,000

1. Class A Performance Rights
2. Class B Performance Rights

There has been no additional related party transactions during the period.

### (b) Loans to and transactions with related parties

There has been no loans and transactions with related parties during the period.

## 16. Subsequent events

On 9 February 2022, Pandal Group Limited ceased to be a substantial holder of ordinary shares on Openn Negotiation Ltd.

On 10 February 2022, 479,631 ordinary shares classified by ASX as restricted securities subject to ASX escrow were released from restriction.

On 14 February 2022, Mr Sean Adomeit was appointed Chief Executive Officer of Openn Pty Ltd, the Company's 100% controlled operating subsidiary for Australia and New Zealand.

No other material subsequent events have occurred from balance date to the date of this report.

## 17. Profit/(Loss) per share

	2021 \$	2020 \$
<b>From continuing operations</b>		
Basic (cents per share)	(1.74)	(0.50)
Diluted (cents per share)	(1.74)	(0.50)
<b>Reconciliation of earnings used in calculating loss per share</b>		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	<u>(3,266,400)</u>	<u>(626,524)</u>
	<b>No. of shares</b>	<b>No. of shares</b>
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>187,339,946</u>	<u>125,000,011</u>

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2021

## 18. Share-based payments

The Company has issued a number of securities as share based payments during the period. The information on the terms, fair value and expense can be found in note 12(b).

## 19. Financial instruments

The Company consider that the carrying value of the financial assets and liabilities as recognised in the financial statements approximate their fair values.

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## DIRECTORS' DECLARATION

In the opinion of the directors of Openn Negotiation Limited:

- (a) the financial statements and notes, as set out on pages 6 to 18, are in accordance with the *Corporations Act 2001 (Cth) (Corporations Act)*, including:
  - i. complying with Accounting Standard AASB 134 – Interim Financial Reporting and the Corporations Regulations 2001; and
  - ii. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the consolidated financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
- (d) this declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2021.

This declaration is signed in accordance with a resolution of the board of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.



**Wayne Zekulich**  
Non-executive Chairperson

**Dated this 22 February 2022**

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Openn Negotiation Limited

### Report on the Condensed Interim Financial Report

#### *Conclusion*

We have reviewed the accompanying interim financial report of Openn Negotiation Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Openn Negotiation Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Responsibility of the directors for the financial report*

The directors of the Openn Negotiation Limited are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**hlb.com.au**

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*Auditor's responsibility for the review of the financial report*

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**22 February 2022**



**B G McVeigh**  
**Partner**

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