

# ANNUAL REPORT



OPENN NEGOTIATION LIMITED  
*(formerly Appwell Pty Ltd)*  
ABN 75 612 329 754

FOR THE YEAR ENDED  
30 JUNE 2021



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# CORPORATE DIRECTORY

## Directors

**Wayne Zekulich** | Non-Executive Chairperson

**Peter Gibbons** | Managing Director

**Duncan Anderson** | Executive Director

**Darren Bromley** | Executive Director

**Danielle 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

# CHAIRPERSON'S LETTER



Dear Shareholder,

This year's Annual Report from Openn Negotiation takes a slightly unusual form, given it is reflecting on the financial year to 30 June 2021, being the period prior to the Company's successful listing on the ASX on 21 July 2021.

While preparations for the Initial Public Offering (IPO) and subsequent listing were the dominant corporate activities over the period, the focus has been on the delivery of our growth strategy, including the expansion of operations across Australia, into New Zealand and, more recently, the planning for a pilot program in the United States.

Openn's track record of delivery on strategy underpinned the narrative when engaging with prospective shareholders and brokers during the IPO process and, to my mind, was a key factor in the strong support we received from investors and the oversubscription of the Offer.

The IPO provided Openn with both an opportunity to increase its public awareness which, combined with the capital raised will enable the continued scale-up of our platform, and the expansion of Openn's product offerings, further enhancing the user experience across sellers, buyers and agents.

The Company continues to attract partnership agreements with some of the leading agencies and organisations nationally, bringing industry credibility and profile to Openn. Since January 2021, Openn has signed partnership agreements with the Professionals, RE/MAX and CoreLogic.

All in all, it has been a busy year for Openn and, on behalf of the Board, I would like to thank Managing Director, Peter Gibbons, and his Team for their dedication, hard work and commitment throughout the year. I'd also like to thank Openn's advisors who were pivotal in the successful listing of the Company and continue to aid our ongoing success.

Finally, I'd like to thank Openn's shareholders. We are at an exciting phase of development, the future for Openn is bright and we look forward to your continued support.

Yours sincerely,

**Wayne Zekulich**  
Chairperson

# DIRECTOR'S REPORT

The Board of Directors present their report together with the financial statements of the consolidation entity (Group), being Openn Negotiation Limited (Openn or the Company) (formerly Appwell Pty Ltd) and its controlled entities, for the year ended 30 June 2021.

## DIRECTORS INFORMATION

The names of the Directors of the Company at any time during or since the end of the financial year unless otherwise stated are:

### Wayne Zekulich – Non-Executive Chairperson

(Appointed 24 April 2021)

Wayne Zekulich is a consultant and non-executive Director with a broad range of experience, covering advice on mergers and acquisitions, arranging and underwriting project financings, privatisations, and debt and equity capital markets.

He was previously the Chief Financial Officer of Gindalbie Metals Ltd and prior to that the Chief Development Officer of Oakajee Port and Rail.

Currently, Wayne is Non-Executive Chairman of Pantoro Limited (ASX: PNR), a board member of Infrastructure WA, a committee member of the John Curtin Gallery advisory board and a board member of The Lester Prize. He is also engaged in a consultancy capacity by a global bank.

Wayne holds a Bachelor of Business Degree and is a Fellow of the Institute of Chartered Accountants.

- Current other listed company Directorships: Pantoro Limited
- Former listed company directorships in the last three years: archTIS Limited (resigned 31 July 2020)
- Interests in Openn securities: 100,000 ordinary shares, 300,000 performance rights
- Member of the Audit and Risk Management Committee and the Remuneration and Nomination Committee

### Peter Gibbons – Managing Director

(Appointed 11 May 2016)

(Company Secretary 11 May 2015 – 8 March 2021)

Peter Gibbons has extensive experience in property investment banking, property development and financing and technology development. He has held senior roles in some of the world's largest investment banks, including Macquarie Bank, Bankers Trust and Deutsche Bank, and Board roles at Landcorp, the Western Australian Football Commission, and Silverchain.

Peter is one of the founders of the Company, being instrumental in the development of the Openn Negotiation Process, and commercialisation of the Openn Business.

Peter holds an Associate Diploma in Valuation from Curtin University, a Graduate Diploma in Property Development from Curtin University, and a Masters of Business Administration from the Murdoch University / University of South Carolina.

- Current other listed company Directorships: Swift Media Limited
- Former listed company directorships in the last three years: Nil
- Interests in Openn securities: 25,310,182 ordinary shares, 3,250,000 performance rights

### Duncan Anderson – Executive Director

(Appointed 15 September 2020)

Duncan Anderson has 25 years' experience in new technology development and commercialisation across the USA, Brazil, Indonesia and Australia. He spent most of the past decade in executive and directorship roles with listed and private companies operating in the technology, energy and process manufacturing sectors.

Since joining Openn in 2017 as Chief Technology Officer, Duncan was instrumental in positioning the Company's team and technology to compete at scale.

Prior to his role with Openn, Duncan co-founded, developed and successfully exited a finance & governance technology business that operated across the USA and Brazil, holding CEO and non-executive director roles in that business before it was acquired by Avalara Inc (NYSE: AVLR) in 2016. Earlier, he led technology development projects for military application with companies including Embraer and large-scale mission critical application development for fortune 500 companies, including Cargill Ltd.

Duncan holds a Bachelor of Business Degree in Economics and Finance from Curtin University.

- Current other listed company Directorships: Nil
- Former listed company directorships in the last three years: Nil
- Interests in Openn securities: 1,395,833 ordinary shares, 2,250,000 performance rights
- Member of the and Remuneration and Nomination Committee

## **Darren Bromley – Executive Director and Company Secretary**

(Appointed 12 February 2018)

(Appointed Company Secretary 8 March 2021))

Darren Bromley has over 29 years' experience in business management and the corporate sector, including corporate transactions, mergers and acquisitions, business start-ups, capital raisings, financial and operational management, business development and corporate governance.

Darren's previous experience includes:

- executive director, company secretary, chief financial officer and chief operations officer of Triangle Energy (Global) Limited (ASX: TEG);
- chief financial officer of Prairie Downs Metals Limited (ASX: PDZ); and
- chief financial officer of QRSciences Holdings Limited (ASX: QRS).

He has held a number of directorship, company secretarial, and financial management roles for other ASX listed and unlisted companies.

Darren holds a Bachelor of Business Degree in Finance, a Masters of e-Business and has a great depth of business management and financial experience.

- Current other listed company Directorships: Nil
- Former listed company directorships in the last three years: Triangle Energy (Global) Limited (resigned 18 November 2019)
- Interests in Openn securities: 1,133,872 ordinary shares, 1,550,000 performance rights
- Member of the Audit and Risk Management Committee

## **Danielle Lee – Non-Executive Director**

(appointed 3 March 2021)

Danielle Lee is an experienced corporate lawyer with a broad range of skills and legal experience in the areas of corporate advisory, governance and equity capital markets.

Danielle is currently a Non-Executive Director of Hazer Group Limited (ASX: HZR), Ocean Grown Abalone Limited (ASX: OGA) and Ruah Community Services.

Danielle holds Bachelor's Degrees in Economics and Law from the University of Western Australia and a Graduate Diploma in Applied Finance and Investment.

- Current other listed company Directorships: Hazer Group Limited, Ocean Grown Abalone
- Former listed company directorships in the last three years: Nil
- Interests in Openn securities: 100,000 ordinary shares, 200,000 performance rights
- Chairperson of the Audit and Risk Management Committee and the Remuneration and Nomination Committee

## **Bradley Glover**

(Appointed 11 May 2016 – resigned 3 February 2021)

## **Peter Clements**

(Appointed 11 May 2016 – resigned 3 February 2021)

## **Brent Bonadeo**

(Appointed 2 March 2018 – resigned 7 September 2020)

## **COMPANY SECRETARY**

Darren Bromley – (see biography above)



## DIRECTORS' INTERESTS

The relevant interests of each director in the securities of the Company at the date of this report are as follows:

Director	Shares	Performance Rights
W Zekulich <sup>4</sup>	100,000	300,000
P Gibbons <sup>5</sup>	25,310,182	3,250,000
D Anderson <sup>4</sup>	1,395,833	2,250,000
D Bromley <sup>4</sup>	1,133,872	1,550,000
D Lee <sup>4</sup>	100,000	200,000

Notes:

1. Holders of class A performance rights
2. Holders of class B performance rights

## MEETINGS OF DIRECTORS

The number of Board and Committee meetings held during the year and the number of meetings attended by each Director are disclosed in the following table:

Director	Board		Audit and Risk Management Committee		Nomination and Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
P Gibbons	5	5	—	—	—	—
D Anderson <sup>1</sup>	5	5	—	—	—	—
D Bromley	5	5	—	—	—	—
W Zekulich <sup>3</sup>	1	1	—	—	—	—
D Lee <sup>2</sup>	2	2	—	—	—	—
B Glover <sup>4</sup>	3	3	—	—	—	—
P Clements <sup>4</sup>	3	3	—	—	—	—
B Bonadeo <sup>5</sup>	0	0	—	—	—	—

Notes:

1. Mr Anderson was appointed 15 September 2020
2. Ms Lee was appointed on 3 March 2021
3. Mr Zekulich was appointed on 24 April 2021
4. Mr Glover and Mr Clements resigned on 3 February 2021
5. Mr Bonadeo resigned on 7 September 2020

## COMMITTEE MEMBERSHIP

As at the date of this report, the Board of Directors of Openn has an Audit and Risk Management Committee and a Nomination and Remuneration Committee. The committees were formed prior to the IPO and no meetings were held during the reporting period.

Members of the Audit and Risk Management Committee

- Danielle Lee (Committee Chair) - independent non-executive director;
- Wayne Zekulich - independent non-executive chairperson; and
- Darren Bromley - executive director

Members of the Nomination and Remuneration Committee

- Danielle Lee (Committee Chair) - independent non-executive director;
- Wayne Zekulich - independent non-executive chairperson; and
- Duncan Anderson - executive director

As at the date of this report, the Board of Directors of Openn had no committees of the board..

## 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, providing greater transparency to the sales transaction process.

Our business (through Openn Pty Ltd) operates the Platform which enables the sale of residential real estate online 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 Australian and New Zealand residential property markets, with an expansion into the North American market currently underway.

The Company's listing 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.

## OPERATING AND FINANCIAL REVIEW

### Operating Results

The Group continued to develop its core technology platform and establish its network of users to increase sales throughout the year. The results of these activities are set out in the Statement of Profit or Loss and Other Comprehensive Income. The Group incurred a loss of \$2,074,900 (30 June 2020: Loss \$1,206,606).

### Review of Operations

The Openn platform was built from the ground up to service all forms of real estate sale. The 'Success Tracker' in Figure 1 demonstrates the traction of this product up to 31 August, 2021. 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 the full digital contracting and real time communication experience to all participants.

Initial market entry in 2017 focused on the Openn Negotiation method of sale. Openn Negotiation falls under auction law, but allows buyers to maintain discretion while enjoying flexible terms as they would with a private treaty sales process. Since that initial launch, the group has followed a well-established process to confirm market viability across all Australian states and in New Zealand. That process has recognised that a genuine market problem exists, that the Openn platform solves the problem, and that the value proposition is sufficiently compelling for people to pay for it.

Prior to the IPO, the Group conducted a final validation, confirming the technical ability of Openn's platform to cost effectively manage a rapid scale up in demand should market share expand rapidly. Subsequent to this and the IPO, the Group has implemented additional sales methods and other features designed to drive market share growth.

In the two months following the IPO, the Group introduced a new sales method and expects to deliver two more within a similar time frame. The reason such rapid expansion is possible is related to the underlying platform design mentioned previously.

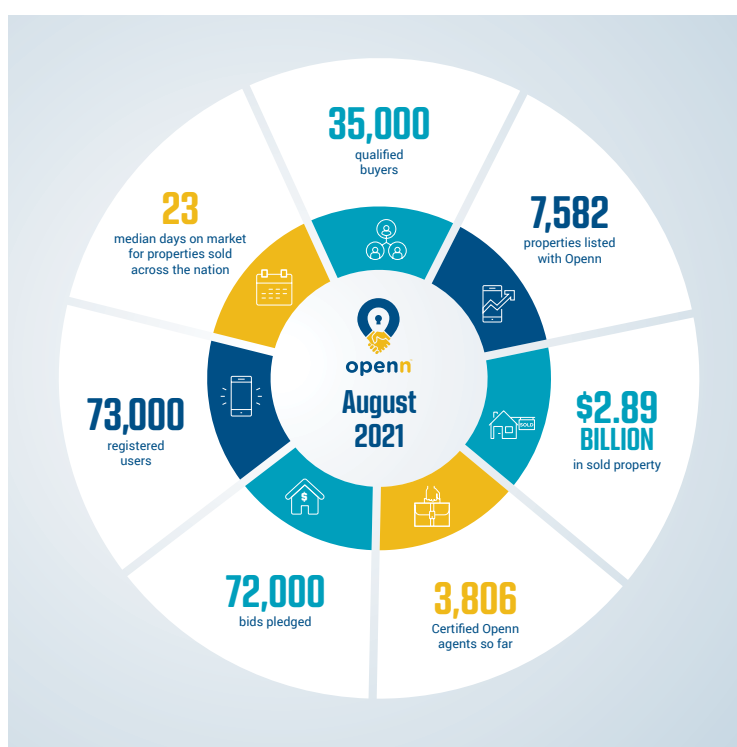


Figure 1: Success tracker up to 31 August, 2021.

For instance, it is a relatively simple incremental piece of coding that introduces the option for agents to use a version of private treaty that displays price, versus one that shows only where the buyer is ranked on price, or one that does nothing more than allows the buyer to manage their own offer in isolation. Each option is simply a workflow variant of Openn Negotiation's original auction sales process. Sales methods now available in the market:

- Openn Negotiation (Auction Legal Framework).
- Openn Offers (NEW)
  - Full price transparency for all approved buyers (Private Treaty Framework)
  - Approved buyers understand where they rank on price (Private Treaty Framework)

Sales methods to be released in Q4 2021.

- Openn Access – A tool for agencies to manage and accept digital offers before deciding on launching into one of the abovementioned sales methods. Buyers can submit and manage their offer through multiple access points, including the agency website.
- Openn Tenders – Tender process for (predominantly commercial) real estate sales. Respondents can see the number of qualified respondents they are competing against.

The Openn platform is designed to integrate with other systems using a secure, efficient and real time Application Programming Interface (API) architecture. This allows the Group to pursue partnership strategies that expand market reach by providing exceptional value to real-estate agents and other stakeholders through tight integration between the products they use in the real estate process. Integration partnerships with various direct and indirect market participants is currently a key focus for Openn.

Figure 3 below highlights existing real estate CRM (Customer Relationship Management) software integrations which allow for improved efficiencies for agencies in uploading data to the Openn platform.

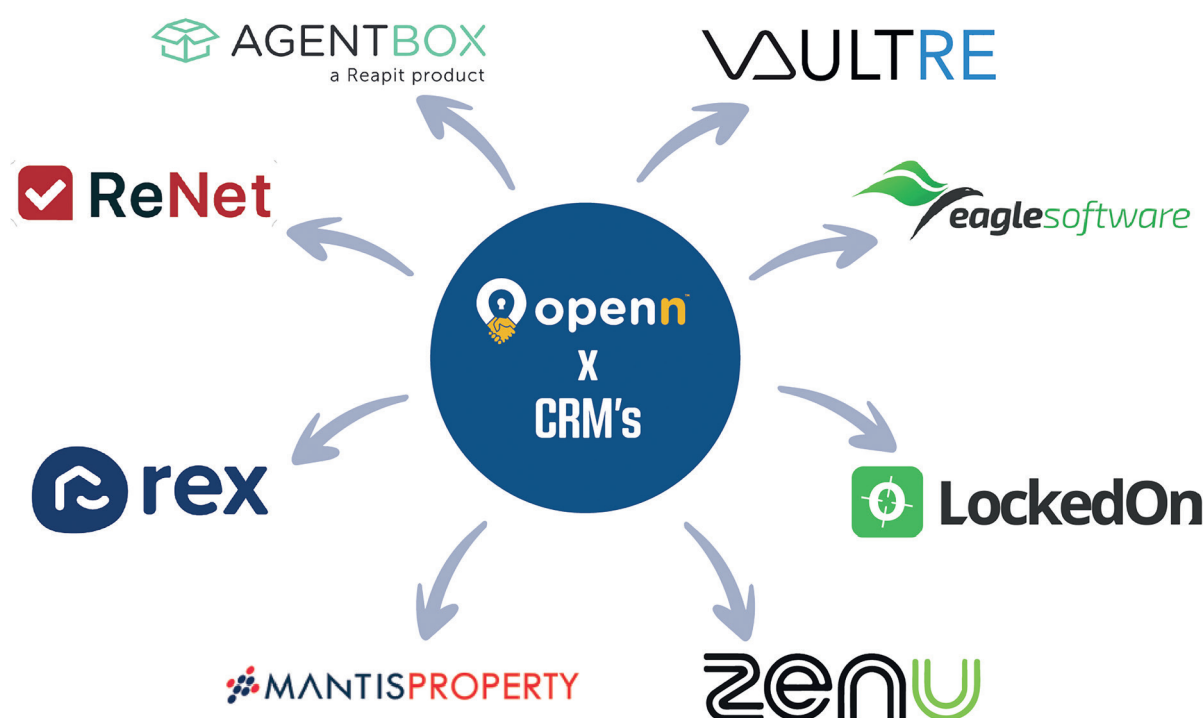


Figure 3



Figure 2: The Openn product offering supporting Auction and Private Treaty legal frameworks.

The Group 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. The financial results from these activities are set out in the Statement of Profit or Loss and Other Comprehensive Income.

The Group continued to increase its sales to \$1,046,683 over the 12 months to 30 June 2021 (2020: \$851,402). Openn experienced an increase in labour costs as it grew additional partnerships, client channels, and prepared for the listing on the ASX.

Openn's strategy to increase scale by training agents and promoting uploads has continued. During the second half of the reporting period the Group promoted and tested various models relating to the cost of uploads and the timing of payments. The study of the economics relating to the effect on price has revealed the market does prefer optionality in pricing. Market participants tend to favour one approach over another depending on the landscape of the market they service. The Group will continue this assessment throughout the remainder of the year and will begin to incorporate additional pricing and revenue sharing elements enabled by integration with key partners.

Pleasingly, Openn continues to remain a workplace of choice as demonstrated through minimal staff turnover occurring over the past 24 months, coupled with the appointment of a number of high calibre team members. The Group now boasts a workforce of 30 full time equivalent employees who continue to demonstrate tireless commitment toward achieving our shared vision.

The growth in scale relating to upload growth is illustrated in Figure 4 for the calendar years 2017 to 2021 followed by other key metrics for the same period.

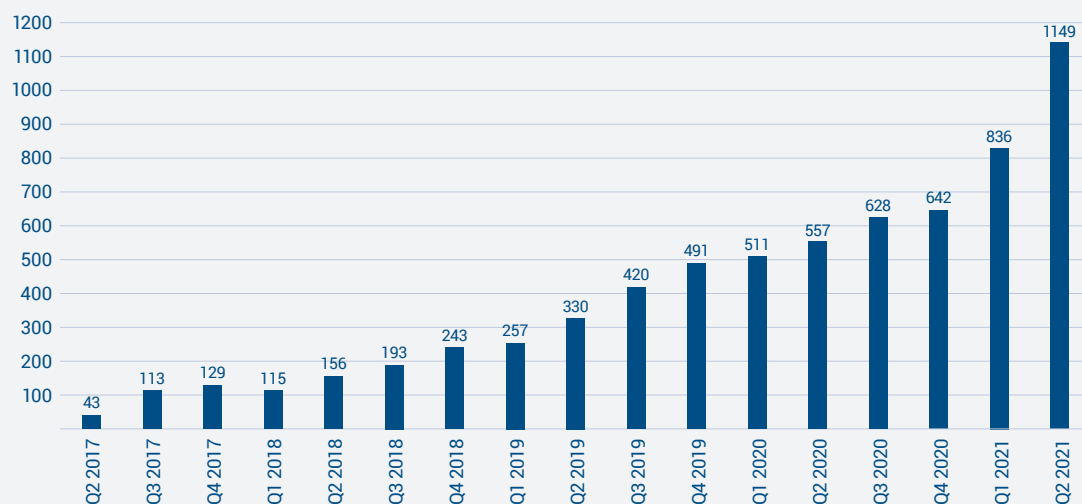


Figure 4: Property Uploads to the Openn platform during each quarter since formation (Q1 2017) to 30 June 2021 (Q2 2021) across Australia and New Zealand

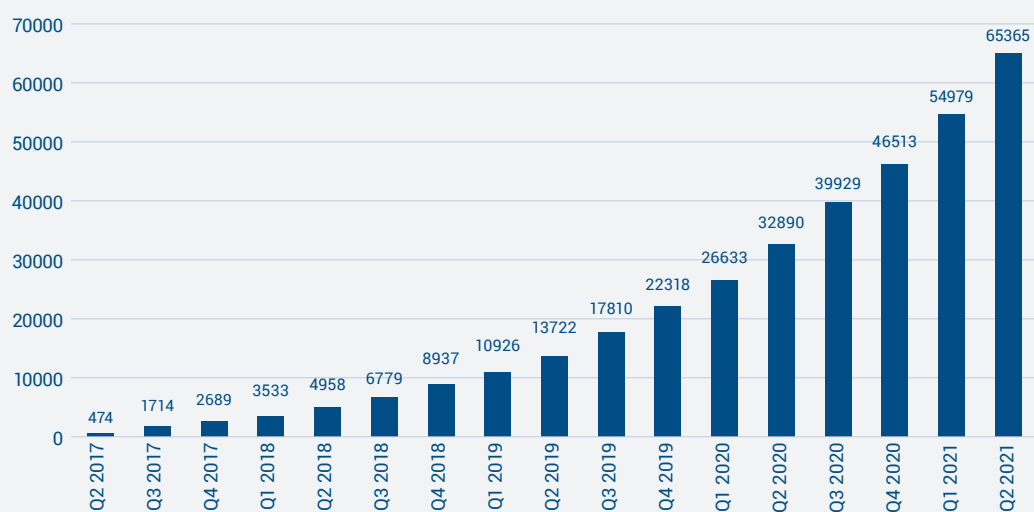


Figure 5: Number of registered users on the Openn platform up to 30 June 2021.

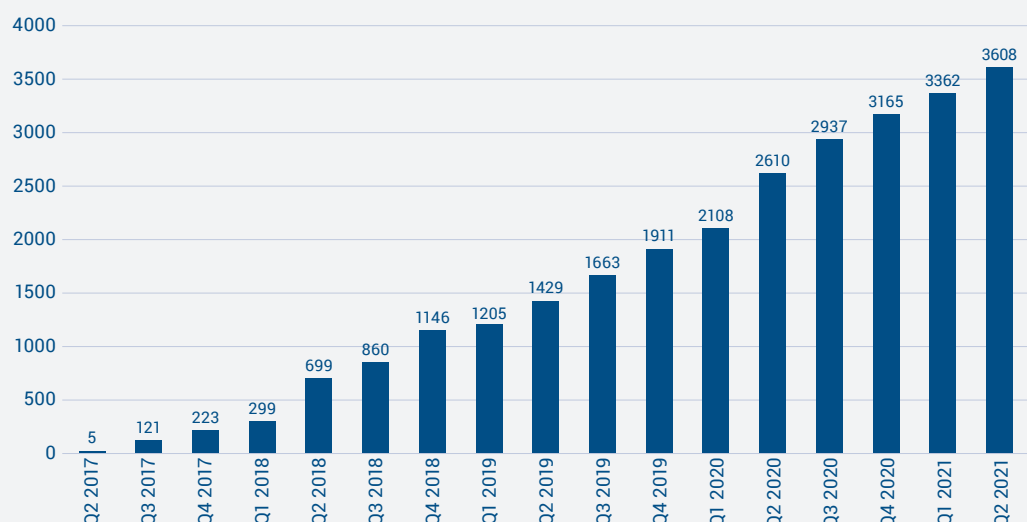


Figure 6: Number of agents certified to use the Openn platform up to 30 June 2021.

## DIVIDENDS

No dividends have been declared or paid by the Company as at the date of this report.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant changes to the Company's state of affairs during the year. However, subsequent to year end the Company listed on the Australian Securities Exchange.

## LIKELY DEVELOPMENTS

The Openn business is established in the Australian and New Zealand markets and has demonstrated there is a market requirement for greater transparency in the traditional process of selling real estate. Openn addresses this requirement with an efficient and scalable methodology through its unique digital platform.

The Company is now progressing key initiatives with a focus on expanding our core operations and pursuing growth opportunities using our technology expertise and capacity to create new and complementary products and services. The recent admission to the ASX provides the Company with the funding required to execute its immediate strategy as detailed below.

Openn has a planned two-year roadmap for the continued development and expansion of the Openn business in the real estate sector both in Australia and New Zealand, and internationally. Innovation is critical to the future growth of the Company and we have a customer-focussed technology-driven strategy. This roadmap is guided by customer needs, a focus on agents optimising workflow and efficiency, and enhancing the buyer and seller experience by developing existing products, as well as new products or services.

The roadmap includes the following key growth strategies which are underway.

### Scale-up users and uploads

Increase number of users and property uploads to the Platform by:

- investing further in marketing to increase awareness of the Openn Negotiation Process and its benefits, both within the real estate industry and with potential sellers and buyers;
- establishing a dedicated business development team focused on working with real estate agents who are not using the Openn Negotiation Platform; and
- identify and establish significant collaborative partnerships with real estate agency networks and service providers to the real estate industry to deliver multiple and varied channels to market.

## International expansion

Explore potential expansion of the Openn Business to markets outside of Australia and New Zealand.

The Group has commenced the process of building the strategy and capacity to enter the USA market. That process began with a pilot project to identify how the Openn Negotiation Process and the Platform may be deployed in that market. This involved using the Australian version of the Platform to walk through its use with USA agents (brokers) and simulate USA property sales. That work is ongoing and has resulted in a gap analysis and platform enhancements to meet local market process and legal compliance.

Engineering work is now underway on the USA pilot release. The Group expects to conduct its first USA transactions under pilot conditions in calendar Q4 2021, and is targeting a commercial launch in the USA in the first half of calendar year 2022. The group is preparing legal framework and broker support to conduct the first pilot transactions in Connecticut before expanding the pilot across up to four additional states prior to commercial launch.

Openn is currently developing its future USA market entry strategy post the pilot. We are following a methodical process that includes segmenting the market to identify those segments where Openn provides the highest value proposition and is well aligned with strong channels to market. The Group has incorporated a fully owned subsidiary (Openn USA Inc) and hired its first employee, Mr Eric Bryant, as Director of Operations.

Mr Eric Bryant is well connected in the industry, has extensive property technology expertise and deep business development experience. He is a key person in the development and implementation of the Group's USA market entry strategy and roll-out.

Further, we have received unsolicited interest in the Openn Negotiation Process and the Platform from other regions, including Europe, South East Asia, and South Africa. However, at the date of this report, discussions with counterparties have not commenced.

## Further enhance technology

Develop 'value-add' modifications, upgrades and new functions for the Platform intended to:

- streamline the workflow for a real estate agent user, such as simplified seller on-boarding processes and integration with customer relationship management (CRM) software;
- automatically assist real estate agents in utilising the Platform efficiently;
- expand integrations with advertising portals and real estate agency websites so they can leverage our customer engagement features and in turn drive additional demand for use of the Openn Negotiation Process;
- develop the Platform to operate as a listing tool which utilises data generated through the sales process, in addition to operating as a sales enabling tool;
- extend transparency and digital contracting features to cover traditional tender and offer processes so that real estate agents can manage all their sales methods on the Platform, allowing agents to seamlessly switch sales process to deliver the best outcome for buyers and sellers;
- develop the Platform to cater for the needs of the real estate market in the USA;
- increase the use of predictive analytics, machine learning and other artificial intelligence techniques to expand the value proposition for real estate agents using the Platform, with the new functions aimed at improving lead generation and automating coaching services (currently provided manually to real estate agents);
- expand the integration of the Platform with administrative software systems to further automate accounting, billing and customer service processes;
- improve integration of the Platform and related systems with customer and collaborative partner systems; and
- develop tools to collect and analyse transaction data, and report information to support marketing and data-driven business.

## Collaborative arrangements

Explore opportunities to establish collaboration arrangements, strategic alliances or joint ventures with businesses which provide complementary services to the Group's customers, such as banks/financiers, settlement agents/conveyancers, insurers, removalists etc.

## Core data services

Explore potential to expand the Openn Business to provide data and technology services to intermediaries, banks, property developers and investors, information vendors and software developers to help them make informed decisions, offer services to their clients.

The Platform captures significant and potentially valuable market data from sale transactions. This allows for the potential development of real time lead indicators for both market depth and direction.

## Complementary services

Explore third party products/services which the Openn Business may provide to customers as an authorised licensee/distributor.

## REMUNERATION REPORT (AUDITED)

This remuneration report, which has been audited, outlines the remuneration arrangements in place for the key management personnel of the consolidated entity (**Group**), being Openn Negotiation Limited (**Openn** or **Company**) (formerly Appwell Pty Ltd) and its controlled entities, for the year ended 30 June 2021.

The remuneration report details the remuneration arrangements for key management personnel (**KMP**) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company.

## REMUNERATION CONSULTANT

No remuneration consultants have been used during the year.

## FINANCIAL MEASURES

The following table shows the gross revenue, losses and share price of the Consolidated Entity at the end of the respective financial years.

	30 June 2021	30 June 2020
	\$	\$
Revenue from continuing operations	1,046,683	851,402
Net loss	2,074,900	1,206,606
Share price	N/A	N/A

The Company was unlisted prior to 21 July 2021

## KEY MANAGEMENT PERSONNEL

(i) Directors		
Wayne Zekulich	Non-Executive Chairperson	(appointed Non – Executive Chairperson 24 April 2021)
Peter Gibbons	Managing Director	(appointed executive director 11 May 2016 and managing director on 11 May 2016)
Duncan Anderson	Executive Director	(appointed 15 September 2020)
Darren Bromley	Executive Director	(appointed 12 February 2018)
Danielle Lee	Non-Executive Director	(appointed 3 March 2021)
(ii) Directors retired during the year		
Bradley Glover	Non-Executive Director	(appointed 11 May 2016), (resigned 3 February 2021)
Peter Clement	Non-Executive Director	(appointed 11 May 2016), (resigned 3 February 2021)
Brent Bonadeo	Non-Executive Director	(appointed 2 March 2018), (resigned 7 September 2020)
(iii) Executives		
Darren Bromley	Chief Financial Officer	(appointed 7 May 2021)
Duncan Anderson	Chief Technical Officer	(appointed 7 May 2021)
Sean Adomeit	Chief Operating Officer	(appointed 5 November 2018)

## REMUNERATION POLICY

The Consolidated Entity's policy for determining the nature and amount of remuneration of board members and senior executives is as follows:

The Board has established a remuneration committee to assist the board to discharge its obligations with respect to:

- appointment, induction, development, evaluation and retirement of directors;
- remuneration policy for non-executive directors;
- reviewing and making recommendations on the remuneration of executive directors, managing director/chief executive officer and senior executives;
- reviewing and approving executive remuneration policy to enable us to attract and retain executives to create value for us and to ensure the policy demonstrates a relationship between executive performance and remuneration; and
- review our policies for the recruitment, retention, remuneration, incentivisation and termination of managers.

The committee is also responsible for administering incentive plans (including any equity plans). In addition, the committee is responsible for reviewing and making recommendations in relation to the composition and performance of the board and ensuring that adequate succession plans are in place. Independent advice will be sought where appropriate.

Members of the remuneration committee are: Danielle Lee (chairperson), Wayne Zekulich and Duncan Anderson.

### Non-Executive Directors

The Constitution provides that directors may be paid for their services as directors and the directors may determine the entitlement of each director to remuneration out of the Openn's funds.

The Constitution also provides that, if shareholders at a general meeting have fixed a limit on the amount of remuneration payable to the non-executive directors, the total remuneration for all non-executive directors must not exceed that limit in a financial year. At the date of this prospectus, a remuneration limit has not been set by shareholders.

A director may be paid fees or other amounts as the directors determine, where a director performs duties or provides services outside the scope of their normal duties. A director may also be reimbursed for out-of-pocket expenses incurred as a result of their directorship or any special duties.

The directors have resolved that fees payable to the non-executive chairperson is \$60,000 per year and the non-executive director for all board activities is to receive \$40,000 per year.

### Executive Directors

All executive directors receive directors fees of \$40,000 per year.

### Company secretary

The Company secretary receive annual fees of \$30,000 per year.

### Key management personnel

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness, enabling the company to attract high calibre executives and retain key talent;
- Transparency and acceptability to shareholders;
- Performance linkage / alignment of executive compensation to key strategic goals on a case by case basis;
- Capital management and a focus on sustained growth in shareholder wealth;
- Rewards capability and experience;
- Provides a clear structure for earning rewards via the Openn Negotiation Limited Equity Incentive Plan; and
- KPIs are not used to determine remuneration.



## BASE PAY AND BENEFITS

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the board's discretion. Executives are offered a competitive base pay that comprises the fixed component of pay and rewards via the Openn Negotiation Limited Equity Incentive Plan.

Base pay is reviewed annually to ensure the executives' pay is competitive with the market. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases included in any executives' contracts.

No benefits other than noted above are paid to Directors or management except as incurred in normal operations of the business.

## INCENTIVE COMPENSATION

### Short term incentives

No benefits other than remuneration disclosed in the remuneration report are paid to Directors or management except as incurred in normal operations of the business. Incentive compensation can be provided using a combination of the Openn Negotiation Limited Equity Incentive Plan and short-term cash payments.

### Long term incentives

The Openn Negotiation Limited Equity Incentive Plan is designed to provide medium and long term incentives for all employees (including Non-executive and Executive Directors) and to attract and retain experienced board members, executive officers and employees, and provide motivation to make the Group more successful.

The Openn Negotiation Limited Equity Incentive Plan is designed to provide incentives for executives to deliver optimal shareholder returns. Under the plan, participants are granted Performance Rights which vest if certain performance hurdles are met and the employees are still employed by the group at the end of the vesting period unless the board determines otherwise. Participation is at the board's discretion and no individual has a contractual right to receive any guaranteed benefits.

Where rights have been issued under the Openn Negotiation Limited Equity Incentive Plan, the board may vest some or all of the Rights of a participant even if a performance condition or other vesting condition has not been satisfied. There are no other Long-Term incentives.

As rights granted to Directors and Employees are considered to represent the value of the services received over the vesting period of the rights, the assessed value of the is recognised and expensed over the vesting period. rights vesting during the period of issue are fully expensed under the accounting standards.

Other than rights disclosed in the remuneration report there have been no rights issued to Directors at the date of this financial report.

The relative proportions of executive and applicable non-executive remuneration that are linked to performance is nil.

The amount of fixed and at risk remuneration is set out below:

	Fixed Remuneration	At risk LTI
	2021	2021
	\$	\$
<b>Directors and Key Management Personnel</b>		
Wayne Zekulich	12,129	—
Peter Gibbons	177,053	—
Duncan Anderson	28,976	—
Darren Bromley	99,646	—
Danielle Lee	14,319	—
Sean Adomeit	192,516	2,936
<b>Directors retired during the year</b>		
Bradley Glover	—	—
Peter Clement	—	—
Brent Bonadeo	—	—

## SERVICE AGREEMENTS

There are no retirement allowances or other benefits paid to non-executive directors.

Remuneration and terms of employment for other key management personnel are formalised in consultancy and/or employment agreements. The major provisions relating to remuneration to existing directors are set out below.

### **Peter Gibbons, Managing Director**

- Term of agreement – indefinite;
- Base fee of \$240,000;
- Superannuation of 10% is payable under the agreement;
- Performance based benefits may be payable under the agreement and may be linked to individual performance outcomes only;
- Participation in the Openn Negotiation Limited Equity Incentive Plan is available subject to board discretion; and
- Contract may be terminated early by the Company with three months' notice, or by the executive with three months' notice.

### **Duncan Anderson, Chief Technology Officer**

- Term of agreement – indefinite;
- Base fee of \$132,000 (3 days per week);
- Superannuation of 10% is payable under the agreement;
- Performance based benefits may be payable under the agreement and may be linked to individual performance outcomes only;
- Participation in the Openn Negotiation Limited Equity Incentive Plan is available subject to board discretion; and
- Contract may be terminated early by the Company with three months' notice, or by the executive with three months' notice.

### **Darren Bromley, Chief Financial Officer**

- Term of agreement – indefinite;
- Base fee of \$120,000 (3 days per week);
- Superannuation of 10% is payable under the agreement;
- Performance based benefits may be payable under the agreement and may be linked to individual performance outcomes only;
- Participation in the Openn Negotiation Limited Equity Incentive Plan is available subject to board discretion; and
- Contract may be terminated early by the Company with three months' notice, or by the executive with three months' notice.

### **Sean Adomeit, Chief Operating Officer**

- Term of agreement – indefinite;
- Base fee of \$200,000;
- Superannuation of 10% is payable under the agreement;
- Performance based benefits may be payable under the agreement and may be linked to individual performance outcomes only;
- Participation in the Openn Negotiation Limited Equity Incentive Plan is available subject to board discretion; and
- Contract may be terminated early by the Company with three weeks' notice, or by the executive with three weeks' notice.

## TERMINATION BENEFITS

Post-employment benefits includes only long service leave which is accrued for executive staff when they reach 3 years of consecutive service. No other termination benefits are payable.

## EMPLOYEE INCENTIVE PLAN

The Company has established the Openn Negotiation Limited Equity Incentive Plan (Plan) under which the Board of Directors are able to offer securities in the Company to eligible persons.

The Company has established the Plan with the following objectives:

- to establish a method by which Eligible Persons can participate in the future growth and profitability of the Company through holding of equity interests in the Company;
- to provide an incentive and reward for Eligible Persons for their contributions to the Company;
- to attract and retain a high standard of executive, managerial, technical and other personnel for the benefit of the Company; and
- to align the interests of the Eligible Persons more closely with the interests of Shareholders, by providing an opportunity for Eligible Persons to hold an equity interest in the Company.

## REMUNERATION TABLE

2021 remuneration table has been set out below.

	Cash Salary & fees <sup>1</sup>	Non-cash benefits	Super- annuation	Long Term Benefits	Annual Leave Balance	Security- based payments <sup>6</sup>	Total	Remunera- tion linked to performance
	\$	\$	\$	\$	\$	\$	\$	%
<b>2020/2021</b>								
<b>Directors/Key Management Personnel</b>								
Wayne Zekulich <sup>2</sup>	11,077	—	1,052	—	—	—	12,129	—
Danielle Lee <sup>3</sup>	13,077	—	1,242	—	—	—	14,319	—
Peter Gibbons	161,692	—	15,361	—	15,088	—	192,141	—
Duncan Anderson <sup>4</sup>	26,462	—	2,514	—	2,036	—	31,012	—
Darren Bromley <sup>5</sup>	96,869	—	2,777	—	2,249	—	101,895	—
Sean Adomeit <sup>7</sup>	175,814	—	16,702	—	6,144	2,936	201,596	—
<b>Directors retired during the year</b>								
Bradley Glover <sup>8</sup>	—	—	—	—	—	—	—	—
Peter Clement <sup>9</sup>	—	—	—	—	—	—	—	—
Brent Bonadeo <sup>10</sup>	—	—	—	—	—	—	—	—
	484,991	—	39,648	—	25,517	2,936	553,092	—

Notes:

- Amounts paid or payable
- Mr Zekulich was appointed as a director on 24 April 2021
- Ms Lee was appointed as a director on 3 March 2021
- Mr Anderson was appointed as a director on 15 September 2020
- Mr Bromley received consulting fees of \$67,638 before commencing as the chief financial officer on 7 May 2021
- The annual value of options in accordance with AASB 2 Share-based Payment
- Mr Adomeit was appointed as chief operating officer on 5 November 2018
- Mr Glover resigned as a director on 3 February 2021
- Mr Clement resigned as a director on 3 February 2021
- Mr Bonadeo resigned as a director on 7 September 2020

The value at grant date is calculated in accordance with AASB 2 Share-based payment. The fair value is based on the following inputs and methodology:

Further information on the options can be found in note 15 to the annual financial report.

The assessed fair value at grant date of options granted to the individual is allocated equally over the period from grant date to expected vesting date, and the amount is included in the remuneration tables above.

Fair values of options have been determined based on the Black Scholes Option Pricing Model.

## DETAILS OF REMUNERATION: SHARE BASED COMPENSATION BENEFITS

The Company issued options in 2018 as follows:

	Number of options granted	Value of options at grant date*	Number of options vested during the year	Value of options at vesting date*	Number of options lapsed during the year	Value at lapse date
	Number	\$	Number	\$	Number	\$
Executive of the Company						
Sean Adomeit	282,120	23,490	282,120	23,490	—	—
	282,120	23,490	282,120	23,490	—	—

\*The value at grant date is calculated in accordance with AASB 2 Share-based payment. The fair value is based on the following inputs and methodology:

Further information on the options can be found in note 15 to the annual financial report.

The assessed fair value at grant date of options granted to the individual is allocated equally over the period from grant date to expected vesting date, and the amount is included in the remuneration tables above. Fair values of options have been determined based on the Black Scholes Option Pricing Model. The table below shows the vesting period of the options.

### Share-based compensation benefits (options)

	Year granted	Vested	Forfeited	Financial years in which options vest	Maximum total value of grant yet to vest
		%	%		%
Sean Adomeit <sup>1</sup>	2018	100	—	2021	—

Notes:

1. Mr Adomeit was issued with options on 31 December 2018. The vesting period was 2 years from the date of issue.

## ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

### RELATED PARTY TRANSACTIONS

The Consolidated Entity was party to the following related party transactions during the year.

#### (a) Loans to key management personnel

There were no loans to key management personnel during the year

#### (b) Transactions with key management personnel

During the year, the Company entered into the following related party transactions:

1. Mr P Clements provided services to the Company through an associated real estate agency during the period. The total services rendered for 2020 and 2021 was \$4,805 and \$1,305. The services were at normal commercial rates and paid during the period.
2. Mr B Glovers provided services to the Company through an associated real estate agency during the period. The total services rendered for 2020 and 2021, was \$7,730 and \$735. The services were at normal commercial rates and paid during the period.
3. Mr D Anderson provided services to the Company through an associated information technology company during the period. The total services rendered for 2021 was \$365,906. The services were at normal commercial rates and paid during the period.
4. The Company repaid amount borrowed by Openn Tech Pty Ltd as part of funding for the development of the technology. The amount paid was to the founding directors, Mr Gibbons, Mr Clements and Mr Glover. The total amount repaid was \$343,900 on 15 February 2021.
5. Mrs D Lee provided services to the Company through an associated consulting company during the period. The total services rendered for 2021 was \$5,000. The services were at normal commercial rates and paid during the period.

6. The Company acquired 100% of the share capital of Openn World Pty Ltd from the existing shareholders. The transaction included members of the key management personnel. Details of the transaction can be found in Note 18.

The Company offered the shareholder the option of cash or shares in the Company. The related party transactions are outlined below.

	Shares received	Cash payable
	Number	\$
Key management personnel		
Mr P Gibbons	855,343	254
Mr P Clements	855,343	254
Mr B Glover	855,343	254
Mr D Bromley	5,646	—
Mr D Anderson	66,155	21
Mr S Adomeit	—	283
	2,637,830	1,066

## SHAREHOLDINGS

The number of shares in the Company 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:

Ordinary Shares 2021	Balance at beginning of year or appointment date	Share split <sup>2</sup>	Issued on exercise of options	Purchased or acquired <sup>1</sup>	Other changes	Balance at end of year or date of resignation
<b>Directors</b>						
Wayne Zekulich	—	—	—	—	—	—
Danielle Lee	—	—	—	—	—	—
Peter Gibbons	1,510,000	22,844,839	—	855,343	—	25,210,182
Duncan Anderson	75,000	1,134,678	—	66,155	—	1,275,833
Darren Bromley	56,000	847,226	—	5,646	—	908,872
Bradley Glover <sup>3</sup>	1,510,000	22,844,839	—	855,343	—	25,210,182
Peter Clement <sup>3</sup>	1,510,000	22,844,839	—	855,343	—	25,210,182
Brent Bonadeo <sup>3</sup>	58,750	1,231,942	—	(220,000)	—	1,070,692
<b>Total</b>	4,719,750	71,748,363	—	2,417,830	—	78,885,943

Notes:

1. Relates to the transaction between Openn World Pty Ltd and the Company

2. The Company re-organised its ordinary share and share option securities on issue and split the securities on a 1 for 16.129 basis (rounded up)

3. Shares held at the date of resignation

## OPTION HOLDINGS

The Company had 2,934,519 options exercisable at \$0.24 on or before on 20 January 2025 as at the date of this report.

## SHARE RIGHTS

The Company did not issue any rights during the financial year to any director.

## VOTING OF SHAREHOLDERS AT LAST YEAR'S ANNUAL GENERAL MEETING

The Company has recently listed on the Australian Securities Exchange and did not have an AGM in the prior year.

## THIS CONCLUDES THE REMUNERATION REPORT, WHICH HAS BEEN AUDITED.

## ENVIRONMENTAL REGULATION

The Directors are not aware of any particular and significant environment regulation under a law of the Commonwealth, State or Territory relevant to the Group.

## OPTIONS

282,120 options were exercised during the financial year.

At the date of this report, unissued ordinary shares of the Company under option are:

Number of options	Grant date	Exercise Price	Expiry date
2,934,519	20 January 2021	\$0.24	20 January 2025

### Shares issued during or since the end of the year as a result of exercise

282,120 options were exercised during the year, No options have been exercised since the end of the financial year.

## PERFORMANCE RIGHTS

As at the date of this report, the Company has the following right over unissued ordinary shares of the Company under Openn Negotiation Limited Equity Incentive Plan.

Performance Rights	Number of rights	Grant date	Exercise Price	Expiry date
Class A performance rights	12,349,000	13 July 2021	Nil	5 years from grant date
Class B performance rights	3,250,000	13 July 2021	Nil	5 years from grant date

## CORPORATE GOVERNANCE

The Company's corporate governance statement can be found on the Company's website, in a section titled 'Corporate Governance': [www.hello.openn.com.au/investor](http://www.hello.openn.com.au/investor).

## INDEMNIFICATION AND INSURANCE OF DIRECTORS

### Indemnification

The Company has agreed to indemnify the Directors and Company Secretary of the Group against all liabilities to another person (other than the Company or any related body corporate) that may arise from their position as Directors and Company Secretary of the Group, except where the liability arises out of conduct involving a lack of good faith.

The Company has also agreed to cover any liability for costs and expenses incurred in successfully defending civil or criminal proceedings, or in connection with a successful application for relief under the *Corporations Act 2001 (Cth)* (**Corporations Act**). It also provides indemnity against costs and expense s in connection with an application where a court grants relief to a Director under the Corporations Act.

### Insurance premiums

The Company paid a premium, during the year in respect of a director and officer liability insurance policy, insuring the Directors of the Group, the Company Secretary, and executive officers of the Group against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the Corporations Act. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

## EVENTS SUBSEQUENT TO REPORTING DATE

On 21 July 2021 the Company completed a listing on the Australian Securities Exchange. The Company raised \$9 million before costs and issued 45,000,000 fully paid ordinary shares at an issue price of \$0.20 per share.

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

On 6 September 2021, the Company announced the incorporation of a United States of America company Openn USA Inc. and the appointment of a US director, Mr Eric Bryant, as a Director of Operations for the entity.

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 23.

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 15 September 2021**

# AUDITOR'S INDEPENDENCE DECLARATION





#### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Openn Negotiation Limited for the year ended 30 June 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'B G McVeigh'.

Perth, Western Australia  
15 September 2021

**B G McVeigh**  
Partner

**hlb.com.au**

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# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2021

		2021	2020
	Note	\$	\$
<b>Continuing operations</b>			
Revenue	3	1,046,683	851,402
Other income	3	63,522	315,597
Advertising and marketing expenses		(456,644)	(245,345)
Employment expenses	3	(1,571,749)	(942,147)
Consulting expenses		(145,071)	(124,479)
General and administration expenses	3	(580,014)	(315,233)
Occupancy costs		(29,485)	(25,424)
Financing expenses		(39,246)	(23,630)
Technology expenses		(362,896)	(697,347)
<b>(Loss) before income tax</b>		<b>(2,074,900)</b>	<b>(1,206,606)</b>
Income tax (expense) / benefit	4	–	–
<b>(Loss) from continuing operations</b>		<b>(2,074,900)</b>	<b>(1,206,606)</b>
<b>Other comprehensive income</b>			
Items that may be realised through profit or loss			
Movement in reserves		–	–
<b>Other comprehensive loss for the period, net of tax</b>		<b>–</b>	<b>–</b>
<b>Total comprehensive loss attributable to owners of the Company</b>			
Owners of the Company		<b>(2,074,900)</b>	<b>(1,206,606)</b>
<b>Loss per share attributed to the owners of the Company:</b>			
Basic (loss) per share (cents per share)	24	<b>(1.51)</b>	<b>(0.97)</b>
Diluted (loss) per share (cents per share)	24	<b>(1.51)</b>	<b>(0.97)</b>

The accompanying notes form part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

		2021	2020
	Note	\$	\$
<b>Current assets</b>			
Cash and cash equivalents	5	566,370	360,482
Research and development receivable	7	–	265,597
Other receivables and assets	6	290,120	42,900
<b>Total current assets</b>		<b>856,490</b>	<b>668,979</b>
<b>Non-current assets</b>			
Plant and equipment	8	102,457	98,437
Intangible assets	10	1,215,306	–
Other receivables	9	16,142	16,142
<b>Total non-current assets</b>		<b>1,333,905</b>	<b>114,579</b>
<b>TOTAL ASSETS</b>		<b>2,190,395</b>	<b>783,558</b>
<b>Current liabilities</b>			
Trade and other payables	11	755,604	201,660
Borrowings	13	25,000	25,000
Lease liability	12	37,832	11,501
<b>Total current liabilities</b>		<b>818,436</b>	<b>238,161</b>
<b>Non-current liabilities</b>			
Borrowings		–	448,975
Lease liability	12	48,435	75,697
<b>Total non-current liabilities</b>		<b>48,435</b>	<b>524,672</b>
<b>TOTAL LIABILITIES</b>		<b>866,871</b>	<b>762,833</b>
<b>NET ASSETS</b>		<b>1,323,524</b>	<b>20,725</b>
<b>Equity</b>			
Issued capital	14	7,933,910	4,566,900
Reserves	15	31,243	20,554
(Accumulated losses)		(6,641,629)	(4,566,729)
<b>TOTAL EQUITY</b>		<b>1,323,524</b>	<b>20,725</b>

The accompanying notes form part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

	Consolidated			
	Ordinary Shares	Accumulated Losses	Option Reserve	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 Jul 2020</b>				
Balance at the beginning of the year	4,566,900	(4,566,729)	20,554	20,725
Issue of shares (net of costs)	2,353,175	—	—	2,353,175
Issue of share – acquisition	498,790	—	—	498,790
Issue of shares – conversion of debt	500,000	—	—	500,000
Issue of shares – conversion of options	15,045	—	—	15,045
Issue of options to employees	—	—	2,936	2,936
Issue of options – brokers	—	—	7,753	7,753
<b>Total comprehensive income</b>				
(Loss) for the year	—	(2,074,900)	—	(2,074,900)
Other comprehensive income	—	—	—	—
Total comprehensive (loss) for the year	—	(2,074,900)	—	(2,074,900)
<b>Balance as at 30 Jun 2021</b>	<b>7,933,910</b>	<b>(6,641,629)</b>	<b>31,243</b>	<b>1,323,524</b>
<b>Balance at 1 Jul 2019</b>				
Balance at the beginning of the year	4,364,900	(3,360,123)	8,809	<b>1,013,586</b>
Issue of shares	202,000	—	—	<b>202,000</b>
Issue of options – employees	—	—	11,745	<b>11,745</b>
<b>Total comprehensive income</b>				
(Loss) for the period	—	(1,206,606)	—	<b>(1,206,606)</b>
Other comprehensive income	—	—	—	—
Total comprehensive (loss) for the year	—	(1,206,606)	—	<b>(1,206,606)</b>
<b>Balance as at 30 Jun 2020</b>	<b>4,566,900</b>	<b>(4,566,729)</b>	<b>20,554</b>	<b>20,725</b>

The accompanying notes form part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

		2021	2020
	Note	\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,255,001	946,485
Payments to suppliers and employees		(2,906,507)	(2,361,484)
Interest paid		(39,246)	(13,425)
Income tax – R&D incentive received		265,597	330,909
Government assistance		63,522	50,000
<b>Net cash (used in) operating activities</b>	23	<b>(1,361,633)</b>	<b>(1,047,515)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(12,385)	(4,761)
Payment for technology costs		(423,052)	–
Cash received on acquisition of entity	27	1,346	–
Payment for security deposits		–	(279)
<b>Net cash (used in) investing activities</b>		<b>(434,091)</b>	<b>(5,040)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		2,447,264	202,000
Payment of issue costs		(71,292)	–
Proceeds from borrowings	13	–	500,000
Payment of borrowing costs	13	–	(61,230)
Repayment of borrowings	13	(343,900)	–
Repayment of lease liability	12	(30,460)	(22,119)
<b>Net cash provided by financing activities</b>		<b>2,001,612</b>	<b>618,651</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>205,888</b>	<b>(433,904)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>360,482</b>	<b>794,386</b>
		–	–
<b>Cash and cash equivalents at the end of the year</b>	5	<b>566,370</b>	<b>360,482</b>

The accompanying notes form part of the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated financial report for the year ended 30 June 2021 includes the financial statements and notes of Openn Negotiation Limited (*formerly Appwell Pty Ltd*) (**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 14 September 2021.

### a. Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001 (Cth)* (Corporations Act) and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

### b. Going concern

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

### c. Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Openn Negotiation and its subsidiaries, if any. The subsidiary is an entity the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of the subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of the subsidiary have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "noncontrolling interests". The Group initially recognises non-controlling interests that are present ownership interests in the subsidiary and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

### d. 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. The Company has one segment which is technology in Australia.



## **e. Income tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

## **f. Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days

Collectability of trade and other receivables is reviewed on an ongoing basis. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Clients with heightened credit risk are provided for specifically based on historical default rates and forward looking information. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

## g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate (%)
Plant and equipment	10 – 33

## h. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### Classification and subsequent measurement

#### *Financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

#### *Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

### ***Financial assets at fair value through other comprehensive income***

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading.

### ***Financial assets at fair value through profit or loss (FVPL)***

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

### ***Financial liabilities***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

### ***Impairment***

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## **i. Trade and other payables**

Trade payables and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## **j. Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

#### **k. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **l. Impairment of assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss & Other Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **m. Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The Company operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. The fair value of performance incentives is determined using the satisfaction of certain performance criteria (Performance Milestones). The number of instruments expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The fair value is determined using an appropriate valuation methodology based on the type of share-based payment.

##### **Share based payments**

The fair value of instruments granted under the employee share and option plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

#### **n. Cash and cash equivalents**

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## **o. Leases**

The Company has adopted the new accounting pronouncements which came into effect from 1 July 2019. AASB 16 Leases replaces the previous lease standard, AASB 17 along with three Interpretations, IFRIC 4, SIC 15 and SIC 27.

For any new contracts entered into on or after 1 July 2019, the Company has considered whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company must assess whether the contract meets three key evaluation which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- The Company has the right to obtain substantially all of the economic benefits from the use of the identified asset through the period of use, considering its rights within the defined scope of the contract;
- The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

### **Measurement and recognition of lease as a lease**

At the commencement of the lease, the Company recognises a right to use asset and a lease liability on the balance sheet. The right to use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial costs incurred by the Group, an estimate of any cost to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement dates.

The Company depreciates the right-of-use-assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use-asset or the end of the lease term. The Group also assesses the right-of-use assets for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of the fixed payments, variable payments based on an index and amounts expected to be payable under a residual value guarantee. Payments which are subject to an option will only be included if there is strong objective evidence to suggest that option will be exercised

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset has been reduced to zero.

The Group has elected to account for short term leases and leases of low value asset using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the profit and loss on a straight line basis over the lease term.

On the statement of financial position, the right – of-use asset has been included in property, plant and equipment and the lease liability has been classified separately.

## **p. Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### q. 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 that the client uses the technology. The Group's obligations cease at the end of the expected time period and no further obligations exist. 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.

#### r. Intangible assets

##### Technology development

Costs associated with developing the Company's technology platform programmes are recognised as an asset as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use; and
- management intends to complete the software and use or sell it; and
- it can be demonstrated how the software will generate probable future economic benefits; and
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software include employee costs.

Costs associated with maintaining the technology platform are recognised as an expense as incurred.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The Company amortises intangible assets with limited useful lives using the straight-line method over the following periods:

Class of fixed asset	Useful Life
Technology development	8 years
Patents	20 years
Trademarks	10 years
Website	8 years

##### Patents, Trademarks and website assets

These costs are capitalised when incurred. They have a finite life and are carried at cost less any accumulated depreciation.

Intangible assets are assessed for impairment where there are indicators that the assets may be impaired.

#### s. Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### t. New and revised accounting standards adopted by the Company

The Group's assessment of the impact of these new standards and interpretations and the impact is not considered material.

#### u. New and revised accounting standard for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Company. The Company has assessed the impact of these new standards and has determined that there is no material impact on the financial statements.

#### **v. Critical accounting judgements and key sources of estimations**

The Company has undertaken an option 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.

The Company has estimated the useful life of the intangible assets taking into account the types of assets it has acquired. The assessment of expected useful lives is based on the evaluation of similar assets in the market place, the expected life cycle of the asset (or term of the contract) and chief technology officers assessment of the assets. Information, facts and circumstances may come to light in subsequent periods which requires the asset to be amortised over a different useful life, or alternatively impaired or written down for which the directors were unable to predict the outcome at balance date.

Deferred tax assets are recognised for deductible temporary differences and taxation losses when the directors consider that it is probable that sufficient future tax profits or costs will be available to utilise those temporary differences and losses. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next few years together with future tax planning strategies. There are significant variables relating to generating taxable profits in the future and while the directors take care in assessing the current available information, by its nature any forecast may be materially different to the final actual outcome.

## **2. SEGMENT INFORMATION**

The Company has one segment, which is technology in the real estate sector within Australia.

### 3. LOSS FROM CONTINUING OPERATIONS

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

	2021	2020
	\$	\$
<b>(a) Revenue</b>		
Website and associated sales	1,044,469	848,621
Marketing sales	2,186	1,973
Interest revenue	28	808
	1,046,683	851,402

Revenue from contracts with customers

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) 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 Groups customer.

	2021	2020
	\$	\$
<b>(b) Other income</b>		
Research and development tax incentive	–	265,597
Government assistance	63,522	50,000
	63,522	315,597
<b>(c) Expenses – Employment expenses</b>		
Salary and wages	1,370,541	826,478
Other personnel costs	8,568	6,199
Superannuation	131,521	75,324
Increase in leave liabilities	58,183	22,401
	1,568,813	930,402
Share-based payment expense	2,936	11,745
<b>TOTAL</b>	<b>1,571,749</b>	<b>942,147</b>
<b>(d) Expenses – General and administration costs</b>		
ASX fees	22,994	–
Accounting expenses	68,695	36,995
Audit fees	44,292	10,000
Depreciation and amortisation expenses	172,400	30,758
Insurance expenses	5,971	15,365
Partnership expenses	30,233	25,105
Travel expenses	4,662	27,821
Sales expenses	116,817	74,342
Other administration expenses	113,950	94,847
	<b>580,014</b>	<b>315,233</b>

The Company completed its listing on the Australian Securities Exchange in July 2021 which resulted in increased compliance costs that have been recognised in the income statement during the period.



## 4. INCOME TAXES

Income tax recognised in profit or loss

	2021	2020
	\$	\$
<b>(a) Income tax expense comprises:</b>		
Current tax expense	–	–
Deferred tax expense relating to the origination and reversal of temporary differences	–	–
Total tax (expense) / benefit	–	–
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Loss from continuing operations before income tax expense	(2,074,900)	(1,206,606)
Prima facie tax benefit at the Australian tax rate (2021: 26%, 2020: 27.5%)	(539,474)	(331,817)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible (taxable)	18,132	176,714
Non-assessable income	(17,471)	(13,750)
Movements in unrecognised temporary differences	16,398	(1,879)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	522,415	170,732
Income tax benefit	–	–
<b>(c) Unrecognised deferred tax balances</b>		
<b>Deferred Tax Assets (2021: 25%, 2020: 26%)</b>		
Accrued expenses	17,171	7,540
Annual leave liability	27,403	13,371
Superannuation payable	12,309	–
Revenue deferred	–	377
Lease expenses	–	565
Capital raising costs (equity)	47,909	27,294
Carry forward revenue and capital tax losses	1,151,791	684,194
	<b>1,256,583</b>	<b>733,341</b>
<b>Deferred Tax Liabilities</b>		
Plant and equipment	–	3,487
Prepayments	–	2,167
	<b>–</b>	<b>5,654</b>

Net deferred tax assets have not been brought to accounts as it is not probable within the immediate future that taxable profits will be available against which deductible temporary differences and tax losses can be utilised.

The Company's ability to use losses in the future is subject to the Company satisfying the relevant tax authority's criteria for using these losses.

## 5. CURRENT ASSETS: CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash at bank and on hand <sup>(1) (2)</sup>	566,370	360,482
	<b>566,370</b>	<b>360,482</b>

1. Cash at bank and on hand earns interest at floating rates based on daily bank deposits.
2. Available at short notice.

## 6. CURRENT ASSETS: OTHER ASSETS AND RECEIVABLES

	2021	2020
	\$	\$
GST receivables	22,466	14,250
Prepayments	238,719	20,333
Related party loans	—	6,338
Sundry receivables	28,935	1,979
	<b>290,120</b>	<b>42,900</b>

No receivables are considered past due. The Company has not provided for any expected credit losses in the current year (2020: nil)

## 7. RESEARCH AND DEVELOPMENT TAX INCENTIVE

	2021	2020
	\$	\$
R&D receivable <sup>(1) (2)</sup>	—	265,597
	<b>—</b>	<b>265,597</b>

1. The Company has claimed a research and development tax for the prior year.

2. The amount was received in the current year.

## 8. NON-CURRENT ASSETS: PROPERTY, PLANT & EQUIPMENT

	2021	2020
	\$	\$
<b>Fixed assets</b>		
<b>Right of use assets – Property</b>		
At cost	139,809	109,317
Less: Accumulated depreciation	(54,721)	(24,293)
	<b>85,088</b>	<b>85,024</b>
<b>Office equipment</b>		
At cost	38,194	25,809
Less: Accumulated depreciation	(20,825)	(12,396)
	<b>17,369</b>	<b>13,413</b>
<b>Reconciliation of the movement for the year</b>		
Carrying amount at beginning of year	98,437	15,116
Additions	12,385	4,762
New right of use asset <sup>(1)</sup>	30,492	—
Recognition of right to use asset	—	109,317
Depreciation charge	(38,857)	(30,758)
Carrying amount at end of year	<b>102,457</b>	<b>98,437</b>

1. The Company entered into a new lease and changes to the variable element of the lease resulted in an increase in the right of use asset during the period. The details of the changes in the lease liability are outlined in Note 12 below.

## 9. NON-CURRENT RECEIVABLES

	2021	2020
	\$	\$
Security deposit <sup>(1)</sup>	16,142	16,142
	<b>16,142</b>	<b>16,142</b>

1. The Company established a bank guarantee during the prior period which accumulates interest.

## 10. NON-CURRENT ASSETS: INTANGIBLE ASSETS

	2021	2020
	\$	\$
<b>Intangible assets</b>		
<b>Technology assets</b>		
At cost	1,386,650	—
Less: Accumulated amortisation	(232,379)	—
	<b>1,154,271</b>	<b>—</b>
<b>Patents</b>		
At cost	56,565	—
Less: Accumulated amortisation	(12,982)	—
	<b>43,583</b>	<b>—</b>
<b>Trademarks</b>		
At cost	30,095	—
Less: Accumulated amortisation	(16,042)	—
	<b>14,053</b>	<b>—</b>
<b>Website</b>		
At cost	9,065	—
Less: Accumulated amortisation	(5,666)	—
	<b>3,399</b>	<b>—</b>
<b>TOTAL INTANGIBLES</b>	<b>1,215,306</b>	<b>—</b>
<b>Reconciliation of the movement for the year</b>		
Carrying amount at beginning of year	—	—
Additions	423,052	—
Amounts acquired through asset acquisition	874,772	—
Disposals	—	—
Amortisation charge	(82,518)	—
Carrying amount at end of year	<b>1,215,306</b>	<b>—</b>

The Company completed the acquisition of Openn World Pty Ltd and its wholly owned subsidiary Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd) in August 2020. This Group held the technology and rights for the global licencing (other than Australasia). The assets purchase included the intangibles listed above. The details of the acquisition are in Note 27.

## 11. CURRENT LIABILITIES: TRADE AND OTHER PAYABLES

	2021	2020
	\$	\$
Trade payables <sup>(1) (2)</sup>	416,719	103,596
Other payables	338,885	98,064
	<b>755,604</b>	<b>201,660</b>

1. No trade payables past due over 30 days as at 30 June 2021 (2020: \$NIL).

2. Due to the short term nature of current payables, the carrying amount of trade and other payables approximates their fair value.

## 12. LEASE LIABILITY

	2021	2020
	\$	\$
<b>Leases liability</b>		
Current liability	37,832	11,501
Non-current liability	48,435	75,697
<b>TOTAL</b>	<b>86,267</b>	<b>87,198</b>
<i>Reconciliation of movements in the balance</i>		
Opening balance	87,198	–
Amounts borrowed (recognised on transition)	–	109,317
Amounts recognised as new leases and changes in leases <sup>(1)</sup>	29,529	
Less: amount repaid	(30,460)	(22,119)
Closing balance at end of period	<b>86,267</b>	<b>87,198</b>

1. Leases

During the year, the Company's rent increased as a consequence of a variable periodic review clause in the contract. The rent increased by \$1,080 (per annum).

The Company entered into a new lease in Victoria during the period. The key inputs to the calculation are as follows:

Time Period: 24 months from 10 February 2021

Rate: Implicit interest rate of 4.50%

Fair Value: \$25,280

## 13. BORROWINGS

	2021	2020
	\$	\$
<b>Borrowings</b>		
Current borrowings	25,000	25,000
Non-current borrowings	–	448,975
<b>TOTAL</b>	<b>25,000</b>	<b>473,975</b>
<b>Reconciliation/movement for the year</b>		
Opening balance <sup>(1)</sup>	473,975	25,000
Amounts borrowed <sup>(3)</sup>	–	500,000
Amounts included in asset acquisitions <sup>(2)</sup>	343,900	–
Less: Amounts repaid <sup>(2)</sup>	(343,900)	–
Less: Debt converted into equity <sup>(3)</sup>	(500,000)	–
Less: Borrowing costs	–	(61,230)
Reduced by: amortisation of borrowing costs	51,025	10,205
Carrying amount at end of period <sup>(1)</sup>	<b>25,000</b>	<b>473,975</b>

1. 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

2. Related party borrowings

As part of the acquisition of Openn World Pty Ltd, the Company acquired the obligation to pay \$343,900 which related to loans from the previous directors of Openn Tech Pty Ltd used to fund start-up capital, as well as funding the costs of developing and commercialising the Openn Technology. The terms of the loan are set out below.

Time Period: No formal expiry, repayable on demand

Rate: Nil

Security: Nil

The loan was repaid on 15 February 2021.

3. 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

In December 2020, the lenders agreed to fix the conversion price at \$0.16 per share. The fair value of the conversion right was deemed to be nil.

In January 2021 the lender converted the \$500,000 debt to equity.

## 14. ISSUED CAPITAL

### Equity

146,725,964 fully paid ordinary shares (2020: 125,000,011 post reconstruction)

The following changes to the shares on issue and the attributed value during the periods:

	Jun 2021	Jun 2020	Jun 2021	Jun 2020
	Number	Number	\$	\$
Balance at the beginning of the year	7,750,000	7,649,000	4,566,900	4,364,900
Issue of shares in a placement <sup>(1)</sup>	–	101,000	–	202,000
Share split <sup>(2)</sup>	117,250,011	–	–	–
Issue of shares on conversion of debt <sup>(3)</sup>	3,125,002	–	500,000	–
Issue of share for acquisition <sup>(4)</sup>	3,117,461	–	498,790	–
Issue of shares in a placement <sup>(5)</sup>	15,201,370	–	2,432,219	–
Issue of share on conversion of options <sup>(6)</sup>	282,120	–	15,045	–
Share issue costs <sup>(7)</sup>	–	–	(79,044)	–
Sub-total	<b>146,725,964</b>	7,750,000	<b>7,933,910</b>	4,566,900

The Company issued the following securities during the period:

- On 10 July 2019 the Company issued 101,000 fully paid shares at an issue price of \$2 per share to investors.
- 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 Open World Pty Ltd. The acquisition has been set out in Note 25 below.
- 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.
- 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.

## 15. RESERVES

	Jun 2021	Jun 2020
	\$	\$
Option reserves	31,243	20,554
	<b>31,243</b>	<b>20,554</b>

	Jun 2021	Jun 2020	Jun 2021	Jun 2020
Share based payments – Options	Number	Number	\$	\$
Balance at the beginning of the year	17,523	17,253	20,554	8,809
Split of options during the year	264,597	–	–	–
Issue of options to employee <sup>(1)</sup>	–	–	2,936	11,745
Conversion of options	(282,120)	–	–	–
Issue of options to brokers <sup>(2)</sup>	2,934,519	–	7,753	–
Balance as at 30 June	2,934,519	17,523	31,243	20,554

- 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
  - Exercise date – 31 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.

## 16. RISK MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being technology, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet development programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating costs with a view to initiating appropriate capital raisings as required. The working capital position of the Company at reporting date is as follows:

	2021	2020
	\$	\$
Cash and equivalents	566,370	360,482
Other receivables	22,466	279,847
Trade and other payables	(416,719)	(103,596)
Working capital position	<b>172,117</b>	536,733

### Categories of financial instruments.

The capital of the Company consists of issued capital (shares) and borrowings. The directors aim to maintain a capital structure that ensures the lowest cost of capital available to the entity at the time when funds are obtained. The directors will assess the options available to the company to issue more shares while taking into account the effect on current shareholder ownership percentages (dilution) or alternatively assess the ability of the company to access debt (borrowings) where the cost associated of borrowing these funds (interest) is not considered excessive.

#### **Liquidity – (the ability of the company to pay its liabilities as and when the fall due)**

Liquidity risk arises from the debts (financial liabilities being creditors and other payables) of the Company and the Company's subsequent ability to meet these obligations to repay its debts (financial liabilities) as and when they fall due.

Ultimate responsibility for liquidity risk management rests with the Board. The Board has determined an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves and monitoring actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and debts (liabilities). There were no changes in the Company's liquidity risk management policies from previous years

#### **Credit – (the ability of the company to manage the risk that third parties which hold assets on behalf of the company will not return them at the value recorded in the financial statements)**

The major current assets of the company is its cash at bank. The assessment of the credit risk based on a rating agencies review of the financial institution.

The Group is not exposure to material foreign currency risk or interest rate risk and is not exposed to commodity risk.

	2021	2020
	\$	\$
Financial assets		
Cash and equivalents	566,370	360,482
Other receivables	28,935	8,317
	595,305	368,799
Trade and other payables	(416,719)	(103,596)
Borrowings	(25,000)	(25,000)
	<b>(441,719)</b>	<b>(125,596)</b>

All financial liabilities are current and payable within 1 year. The fair value equals the face value for each financial liability.

## 17. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

## 18. KEY MANAGEMENT PERSONNEL DISCLOSURES

### (a) Key management personnel compensation

	2021	2020
	\$	\$
Short-term benefits	550,156	337,957
Post-employment benefits	–	–
Share-based payments	2,936	–
	<b>553,092</b>	<b>337,957</b>

As the Company prepared to list on the Australian Securities Exchange, the Company executed new agreements for key management personnel. The directors and senior management are considered to be the key management personnel for the current period. The Company has re-evaluated the key management personnel for the year ended 30 June 2020 and has determined that Mr Sean Adomeit is considered to be part of the key management personnel for that year. The value paid to key management personnel has been updated to include Mr Adomeit for the comparative period disclosure. The Appendix 4E disclosed the value excluding annual leave movements which have now been added to the balance of short term benefits. The total value of annual leave movement for the year was \$25,517.

### (b) Loans to key management personnel

There were no loans to key management personnel during the year.

### (c) Transactions with key management personnel

During the year, the Company entered into the following related party transactions:

1. Mr P Clements provided services to the Company through an associated real estate agency during the period. The total services rendered for 2020 and 2021 was \$4,805 and \$1,305. The services were at normal commercial rates and paid during the period.
2. Mr B Glover provided services to the Company through an associated real estate agency during the period. The total services rendered for 2020 and 2021, was \$7,730 and \$735. The services were at normal commercial rates and paid during the period.
3. Mr D Anderson provided services to the Company through an associated information technology company during the period. The total services rendered for 2021 was \$365,906. The services were at normal commercial rates and paid during the period.
4. The Company repaid amount borrowed by Openn Tech Pty Ltd as part of funding for the development of the technology. The amount paid was to the founding directors, Mr Gibbons, Mr Clements and Mr Glover. The total amount repaid was \$343,900 on 15 February 2021.
5. Mrs D Lee provided services to the Company through an associated consulting company during the period. The total services rendered for 2021 was \$5,000. The services were at normal commercial rates and paid during the period.
6. The Company acquired 100% of the share capital of Openn World Pty Ltd from the existing shareholders. The transaction included members of the key management personnel. Details of the transaction can be found in Note 27. The Company offered the shareholder the option of cash or shares in the Company. The related party transactions are outlined below:

	Shares received	Cash payable
<b>Key management personnel</b>		
Mr P Gibbons	855,343	254
Mr P Clements	855,343	254
Mr B Glover	855,343	254
Mr D Bromley	5,646	–
Mr D Anderson	66,155	21
Mr S Adomeit	–	283
	<b>2,637,830</b>	<b>1,066</b>

## 19. REMUNERATION OF AUDITORS

	2021	2020
	\$	\$
Audit and review of the financial report	28,000	10,000
	<b>28,000</b>	<b>10,000</b>

The Company's auditor is HLB Mann Judd (WA Partnership).

## 20. COMMITMENTS

### Technology and other commitments

At reporting date, the Company has no capital commitments.

## 21. CONTINGENCIES

### Contingent liabilities

At balance date, the Company has no contingent liabilities.

## 22. RELATED PARTY TRANSACTIONS

### (a) Key management personnel

Disclosures relating to key management personnel are set out in Note 18.

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

Disclosures relating to key management personnel are set out in Note 18.

## 23. NOTES TO THE STATEMENT OF CASH FLOWS

	2021	2020
	\$	\$
<b>Reconciliation of net loss after income tax to net cash outflow from operating activities</b>		
(Loss) for the year	(2,074,900)	(1,206,606)
Adjusted for:		
Depreciation and amortisation	172,400	40,962
Share-based payments	2,936	11,745
<b>Change in operating assets and liabilities</b>		
Decrease in other assets and receivables	10,314	41,542
Increase in trade and other payables	527,617	64,842
<b>Net cash outflow from operating activities</b>	<b>(1,361,633)</b>	<b>(1,047,515)</b>



## 24. PROFIT/(LOSS) PER SHARE

	RESTATED	
	2021	2020
	\$	\$
<b>From continuing operations</b>		
Basic (cents per share)	(1.51)	(0.97)
Diluted (cents per share)	(1.51)	(0.97)
<b>(a) Reconciliation of earnings used in calculating loss per share</b>		
Loss attributed to the owners of the Company use in calculating basic and diluted loss per share	(2,074,900)	(1,206,606)
	2021	2020
	Number	Number
<b>(b) Weighted average number of shares used as the denominator</b>		
Weight average number of ordinary shares for the purpose of basic and diluted earnings per share	137,803,019	124,964,307

## 25. 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 15.

## 26. PARENT ENTITY

	2021	2020
	\$	\$
<b>Financial position</b>		
<b>Assets</b>		
Current assets	588,920	276,973
Non-current assets	765,874	220,932
Total assets	1,354,794	497,905
<b>Liabilities</b>		
Current liabilities	31,674	28,204
Non-current liabilities	—	448,975
Total liabilities	31,674	477,179
<b>Equity</b>		
Issued capital	7,933,507	4,566,900
Reserves	31,243	20,554
Accumulated losses	(6,641,629)	(4,566,728)
Total equity	1,323,121	20,726
<b>Financial performance</b>		
Profit (Loss) for the year	(2,074,901)	(1,206,606)
Other comprehensive income	—	—
<b>Total comprehensive loss</b>	(2,074,901)	(1,206,606)

## 27. ASSET ACQUISITION

On 22 January 2021, the Company acquired the Openn World Group (including Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd)) for consideration of \$501,130 (in the form of 3,117,461 fully paid ordinary shares issued of at a value of \$498,790, refer Note 14 and cash yet to be paid of \$2,339) from the existing shareholders of Openn World Pty Ltd.

The assets and liabilities acquired as at the purchase date are outlined below:

	Book Value	Fair Value
Cash	1,346	1,346
Other receivables	—	—
Intangible assets	319,088	874,772
<b>Total Assets</b>	<b>320,434</b>	
Trade and other payables	31,088	31,088
Borrowings	343,900	343,900
<b>Total Liabilities</b>	<b>374,988</b>	<b>374,988</b>
<b>Net (Deficiency) / Assets</b>	<b>(54,554)</b>	<b>501,130</b>

The fair value of the asset acquisition was attributed to the technology asset using a residual basis (\$555,684). The loss attributed to the period before acquisition for the Openn World Group was \$48,476.

The agreement for the purchase allowed existing Openn World shareholders to received cash or shares. The Company issued 3,117,461 fully paid ordinary shares to existing shareholders with a small number of shareholders electing to take cash of \$2,339.

The total cash acquired in the acquisition was \$1,346.

## 28. SUBSEQUENT EVENTS

On 21 July 2021 the Company completed a listing on the Australian Securities Exchange. The Company raised \$9 million before costs and issued 45,000,000 fully paid ordinary shares at an issue price of \$0.20 per share.

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

On 6 September 2021, the Company announced the incorporation of a United States of America company Openn USA Inc. and the appointment of a Director of Operations, Mr Eric Bryant, for the US entity.

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

## 29. CONTROLLED ENTITIES

Name	Country of Incorporation	% Equity Interest		\$ Investment	
		2021	2020	2021	2020
Openn Pty Ltd (formerly PP Valley Pty Ltd)	Australia	100	100	220,932	220,932
Openn World Pty Ltd	Australia	100	—	501,130	—
Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd)	Australia	100	—	—	—

# DIRECTOR'S DECLARATION

## DIRECTOR'S DECLARATION

In the opinion of the directors of Openn Negotiation Limited:

- (a) the financial statements and notes set out on pages 30 to 48 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and other mandatory professional reporting requirements;
- (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 30 June 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 15 September 2021**

# INDEPENDENT AUDITOR'S REPORT



## INDEPENDENT AUDITOR'S REPORT

To the members of Openn Negotiation Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Openn Negotiation Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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

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Key Audit Matter	How our audit addressed the key audit matter
<b>Carrying amount of the intangible asset</b> Refer to Note 10	
<p>The Company has an intangible asset in relation to capitalised expenditure on application and website development, patents and trademarks.</p> <p>The development expenditure of \$1.215 million is considered to be a key audit matter, given the size of the balance, as well as the specific criteria that have to be met for capitalisation.</p> <p>In addition, determining whether there is any indication of impairment requires management judgment and assumptions which are affected by future market or economic developments.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- We assessed the recognition criteria for this intangible asset by challenging the key assumptions used and estimates made in capitalising costs, including management's assessment of the stage of the project in the development phase and the accuracy of costs included;</li> <li>- We considered management's assessment of whether any indicators of impairment were present by understanding the business rationale for projects and performing reviews for indicators of impairment;</li> <li>- We ensured management applied an appropriate amortisation method and amortisation period to this finite life intangible; and</li> <li>- We assessed the adequacy of the Company's disclosures in the financial report.</li> </ul>
<b>Revenue Recognition</b> Refer to Note 3	
<p>The Company has assessed that revenue with customers has performance obligations being recognised over time.</p> <p>We focused on this area as a key audit matter due to the judgemental nature of revenue recognition and the direct impact on losses.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- We assessed a sample of the Company's key contracts to determine if we concurred with management's assessment of performance obligations, the transaction price and any contract liabilities that may arise, the allocation of the transaction price, and when to recognise revenue, either at a point in time, or over time;</li> <li>- We substantiated revenue transactions on a sample basis by agreeing the transaction to the sales invoice and bank receipt, where relevant;</li> <li>- We selected a sample of invoices raised around period and ensured that revenue associated with these was recorded in the correct period;</li> <li>- We assessed the adequacy of the Company's disclosures in the financial report.</li> </ul>



*Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

*Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on the Remuneration Report**

##### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Openn Negotiation Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

##### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

A handwritten signature in black ink that reads 'HLB Mann Judd'.

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

**Perth, Western Australia**  
**15 September 2021**

A handwritten signature in black ink that appears to read 'B G McVeigh'.

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

# ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 8 September 2021.

## TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

### Fully paid ordinary shares - quoted

Name	No. of Shares	%
Mr Peter John Gibbons + Ms Tamara Bridget Gibbons <Gibbons Family A/C>	25,210,182	13.15
Montebella & Associates Pty Ltd	25,210,182	13.15
Cecken Pty Ltd <The Cecken A/C>	25,210,182	13.15
Ms Elizabeth Anne Reilly	10,975,722	5.72
HSBC Custody Nominees (Australia) Limited	9,597,071	5.01
Bass Industries Pty Ltd <Harbour A/C>	8,659,276	4.52
GC Bass Nominees Pty Ltd <The Bass Super Fund A/C>	6,774,194	3.53
Zero Nominees Pty Ltd	5,105,000	2.66
Mr Phillip Richard Perry	4,019,561	2.10
Washington H Soul Pattinson and Company Ltd	3,750,000	1.96
UBS Nominees Pty Ltd	2,384,171	1.24
Members Holding Company Pty Ltd <P&N Bank>	2,247,985	1.17
Huleca Pty Ltd <The Coleman Family No 1 A/C>	2,191,029	1.14
CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C>	1,723,399	0.90
Cliffway Pty Ltd <John H Poynton Super A/C>	1,217,742	0.64
Mr Thomas J Roche + Ms Sheridan M Roche <The Roche Super Fund A/C>	1,118,953	0.58
Ice Cold Investments Pty Ltd	1,008,751	0.53
Jasforce Pty Ltd	1,000,000	0.52
Urban Land Nominees Pty Ltd	1,000,000	0.52
Biju Kalisery	995,868	0.52
Total Top 20	139,399,268	71.71
Others	52,326,696	27.29
Total Ordinary Shares on Issue	191,725,964	100.00

## DISTRIBUTION OF EQUITY SECURITIES

### Fully paid ordinary shares - quoted

Range	Holders	Units	%
1 – 1,000	11	2,887	0.00
1,001 – 5,000	521	1,358,456	0.71
5,001 – 10,000	238	1,936,169	1.01
10,001 – 100,000	464	16,560,338	8.64
100,001 – Over	135	171,868,114	89.64
<b>Total</b>	<b>1,369</b>	<b>191,725,964</b>	<b>100.00</b>

## UNQUOTED EQUITY SECURITIES

### 2,934,519 options (exercisable at \$0.24, expiring 20 January 2025) – 1 Holder

Holders with more than 20%	No. of Shares	%
Zenix Nominees Pty Ltd	2,934,519	100.00

### 12,349,000 class A performance rights (Equity Incentive Plan) – 16 Holders

No Holders with more than 20%

### 3,250,000 class B performance rights (Equity Incentive Plan) – 1 Holder

Holders with more than 20%	No. of Shares	%
Mr Peter Gibbons <Gibbons Family A/C>	3,250,000	100.00

## UNMARKETABLE PARCELS

As at 8 September 2021, a marketable parcel represented 2,273 ordinary shares. The number of shareholders holding less than a marketable parcel was 253 representing a total number of ordinary shares of 411,577.

## ON-MARKET BUY BACK

There is currently no on-market buyback program.

## SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial shareholder	Number of Shares	%
Bradley Robert Glover, Montabella & Associated Pty Ltd and Glover Corp Pty Ltd	25,460,182	13.28
Peter John Gibbons & Tamara Bridget Gibbons, in their own right and in their capacity as trustees for the Gibbons Family Trust	25,310,182	13.20
Cecken Pty Ltd (ACN 159 412 969) in its own right and as trustee for the Cecken Trust, Peter Edward Clements and Fiona Christina Maria Clements	25,310,142	13.20
George Clive Bass and Anne Lynette Bass	15,520,164	10.60
Ms Elizabeth Anne Reilly	10,975,722	5.72

## RESTRICTED SECURITIES

76,521,314 ordinary shares restricted until 21 July 2023 (24 months from quotation)

479,631 ordinary shares restricted until 10 February 2022 (12 months from issue)

4,300,000 class A performance rights (Equity Incentive Plan) (24 months from quotation)

3,250,000 class B performance rights (Equity Incentive Plan) (24 months from quotation)

## VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options or performance rights that the Company currently has on issue. Upon exercise or vesting of these securities, the shares issued will have the same voting rights as existing ordinary shares.

## INFORMATION IN RELATION TO LISTING RULE 4.10.19 IF APPLICABLE

There is no current on-market buy-back.

## ASX ADMISSION STATEMENT

During the year, the Company applied its cash in a way that is consistent with its business objectives.



