

BOARD & MANAGEMENT

Wayne Zekulich
Non-Executive Chairman

Peter Gibbons
Managing Director

Darren Bromley
Executive Director / CFO
Company Secretary

Duncan Anderson
Executive Director / CTO

Danielle Lee
Non-Executive Director

Sean Adomeit
Chief Operating Officer

CAPITAL STRUCTURE

Ordinary Shares 193.8 million
Options 2.9 million
Performance rights 14.8 million

MARKET CAPITALISATION

\$28.10 million (at \$0.145 per share as at 28 January 2021)

52 WEEK SHARE PRICE RANGE

\$0.13 - \$0.44

CASH (as at 31 Dec 2021)

\$6.48M

TOP 20 SHAREHOLDERS

70.42% as at 31 December 2021

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159% Growth in uploads for Q2 FY22

HIGHLIGHTS

- December quarter 2022 uploads were up 29% on the prior quarter and 159% higher than the December quarter 2021
- Rolling 12-month growth in uploads is 111%, which compares favourably to the 71% annual growth rate required to meet the 5% target market share as stated in the 2021 AGM
- Commenced expansion of Australian east coast market access capabilities
- Patent accepted in USA, creating a strong legal pathway to protect our invest in USA market entry
- Invited into REACH Canada Accelerator program, with investment from the National Association of Realtors venture arm, Second Century Ventures
- US pilot program Broker Agreements executed ahead of program launch
- Fully funded with \$6.483M cash at 31 December 2021

Australian-listed property technology company ('PropTech'), Openn Negotiation Limited (ASX:OPN), ('Openn', 'Group' or 'Company'), is pleased to release its Appendix 4C and Activities Report for the three months ending 31 December 2021 ('Second Quarter', or 'Q2 FY22').

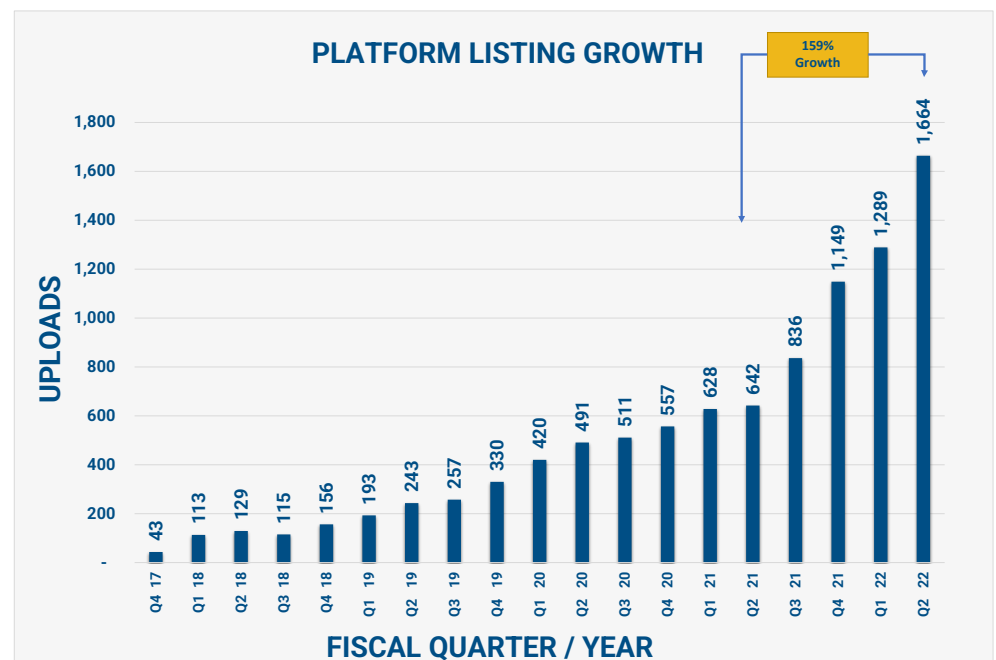


Figure 1: Property Uploads to the Openn platform during each quarter from 1 April 2017 to 31 December 2021 (Q2 FY22) across Australia and New Zealand.

MANAGING DIRECTOR COMMENTS

Peter Gibbons, Managing Director of Openn, commented: “The October-December quarter provided a solid finish to what was another big year in real estate and at Openn.

“Openn reported a significant growth in uploads to the platform since listing on the ASX in July 2021 - more than double the company target since listing. For the first time, New South Wales overtook Western Australia to become the highest uploading state. The increasing dominance of the eastern states is evident, with Victoria and New South Wales together representing 49% of Openn uploads.

“Our new digital private treaty solution, Openn Offers, has continued to gain significant traction, making up 30% of all uploads in the December quarter. It is important to note that the growth of Openn Offers has not been at the expense of Openn Negotiation uploads, which continue to grow strongly.

“Data generated by the Openn platform is offering unique insights into the real estate market. While buyer demand eased slightly, the continued strength in the property market was evident in the sustained levels of buyer competition, with quarterly and year-on-year increases in the total number of offers per property.

“Volatility remains a key challenge for price setting and in this environment, the benefits of Openn become most apparent. With 24% of sold properties selling on the Openn platform for more than \$50,000 above expectations, agents are finding transparent processes help their clients avoid the risk of underselling.

“Our North American Strategy continued to gather momentum with notification received from the US Patent Office that our Patent application has been accepted. This is the first pending patent owned by Openn Tech to be accepted. It is of significant importance because it creates a strong legal pathway to protect the value of investments made by the Openn group in developing the Openn platform.

“Registered users of the platform grew substantially to 90,497 as expected and in line with upload growth.”

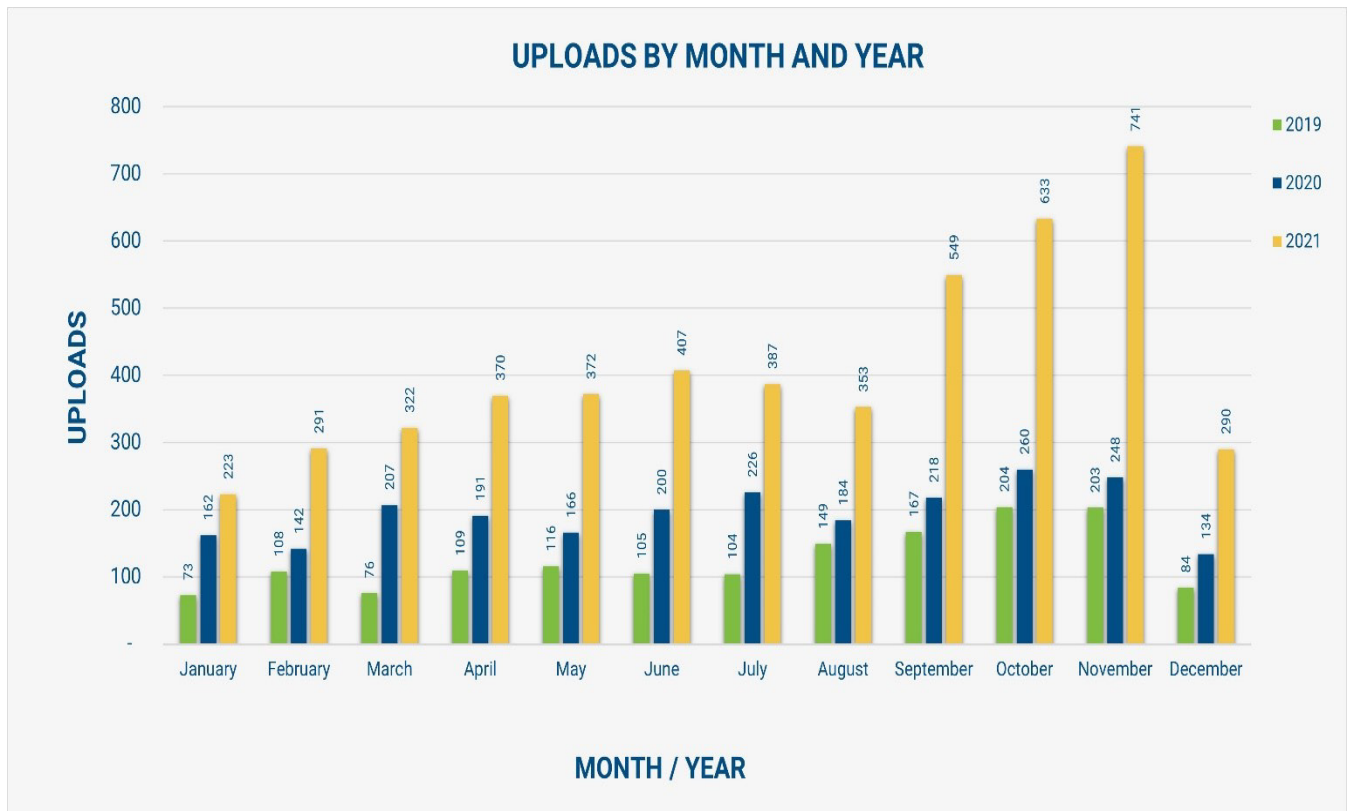


Figure 2: Number of uploads by month and year.

OPERATIONS

Australia and New Zealand

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

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

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

Total number of agents trained in the quarter was 401, an increase of 61% compared to the previous year, bringing the total number of certified agents to 4,521.

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

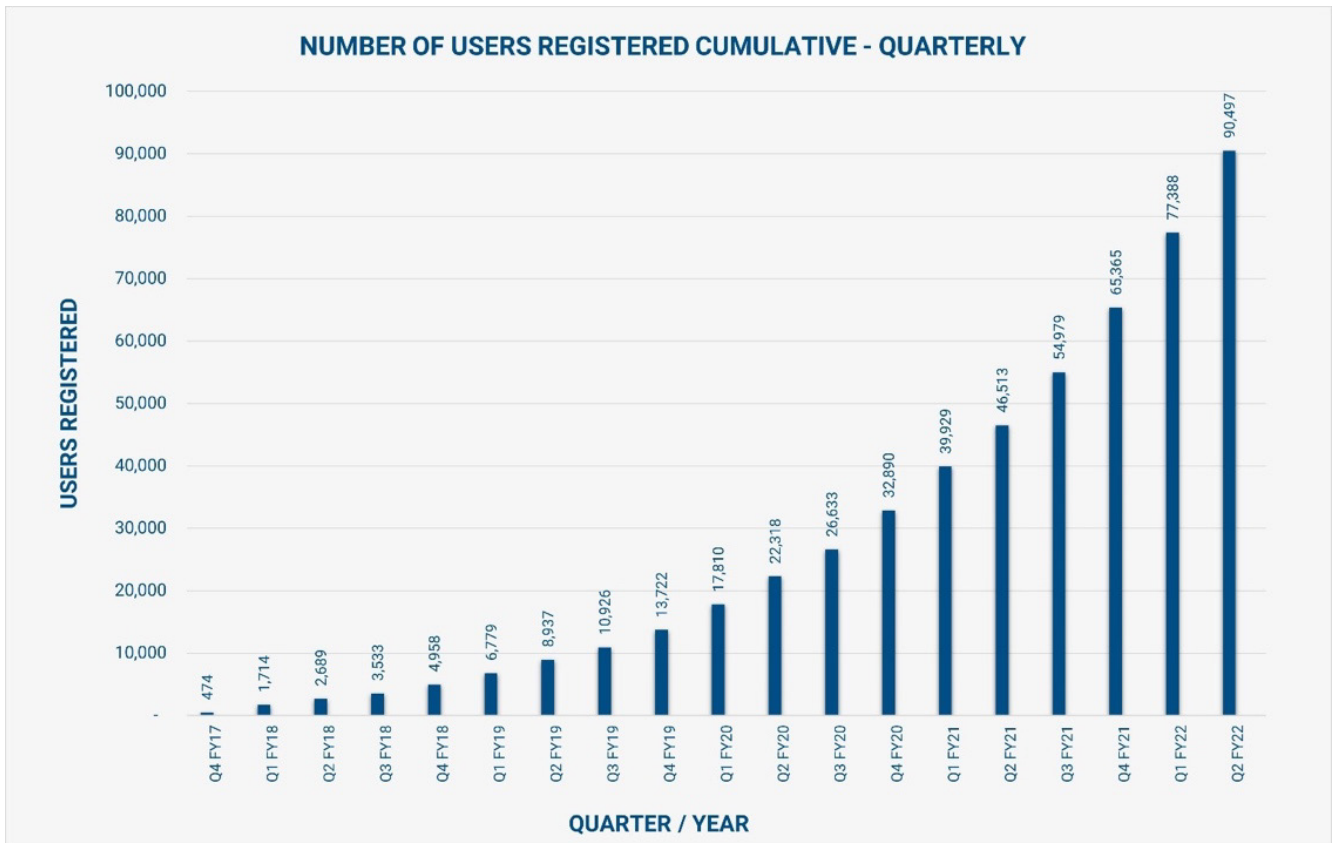


Figure 3: Number of registered users on the Openn platform up to 31 December 2021

USA Pilot and North American Operations

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

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

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

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

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

Key achievements to date in North America:

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

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

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

Our efforts in calendar Q1, 2022 are focused on leveraging these themes and growing industry relationships to formalise partnerships with existing channels to market in key regions across Canada and the USA.

High level North American market metrics:

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

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

MLS Statistics

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

REACH Canada 2022 Accelerator Program

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

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

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

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

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

Core Data Services

The company reached a statistically significant market share of residential property sales in Darwin and several regional NSW markets during the last two quarters. During Q2 FY22, we commenced or evolved several initiatives designed to demonstrate the value in our unique depth of market data. Including:

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

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

CORPORATE

The Company listed on the ASX in late July 2021 after raising the maximum \$9,000,000 before costs through the issue of 45,000,000 shares at \$0.20c per share under the fully underwritten prospectus lodged in May.

Funding

The Group is funded to execute on the strategy as outlined in the IPO prospectus and on target in delivering those objectives. Total cash held at 31 December 2021 is \$6.48 million.

During Q2 FY22, the Group paid significant one-off cash outflows:

- REACH Accelerator program \$274k (US\$200k)
- Global UI/UX design \$146K (US\$106k)

During Q2 FY22, Openn continued its strategy to gain scale by offering promotions and free uploads. This practice is expected to have a short-term negative effect on revenue and cash inflows. Commencing 1 February 2022, Openn will start charging for Openn Offers, the Company's private treaty technology offering.

Capital Structure

Shareholder Analysis

As at 31 December 2021 the Company had 1,388 shareholders and 193,786,121 shares on issue. The Top 20 shareholders held 70.42% of the total issued capital.

The Company has the following securities on issue as at 28 January 2021.

Security type	Number on issue/granted
Shares	
Fully-paid ordinary shares on issue	193,786,121
Options	
Unlisted Options (ex at \$0.24, expiring 20 January 2025)	2,934,519
Performance Rights	
Class A performance rights (Equity Incentive Plan)	11,309,000
Class B performance rights (Equity Incentive Plan)	3,250,000

Restricted Securities

The following securities of the Company have been classified by ASX as "restricted securities" and are subject to restrictions on disposal in accordance with the ASX Listing Rules.

Period of restriction	Shares	Options	Class A performance rights	Class B Performance Rights
24 months from the admission	76,521,315	2,934,519	4,300,000	3,250,000
12 months from issue of security	*479,631	-	-	-
Unrestricted	114,725,018	-	8,049,000	-

*As announced on 14 January 2022, 479,631 ordinary shares will be released from escrow on 10 February 2022.

REACH Share Subscription

During the quarter, REACH Canada Accelerator Ltd ('REACH') made an equity investment in Openn by subscribing for 2,060,157 fully-paid ordinary shares ('Shares') at an issue price of AUD\$0.20 per Share. The Shares were issued under the Company's capacity pursuant to ASX Listing Rule 7.1.

The Share Subscription represented a US\$300,000 (or approximately AU\$412,031.31 USD/AUD pursuant to the exchange rate on 7 October 2021 of US\$0.7281 to AU\$1.00) investment in the Company.

Equity Incentive Plan

The Company has 14,559,000 performance rights under its Equity Incentive Plan, comprising 11,309,000 class A performance rights and 3,250,000 class B performance rights. The full terms of the performance rights can be found in the Prospectus lodged in May 2021.

Related Party Payments

In accordance with ASX listing Rule 4.7C.3, payments to related parties and their associates outlined in the Company's Appendix 4C for the quarter of approximately \$274k relate to Directors' salaries and superannuation payments.

Annual General Meeting

The AGM was held on 30 November 2021. All resolutions presented at the meeting were carried by way of a poll.

Use of Funds

In accordance with ASX Listing Rule 4.7C.2, Openn provides the following update on its use of funds (unaudited):

Proposed use	Application of funds \$'000's	Spend to date \$'000's	Status
Investigation and transition to a subscription-based monetisation model	150.0	44.7	On Track
Development/enhancement of the Openn technology and the Openn platform	2,550.0	759.2	On track
Seller/buyer marketing campaigns to raise awareness of Openn Negotiation and Openn Offers	1,750.0	25.0	Commenced, study ongoing
Undertaking a pilot program in the USA to develop a strategy and evaluate the expansion of our business into the USA market	1,200.0	252.4	On track
Explore exploring opportunities to provide new products or services using core data	300.0	89.3	On track
Explore complimentary services and income streams	150.0	44.7	On track
Offer, legal compliance and listing costs	677.0	677.0	Complete
Other corporate administrative costs/overheads	600.0	178.6	On track
General working capital	1,623.0	483.2	On track
TOTAL	9,000.0	2,529.1	On track

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

ENDS

Further information:

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 Managing Director
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About Openn Negotiation Limited

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

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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Openn Negotiation Limited

ABN

75 612 329 754

Quarter ended ("current quarter")

December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	348	725
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(716)	(884)
(c) advertising and marketing	(126)	(179)
(d) leased assets	(7)	(17)
(e) staff costs	(871)	(1,474)
(f) administration and corporate costs	(311)	(836)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,684)	(2,667)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(12)	(34)
(d) investments	-	-
(e) intellectual property	(169)	(303)
(f) other non-current assets	(2)	(16)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(183)	(353)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	412	9,412
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(450)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(25)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	412	8,937

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,939	566
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,684)	(2,667)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(183)	(353)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	412	8,937
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	6,483	6,483

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,483	7,939
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,483	7,939

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(274)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

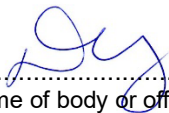
8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,601)
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,483
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	6,483
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.05
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

28 January 2022

Date:

Authorised by: 

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.