openn negotiation LIMITED

(formerly Appwell Pty Ltd)

ABN 75 612 329 754

Audited Financial Statements
For the year ended 30 June 2020

www.openn.com.au

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CORPORATE DIRECTORY

Board of Directors

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

Company Secretary

Darren Michael Bromley

Registered Office

c/- BDO
38 Station Street
Subiaco WA 6008

Principal & Registered Office

Level 1, 4 Stirling Road,
Claremont WA 6010

Contact Details

(+61) 1 800 667 366 (Telephone)
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

DIRECTORS' 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 2020.

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 code: 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.

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.

Duncan Royce 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 (NTSE: 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 and is an astute strategic thinker.

Darren Michael Bromley – Executive Director and Company Secretary
(Appointed 12 February 2018)
(Appointed Company Secretary 8 March 2021))

Darren Bromley has over 28 years' experience in business management and the corporate sector, including corporate transactions, mergers and acquisitions, business start-ups capital raisings, financial modelling, strategy, financial management, business development, operational management, corporate governance and company administration.

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 also 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.

DIRECTORS' REPORT

Danielle Marguerite 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 code: HZR), Ocean Grown Abalone Limited (ASX code: 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.

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 Michael 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	Options	Performance Rights
W Zekulich	-	-	-
P Gibbons	25,210,182	-	-
D Anderson	1,209,678	-	-
D Bromley	309,226	-	-
D Lee	-	-	-
B Glover[1]	25,210,182	-	-
P Clements[2]	25,210,182	-	-
B Bonadeo[3]	947,581	-	-

Notes:
1. Resigned 3 February 2021
2. Resigned 3 February 2021
3. Resigned 7 September 2020

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 Committee		Nomination and Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
P Gibbons	4	4	-	-	-	-
D Anderson[1]	-	-	-	-	-	-
D Bromley	4	4	-	-	-	-
B Glover[3]	4	4	-	-	-	-
P Clements[3]	4	4	-	-	-	-
B Bonadeo[2]	4	4	-	-	-	-
W Zekulich[1]	-	-	-	-	-	-
D Lee[1]	-	-	-	-	-	-

Notes:
1. Mr Anderson, Mr Zekulich and Ms Lee were not directors of the Company during the 2020 financial year
2. Mr Bonadeo resigned on 7 September 2020
3. Mr Glover and Mr Clements resigned on 3 February 2021

DIRECTORS' REPORT

Committee membership

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

Principal activities

Openn is a proptech company established in Western Australia by the Founders, Peter Gibbons, Peter Clements and Bradley Glover which offers innovative technology solutions to the real estate industry to improve transparency of property sale transactions for buyers and sellers. Our solutions are focused on assisting real estate agents operate more efficiently as well as providing the real estate industry with depth of market indicators to promote more informed policy development, risk modelling, and awareness of market support and trends in real time.

Our primary business is the operation (through Openn Pty Ltd, formerly PP Valley Pty Ltd) of the Platform which enables the listing and sale of residential real estate online utilising the exclusive Openn Negotiation Process. The business currently services the Australian and New Zealand residential property markets, but a potential expansion to the North American market is currently being considered.

The Company has developed a growth strategy to develop and expand our operations nationally and internationally, and further develop our core technology. We strive to be a leader in the proptech and property data markets, offering a proven property sales platform that is built around transparency, fairness and reliability.

Operating and financial review

Results from core operations

The Group continued to develop its core technology platform and establish its network of clients 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 below. The Group incurred a loss of $1,206,606 (30 June 2019: Loss $1,482,817) as a result of continued investment in technology development $697,347 and an increase in labour costs as the Group increased sales and developed additional partnerships and client channels.

Dividends

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

Significant changes in the state of affairs

The has been on significant changes to the Company's state of affairs during the year.

Likely developments

The Openn business is established in the Australian and New Zealand markets and has demonstrated that the Openn Negotiation Process meets a market requirement, bringing greater transparency to the traditional process of selling real estate.

With this validation, we are now pursuing key initiatives with a focus on expanding our core operations and pursuing growth opportunities using our technology expertise and capacity to create new products and services.

The Company proposes to undertake an initial public offer of its shares in support of an application for admission to the official list of the Australian Securities Exchange (**IPO**) and expects this to occur in May/June 2021.

Openn has planned a 2-year roadmap for the continued development and expansion of the Openn business following admission to the official list of ASX. Innovation is critical to the future growth of the Company and we have customer-focussed technology driven strategy. This roadmap is guided by customer needs aimed at optimising agent efficiency to enhance the existing products or add new products or services.

DIRECTORS' REPORT

Likely developments (continued)

The roadmap includes the following key growth strategies.

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 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 • increase the number of business collaborative partnerships and incentive models with significant real estate agency networks and franchise groups operating in Australia in New Zealand.
International expansion	Explore potential expansion of the Openn Business to markets outside of Australia and New Zealand. In this regard, we have commenced a pilot project in the USA to identify how the Openn Negotiation Process and the Platform may be deployed in that market. The initial phase of this project involves conducting a gap analysis to identify what parts of the Openn Negotiation Process and the Platform need to be modified to meet local market process and legal compliance requirements. 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 Prospectus Date, discussions with counterparties have not been 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 Platform so that can 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 as to market depth and direction.
Complementary services	Explore third party products/services which the Openn Business may provide to customers as an authorised licensee/distributor.

DIRECTORS' REPORT

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

No options were exercised during the financial year.

On 31 December 2018, 17,523 options were issued to an employee. These options were subsequently split into 282,120 options in April 2021. The expiry date of the options was 31 December 2023 and had an exercise price of $0.05336. Since the end of the financial year, on 27 April 2021, the 282,120 options expiring on 31 December 2023 were exercised at an exercise price of $0.05336.

Since the end of the financial year, on 20 January 2021, 2,934,519 options were issued to promotors of the Company as fees relating to a mandate to lead manage a pre-IPO a capital raising under which the Company raised $2,432,219 post the balance date.

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
282,120	31 December 2018	$0.05336	31 December 2023

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

No options were exercised during or since the end of the financial year.

Performance Rights

As at the date of this report, there were no unissued ordinary shares of the Company under performance rights.

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 7 September 2020, Mr Brent Bonadeo resigned as a director of Openn.

On 15 September 2020, Mr Duncan Anderson was appointed director of Openn.

On 21 December 2020, 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). The previous ordinary share securities on issue (7,750,000) were split to 125,000,011 and the previous options issued (17,523) were split to 282,120.

On 20 January 2021 the Company completed the conversion of debt to equity for the outstanding balance of a convertible loan. The Company issued 3,125,002 fully paid ordinary shares at an issue price of $0.16 per share to convert $500,000 in debt. The outstanding interest cost was paid in cash.

On 20 January 2021, the Company issued 15,201,370 ordinary shares to sophisticated and professional investors under section 708(8) and 708(11) of the Corporations Act to raise $2,432,219 (before costs) at an issue price of $0.16.

DIRECTORS' REPORT

Events Subsequent to Reporting Date (continued)

On 20 January 2021, the Company issued 2,934,519 options with an exercise price of $0.24 expiring on 20 January 2025 to promotors of the Company as fees relating to a mandate to lead manage a capital raising for listing on the Australian Securities Exchange.

On 10 February2021 the Company completed the acquisition of Openn World Pty Ltd and its wholly owned subsidiary Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd). The fair value of the acquisition was $501,130 payable in shares or cash. The Company issued considered shares of 3,117,461 at $0.16 per share and paid cash of $2,336.24 to shareholders. The acquisition has been determined as an asset acquisition with the difference between the net deficiency of the Openn World group and the fair value of consideration being allocated to the technology asset at the residual value. Openn Tech is a holding company and owns the worldwide rights (excluding Australia and New Zealand) for the Openn technology.

On 15 February 2021, the Company repaid a loan to the founding directors on behalf of Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd). At the time Openn Negotiation Limited acquired Openn World Pty Ltd, Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd) was indebted to the Founders or entities controlled by the Founders for $344,740. This debt represented loans (including payments made/liabilities settled on behalf of Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd)) by the Founders to Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd) for start-up capital, as well as funding the costs of developing and commercialising the Openn Technology.

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 7.

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

On behalf of the Board of Directors.

Peter Gibbons
Managing Director

Dated this 30 April 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Openn Negotiation Limited (formerly Appwell Pty Ltd) for the year ended 30 June 2020, 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.

Perth, Western Australia
30 April 2021

B G McVeigh
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Note	2020 $	2019 $
Continuing operations			
Revenue	3	851,402	417,137
Other income	3	315,597	330,909
Advertising and marketing expenses		(245,345)	(278,708)
Employment expenses	3	(942,147)	(710,018)
Consulting expenses		(124,479)	(60,007)
General and administration expenses	3	(315,233)	(361,266)
Occupancy costs		(25,424)	(45,923)
Financing expenses		(23,630)	(200)
Technology expenses		(697,347)	(774,742)
(Loss) before income tax		**(1,206,606)**	(1,482,817)
Income tax (expense) / benefit	4	**-**	-
(Loss) from continuing operations		**(1,206,606)**	(1,482,817)
Other comprehensive income			
Items that may be realised through profit and loss			
Movement in reserves		-	-
Other comprehensive income for the period, net of tax		**(1,206,606)**	(1,482,817)
Total comprehensive loss attributable to owners of the Company			
Owners of the Company		**(1,206,606)**	(1,482,817)
Loss per share attributed to the owners of the Company:			
Basic (loss) per share (cents per share)	23	**(15.57)**	(19.88)
Diluted (loss) per share (cents per share)	23	**(15.57)**	(19.88)

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	5	360,482	794,386
Research and development receivable	6	265,597	330,909
Other receivables and assets	7	42,900	17,447
Total current assets		**668,979**	**1,142,742**
Non-current assets			
Plant and equipment	8	98,437	15,116
Other receivables	9	16,142	15,863
Deferred tax assets	4	-	-
Total non-current assets		**114,579**	**30,979**
TOTAL ASSETS		**783,558**	**1,173,721**
Current liabilities			
Trade and other payables	10	201,660	135,135
Borrowings	12	25,000	25,000
Lease liability	11	11,501	-
Total current liabilities		**238,161**	**160,135**
Non-current liabilities			
Borrowings	12	448,975	-
Lease liability	11	75,697	-
Deferred tax liabilities	4	-	-
Total non-current liabilities		**524,672**	**-**
TOTAL LIABILITIES		**762,833**	**160,135**
NET ASSETS / (LIABILITIES		**20,725**	**1,013,586**
Equity			
Issued capital	13	4,566,900	4,364,900
Reserves	14	20,554	8,809
(Accumulated losses)		(4,566,729)	(3,360,123)
TOTAL EQUITY / (DEFICIENCY)		**20,725**	**1,013,586**

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Consolidated				
Balance at 1 Jul 2019	**Ordinary Shares $**	**Accumulated Losses $**	**Option Reserve $**	**Other Reserve $**	**Total Equity $**
Balance at the beginning of the year	4,364,900	(3,360,123)	8,809	-	**1,013,586**
Issue of shares (net of costs)	202,000	-	-	-	**202,000**
Issue of options – employees	-	-	11,745	-	**11,745**
Total comprehensive income					
(Loss) for the period	-	(1,206,606)	-	-	**(1,206,606)**
Movement in reserve	-	-	-	-	**-**
Total comprehensive (loss) for the period	-	(1,206,606)	-	-	**(1,206,606)**
Balance as at 30 Jun 2020	**4,566,900**	**(4,566,729)**	**20,554**	**-**	**20,725**

	Consolidated				
Balance at 1 Jul 2018	**Ordinary Shares $**	**Accumulated Losses $**	**Option Reserve $**	**Other Reserve $**	**Total Equity $**
Balance at the beginning of the year	3,924,900	(1,877,306)	-	-	**2,047,594**
Issue of shares (net of costs)	440,000	-	-	-	**440,000**
Issue of options – employees	-	-	8,809	-	**8,809**
Total comprehensive income					
(Loss) for the period	-	(1,482,817)	-	-	**(1,482,817)**
Movement in reserve	-	-	-	-	
Total comprehensive (loss) for the period	-	(1,482,817)	-	-	**(1,482,817)**
Balance as at 30 Jun 2019	**4,364,900**	**(3,360,123)**	**8,809**	**-**	**1,013,586**

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		946,485	455,672
Payments to suppliers and employees		(2,361,484)	(2,164,698)
Interest paid		(13,425)	(200)
Income tax – R&D incentive received		330,909	402,013
Government assistance		50,000	-
Net cash (used in) operating activities	22	**(1,047,515)**	**(1,307,213)**
Cash flows from investing activities			
Payments for property, plant and equipment		(4,761)	(8,932)
Payment for security deposits		(279)	(15,863)
Net cash (used in) investing activities		**(5,040)**	**(24,795)**
Cash flows from financing activities			
Proceeds from issue of shares		202,000	540,000
Proceeds from borrowings		500,000	-
Payment of borrowing costs		(61,230)	-
Repayment of lease		(22,119)	-
Net cash provided by financing activities		**618,651**	**540,000**
Net (decrease) in cash and cash equivalents		(433,094)	(792,008)
Cash and cash equivalents at the beginning of the year		794,386	1,586,394
Cash and cash equivalents at the end of the year	5	361,293	794,386

The accompanying notes form part of the consolidated financial statements.

1. Summary of significant accounting policies

This consolidated financial report for the year ended 30 June 2020 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 30 April 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.

The Directors believe there are sufficient grounds to believe that the business will be able to continue to pay its debts as and when they fall due. This is based on future cash forecasts, existing cash reserves and proposed capital raising which is currently in an advanced stage.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to generate profit from its activities, raise funds from capital raising and manage cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

The directors have prepared a cash flow forecast, which has an allowance for further capital to be raised and indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- The Company is in the advanced stages of preparations to undertake the IPO and applying to list on the Australian Securities Exchange for the purpose of funding expansion and growth, as well as to provide general working capital;
- The Company has the ability to manage cash outflows and while the capital raising occurs; and
- The Company anticipates the continued support of its current major shareholders

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

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 adopt 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.

liabilities and their carrying amounts for financial reporting purposes.

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 this year. AASB 16 Leases replaces the previous lease standard, AASB 17 along with three Interpretations, IFRIC 4, SIC 15 and SIC 27.

The Company has reviewed the position and has identified a lease that gives rise to a right to use asset as at the transition date.

The Company has used the modified retrospective method which does not result in the opening retained earnings being adjusted or any adjustments to the comparative period as the Company has elected to measure the right to use assets at an amount equal to the lease liability.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for low value assets the Company has applied the optional exemptions to not recognise the right to use asset but to account for the lease expense on a straight line basis over the remaining lease term.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 4.5%. The total cost of the fixed lease payments for the 5 year period is $136,620 ($27,324 annually) and the fair value of the liability as at transition date was $109,317.

For any new contracts entered into on or after 1 July 2019, the Company must consider 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 for access to the technology as soon as the client lists the property. The Group’s obligations cease at this point and the management and outcome of the listing becomes the responsibility of the client. 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. Comparative figures

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

s. 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.

t. 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 2020 reporting periods and have not been early adopted by the Company. The Company’s has assessed the impact of these new standards and has determined that there is no material impact on the financial statements.

2. Segment information

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:

	2020 $	2019 $
(a) Revenue		
Website and associated sales	848,621	397,836
Marketing sales	1,973	426
Interest revenue	808	18,876
	851,402	417,138
(b) Other income		
Research and development tax incentive	265,597	330,909
Government assistance	50,000	-
	315,597	330,909
(c) Expenses – Employment expenses		
Salary and wages	826,478	621,685
Other personnel costs	6,199	4,065
Superannuation	75,324	58,616
Increase/(decrease) in leave liabilities	22,401	16,843
	930,402	701,209
Share-based payment expense	11,745	8,809
TOTAL	**942,147**	**710,018**
(d) Expenses – General and administration costs		
Accounting expenses	36,995	77,284
Audit fees	10,000	10,000
Depreciation and amortisation	30,758	4,830
Insurance expenses	15,365	16,248
Partnership expenses	25,105	45,455
Travel expenses	27,821	57,038
Sales costs	74,342	44,717
Other administration expenses	94,847	105,694
	315,233	**361,266**

4. Income Taxes

	2020 $	2019 $
Income tax recognised in profit or loss		
(a) Income tax expense comprises:		
Current tax expense	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	-
Total tax benefit	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(1,206,606)	(1,482,817)
Prima facie tax benefit at the Australian tax rate		
Adjustment of prior year income tax losses	(331,817)	(407,775)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible (taxable)	176,714	265,024
Non-assessable income	(13,750)	(136,185)
Movements in unrecognised temporary differences	(1,879)	(5,3656)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	170,732	246,862
Income tax benefit	-	-
(c) Unrecognised deferred tax balances		
Deferred Tax Assets		
On Income Tax Account		
Accrued expenses	7,540	5,510
Annual leave liability	13,371	7,547
Capital costs amortised	27,294	35,673
Revenue deferred	377	471
Lease expenses	565	-
Carry forward revenue and capital tax losses	684,194	522,775
	733,341	**571,976**
Deferred Tax Liabilities		
Plant and equipment	3,487	3,930
Prepayments	2,167	-
	5,654	**3,930**

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

	2020 $	2019 $
Cash at bank and on hand (1)	360,482	794,386
	360,482	**794,386**

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

6. Research and development tax incentive

	2020	2019
	$	$
R&D receivable	265,597	330,909
	265,597	**330,909**

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

2. The amount was received post year end.

7. Current assets: Other assets and other receivables

	2020	2019
	$	$
GST receivables	14,250	17,150
Prepayments	20,333	-
Related party loans	6,338	-
Sundry receivables	1,979	297
	42,900	**17,447**

No receivables are considered past due and no impairment or provision has been made during this period and the prior period.

8. Non-current assets: Property, plant & equipment

	2020	2019
	$	$
Fixed assets		
Right of use assets - Property		
At cost	109,317	-
Less: Accumulated depreciation	(24,293)	-
	85,024	**-**
Office equipment		
At cost	25,809	21,047
Less: Accumulated depreciation	(12,396)	(5,931)
	13,413	**15,116**
Reconciliation/movement for the year		
Carrying amount at beginning of year	15,116	11,014
Additions	4,762	8,932
Disposals	**-**	-
Recognition of right to use asset	109,317	-
Depreciation charge	(30,758)	(4,830)
Carrying amount at end of year	**98,437**	**15,116**

9. Non-current receivables

	2020	2019
	$	$
Security deposit (1)	16,142	15,863
	16,142	**15,863**

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

10. Current liabilities: Trade and other payables

	2020 $	2019 $
Trade payables (1)	103,596	61,838
Other payables	98,064	73,297
	201,660	135,135

1. No trade payables past due over 30 days as at 30 June 2020 (2019: $NIL)

11. Lease liability

	2020 $	2019 $
Leases		
Current liability	11,501	-
Non-current liability	75,697	-
TOTAL	**87,198**	-
Reconciliation of movements in the balance		
Opening balance		
Amounts borrowed (recognised on transition) (1)	109,317	-
Less: amount repaid	(22,119)	-
Other movements	-	-
Closing balance at end of period	**87,198**	-

(1) Leases
The Company has assessed the new leasing standard and has determined that it is applicable for the period. The key inputs to the calculation are as follows:

Time Period: 52 months from 1 July 2019
Rate: Implicit interest rate of 4.50%
Fair Value at the transition date: $109,317

12. Borrowings

	2020 $	2019 $
Borrowings		
Current borrowings	25,000	25,000
Non-current borrowings	448,975	-
TOTAL	**473,975**	**25,000**
Reconciliation/movement for the year		
Opening balance (1)	25,000	25,000
Amounts borrowed	500,000	-
Less: Amounts repaid	-	-
Less: Borrowing costs	(61,230)	-
Reduced by: amortisation of borrowing costs	10,205	-
Carrying amount at end of period	**473,975**	**25,000**

(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

12. Borrowings (continued)

(ii) Third party loans

During the current 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 and converted the equity in January 2021. The fair value of the conversion right for one month was not material.

13. Issued capital

Equity (number of shares on issue and the amount paid (or value attributed) for the shares)
7,750,000 fully paid ordinary shares (2019: 7,649,000)

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

	Jun 2020 Number	Jun 2019 Number	**Jun 2020 $**	Jun 2019 $
Balance at the beginning of the year	7,649,000	7,429,000	4,364,900	3,924,900
Issue of shares in a placement (1)	-	220,000	-	440,000
Issue of shares in a placement (2)	101,000	-	202,000	-
Share issue costs	-	-	-	-
Sub-total	**7,750,000**	7,649,000	**4,566,900**	4,364,900

The Company issued the following securities during the period:

1. On 15 May 2019, the Company issued 220,000 fully paid ordinary shares at an issue price of $2 per share to investors.
2. On 10 July 2019, the Company issued 101,000 fully paid ordinary shares at an issue price of $2 per share to investors.

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.

14. Reserves

	Jun 2020 $	Jun 2019 $
Option reserves	20,554	8,809
	20,554	**8,809**

(a) Share based payments - Options

	Jun 2020 Number	Jun 2019 Number	**Jun 2020 $**	Jun 2019 $
Balance at the beginning of the year	17,253	-	8,809	-
Issue of options to employee (1)	-	17,523	11,745	8,809
Balance as at 30 June	**17,523**	**17,523**	**20,554**	**8,809**

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The Company issued the following securities during the period.

1. On 31 December 2018, the Company issued 17,523 options exercisable at $0.895 per option and exiring 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:
   a. Grant date – 31 December 2018
   b. Exercise date – 30 December 2023
   c. Market price of securities – $2
   d. Exercise price of securities – $0.895
   e. Risk free rate – 1.5%
   f. Volatility – 48.34%

   The fair value fo the options was $23.400 which was amortised over the vesting period.

15. 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:

	2020	2019
	$	$
Cash and equivalents	360,482	794,386
Other receivables	279,847	348,060
Trade and other payables	(103,596)	(61,840)
Working capital position	**536,733**	**1,080,606**

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.

	2019	2018
Financial assets	**$**	$
Cash and equivalents	360,482	794,386
Other receivables	8,317	297
	368,799	794,683
Trade and other payables	(103,596)	(61,838)
Borrowings	(25,000)	(25,000)
	(125,596)	**(86,838)**

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

16. Dividends

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

17. Key management personnel disclosures

	2020 $	2019 $
(a) Key management personnel compensation		
Short-term benefits	192,899	192,948
Post-employment benefits	-	-
Share-based payments	-	-
	192,899	**192,948**

The directors are considered to be the key management personnel during the periods presented.

(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 2019 and 2020 was $5,117 and $4,805. 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 2019 and 2020 was $2,019 and $7,730. The services were at normal commercial rates and paid during the period.

18. Remuneration of auditors

	2020 $	2019 $
Audit and review of the financial report	10,000	10,000
	10,000	**10,000**

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

19. Commitments

Technology and other commitments
At reporting date, the Company has no capital commitments. . The Group entering into a lease for its premises in January 2019. The total commitment for the lease (with a 3 year option to extend the period) was $136,620 or $27,324 annually (before variable costs).

20. Contingencies

Contingent liabilities
At balance date, the Company has no contingent liabilities.

21. Related party transactions

(a) Key management personnel
Disclosures relating to key management personnel are set out in Note 17

(b) Loans to and transactions with related parties
Disclosures relating to key management personnel are set out in Notes 14 and 17.

22. Notes to the statement of cash flows

	2020 $	2019 $
Reconciliation of net loss after income tax to net cash outflow from operating activities		
(Loss) for the year	(1,206,606)	(1,482,817)
Adjusted for:		
Depreciation	40,962	4,830
Share-based payments	11,745	8,809
Change in operating assets and liabilities		

Decrease in other assets and receivables	41,542	131,207
increase in trade and other payables	64,842	30,758
Net cash outflow from operating activities	**(1,047,515)**	**(1,307,213)**

23. Profit/(Loss) per share

	2020 $	2019 $
From continuing operations		
Basic (cents per share)	**(15.57)**	(19.88)
Diluted (cents per share)	**(15.57)**	(19.88)

a. Reconciliation of earnings used in calculating loss per share
Loss attributed to the owners of the Company use in calculating basic and diluted loss per share

	2020 Number	2019 Number
b. Weighted average number of shares used as the denominator		
Weight average number of ordinary shares for the purpose of basic and diluted earnings per share	**7,747,786**	7,457,329

24. Share-based payments

The Company issued 17,523 options to an employee of the group as part of their remuneration. The information on the terms, fair value and expense can be found in note 14 above. The total expense for the period was $11,745.

25. Parent entity

	2020 $	2019 $
Financial position		
Assets		
Current assets	276,973	709,184
Non-current assets	220,932	335,600
Total assets	497,905	1,044,784
Liabilities		
Current liabilities	28,204	31,198
Non-current liabilities	448,975	-
Total liabilities	477,179	31,198
Equity		
Issued capital	4,566,900	4,364,900
Reserves	20,554	8,809
Accumulated losses	(4,566,728)	(3,360,123)
Total equity	20,726	1,013,586
Financial performance		
Profit (Loss) for the year	(1,206,606)	(1,481,183)
Other comprehensive income	-	-
Total comprehensive loss	(1,206,606)	(1,481,183)

26. Subsequent events

On 7 September 2020, Mr Brent Bonadeo resigned as a director of Openn.

On 15 September 2020, Mr Duncan Anderson was appointed director of Openn.

On 21 December 2020, 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). The previous ordinary share securities on issue (7,750,000) were split to 125,000,011 and the previous options issued (17,523) were split to 282,120.

On 20 January 2021 the Company completed the conversion of debt to equity for the outstanding balance of a convertible loan. The Company issued 3,125,002 fully paid ordinary shares at an issue price of $0.16 per share to convert $500,000 in debt. The outstanding interest cost was paid in cash.

On 20 January 2021, the Company issued 15,201,370 ordinary shares to sophisticated and professional investors under section 708(8) and 708(11) of the Corporations Act to raise $2,432,219 (before costs) at an issue price of $0.16.

On 20 January 2021, the Company issued 2,934,519 options with an exercise price of $0.24 expiring on 20 January 2025 to promotors of the Company as fees relating to a mandate to lead manage a capital raising for listing on the Australian Securities Exchange.

On 10 February2021 the Company completed the acquisition of Openn World Pty Ltd and its wholly owned subsidiary Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd). The fair value of the acquisition was $501,130 payable in shares or cash. The Company issued considered shares of 3,117,461 at $0.16 per share and paid cash of $2,336.24 to shareholders. The acquisition has been determined as an asset acquisition with the difference between the net deficiency of the Openn World group and the fair value of consideration being allocated to the technology asset at the residual value. Openn Tech is a holding company and owns the worldwide rights (excluding Australia and New Zealand) for the Openn technology.

On 15 February 2021, the Company repaid a loan to the founding directors on behalf of Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd). At the time Openn Negotiation Limited acquired Openn World Pty Ltd, Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd) was indebted to the Founders or entities controlled by the Founders for $344,740. This debt represented loans (including payments made/liabilities settled on behalf of Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd)) by the Founders to Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd) for start-up capital, as well as funding the costs of developing and commercialising the Openn Technology.

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

27. Controlled entities

The Company controlled the following entities during the period:

Name	Ownership
PP Valley Pty Ltd	100%

DIRECTORS' DECLARATION

The Directors have determined that the Company is not a reporting entity and that this general purpose financial report was prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors declare that:

(a) The financial statements and notes, as set out on pages 8 to 26, are in accordance with the *Corporations Act 2001 (Cth)* (**Corporations Act**), including:

i. complying with Accounting Standard as described in Note 1 to the financial statements and the Corporations Regulations 2001; and

ii. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended 30 June 2020 in accordance with the accounting policies described in Note 1 to the financial statements.

(b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the Corporations Act.

On behalf of the Directors

Peter Gibbons
Managing Director

Dated this 30 April 2021

INDEPENDENT AUDITOR'S REPORT
To the members of Openn Negotiation Limited (formerly Appwell Pty Ltd)

Report on the Audit of the Financial Report
Opinion

We have audited the financial report of Openn Negotiation Limited (formerly Appwell Pty Ltd) ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, 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 2020 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 2020, 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.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 April 2021

Brad McVeigh
Partner