

SUPPLEMENTARY PROSPECTUS

Openn Negotiation Limited
(ACN 612 329 754)

1. Introduction

This supplementary prospectus (**supplementary prospectus**) is issued by Openn Negotiation Limited (ACN 612 329 754) (**Openn**) and dated 12 July 2021. It was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date.

The supplementary prospectus supplements, and is intended to be read with, the prospectus issued by Openn for its initial public offer dated 10 May 2021 (**prospectus**).

The information set out in this supplementary prospectus is taken to be included in the prospectus. The contents of the prospectus remain unchanged, other than as set out in this supplementary prospectus.

Except where defined in this supplementary prospectus or inconsistent with the context, terms defined in the prospectus have the same meanings when used in this supplementary prospectus.

Neither ASIC nor ASX Limited ACN 008 624 691 (including financial market operated by it known as the Australian Securities Exchange) (**ASX**) takes responsibility for the contents of this supplementary prospectus or the investment to which it relates.

2. Purpose of supplementary prospectus

The purpose of this supplementary prospectus is to:

- (a) update the indicative timetable and related dates throughout the prospectus;
- (b) amend the information in the prospectus regarding performance rights to be granted under Openn's Equity Incentive Plan, including those to be granted to our managing director, Peter Gibbons;
- (c) provide information on the initial limit of awards proposed to be granted under the Equity Incentive Plan;
- (d) update the anticipated restricted securities Openn will have on issue on listing as set out in the prospectus;
- (e) update the interests of directors as set out in the prospectus; and
- (f) provide additional information required by ASX in relation to the performance rights to be granted to directors and key management personnel under the Equity Incentive Plan.

3. Prospectus amendments

3.1 Introduction

The prospectus is amended on the basis set out in this section 3.

3.2 Key Offer Information

The Indicative timetable in the 'Key Offer Information' section of the prospectus is replaced with the following:

Lodgement of prospectus with ASIC	10 May 2021
Expiry of exposure period / opening date of the offer	17 May 2021
Closing date of the offer	24 May 2021
Issue of shares under the offer	15 July 2021
Despatch of holding statements	16 July 2021
Shares commence trading on ASX	21 July 2021

3.3 Section 1 - Investment Overview

The items of the 'Investment Overview' in section 1 of the prospectus listed below are replaced with the following:

Topic	Summary	Further Information	
What are the interests of directors in our securities?	Each director has, or is expected to have on listing, a relevant interest in our securities as set out below.	Sections 4.10, 10.3, 10.4, 11.2 and 11.3	
	Wayne Zekulich		300,000 class A performance rights
	Peter Gibbons		25,210,182 shares 3,250,000 class B performance rights
	Darren Bromley		903,226 shares 1,550,000 class A performance rights
	Duncan Anderson		1,209,678 shares 2,250,000 class A performance rights
	Danielle Lee		200,000 class A performance rights

	The directors may participate in the offer by subscribing for shares on the same terms and conditions as other applicants.	
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3.4 Section 4.9 – Capital structure

The table and accompanying notes in section 4.9 of the prospectus is replaced with the following:

Security type	Number of securities
Shares	
Shares on issue prior to prospectus	146,725,964
Shares offered under the prospectus	45,000,000
Total	191,725,964
Options	
Lead manager options (exercisable at \$0.24, expiring 20 January 2025)	2,934,519
Options offered under the prospectus	Nil
Total	2,934,519
Performance rights	
Class A performance rights under Equity Incentive Plan	up to 12,349,000
Class B performance rights under Equity Incentive Plan	3,250,000
Performance rights offered under the prospectus	Nil
Total	up to 15,599,000

Notes:

1. The figures in the above table are indicative only and are subject to change.
2. The figures above assume that none of the existing options are exercised.
3. The performance rights in the above table will be granted immediately prior to Openn’s admission to the official list of ASX.
4. We have adopted an Equity Incentive Plan under which additional options and performance rights may be issued. Please see section 9.7 for further details.
5. The lead manager options in the above table were granted as part of the lead manager’s remuneration for managing a capital raising conducted by us in December 2020. They are held by the lead manager’s nominee, Zenix Nominees Pty Ltd.
6. The number of performance rights may decrease if one or more vesting conditions are met. However, this section assumes that none of the vesting conditions are met as at the completion of the offer. Please refer to sections 10.3 and 10.4 for further details.

3.5 Section 4.11 – Potential dilutive effect of convertible securities

The table in section 4.11 of the prospectus is replaced with the following:

Event	Shares on listing	New shares issued on exercise	Cumulative shares post-exercise	Dilution (rounded)
Exercise of existing options	191,725,964	2,934,519	194,660,483	1.53%
Exercise of proposed performance rights	191,725,964	15,599,000	207,324,964	8.14%

Notes:

1. The interests shown in the table above assume that other shares are not issued prior to exercise and that vesting conditions attached to proposed performance rights are satisfied.
2. The performance rights in the table above will be granted immediately prior to Openn's admission to the official list of ASX. Further, 3,250,000 of the class B performance rights may be settled through payment in cash as an alternative to the issue of shares.

3.6 Section 4.12 – Restricted securities

The table in section 4.12 of the prospectus is replaced with the following:

Period of restriction	Shares	Options	Performance rights
24 months from listing	76,521,315	2,934,519	7,550,000
12 months from issue of security	479,631	-	-
Total	77,000,946	2,934,519	7,550,000

Notes:

1. The options to be restricted for 24 months were granted as part of the lead manager's remuneration for managing a capital raising conducted by us in December 2020. They are held by the lead manager's nominee, Zenix Nominees Pty Ltd.
2. The performance rights to be restricted are expected to be granted to directors under the Equity Incentive Plan. These performance rights will be granted immediately prior to Openn's admission to the official list of ASX.

3.7 Section 9.7 – Equity Incentive Plan Rules

The following additional paragraph is inserted at the end of section 9.7 of the prospectus:

"The board has determined to apply an initial limit of 21,000,000 on the number of awards proposed to be granted under the Equity Incentive Plan. This represents approximately 11% of the anticipated shares on issue following close of the offer.

It is not envisaged that the maximum number of awards will be issued immediately."

3.8 Section 10.3 – Class A performance rights

(a) Introduction

The introductory paragraph in section 10.3 of the prospectus is replaced with the following:

“Openn proposes to grant up to 12,349,000 performance rights to directors (other than Peter Gibbons) and employees of the group under the Equity Incentive Plan (**class A performance rights**). This will occur immediately prior to Openn’s admission to the official list of ASX.”

All references to “incentive right” in section 10.3 of the prospectus are to be amended to “class A performance right”.

(b) Expiry and cancellation

A new section 10.3(i)(iii) is inserted into the prospectus as follows:

“(iii) Notwithstanding anything else in these terms, all class A performance rights which have not vested will automatically lapse and be cancelled if the participant is “Dismissed” or “Resigns” (as those terms are defined in the plan rules) before those rights vest.”

3.9 New section 10.4 – Class B performance rights

A new section 10.4 (‘Class B performance rights’) is inserted into the prospectus as follows:

“Openn proposes to grant 3,250,000 Class B performance rights to its managing director, Peter Gibbons, under the Equity Incentive Plan (**class B performance rights**). This will occur immediately prior to Openn’s admission to the official list of ASX.

The class B performance rights are to be granted on substantially the same terms as class A performance rights. However, the board will have the right to settle some or all of the vested class B performance rights through issue of shares, payment in cash, or any combination of the same.

This structure is intended to ensure Mr Gibbons is treated substantially the same from a taxation perspective as the recipients of class A performance rights, while ensuring he does not receive any additional material benefit.

The proposed terms and conditions of the class B performance rights are set out below:

- (a) **Grantor:** The grantor of the class B performance rights is Openn.
- (b) **Equity Incentive Plan:** The class B performance rights are granted under Openn’s Equity Incentive Plan adopted in May 2021, as amended from time to time.
- (c) **Entitlement:**
 - (i) Each class B performance right entitles the holder (**right holder**) to either:
 - (A) subscribe for and be issued with one fully paid share;
 - (B) receive a cash payment calculated in accordance with item 3.9(i)(ii); or

- (C) a combination of items 3.9(c)(i)(A) and (B),
at the election of the board, on and subject to:
 - (D) the terms and conditions of the Equity Incentive Plan (**plan rules**);
 - (E) the “offer” (as defined in the plan rules) under which the class B performance rights were offered by Openn (**plan offer**) to the “Participant” (as defined in the plan rules) (**participant**); and
 - (F) these terms.
- (ii) The documents referred to in item 3.9(c)(i)(D) to (F) are to be interpreted in the order of precedence set out in that item such that the provisions of a document higher in precedence prevail to the extent of any conflict or inconsistency with the provisions of any other document lower in precedence.
- (iii) Capitalised terms which are defined in the plan rules have, when used in these terms, the meaning given to them under the plan rules, unless expressly stated otherwise.
- (d) **No payment on grant:** The right holder is not required to pay any amount to Openn for the grant of a class B performance right.
- (e) **Term and expiry:** Each class B performance right will come into effect upon grant and will operate until 5:00pm (WST) on the date falling 5 years from grant (**end date**), unless cancelled earlier in accordance with its terms.
- (f) **Quotation:**
 - (i) Openn will not apply for quotation of the class B performance rights on any stock exchange or licensed financial market, such as ASX.
 - (ii) If Openn is admitted to the official list of ASX, it will apply to ASX for quotation of any Shares issued on vesting and exercise of class B performance rights.
- (g) **Transferability:** A class B performance right is not transferable other than as permitted under the plan rules.
- (h) **Vesting Conditions:**
 - (i) The class B performance rights are subject to the following conditions, each of which constitutes a “Vesting Condition” under the plan rules:
 - (A) Openn successfully completing an initial public offer of Shares and being admitted to the official list of ASX;
 - (B) the participant not being “Dismissed” or “Resigning” (as those terms are defined in the plan rules) within 2 years of the class B performance rights being granted;
 - (C) in relation to 10% of the class B performance rights only, the volume-weighted average price (**VWAP**) of Shares traded on ASX over 30 consecutive days is \$0.35 or more;

- (D) in relation to 15% of the class B performance rights only, the VWAP of Shares traded on ASX over 30 consecutive days is \$0.50 or more; and
 - (E) in relation to 25% of the class B performance rights only, the VWAP of Shares traded on ASX over 30 consecutive days is \$0.65 or more.
 - (ii) The class B performance rights will vest in and, after a settlement determination is made under item 3.9(i)(i), will become exercisable by the right holder on the satisfaction of the relevant vesting conditions.
- (i) **Settlement determination**
 - (i) Upon satisfaction of the vesting conditions in relation to any class B performance rights, the board will determine whether the class B performance rights will be settled by:
 - (A) issue of Shares (**share payment**);
 - (B) cash payment calculated in accordance with item 3.9(i)(ii) (**cash payment**); or
 - (C) a combination of a share payment and a cash payment (**combined payment**).
 - (ii) A cash payment for a class B performance right (including as part of a combined payment) will be equal to the VWAP of Shares traded on ASX over 30 consecutive days prior to the date that the last vesting condition for that class B performance right is satisfied.
- (j) **Expiry and cancellation:**
 - (i) All class B performance rights which have not vested will automatically lapse and will be cancelled on the end date.
 - (ii) All class B performance rights which have vested before the end date but have not been exercised will be deemed to have been exercised immediately prior to the end date unless the right holder notifies Openn otherwise in writing prior to the share payment, cash payment or combined payment (as applicable) being made.
 - (iii) Notwithstanding anything else in these terms, all class B performance rights which have not vested will automatically lapse and be cancelled if the participant is “Dismissed” or “Resigns” (as those terms are defined in the plan rules) before those rights vest.
- (k) **Exercise:**
 - (i) Vested class B performance rights may only be exercised by notice in writing to Openn (**exercise notice**), the form of which may be specified in the plan offer or otherwise by Openn in writing, on or before the end date.
 - (ii) Any exercise notice for a class B performance right received by Openn will be deemed to be a notice of the exercise of the class B performance rights specified in that notice as at the date of receipt. Class B performance rights may only be

exercised in multiples of 10,000 unless fewer than 10,000 class B performance rights are held by the right holder, or the board otherwise agrees.

- (iii) The right holder is not required to pay any exercise price or fee upon the exercise of vested class B performance rights.
 - (iv) The right holder must provide with or at the same time as an exercise notice the certificate for the class B performance rights, or documentary evidence satisfactory to the board that the certificate was lost or destroyed.
- (l) **Issue of Shares:**
- (i) For a share payment or combined payment, Openn must issue to the right holder the relevant number of Shares the subject of a valid exercise notice within 10 business days after receiving the exercise notice.
 - (ii) The Share issued upon exercise of a class B performance right will rank equally in all respects with Openn's fully-paid ordinary shares then on issue.
- (m) **Payment of Funds:** For a cash payment or combined payment:
- (i) the right holder must provide Openn with details of the right holder's nominated a bank account into which funds are to be paid; and
 - (ii) Openn must pay the right holder the relevant cash amount the subject of a valid exercise notice within 10 business days after receiving the exercise notice or details of the bank account, whichever is the later in time.
- (n) **Rights of Participation:**
- (i) *New issues*
 - (A) A class B performance right does not confer or the right holder any participation or entitlement right inherent in holding Shares or other securities in Openn.
 - (B) A right holder will not be entitled to participate in any new issue of Shares or other securities in Openn to shareholders unless and to the extent that:
 - (1) the board has elected to make a share payment or combined payment; and
 - (2) the right holder has exercised their vested class B performance rights and been issued new Shares before the record date for determining entitlements to the new issue of Shares or securities and participate as a result of holding Shares.
 - (C) Openn must give the right holder notice of any proposed new issue of Shares or other securities in Openn to shareholders, in accordance with the ASX listing rules.
 - (ii) *Bonus or pro rata issues:* If Openn makes a bonus issue or pro rata issue of Shares or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) after the grant of the class B performance

rights, but before the expiry of those class B performance rights or the issue of a Share on exercise of the same (provided the board has elected to make a share payment or combined payment), then the number of underlying Shares over which the vested class B performance right is exercisable will be adjusted in accordance with the ASX listing rules.

- (o) **Reorganisations:** If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of Openn (**reorganisation**), then:
- (i) the rights of the right holder (including the number of class B performance rights to which the right holder is entitled) will be adjusted in accordance with the ASX listing rules applicable at the date of the reorganisation;
 - (ii) any calculations or adjustments which are required to be made will be made by the board and will, in the absence of manifest error, be final and conclusive and binding on Openn and the right holder; and
 - (iii) Openn must, within a reasonable period, give to the right holder notice of any change to the number of Shares for which the right holder is entitled to subscribe for on exercise of vested class B performance rights and other changes to the class B performance rights as required by the ASX listing rules.
- (p) **Voting:** A class B performance right does not confer on the right holder any right to vote on any resolution proposed at a general meeting of Openn, except and only to the extent required by applicable law.
- (q) **Dividends:** A class B performance right does not confer on the right holder any right to receive a dividend by Openn, whether fixed or at the discretion of the directors of Openn.
- (r) **Returns of capital and winding-up:** A class B performance right does not confer on the right holder any right to:
- (i) any right to a return of capital by Openn, whether on winding-up of Openn, a reduction of capital or otherwise; or
 - (ii) participate in the surplus profits or assets of Openn on winding-up of Openn.
- (s) **Legal and regulatory requirements:**
- (i) *Approvals:* The exercise of a vested class B performance right in respect of a share payment or combined payment is subject to Openn first obtaining all legal, regulatory and shareholder consents or approvals necessary for the issue of a Share pursuant to the same.
 - (ii) *Conflict:* If these terms and conditions conflict with or do not comply with the Corporations Act, the ASX listing rules or Openn's constitution, the right holder authorises Openn to do anything necessary to rectify such conflict or non-compliance, including but not limited to amending these terms and conditions to minimum extent necessary to remedy such conflict or non-compliance.
 - (iii) *Governing law:* These terms of the class B performance rights, and the rights and obligations of the right holder, are governed by the laws of Western Australia."

3.10 Section 11.2 – Interests of directors in securities of Openn

The table in section 11.2 of the prospectus is replaced with the following:

Director	Shares	Class A performance rights	Class B performance rights
Wayne Zekulich	Nil	300,000	Nil
Peter Gibbons	25,210,182	Nil	3,250,000
Duncan Anderson	1,209,678	2,250,000	Nil
Darren Bromley	903,226	1,550,000	Nil
Danielle Lee	Nil	200,000	Nil
TOTAL	27,323,086	4,300,000	3,250,000

Notes:

1. The terms and conditions of the class A performance rights and the MD performance rights are set out in sections 10.3 and 10.4 respectively. These performance rights are expected will granted immediately prior to Openn being admitted to the official list of ASX.
2. The securities in which Wayne Zekulich has an interest will be held by Suzanne Zekulich as trustee for the Twisst Family Trust.
3. The securities in which Peter Gibbons has an interest are, or will be, held by Peter John Gibbons and Tamara Bridget Gibbons as trustees for the Gibbons Family Trust.
4. The securities in which Duncan Anderson has an interest are, or will be, held by Duncan Royce Anderson and Barbara Ross Anderson as trustees for the DR & RB Anderson Family Trust.
5. Darren Bromley holds, or will hold, his securities as trustee for the DB Family Trust.
6. The securities in which Danielle Lee will have an interest will be held in her own name.

3.11 New section 11.12A – Performance rights for directors and key management personnel

A new section 11.12A ('Performance rights for directors and key management personnel') is inserted into the prospectus as follows:

(a) **Purpose**

We propose to grant 6,100,000 of the class A performance rights to directors and key management personnel, and all 3,250,000 class B performance rights to our managing director.

We consider all directors and management referred to in section 5.1 to be our key management personnel.

The performance rights will be granted to remunerate or incentivise the recipients. They are intended to align the financial interest of the recipients with the success of our business, and therefore the interests of shareholders. However, they are not 'ordinary course of business remuneration securities' for the purposes of ASX Guidance Note 19 – *Performance securities*.

(b) **Role in achieving vesting conditions**

The performance rights will be granted subject to vesting conditions relating to:

- completion of the offer and listing on ASX;¹
- share price increase; and
- continued employment/engagement (i.e. not resigning or being dismissed for cause) for a specified period.

The directors and key management personnel are responsible for planning, directing and controlling our business activities. Therefore, they play key role in the preparation for and implementation of the offer and ASX listing process.

Further, the recipients (other than non-executive directors) are engaged in the day-to-day operation and management of our business. While not engaged on a day-to-day basis, the non-executive directors are, as members of the board, responsible for setting the strategic direction of our business. Both roles are fundamentally important to our future business success and will therefore be inherently linked to Openn's share price growth once listed on ASX.

In addition, each recipient has a direct influence on their continued employment/engagement with us.

(c) **Details of remuneration and shareholdings**

The table below sets out the current total remuneration packages and security holdings (including the consideration paid for the same) of each director and member of key management personnel referred to in section 5.1.

Name	Total remuneration package	Security holdings
Wayne Zekulich	\$60,000 plus superannuation	300,000 class A performance rights to be granted for nil cash consideration under the Equity Incentive Plan
Peter Gibbons	\$280,000 plus superannuation	24,193,564 shares acquired for \$2,263 on incorporation of Openn 161,274 shares acquired for \$8,332 in December 2016 855,343 shares acquired for \$136,854 in February 2021 3,250,000 class B performance rights to be granted for nil cash consideration under the Equity Incentive Plan

¹ The term was set (in principle) in mid-2020 when the decision was made to pursue an initial public offer and ASX listing.

Name	Total remuneration package	Security holdings
Duncan Anderson	\$172,000 plus superannuation	1,209,678 shares acquired for \$150,000 in February 2018 66,155 shares acquired for \$10,584 in February 2021 2,250,000 class A performance rights to be granted for nil cash consideration under the Equity Incentive Plan
Darren Bromley	\$190,000 plus superannuation	483,871 shares acquired for \$25,000 in December 2016 403,226 shares acquired for \$50,000 in February 2018 16,130 shares acquired for \$2,000 in June 2019 5,646 shares acquired for \$903 in February 2021 1,550,000 class A performance rights to be granted for nil cash consideration under the Equity Incentive Plan
Danielle Lee	\$40,000 plus superannuation	200,000 class A performance rights to be granted for nil cash consideration under the Equity Incentive Plan
Sean Adomeit	\$200,000 plus superannuation	282,120 shares acquired for \$15,045 on exercise of options granted under Openn's previous employee incentive plan 1,800,000 class A performance rights to be granted for nil cash consideration under the Equity Incentive Plan

(d) **Rationale for additional incentive remuneration**

We consider it appropriate to provide the performance rights to the proposed recipients in addition to their cash remuneration, as the performance rights incentivise the recipients to achieve performance milestones (or vesting conditions) which are expected to correspond with our business growth and success, as well as an increase in value.

Therefore, the performance rights align the interests of the recipients with Openn and its shareholders such that the recipients will only receive a benefit from the performance rights if the performance milestones are met. Further, the performance rights do not cause any immediate dilutionary impact to shareholders pending satisfaction of the milestones.

(e) **Calculation of allocations**

The number and allocation of performance rights between recipients (other than non-executive directors) was determined by the board through a calculation which assessed each individual recipient's tenure with us and multiplied it by the estimated opportunity cost for receiving below market remuneration during the start-up phase of our business. Additional discretion was used based on the overall performance of the recipient and their future potential to assist with our business growth aspirations.

The allocations for the non-executive directors were determined in consultation with our professional advisors, having regard to equivalent incentive remuneration provided by comparable ASX listed companies.

Accordingly, we consider the number and allocation to be appropriate and equitable.

3.12 **Section 13 – Glossary**

The following definitions are amended to the glossary at section 13 of the prospectus:

class A performance right has the meaning given to that term in section 10.3.

class B performance right has the meaning given to that term in section 10.4.

4. Directors' authorisation

This supplementary prospectus is issued by Openn pursuant to resolution of the directors.

Each director has given, and has not withdrawn their consent, to the lodgement of this supplementary prospectus with ASIC.

This supplementary prospectus has been signed for and on behalf of Openn by:



Wayne Zekulich
Non-Executive Chairperson