

Openn Negotiation Limited

(ACN 612 329 754)

Appendix 4D - Half Year Financial Report for the period ended 31 December 2022

The Board of Directors present the half year report together with the financial results of the consolidated entity (**Group**), being Openn Negotiation Limited (**Openn** or **Company**) and its controlled entities, for the half year ended 31 December 2022.

Results for announcement to the market

Financial results	31 Dec 2022 \$	31 Dec 2021 \$	Up / Down	Change \$	%
Income and investment returns from ordinary activities	337,994	656,045	down	(318,051)	(48.48)
Loss from ordinary activities after tax attributable to members	(5,666,961)	(3,266,400)	Up	(2,400,561)	(73.49)
Net loss for the year attributable to members	(5,666,961)	(3,266,400)	Up	(2,400,561)	(73.49)
Cents per ordinary share (loss)	(2.57)	(1.74)	Up	(0.83)	(47.60)

Dividends

No dividends have been declared or paid during the period ended 31 December 2022. The Directors do not recommend the payment of a dividend in respect of the period ended 31 December 2022

Explanation of results

Please refer to Results and Review of Operations within the Directors' Report for an explanation of the results.

Net tangible asset per share	31 Dec 2022 \$	30 Jun 2022 \$	Up / Down	Change \$	%
Cents per ordinary share	0.28	1.08	Down	0.80	74.07
Details of entities over which control was gained or lost	There are no changes to the Group structure in the half year ended 31 December 2022.				
Details of associates and joint ventures	The Company did not create any associates or Joint Ventures during the reporting period.				
Other significant information	In July and August 2022, the Company issued 29,973,306 fully paid ordinary shares at an issue price of \$0.15 per share to raise \$4,496,000 (before costs).				
Compliance statement	<p>This report is based on the consolidated financial statements for the half year ended 31 December 2022 which have been reviewed by our auditor HLB Mann Judd (WA) Partnership.</p> <p>The report is subject to a going concern modification to the review opinion for the half year ended 31 December 2022.</p>				

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



OPENN NEGOTIATION LIMITED

ABN 75 612 329 754

Interim Financial Report

For the half-year ended 31 December 2022

www.openn.com

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CORPORATE DIRECTORY

Board of Directors

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

Company Secretary

Darren Bromley

Principal & Registered Office

Level 1, 4 Stirling Road,
Claremont WA 6010

Contact Details

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www.openn.com

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 consolidated entity (**Group**), being Openn Negotiation Limited (**Openn** or the **Company**) and controlled entities, for the half-year ended 31 December 2022.

Directors

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

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

Principal Activities

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

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

The Group's vision is to bring greater flexibility and opportunity to property transactions for agents, buyers and sellers, by making things faster, more transparent and accountable.

The Openn platform facilitates the negotiation process, streamlines digital contracting and automates communication, simplifying property transactions for agents. For buyers, Openn provides real-time, in-app feedback on competition for the property and where their price stands in the negotiation, ensuring transparency and the best opportunity to win the bidding or make the winning offer.

Operating and financial review

Operating Results

The Group continued to develop its core technology platform and establish its network of partners in Australia and overseas. The results of these activities are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income below. The Group incurred a loss of \$5,666,961 (31 December 2021: Loss \$3,266,400) as it continued to develop the North American market opportunities and support the Australasian sales market while developing new service offerings and incurring costs on developing technology.

Review of Operations

Highlights

- **Successful integration of Openn's products and systems with REALTOR.ca**
- **Canadian pilots underway ahead of commercial launch in April - June 2023**
- **SaaS based monetisation model launched in Australia and New Zealand**
- **Commercial Collaboration Agreement executed to explore the integration and offering of financial products with P&N Group representing a key milestone in Openn's objective to monetise data**
- **Collaboration partnerships in place with CoreLogic, First National, RE/MAX, the Professionals, Century 21 Australasia and Realty Assist**

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

Australia and New Zealand

The Company is pleased to announce significant headway has been made across several initiatives throughout the first half of FY23.

The integration with Century 21's proprietary customer relationship management software 'e-sales' is now complete and rollout program underway. The timing of this integration aligns well with Openn's significantly enhanced and market leading contract automation tool which is on track to launch in February 2023.

Further, a shift in focus which transitions Openn's monetisation model to include a software as a service offering (**SaaS**) is underway. Launched subsequent to the reporting period in mid-January, feedback from agents has been immensely positive evidenced by the strong initial take up and more than \$100,000 in total contract value committed. The team will continue to focus on this exciting evolution which underpins the businesses strategy to support recurring revenues and increased transaction volume through the platform - unlocking the capability to increase revenue yield via ancillary sources.

P&N Group Agreement

A commercial deal supporting this strategy has been executed in January through a collaboration agreement with Police and Nurses Limited (**P&N Group**). The pilot provides an opportunity to enrich and differentiate the buyer experience on the Openn Platform via the delivery of a unique and integrated loan experience. Furthermore, the collaboration agreement will provide access to data and insights generated via the Openn platform to support aligned growth objectives.

DIRECTORS' REPORT

Operating and financial review (continued)

P&N Group Agreement (continued)

P&N Group is one of the top ten customer owned financial institutions in the country that operates two brands, P&N Bank (Western Australia) and BCU (New South Wales and Queensland), providing a range of financial products and services to customers seeking alternatives to the “big four” banks.

In what is the first of many collaborative arrangements Openn is exploring with lenders, brokers and insurance groups, it represents a key milestone in Openn's objective to monetise data.

CoreLogic

Subsequent to the reporting period, on 7 February 2023, the Company announced that it had entered into commercial arrangements with RP Data Pty Ltd trading as CoreLogic Asia Pacific (**CoreLogic**), a leading provider of online property information and analytic services the Australian and New Zealand property markets, which will provide for an expansion to the pilot designed to integrate Openn's proprietary software into CoreLogic's onthelhouse.com.au website.

CoreLogic is the leading provider of property analytics and data in the Australasian market. CoreLogic owns and operates onthelhouse.com.au, a property research website which provides information about homes for sale, apartments for rent, market insights and trends to help consumers with decisions about where and when to buy, sell or rent.

The trial integration process was announced to the ASX on 21 August 2021. Over that period the trial expanded in volume and depth of integration where both companies confirmed they had succeeded in demonstrating a unique and compelling proposition for their mutual customers. This new commercial arrangement has now been expanded to allow several of Openn's products to be offered to CoreLogic's subscriber base of over 9,000 real estate agencies.

Perhaps the most prominent component of the deal involves the further integration of the Openn Platform into the onthelhouse.com.au website as well as advertising support from CoreLogic of Openn's products to its users.

North America (USA and Canada)

The Company's US subsidiary, Openn North America Inc. runs the US and Canadian operations. Two key milestones reached during the reporting period were:

- the first pre-commercial release of the Openn software in the USA and Canada. This milestone allows early adopters to move from piloting to commercial use of the software, and
- completion of the integration between REALTOR.ca, CREA and Openn in Canada. This milestone was a key critical path deliverable that enables a CREA driven large-scale market education campaign to coincide with commercial launch.

US and Canadian pilots continued in markets previously announced reaching just under 100 agents across multiple brokerages in four regions. These pilots are designed to confirm product and market access requirements to drive scale adoption following commercial launch. As at the time of writing this report, 90% of product enhancements resulting from that process are now in production. This enabled Soft launch commenced in the USA on February 13, 2023 and the Canadian soft launch in early March.

Both are key milestones and expand on the announcement made in November 2022 regarding production go live. Since then, additional users have entered into commercial use agreements to use the US platform.

As at the time of writing this report, at the end of the first week of operation since soft launch:

- the total number of US agents contracted to use the production platform exceeds 70;
- more properties were listed on Openn than in the first two months from launch date in Australia; and
- buyer agents from non-contracted brokers report positive experiences and their brokerages have now entered the sales cycle.

The US and Canadian products have been designed to eliminate the need for training. Market feedback from the first week in testing is positive and confirms that this objective was achieved. The company considers the product market ready and is now expanding pilot conversions and new market entry. In partnership with CREA, we are now gearing up for a large market education campaign in Canada for mid-April.

The Company will update the market with user count and transaction volume in the next quarterly update.

DIRECTORS' REPORT

Operating and financial review (continued)

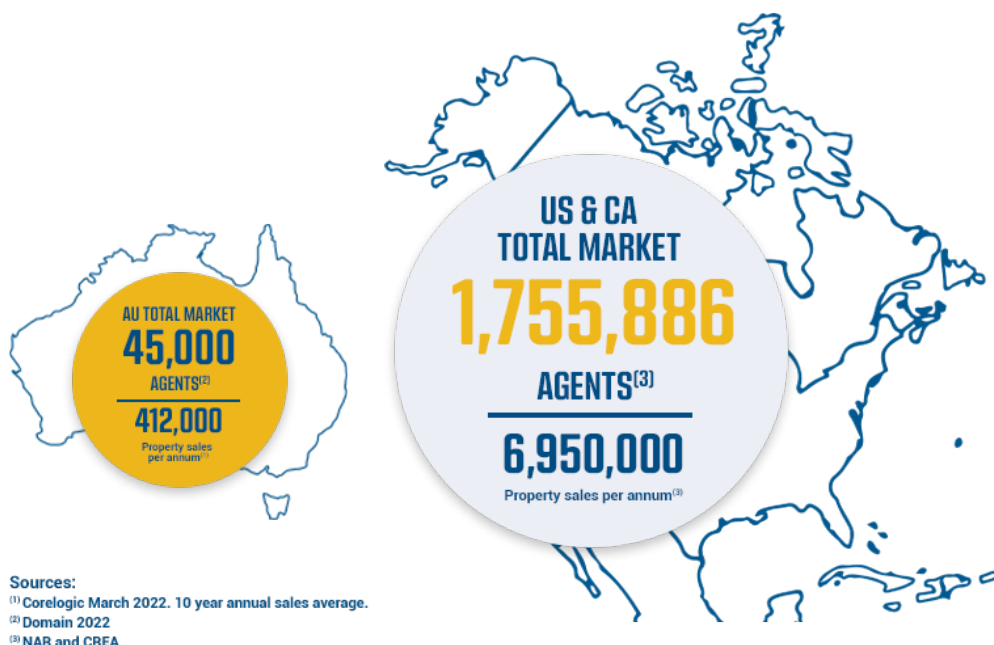


Figure 1: North American expansion adds extraordinary scale to Openn's business.

PLANNED ACTIVITIES	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Production site launch - CA & US	✓						
First live transactions	✓	✓					
CREA integration in production			✓				
Pilot expansion to 90 agents - CA & US			✓	✓			
Pre-commercial release				✓			
Further expansion - Stress tests training, support, systems				✓	✓	✓	
Commercial agreements (customers & partners)				✓	✓	✓	
Commercial launch - CA & US							✓

Figure 2: North American commercialisation milestones.

Legend:

- Solid white tick = complete.
- Partial white tick = underway
- Outline tick = not yet started or has not expanded from prior month

Ahead of schedule.

As mentioned above, the company achieved the critical milestone of soft launch on February 13, 2023. This is a month earlier than expected and resulted from the success of market feedback in early February.

North American Pilots

Openn has sufficient MLS / Board and Broker Partners to complete the pre-commercial launch piloting process. With soft launch a success, the piloting phase is winding down. The company is now focused on commercial adoption. We are particularly pleased that more early adopters than expected have begun to onboard and use the platform early in the March 2023 quarter.

Pilots were very useful in stress testing product readiness. The soft launch focus is now on ensuring our support and training systems, channel partners, and our internal organisation could handle what could be a rapid scale-up post commercial launch.

DIRECTORS' REPORT

Operating and financial review (continued)

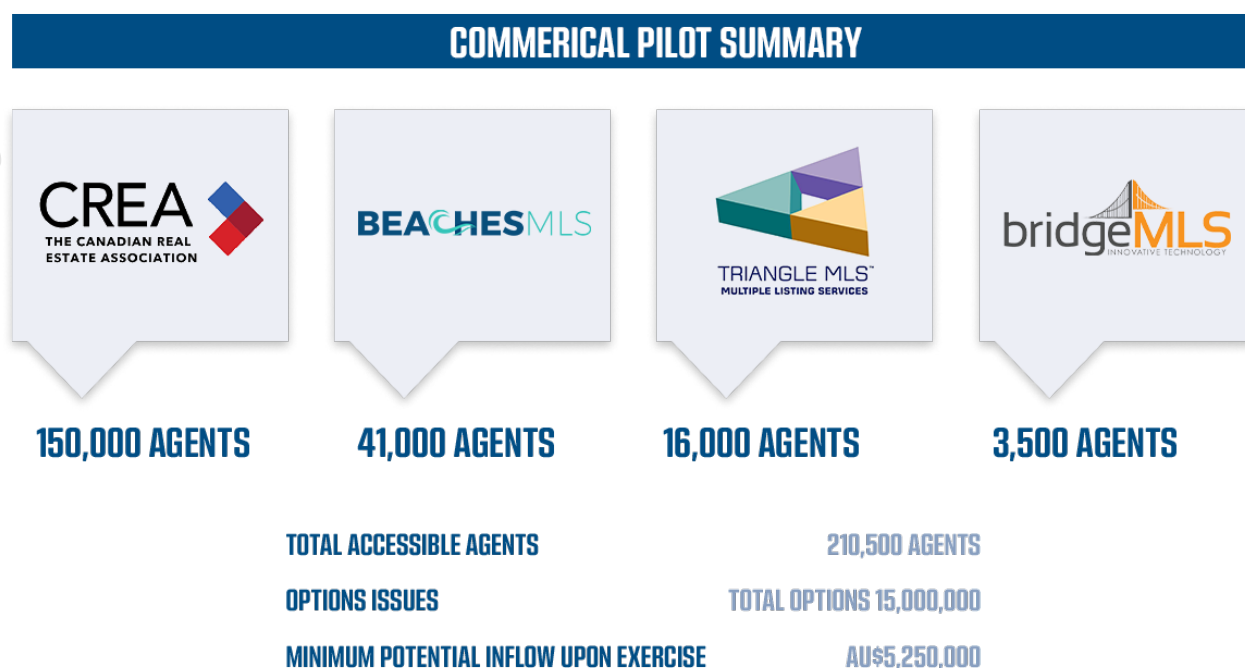


Figure 3: Commercial Pilots - Openn has pilots in place with access to 6 times the number of agents in Australia.

Channel Partners

Multiple Listing Services

Pilot agreements are in place with CREA, MLS and Board level partners across Canada and the USA. For those the transition into real world piloting is the pre-requisite to commercial agreement. Integration and data access agreements are already in place with two MLS groups in the USA, along with CREA in Canada. Additional commercial agreement discussions are progressing. These agreements could range from:

- simple data access agreements that allow Openn to operate efficiently in that MLS market area; to
- commercial agreements covering sales, training, support and market education. Or some combination of these.

The Company's experience from market entry testing is that MLS data access agreements are key to scale growth. This allows us to onboard any agent in that area with minimal, in many cases zero, back office support. CREA provides a basic version of this covering all of Canada, and we have access agreements in Massachusetts and through the pilot agreements already in place in North Carolina, California and Florida. In some markets, deeper partnership agreements with larger MLS groups are being sort to drive a faster path to scale revenue for the business.

Others

Channel partners are important to the Company's strategy for both access to market and monetisation beyond subscriptions. The Company is in negotiation with several commercial partners who would benefit from:

1. Adding subscriptions to the Openn platform to their existing offering
2. Consuming Openn data to reduce risk or drive performance
3. Providing additional value to users of the Openn platform

DIRECTORS' REPORT

Operating and financial review (continued)

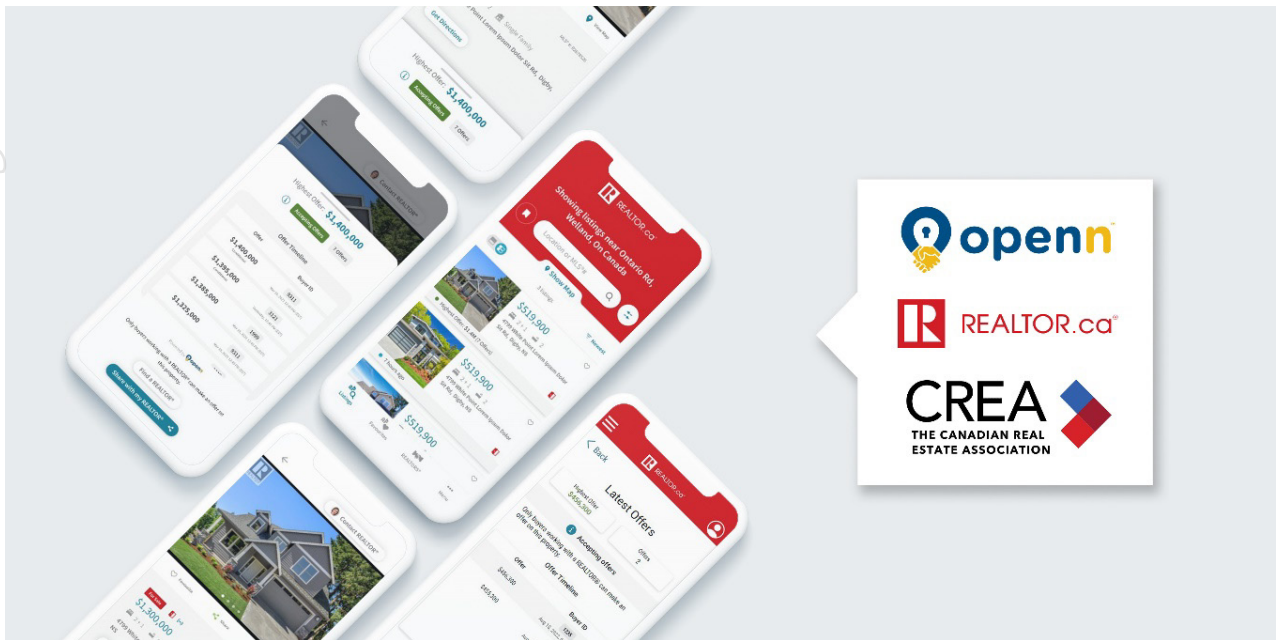


Figure 4: The Canadian Real Estate Association's (CREA) REALTOR.ca integration with Openn is now complete.

Openn confirms that it has received interest from third parties regarding potential significant strategic investments in Openn and its subsidiaries, acquisition of group business assets, and other M&A proposals.

No agreements have been entered by Openn in this regard. All such approaches are considered on a case-by-case basis having regard to the group's circumstances at the time. Details of any proposed transaction will be released to ASX if and when a binding agreement is entered (which may not occur).

Further, such transitions may require various regulatory and shareholder approvals. The fact Openn has received interest in relation to potential strategic investment and M&A opportunities does not mean that any transaction will necessarily occur. Investors are cautioned against placing undue reliance on such matters.

Significant changes in the state of affairs

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

Events Subsequent to Reporting Date

On 12 January 2023, the Company announced that 497,000 Rights had lapsed as a consequence of a failure to meet vesting conditions.

On 19 January 2023, the Company announced the successful placement of 53,676,471 fully paid ordinary shares (with 1,764,706 shares to be issued subject to shareholder approval) at an issue price of \$0.068 per share to raise \$3.65 million (before costs).

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 6.

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

On behalf of the Board of Directors.

Wayne Zekulich
Non-executive Chairperson

Dated this 22 February 2023

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Openn Negotiation Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
22 February 2023

B G McVeigh
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Revenue	3	337,994	656,045
Other Income	3	20,000	376
Advertising and marketing expenses		(167,322)	(203,304)
Employment expenses	3	(3,452,164)	(1,908,287)
Consulting expenses		(546,270)	(185,879)
General and administration expenses	3	(1,526,568)	(1,263,288)
Occupancy costs		(23,021)	(11,192)
Financing expenses		(6,334)	(2,151)
Technology expenses		(303,276)	(348,720)
(Loss) before income tax expense		(5,666,961)	(3,266,400)
Income tax (expense) / benefit		-	-
(Loss) after tax from continuing operations		(5,666,961)	(3,266,400)
Other Comprehensive Income			
Items that may be realised through profit and loss			
Exchange differences on translation of foreign operations		700	2,945
Other comprehensive income for the period, net of tax		700	2,945
Total comprehensive (loss) for the period attributable to:			
Owners of the Company		(5,666,261)	(3,263,455)
Loss per share attributed to the owners of the Company			
Basic (loss) per share (cents)	17	(2.57)	(1.74)
Diluted (loss) per share (cents)	17	(2.57)	(1.74)

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

as at 31 December 2022

OPENN NEGOTIATION LIMITED HALF YEAR REPORT 8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2022

	Consolidated					
	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Share based Payment Reserve \$	Foreign Currency Reserve \$	Total Equity \$
Balance at 1 Jul 2022						
Balance at the beginning of the period	16,860,836	(14,672,862)	848,250	756,467	20,204	3,812,895
Issue of shares (net of costs)	4,328,127	-	-	-	-	4,328,127
Issue of performance rights and amortisation	-	-	-	512,819	-	512,819
Issue of options	-	-	33,777	-	-	33,777
Options amortisation	-	-	9,516	-	-	9,516
Total comprehensive income						
(Loss) for the period	-	(5,666,961)	-	-	-	(5,666,961)
Movement in reserves	-	-	-	-	700	700
Total comprehensive (loss) for the period	-	(5,666,961)	-	-	700	(5,666,261)
Balance as at 31 Dec 2022	21,188,963	(20,339,823)	891,543	1,269,286	20,904	3,030,873

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Receipts from customers		308,825	724,895
Payments to suppliers and employees		(5,283,180)	(3,374,589)
Interest paid		(6,334)	(2,151)
Income tax – R&D incentive received		-	-
Interest received		549	264
Government assistance		20,000	-
Net cash (used in) operating activities		(4,960,140)	(2,651,581)
Cash flows from investing activities			
Payments for property, plant and equipment		(21,622)	(34,356)
Payment for technology development		(812,093)	(302,160)
Refund of security deposits		2,043	-
Payments for security deposits		(46,807)	(15,683)
Net cash (used in) investing activities		(878,479)	(352,199)
Cash flows from financing activities			
Proceeds from issue of shares		4,496,000	9,412,031
Payment of issue costs		(167,873)	(450,000)
Repayment of borrowings		-	(25,000)
Repayment of leases		(51,315)	(16,551)
Net cash provided by financing activities		4,276,812	8,920,480
Net increase / (decrease) in cash and cash equivalents		(1,561,807)	5,916,700
Cash and cash equivalents at the beginning of the period		2,619,179	566,370
Cash and cash equivalents at the end of the period	4	1,057,372	6,483,070

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

1. Summary of significant accounting policies

This consolidated interim financial report for the half-year ended 31 December 2022 includes the financial statements and notes of Openn Negotiation Limited (**Openn Negotiation** or **Company**) which is a public company limited by shares, incorporated and domiciled in Australia, and its controlled entities (**Group**).

The financial statements were authorised for issue by the Directors on 22 February 2023.

a. Basis of preparation

This interim financial report for the half-year period ended 31 December 2022 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001 (Cth)* (**Corporations Act**). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

It is recommended that this interim financial report be read in conjunction with the annual financial report for the financial year ended 30 June 2022 and considered together with any public available information released by the Company.

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

b. Going concern

The going concern concept relates to the assessment of the Company's ability to continue its operations (and pay its debts when they fall due) for the next 12 months from the date when the directors sign the half year report.

The Company has incurred a consolidated net loss of \$5,666,961 and net operating cash outflows of \$4,960,140 for the half year ended 31 December 2022. The Company's management have prepared a cash flow forecast for the period to June 2024 for its operations including funding for its entry into North America real estate market and further development and customisation of its proprietary technology. The forecast includes several assumptions about the revenue generated from the use of the technology in various locations, operating costs required to service the North America and Australasian markets and capital raising.

The directors assessed whether it is reasonable to assume that the Company will be able to continue its normal operations based on the following factors and judgements:

- The Company has access to the use of cash reserves of \$1,057,372 as at 31 December 2022 (\$2,619,179 as at 30 June 2022).
- The Company has the ability to adjust its operating expenditure to conserve cash.
- Subsequent to year end, the Company issued fully paid ordinary shares to raise \$3.65million (before costs).
- Additional equity raising may be required in order to meet the Company's expansion objectives.

The Directors also anticipate the support of its major shareholders and believe that the Company's ability to raise an appropriate level of funding to execute its plans and continue its activities is reasonable.

The half year report has been prepared on a going concern basis taking into account the factors outline in the directors' assessment above.

Should the Company be unable to secure additional funding, it results in a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern and realise its assets and discharge its liabilities in the normal course of business at amounts stated in the half year report.

The half year report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

The Company's auditors have referred to this section when completing their report on the Company's half year report.

c. Segment reporting

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

d. Revenue

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

e. Critical accounting judgements and key sources of estimations

(i) Share based payments

The Company has undertaken option valuation calculations taking into account the facts and circumstances that existed at the time of the valuations. Any changes in these facts and circumstances may result in the option valuations being materially different to the final outcome (refer note 18 for further details).

(ii) Intangible assets

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

(iii) Taxation

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

(iv) Revenue

The Company recognises revenue over time where the contract with the client allows access to the technology for the length of a advertised listing. The Company recognises this revenue based on an expected average days to completion method taking into account the average days which it takes to sell a property using the technology. This method is consistently revised as days on the market shifts with market conditions but represents a significant judgement relating to recognition revenue.

f. Adoption of new and revised standards

The Group has considered the impact of new and amended accounting standards that are mandatory for the current reporting period and determined that their application to the financial statements is either not relevant or not material.

g. Standards and interpretations in issue not yet adopted

The Group has also reviewed new and revised standards and interpretations that are in issue but are not mandatory for the current reporting period, and it was determined there will be no material change necessary to the Group's accounting policies.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

2. Segment information

Segment information

The Company has established two geographical location, Australasia and the USA. The results, assets and liabilities are listed below.

	31 December 2022			31 December 2021		
	Australia	USA	Total	Australia	USA	Total
Results (loss)	(3,760,707)	(1,906,254)	(5,666,961)	(2,643,736)	(622,664)	(3,266,400)
Assets	3,593,140	720,353	4,313,493	8,042,302	161,396	8,203,698
Liabilities	(881,118)	(401,502)	(1,282,620)	(775,541)	(70)	(775,611)

3. Loss from continuing operations

31 Dec 2022
\$

31 Dec 2021
\$

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

1. Revenue

Website and associated sales	335,955	655,755
Marketing sales	1,490	24
Interest revenue	549	266
	337,994	656,045

Revenue from contracts with customer

The Group derives revenue from the following sources:

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

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

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

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

2. Other income

Profit on disposal	-	376
Government assistance	20,000	-
	20,000	376

3. Expenses

(i) Employment expenses		
Salary and wages	2,285,136	1,248,788
Other personnel costs	359,838	122,862
Superannuation	218,132	111,451
Increase in leave liabilities	76,239	19,199
	2,939,345	1,502,300
Share-based payment expense	512,819	405,987
TOTAL	3,452,164	1,908,287

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

3. Loss from continuing operations

Expenses (cont'd)

(ii) General and administration costs

ASX fees	28,867	115,000
Accounting expenses	106,146	29,294
Audit fees	29,688	28,987
Depreciation and amortisation	236,084	151,174
Insurance expenses	149,749	82,262
Legal fees	147,649	248,403
Partnership expenses	119,368	300,223
Travel expenses	146,611	37,512
Sales costs	180,519	137,247
Other administration expenses	381,887	133,186

1,526,568 **1,263,288**

4. Current assets: Cash and cash equivalents

Cash at bank and on hand ^(i and ii)

31 Dec 2021 **30 Jun 2022**
\$ \$

1,057,372 2,619,179

1,057,372 **2,619,179**

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

(ii) Available at short notice

5. Current assets: Other assets and receivables

GST receivables
Prepayments
Sundry receivables

31 Dec 2022 **30 Jun 2022**
\$ \$

40,147 26,763

187,795 114,910

89,428 64,350

317,370 **206,023**

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

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

Fixed assets

Right of use assets - Property

At cost
Less: Accumulated depreciation

31 Dec 2022 **30 Jun 2022**
\$ \$

464,344 92,833

(131,792) (78,337)

332,552 **14,496**

Office equipment

At cost
Less: Accumulated depreciation

137,509 116,895

(52,252) (46,961)

85,257 **69,934**

Total fixed assets

417,809 **84,430**

Reconciliation/movement for the period / year

Carrying amount at beginning of period	84,430	102,457
Additions	21,622	78,702
New right of use asset	371,511	2,397
Extinguishment of lease	-	(39,892)
Depreciation charge	(59,408)	(58,605)
Foreign currency	(346)	(629)
Carrying amount at end of period	417,809	84,430

(i) The Company extended a lease during the period and added an additional lease resulting in an increase in the right of use asset. The details of the changes in the lease liability are outlined in Note 10 below.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

7. Non-current: receivables

	31 Dec 2022 \$	30 Jun 2022 \$
Security deposit (i)	111,600	66,197
	111,600	66,197

(i) The Company established a bank guarantee during the prior period which accumulates interest

8. Non-current assets: Intangible assets

	31 Dec 2022 \$	30 Jun 2022 \$
Intangible assets		
Technology assets		
At cost	2,994,084	2,136,585
Less: Accumulated amortisation	(638,659)	(465,468)
	2,355,425	1,671,117
Patents		
At cost	56,565	56,565
Less: Accumulated amortisation	(16,061)	(14,647)
	40,504	41,918
Trademarks		
At cost	30,095	30,095
Less: Accumulated amortisation	(18,382)	(16,877)
	11,713	13,218
Website		
At cost	9,065	9,065
Less: Accumulated amortisation	(7,365)	(6,799)
	1,700	2,266
TOTAL INTANGIBLES	2,409,342	1,728,519
Reconciliation of the movement for the period		
Carrying amount at beginning of the period	1,728,519	1,215,306
Additions during the period	857,499	749,936
Amounts acquired through asset acquisition	-	-
Disposal	-	-
Depreciation charge	(176,676)	(236,723)
Carrying amount at end of period / year	2,409,342	1,728,519

9. Current liabilities: Trade and other payables

	31 Dec 2022 \$	30 Jun 2022 \$
Trade payables (i) (ii)	529,991	425,099
Other payables	417,640	451,561
	947,631	876,660

(i) No trade payables past due over 30 days as at 31 December 2022 (2022: \$NIL)

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

10. Lease liability

	31 Dec 2022 \$	30 Jun 2022 \$
Leases		
Current liability	115,213	14,793
Non-current liability	219,776	-
TOTAL	334,989	14,793

Reconciliation of movements in the balance

Opening balance	14,793	86,267
Amounts recognised as new leases and changes in leases ⁽¹⁾	371,511	1,548
Lease relinquished during the period	-	(42,271)
Less: amount repaid	(51,315)	(30,751)
Closing balance at end of period	334,989	14,793

11. Issued capital

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

223,759,427 fully paid ordinary shares (30 June 2022: 193,786,121)

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

	31 Dec 2022 Number	30 Jun 2022 Number	31 Dec 2022 \$	30 Jun 2022 \$
Balance at the beginning of the period	193,786,121	146,725,964	16,860,836	7,933,910
Issue of shares on listing ¹	-	45,000,000	-	9,000,000
Issue of Share ²	-	2,060,157	-	412,031
Issue of share for acquisition ³	29,973,306	-	4,496,000	-
Share issue costs ⁴	-	-	(167,873)	(485,105)
Sub-total	223,759,427	193,786,121	21,188,963	16,860,836

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

- On 19 July 2021 the Company listed on ASX and issued 45,000,000 share at an issue price of \$0.20 per share under a prospectus.
- On 18 November 2021 the Company issued 2,060,157 shares at an issue price of \$0.20 per share to sophisticated investors.
- In July and August 2022, the Company issued 29,973,306 shares at an issue price of \$0.15 per share to raise \$4.5mill before costs.
- The costs of share issue.

Ordinary shares

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

12. Reserves

	31 Dec 2022	30 Jun 2022
	\$	\$
Option reserves (a)	891,543	848,250
Share based payment performance rights reserve (b)	1,269,286	756,467
Foreign currency reserve	20,904	20,204
	2,181,733	1,624,921

(a) Share based payments - Options

	31 Dec 2022	30 Jun 2021	31 Dec 2022	30 Jun 2022
	Number	Number	\$	\$
Balance at the beginning of the period	17,934,519	2,934,519	848,250	31,243
Issue of Options to MLS CREA ⁽¹⁾	-	4,000,000	-	150,202
Issue of Options to MLS TRIANGLE ⁽²⁾	-	1,000,000	9,516	3,755
Issue of Options to MLS CREA ⁽³⁾	-	10,000,000	-	663,050
Issue of Options to consultants ⁽⁴⁾	1,500,000	-	33,777	-
Balance as at period end	19,434,519	17,934,519	891,543	848,250

The Company issued the following securities during the prior periods.

- On 14 April 2022 the Company issued 4,000,000 options to external consultants which are exercisable at between \$0.35 and \$0.65 cents and expiring on 14 April 2024 as an incentive to execute a pilot programme using the Openn Technology. The fair value of the options was \$0.0376 using an Black Scholes Pricing Model. The options vested immediately and have been valued based on the following inputs:
 - Grant date – 14 April 2022
 - Expiry date – 14 April 2024
 - Market price of securities – \$0.205
 - Exercise price of securities – \$0.65
 - Risk free rate – 2.09%
 - Volatility – 85.6%
- On 14 April 2022 the Company issued 1,000,000 options to external consultants which are exercisable at between \$0.35 and \$0.65 cents and expiring on 14 April 2024 as an incentive to execute a pilot programme using the Openn Technology. The fair value of the options was \$0.0376 using an Black Scholes Pricing Model. The options vested immediately and have been valued based on the following inputs.
 - Grant date – 14 April 2022
 - Expiry date – 14 April 2024
 - Market price of securities – \$0.205
 - Exercise price of securities – \$0.65
 - Risk free rate – 2.09%
 - Volatility – 85.6%

The fair value of the options was \$45,886 which was amortised over the vesting period.

- On 6 April 2022 the Company issued 10,000,000 options to a potential external MLS shareholder which are exercisable at the higher of \$0.35 or 70% of the 10 day VWAP. The fair value of the options was \$0.0663 using an Black Scholes Pricing Model. The options vested immediately and have been valued based on the following inputs:
 - Grant date – 14 April 2022
 - Expiry date – 14 April 2024
 - Market price of securities – \$0.205
 - Exercise price of securities – \$0.65
 - Risk free rate – 2.09%
 - Volatility – 85.6%
- On 2 September 2022 the Company agreed to issue 1,500,000 options to external consultants for corporate services which are exercisable at \$0.40 cents and expiring on 13 September 2024. The fair value of each option was \$0.0225 using an Black Scholes Pricing Model. The options vested immediately and have been valued based on the following inputs:
 - Grant date – 2 September 2022
 - Expiry date – 13 September 2024
 - Market price of securities – \$0.12
 - Exercise price of securities – \$0.40
 - Risk free rate – 3.06%
 - Volatility – 87.55%

The fair value of the options was \$33,777 which was recognised as an expenses immediately.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

12. Reserves (continued)

(b) Share based payments – Performance rights

	31 Dec 2022 Number	30 Jun 2022 Number	31 Dec 2022 \$	30 Jun 2022 \$
Balance at the beginning of the period	15,299,000	-	756,467	-
Rights granted during the period		15,599,000	365,813	721,874
Lapse of rights ⁽¹⁾	(282,000)	(1,300,000)	-	-
Rights granted to USA staff ⁽²⁾	-	1,000,000	87,192	34,593
Rights granted to USA staff ⁽³⁾	2,000,000	-	22,965	-
Rights granted to directors ⁽⁴⁾	4,000,000	-	36,750	-
Rights granted to AUS staff ⁽⁵⁾	865,000	-	129	-
Balance as at period end	21,882,000	15,299,000	1,269,286	756,467

- On 7 January 2022 the Company announced that 1,040,000 Rights had lapsed. The Rights lapsed on 15 November 2021 as a consequence of a failure to meet vesting conditions. On 14 April 2022 the Company announced that 260,000 Rights had lapsed. The Rights lapsed on 22 March 2022 as a consequence of a failure to meet vesting conditions. On 7 October 2022, the Company announced that 282,000 Rights had lapsed as a consequence of a failure to meet vesting conditions.

- Prior period Rights

	Service Performance Rights	Class A Performance Rights	Class B Performance Rights
VWAP Milestone (\$) (a)	Refer below	Refer below	Refer below
Methodology AU	Share price at grant date	Monte Carlo	Monte Carlo
Methodology US	Share price at grant date	Monte Carlo	N/A
Grant date AU	12 July 2021	12 July 2021	12 July 2021
Grant date US	19 April 2022	19 April 2022	N/A
Expiry date AU	11 July 2023	11 July 2026	11 July 2026
Expiry date US	11 July 2023	11 July 2026	N/A
Share price at grant date (\$) AU	0.16	0.16	0.16
Share price at grant date (\$) US	0.285	0.285	N/A
Exercise price (\$) AU	N/A	Nil	Nil
Exercise price (\$) US	N/A	Nil	N/A
Risk-free rate (%) AU	N/A	0.65	0.65
Risk-free rate (%) US	N/A	2.66	N/A
Volatility (%) AU	N/A	84.96	84.96
Volatility (%) US	N/A	87.10	N/A
Fair value per security (\$) AU	0.16	0.1349 (10% hurdle) 0.1230 (15% hurdle) 0.1133 (25% hurdle)	0.1349 (10% hurdle) 0.1230 (15% hurdle) 0.1133 (25% hurdle)
Fair value per security (\$) US	0.16	0.2660 (10% hurdle) 0.2479 (15% hurdle) 0.2323 (25% hurdle)	N/A
Fair value (\$) AU	1,247,920	210,431 (10% hurdle) 287,802 (15% hurdle) 441,841 (25% hurdle)	210,431 (10% hurdle) 287,802 (15% hurdle) 441,841 (25% hurdle)
Fair value (\$) US	28,500	26,598 (10% hurdle) 37,185 (15% hurdle) 58,068 (25% hurdle)	N/A

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

12. Reserves (continued)

- (a) Hurdles of the Rights include
- (i) 50% of the Rights issued to vest after 2 years of continuous service (service Performance Rights) AU and 1 year of continuous service US; and
 - (ii) Listing on ASX; and
 - (iii) 10% of the Rights issued to vest when the volume-weighted average share price over 30 consecutive days is greater than \$0.35
 - (iv) 15% of the Rights issued to vest when the volume-weighted average share price over 30 consecutive days is greater than \$0.50
 - (v) 25% of the Rights issued to vest when the volume-weighted average share price over 30 consecutive days is greater than \$0.65

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

3. On 2 September 2022 the Company agreed to issue 1,000,000 Class E Performance Rights and 1,000,000 Class F Performance Rights with the following conditions and valuation inputs:

USA staff Rights – Class E & F

	Revenue / User Class E & F	Class E Performance Rights	Class F Performance Rights
VWAP Milestone (\$) (a)	Refer below	Refer below	Refer below
Methodology	Share price at grant date	Monte Carlo	Monte Carlo
Grant date	2 September 2022	2 September 2022	2 September 2022
Expiry date	13 September 2027	13 September 2027	13 September 2027
Share price at grant date (\$)	0.13	N/A	N/A
Exercise price (\$)	N/A	Nil	Nil
Risk-free rate (%)	N/A	3.84	3.84
Volatility (%)	N/A	87.50	87.50
Fair value per security (\$)	0.12	0.1079	0.1079
Fair value (\$) AU	130,000	53,950	53,950

USA staff Rights (continued)

- (a) Hurdles of the Rights include
- (i) Rights have a service condition of 2 years of continuous service (service Performance Rights Class E) and 1 year of continuous service (Class F); and will vest when:-
 - (ii) 50% of the Rights issued to vest after the volume weighted average share price is above \$0.35 for a period of at least 30 days
 - (iii) 25% of the Rights to vest when the group achieves an aggregated of 300,000 Targeted Users on the Openn platform;
 - (iv) 25% of the Rights to vest when the group achieves consolidated revenues of US\$10m from North American operations in a 12 month period prior to the expiry of the Rights;

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

12. Reserves (continued)

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

4. On 23 November 2022, after receiving shareholder approval, the Company agreed to issue 2,500,000 Class C Performance Rights and 1,500,000 Class D Performance Rights with the following conditions and valuation inputs:

Directors Rights

	Revenue / User Class C & D	Class C Performance Rights	Class D Performance Rights
VWAP Milestone (\$) (a)	Refer below	Refer below	Refer below
Methodology	Share price at grant date	Monte Carlo	Monte Carlo
Grant date	23 November 2022	23 November 2022	23 November 2022
Expiry date	23 November 2027	23 November 2027	23 November 2027
Share price at grant date (\$)	0.115	N/A	N/A
Exercise price (\$)	N/A	Nil	Nil
Risk-free rate (%)	N/A	3.38	3.38
Volatility (%)	N/A	89.30	89.30
Fair value per security (\$)	0.132	0.0672	0.0672
Fair value (\$) AU	220,000	67,200	67,200

(a) Hurdles of the Rights include

- (i) Rights have a service condition of continuous service; and will vest when:-
- (ii) 50% of the Rights issued to vest after the volume weighted average share price is above \$1.00 for a period of at least 30 days
- (iii) 25% of the Rights to vest when the group achieves an aggregated of 300,000 Targeted Users on the Openn platform;
- (iv) 25% of the Rights to vest when the group achieves consolidated revenues of US\$10m from North American operations in a 12 month period prior to the expiry of the Rights;

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

12. Reserves (continued)

5. On 30 December 2022 the Company issued 865,000 Class G Performance Rights with the following conditions and valuation inputs:

Staff Rights

	Service Conditions	Class G Market conditions
VWAP Milestone (\$) (a)	Refer below	Refer below
Methodology	Share price at grant date	Monte Carlo
Grant date	30 December 2022	30 December 2022
Expiry date	30 December 2027	30 December 2027
Share price at grant date (\$)	0.085	N/A
Exercise price (\$)	N/A	Nil
Risk-free rate (%)	N/A	3.695
Volatility (%)	N/A	93.99
Fair value per security (\$)	0.085	0.0672
Fair value (\$) AU	36,763	5,744 (10% hurdle) 8,505 (15% hurdle) 12,153 (25% hurdle)

(a) Hurdles of the Rights include

- (i) Rights have a service condition of continuous service until 24 July 2024; and market conditions for a certain number of Rights that will vest when:-
- (ii) 10% of the Rights issued to vest when the volume-weighted average share price over 30 consecutive days is greater than \$0.35;
- (iii) 15% of the Rights issued to vest when the volume-weighted average share price over 30 consecutive days is greater than \$0.50;
- (iv) 25% of the Rights issued to vest when the volume-weighted average share price over 30 consecutive days is greater than \$0.65;

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

13. Commitments

Technology commitments

At reporting date, the Company has no capital commitments.

14. Contingencies

Contingent liabilities

At reporting date, the Company has no contingent commitments.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

15. Related party transactions

(a) Key management personnel

On 23 November 2022, the Company issued Performance Rights Class C & D to directors. The total number of Performance Rights issued were 4,000,000 Rights. See note 12 for further details on valuation of Rights and recognised expenses.

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

	Balance at 1 Jul 2022	Granted as compensation	Rights vested to shares	Net change / Other	Balance at 31 Dec 2022
Directors					
Wayne Zekulich ^{1, 3}	300,000	300,000	-	-	600,000
Danielle Lee ^{1, 3}	200,000	200,000	-	-	400,000
Peter Gibbons ^{2, 4}	3,250,000	1,500,000	-	-	4,750,000
Duncan Anderson ^{1, 3}	2,250,000	1,500,000	-	-	3,750,000
Darren Bromley ^{1, 3}	1,550,000	500,000	-	-	2,050,000
Total	7,550,000	4,000,000	-	-	11,550,000

1. Class A Performance Rights
2. Class B Performance Rights
3. Class C Performance Rights
4. Class D Performance Rights

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

(b) Loans to and transactions with related parties

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

16. Subsequent events

On 12 January 2023, the Company announced that 497,000 Rights had lapsed as a consequence of a failure to meet vesting conditions.

On 19 January 2023, the Company announced the successful placement of 53,676,471 fully paid ordinary shares (with 1,764,706 shares to be issued subject to shareholder approval) at an issue price of \$0.068 per share to raise \$3.65 million (before costs).

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

17. Profit/(Loss) per share

	2022 \$	2021 \$
From continuing operations		
Basic (cents per share)	(2.57)	(1.74)
Diluted (cents per share)	(2.57)	(1.74)
Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	<u>(5,666,961)</u>	<u>(3,266,400)</u>
Weighted average number of shares used as the denominator	No. of shares	No. of shares
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>220,447,549</u>	<u>187,339,946</u>

18. Share-based payments

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

19. Financial instruments

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

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DIRECTORS' DECLARATION

In the opinion of the directors of Openn Negotiation Limited:

- (a) the financial statements and notes, as set out on pages 7 to 23, are in accordance with the *Corporations Act 2001 (Cth)* (**Corporations Act**), including:
 - i. complying with Accounting Standard AASB 134 – Interim Financial Reporting and the Corporations Regulations 2001; and
 - ii. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the consolidated financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
- (d) this declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial half year ended 31 December 2022.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors.



Wayne Zekulich
Non-executive Chairperson

Dated this 22 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Openn Negotiation Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Openn Negotiation Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2022, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Material uncertainty related to going concern

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

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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

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enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
22 February 2023



B G McVeigh
Partner