



OPENN NEGOTIATION LIMITED

ABN 75 612 329 754

ANNUAL REPORT

For the year ended 30 June 2023

www.openn.com

CONTENTS

	Page
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	15
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	16
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	17
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	18
CONSOLIDATED STATEMENT OF CASH FLOWS	19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	20
DIRECTORS' DECLARATION	41
INDEPENDENT AUDITOR'S REPORT.....	42
ADDITIONAL ASX INFORMATION	47

CORPORATE DIRECTORY

Board of Directors

Wayne Joseph Zekulich	Non-Executive Chairperson
Peter John Gibbons	Managing Director
Darren Michael Bromley	Executive Director

Company Secretary

Darren Michael Bromley

Principal & Registered Office

Level 1, 4 Stirling Road
Claremont WA 6010

Contact Details

(+61) 1 800 667 366 (Telephone)
www.openn.com

Share Registry

Computershare Investor Services Limited
Level 11, 172 St Georges Terrace
Perth, WA 6000

Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

CHAIRPERSON'S LETTER



Dear Shareholder,

The 2022/23 financial year was difficult for technology stocks, including Openn. Investor interest in the sector waned, especially for technology stocks without positive cash flow. This affected Openn's ability to source further working capital. Valuations and liquidity have been adversely impacted and the difficult economic circumstances have been compounded by a delayed North American commercial rollout and an inflationary cost environment.

This has led to an eventual need for your company to undertake a recapitalisation by way of a fully underwritten renounceable pro rata entitlement offer, at a heavily discounted price. In this regard, we acknowledge shareholder disappointment.

During this process, we have secured a new substantial investor, Axiom Properties Ltd (ASX: AXI) who now hold 19.99% of Openn. Axiom is aligned in our sentiment that there is great opportunity in our technology, especially in North America where we have developed strong partner relationships and are now 'tech-ready'.

The entitlement offer raised \$3.19 million before costs. With this, along with further cost reductions, we are targeting a cash burn of under \$300,000 per month which extends Openn's runway to start generating revenue in North America, and to explore further revenue sources in Australia and elsewhere.

The Board and Executive team have developed a strategic shift towards key partnerships for entering the North American market to commence revenue generation. This new cost-effective strategy capitalises on existing and new partnerships with established North American organisations, specifically in Canada.

Our new partnership strategy led to a significant staff reduction, primarily in tech roles no longer needed after completing the North American platform build. The North American Openn Offers platform is finalised, minimising tech staffing needs. From a peak headcount of 64, staff count is now 19 and we thank those who's roles were made redundant for their dedication and commitment to Openn. Future growth of staff will be recruited based on revenue-generating partnerships. We are confident our lean structure can seize partnering prospects in Australia and North America while maintaining fiscal prudence.

There have been board changes with both Danielle Lee and Duncan Anderson resigning in May 2023. In addition, and as previously disclosed, our chairperson Wayne Zekulich intends to step down in the near future when the appropriate replacement is appointed. Their contributions are greatly appreciated.

Moving ahead, Canada is a key focus for Openn due to its strong association with the Canadian Real Estate Association, national real estate agents' body and the completed realtor.ca integration. This integration is a world first and provides real-time insights into property negotiation status. Our North American platform is a source of pride, designed as an efficient offer management platform which notably enables agents to adjust transparency levels, based on market interest and local legislation requirements.

I would like to thank the executive team, who under the guidance from the Board have shown unwavering dedication and commitment during a challenging year. We are confident that we are streamlined appropriately and have established a cost-effective strategy to deliver transparency in the real estate sales process in Australia, North America, and beyond.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Peter Gibbons".

Peter Gibbons
Managing Director

For personal use only

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) and its controlled entities, for the year ended 30 June 2023.

Directors' Information

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

Wayne Zekulich – Non-Executive Chairperson

(Appointed 24 April 2021)

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

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

Currently, Wayne is Non-Executive Chairman of Pantoro Limited (ASX: PNR), a board member of Western Australian Treasury Corporation and a Chair of The Lester Prize. He is also engaged in a consultancy capacity by a global bank.

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

- Current other listed company Directorships: Pantoro Limited
- Former listed company directorships in the last three years: archTIS Limited (resigned 31 July 2020)
- Interests in Openn securities: 3,036,765 ordinary shares, 600,000 performance rights
- Chairperson of the Audit and Risk Management Committee and the Remuneration and Nomination Committee

Peter Gibbons - Managing Director

(Appointed 11 May 2016)

(Company Secretary 11 May 2015 – 8 March 2021)

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

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

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

- Current other listed company Directorships: Swift Media Limited
- Former listed company directorships in the last three years: Nil
- Interests in Openn securities: 38,177,829 ordinary shares, 4,750,000 performance rights
- Member of the Audit and Risk Management Committee and the Remuneration and Nomination Committee

Darren Bromley – Executive Director and Company Secretary

(Appointed 12 February 2018)

(Appointed Company Secretary 8 March 2021))

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

Darren's previous experience includes:

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

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

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

- Current other listed company Directorships: Nil
- Former listed company directorships in the last three years: Nil
- Interests in Openn securities: 19,202,669 ordinary shares, 2,050,000 performance rights
- Member of the Audit and Risk Management Committee and the Remuneration and Nomination Committee

For personal use only

DIRECTORS' REPORT

Directors' Information (continued)

Danielle Lee – Non-Executive Director

(appointed 3 March 2021 – resigned 31 May 2023)

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

Danielle is currently a Non-Executive Director of Hazer Group Limited (ASX: HZR), Rare Foods Australia Limited (ASX: RFA) and Ruah Community Services.

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

- Current other listed company Directorships: Hazer Group Limited, Rare Foods Australia Limited
- Former listed company directorships in the last three years: Nil
- Interests in Openn securities: 300,000 ordinary shares, 200,000 performance rights at the date of resignation
- Chairperson of the Audit and Risk Management Committee and the Remuneration and Nomination Committee until the date of resignation

Duncan Anderson - Executive Director

(Appointed 15 September 2020 – resigned 31 May 2023)

Duncan Anderson has 26 years' experience in new technology development and commercialisation across the USA, Brazil, Indonesia and Australia. He spent most of the past decade in executive and directorship roles with listed and private companies operating in the technology, energy and process manufacturing sectors.

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

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

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

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

Company secretary

Darren Bromley - (see biography above)

Directors' interests

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

Director	Shares	Performance Rights
W Zekulich ¹	3,036,765	600,000
P Gibbons ²	38,177,829	4,750,000
D Bromley ¹	19,202,669	2,050,000

Notes:

1. Holders of class A and C performance rights
2. Holders of class B and D performance rights

For personal use only

DIRECTORS' REPORT

Meetings of Directors

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

Director	Board		Audit and Risk Management Committee		Nomination and Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
P Gibbons	4	4	-	-	-	-
D Anderson ¹	4	4	-	-	-	-
D Bromley	4	4	1	1	-	-
W Zekulich	4	4	1	1	-	-
D Lee ²	4	4	1	1	-	-

Notes:

1. Mr Anderson resigned on 31 May 2023
2. Ms Lee resigned on 31 May 2023

Committee membership

As at the date of this report, the Board of Directors of Openn has an Audit and Risk Management Committee and a Nomination and Remuneration Committee.

Members of the Audit and Risk Management Committee

- Wayne Zekulich (Committee Chair) – independent non-executive chairperson;
- Peter Gibbons – managing director; and
- Darren Bromley – executive director

Members of the Nomination and Remuneration Committee

- Wayne Zekulich (Committee Chair) – independent non-executive chairperson;
- Peter Gibbons – managing director; and
- Darren Bromley – executive director

Principal activities

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

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

Operating and financial review

Operating Results

The Group continued to develop its core technology platform and establish its network of users to increase sales throughout the year. The results of these activities are set out in the Statement of Profit or Loss and Other Comprehensive Income. The Group incurred a loss of \$13,134,550 (30 June 2022: Loss \$8,031,233).

Review of Operations

The end of the 2022/23 financial year marks a significant turning point for the Company. Openn has completed a total overhaul and rationalisation of the cost base and ready to execute our strategic plan. The heavy lifting and one-off cost of developing the North American platform is complete, and negotiations are underway with strategic partners to explore the distribution of the platform at scale. The primary focus is on delivering a break-even outcome in the near term.

The Company holds unwavering confidence Openn addresses the real-world problems of an inefficient real estate market, and the immense opportunities it provides across untapped and expanding global markets. Being the only true global provider of offer management solutions with transparency at its core, we have a compelling and innovative vision that presents an exciting investment proposition.

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

For personal use only

DIRECTORS' REPORT

Operating and financial review (continued)

The Group continued to develop its core technology platform and introduced a software as a service (**SaaS**) pricing structure to the Openn platform in January 2023. Revenue declined during the period to \$623,859 over the 12 months to 30 June 2023 (2022: \$1,178,732). Sales revenue is currently attributed to the Australian and New Zealand operations where properties listed for sale have fallen significantly due to interest rate and inflationary pressures affected the property sector.

Openn incurred an increase in employment costs of \$6,189,076 (2022: \$4,345,075) as it continued operations in Australia, New Zealand and North America. During the second half of the reporting period, The Company consolidated and restructured its operations and personnel numbers in order to reduce future cash outflows moving into the 2023/24 financial year. Estimated average monthly cash outflows will fall to approximately \$300,000 from August 2023 onwards. This figure represents approximately 30.8% of the average for the 6-month period to 31 December 2022.

The Company has assessed the Technology intangible assets for impairment for the year ended 30 June 2023 due to the recent recapitalisation process, reduction in revenue and its effort to refocus the US strategy. Due to the delay in anticipated North American revenue, the Company has fully amortised and impaired the asset by \$3,535,873 as at 30 June 2023 (2022: \$465,468).

General and administration costs totalled \$2,963,354 for the reporting period (2022: \$3,228,868) and are set out in note 3 to the annual financial report.

Non-cash expenses of \$4,322,131 contributed to 32.9% of the loss for the year (2022: \$1,868,802 contributed to 23.3%). Details are set out in note 22 of the annual financial report.

The Company raised \$8,312,462 during the reporting period by way of three separate share placements. Details of the capital raisings are set out in the consolidated statement of cash flows and note 13 to the annual financial report.

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

Dividends

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

Significant changes in the state of affairs

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

Likely developments

Operational Focus

Drive adoption in Canada as a means to validate the go to market strategy and prove out traction in line with identified ideal partners. Support organic growth in Australia with a focus on high yield contracts.

- Transition focus in Canada to high yield brokerage deals targeting >\$4-5k Annual Contract Value (ACV).
- Leverage the Canadian Real Estate Association (CREA) marcomms capability to drive top of funnel demand focused on brokerages.
- Drive organic growth and retention in with a focus on accounts >\$10-12k ACV.
- Trial data monetisation project with nimble mortgage finance provider to drive incremental revenue returns.
- Identify new real estate market partners in Asia, Europe, South America, South Africa.
- Target break even by December 2024 or accelerate investment for growth through justifiable business case.

Commercial / Strategic Partners

Align strategically with partners who has existing channels to market who can integrate the Openn platform for scale adoption, has a balance sheet to support the go to market strategy and provides a share in long term upside for sustainable value creation.

- Finalise negotiations with current partners across domiciles.
- Rationalise ideal structures relative to mutual objectives.
- Execute, map out operational requirements to deliver on the assumptions underpinning value creation.

Execute, map out operational requirements to deliver on the assumptions underpinning value creation.

Risk

Key business risks

Some of the key business risks to successful transition to a profitable technology company include:

- Funding: OPN ability to source the required funding necessary to execute its expansion / penetration strategies in North America and Australasia.

For personal use only

DIRECTORS' REPORT

Risk (continued)

- Competition: New entrants into the market with established technology platforms which can be adapted to a similar solution to OPN's technology. New entrants with established partnership within the industry which can be leveraged to exclude OPN's solution from use within a network.
- Regulatory: changes to the regulator's requirements for the sale and purchase of real estate in different markets.
- AI: Advances in technology which render the OPN solution redundant.

Risk management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

Given the size of the Company, the number of employees and the scale of its present activities, the entire Board is now represented on the risk committee. The Company believes that it is important for all Board members to be a part of the risk management process and accordingly such matters of risk are discussed and dealt with all Board members present.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks and opportunities identified by the Board. These include the following:

- Board oversight and approval of Company activities and reporting obligations.
- delegated authority limits exist in respect of financial expenditure and other business activities.
- a comprehensive insurance program is undertaken.

Remuneration Report (Audited)

This remuneration report, which has been audited, outlines the remuneration arrangements in place for the key management personnel of the consolidated entity (**Group**), being Openn Negotiation Limited (**Openn or Company**) and its controlled entities, for the year ended 30 June 2023.

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

Remuneration consultant

No remuneration consultants have been used during the year.

Financial measures

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

	30 June 2023	30 June 2022
	\$	\$
Revenue from continuing operations	623,859	1,178,732
Net loss	(13,134,550)	(8,031,233)
Share price	\$0.009	\$0.17

Key Management Personnel

(i) Directors

Wayne Zekulich	Non-Executive Chairperson	(appointed Non – Executive Chairperson 24 April 2021)
Peter Gibbons	Managing Director	(appointed executive director 11 May 2016)
Duncan Anderson	Executive Director	(appointed 15 September 2020 – resigned 31 May 2023)
Darren Bromley	Executive Director	(appointed 12 February 2018)
Danielle Lee	Non-Executive Director	(appointed 3 March 2021 – resigned 31 May 2023)

(ii) Executives

Peter Gibbons	Managing Director	(appointed executive director 11 May 2016)
Darren Bromley	Chief financial officer	(appointed 7 May 2021)
Duncan Anderson	Chief technical officer	(appointed 7 May 2021 – resigned 31 May 2023)
Sean Adomeit	Chief executive officer (Au/NZ)	(appointed 14 February 2022)
Eric Bryant	Director of Operations (North America)	(appointed 9 September 2021)

DIRECTORS' REPORT

Remuneration Policy

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

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

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

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

Members of the remuneration committee are: Wayne Zekulich (chairperson), Peter Gibbons and Darren Bromley.

Non-Executive Directors

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

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

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

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

Executive Directors

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

Company secretary

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

Key management personnel

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the size and nature of a growth business. The framework aligns executive reward with achievement of strategic growth objectives with a view to creating value for shareholders, and considers market best practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness, enabling the company to attract high calibre executives and retain key talent;
- Transparency and acceptability to shareholders;
- Performance linkage / alignment of executive compensation to key strategic goals on a case by case basis;
- Capital management and a focus on sustained growth in shareholder wealth;
- Rewards capability and experience;
- Provides a clear structure for earning rewards via the Openn Negotiation Limited Equity Incentive Plan; and

KPIs are not used to determine remuneration.

For personal use only

DIRECTORS' REPORT

Remuneration Policy (continued)

Base pay and benefits

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

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

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

Incentive compensation

Short term incentives

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

Long term incentives

The Openn Negotiation Limited Equity Incentive Plan (**Plan**) is designed to provide medium and long term incentives for all Eligible Persons as defined under the Plan, and to attract and retain experienced board members, executive officers, employees and contractors, and provide motivation to make the Group more successful.

The Plan is designed to provide incentives for Eligible Persons to deliver optimal shareholder returns. Under the Plan, Eligible Persons may be offered Awards as defined under the Plan. To date, Eligible Persons have been granted Performance Rights which vest if certain performance hurdles are met including continued service by the recipients, unless the board determines otherwise. Participation is at the board's discretion pursuant to the acceptance of an offer of Awards made to an Eligible Person. No individual has a contractual right to receive any guaranteed benefits.

Where Awards have been issued under the Plan, the board may vest some or all of those Awards even if a Performance Hurdle or other Vesting Condition has not been satisfied. There are no other Long-Term incentives.

Awards granted to Eligible Persons are considered to represent the value of the services received over the term of the Award. The assessed value of the Award is recognised and expensed over the term of the Award. Rights vesting during the period of issue are fully expensed under the accounting standards.

Other than Performance Rights disclosed in the remuneration report there have been no other Awards issued to Directors or Key Management Personnel at the date of this financial report.

The relative proportions of executive and applicable non-executive remuneration that are linked to performance is nil. The amount of fixed and at risk remuneration is set out below:

	Fixed Remuneration 2023	At risk LTI 2023	Fixed Remuneration 2022 \$	At risk LTI 2022 \$
Directors and Key Management Personnel				
Wayne Zekulich	66,300	19,511	66,000	15,616
Peter Gibbons	338,766	152,285	306,626	169,172
Duncan Anderson	208,236	202,045	232,245	117,119
Darren Bromley	259,479	87,110	212,018	80,682
Danielle Lee	40,970	18,359	44,000	10,411
Sean Adomeit	280,373	93,585	242,700	93,695
Eric Bryant	220,993	22,403	261,696	-

Service agreements

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

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

DIRECTORS' REPORT

Service agreements (continued)

Peter Gibbons, Managing Director

- Term of agreement – indefinite;
- Base fee of \$240,000 per annum;
- Superannuation of 10.5% is payable under the agreement (11% from 1 July 2023);
- Performance based benefits may be payable under the agreement and may be linked to individual performance outcomes only;
- Participation in the Openn Negotiation Limited Equity Incentive Plan is available subject to board discretion; and
- Contract may be terminated early by the Company with three months' notice, or by the executive with three months' notice.

Darren Bromley, Chief Financial Officer

- Term of agreement – indefinite;
- Base fee of \$160,000 per annum (4 days per week);
- Superannuation of 10.5% is payable under the agreement (11% from 1 July 2023);
- Performance based benefits may be payable under the agreement and may be linked to individual performance outcomes only;
- Participation in the Openn Negotiation Limited Equity Incentive Plan is available subject to board discretion; and
- Contract may be terminated early by the Company with three months' notice, or by the executive with three months' notice.

Sean Adomeit, Chief Executive Officer (AU/NZ)

- Term of agreement – indefinite;
- Base fee of \$240,000 per annum;
- Superannuation of 10.5% is payable under the agreement (11% from 1 July 2023);
- Performance based benefits may be payable under the agreement and may be linked to individual performance outcomes only;
- Participation in the Openn Negotiation Limited Equity Incentive Plan is available subject to board discretion; and
- Contract may be terminated early by the Company with three months' notice, or by the executive three weeks' notice.

Duncan Anderson, Chief Technology Officer (resigned 25 July 2023)

- Term of agreement – indefinite;
- Base fee of \$176,000 per annum (4 days per week);
- Superannuation of 10.5% is payable under the agreement (11% from 1 July 2023);
- Performance based benefits may be payable under the agreement and may be linked to individual performance outcomes only;
- Participation in the Openn Negotiation Limited Equity Incentive Plan is available subject to board discretion; and
- Contract may be terminated early by the Company with three months' notice, or by the executive with three months' notice.

Eric Bryant, Director of Operations (North America)

- Term of agreement – 1 September 2021 – 1 September 2023, automatically renewed for one successive year, unless terminated;
- Base fee of US\$185,000 per annum;
- Insurance Benefits - US\$15,600 per annum;
- Car allowance – US\$6,360 per annum;
- Performance based benefits may be payable under the agreement and may be linked to individual performance outcomes only;
- Participation in the Openn Negotiation Limited Equity Incentive Plan is available subject to board discretion; and
- Contract may be terminated early by the Company with the remaining portion of the agreement being paid out on early termination.

Termination benefits

Post-employment benefits includes only long service leave which is accrued for Australian domiciled executive staff when they reach 4 years of consecutive service and is payable in accordance with an applicable Industrial Instrument or State or Territory laws. No other termination benefits are payable.

Employee Incentive Plan

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

The Company has established the Plan with the following objectives:

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

DIRECTORS' REPORT

Remuneration table

2023 remuneration table has been set out below.

	Cash Salary & fees ¹	Other-cash benefits ²	Super-annuation	Long Term Benefits	Annual Leave Balance	Security-based payments ³	Total	Remuneration linked to performance
	\$	\$	\$	\$	\$	\$	\$	%
2022/2023								
Directors/Key Management Personnel								
Wayne Zekulich	60,000	-	6,300	-	-	19,511	85,811	23
Danielle Lee ⁴	37,077	-	3,893	-	-	18,359	59,329	47
Peter Gibbons	280,000	-	29,400	21,058	8,308	152,285	491,051	31
Duncan Anderson ⁴	101,385	100,905	10,645	-	(4,699)	202,045	410,281	62
Darren Bromley	229,692	-	24,118	-	5,669	87,110	346,589	25
Sean Adomeit	240,000	-	25,200	12,404	2,769	93,585	373,958	25
Eric Bryant	202,012	41,542	-	-	(22,561)	22,403	243,396	9
	1,150,166	142,447	99,556	33,462	(10,514)	595,298	2,010,415	

Notes:

1. Amounts paid or payable
2. Other cash benefits are consulting fees and additional benefits paid on behalf of executives
3. The annual value of rights in accordance with AASB 2 Share-Based Payment
4. Share based payments expense includes the acceleration of the expense due to modifications to the terms and conditions

2022 remuneration table has been set out below.

	Cash Salary & fees ¹	Other-cash benefits	Super-annuation	Long Term Benefits	Annual Leave Balance	Security-based payments ²	Total	Remuneration linked to performance
	\$	\$	\$	\$	\$	\$	\$	%
2021/2022								
Directors/Key Management Personnel								
Wayne Zekulich	60,000	-	6,000	-	-	15,616	81,616	19
Danielle Lee	40,000	-	4,000	-	-	10,411	54,411	19
Peter Gibbons	280,000	-	28,000	-	(1,373)	169,172	475,799	36
Duncan Anderson	207,538	-	20,754	-	3,953	117,119	349,364	34
Darren Bromley	190,000	-	19,000	-	3,018	80,682	292,700	28
Sean Adomeit ³	214,923	-	21,492	-	6,286	93,695	336,396	28
Eric Bryant	207,428	36,253	-	-	18,015	-	261,696	-
	1,199,889	36,253	99,246	-	29,899	486,695	1,851,982	

Notes:

1. Amounts paid or payable
2. The annual value of rights in accordance with AASB 2 Share-Based Payment
3. Mr Adomeit was appointed as chief executive officer Australia and New Zealand on 14 February 2022
4. Mr Bryant was appointed as Director of Operations (North America) on 9 September 2021

The value at grant date is calculated in accordance with AASB 2 Share-Based Payment. The fair value is based on the inputs and methodology as outlined in note 14 to the annual financial report. The assessed fair value at grant date of options granted to the individual is allocated equally over the period from grant date to expected vesting date, and the amount is included in the remuneration tables above. Fair values of options have been determined based on the Black Scholes Option Pricing Model.

For personal use only

DIRECTORS' REPORT

Details of remuneration: Share based compensation benefits

The Company issued rights in December 2022 as follows:

	Number of Rights granted	Value of Right at grant date* \$	Number of Rights vested during the year	Value of Rights at vesting date* \$	Number of Rights lapsed during the year	Value at lapse date \$
Directors and Executive of the Company						
Wayne Zekulich	300,000	27,330	-	-	-	-
Danielle Lee	200,000	18,220	-	-	-	-
Peter Gibbons	1,500,000	136,650	-	-	-	-
Duncan Anderson	1,500,000	136,650	-	-	-	-
Darren Bromley	500,000	45,550	-	-	-	-
Sean Adomeit	-	-	-	-	-	-
Eric Bryant	1,000,000	113,950	-	-	-	-
	5,000,000	478,350	-	-	-	-

* The value at grant date is calculated in accordance with AASB 2 Share-based payment. The fair value is based on the inputs and methodology as outlined in note 14 to the annual financial report.

The Company issued rights in July 2021 as follows:

	Number of Rights granted	Value of Right at grant date* \$	Number of Rights vested during the year	Value of Rights at vesting date* \$	Number of Rights lapsed during the year	Value at lapse date \$
Directors and Executive of the Company						
Wayne Zekulich	300,000	42,080	-	-	-	-
Danielle Lee	200,000	28,053	-	-	-	-
Peter Gibbons	3,250,000	455,861	-	-	-	-
Duncan Anderson	2,250,000	315,596	-	-	-	-
Darren Bromley	1,550,000	217,411	-	-	-	-
Sean Adomeit	1,800,000	252,477	-	-	-	-
Eric Bryant	-	-	-	-	-	-
	9,350,000	1,311,478	-	-	-	-

* The value at grant date is calculated in accordance with AASB 2 Share-based payment. The fair value is based on the inputs and methodology as outlined in note 14 to the annual financial report.

Details of remuneration: Share based compensation benefits

The assessed fair value at grant date of rights granted to the individual is allocated equally over the period from grant date to expected vesting date, and the amount is included in the remuneration tables above. Fair values of rights have been determined based on Monte Carlo statistical model for share price and barrier option pricing model. The table below shows the vesting period of the rights:

Share-based compensation benefits (rights)

	Calendar Year granted	Vested %	Forfeited %	Calendar years in which rights vest	Maximum total value of rights granted yet to vest %
Wayne Zekulich	2021	-	-	(50%) 2023 (50%) 2026	100%
Wayne Zekulich	2022	-	-	2027	100%
Danielle Lee	2021	-	-	(50%) 2023 (50%) 2026	100%
Danielle Lee	2022	-	-	2027	100%

DIRECTORS' REPORT

Details of remuneration: Share based compensation benefits (continued)

Share-based compensation benefits (rights)

	Calendar Year granted	Vested %	Forfeited %	Calendar years in which rights vest	Maximum total value of rights granted yet to vest %
Peter Gibbons	2021	-	-	(50%) 2023 (50%) 2026	100%
Peter Gibbons	2022	-	-	2027	100%
Duncan Anderson	2021	-	-	(50%) 2023 (50%) 2026	100%
Duncan Anderson	2022	-	-	2027	100%
Darren Bromley	2021	-	-	(50%) 2023 (50%) 2026	100%
Darren Bromley	2022	-	-	2027	100%
Sean Adomeit	2021	-	-	(50%) 2023 (50%) 2026	100%
Eric Bryant	2022	-	-	2027	100%

Additional disclosures relating to key management personnel

Related party transactions

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

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

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

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

Other than the Performance Rights listed above, no other related party transactions have occurred in the year ended 30 June 2023.

Shareholdings

The number of shares in the Company held during the financial year by each director and key management personnel of the Company including their personally related parties, is set out below:

Ordinary Shares 2023	Balance at beginning of year	Issued on exercise of rights	Purchased or acquired ¹	Other changes ³	Balance at end of year or date of resignation ²
Directors					
Wayne Zekulich	300,000	-	567,647	-	867,647
Danielle Lee	100,000	-	494,118	(594,118)	-
Peter Gibbons	25,310,182	-	367,647	-	25,677,829
Duncan Anderson	1,395,833	-	294,118	(1,689,951)	-
Darren Bromley	1,273,872	-	641,176	-	1,915,048
Sean Adomeit	282,120	-	-	-	282,120
Eric Bryant	-	-	-	-	-
Total	28,662,007	-	2,364,706	(2,284,069)	28,742,644

Notes:

1. On-market and off-market purchases and trades.
2. Held directly and indirectly by the directors or their associates.
3. Held at the date of resignation.

DIRECTORS' REPORT

Rights

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

Performance Rights 2023	Balance at beginning of year	Granted as compensation	Rights vested to shares ¹	Other changes ⁶	Balance at end of year
Directors					
Wayne Zekulich ¹	300,000	300,000 ⁴	-	-	600,000
Danielle Lee ¹	200,000	200,000 ⁴	-	(400,000)	-
Peter Gibbons ²	3,250,000	1,500,000 ³	-	-	4,750,000
Duncan Anderson ¹	2,250,000	1,500,000 ⁴	-	(3,750,000)	-
Darren Bromley ¹	1,550,000	500,000 ⁴	-	-	2,050,000
Sean Adomeit ¹	1,800,000	-	-	-	1,800,000
Eric Bryant	-	1,000,000 ⁵	-	-	1,000,000
Total	9,350,000	5,000,000	-	(4,150,000)	10,200,000

Notes:

1. Class A Performance Rights.
2. Class B Performance Rights.
3. Class C Performance Rights.
4. Class D Performance Rights.
5. Class F Performance Rights.
6. Held at the date of resignation.

THIS CONCLUDES THE REMUNERATION REPORT, WHICH HAS BEEN AUDITED.

Option holdings

The Company had the following options on issue at the date of this report:

Number of options	Grant date	Exercise Price	Expiry date
2,934,519	20 January 2021	\$0.24	20 January 2025
5,000,000	14 April 2022	\$0.35 (9mths) \$0.35 (+9mths<18mths) \$0.65 (+18mths<24mths)	14 April 2024
10,000,000	14 April 2022	>of \$0.35 or 30% 10 day VWAP	14 April 2024
1,500,000	13 September 2024	\$0.40	13 September 2024
28,639,691	15 June 2023	\$0.10	15 June 2025

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

No options have been exercised during the financial year.

Performance Rights

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

Performance Rights	Number of rights	Grant date	Exercise Price	Expiry date
Class A performance rights	11,170,000	13 July 2021	Nil	5 years from grant date
Class B performance rights	3,250,000	13 July 2021	Nil	5 years from grant date
Class C performance rights	4,000,000	12 Dec 2022	Nil	5 years from grant date
Class D performance rights	1,500,000	12 Dec 2022	Nil	5 years from grant date
Class E performance rights	275,000	7 July 2022	Nil	5 years from grant date
Class F performance rights	1,000,000	7 July 2022	Nil	5 years from grant date
Class G performance rights	865,000	14 Dec 2022	Nil	5 years from grant date

DIRECTORS' REPORT

Voting of shareholders at last year's annual general meeting

All resolutions were approved via poll at the Company's AGM held on 23 November 2022. The remuneration report received a 99.76% approval percentage and no first strike was recorded.

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.

Corporate Governance

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

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 20 July 2023 the Company announced the issue of 797,628,353 fully paid ordinary shares at an issue price of \$0.004 to raise \$3.19million (before costs) by way of a fully underwritten renounceable pro rata entitlement offer.

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 15.

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 August 2023

For personal use only

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Openn Negotiation Limited for the year ended 30 June 2023, 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 August 2023

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

Liability limited by a scheme approved under Professional Standards Legislation.

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 year ended 30 June 2023

	Note	2023 \$	2022 \$
Continuing operations			
Revenue	3	623,859	1,178,732
Other income	3	61,071	376
Advertising and marketing expenses		(316,157)	(330,608)
Employment expenses	3	(6,189,076)	(4,345,075)
Consulting expenses		(951,797)	(708,568)
General and administration expenses	3	(2,963,354)	(3,228,868)
Impairment expense	9	(2,684,299)	-
Occupancy costs		(56,089)	(42,368)
Financing expenses		(17,975)	(3,775)
Technology expenses		(640,733)	(551,079)
(Loss) before income tax		(13,134,550)	(8,031,233)
Income tax (expense) / benefit	4	-	-
(Loss) from continuing operations		(13,134,550)	(8,031,233)
Other comprehensive income			
Items that may be realised through profit or loss			
Exchange differences on translation of foreign operations		65,773	20,204
Other comprehensive loss for the period, net of tax		65,773	20,204
Total comprehensive loss attributable to owners of the Company		(13,068,777)	(8,011,029)
Owners of the Company		(13,068,777)	(8,011,029)
Loss per share attributed to the owners of the Company:			
Basic (loss) per share (cents per share)	23	(5.30)	(4.21)
Diluted (loss) per share (cents per share)	23	(5.30)	(4.21)

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	5	123,638	2,619,179
Other receivables and assets	6	133,610	206,023
Total current assets		257,248	2,825,202
Non-current assets			
Plant and equipment	7	305,424	84,430
Intangible assets	9	50,431	1,728,519
Other receivables	8	108,389	66,197
Total non-current assets		464,244	1,879,146
TOTAL ASSETS		721,492	4,704,348
Current liabilities			
Trade and other payables	10	705,836	876,660
Lease liability	11	119,898	14,793
Total current liabilities		825,734	891,453
Non-current liabilities			
Lease liability	11	158,633	-
Provisions		16,069	-
Total non-current liabilities		174,702	-
TOTAL LIABILITIES		1,000,436	891,453
NET (DEFICIENCY) / ASSETS		(278,944)	3,812,895
Equity			
Issued capital	13	24,689,217	16,860,836
Reserves	14	2,839,251	1,624,921
(Accumulated losses)		(27,807,412)	(14,672,862)
TOTAL (DEFICIENCY) / EQUITY		(278,944)	3,812,895

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Consolidated					Total Equity \$
	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Share based Payment Reserve \$	Foreign Currency Reserve \$	
Balance at 1 Jul 2022						
Balance at the beginning of the year	16,860,836	(14,672,862)	848,250	756,467	20,204	3,812,895
Issue of shares (net of costs)	7,828,381	-	-	-	-	7,828,381
Issue of performance rights	-	-	-	1,017,908	-	1,017,908
Issue of options to Triangle	-	-	52,656	-	-	52,656
Issue of options to consultants	-	-	77,993	-	-	77,993
Total comprehensive income						
(Loss) for the year	-	(13,134,550)	-	-	-	(13,134,550)
Other comprehensive income						
Movement in reserves	-	-	-	-	65,773	65,773
Total comprehensive (loss) / income for the year	-	(13,134,550)	-	-	65,773	(13,068,777)
Balance as at 30 Jun 2023	24,689,217	(27,807,412)	978,899	1,774,375	85,977	(278,944)

	Consolidated					Total Equity \$
	Ordinary Shares \$	Accumulated Losses \$	Option Reserve \$	Share based Payment Reserve \$	Foreign Currency Reserve \$	
Balance at 1 Jul 2021						
Balance at the beginning of the year	7,933,910	(6,641,629)	31,243	-	-	1,323,524
Issue of shares (net of costs)	8,926,926	-	-	-	-	8,926,926
Issue of performance rights	-	-	-	756,467	-	756,467
Issue of options to MLS	-	-	817,007	-	-	817,007
Total comprehensive income						
(Loss) for the year	-	(8,031,233)	-	-	-	(8,031,233)
Other comprehensive income						
Movement in reserves	-	-	-	-	20,204	20,204
Total comprehensive (loss) / income for the year	-	(8,031,233)	-	-	20,204	(8,011,029)
Balance as at 30 Jun 2022	16,860,836	(14,672,862)	848,250	756,467	20,204	3,812,895

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		526,694	1,242,232
Payments to suppliers and employees		(9,376,994)	(7,242,292)
Interest paid		(17,975)	(6,587)
Interest received		1,137	276
Government assistance		25,000	-
Net cash (used in) operating activities	22	(8,842,138)	(6,006,371)
Cash flows from investing activities			
Payments for property, plant and equipment		(22,031)	(76,136)
Payment for technology costs		(1,385,200)	(689,283)
Refund of security deposits		2,043	-
Payment for security deposits		(46,815)	(46,576)
Net cash (used in) investing activities		(1,452,003)	(811,995)
Cash flows from financing activities			
Proceeds from issue of shares		8,312,462	9,412,031
Payment of issue costs		(406,088)	(485,105)
Repayment of borrowings	12	-	(25,000)
Repayment of lease liability	11	(107,774)	(30,751)
Net cash provided by financing activities		7,798,600	8,871,175
Net (decrease) / increase in cash and cash equivalents		(2,495,541)	2,052,809
Cash and cash equivalents at the beginning of the year		2,619,179	566,370
Cash and cash equivalents at the end of the year	5	123,638	2,619,179

The accompanying notes form part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

1. Summary of significant accounting policies

This consolidated financial report for the year ended 30 June 2023 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 August 2023.

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 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 annual report.

The Company has incurred a consolidated net loss of \$13,134,550 and net operating cash outflows of \$8,842,138 for the year ended 30 June 2023. The Company's management have prepared a cash flow forecast for the period to September 2024 for its operations including funding to continue its entrance into the 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, and the fixed cost of staffing and overhead requirements for the 12 month period.

In the event that projected revenue streams are not generated in the quantum and timing estimated in the forecast, and fixed costs for the business are higher than anticipated, the Company will require additional funding within the next twelve months.

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 raised approximately \$3.19mill (before cost) subsequent to 30 June 2023.
- The Company has substantially reduced its overhead and staffing costs to realign its North American expansion strategy to conserve cash.
- The Company continues to develop opportunities to derive revenue from the use of its proprietary technology.
- The Directors acknowledge that in the current capital market climate, access to equity funding may be difficult to obtain. However, the Company has been able to attract capital in the last six months with support from existing and new shareholders and anticipate this support will continue over the next 12 months.

Current assessment of going concern

The annual 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 annual report.

The annual 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 annual report.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

c. Principles of consolidation

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

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

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling 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 segments represent alternative new market opportunity which have different regulatory and compliance regimes. The technology has been updated to operate over both segments.

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.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

e. Income tax (continued)

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.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

h. Financial instruments (continued)

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.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

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-market 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

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.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

o. Leases (continued)

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 can occur immediately when the client purchases an upload or on a subscription basis. The Group recognises revenue over the expected time period that the client uses the technology or the license period. The Group's obligations cease at the end of the expected time period or license period and no further obligations exist. The Group also provides training and marketing material for client sales. The revenue for these ancillary and separate services is recognised when the service is complete.

r. Intangible assets

Technology development

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

r. Intangible assets (continued)

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

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

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

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

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

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

Patents, trademarks and website assets

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

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

s. Comparative figures

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

t. New and revised accounting standards adopted by the Company

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Company. The Company has assessed the impact of these new standards and has determined that there is no material impact on the financial statements.

v. Critical accounting judgements and key sources of estimations

(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 14 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 (refer note 1(r) for further details).

(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 (refer note 4 for further details).

(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.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

2. Segment information

Segment information

The Company has the following geographical locations. The results, assets and liabilities are listed below.

	30 June 2023			30 June 2022		
	Australia	North America	Total	Australia	North America	Total
Results (loss)	(9,907,166)	(3,227,384)	(13,134,550)	(6,029,081)	(2,002,152)	(8,031,233)
Impairment (incl. in loss)	(2,684,299)	-	(2,684,299)	-	-	-
Assets	640,908	80,584	721,492	4,405,859	298,489	4,704,348
Liabilities	(969,071)	(31,365)	(1,000,436)	(813,650)	(77,803)	(891,453)
Non-current asset additions	4,677,360	-	4,677,360	461,980	83,260	545,240

3. Loss from continuing operations

2023
\$

2022
\$

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

(a) Revenue

Website and associated sales (over time)	620,554	1,177,560
Marketing sales (point in time)	2,168	893
Interest revenue	1,137	279
	<u>623,859</u>	<u>1,178,732</u>

Revenue from contracts with customers

The Group derives revenue from the following sources:

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

Revenue from these activities is recognised for technology over time (at the expected completion of the listing based on average listing days and subscriptions services over the period of the subscription) 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.

(b) Other income

Government assistance	25,000	-
Sub-lease income	36,071	-
Profit on disposal of asset	-	376
	<u>61,071</u>	<u>376</u>

(c) Expenses – Employment expenses

Salary and wages	4,158,171	2,985,136
Other personnel costs	487,556	263,329
Superannuation	426,765	271,436
Increase in leave liabilities	98,676	68,707
	<u>5,171,168</u>	<u>3,588,608</u>
Share-based payment expense	1,017,908	756,467
TOTAL	<u>6,189,076</u>	<u>4,345,075</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

3. Loss from continuing operations

	2023 \$	2022 \$
(d) Expenses – General and administration costs		
ASX fees	85,823	118,263
Accounting and taxation expenses	94,427	144,914
Audit fees	72,598	52,500
Depreciation and amortisation expenses	525,482	295,328
Legal expenses	321,654	380,551
Insurance expenses	272,434	170,222
Partnership expenses	279,414	1,225,778
Travel expenses	198,139	222,430
Subscription expenses	339,539	162,230
Sales expenses	308,398	164,721
Other administration expenses	465,446	291,931
	2,963,354	3,228,868

4. Income Taxes

	2023 \$	2022 \$
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 (expense) / benefit	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(13,134,550)	(8,031,233)
Prima facie tax benefit at the Australian tax rate (25.0%)	(3,283,638)	(2,007,808)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible (taxable)	419,636	506,421
Non-assessable income	-	-
Movements in unrecognised temporary differences	(30,196)	(42,549)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	3,109,464	1,411,126
Effect of different tax rates	(215,266)	132,810
Income tax benefit	-	-
(c) Unrecognised deferred tax balances		
Deferred Tax Assets (25%)		
Accrued expenses	20,398	17,132
Annual leave liability	42,407	30,863
Superannuation payable	3,745	7,306
Capital raising costs (equity)	215,759	111,149
Provision for impairment	541,444	-
Carry forward revenue and capital tax losses	4,931,116	2,693,320
	5,754,869	2,859,770

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.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

5. Current assets: Cash and cash equivalents	2023	2022
	\$	\$
Cash at bank and on hand ^{(1) (2)}	123,638	2,619,179
	123,638	2,619,179

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

6. Current assets: Other assets and receivables	2023	2022
	\$	\$
GST receivables	37,651	26,763
Prepayments	83,778	114,910
Trade receivables	5,795	-
Sundry receivables	6,386	64,350
	133,610	206,023

No receivables are considered past due. The Company has not provided for any expected credit losses in the current year (2022: nil)

7. Non-current assets: Property, plant & equipment	2023	2022
	\$	\$

Fixed assets

Right of use assets - Property

At cost	464,345	92,833
Less: Accumulated depreciation	(192,320)	(78,337)
	272,025	14,496

Office equipment

At cost	60,878	116,895
Less: Accumulated depreciation	(27,479)	(46,961)
	33,399	69,934

Reconciliation of the movement for the year

Carrying amount at beginning of year	84,430	102,457
Additions	22,031	78,702
New right of use asset ⁽¹⁾	371,512	2,397
Extinguishment of lease	-	(39,892)
Depreciation charge	(132,406)	(58,605)
Disposals	(41,786)	-
Foreign currency movement	1,643	(629)
Carrying amount at end of year	305,424	84,430

1. The Company entered into a new lease and changes to the variable element of the lease resulted in an increase in the right of use asset during the period. The details of the changes in the lease liability are outlined in Note 11 below.

8. Non-current receivables	2023	2022
	\$	\$
Security deposit ⁽¹⁾	108,389	66,197
	108,389	66,197

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

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

9. Non-current assets: Intangible assets	2023 \$	2022 \$
Intangible assets		
Technology assets		
At cost	3,535,873	2,136,585
Less: Accumulated amortisation and impairment	(3,535,873)	(465,468)
	<u>-</u>	<u>1,671,117</u>
Patents		
At cost	56,565	56,565
Less: Accumulated amortisation	(17,475)	(14,647)
	<u>39,090</u>	<u>41,918</u>
Trademarks		
At cost	30,095	30,095
Less: Accumulated amortisation	(19,887)	(16,877)
	<u>10,208</u>	<u>13,218</u>
Website		
At cost	9,065	9,065
Less: Accumulated amortisation	(7,932)	(6,799)
	<u>1,133</u>	<u>2,266</u>
TOTAL INTANGIBLES	<u>50,431</u>	<u>1,728,519</u>
Reconciliation of the movement for the year		
Carrying amount at beginning of year	1,728,519	1,215,306
Additions	1,399,287	749,936
Impairment ⁽¹⁾	(2,684,299)	-
Amortisation charge	(393,076)	(236,723)
Carrying amount at end of year	<u>50,431</u>	<u>1,728,519</u>

- The Company has assessed the Technology intangible assets for impairment for the year ended 30 June 2023 due to the recent recapitalisation process, reduction in revenue and its effort to refocus the North American strategy. Due to the delay in anticipated North American revenue, the Company has impaired the asset as at 30 June 2023 and will reassess the position at the half year. The Company assessed its current projected cash flow forecast which includes conservative revenue figures (excluding uncertain North American revenues) based on historical patterns and its current cost structure. The base case scenario resulting in a loss which was not discounted.

10. Current liabilities: Trade and other payables	2023 \$	2022 \$
Trade payables ^{(1) (2)}	435,072	425,099
Other payables	270,764	451,561
	<u>705,836</u>	<u>876,660</u>

- No trade payables past due over 30 days as at 30 June 2023 (2022: \$NIL).
- Due to the short term nature of current payables, the carrying amount of trade and other payables approximates their fair value.

11. Lease liability	2023 \$	2022 \$
Leases liability		
Current liability	119,898	14,793
Non-current liability	158,633	-
TOTAL	<u>278,531</u>	<u>14,793</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

11. Lease liability (continued)

	2023 \$	2022 \$
<i>Reconciliation of movements in the balance</i>		
Opening balance	14,793	86,267
Amounts recognised as new leases and changes in leases (1)	371,512	1,548
Lease relinquished during the period	-	(42,271)
Less: amount repaid	(107,774)	(30,751)
Closing balance at end of period	278,531	14,793

1. Leases

During the prior year, the Company had a rent review resulting in additional cost being added to the liability.

During the year the Company extended its lease at its head office on the following terms:

Time Period: 60 months from 1 Jan 2023

Rate: 6.00%

FV at inception: \$215,674

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

Time Period: 24 months from 1 July 2022

Rate: 6.00%

FV at inception: \$ 155,838

12. Borrowings

	2023 \$	2022 \$
Borrowings		
Borrowings	-	-
TOTAL	-	-
Reconciliation/movement for the year		
Opening balance (1)		25,000
Less: Amounts repaid (2)		(25,000)
Carrying amount at end of period (1)	-	-

1. Related party borrowings

The Company received \$25,000 from the directors for the purchase of shares relating to a transaction in 2017. The loans was interest free, unsecured and repayable on demand. It was repaid during the prior period.

13. Issued capital

Equity

319,051,282 fully paid ordinary shares (30 June 2022: 193,786,121)

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

	Jun 2023 Number	Jun 2022 Number	Jun 2023 \$	Jun 2022 \$
Balance at the beginning of the year	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 Shares (2)	-	2,060,157	-	412,031
Issue of shares (3)	29,973,306	-	4,496,000	-
Issue of shares (4)	53,676,471	-	3,650,000	-
Issue of shares in a placement (5)	41,615,384	-	166,462	-
Share issue costs (6)	-	-	(484,081)	(485,105)
Total	319,051,282	193,786,121	24,689,217	16,860,836

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

13. Issued capital (continued)

- 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.
- In January 2023, the Company issued 51,911,765 fully paid ordinary shares at an issue price of \$0.068 per share to raise \$3.53mill before costs. In addition, after receiving shareholder approval the Company issued 1,764,706 fully paid ordinary shares at an issue price of \$0.068 per share to related parties, raising \$120,000.
- On 29 May 2023, the Company issued 41,615,384 fully paid ordinary shares at an issue price of \$0.004 per share to raise \$166,462 to a sophisticated investor.
- 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.

14. Reserves

	2023	2022
	\$	\$
Option reserves (a)	978,899	848,250
Share based payment reserve (b)	1,774,375	756,467
Foreign currency reserve	85,977	20,204
	2,839,251	1,624,921

(a) Share based payments - Options

	2023	2022	2023	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	18,879	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	-
Issue of Options to consultants (5)	2,683,824	-	77,993	-
Balance as at period end	22,118,343	17,934,519	978,899	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

14. Reserves (continued)

3. 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:
- (i) Grant date – 14 April 2022
 - (ii) Expiry date – 14 April 2024
 - (iii) Market price of securities – \$0.205
 - (iv) Exercise price of securities – \$0.65
 - (v) Risk free rate – 2.09%
 - (vi) Volatility – 85.6%
4. 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:
- (i) Grant date – 2 September 2022
 - (ii) Expiry date – 13 September 2024
 - (iii) Market price of securities – \$0.12
 - (iv) Exercise price of securities – \$0.40
 - (v) Risk free rate – 3.06%
 - (vi) Volatility – 87.55%

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

5. On 15 March 2023, the Company issued 2,683,824 options exercisable at \$0.10 before 15 June 2025. The fair value of the options was \$0.0291 using an Black Scholes Pricing Model. The options vested immediately and have been valued based on the following inputs:
- (i) Grant date – 2 September 2022
 - (ii) Expiry date – 13 September 2024
 - (iii) Market price of securities – \$0.12
 - (iv) Exercise price of securities – \$0.40
 - (v) Risk free rate – 3.06%
 - (vi) Volatility – 87.55%

The fair value of the options was \$77,993 which was recognised as a cost of share issue immediately.

(b) Share based payments – Performance rights

	2023	2022	2023	2022
	Number	Number	\$	\$
Balance at the beginning of the period	15,299,000	-	756,467	-
Rights granted during the period ⁽²⁾		15,599,000	770,489	721,874
Lapse of rights ⁽¹⁾	(1,779,000)	(1,300,000)	-	-
Rights granted to USA staff ⁽²⁾	-	1,000,000	133,338	34,593
Rights granted to USA staff ⁽³⁾	2,000,000	-	53,715	-
Rights granted to directors ⁽⁴⁾	4,000,000	-	23,064	-
Rights granted to AUS staff ⁽⁵⁾	865,000	-	37,302	-
Balance as at period end	20,385,000	15,299,000	1,774,375	756,467

1. 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. From 1 January 2023 to 30 June 2023, a total of 1,497,000 lapsed as a consequence of a failure to meet vesting conditions.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

14. Reserves (continued)

2. 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

- (a) Hurdles of the Rights include
- 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
 - Listing on ASX; and
 - 10% of the Rights issued to vest when the volume-weighted average share price over 30 consecutive days is greater than \$0.35
 - 15% of the Rights issued to vest when the volume-weighted average share price over 30 consecutive days is greater than \$0.50
 - 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.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

14. Reserves (continued)

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
- 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:-
 - 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
 - 25% of the Rights to vest when the group achieves an aggregated of 300,000 Targeted Users on the Openn platform;
 - 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

14. Reserves (continued)

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.

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.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

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:

	2023	2022
	\$	\$
Cash and equivalents	123,638	2,619,179
Other receivables	37,651	26,763
Trade and other payables	(435,072)	(425,099)
Leases	(119,898)	(14,793)
Working capital position	<u>(393,681)</u>	<u>2,206,050</u>

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 exposed to material interest rate risk.

The Group is now exposed to foreign currency risk due to its US operations. As at 30 June 2023, the company had US\$35,361 in cash and security deposits and US\$13,527 of creditors. A movement of 9% in the currency USD:AUD rate for the financial result for the year (taking into account the average exchange rates have a \$193,550 movement in the profit and loss and reserves.

	2023	2022
	\$	\$
Financial assets		
Cash and equivalents	123,638	2,619,179
Other receivables	-	64,350
	<u>123,638</u>	<u>2,683,529</u>
Trade and other payables	(435,072)	(425,099)
Lease	(278,531)	(14,793)
	<u>(713,603)</u>	<u>(439,892)</u>

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

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

16. Key management personnel disclosures	2022 \$	2021 \$
(a) Key management personnel compensation		
Short-term benefits	1,282,100	1,266,041
Post-employment benefits	133,018	99,246
Share-based payments	595,297	486,695
	2,010,415	1,851,982

(b) Loans to key management personnel

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

(c) Transactions with key management personnel

On 23 November 2022, the Company received shareholder approval to issue Performance Rights Class C & D to directors. The total number of Performance Rights issued were 4,000,000 Rights. See note 14 for further details on valuation of Rights and recognised expenses.

On 7 July 2022, the Company agreed to issue Performance Rights class F to Eric Bryant. The total number of Rights issued was 1,000,000. See note 14 for further details on valuation of Rights and recognised expenses.

On 15 July 2021, prior to listing, the Company issued Performance Rights to directors, key management personnel and staff. The total number of Performance Rights issued was 15,599,000 as outlined in Note 14 above.

The number of Performance Rights held during the financial year by each director and other members of key management personnel of the Company including their associates, is set out below:

Performance Rights 2023	Balance at beginning of year	Granted as compensation	Rights vested to shares ¹	Other changes ⁶	Balance at end of year
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
Sean Adomeit ¹	1,800,000	-	-	-	1,800,000
Eric Bryant ⁵	-	1,000,000	-	-	1,000,000
Total	9,350,000	5,000,000	-	(4,150,000)	10,200,000

Notes:

1. Class A Performance Rights.
2. Class B Performance Rights.
3. Class C Performance Rights.
4. Class D Performance Rights.
5. Class F Performance Rights.
6. Held at date of resignation on 31 May 2023.

17. Dividends

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

18. Remuneration of auditors	2023 \$	2022 \$
Audit and review of the financial report	72,598	52,000
	72,598	52,000

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

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

19. Commitments

Technology and other commitments

At reporting date, the Company has no capital commitments.

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 16.

(b) Loans to and transactions with related parties

Disclosures relating to key management personnel are set out in Note 16.

22. Notes to the statement of cash flows

	2023 \$	2022 \$
Reconciliation of net loss after income tax to net cash outflow from operating activities		
(Loss) for the year	(13,134,550)	(8,031,233)
Adjusted for:		
Depreciation and amortisation	525,482	295,328
Loss on sale	41,786	-
Impairment of intangibles	2,684,299	-
Share-based payments	1,070,564	1,573,474
Change in operating assets and liabilities		
Decrease in other assets and receivables	72,413	55,162
Increase in trade and other payables	(102,132)	100,898
Net cash outflow from operating activities	(8,842,138)	(6,006,371)

23. Profit/(Loss) per share

	2023 \$	2022 \$
From continuing operations		
Basic (cents per share)	(5.30)	(4.21)
Diluted (cents per share)	(5.30)	(4.21)
(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	(13,134,550)	(8,031,233)
	2023 Number	2022 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	247,992,575	190,647,814

24. 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 14. The expense for the period recognised in the profit and loss is \$1,017,908 within employment expenses and \$18,878 and 33,777 within general and administration expenses (Partnerships) and consulting.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

25. Parent entity	2023 \$	2022 \$
Financial position		
Assets		
Current assets	60,914	2,240,432
Non-current assets	-	1,752,330
Total assets	60,914	3,992,762
Liabilities		
Current liabilities	243,146	179,867
Non-current liabilities	-	-
Total liabilities	243,146	179,867
Equity		
Issued capital	24,689,217	16,860,836
Reserves	2,753,274	1,604,718
Accumulated losses	(27,624,723)	(14,652,659)
Total equity	(182,232)	3,812,895
Financial performance		
Profit (Loss) for the year	(12,972,065)	(8,011,433)
Other comprehensive income	-	-
Total comprehensive loss	(12,972,065)	(8,011,433)

25. Subsequent events

On 20 July 2023 the Company announced the issue of 797,628,353 fully paid ordinary shares at an issue price of \$0.004 to raise \$3.19million (before costs).

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

26. Controlled entities

Name	Country of Incorporation	% Equity Interest		\$ Investment	
		2023	2022	2023	2022
Openn Pty Ltd (formerly PP Valley Pty Ltd)	Australia	100	100	-	220,932
Openn World Pty Ltd	Australia	100	100	-	501,130
Openn Tech Pty Ltd (formerly Cleverbons Pty Ltd)	Australia	100	100	-	-
Openn North America, Inc.*	USA	100	100	-	-

* Incorporated in the prior year with no assets and liabilities.

For personal use only

DIRECTORS' DECLARATION

In the opinion of the directors of Openn Negotiation Limited:

- (a) the financial statements and notes set out on pages 16 to 40 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and other mandatory professional reporting requirements;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the consolidated financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
- (d) this declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

This declaration is signed in accordance with a resolution of the board of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.



Peter Gibbons
Managing Director
Dated this 30 August 2023

For personal use only

INDEPENDENT AUDITOR'S REPORT

To the Members of Openn Negotiation Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Openn Negotiation Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, 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 2023 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 (including Independence Standards)* ("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 Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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

Liability limited by a scheme approved under Professional Standards Legislation.

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

Key Audit Matter	How our audit addressed the key audit matter
<p>Impairment of intangible assets Refer to Note 9</p> <p>At 30 June 2023 the Group recorded intangible assets of \$50,431. During the year management recognised an impairment expense of \$2,684,299 due to its reduction in revenues and the recent recapitalisation process. We considered impairment of intangible assets to be a key audit matter given importance of this balance to the users of the financial statements.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> - We assessed the recognition criteria for this intangible asset by challenging the key assumptions used and estimates made in capitalising costs, including management’s assessment of the stage of the project in the development phase and the accuracy of costs included; - We considered management’s assessment of whether any indicators of impairment were present by understanding the business’s performance and performing our review for indicators of impairment; - We assessed managements judgements for its valuation for the purpose of determining an impairment amount. - We ensured management applied an appropriate amortisation method and amortisation period to this finite life intangible; and - We assessed the adequacy of the Company’s disclosures in the financial report.
<p>Revenue recognition Refer to Note 3.</p> <p>The Group predominately earns revenue from use of its app/website and associated sales. This revenue is recognised over time.</p> <p>We focussed on this area as a key audit matter due to the importance on this balance for users of the financial statements as well as the complexity and judgements necessary on revenue recognition.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> - We assessed a sample of the Group’s key contracts to determine if we concurred with management’s assessment of performance obligations, the transaction price and any contract liabilities that may arise, the allocation of the transaction price, and when to recognise revenue, either at a point in time, or over time; - We substantiated revenue transactions on a sample basis; - We assessed the adequacy of the Company’s disclosures in the financial report.

Key Audit Matter	How our audit addressed the key audit matter
<p>Valuation of share based payments Refer to Note 14</p> <p>As disclosed in note 14 to the financial statements, during the year ended 30 June 2023 Openn Negotiation Ltd incurred share based payments of \$1,148,557 including payments to employees of \$1,017,908. The share based payments have been split between performance rights and options.</p> <p>Share based payments are considered to be a key audit matter due to - the value of the transactions; - the complexities involved in the recognition and measurement of these instruments; and - the judgement involved in determining the inputs used in the valuations.</p> <p>Management has used a variety of methods in valuing the share based payments including a Black-Scholes option valuation model, Monte Carlo valuation models, and references the share prices at grant date. These processes can involve significant estimation and judgement to determine the fair value of the equity instruments granted.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> - We analysed agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with AASB 2 Share Based Payments; - We engaged an auditor's expert to review the valuation of share based payments involving market based vesting conditions; - We assessed the appropriateness of management's assumptions used in their calculations; - We assessed the amount recognised during the year in accordance with the vesting conditions; - We assessed the adequacy of the disclosures included in Note 14 to the financial statements.

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 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Openn Negotiation Limited for the year ended 30 June 2023 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 August 2023



B G McVeigh
Partner

ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 22 August 2023.

Twenty Largest Shareholders

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

Fully paid ordinary shares - quoted

Name	No. of Shares	%
Axiom Investment Holdings Pty Ltd <Axiom Investment Holdings A/C>	223,224,344	19.99
Mrs Elizabeth Anne Reilly <Reilly Family A/C>	85,200,256	7.63
Block Capital Group (Int) Pty Ltd	38,567,514	3.45
Mr Peter John Gibbons + Ms Tamara Bridget Gibbons <The Gibbons Family A/C>	38,077,829	3.41
Bass Industries Pty Ltd <Harbour A/C>	30,307,466	2.71
Baskerville Investments Pty Ltd <Baskerville Family A/C>	28,018,407	2.51
Cecken Pty Ltd <The Cecken A/C>	25,210,182	2.26
Montebella & Associates Pty Ltd	25,210,182	2.26
G C Bass Nominees Pty Ltd <The Bass Super Fund A/C>	23,709,679	2.12
Thornton Nominees Pty Ltd <Thornton Investment A/C>	23,270,000	2.08
Zerrin Investments Pty Ltd	20,123,444	1.80
Mr Andrew McKenzie + Mrs Catherine McKenzie <A W McKenzie Super Fund A/C>	18,833,750	1.69
Flue Holdings Pty Ltd <Bromley Superannuation A/C>	18,000,000	1.61
Mr Darren Michael Bromley	17,829,623	1.60
Ice Cold Investments Pty Ltd	17,500,000	1.57
Flue Holdings Pty Ltd <Bromley Superannuation A/C>	17,000,000	1.52
Flue Holdings Pty Ltd	16,000,000	1.43
G C Bass Nominees Pty Ltd <G C Bass Family A/C>	15,441,180	1.38
Calama Holdings Pty Ltd <Mambat Super Fund A/C>	14,500,000	1.30
Puntero Pty Ltd	14,500,000	1.30
Total Top 20	710,523,856	63.63
Others	406,155,779	36.37
Total Ordinary Shares on Issue	1,116,679,635	100.00

Options (exercisable at \$0.10, expiring 15 June 2025) – quoted

Name	No. of Shares	%
Zenix Nominees Pty Ltd	2,683,824	9.37
Mrs Elizabeth Anne Reilly <Reilly Family A/C>	2,389,706	8.34
G C Bass Nominees Pty Ltd <G C Bass Family A/C>	2,205,882	7.70
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	1,598,529	5.58
Flue Holdings Pty Ltd <Bromley Superannuation A/C>	1,500,000	5.24
HSBC Custody Nominees (Australia) Limited	1,102,941	3.85
Mr Andrew McKenzie + Mrs Catherine McKenzie <A W McKenzie Super Fund A/C>	1,000,000	3.49
Baskerville Investments Pty Ltd <Baskerville Family A/C>	735,294	2.57
Zerrin Investments Pty Ltd	735,294	2.57
Attrition Holdings Pty Ltd	500,000	1.75
Cliffway Pty Ltd <John H Poynton Super A/C>	500,000	1.75
Ice Cold Investments Pty Ltd	500,000	1.75
Keep Moving Pty Ltd	492,647	1.72
Mr Tomas Michael Watson	451,838	1.58
Coastal Estates Pty Ltd	441,176	1.54
Jasforce Pty Ltd	441,176	1.54
Mr Andrew Clayton <The King Carey A/C>	367,647	1.28
Didcal Pty Ltd <Ab Chapman Family S/F A/C>	367,647	1.28
Merlin West Holdings Pty Ltd	367,647	1.28
Poco Asino Investments Pty Ltd	367,647	1.28
Total Top 20	18,748,895	65.46
Others	9,890,796	34.54
Total Quoted Options on Issue	28,369,691	100.00

For personal use only

ADDITIONAL INFORMATION

Distribution of Equity Securities

Fully paid ordinary shares - quoted

Range	Holders	Units	%
1 - 1,000	18	4,892	0.00
1,001 - 5,000	380	1,017,197	0.09
5,001 - 10,000	194	1,568,761	0.14
10,001 - 100,000	393	14,436,717	1.29
100,001 - Over	319	1,099,652,068	98.48
	1,304	1,116,679,635	100.00

Options (exercisable at \$0.10, expiring 15 June 2025) – quoted

Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	25	1,638,453	5.72
100,001 - Over	60	27,001,238	94.28
	85	28,639,691	100.00

Unquoted Equity Securities

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

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

5,000,000 options (exercisable at \$0.65, expiring 14 April 2024) – 2 Holders

Holders with more than 20%	No. of Shares	%
Canadian Real Estate Association	4,000,000	80.00
Triangle MLS Inc	1,000,000	20.00

10,000,000 options (exercisable at \$0.35, expiring 14 April 2024) – 1 Holder

Holders with more than 20%	No. of Shares	%
Canadian Real Estate Association	10,000,000	100.00

1,500,000 options (exercisable at \$0.40, expiring 13 September 2024) – 1 Holder

Holders with more than 20%	No. of Shares	%
Poynton Stavrianou Pty Ltd	1,500,000	100.00

4,300,000 class A performance rights (Equity Incentive Plan) – 4 Holders

Holders with more than 20%	No. of Shares	%
Mr DR Anderson & Dr BR Anderson <DR & BR Anderson Family A/C>	2,250,000	52.33
Mr Darren Michael Bromley	1,550,000	36.05

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

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

13,035,000 performance rights (Equity Incentive Plan) – 23 Holders

No Holders with more than 20%

For personal use only

ADDITIONAL INFORMATION

Unmarketable Parcels

As at 22 August 2023, a marketable parcel represented 35,715 ordinary shares. The number of shareholders holding less than a marketable parcel was 845 representing a total number of ordinary shares of 7,941,122.

On-Market Buy Back

There is currently no on-market buyback program.

Substantial shareholders

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

Substantial shareholder	Number of Shares	%
Axiom Properties Ltd	41,615,384	19.99
Ms Elizabeth Anne Reilly	85,788,711	7.68
George Clive Bass and Anne Lynette Bass	20,131,929	6.37
Mr Craig Andrew Bromley	63,500,000	5.69

Restricted securities

There are currently no Restricted securities.

Voting Rights

The voting rights of the ordinary shares are as follows:

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

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

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

Information in relation to Listing Rule 4.10.19 if applicable

In accordance with ASX Listing Rule 4.10.9, the Company confirms that it has used its cash and assets in a form readily convertible to cash that it had at the time of admission in a way that is consistent with its business objectives.

ASX Admission Statement

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

For personal use only

For personal use only