

BOARD & MANAGEMENT

Wayne Zekulich
Non-Executive Chairman

Peter Gibbons
Managing Director

Darren Bromley
Executive Director / CFO
Company Secretary

Duncan Anderson
Executive Director / CTO

Danielle Lee
Non-Executive Director

Sean Adomeit
Chief Executive Officer Au/NZ

Eric Bryant
Director of Operations North America

CAPITAL STRUCTURE

Ordinary Shares	277.4 million
Options	19.4 million
Performance rights	20.6 million

MARKET CAPITALISATION

\$16.09 million (at \$0.058 per share as of 28 April 2023)

52 WEEK SHARE PRICE RANGE

\$0.045 - \$0.27

TOP 20 SHAREHOLDERS

56.82% on 28 April 2023

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Activities Report for Quarter Ended 31 March 2023

HIGHLIGHTS:

- **Official launch of Openn Offers in Canada following successful pilot with [REALTOR.ca](https://www.realtor.ca).**
- **SaaS pricing model introduced into Australia and New Zealand to generate recurring income.**
- **Openn pursuing fundraising options to address working capital requirements.**
- **Cost reduction plan implemented with a further review to be implemented.**
- **Openn evaluating potential M&A transactions.**

Australian-listed property technology company (**PropTech**), Openn Negotiation Limited (ASX: **OPN** / OTCQB: **OPNMF**), (**Openn, Group** or **Company**), refers to its Appendix 4C and Activities Report for the three months ending 31 March 2023 (**Q2 FY23**).

FUNDING REQUIREMENTS

As noted below, the Openn Group has demonstrated good progress in terms of operational, technical, and business development matters over Q3 FY23. However, as the Group is still in the expansion phase of development, its business activities will require substantial additional working capital, particularly in relation to continuing the North American expansion and to fund the Australian operations.

Openn is in active negotiations regarding potential funding. However, like many other listed companies, the current state of equity capital markets presents challenges in securing further equity funding. Negotiations are incomplete and confidential.

The board is considering a range of other options with various counterparties. These include potential corporate, joint venture and asset sale transactions, or implementation of some other structure for either of the North American and Australian businesses, or both in order to provide funding for these businesses. The proposals currently being discussed could provide working capital, are early stage, and remain confidential and incomplete.

While the board of directors believe that the current negotiations could result in a funding option being secured, it cannot give any guarantee in this regard or that such negotiations will lead to suitable funding on reasonable terms. Failure to secure appropriate funding may delay or impede operations and business growth, and ultimately Openn's ability to continue operating as a going concern.

The Company will provide further updates to the market in relation to the progress of the above matters as and when further information comes to hand.



OPERATIONS

CREA officially launches REALTOR.ca integration with Openn Offers

Following communications with Canadian real estate industry associations and boards, Openn is mid-way through a series of educational webinars, attended by a range of REALTORS and brokers. Those events have been well attended, with the aim to convert to platform onboarding.

Currently, there are more than 500 registrations to learn about Openn's offering with more than 50% of those attending opting in to trial the platform, 22 of whom are brokers, representing more than 3,500 agents. Openn Offers is being made available for trial at no cost until the 1 July 2023 when the pay wall is implemented.

Canadian Commercial Partnering

Integration testing with downstream revenue partners has been successful. These programs involve improving the Openn platform to enhance the consumer experience with tools that assist buyers and sellers with a range of activities related to the real estate transaction. No commercial arrangements have been agreed at this stage.

North American Ecosystem Integrations

Openn is working closely with aligned and symbiotic partners across North America with a focus on reducing friction for agents (for example, by connecting with forms and contracts providers) or enhancing the buy/sell experience by offering adjacent services. Negotiations are at this stage incomplete and confidential. However, integrations and advanced conversations are underway.

Subscription & Listing Growth in Australia and New Zealand

Since launching in January 2023, the uptake although relatively small has been encouraging. The average contract monthly yield is greater than \$330 per month. As at 31 March 2023 the annualised recurring revenue is approximately \$260,000. As anticipated, the 'unlimited' nature of the subscription is resulting in a flow on affect to listings to the platform, with subscribers listing 188% more listings than pay-as-you-go agents.

Openn joins OTCQB for trading shares in North America

OTC is the largest Alternative Trading System in the USA, with over 11,000 securities quoted on that market. Cross-trading to the OTCQB offers Openn the opportunity to build visibility, expand liquidity and diversify its shareholder base in North America on an established public market.

CoreLogic

During Q3 FY23, Openn announced an expanded commercial partnership with CoreLogic, following completion of a successful pilot integration. Progress continues to be made on works to integrate Openn's products into CoreLogic's ontheclose.com.au offering. Openn is also discussing several options with CoreLogic to promote Openn's products to their 9,000 strong subscriber base, including a wholesale agreement.

MANAGING DIRECTOR COMMENTS

Peter Gibbons, Managing Director of Openn, commented:

“During Q3 FY23 Openn continued its operational and business development strategy, particularly in North America. The ability to continue to build the business will be contingent on raising additional funding,

“Openn Offers launched in Canada, following the integration of our products and systems with [REALTOR.ca](https://www.realtor.ca), the country's largest real estate website. The completion of the pilot and testing phases resulted in the full commercial rollout of the Openn platform in Canada on 20 March 2023.

“We depend on our integration with REALTOR.ca and collaboration with CREA for our fast scaling go-to-market strategy. Ultimate success of the platform will be dependent on the number of agents that subscribe.”

“Openn Offers a transparent, digital version of the current offer and acceptance process. This means that all parties involved can see in near-real time where the offer stands on a property, changing the way real estate transactions are conducted. The potential impact of this platform is profound, not only for buyers and sellers but also for agents who adopt it, as it provides a step-by-step education to the public.

“The soft launch of Openn Offers in the USA is also proceeding with the completion of a number of sales and onboarding of agents.

“Openn continues to review its cost base and has identified further cost savings which it intends to implement. This will realise approximately \$250,000 in monthly savings, although this effect will not be immediate and is likely to take time before the benefits flow through.”

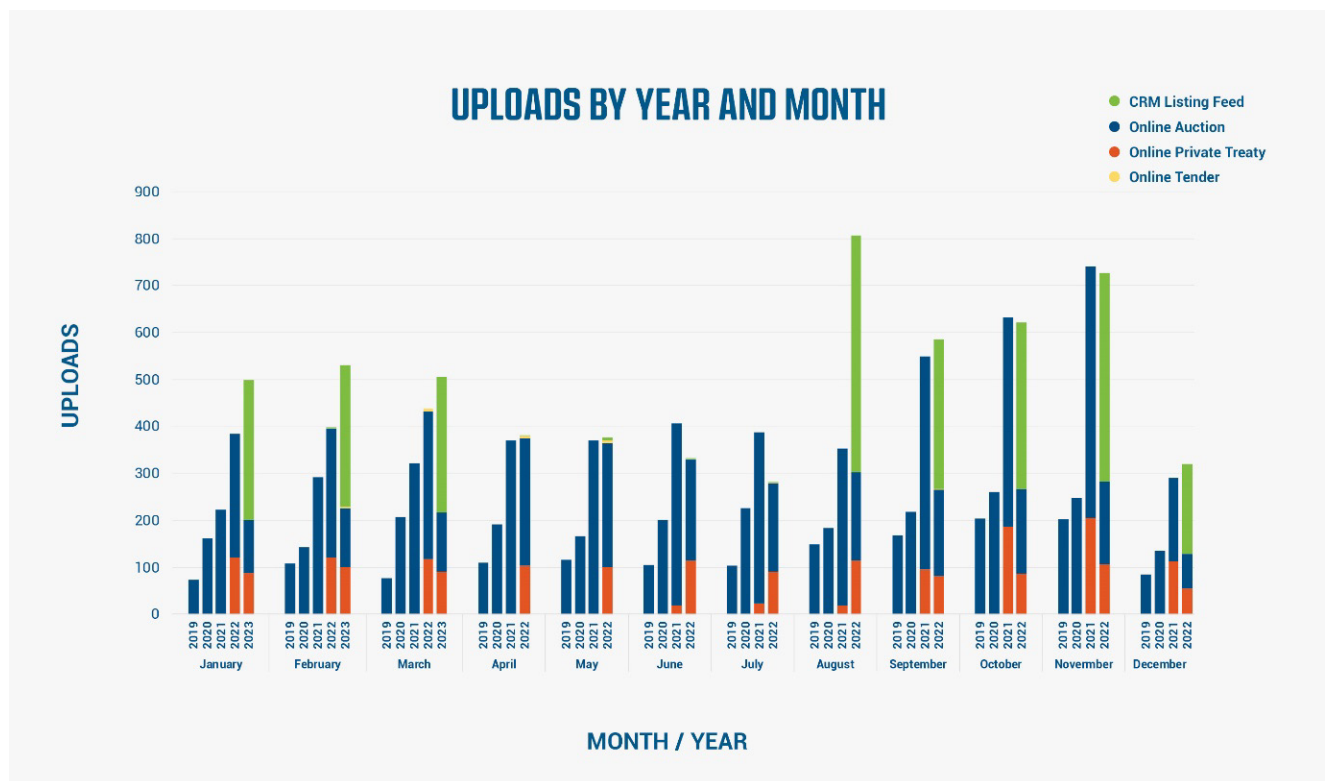


Figure 1: Uploads to the platform by month and year in Au/NZ. August 2022 saw the trial of Openn’s Offer Management product launched to market which accepts listing feeds from CRM’s via select agencies.

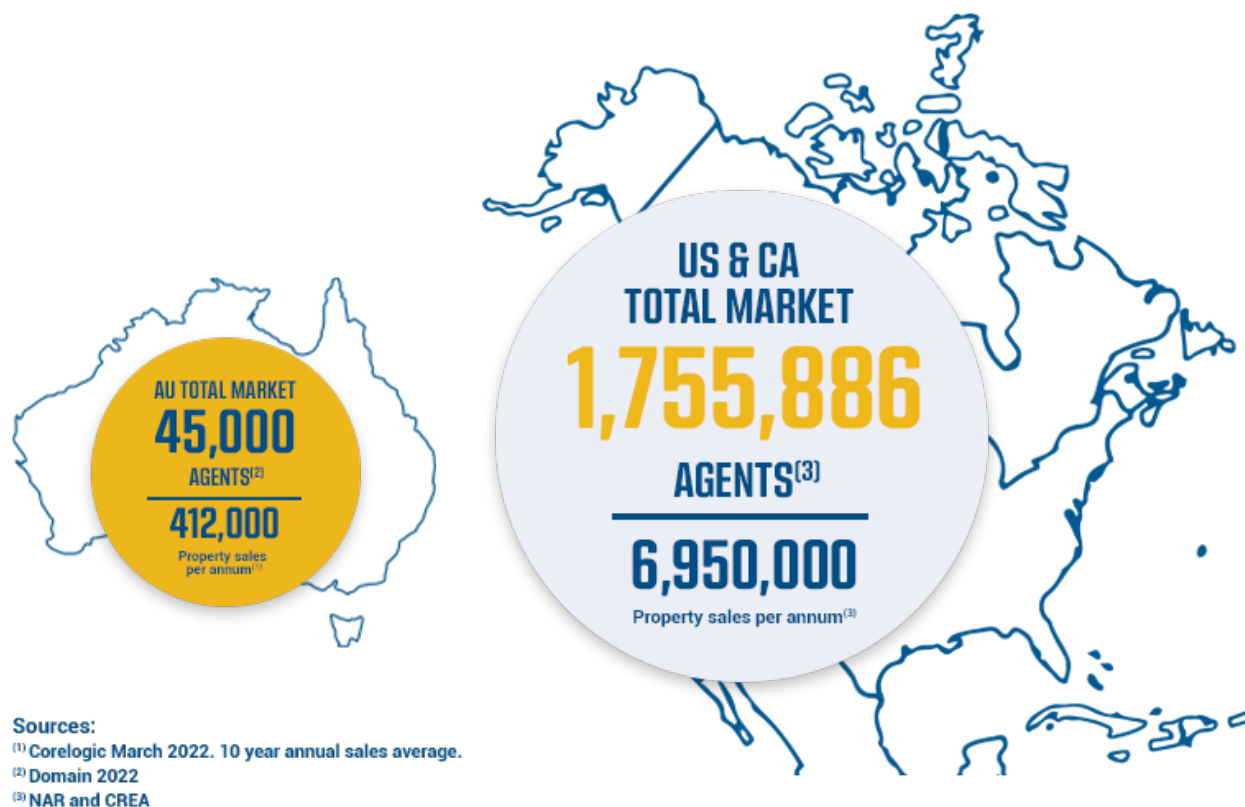


Figure 2: North American expansion adds extraordinary scale to Openn's business.

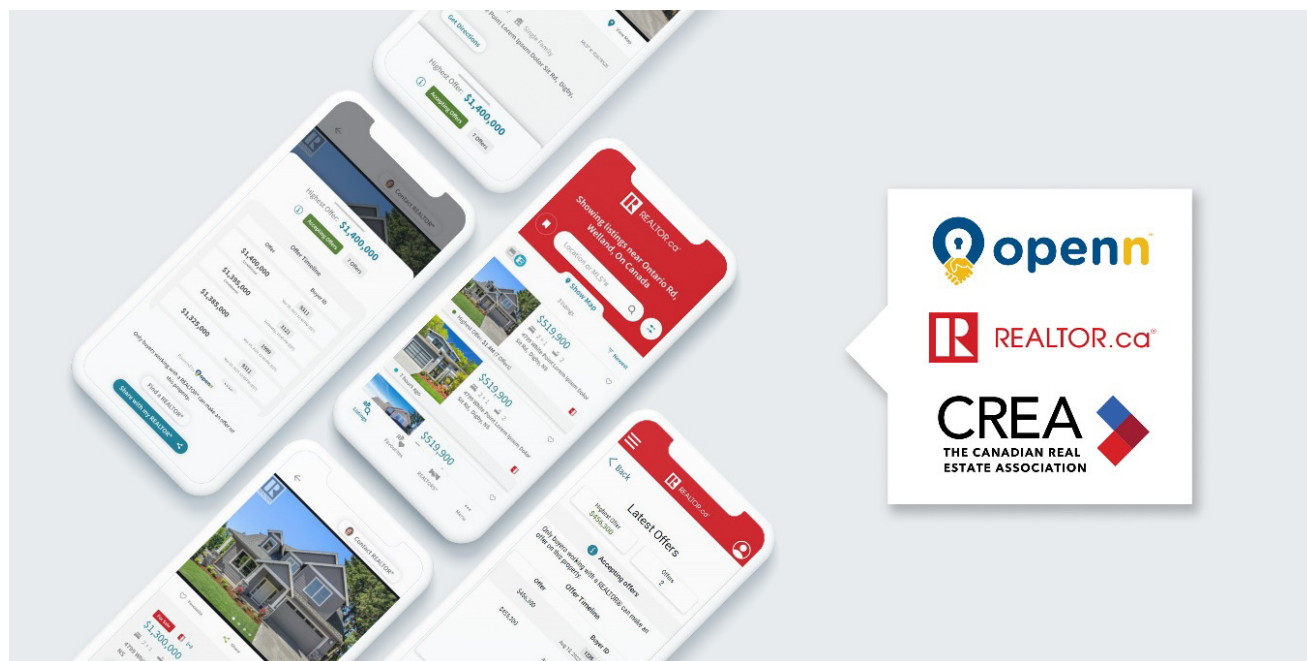


Figure 3: The Canadian Real Estate Association (CREA) – [REALTOR.ca](https://www.realtor.ca) integration with Openn is now complete.

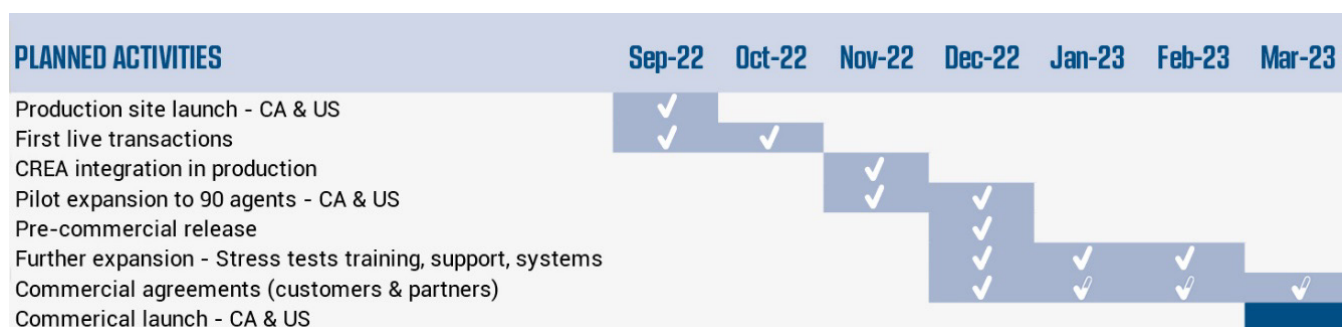


Figure 3: North American commercialisation milestones.

CORPORATE

Funding

Total cash held at 31 March 2022 is \$1.950 million.

The Company is in incomplete, confidential and early-stage negotiations regarding potential fundraising transactions that, if successful, are expected to improve the Company's overall financial position. These negotiations are ongoing, and no firm offers have been received.

While the board of directors consider a fundraising transaction is possible, it cannot give any guarantee in this regard or that these negotiations will lead to a successful outcome.

Capital Raising (Placement)

On 19 January 2023, Openn announced that it has received firm commitments from sophisticated and professional investors to raise \$3.65 million through the issue of 53,676,471 fully paid ordinary shares (**New Shares**) in the Company at \$0.068 per share.

Investors in the Placement will also receive a free attaching option for every two (2) New Shares issued to them under the Placement (**New Options**). Each New Option will have an exercise price of \$0.10 and expire 2 years from the date of issue.

Capital Structure

Shareholder Analysis

As at 31 March 2023, the Company had 1,314 shareholders and 277,435,898 shares on issue. The top 20 shareholders held 56.07% of the total issued capital.

Issued Capital Movements

Openn allotted/(lapsed) the following securities during Q3 FY23:

Date	Security type	Number issue/(lapsed)
Ordinary Shares		
19 January 2023	Placement	51,911,765
27 March 2023	Placement (<i>related party allotment</i>)	1,764,706
Performance Rights		
10 January 2023	Performance rights (Equity Incentive Plan)	(300,000)
16 January 2023	Performance rights (Equity Incentive Plan)	(50,000)
16 February 2023	Performance rights (Equity Incentive Plan)	(400,000)
17 March 2023	Performance rights (Equity Incentive Plan)	(50,000)

The Company has the following securities on issue as at 30 April 2023.

Security type	Number on issue/granted
Shares	
Fully-paid ordinary shares on issue	277,435,898
Options	
Unquoted Options RESTRICTED (\$0.24, expiring 20 January 2025)	2,934,519
Class A Unquoted Options (minimum exercise price \$0.50, expiring 14 April 2024) ¹	5,000,000
Class B Unquoted Options (minimum exercise price \$0.50, expiring 14 April 2024) ²	10,000,000
Class C Unquoted Options (exercise price \$0.40, expiring 13 September 2024)	1,500,000
Performance Rights	
Performance rights (Equity Incentive Plan)	13,035,000
Performance rights RESTRICTED Class A (Equity Incentive Plan)	3,250,000
Performance rights RESTRICTED Class B (Equity Incentive Plan)	4,300,000

1. Unquoted Options Class A Exercise Price

The amount payable on exercise of a Class A Option is:

- AU\$0.35 if the Option is exercised on or before 14 January 2023;
- AU\$0.50 if the Option is exercised after 14 January 2023 and on or before 14 October 2023 (inclusive); and
- AU\$0.65 if the Option is exercised after 14 October 2023 and expiring on or before 14 April 2024.

50% of the shares (2,500,000) issued on exercise of the Class A Options will be subject to 3 years voluntary escrow during which the holder is restricted from disposing of or encumbering the shares.

2. Unquoted Options Class B Exercise Price

The amount payable on exercise of a Class B Option is equal to the higher of:

- AU\$0.35; and
- a 30% discount to the 10-day volume-weighted average price of Shares traded on ASX immediately prior to exercise.

30% of the shares (3,000,000) issued on exercise of the Class B Options will be subject to 3 years voluntary escrow during which the holder is restricted from disposing of or encumbering the shares.

Restricted Securities

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

Period of restriction	Ordinary Shares	Unquoted Options	Performance Rights
24 months from the admission	76,521,315 ¹	2,934,519 ²	7,550,000 ^{3,4}
Unrestricted	147,238,112	16,500,000	9,467,000

- 76,521,315 fully paid ordinary shares classified by ASX as restricted securities and to be held in escrow until 21 July 2023, being 24 months from the date of commencement of Official Quotation.
- 2,934,519 options exercisable at \$0.24 on or before 20 January 2025, classified by ASX as restricted securities and to be held in escrow until 21 July 2023, being 24 months from the date of commencement of Official Quotation.
- 4,300,000 class A performance rights classified by ASX as restricted securities and to be held in escrow until 21 July 2023, being 24 months from the date of commencement of Official Quotation.
- 3,250,000 class B performance rights classified by ASX as restricted securities and to be held in escrow until 21 July 2023, being 24 months from the date of commencement of Official Quotation.

Related Party Payments

In accordance with ASX listing Rule 4.7C.3, payments to related parties and their associates outlined in the Company’s Appendix 4C for the quarter of approximately \$193k relate to directors’ salaries and superannuation payments.



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

ENDS

Further information:

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About Openn Negotiation

Openn Negotiation Limited (ASX: **OPN** / OTCQB: **OPNNF**) 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.

Forward-Looking Information

This announcement contains forward-looking information that is based on Openn's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, negotiations, and product/service development. Generally, this forward-looking information can be identified by the use of terminology such as 'outlook', 'anticipate', 'project', 'target', 'potential', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

Appendix 4C

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

Name of entity

Openn Negotiation Limited

ABN

75 612 329 754

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	96	405
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(590)	(1,699)
(c) advertising and marketing	(88)	(227)
(d) leased assets	-	-
(e) staff costs	(1,292)	(4,174)
(f) administration and corporate costs	(316)	(1,470)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(6)	(12)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	20
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,196)	(7,156)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(22)
(d) investments	-	-
(e) intellectual property	(307)	(1,119)
(f) other non-current assets	-	(47)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	2
2.6	Net cash from / (used in) investing activities	(307)	(1,186)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,650	8,146
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(226)	(394)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(28)	(79)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,396	(7,673)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,057	2,619
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,196)	(7,156)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(307)	(1,186)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,396	7,673
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,950	1,057

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,950	1,057
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,950	1,057

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(193)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,196)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,950
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,950
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.89
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Yes. As noted in item 8.6.2, the Company is in early-stage negotiations regarding potential fundraising. Further, the Company is undertaking a cost optimisation exercise with a view to reducing operating expenses.	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Yes. The Company is in incomplete and confidential negotiations regarding potential fundraising transactions that, if successful, are expected to improve the Company's overall financial position. These negotiations are ongoing and no firm offers have been received. While the board of directors consider a fundraising transaction is possible it cannot give any guarantee in this regard or that these negotiations will lead to a successful outcome.	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, for the reasons outlined above.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

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

Date: 30 April 2023

Authorised by: By the board

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

Notes

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