

SUPPLEMENTARY PROSPECTUS

Openn Negotiation Limited
(ACN 612 329 754)

1. Important Information

1.1 Introduction

This supplementary prospectus (**Supplementary Prospectus**) is issued by Openn Negotiation Limited (ACN 612 329 754) (**Company**) and dated 3 July 2023 (**Supplementary Prospectus Date**). It was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date.

This Supplementary Prospectus supplements, and is intended to be read with, the prospectus issued by the Company for its Entitlement Offer, Shortfall Offer and Cleansing Offer dated 16 June 2023 (**Prospectus**).

This Supplementary Prospectus is an important document and should be read in its entirety, together with the contents of the Prospectus. If you are in any doubt as to the contents of this document, you should consult your professional advisers without delay.

This Supplementary Prospectus is available in electronic form on the Company's website, www.openn.com/en-au/investor-centre. A hard copy of this Supplementary Prospectus, together with the Prospectus, can be obtained by contacting the Company Secretary on 1800 667 366.

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

Other than as set out in this Supplementary Prospectus, the contents of the Prospectus remain unchanged.

1.2 Defined terms

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

2. Purpose of Supplementary Prospectus

The purpose of this Supplementary Prospectus is to update information in the Prospectus by:

- providing a breakdown of the proposed use of funds to be raised under the Offers;
- provide additional information in relation to the Company's estimated cash outflows and cash runway;
- providing details of sub-underwriting commitments secured by the Underwriter as at the Supplementary Prospectus Date;

- updating the estimated voting power which the Underwriter could obtain pursuant to its Entitlement and Underwriting Commitment, and the estimated voting power which the sub-underwriter could obtain pursuant to its sub-underwriting commitment; and
- correcting and deleting a condition in relation to the underwriting arrangements,

on the basis set out in Section 3 below.

In relation to the correction to summary of the underwriting arrangements, there is no change to the Underwriting Agreement entered into with the Underwriter.

3. Amendments to Prospectus and Additional Information

3.1 Section 3.1(b): Entitlement Offer – Proposed use of funds

The Section 3.1(b) of the Prospectus is replaced with the following:

“The Company intends to apply the funds raised under the Entitlement Offer as follows:

Allocation of funds	Amount (\$)
<i>Identifying, assessing, negotiating and securing strategic partnerships in Australia, New Zealand, Canada and the USA (see Section 2.2 of the Prospectus)</i>	<i>300,000</i>
<i>Supporting the development of platform integrations and investing in appropriate support requirements with strategic partners</i>	<i>600,000</i>
<i>Enhancing the Openn Platform to deliver secure, compliant, and reliable services across global markets</i>	<i>300,000</i>
<i>Developing and promoting strategic partnerships with local businesses who leverage existing market knowledge and networks</i>	<i>400,000</i>
<i>Investigating new geographic real estate markets and opportunities to utilise the Openn Platform for other opaque markets</i>	<i>200,000</i>
<i>Other corporate and administrative costs and overheads</i>	<i>400,000</i>
<i>The costs of the Offers</i>	<i>316,895</i>
<i>General working capital purposes</i>	<i>673,618</i>
TOTAL	3,190,513

The above information is a statement of the Directors’ present intentions as at the Prospectus Date. In the event that circumstances change, or other opportunities arise, the Directors reserve the right to vary the proposed use of funds received to maximise benefits to Shareholders.”

3.2 Estimated runway

The following is additional information in relation to Section 2.2 of the Prospectus.

The Group has implemented the majority of the cost reduction measures set out in Section 2.2 of the Prospectus. It anticipates that these measures will take effect from August 2023.

The Group’s cost optimisation process referred to in Section 2.2 of the Prospectus is estimated to reduce the average monthly Group cash outflows to approximately \$300,000, commencing from August 2023.

This figure represents approximately 30.8% of the average for the 6 month period to 31 December 2022. The Company notes that costs of the Offers will be incurred in June and July 2023, but these costs are not recurring.

The Company estimates that, without raising further working capital, the funds from the Offers will provide the Group with a cash runway of approximately 12 months, assuming the following:

- the Group maintains monthly revenue of at least its historical average revenue over the 12 month period to 31 March 2023 of \$50,000, and does not receive any new revenue sources (such as from North American operations); and
- the Group maintains the (unaudited) estimated monthly cash outflow of approximately \$300,000 from August 2023.

The Company emphasises that the cash outflow and cash runway are estimates only, based on the stated assumptions. While the Directors consider the assumptions to be based on reasonable grounds, there cannot be any assurance that they will ultimately be correct. The assumptions (and therefore the estimates) are subject to change based on a number of potential variances, such as customer payments, labour costs, supplier/service provider costs, and exchange rates.

3.3 New sub-underwriting commitments

Following the Prospectus Date, the Underwriter secured a binding sub-underwriting commitment from Mr Sean Baguley for up to 250,000,000 New Shares (or \$1,000,000) under the Entitlement Offer (**Sub-Underwriting Commitment**).

Mr Baguley is not an existing Shareholder, nor is he a 'related party' of the Company for the purposes of the Corporations Act or the ASX Listing Rules. Further, the Underwriter has confirmed that Mr Baguley is not a 'related party' or an 'associate' of the Underwriter for the purposes of the Corporations Act.

The Underwriter will pay Mr Baguley a sub-underwriting fee equal to 3% of the amount of the Entitlement Offer (excluding GST). The Company is not obliged to pay any fees in relation to the Sub-Underwriting Commitment.

The Underwriter retains the right to scale-back the Sub-Underwriting Commitment. However, it has advised the Company that it does not propose to exercise this right (other than to the extent that the Shortfall available after the Offers close is less than the Sub-Underwriting Commitment).

The Sub-Underwriting Commitment may be terminated by the Underwriter if the Underwriter's obligations to underwrite the Entitlement Offer ceases or is terminated, and the Underwriter gives the Sub-Underwriter notice to that effect.

3.4 Section 5.4: Effect of the Offers – Effect on control

The following is additional and revised information in relation to Section 5.4 of the Prospectus.

To mitigate the underwriting arrangements potential effect on control of the Company, the Underwriting Agreement provides that the Underwriter must use reasonable endeavours to procure sub-underwriting commitments to the effect that, following the issue of the New Shares to the Underwriter under the Underwriting Commitment, the Underwriter will not control more than 34.43% of the total Shares on issue. This limit reflects the maximum theoretical shareholding percentage Axiom Investment Holdings could receive if it was the only Eligible Shareholder to take up its Entitlement and did so in full, assuming it was able to rely on the 'rights issue' exception to the takeover restrictions set out in item 10 of section 611 of the Corporations Act, which does not apply in relation to the Entitlement Issue (see Sections 3.1(k) and 5.4 of the Prospectus).

The Underwriter has secured the Sub-Underwriting Commitment for up to 250,000,000 New Shares. On this basis, and assuming no other sub-underwriting arrangements are secured, the maximum number of New Shares for which the Underwriter itself could theoretically be required to subscribe is 547,628,353,

which would give the Underwriter control of approximately 52.77% of the Shares on issue after completion of the Offers. This scenario would only arise if none of the Eligible Shareholders (other than Axiom Investment Holdings) took up their Entitlements, which the Directors consider to be unlikely to occur given the substantially discounted Entitlement Offer Price.

The Underwriter has advised the Company that, to the extent any remaining Shortfall exists after completion of the Entitlement and Shortfall Offers, it does not propose to scale back the Sub-Underwriting Commitment in favour of allocating New Shares to the Underwriter.

The table below sets out the estimated voting power which the Underwriter could obtain pursuant to its Entitlement and Underwriting Commitment, and the sub-underwriter could obtain under its Sub-Underwriting Commitment, assuming various Shortfall subscription scenarios, and taking into account the Sub-Underwriting Commitment.

Subscription under Entitlement Offer	Shortfall	Shortfall priority allocation to Underwriter	New Shares to Sub-Underwriter	Sub-Underwriter's voting power	New Shares to Underwriter	Total Shares controlled by Underwriter	Underwriter's voting power
100% subscription	-	-	-	-	-	145,626,121	13.04%
75% subscription	199,407,088	77,709,806	121,697,282	10.90%	-	223,335,927	20.00%
50% subscription	398,814,177	77,709,806	250,000,000	22.39%	71,104,371	294,440,298	26.37%
25% subscription	598,221,265	77,709,806	250,000,000	22.39%	270,511,459	493,847,386	44.22%
0% subscription	693,617,616	77,709,806	250,000,000	22.39%	365,907,810	589,243,737	52.77%

Notes:

1. The table assumes that Axiom Investment Holdings takes up its full Entitlement of 104,010,737 New Shares only and receives a priority allocation of 77,709,806 New Shares from the Shortfall.
2. The Underwriter is not required to allocate New Shares to sub-underwriters if the Company receives Applications in respect of more than 65.57% of the New Shares under the Entitlement Offer.

3.5 Section 9.1: Summary of Underwriting Agreement – Conditions to underwriting

The following sentence in Section 9.1 (*Conditions to underwriting*) of the Prospectus is deleted:

- “• the Underwriter executing binding sub-underwriting agreements;”

4. Directors' Authorisation

This Supplementary Prospectus is issued by the Company pursuant to a resolution of the Directors.

Each Director has given, and has not withdrawn, their consent to the lodgement of this Supplementary Prospectus with ASIC.

This Supplementary Prospectus has been signed for and on behalf of the Company by:

A handwritten signature in black ink, appearing to read 'Darren Bromley', with a large loop at the end.

Darren Bromley
Director and Company Secretary

Date: 3 July 2023