

27 February 2024

Openn Negotiation Limited

(ACN 612 329 754)

Appendix 4D - Half Year Financial Report for the period ended 31 December 2023

The Board of Directors present the half year report together with the financial results of the consolidated entity (**Group**), being Openn Negotiation Limited (**Openn** or **Company**) and its controlled entities, for the half year ended 31 December 2023.

Results for announcement to the market

Financial results	31 Dec 2023 \$	31 Dec 2022 \$	Up / Down	Change \$	%
Income and investment returns from ordinary activities	313,015	337,994	DOWN	(24,979)	(7.39)
Loss from ordinary activities after tax attributable to members	(2,076,238)	(5,666,961)	DOWN	3,590,723	(63.36)
Net loss for the year attributable to members	(2,079,116)	(5,666,261)	DOWN	3,587,145	(63.31)
Cents per ordinary share (loss)	(0.20)	(2.57)	DOWN	2.37	(92.22)

Dividends

No dividends have been declared or paid during the period ended 31 December 2023. The Directors do not recommend the payment of a dividend in respect of the period ended 31 December 2023

Explanation of results

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

Net tangible asset per share	31 Dec 2023 ¢	30 Jun 2023 ¢	Up / Down	Change ¢	%
Cents per ordinary share	0.066	(0.103)	UP	0.169	163.61
Details of entities over which control was gained or lost	There are no changes to the Group structure in the half year ended 31 December 2023.				
Details of associates and joint ventures	The Company did not create any associates or Joint Ventures during the reporting period.				
Other significant information	In July 2023, the Company issued 797,628,353 fully paid ordinary shares at an issue price of \$0.004 per share to raise \$3.191m (before costs).				
Compliance statement	This report is based on the consolidated financial statements for the half year ended 31 December 2023 which have been reviewed by our auditor HLB Mann Judd (WA) Partnership. The report is subject to a going concern modification to the review opinion for the half year ended 31 December 2023.				

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



OPENN NEGOTIATION LIMITED

ABN 75 612 329 754

Interim Financial Report

For the half-year ended 31 December 2023

www.openn.com

CONTENTS

	Page
DIRECTORS' REPORT.....	1
AUDITOR'S INDEPENDENCE DECLARATION.....	3
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	6
CONSOLIDATED STATEMENT OF CASH FLOWS.....	7
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	8
DIRECTORS' DECLARATION.....	20
INDEPENDENT AUDITOR'S REVIEW REPORT	21

CORPORATE DIRECTORY

Board of Directors

Ben Laurance	Non-Executive Chairman (appointed 17 November 2023)
Peter John Gibbons	Managing Director
Andrew McCulloch	Non-Executive Director (appointed 13 October 2023)
Darren Michael Bromley	Executive Director

Company Secretary

Darren Bromley

Principal & Registered Office

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Claremont WA 6010

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Share Registry

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Level 11, 172 St Georges Terrace
Perth, WA 6000

Auditors

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

DIRECTORS' REPORT

The Board of Directors present their report together with the financial statements of the consolidated entity (**Group**), being Openn Negotiation Limited (**Openn** or the **Company**) and controlled entities, for the half-year ended 31 December 2023.

Directors

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

Ben Laurance	-	Non-Executive Chairman (appointed 17 November 2023)
Peter John Gibbons	-	Managing Director
Andrew McCulloch	-	Non-Executive Director (appointed 13 October 2023)
Darren Michael Bromley	-	Executive Director
Wayne Joseph Zekulich	-	Non-Executive Chairperson (resigned 17 November 2023)

Principal Activities

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

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

The Group's vision is to bring greater flexibility and opportunity to property transactions for agents, buyers and sellers, by making things faster, more transparent and accountable. The Openn platform is adaptable to facilitate a wide range of technologies via application programming interfaces in order to further enhance product offerings. The Group is actively assessing complimentary technologies to expand these services.

The Openn platform facilitates the negotiation process, streamlines digital contracting and automates communication, simplifying property transactions for agents. The platform offers a number of sales methods including traditional offer and acceptance, online auction, and tender. Depending on the sales method chosen by the seller and agent, Openn provides in-app feedback on competition for the property and how their offer price compares in the negotiation, ensuring efficiency, transparency and the best opportunity to win the bidding or make the winning offer.

Operating and financial review

Operating Results

The Group continued to develop its core technology platform and establish its network of partners in Australia and overseas. The results of these activities are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income below. The Group incurred a loss of \$2,076,238 (31 December 2022: loss \$5,666,961).

Review of Operations

Highlights

- Oversubscribed fully underwritten Renounceable Entitlement Offer to raise \$3.191 million (before costs)
- Significant cost optimisation process undertaken to reduce staffing levels and operating expenses
- Half year financial highlights:
 - Net operating and investing cash outflows reduced by 62.5% from \$5.839m to \$2.176m
 - Revenue declined by 7.4% from \$0.338m to \$0.313m after aggressive staff reductions and cost rationalisation
 - Employment expenses reduced by 69.9% from \$3.452m to \$1.038m
 - Consulting expenses reduced by 63.8% from \$0.546m to \$0.198m
 - General and administration expenses reduced by 55.9% from \$1.527m to \$0.674m
 - Occupancy costs reduced by 82.3% from \$23.2k to \$4.1k
 - The Company has fully impaired the technology asset (\$0.206m) and will reassess the position at the full year
 - Total liabilities reduced by 51.1% from \$1.000m on 30 June 2023 to \$0.490m
- Ben Laurance, Managing Director of listed company and major shareholder Axiom Properties Ltd (ASX: AXI) joins Openn Board as Chairman.
- Andrew McCulloch, Director of Network Growth at Ray White joins Openn Board as a Non-Executive Director.
- The Trust in Real Estate Act (**TRESA**) came into effect across Ontario on 1 December 2023. First Canadian brokerage groups sign up via revenue-based contracts.
- Openn Offers integration is launched via integration with CoreLogic's 'all in one' real estate research site and listing portal OnTheHouse.com.au.
- Binding term sheet for immediate revenue with Australian-headquartered Digital Classified Group (DGC), a leading property solutions provider and online property marketplace in Southeast Asia.

DIRECTORS' REPORT

Operating and financial review (continued)

- Landmark integration with leading North American PropTech - Lone Wolf Technologies provides market access to significant portion of Canadian REALTORS.

Since the launch of the Openn Platform in Western Australia in 2017, significant investment in the technology has been undertaken based on agent feedback to ensure Openn not only resolves the transparency in transactions issue it was built for but resolves additional issues for the real estate market in general, and agents specifically.

The continued enhancement of the Openn Platform, not only to meet Australian requirements, but to address the requirements in new markets entered by Openn has been important and noteworthy. In addition to providing greater transparency in the real estate transaction, augmentations have resulted in greater efficiency, governance and compliance attributes. These improvements are being well received by the real estate industry as market conditions and regulations change.

Australia and New Zealand

The Company is pleased to announce significant headway has been made across several initiatives throughout the first half of FY24.

Very significant cost savings have been made within the Openn business to reflect the requirement to conserve capital, and to maximise the business's runway. Openn has completed a total overhaul and rationalisation of the Group's cost base and is executing a strategic plan. The cost of developing the Openn 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.

This has required restructuring of the business, particularly relating to human capital, which is now fundamentally completed, and whilst difficult it has been appropriate. The reduction in the company cost base has been very significant, and with the restructuring being targeted and decisive it has not materially impacted the revenue generation of the business. These measures have been undertaken as a necessary process to ensure sustainability within operations.

Due to the delay in anticipated North American revenue, the Company has impaired the technology asset as at 31 December 2023 and will reassess the position at the full year.

Openn has received a welcome injection of strategic skills and network with the appointment of Axiom Properties Ltd (**ASX: AXI**) Managing Director Ben Laurance as Non-Executive Chairman and Andrew McCulloch as Non-Executive Director. As well as providing strategic support as the major shareholder in Openn, Axiom's investment strategy in the PropTech sector has assisted Openn to partner with and deliver a commercial integration agreement with Australian headquartered Digital Classified Group Pty Ltd (**DCG**) to enter the Asian property market. The agreement is now operational, with the Openn platform in the process of being integrated into DCG's assets in Asia. The agreement not only provides a quarterly revenue base of \$45k, but also provides upside based on 2.5% of gross revenue generated by DCG from the partnership.

North America (USA and Canada)

Openn North America Inc is the wholly owned subsidiary that runs Openn's North American operations, specifically Canada and the USA. Canada is a particular focus for the Group given the significant relationships that have been developed within that market, including with the Canadian Real Estate Association, which has resulted in the integration of Openn into [REALTOR.ca](https://www.realtor.ca), the most popular and most trusted real estate website in Canada. With over 240 million visits each year, REALTOR.ca provides listing information for residential, commercial and rental properties across Canada.

Ontario, the largest province in Canada, introduced the Trust in Real Estate Services Act (**TRESA**) on 1 December 2023 to provide greater transparency in the transacting of real estate. A strategic focus on Canada is considered the best way to expand Openn's North American operations.

Significant changes in the state of affairs

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

Events Subsequent to Reporting Date

No 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 3.

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 27 February 2024

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Openn Negotiation Limited for the half-year ended 31 December 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
27 February 2024

M R Ohm
Partner

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Revenue	3	313,015	337,994
Other Income	3	22,410	20,000
Advertising and marketing expenses		(23,148)	(167,322)
Employment expenses	3	(1,038,068)	(3,452,164)
Consulting expenses		(197,844)	(546,270)
General and administration expenses	3	(673,964)	(1,526,568)
Impairment expenses		(205,732)	-
Occupancy costs		(4,079)	(23,021)
Financing expenses		(9,346)	(6,334)
Technology expenses		(259,482)	(303,276)
(Loss) before income tax expense		(2,076,238)	(5,666,961)
Income tax (expense) / benefit		-	-
(Loss) after tax from continuing operations		(2,076,238)	(5,666,961)
Other Comprehensive Income			
Items that may be realised through profit or loss			
Exchange differences on translation of foreign operations		(2,878)	700
Other comprehensive income for the period, net of tax		(2,878)	700
Total comprehensive (loss) for the period attributable to:			
Owners of the Company		(2,079,116)	(5,666,261)
Loss per share attributed to the owners of the Company			
Basic (loss) per share (cents)	17	(0.20)	(2.57)
Diluted (loss) per share (cents)	17	(0.20)	(2.57)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

		31 DEC	30 JUNE
	Note	2023 \$	2023 \$
Current assets			
Cash and cash equivalents	4	876,312	123,638
Other receivables and assets	5	199,018	133,610
Total current assets		1,075,330	257,248
Non-current assets			
Plant and equipment	6	64,973	305,424
Intangible assets	8	46,946	50,431
Other receivables	7	90,757	108,389
Total non-current assets		202,676	464,244
TOTAL ASSETS		1,278,006	721,492
Current liabilities			
Trade and other payables	9	402,414	705,836
Lease liability	10	41,467	119,898
Total current liabilities		443,881	825,734
Non-current liabilities			
Lease liability	10	-	158,633
Provisions		45,696	16,069
Total non-current liabilities		45,696	174,702
TOTAL LIABILITIES		489,577	1,000,436
NET ASSETS		788,429	(278,944)
Equity			
Issued capital	11	27,701,317	24,689,217
Reserves	12	2,970,762	2,839,251
(Accumulated losses)		(29,883,650)	(27,807,412)
TOTAL EQUITY		788,429	(278,944)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2023

	Consolidated					
	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Share based Payment Reserve \$	Foreign Currency Reserve \$	Total Equity \$
Balance at 1 Jul 2023						
Balance at the beginning of the period	24,689,217	(27,807,412)	978,899	1,774,375	85,977	(278,944)
Issue of shares (net of costs)	2,962,100	-	-	-	-	2,962,100
Issue of shares to consultants	50,000	-	-	-	-	50,000
Options expense	-	-	9,516	-	-	9,516
Rights expense	-	-	-	124,873	-	124,873
Total comprehensive income						
(Loss) for the period	-	(2,076,238)	-	-	-	(2,076,238)
Movement in reserves	-	-	-	-	(2,878)	(2,878)
Total comprehensive (loss) for the period	-	(2,076,238)	-	-	(2,878)	(2,079,116)
Balance as at 31 Dec 2023	27,701,317	(29,883,650)	988,415	1,899,248	83,099	788,429

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Cash flows from operating activities			
Receipts from customers		293,886	308,825
Payments to suppliers and employees		(2,225,146)	(5,283,180)
Interest paid		(9,346)	(6,334)
Interest received		9,958	549
Government assistance		-	20,000
Net cash (used in) operating activities		(1,930,648)	(4,960,140)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,225)	(21,622)
Payment for technology development		(243,799)	(812,093)
Refund of security deposits		-	2,043
Payments for security deposits		-	(46,807)
Net cash (used in) investing activities		(245,024)	(878,479)
Cash flows from financing activities			
Proceeds from issue of shares		3,190,513	4,496,000
Payment of issue costs		(228,413)	(167,873)
Receipt from 3 rd party reimbursement for share issued		25,000	-
Repayment of leases		(58,754)	(51,315)
Net cash provided by financing activities		2,928,346	4,276,812
Net increase / (decrease) in cash and cash equivalents		752,674	(1,561,807)
Cash and cash equivalents at the beginning of the period		123,638	2,619,179
Cash and cash equivalents at the end of the period	4	876,312	1,057,372

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2023

1. Summary of significant accounting policies

This consolidated interim financial report for the half-year ended 31 December 2023 includes the financial statements and notes of Openn Negotiation Limited (**Openn Negotiation** or **Company**) which is a public company limited by shares, incorporated and domiciled in Australia, and its controlled entities (**Group**).

The financial statements were authorised for issue by the Directors on 27 February 2024.

a. Basis of preparation

This interim financial report for the half-year period ended 31 December 2023 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001 (Cth)* (**Corporations Act**). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

It is recommended that this interim financial report be read in conjunction with the annual financial report for the financial year ended 30 June 2023 and considered together with any public available information released by the Company.

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

b. Going concern

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

The Company has incurred a consolidated net loss of \$2,076,238 and net operating cash outflows of \$1,930,647 for the half year ended 31 December 2023. The Company's management have prepared a cash flow forecast for the period to June 2025 for its operations including funding for its continued expansion into North America real estate market and further development and customisation of its proprietary technology. The forecast includes several assumptions about the revenue generated from the use of the technology in various locations, operating costs required to service the North America and Australasian markets and capital raising.

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

- The Company has access to the use of cash reserves of \$876,312 as at 31 December 2023 (\$123,638 as at 30 June 2023).
- The Company can continue to review cost saving initiatives 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 twelve months with support from existing and new shareholders and anticipate this support will continue over the next 12 months.

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

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

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

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

c. Segment reporting

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2023

d. Revenue

The Group owns and operates a technology platform which allows users to list properties for sale on the platform. Payment for the transactions occurs immediately when the client purchases an upload. The Group recognises revenue dependent on type of contract executed. The Group has two types of contracts:

- 1) Contracts for a single upload – the Group will recognise revenue over the expected time period which the client accesses the technology using the average days listed as a measurement basis for recording revenue. At the conclusion of the average period the Group's obligations cease at the end of the expected time period and no further obligations exist. Where the client has the option to defer payment until a successful sale, the Group defers the entire payment until it is certain revenue will flow to the Group.
- 2) Subscription contracts – the Group will recognise revenue as the services are consumed by the client.

The Group also provides training and marketing material for client sales. The revenue for these ancillary and separate services is recognised when the service is complete.

e. Critical accounting judgements and key sources of estimations

(i) Share based payments

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

(ii) Intangible assets

The Company has estimated the useful life of the intangible assets taking into account the types of assets it has acquired. The assessment of expected useful lives is based on the evaluation of similar assets in the market place, the expected life cycle of the asset (or term of the contract) and the chief technology officer's assessment of the assets. Information, facts and circumstances may come to light in subsequent periods which requires the asset to be amortised over a different useful life, or alternatively impaired or written down for which the directors were unable to predict the outcome at balance date (refer note 8 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.

(iv) Revenue

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

f. Adoption of new and revised standards

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

g. Standards and interpretations in issue not yet adopted

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2023

2. Segment information

Segment information

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

	31 December 2023			31 December 2022		
	Australia (\$)	North America (\$)	Total (\$)	Australia (\$)	North America (\$)	Total (\$)
Results (loss)	(1,688,864)	(387,374)	(2,076,238)	(3,760,707)	(1,906,254)	(5,666,961)
Assets	1,193,301	84,705	1,278,006	3,593,140	720,353	4,313,493
Liabilities	(467,665)	(21,912)	(489,577)	(881,118)	(401,502)	(1,282,620)

3. Loss from continuing operations

31 Dec 2023
\$

31 Dec 2022
\$

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

1. Revenue

Website and associated sales	302,930	335,955
Marketing sales	127	1,490
Interest revenue	9,958	549
	313,015	337,994

Revenue from contracts with customer

The Group derives revenue from the following sources:

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

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

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

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

2. Other income

Rental income	22,410	-
Government assistance	-	20,000
	22,410	20,000

3. Expenses

(i) Employment expenses		
Salary and wages	787,607	2,285,136
Other personnel costs	27,766	359,838
Superannuation	98,809	218,132
Increase in leave liabilities	24,013	76,239
	938,195	2,939,345
Share-based payment expense	99,873	512,819
	1,038,068	3,452,164

TOTAL

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2023

3. Loss from continuing operations

Expenses (cont'd)

(ii) General and administration costs

ASX fees

Accounting expenses

Audit fees

Depreciation and amortisation

Insurance expenses

Legal fees

Partnership expenses

Subscriptions

Travel expenses

Other administration expenses

31 Dec 2023
\$

31 Dec 2022
\$

57,161

28,867

16,370

106,146

27,854

29,688

81,307

236,084

74,012

149,749

83,593

147,649

-

119,368

142,402

160,836

103,191

146,611

88,074

401,570

673,964

1,526,568

4. Current assets: Cash and cash equivalents

31 Dec 2023
\$

30 Jun 2023
\$

Cash at bank and on hand (i and ii)

876,312

123,638

876,312

123,638

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

(ii) Available on demand and at short notice

5. Current assets: Other assets and receivables

31 Dec 2023
\$

30 Jun 2023
\$

GST receivables

11,426

37,651

Prepayments

157,911

83,778

Trade receivables

5,401

5,795

Sundry receivables (including security deposit)

24,280

6,386

199,018

133,610

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

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

31 Dec 2023
\$

30 Jun 2023
\$

Right of use assets - Property

At cost

291,806

464,345

Less: Accumulated depreciation

(252,846)

(192,320)

38,960

272,025

Office equipment

At cost

60,059

60,878

Less: Accumulated depreciation

(34,046)

(27,479)

26,013

33,399

Total fixed assets

64,973

305,424

Reconciliation/movement for the period / year

Carrying amount at beginning of period

305,424

84,430

Additions

1,225

22,031

New right of use asset

-

371,512

Extinguishment of lease (1)

(172,538)

-

Depreciation charge

(67,906)

(132,406)

Disposals

-

(41,786)

Foreign currency

(1,232)

1,643

Carrying amount at end of period

64,973

305,424

(i) The Company relinquished its head office lease to a third party in December 2023 and currently has an agreement to remain at the property under a month by month arrangement at the election of the Company.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2023

7. Non-current: receivables

	31 Dec 2023 \$	30 Jun 2023 \$
Security deposit (i)	90,757	108,389
	90,757	108,389

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

8. Non-current assets: Intangible assets

	31 Dec 2023 \$	30 Jun 2023 \$
Intangible assets		
Technology assets		
At cost	3,751,521	3,535,873
Less: Accumulated amortisation	(3,751,521)	(3,535,873)
	-	-
Patents		
At cost	56,565	56,565
Less: Accumulated amortisation	(18,889)	(17,475)
	37,676	39,090
Trademarks		
At cost	30,095	30,095
Less: Accumulated amortisation	(21,392)	(19,887)
	8,703	10,208
Website		
At cost	9,065	9,065
Less: Accumulated amortisation	(8,498)	(7,932)
	567	1,133
TOTAL INTANGIBLES	46,946	50,431
Reconciliation of the movement for the period		
Carrying amount at beginning of the period	50,431	1,728,519
Additions during the period	215,648	1,399,287
Impairment ⁽¹⁾	(205,732)	(2,684,299)
Amortisation charge	(13,401)	(393,076)
Carrying amount at end of period / year	46,946	50,431

- The Company has assessed the Technology intangible assets for impairment for the period ended 31 December 2023 and as at 30 June 2023 due to its effort to generate significant sales in North America. Due to the delay in anticipated North American revenue, the Company has impaired the asset as at 31 December 2023 and will reassess the position at the full 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 resulted in a loss which was not discounted.

9. Current liabilities: Trade and other payables

	31 Dec 2023 \$	30 Jun 2023 \$
Trade payables (i) (ii)	181,093	435,072
Other payables	221,321	270,764
	402,414	705,836

(i) No trade payables past due over 30 days as at 31 December 2023 (June 2023: \$Nil)

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2023

10. Lease liability

	31 Dec 2023 \$	30 Jun 2023 \$
Leases		
Current liability	41,467	119,898
Non-current liability	-	158,633
TOTAL	41,467	278,531

Reconciliation of movements in the balance

Opening balance	278,531	14,793
Amounts recognised as new leases and changes in leases	-	371,512
Lease relinquished during the period ⁽¹⁾	(176,383)	-
Less: amount repaid	(58,754)	(107,774)
Less: amount repaid	(1,927)	-
Closing balance at end of period	41,467	278,531

1. Relinquished Lease

During the period the Company assigned its lease at its head office to a third party and currently has an agreement to remain at the property under a month by month arrangement at the election of the Company. The Company has maintained its lease in New South Wales during the period.

11. Issued capital

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

1,129,179,635 fully paid ordinary shares (30 June 2023: 319,051,282)

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

	31 Dec 2023 Number	30 Jun 2023 Number	31 Dec 2023 \$	30 Jun 2023 \$
Balance at the beginning of the period	319,051,282	193,786,121	24,689,217	16,860,836
Issue of shares ¹	-	29,973,306	-	4,496,000
Issue of Share ²	-	53,676,471	-	3,650,000
Issue of shares in a placement ³	-	41,615,384	-	166,462
Issue of shares placement / Rights issue ⁴	797,628,353	-	3,190,513	-
Issue of Share to consultants ⁵	12,500,000	-	50,000	-
Share issue costs ⁶	-	-	(228,413)	(484,081)
Sub-total	1,129,179,635	319,051,282	27,701,317	24,689,217

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

1. 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.
2. 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.
3. 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.
4. On 20 July 2023, the Company completed an entitlement offer to issue 797,628,353 fully paid ordinary shares at an issue price of \$0.004 per share.
5. On 24 November 2023, after receiving shareholder approval, the company issued 12,500,000 fully paid ordinary shares to a consultant related to the introduction of AXI to the Company. The fair value of the services was \$50,000.
6. The costs of share issue.

Ordinary shares

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2023

12. Reserves

	31 Dec 2023	30 Jun 2023
	\$	\$
Option reserves (a)	988,415	978,899
Share based payment performance rights reserve (b)	1,899,248	1,774,375
Foreign currency reserve	83,099	85,977
	2,970,762	2,839,251

(a) Share based payments - Options

	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Number	Number	\$	\$
Balance at the beginning of the period	22,118,343	17,934,519	978,899	848,250
Issue of Options to MLS TRIANGLE ⁽¹⁾	-	-	9,516	18,879
Issue of Options to consultants ⁽²⁾	-	1,500,000	-	33,777
Issue of Options to consultants ⁽³⁾	-	2,683,824	-	77,993
Balance as at period end	22,118,343	22,118,343	988,415	978,899

The Company issued the following securities during prior periods.

- 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 a Black Scholes Pricing Model. The options vested immediately and have been valued based on the following inputs:

- Grant date – 14 April 2022
- Expiry date – 14 April 2024
- Market price of securities – \$0.205
- Exercise price of securities – \$0.65
- Risk free rate – 2.09%
- Volatility – 85.6%

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

- On 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 a Black Scholes Pricing Model. The options vested immediately and have been valued based on the following inputs:

- Grant date – 2 September 2022
- Expiry date – 13 September 2024
- Market price of securities – \$0.12
- Exercise price of securities – \$0.40
- Risk free rate – 3.06%
- Volatility – 87.55%

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

- 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 a Black Scholes Pricing Model. The options vested immediately and have been valued based on the following inputs:

- Grant date – 2 September 2022
- Expiry date – 13 September 2024
- Market price of securities – \$0.12
- Exercise price of securities – \$0.40
- Risk free rate – 3.06%
- Volatility – 87.55%

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2023

12. Reserves (continued)

(b) Share based payments – Performance rights

	31 Dec 2023 Number	30 Jun 2023 Number	31 Dec 2023 \$	30 Jun 2023 \$
Balance at the beginning of the period	20,385,000	15,299,000	1,774,375	756,467
Rights granted during the prior period	-	-	99,120	770,489
Lapse of rights ⁽¹⁾	(3,540,000)	(1,779,000)	-	-
Rights granted to USA staff ⁽²⁾	-	-	16,079	133,338
Rights granted to USA staff ⁽³⁾	-	2,000,000	(19,213)	53,715
Rights granted to directors ⁽⁴⁾	-	4,000,000	21,114	23,064
Rights granted to AUS staff ⁽⁵⁾	-	865,000	7,773	37,302
Balance as at period end	16,845,000	20,385,000	1,899,248	1,774,375

1. A total of 1,779,000 Rights lapsed in the prior period and 3,540,000 Rights lapsed in the current period due to failure to meet vesting conditions.

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2023

12. Reserves (continued)

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

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

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

USA staff Rights – Class E & F

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

USA staff Rights (continued)

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2023

12. Reserves (continued)

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

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

Directors Rights

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

(a) Hurdles of the Rights include

- Rights have a service condition of continuous service; and will vest when:-
- 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
- 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.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2023

12. Reserves (continued)

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

Staff Rights

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

(a) Hurdles of the Rights include

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

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

13. Commitments

Technology commitments

At reporting date, the Company has no capital commitments.

Lease commitments

The Company has entered into an arrangement to lease part of an office at a cost of \$1,067 plus outgoings on a monthly basis.

14. Contingencies

Contingent liabilities

At reporting date, the Company has no contingent liabilities.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2023

15. Related party transactions

(a) Key management personnel

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

(b) Loans to and transactions with related parties

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

16. Subsequent events

There are no material subsequent events which have occurred from balance date to the date of this report.

17. Earnings/(Loss) per share

	31 Dec 2023 \$	31 Dec 2022 \$
From continuing operations		
Basic (cents per share)	(0.20)	(2.57)
Diluted (cents per share)	(0.20)	(2.57)
Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	<u>(2,076,238)</u>	<u>(5,666,961)</u>
Weighted average number of shares used as the denominator	No. of shares	No. of shares
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,036,897,360</u>	<u>220,447,549</u>

18. Share-based payments

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

19. Financial instruments

The Company has a number of financial instruments which are not measured at fair value on a recurring basis. The carrying value amount of the financial instruments approximate their fair value.

DIRECTORS' DECLARATION

In the opinion of the directors of Openn Negotiation Limited:

- (a) the financial statements and notes, as set out on pages 4 to 19, are in accordance with the *Corporations Act 2001 (Cth)* (**Corporations Act**), including:
 - i. complying with Accounting Standard AASB 134 – Interim Financial Reporting and the Corporations Regulations 2001; and
 - ii. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the consolidated financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
- (d) this declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial half year ended 31 December 2023.

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

On behalf of the Directors.



Peter Gibbons
Managing Director

Dated this 27 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Openn Negotiation Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Openn Negotiation Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

Material Uncertainty Related to Going Concern

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

Responsibility of the Directors for the Financial Report

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

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
27 February 2024



M R Ohm
Partner