

ASX:HWH RELEASE / 29 January 2021

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C – DECEMBER 2020

First collaboration secured in the funds management industry with a London-based asset management firm

Continuing growth in existing client contracts yields ~\$60,000 in Annualised Recurring Revenue (ARR) since 1 October

New business pipeline building favorably on top of continued organic growth materialising from existing client engagements

Sydney, Australia: Prescriptive AI Company Houston We Have Limited (ASX: HWH) ('Houston We Have' or 'the Company') is pleased to provide this overview of corporate and operational progress for the three month period ended 31 December 2020 (Q2 FY2021).

The company maintained a strong market position securing its first engagement in the asset management industry, increased ARR in excess of \$60,000 as well as ongoing pipeline development for new business. Its Prometheus business continues to deliver leading data analytics to 17 of Australia's health funds and released updates to its APPRAISE fraud detection module this quarter. The company has commenced a significant technical enhancement project to its patented Intelfuze software, with initial releases expected end of Q4 FY2021.

Funds Management Innovation

In a significant first for the company, a well-respected London-based asset management firm has engaged Houston We Have to utilise its Intelfuze software in the development of a model that will be used in portfolio management to identify potential risks earlier and automate a previous process that was complex and fragmented, partially manual and dependent on human interpretation. This is the Company's first engagement with an asset manager and the sector represents a major future opportunity.

In the initial stages, the engagement is an unpaid trial, however, it is a testament to the success of Houston We Have's team in developing market visibility of and traction for the Company's offering in the UK which is a large and important market.

Contract Growth

Q2 saw new remits from existing clients that added ~\$60,000 of ARR steadily tracking up. They include:

- An agreement with marketplace lending platform **Marketlend** where the Company's prescriptive and augmented intelligence software has been integrated to enhance Marketlend's credit risk assessment capabilities. This agreement delivers Houston We Have annual recurring revenue plus a fee for every credit assessment;

- Increased project scope for **Australian Regional Health Group Ltd (ARHG)** where Houston We Have, in a first for the company, is assisting ARHG migrate data to a new environment being hosted on the Amazon Web Services (AWS) platform. Additional solutions in the area of benchmarking alternative therapy provider service delivery and claiming patterns are also being provided. The Company first went live with ARHG in May and it is encouraging to note that the total contract value and scope has already increased;

Investments in Core Technology

The Company continues to invest in its technology platforms with a major project now underway to evolve Intelfuze from a standalone desktop application to a cloud-based application. With Intelfuze in the cloud, access to and applications for the patented software are increased. The new User Interface (UI) will address both business users and analysts. The analyst will still retain the flexibility of designing and building models, as they do in the current desktop version; however new business users will be able to run assessments quickly in a more easily consumed product. The UI will be simplified for quicker development times.

The cloud version of Intelfuze also enables Houston We Have to offer a subscription-based pricing model. The Company will be able to attract alternative revenue streams by offering third-party developed models to be sold via a marketplace that will be developed in the future. The development effort of the new UI begins in early 2021 with a minimum viable product expected for release before 30 June 2021.

Department of Defence

This remains the company's largest single contract by current value. Despite the restrictions brought about by COVID-19, client service and training have been enhanced using new means of engagement. Video training has been used to successfully increase user understanding of the company's technology and its capability.

Quarterly financial summary

Cash receipts from customers for the quarter were \$171,936. Cash receipts for the previous quarter were \$354,000, a decrease compared with the previous quarter, with a number of the annual Prometheus and Houston We Have billing received prior to 30 June 2020.

The company remains vigilant on expenditure with net cash outflows of \$360,150 for the period, managing its cost base conservatively in response to the uncertainty created by COVID-19. Houston We Have is well capitalized with \$2.8m cash at bank, providing the necessary financial flexibility to support organic growth in its client base.

Strong start to 2021

The March 2021 quarter has commenced well. New business development continues to progress with exploration and presentations to leading corporates who continue to express interest in the company's proposition, in both Australia and the UK.



Management Commentary

Managing Director Elizabeth Whitelock said: "Houston We Have continues to demonstrate excellent progress with trials in new sectors and markets as well as delivering increased contract scope. This assists us to incrementally grow our stable, annualised recurring revenue base. Our technology is achieving great take up and client buy in, and our new business pipeline continues to strengthen.

"The new trial with a leading asset management firm in London helps us create a much stronger foundation in the large and lucrative UK market. We are particularly encouraged by the scope for growth in the funds management sector and we have every confidence of securing a revenue-generating engagement here soon.

"More new contracts and extensions are pending which will grow ARR further. With more revenue streams, a strong cash position and a low-cost base, we are well funded to deliver more value for shareholders."

-ENDS-

Elizabeth Whitelock
Managing Director and CEO
Houston We Have Ltd.

Authorised for release by the Board of Directors of Houston We Have Ltd

For more information, please contact: investor@HoustonWeHave.ai

ABOUT US: Houston we have Human-Centred AI. As a team, we set out to enhance decision making: Augmented Intelligence gives humans the ability to predict the future at speed and without bias. Military grade, originally designed and built for the intelligence community, our patented software delivers insights beyond any AI. HoustonWeHave.ai problem solved

ASX Listing Rule Disclosures

Cash Flow Discussion

- Cash flows from operating activities during the quarter comprised:
 - Receipts from customers of \$171,936
 - Product manufacturing and operating costs for software development and engineering (including staff costs) of \$408,000
 - Management staff, administration and corporate costs of \$218,000
 - Receipts of government JobKeeper totalling \$96,000

As noted in Item 6 of the Company’s Appendix 4C for Q4 FY2020, payments to related parties and their associates totalled \$55,000 during the quarter for director salaries, fees and superannuation.

Use of Funds

Houston We Have provides the following disclosures required by ASX Listing Rule 4.7C.2 regarding a comparison of its actual expenditure since reinstatement to official quotation in September 2019 against the “use of funds” statement in its prospectus dated 26 July 2019 (released on ASX on 29 July 2019).

Item	Prospectus ¹ Use of Funds	Actual Expenditure ²
	For Period 1 July 2019 to 30 June 2021	For Period 1 July 2019 to 31 Dec 2020
Marketing and sales	\$578,000	\$323,025 ³
Business and product development	\$1,236,500	\$1,407,484 ⁴
Administration expenses	\$1,803,500	\$922,455 ⁵
Repayment of debt	\$770,000	\$804,000 ⁶
Costs of the offer	\$324,000	\$368,000 ⁷
General working capital	\$688,000	\$323,486 ⁵
	\$5,400,000	\$4,148,451

1. Prospectus dated 26 July 2019; maximum subscription of \$5.4m raised. The Use of Funds statement details budgeted expenditure over 8 quarters as at the date of the Prospectus and is subject to change, including as a result of business performance and general economic conditions.
2. **Houston We Have** was reinstated to official quotation on 9 September 2019. The funds raised together with revenue generated by Houston We Have’s business operations are used to pay for the Company’s expenditure.
3. Expenditure as expected for the amount of time elapsed since reinstatement.
4. Expenditure higher than budgeted for the amount of time elapsed since reinstatement due to accelerated business and product development activities, with some expenditure funded by revenue generated.
5. Expenditure lower than as expected as a result of COVID-19 cost reduction measures.
6. Expenditure marginally higher than budgeted due to additional legal and corporate costs incurred.
7. Expenditure higher than budgeted due to additional interest costs incurred arising to delay in reinstatement.

Appendix 4C

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

Name of entity

Houston We Have Limited

ABN

48 142 901 353

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	172	526
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(408)	(991)
(c) advertising and marketing	(3)	(3)
(d) leased assets	-	-
(e) staff costs	(75)	(203)
(f) administration and corporate costs	(143)	(227)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	96	252
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(360)	(646)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,191	3,477
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(360)	(646)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,831)	(2,831)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,831	2,831

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	2,831	3,191
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)	2,831	3,191

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

(55)

-

Includes director salaries, fees and superannuation, inclusive of GST.

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

7. Financing facilities

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	(40)	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	(40)	-

7.5 **Unused financing facilities available at quarter end** 40

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.

HWH Software Pty Ltd ANZ overdraft

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(360)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,831
8.3 Unused finance facilities available at quarter end (Item 7.5)	40
8.4 Total available funding (Item 8.2 + Item 8.3)	2,871
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	8

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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: *not applicable*

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: *not applicable*

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: *not applicable*

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: 29 January 2021

Authorised by: The Board of Houston We Have Ltd
(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.