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HOUSTON WE HAVE BROADENS AI CAPABILITY AND INTERNATIONAL GROWTH PROSPECTS WITH ECHO IQ ACQUISITION

Highlights

- Houston We Have to acquire 100% of ECHO IQ, a specialist artificial intelligence company focused on predicting Aortic Stenosis (AS) heart condition
- Powerful diagnostic triage technology, in early testing ECHO IQ Artificial Intelligence (AI) was found to predict severe cases of AS missed by other diagnostics
- Strategic acquisition delivers a complementary growth pillar that enhances Company's technology suite with immediate cross-selling opportunities identified
- Global opportunity where more than 30 million echocardiograms are performed yearly
- Exclusive access to the National ECHO database Australia (NEDA), the only database of its type worldwide
- Acquisition terms are an upfront cash payment of \$1 million, the issue of \$1.5 million worth of Houston We Have shares at \$0.05 cents per share and deferred milestone payments of up to
 - \$250,000 cash and 15,000,000 Houston We Have Shares (at a deemed issue price of \$0.05 per Share) upon Echo IQ meeting US\$5 million revenue hurdle within 3 years provided that revenue is derived from a contract with a leading artificial heart valve manufacturer; and
 - \$2,950,000 cash and 20,000,000 Houston We Have Shares (at a deemed issue price of \$0.05 per Share) upon Echo IQ meeting a US\$10 million revenue hurdle within 3 years
- Firm commitments have been received for a \$2.5 million equity placement at \$0.05 cents per share to fund acquisition and deliver added financial flexibility to pursue growth. Directors and major shareholders are participating.

Sydney: Predictive analytics and Artificial Intelligence company Houston We Have (ASX:HWH) is pleased to announce that it will acquire 100% of life sciences technology company Alerte Echo IQ Pty Ltd (ACN 617 167 192) (**ECHO IQ**), a specialist artificial intelligence provider engaged in predicting Aortic Stenosis (AS), a heart valve condition, subject to satisfaction of conditions precedent.

This is a strategic acquisition for the Company and delivers increased exposure to the large and lucrative healthcare sector globally and complements its existing operations.

ECHO IQ is a technology business that uses Artificial Intelligence, combined with exclusive access to the National Echo Database Australia (NEDA) to identify patients both at risk of and treatable for Aortic Stenosis (AS) - one of the most common types of heart valve disease suffered by those over 65.

Earlier and more accurate detection of both severe and moderate AS significantly increases the opportunity to treat patients with either surgical or transcatheter aortic valve replacement leading to improved quality of life and improved survival. In Australia alone, approximately 1,000,000 echo-cardiograms are performed each year at a cost of more than \$>300 million and the ability to help clinicians and specialists gain greater value from these tests cannot be underestimated¹. Worldwide, it is estimated that more than 30 million annual echocardiograms are performed. When left untreated, the mortality rate from severe aortic stenosis is 67% at 5 years². The value to lives that could be saved by this technology is clear.

The results of the study (registered with the Australian New Zealand Clinical Trials Registry³) show that the AI measurement interpretation can identify severe cases of AS by evaluating the entire phenotype, without reference to LVOT velocity or dimensions (being values typically used by expert cardiologists). Subsequent testing will be undertaken to help confirm the degree of improved accuracy of this novel triage risk prediction system. A number of current clinical practices result in imperfect diagnoses. These include the fact that diagnosis is often highly operator dependent as well as the influence of left ventricular function on transaortic gradient not always being a reliable measure of the severity of AS. Furthermore, minor errors in LVOT measurements can be magnified in the continuity equation, affecting accurate diagnoses.

This technology is also highly complementary to Houston We Have's existing portfolio. The Company already provides AI solutions in the broader healthcare sector. The Company commenced operations in the healthcare sector with its Prometheus business unit, which provides data, analytics and AI services for, among other things, compliance, membership, fraud detection and customer churn to 17 Australian health funds. Furthermore,

¹ [https://www.heartlungcirc.org/article/S1443-9506\(19\)30301-4/pdf](https://www.heartlungcirc.org/article/S1443-9506(19)30301-4/pdf)

² <https://www.jacc.org/doi/10.1016/j.jacc.2019.08.004>

³ <https://www.anzctr.org.au/Trial/Registration/TrialReview.aspx?id=373535&showHistory=true&isReview=true>

the augmented intelligence capability that also sits within the Houston We Have portfolio (namely Intelfuze) can be applied to the ECHO IQ proposition to increase performance and accuracy even further - especially where NEDA data is incomplete in certain instances.

Commentary

Houston We Have Chairman Andrew Grover said: *"The ECHO IQ AI technology and access to the NEDA database is a standout opportunity and strategic fit for Houston We Have. This is also the perfect time for us to capitalise on opportunities in the Life Sciences sector, not only in cardiology in the first instance, but more broadly by delivering AI-driven Life Sciences preventative health diagnostics.*

"Leading imaging businesses such as GE have already signaled the importance of AI with the development of Edison which is designed to help health providers take advantage of data in new and significant ways. Their new AI powered X-ray device is reducing the time needed to detect critical lung issues.

"The acquisition of ECHO IQ gives us another growth platform in a large and lucrative sector and exposure to a much larger market opportunity globally. We anticipate that the business will deliver strong revenue growth in the medium term once we combine the power of Intelfuze, our augmented intelligence solution, to the already stellar work completed by the ECHO IQ team, and complete regulatory approvals for commercial deployment."

ECHO IQ Founding Partner, Professor Geoff Strange added: *"The potential for ECHO IQ to be part of the Houston We Have business is considerable and the complementary aspects of both businesses are compelling.*

"Our team has developed incredible capability in this vital sector and we believe that Houston We Have will be able to use the development work completed to date, and the unique access to the NEDA database to deliver transformational solutions for clinical cardiology diagnostics and major corporates in the echo machine manufacturing and reporting software spaces."

About ECHO IQ

ECHO IQ, trained on the NEDA database (the largest of its type anywhere in the world with c. 1.2million records), examines all echo measurements to determine aortic stenosis severity without the need for notoriously tricky LVOT measurements. Using AI, it accurately identifies the phenotype of severe AS, and is better at predicting risk of mortality than the continuity equation. Furthermore, even in a shortened echo exam (10 minutes) the technology maintains predictive capability, addressing in-clinic capacity issues.

ECHO IQ modelling and datasets can also be applied to many cardiac disease models beyond aortic stenosis and could include enhanced identification of pulmonary hypertension, mitral valve failure and both systolic and diastolic heart failure given the NEDA database includes relevant data for all.

Acquisition Rationale

ECHO IQ is a strong strategic fit for Houston We Have that offers an important growth pillar in the health sciences sector. The key rationale for considering the acquisition include:

- **Highly complementary business:** ECHO IQ utilises artificial intelligence and data science to deliver tangible outcomes for users of the technology. This is highly consistent with the ethos and core competencies of Houston We Have, and extends the company's reach within the already-engaged health sector.
- **Synergies between Houston We Have and ECHO IQ technologies:** In addition to the benefits identified, we expect the application of Intelfuze (the company's augmented intelligence software) to enhance the accuracy and utility of ECHO IQ.
- **Established model plus NEDA database access:** This acquisition not only provides access to a working technology, but also gives 17 years' exclusive access to the NEDA database, considered the best and largest of its type worldwide with 1.2 million records.
- **Significant growth opportunity:** With valve replacement surgery offering a 94 percent 5-year survival rate, there is significant interest in the early and accurate detection of aortic stenosis. The international application for this technology represents a significant medium term commercial opportunity, most notably once additional regulatory approvals are secured.
- **Platform for additional innovation:** Diagnostics in health sciences represents a massive growth opportunity for Houston We Have. Leadership in the echo-cardio space can be leveraged in the application of AI and advanced technologies to wider diagnostic solutions. Industry use of AI in this space is already firmly underway.

Acquisition and Growth Funding

Funding for the acquisition and supporting growth will be via a \$2.5 million capital fundraising with 50,000,000 shares (at \$0.05) being issued.

The Placement will be completed without shareholder approval, other than 4,000,000 shares being subscribed for by related parties to HWH, using capacity under Listing Rule 7.1A and Listing Rule 7.1. The 4,000,000 shares to be issued to related parties are subject to shareholder approval pursuant to Listing Rule 10.11. It is intended this approval will be sought at the same meeting seeking shareholder approval for the issue of the consideration securities for the acquisition of Echo IQ.

The \$2.5 million fundraising is anticipated to be allocated as follows: \$1 million to provide the cash obligation on completion of the acquisition

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of Echo IQ, and a further \$1.5 million to increase resourcing at Houston We Have – such resourcing being required to conclude the remaining software development work necessary to secure Therapeutic Goods Approval (TGA) in Australia and corresponding FDA approval for the US, as well as to commercialise this and other company opportunities (including investment in marketing and sales).

In addition to the \$1 million cash payment, the vendors of ECHO IQ will receive 30,000,000 shares in Houston We Have (at \$0.05).

The material terms of the agreement between Houston We Have and the shareholders of Echo IQ are:

- (a) **Acquisition:** Each shareholder of Echo IQ (**Shareholder**) agrees to sell to Houston We Have and Houston We Have agrees to buy from each Shareholder their respective a 100% legal and beneficial interest in the issued capital of Echo IQ together with all rights attached to them as at the date of the agreement and that accrue between that date and completion (**Sale Interests**), free from encumbrances.
- (b) **Conditions Precedent:** Completion of the Acquisition is subject to satisfaction (or waiver, as permitted) of the following conditions precedent by 5:00pm (Perth time) on 31 May 2021:
 - a. completion of due diligence by Houston We Have on Echo IQ, including the assets of Echo IQ, such as any intellectual property rights or licences, to the satisfaction of Houston We Have in its sole discretion; and
 - b. Houston We Have obtaining all necessary shareholder and regulatory approvals pursuant to the ASX Listing Rules, *Corporations Act 2001* (Cth) to lawfully complete the matters set out in the agreement, which includes shareholder approval for the issue of the consideration shares,
- (c) **Consideration:** In consideration for the Acquisition, Houston We Have agreed to issue a total of 30,000,000 fully paid ordinary shares in the capital of Houston We Have (**Shares**) to the Shareholders (or their respective nominee/s) (**Consideration Shares**) in proportion to their respective Sale Interests.
- (d) **Debt repayment:** On completion of the Acquisition, Houston We Have has agreed to pay to the major shareholder of Echo IQ (or its nominee/s) \$1,000,000 (plus GST if applicable) in relation to amounts owing by Echo IQ to that shareholder for liabilities associated with operating costs and services provided to Echo IQ.
- (e) **Milestone Payments:**
 - i. Subject to execution of a commercial agreement between a leading artificial heart valve manufacturer and the Company (or its nominee) for total revenue received by Echo IQ of at least US\$5,000,000 (determined in accordance with the applicable accounting standards and as reviewed and confirmed by the Company's auditor) within 36 months of Completion:
 1. 15,000,000 Shares at a deemed issue price of \$0.05; and
 2. \$250,000 cash (AUD).

to be divided amongst the Echo IQ shareholders pro rata to their respective shareholdings in Echo IQ at Completion.

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- ii. Subject to the Company receiving cumulative revenues of at least US\$10,000,000 attributable to the operations of Echo IQ (determined in accordance with the applicable accounting standards and as reviewed and confirmed by the Company's auditor) within 36 months of the Completion:
 - 1. 20,000,000 Shares at a deemed issue price of \$0.05; and
 - 2. \$2,950,000 in cash (AUD)

to be divided amongst the Echo IQ shareholders pro rata to their respective shareholdings in Echo IQ at Completion.

In addition, Houston We Have has agreed to issue a total of 30,000,000 shares and 30,000,000 options at an exercise price of \$0.05 each and an expiry date of 3 years from the date of issue to Taurus Capital Pty Ltd (or its nominees) for services provided in arranging the transaction with Echo IQ. The issue of these shares and options is subject to shareholder approval (which is intended to be sought at the same meeting approval for the issue of consideration securities to the shareholders of Echo IQ is sought) and completion of the acquisition of Echo IQ.

Houston We Have also proposes to issue a total of 17,500,000 options at an exercise price of \$0.05 each and an expiry date of 3 years from the date of issue to its directors (5,000,000 each) and its Chief Technical Officer (2,500,000). The issue of these options is subject to shareholder approval pursuant to Listing Rule 10.11 for the directors and 7.1 for the Chief Technical Officer. It is intended this approval will be sought at the same meeting seeking shareholder approval for the issue of the consideration securities for the acquisition of Echo IQ.

ENDS

Elizabeth Whitelock
Managing Director and CEO
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Authorised for release by the Board of Directors of Houston We Have Ltd

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ABOUT Houston We Have (ASX: HWH) uses patented augmented intelligence software, data science and commercial insight to help organizations make better decisions, at speed and without bias. The company develops automated technology solutions that can be deployed in various industries and contexts. It specializes in harnessing the power of data and human inputs to predict outcomes and associated degrees of certainty. Houston We Have is headquartered in Sydney, Australia with employees in Australia, New Zealand and the UK. More information is available at www.houstonwehave.ai