



ASX:HWH RELEASE / 31 JANUARY 2020

## QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C - DECEMBER 2019

Prescriptive Analytics and AI Company **Houston We Have Limited (ASX: HWH)** ('**Houston We Have**' or '**The Company**') is pleased to provide this quarterly activities report for the period ending 31 December 2019.

The quarter can be characterised as one of significant progress where the Company completed a valuable acquisition that strengthened its core capability, expanded existing contracts and entered new Joint Venture agreements, grew its leadership team and introduced a new brand and corporate identity.

All these initiatives create a solid platform for growth and allow **Houston We Have** to build a strong and recognised presence within the markets in which it operates, and importantly, secure contracts that build stable recurring revenue streams for the future.

### **Strategic acquisitions underpinning future growth**

In October the Company completed the acquisition of 100% of Prometheus Information Pty Limited (Prometheus) for \$600,000 in upfront cash and scrip based payments, and a performance-based cash payment of ~\$73,000 based on future milestones being met.

With headquarters in Canberra, Prometheus is a highly complementary business providing professional services and software to the health insurance sector. It has 17 of the 37 registered health insurance funds in Australia as clients as well as health insurance technology provider HAMBS (Hospital and Medical Benefits System).

Prometheus generates annualised revenue of ~\$670,000 and **Houston We Have** is confident it can increase this revenue base as the Company's AI software is made available to Prometheus' clients.

**Houston We Have** is marrying its core AI approach of identifying risk and opportunity for Prometheus' clients by extending the insights of current offerings such as fraud detection and developing new insights that strengthen the business and operations of the health funds. In addition, the Company is actively pursuing new sectors beyond health insurance.

## **New Joint Venture established**

In another pleasing development for the quarter, the Company established Data Distillery Pty Ltd (Data Distillery) in conjunction with Potentiate Pty Limited (Potentiate) as a special purpose 50/50 joint venture (JV) company.

Data Distillery is actively helping businesses refine and enhance consumer data using **Houston We Have** patented software. Data Distillery will provide insights around customer behaviour to help banking, automotive and telecommunications companies interact better with their customers to drive retention and increase sales. **Houston We Have** is providing the technology platform and skills which embrace data science and human-centred AI.

The JV has the potential to generate significant revenue for **Houston We Have** with Potentiate now actively marketing the solution to its global client base and early progress is most encouraging.

## **Department of Defence contract extension**

In October, **Houston We Have** successfully extended its contract with the Australian Department of Defence to take the total contract value to almost \$3m.

The Company will supply hardware as a service in support of training courses conducted at numerous training sites across Australia. Courses are now underway and focused on the Company's prescriptive, human-centred AI and its unique ability to focus decision making in critical and complex areas with confidence.

## **Partner update**

AVVA, the Joint Venture with Made In The Now has gained traction with EarthTech, [www.earthtech.io](http://www.earthtech.io), running an impact challenge which has attracted 850+ teams from 75+ countries. Roughly 100 judges are coming together to review 40 shortlisted projects, and these experts range from field researchers in Antarctica, to experts in any number of the UN SDGs, to serial entrepreneurs. The variety of knowledge and expertise is massive, but it is also very valuable - and AVVA is helping EarthTech to put a structure around how these experts are thinking of the ventures, and codify the opinion in a way that will help EarthTech to identify which projects are the most closely aligned to their ultimate goal of social impact aligned to one or more of the UN SDGs.

Antler, a global startup generator and early-stage VC firm [www.antler.co](http://www.antler.co), will use AVVA as part of its first cohort of 2020, which launched on Monday 27th

# Houston we Have

January. The cohort, which is made up of 87 entrepreneurs leading to more than 30 teams, will use AVVA at three key points throughout the 10 week program to accelerate the quality of conversation and decision making within the accelerator.

## **Team strengthened**

During the quarter, the Company strengthened its team with the appointment of Rakesh Patel as Chief Technology Officer and Jacki McAvenna as CFO.

Jacki began her career in corporate and commercial finance with PwC before joining brands such as Myer, Target, iSelect and Linfox in senior finance and planning roles. She holds a Bachelor of Commerce from the University of Adelaide and is a member of Chartered Accountants Australia and New Zealand.

For the past 16 years, Rakesh has been running professional services and data analytics businesses. He has a wealth of experience building and running engineering and professional services teams. He has experience in machine learning, data analytics, service management and managing IT infrastructure. He has over 10 years of experience in Cloud Technologies, including AWS, Azure, Google Cloud, OpenStack, HPE Helion Cloud System.

Rakesh holds a Masters of Science Degree (Computer Science) from The University of Auckland and a Bachelor of Technology Degree (Computer Systems Engineering) from Massey University. He adds considerable bench strength to the **Houston We Have** team and we are delighted to have secured his services.

## **A new brand & corporate identity**

In December the Company introduced a new brand and corporate identity - **Houston We Have**. The Company is competing against some globally recognised organisations that have entrenched customer relationships that are trusted and proven in the delivery of AI and prescriptive analytics solutions.

Our objective has been to match a memorable brand/corporate identity with a technology solution that meets or exceeds what is currently available on the market today allowing us to compete with these well-entrenched companies. We are confident that in time our brand will be synonymous with prescriptive analytics and human-centred AI as we progressively establish our place in the market.

## **Quarterly financial summary**

Cash receipts from customers for the quarter were \$92,000 (prior quarter - \$86,000). Cash receipts are likely to increase in subsequent quarters as



contributions from the Prometheus business are recognised and further revenue is booked from the scaled up Department of Defence contract.

Quarterly net cash outflows were \$656,000 and the Company will be vigilant in managing its cost base conservatively. **Houston We Have** ended the quarter with a healthy cash balance of ~\$3.6m which gives the Company the necessary financial flexibility to organically grow the client base.

### **Objectives for the March quarter**

The March quarter has commenced well for **Houston We Have** with a key focus on new business development and building out the pipeline of revenue-generating opportunities. Opportunities are advancing in the UK and Australia in public health, national security, insurance, banking and law enforcement.

Objectives for the quarter include:

- Integration of the Prometheus and **Houston We Have** technology platforms to create a 'seamless stack' that can be deployed for different problems and clients.
- Meeting with and ensuring the continuity of the existing Prometheus client base and building market awareness of the business.
- Developing an AI solution using **Houston We Have** software and services that builds upon the current Prometheus offering.
- Pursuing growth opportunities in the UK.
- Executing on the expanded Department of Defence expanded partnership.

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](mailto: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 in the universe. Now available for use by all clever humans. [HoustonWeHave.ai](https://HoustonWeHave.ai) problem solved

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Houston We Have Limited

**ABN**

48 142 901 353

**Quarter ended ("current quarter")**

31 December 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	93	179
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs (includes staff costs)	(275)	(470)
(c) advertising and marketing	-	(6)
(d) leased assets	-	-
(e) staff costs	(65)	(243)
(f) administration and corporate costs	(110)	(368)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	8
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (re-compliance costs)	-	(145)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(351)</b>	<b>(1,046)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(63)	(63)
(b) businesses (see item 10)	(503)	(503)
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (cash acquired on business acquisition)	273	273
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(293)</b>	<b>(293)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	5,400
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(12)	(368)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(804)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(12)</b>	<b>4,228</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	4,259	714
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(351)	(1,046)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(293)	(293)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(12)	4,228

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>3,603</b>	<b>3,603</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,603	259
5.2	Call deposits	-	4,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,603</b>	<b>4,259</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
65
-

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

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
-
-

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	(40)	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
HWH Software Pty Ltd ANZ overdraft		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	436
9.3 Advertising and marketing	31
9.4 Leased assets	-
9.5 Staff costs	65
9.6 Administration and corporate costs	136
9.7 Other (provide details)	-
<b>9.8 Total estimated cash outflows</b>	<b>668</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	Prometheus Information Pty Ltd	Data Distillery Pty Ltd	N/A
10.2 Place of incorporation or registration	Australia	Australia	N/A
10.3 Consideration for acquisition or disposal	\$500,000 cash, \$100,000 equity (being 2,457,002 shares), and \$73,099 contingent cash consideration	\$1	N/A
10.4 Total net assets	\$nil net tangible assets	\$1	N/A
10.5 Nature of business	Provision of professional services and software to the health insurance sector	Special purpose joint venture to help businesses refine and enhance consumer data	N/A

### 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.

Sign here: Elizabeth Whitelock  
Director

Date: 31 January 2020

Print name: Elizabeth Whitelock

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.