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ASX:HWH RELEASE / 26 October 2020

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C – SEPTEMBER 2020

Reseller agreement with Accenture delivers major new sales channel and access to broader client base

Continued support and engagement with existing client base with many increasing scope of works

Prometheus and HWH technology integration now fully operational and driving greater customer engagement and new opportunities

Strong start to the December quarter with ~$86,000 worth of new contracts and extensions secured in October alone; first contract in the resources sector with global mining and commodity trading house

Sydney, Australia: Prescriptive AI Company, Houston We Have Limited ("Houston We Have", the "Company") (ASX: HWH), is pleased to provide this overview of corporate and operational progress for the three month period ended 30 September 2020 (Q1 FY2021).

The Company maintained a strong market position, securing a reseller agreement with leading global professional services firm Accenture creating a major new sales channel, locked in new customers, retained agreements through its Prometheus business and strengthened its advisory board with a new appointment. Further, **Houston We Have** continued to successfully navigate the effect of COVID-19 and its impact on operations.

Reseller agreement with Accenture

In a major development, **Houston We Have** secured a Master Terms & Conditions agreement (the "agreement") with the Australian arm of global professional services company Accenture. The agreement allows Accenture to sell **Houston We Have**'s prescriptive AI technology to its corporate and government clients in Australia.

This is an endorsement of the Company's patented 'subjective logic' technology, which can predict in circumstances even when there is missing or unreliable data.

The agreement opens a major sales channel for the Company and provides **Houston We Have** with access to potentially an extensive client base. A number of opportunities in various sectors are currently being pursued.

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Health insurance sector progress

Houston We Have continues to make excellent progress in the health insurance sector through its Prometheus business, which was acquired in October 2019.

Pleasingly, the group deployed its lapsing model with the Queensland Country Health Fund (QHCF) to identify clients who are most likely to leave the fund. The model embraces both data science and prescriptive AI via Intelfuze. Other health funds are watching with interest and several are keen to explore the capability for themselves.

The new Prometheus development team, hired during the previous quarter, have now assumed responsibility for the sector with the business founders supporting where required.

Department of Defence

Due to the COVID-19 restrictions, onsite training has been suspended. Video training content has been developed to support the rollout of Intelfuze and is nearing completion. In addition, training, mentoring and coaching will be conducted via video conference for defence personnel.

Appointment of Steve Picton strengthens Advisory Board

Mr Picton is a successful technology and communications industry executive, boasting a career spanning over 30 years. He was CEO and founder of mobile virtual network operator goTalk Limited, which merged with ASX-listed Tel.Pacfic. He has also held senior leadership roles at AAPT and British Telecom, where he was instrumental in the sale, marketing and strategy development functions.

Since 2014, Steve has been CEO of LBNCo, Australia's first fibre to the home operator, having connected state-of-the-art access networks to over 100,000 homes and businesses. He also focuses on a number of private investments in the technology sector.

UK presence

Houston We Have continued to gain traction in the United Kingdom. The Company advises that it has a robust sales pipeline in the region and is in the final stages of contention for several large contracts. **Houston We Have** anticipates that, if it is successful, the Company will be able to report on these high calibre prospects during the current period.

Quarterly financial summary

Cash receipts from customers for the quarter were $354,000 (prior quarter $484,000). Cash receipts decreased compared with the prior quarter, with a number of the Prometheus annual billings, as well as some **Houston We Have** annual billing amounts, received prior to 30 June 2020.

The Company remains vigilant on expenditure with net cash outflows of $286,000 for the period, managing its cost base conservatively in response to the effects of COVID-19. **Houston We Have** is well capitalised with $3.2m cash at bank, providing the necessary financial flexibility to organically grow its client base.

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Strong start to December quarter

The December quarter has commenced well with existing customers, both Defence and health funds, requesting additional consulting support and technology functionality, and new customer contracts secured.

A notable achievement was **Houston We Have** securing its first contract in the resources sector with a globally recognised commodity trading and mining company.

Houston We Have will deploy its patented human-centred AI software, Intelfuze, to create an early warning system for various projects and opportunities. Phase 1 involves automating elements of the current manual due diligence processes to more readily identify potential risks arising from, for example funding, pricing discrepancies and political situations.

Combined, the contract enhancements and new engagement yield an initial $86,000 in new revenue from 1 October.

Management commentary

Managing Director and CEO Elizabeth Whitelock said: *"The Company has performed well in the quarter particularly in the face of challenging circumstances and limited operating abilities in key markets like the UK.*

***Houston We Have** continues to progress opportunities in Australia and the UK where we remain in contention for some high profile contracts. Securing a new contract in the resources sector with a globally recognised mining and commodities trading house, that has requested confidentiality, is an outstanding development and marks our first paid contract in this highly lucrative and large sector. Phase 1 of the contract is underway and we have every confidence the engagement will expand to further phases. I look forward to updating shareholders on more sales progress as the December quarter advances."*

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 in the universe. Now available for use by all clever humans. HoustonWeHave.ai problem solved

Houston we Have

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ASX Listing Rule Disclosures

Cash Flow Discussion

- Cash flows from operating activities during the quarter comprised:
  - Receipts from customers of $354,000
  - Product manufacturing and operating costs for software development and engineering (including staff costs) of $583,000
  - Management staff, administration and corporate costs of $213,000
  - Receipts of $103,500 in JobKeeper support and $51,660 in Cash Boost totalling $155,160

As noted in Item 6 of the Company's Appendix 4C for Q4 FY2020, payments to related parties and their associates totalled $28,000 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** **For Period** **1 July 2019 to 30 June 2021**	**Actual Expenditure[2]** **For Period** **1 July 2019 to 30 September 2020**
Marketing and sales	$578,000	$274,529[3]
Business and product development	$1,236,500	$1,045,597[4]
Administration expenses	$1,803,500	$815,892[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	**$3,631,504**

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 under the Prospectus 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 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.

Houston we Have

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ASX Waiver Disclosures

ASX has confirmed to **Houston We Have** that the terms of the Company's performance shares on issue are appropriate and equitable for the purposes of ASX Listing Rule 6.1. **Houston We Have** is required to provide the following information.

- As at 30 June 2020 there were 1,500,000 Class C, 5,000,000 Class D and 5,000,000 Class E performance shares on issue.
- The full terms and conditions of the Class C performance shares are contained in Schedule 1 of Houston We Have's notice of meeting released on ASX on 10 June 2016. The full terms and conditions of the Class D and E performance shares are contained in Schedule 7 of Houston We Have's notice of meeting released on ASX on 9 July 2019. Each Class C, D or E performance share converts into 1 fully paid ordinary share on achievement of the relevant milestone.
    - Class C: sales revenue of $3,000,000 on or before 8 September 2020.
    - Class D: 30 day VWAP of not less than $0.08 on or before 30 August 2022.
    - Class E: 30 day VWAP of not less than $0.12 on or before 30 August 2022.
- No performance shares were converted or cancelled during the quarter ended 30 June 2020.
- None of the performance milestones for any of Class C, D or E performance shares were achieved during the quarter ended 30 June 2020.

Appendix 4C

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

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Name of entity	
Houston We Have Limited	
ABN	**Quarter ended ("current quarter")**
48 142 901 353	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	354	354
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(583)	(583)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(129)	(129)
	(f) administration and corporate costs	(84)	(84)
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	155	155
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(286)**	**(286)**

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	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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	3,477	3,477
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(286)	(286)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3,191	3,191

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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**	**3,191**	**3,191**

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	3,191	3,477
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)**	**3,191**	**3,477**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(28)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

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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)	(286)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,191
8.3	Unused finance facilities available at quarter end (Item 7.5)	40
8.4	Total available funding (Item 8.2 + Item 8.3)	3,231
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	11

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*

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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: 26 October 2020

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

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