



**Houston We Have Limited  
And Controlled Entities**

ABN: 48 142 901 353

**CONSOLIDATED FINANCIAL REPORT  
For the Year Ended 30 June 2021**

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## Corporate Directory

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### Directors

Andrew Grover	Executive Chairman
Elizabeth Whitelock	Managing Director and Chief Executive Officer
Steven Formica	Non-Executive Director

### Company Secretary

Lisa Wynne

### Principal Place of Business

Level 3, 33-35 Atchison Street  
St Leonards NSW 2065  
Telephone: +61 9146 4742

### Registered Office

Level 11, London House  
216 St Georges Terrace  
Perth WA 6000  
Telephone: +61 8 9481 0389

### Website & Email

[www.houstonwehave.ai](http://www.houstonwehave.ai)  
[investor@houstonwehave.ai](mailto:investor@houstonwehave.ai)

### Share Registry\*

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth WA 6000  
Telephone: 1300 850 505  
Facsimile: +61 3 9415 4000 (outside Australia)  
Website [www.investorcentre.com](http://www.investorcentre.com)

### Auditors

KPMG  
Level 11, Corporate Centre One  
Cnr Bundall Road and Slatyer Avenue  
Bundall QLD 4217

### Stock Exchange Listing

Australian Securities Exchange [ASX: HWH]  
[www.asx.com.au](http://www.asx.com.au)

### Incorporation

Incorporated in Australia as a public company limited by shares  
ACN: 142 901 353  
ABN: 48 142 901 353

\* This entity is included for information purposes only, and has not been involved in the preparation of this Annual Report.

## Directors' Report

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The Directors present the financial report of the Group for the year ended 30 June 2021, together with the audit report thereon. The Group consists of Houston We Have Limited (the Company) and the entities it controlled at period end or from time to time during the financial period.

### 1 Directors

The names of Directors who held office during or since the end of the period:

Andrew Grover                      Executive Chairman

Andrew has 25 years' experience in management, business development, sales & marketing, administration and technology across a diverse range of industries. As a founder and investor in numerous innovative companies, Andrew's businesses have been featured in BRW Fast 100 and Deloitte's Fast 50 over several years. Andrew has had several successful exits and has consulted to medium and top 100 companies. Andrew was also CEO of an executive recruitment agency which was acquired by an ASX listed company.

Andrew has served as a Director since 24 May 2019.  
Andrew has no former or other current ASX listed directorships.

Elizabeth Whitelock              Managing Director and Chief Executive Officer

Elizabeth is a co-founder of Houston We Have Software Pty Ltd and is the Group's CEO. Elizabeth started her career in the UK working for the Metropolitan Police Force and has over 25 years' experience in senior management and CEO roles. Elizabeth has worked with organization such as IBM, Information Builders, SAS, Ingres and Microstrategy. These roles have all shared a focus on Information Management Products and Services and have highlighted her strengths in strategic communications, sales, marketing partner programs while cementing customer relationships.

Elizabeth has served as a Director 8 September 2016.  
Elizabeth has no former or other current ASX listed directorships.

Steven Formica                      Non-Executive Director

Steven brings to the Group practical management and business development experience. He has been a successful businessman and operations manager for over 30 years in several privately held business ventures including manufacturing, construction, landscape contracting, property development and integrated wholesale and retail businesses. More recently he has been a successful investor and non-executive director in mineral resource companies.

Steve has served as a Director since 2 July 2018.  
Steve is currently Chairman of Ragnar Metals Ltd. In the past 3 years, he has been a director Jade Gas Holdings Limited (formerly High Grade Metals Limited), Bowen Coal Limited, Lindian Resources Limited and Orminex Limited.

Antanas Guoga                      Non-Executive Director (appointed 25 February 2020, resigned 25 September 2020)

Antanas is an entrepreneur, philanthropist and the founder of the Blockchain Centre in Vilnius, Lithuania. He was a member of the European Parliament for Lithuania (2014-2019) including being a member of the European People's Party Group and worked on a range of digital policies in the Internal Market and Consumer Protection Committee. Tony has also held roles as investment advisor to the Mayor of Vilnius and Olympic Attache for the Lithuanian Team at the 2012 London Olympic Games. Tony contributes experience in digital start-ups, business development, management and venture capital.

Antanas served as a Director for 7 months.  
Antanas has no former or other current ASX listed directorships.

### 2 Company Secretary

Lisa Wynne held office as the Company Secretary from 11 December 2020.

Lisa Wynne has a Bachelor Business and is a Fellow of the Governance Institute of Australia and a Member of the Institute of Chartered Accountants. Her experience includes over 15 years of board level experience across the commercial sector with a particular focus on the finance, accounting, corporate services, technology, and resources industries across ASX and TSX listed companies.

Prior to Lisa's appointment, Ben Secrett held office as the Company Secretary until 11 December 2020.

Ben has over 10 years of experience providing corporate advisory, legal, risk and governance services to Australian and foreign listed and unlisted entities, having worked as a corporate lawyer and also as a Principal Adviser in ASX Listings Compliance. Ben has qualifications in economics, law and corporate governance.

### 3 Meetings of Directors

The number of meetings held during the year and the number of meetings attended by each Director was as follows:

Director	Number attended	Number held & eligible to attend
Andrew Grover	8	8
Elizabeth Whitelock	8	8
Steven Formica	8	8
Antanas Guoga	1	1

The Group does not have an Audit, Remuneration or Nomination Committee with the full Board carrying out the functions that would otherwise be dealt with by such committees.

### 4 Principal Activities

The principal activities of the Group are the product development, marketing and commercialisation of software products and services. The Group is focused on opportunities in Defence and National Security and Health Insurance, and is also pursuing opportunities in the Medical sector.

### 5 Operating and Financial Review

#### Review of Operations

The Directors are pleased to provide this corporate and operational overview of the Group for the financial year ended 30 June 2021.

During the financial year, the Group entered into a number of partnerships and agreements with leading businesses in their field and channel partnerships were developed with two leading international professional services firms. The Group continued its services with the Australian Department of Defence, and this remains the Group's largest contract by value. Despite COVID-19 restrictions, digital client service and delivery was undertaken to increase understanding of the Consolidated Entity's technology and its capability.

The Prometheus business analytics for Health Funds business area showed growth in the latest financial year. The Group demonstrated increased relevance to clients with the provision of additional modules from the Prometheus suite of products, as well as innovative new solutions to existing clients such as AHRG. New solutions in customer retention blend the data analytics power of Prometheus with the Group's Intelfuze capability in the area of augmented intelligence and predictive analytics.

## Directors' Report

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The UK developed further as a new market of ongoing potential. The Consolidated Entity joined a consortium partnership to develop an accurate and automated manufacturing cost calculator in the United Kingdom. The initiative is being partly funded by UK Research & Innovation, and is led by i4 Product Design, a leading UK design and development consultancy based in Edinburgh. A further engagement with GrowthWorks (funded by the Cambridgeshire & Peterborough combined authority) will see the Group develop an automated project tracking tool to be used by the client as it seeks to deliver more than 5000 new jobs by attracting significant inward investment to the region. Both of these engagements place the Group more visible in the vibrant UK innovation eco-system.

Executive ranks were bolstered with the addition of an experienced leader in the field of Australian and New Zealand government relations who also spearheads business development in Group focus areas of Health and FinTech.

The Group completed a \$2.5m capital raise in April 2021, the more specific details of which are outlined under Corporate Activities below. The placement was to fund the acquisition and growth of Echo IQ Pty Ltd.

In May 2021, the Group acquired 100% of the shares in Echo IQ Pty Ltd, a specialist artificial intelligence company focused on predicting Aortic Stenosis heart condition. This is considered a strategic acquisition for the Group which provides access to the healthcare sector globally, and is complementary to existing operations.

The consideration paid for Echo IQ consists of:

- An issue of 30 million fully paid ordinary shares in HWH to the shareholders of Echo IQ in proportion to their respective shareholding interests;
- A cash payment of \$1 million, used to settle a shareholder loan with AlerteDigital Health Pte Ltd;

Post completion milestone payments are subject to the following conditions:

- \$250,000 cash and 15 million HWH shares upon Echo IQ meeting US\$5 million revenue hurdle within three years subject to execution of a commercial agreement with a leading artificial heart valve manufacturer; and
- \$2,950,000 cash and 20 million HWH shares upon Echo IQ meeting a US\$10 million revenue hurdle within three years.

Further, costs of acquisition associated with the transaction, in both cash and equity instruments, totalled \$2.3 million.

### Results Overview

The Group reported a loss for the year ended 30 June 2021 of \$2,994,255 (30 June 2020: loss of \$2,683,801). Included in the loss for the financial year were non-cash Share Based Payments expenses of \$1,546,311 for options issued (as outlined in detail in notes 21 and 22 to the financial statements).

Operating revenue for the financial year totalled \$983,183 (2020: \$679,872) and operating expenses (excluding Share Based Payments expense) totalled \$2,777,723 (2020: \$2,364,763).

The Group was entitled to the Australian Government's Jobkeeper payment, which applied to all of the Group's eligible employees. The Group has also received the Federal Government's Cash Boost incentive, the Export Market Development Grant and a Research & Development tax offset credit. In total, the Company received \$346,596 of subsidies over the financial year 2021 period.

## Directors' Report

### Segment Overview

The Group is reporting segment information on the same basis as the Group's internal management reporting structure at reporting date. Commentary on the segments follows.

<b>Houston We Have Software</b>	<b>FY21 \$</b>	<b>FY20 \$</b>	<b>Change %</b>	<b>Prometheus Information</b>	<b>FY21 \$</b>	<b>FY20 \$</b>	<b>Change %</b>
Operating revenue	441,983	296,238	49%	Operating revenue	541,200	383,634	41%
Segment profit or (loss) <sup>1</sup>	(429,021)	(641,135)	33%	Segment profit or (loss) <sup>1</sup>	205,810	116,964	76%

<sup>1</sup> Segment profit or loss excludes certain corporate overhead costs that are not allocated at segment level.

Houston We Have Software operating revenue in financial year 2021 reflects the ongoing services and solutions provided to the Australian Department of Defence. Further to this, revenue has been earned through the consortium in the United Kingdom, as well as other opportunities domestically.

Prometheus Information operating revenue and segment profit is the full financial year, compared with the prior year which was November 2019 through to June 2020. This segment operates exclusively in the Health Insurance sector and the Prometheus business has performed as expected since it was acquired. There have been opportunities to bring the proprietary software of Houston We Have to the Prometheus client base in a complementary and value-adding manner over the course of the financial year.

Echo IQ was acquired on 31 May 2021. The Group has identified a number of clear industry segments to pursue commercially, and in the short term is focused on developing these. Accordingly, there is investment in resources ahead of the generation of revenue, and for the period of ownership prior to 30 June 2021, costs incurred totalled \$68,404.

### Financial Position and Cash Flow

The net assets of the Group have increased to \$9,835,602 at 30 June 2021 from net assets of \$3,124,222 at 30 June 2020, driven in large part by capital raising activities as noted in the Corporate Activities section below.

The net cash inflow for the Group for the year totalled \$334,935 (30 June 2020: net cash inflow of \$2,763,035).

Cash outflows, for the year ended 30 June 2021, from operations totalled \$1,431,256 compared with outflows \$1,103,690 for 30 June 2020. The capital raising of the Group has allowed for investment in Echo IQ.

Capital expenditure for the year was \$2,560 (2020: \$88,540). A further \$1,000,000 was paid in cash for the acquisition of Echo IQ Pty Ltd.

Net cash inflows from financing activities totalled \$2,768,751 for the financial year (2020: \$4,209,556). This includes the inflow of \$2,506,000 from capital raising less \$153,781 in cash settled capital raising costs.

### Corporate Activities

#### Capital Raising

In March and April 2021, the Consolidated Entity raised \$2,506,000 (before transaction costs) for the placement of 50,000,000 fully paid ordinary shares to fund the acquisition and growth of Echo IQ Pty Ltd.

The placement was completed without shareholder approval, other than for 4,000,000 shares issued to related parties which were approved at a general meeting of shareholders on 31 May 2021.

### 6 Dividends

No dividends were paid during the period and no recommendation is made as to payment of dividends.

### 7 Significant Changes in the State of Affairs

Other than the developments reported elsewhere in this report there were no significant changes in the state of affairs of the Group during the financial year ended 30 June 2021.

### 8 Environmental Regulation

The Group's operations are not regulated by any particular or significant law of the Commonwealth or of a State or Territory of Australia relating to the environment.

### 9 Economic, Environmental and Social Sustainability Risks

The Group does not consider that it has any material exposures to environmental and social sustainability risks.

The Group recognises that the COVID-19 pandemic has and may continue to have a negative impact on the Australian and global economies and may have a negative impact on the financial performance of the Group's clients. To date the Group has not seen a deterioration in its business development opportunities, nor experienced a negative financial impact, from the COVID-19 pandemic. However, in response to the pandemic, the Group is maintaining discipline in its cash flow management, identifying and deferring non-essential operating and capital expenditure, and ensuring the timely collection of accounts receivable, while also remaining vigilant in monitoring and assessing any developments which may cause clients to reduce the size or extent of their engagement of the Group. The Group's client base of resources, infrastructure and defence entities and organisations appears to be continuing to perform with minimal adverse impact from the COVID-19 pandemic, and the Group will continue to monitor developments.

### 10 Events Subsequent to Reporting Date

On 30 January 2020, the spread of novel coronavirus ("COVID-19") was declared a Public Health Emergency of International Concern by the World Health Organisation ("WHO"). Subsequently, on 11 March 2020, WHO characterised COVID-19 as a pandemic affecting worldwide.

The entity will continue to monitor the impact of COVID-19 but at the date of this report it is too early to determine the full impact this virus may have on the entity. Should this emerging macro-economic risk continue for a prolonged period, there could be potentially adverse financial impact to the entity.

On 7 July 2021, 5,000,000 Class D performance shares held by Directors were converted to fully paid ordinary shares on achievement of relevant vesting criteria. The vesting criteria for Class E performance shares have also been met, though conversion to fully paid ordinary shares has not yet taken place.

On 6 September 2021 the Group announced it is entering a fully funded clinical trial to confirm the performance of Echo IQ's artificial intelligence (AI) based Enhanced Screening Program (ESP) in detecting the at-risk phenotype of severe aortic stenosis in real-world patient data sets. The clinical trial will be conducted at hospitals located in Australia and will commence subject to governance approvals at the relevant institutions.

On 21 September 2021 the Group announced a strategic partnership with a cardiology software provider, Extential Solutions Pty Ltd, with the aim of integrating Echo IQ's ESP technology with current echocardiogram reporting and data analytics software provided by Extential.

Other than the matters described above, there has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.



### 11 Likely Developments

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group. However, the Directors and management of the Group intend to continue operations as conducted during the financial year and in a manner consistent with the Group's business model and growth strategy (which includes organic and acquisitive growth).

### 12 Directors Interests

The relevant interest of each Director in the shares and rights or options over such interests issued by companies within the Group, as notified by the Directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

Director	Houston We Have Limited		
	Ordinary shares	Options over ordinary shares	Performance rights over ord. shares
Andrew Grover <sup>1</sup>	21,616,414	14,750,000	2,500,000
Elizabeth Whitelock <sup>2</sup>	7,015,602	9,000,000	2,500,000
Steven Formica <sup>3</sup>	15,166,667	13,750,000	-

### 13 Share Options

At the date of this report unissued shares of the Group under option are:

Number of options	Exercise price	Expiry date	Listed or Unlisted
2,000,000	\$0.03	4 April 2022	Unlisted
39,550,000	\$0.04	30 June 2022	Unlisted
1,500,000	\$0.05	30 June 2022	Unlisted
43,000,000	\$0.08	30 June 2023	Unlisted
2,000,000	\$0.04	1 November 2024	Unlisted
10,000,000	\$0.06	31 December 2023	Unlisted
47,500,000	\$0.05	31 May 2024	Unlisted
500,000	\$0.12	30 June 2023	Unlisted
1,000,000	\$0.20	30 June 2023	Unlisted
1,000,000	\$0.30	30 June 2024	Unlisted
8,000,000	\$0.10	30 May 2024	Unlisted
8,000,000	\$0.17	30 May 2024	Unlisted
12,000,000	\$0.25	30 May 2024	Unlisted
12,000,000	\$0.30	30 May 2024	Unlisted

There were 8,950,000 shares issued during the year ended 30 June 2021 from the exercise of the options.

### 14 Performance Shares

At the date of this report the following performance shares were on issue to Directors:

Number of perf. Shares	Class	Expiry date	Listed or Unlisted	Conditions
5,000,000	E	30 August 2022	Unlisted	30 day VWAP not less than \$0.12 <sup>4</sup>

<sup>1</sup> These securities are directly held by A22 Pty Limited, a company wholly owned and controlled by Mr Grover's spouse. Mr Grover has no relevant interest in these securities, and this disclosure is made in the interest of good governance practices.

<sup>2</sup> These securities are held directly by Ms Whitelock, with the exception of 5,000,000 options, held by Ms Whitelock's daughter.

<sup>3</sup> These securities are held by Formica Investments Pty Ltd and Stevsand Investments Pty Ltd.

## Directors' Report

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Class E performance shares convertible into shares if the Company's 30 trading day VWAP of shares traded on ASX is not less than \$0.12 on or before 3 years after the date of issue.

### 15 Indemnification and Insurance of Directors and Officers

The Group has indemnified, to the extent permitted by law, the Directors and officers of the Group against any liability incurred by a Director or officer in or arising out of the conduct of the business of the Group or in or arising out of the discharge of that officer's duties. No amount was paid pursuant to these indemnities during the financial year, nor subsequently to the date of this Annual Report.

During the financial year the Group paid, as permitted by law, a premium in respect of a contract to insure the Directors and officers of the Group against a liability (including legal costs) incurred by a Director or officer in or arising out of the conduct of the business of the Group or in or arising out of the discharge of that officer's duties. Under the terms of that contract, the details of the nature and extent of the liabilities insured against and the amount of premiums paid are confidential.

### 16 Proceedings on Behalf of the Group

No person has applied to a court under section 237 of the *Corporations Act 2001* for leave, or been granted leave, to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company pursuant to section 236 with leave of the Court under section 237 of the *Corporations Act 2001*.

### 17 Non-Audit Services

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group against a liability incurred by the auditor. During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group. KPMG continues in office in accordance with the *Corporations Act 2001*.

No Director has been a partner in an audit firm or a director of an audit firm that is an auditor of the Group. There was no non-audit services provided by KPMG, the Group's auditor, during the year ended 30 June 2021.

### 18 Lead Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2021 has been received and is included within the financial statements.

**19 Remuneration Report – Audited**

The Directors present the Remuneration Report for the Group for the year ended 30 June 2021. This Remuneration Report forms part of the Directors' Report in accordance with the requirements of the Corporations Act 2001 and its regulations.

**19.1 Principles used to determine the nature and amount of remuneration**

The remuneration policy of Houston We Have Limited and its controlled entities has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Houston We Have Limited and its controlled entities believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between Directors, Executives and shareholders.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Group.

Remuneration levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced Directors and Executives. The Board may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally and the objectives of the Group's remuneration strategy. The remuneration structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Remuneration packages include a mix of fixed compensation, equity-based compensation, as well as employer contributions to superannuation funds. Options may only be issued to Directors subject to approval by shareholders in a general meeting. The Board has no established retirement or redundancy schemes.

The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration being base fees as well as compulsory employer contributions to superannuation funds; and
- Fixed remuneration being base fees exclusive of employer contributions to superannuation funds;
- Short term incentives and bonuses; and
- Long term incentives (as referred to below).

The relationship between the Company's remuneration principles and performance is based on the Company's market capitalisation value. The Company is working to develop and commercialise its software and products and does not currently generate positive earnings, and may not do so for some time. Accordingly, the Company considers that it is appropriate to link performance based remuneration to appreciation in its share price, with an increasing share price also increasing the value of shareholdings in the Company. The Group's earnings results and shareholders' returns for this reporting period and the previous four reporting periods<sup>4</sup>, against which KMP remuneration and the Group's remuneration principles and policies can be discussed, are detailed below.

	FY17	FY18	FY19	FY20	FY21
Revenue	146,266	14,635	824,530	679,872	983,183
Net loss after tax	(14,424,084)	(1,537,469)	(474,916)	(2,683,801)	(2,994,255)
Dividends	-	-	-	-	-
Share price	\$0.115	\$0.024	\$0.015	\$0.054	\$0.125
changes (high and low)	\$0.020	\$0.013	\$0.015	\$0.011	\$0.029

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<sup>4</sup> The Company commenced trading on ASX on 27 September 2016 following completion of a backdoor listing transaction.

## Directors' Report

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Compensation levels are reviewed annually by the Board through a process that considers individual and overall performance of the Group. In addition, external consultants may provide analysis and advice to ensure the Directors' and senior executives' compensation is competitive in the market place. During the period, no such remuneration consultant was used.

### Service contracts

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

The remuneration and other terms of employment for the Managing Director and the Executive Chairman are set out in formal service agreements as summarised below. The compensation for executive directors was determined by the Board having considered the Company's financial condition and the Board's knowledge of remuneration levels for executives with similar skills and experience in software businesses of comparable size and complexity.

#### *Ms Elizabeth Whitelock*

Ms Whitelock is employed by the Group on the following terms:

- a salary of \$175,000 per annum, exclusive of superannuation and other statutory entitlements;
- a salary review will be conducted every 12 months on the anniversary of employment contract;
- a notice period of one month subject to any greater statutory entitlement to notice under the *Fair Work Act 2009* (Cth);
- four weeks' paid annual leave each year and ten days' paid personal leave per year;
- all intellectual property developed by Ms Whitelock during her employment will belong to the Group; and
- a 12 month non-compete throughout Australia restricting Ms Whitelock from providing services to a direct competitor of the Group, or soliciting or enticing away customers or employees of the Group, during which period of restraint Ms Whitelock will be paid her usual remuneration.

The issue of the following securities were issued separate to the terms of Ms Whitelock's agreement:

- Securities – subject to shareholder approval obtained on 31 May 2021, the following securities were issued to Ms Whitelock (or her nominee/s) for no consideration as part of her remuneration for the year ended 30 June 2021:
  - 5,000,000 Class A options exercisable at \$0.05 on or before 30 May 2024. There are no vesting conditions associated with these options.

#### *Mr Andrew Grover*

Mr Andrew Grover as Executive Chairman of the Group is remunerated on the following terms:

- Salary of \$120,000 per annum, exclusive of superannuation.
- In relation to the prior financial year, on 29 July 2020, the Company issued 4,000,000 fully paid ordinary shares at a deemed issue price of \$0.03 to Mr Grover (or his nominee/s) (post-consolidation) in lieu of cash payments for his director's remuneration (excluding superannuation) for the first 12 months following reinstatement of the Company's securities to official quotation. The Company obtained approval at its Annual General Meeting of shareholders held on 9 August 2019 to issue these shares after the remuneration liability has accrued.
- Salary Review – Mr Grover's remuneration shall be reviewed by the Board acting as the Remuneration Committee and any change to his remuneration must be approved by the Board.
- Either party may terminate Mr Grover's employment on one months' notice, unless agreed otherwise.
- Mr Grover's employment may be terminated without notice due to serious misconduct.

The issue of the following securities were issued separate to the terms of Mr Grover's agreement:

- Securities – subject to shareholder approval obtained on 31 May 2021, the following securities were issued to Mr Grover (or his nominee/s) for no consideration as part of his remuneration for the year ended 30 June 2021:
  - 5,000,000 Class A options exercisable at \$0.05 on or before 30 May 2024. There are no vesting conditions associated with these options.

## Directors' Report

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### *Mr Steve Formica*

Mr Steve Formica as a Non-Executive Director of the Group is remunerated on the following terms:

- Salary of \$50,000 per annum, inclusive of superannuation.
- Either party may terminate Mr Formica's agreement on one months' notice, unless agreed otherwise.
- Mr Formica's employment may be terminated without notice due to serious misconduct.

The issue of the following securities were issued separate to the terms of Mr Formica's agreement:

- Securities – subject to shareholder approval obtained on 31 May 2021, the following securities were issued to Mr Formica (or his nominee/s) for no consideration as part of his remuneration for the year ended 30 June 2021:
  - 5,000,000 Class A options exercisable at \$0.05 on or before 30 May 2024. There are no vesting conditions associated with these options.

### *Mr Antanas Guoga*

Mr Antanas Guoga was a Non-Executive Director of the Group until 25 September 2020 was remunerated on the following terms:

- Salary of \$24,000 per annum, inclusive of superannuation.
- Either party may terminate Mr Guoga's agreement on one months' notice, unless agreed otherwise.
- Mr Guoga's employment may be terminated without notice due to serious misconduct.

### Performance linked compensation

#### *Short-term incentives*

No short-term incentives in the form of cash bonuses were granted during the year.

#### *Long-term incentives*

The Board, from time to time, will grant incentive options with exercise prices above market share price and performance shares to executives. As such, incentive options and performance shares granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted, which value increase will also benefit other shareholders.

### Other

No comments were made on the Group's 2020 remuneration report at the 2020 annual general meeting.

There were no loans made, guaranteed or secured by the Group with a Director, KMP or a close family member of a Director or KMP during the financial year or as at the date of this Remuneration Report.

There were no other Director or KMP transactions.

## Directors' Report

### 19.2 Directors' and Executive Officers Remuneration

Details of remuneration of Directors and Key Management Personnel of the Group are outlined below.

Name and title	Year	Short Term Benefits			Post Employment Benefits	Long Term Benefits	Equity settled share-based payments expense <sup>5</sup>			Termination	Total	Performance
		Salary \$	STI \$	Other \$	Super \$	Long Service Leave \$	Options \$	Ordinary shares \$	Perf. Shares \$	Payments \$		Related \$
Current Executive Directors												
Andrew Grover												
Executive Chairman	2021	120,000	-	-	11,400	-	291,958	-	-	-	423,358	-
	2020	100,000 <sup>6</sup>	-	-	9,500	-	94,364	-	107,000	-	310,864	107,000
Elizabeth Whitelock												
Managing Director & CEO	2021	171,154	-	14,150 <sup>7</sup>	16,260	2,893	291,958	-	-	-	496,415	-
	2020	149,038	-	16,869	15,986	10,874	62,910	-	107,000	-	362,677	107,000
Current Non-Executive Directors												
Steven Formica												
Non-Executive Director	2021	45,666	-	-	4,338	-	291,958	-	-	-	341,962	-
	2020	45,666	-	-	4,338	-	62,910	-	-	-	112,914	-
Former Non-Executive Directors												
Antanas Guoga (from 25 February 2020 to 25 September 2020)												
Non-Executive Director	2021	5,479	-	-	521	-	-	-	-	-	6,000	-
	2020	7,306	-	-	694	-	9,692	-	-	-	17,692	-
Arunava Sengupta (until 10 September 2019)												
Non-Executive Director	2021	-	-	-	-	-	-	-	-	-	-	-
	2020	7,106	1,945	-	675	-	62,910	-	-	-	72,636	-
Total Current & Former KMP	2021	342,299	-	14,150	32,519	2,893	875,874	-	-	-	1,267,735	-
	2020	309,116	1,945	16,869	31,193	10,874	292,786	-	214,000	-	876,783	214,000

<sup>5</sup> The figures provided under the equity settled share based payments columns are based on accounting values and do not reflect actual payments received by KMP.

<sup>6</sup> Relates to remuneration accrued and subsequently settled in shares on 29 July 2020.

<sup>7</sup> Relates to annual leave entitlements during the financial year.

## Directors' Report

### 19.3 Equity Instruments

#### 19.3.1 Share Options and Performance Shares Granted as Compensation

Details on rights and options over ordinary shares that were granted as compensation to key management personnel during the financial year are detailed in the tables below.

Share Options	Number granted during year	Grant date	Fair value at grant date	Exercise price per option	Expiry date	Number vested during year
<b>Current Executive Directors</b>						
Andrew Grover	5,000,000	31-5-21	\$0.0584	\$0.05	31-5-24	5,000,000
Elizabeth Whitelock	5,000,000	31-5-21	\$0.0584	\$0.05	31-5-24	5,000,000
<b>Current Non-Executive Directors</b>						
Steven Formica	5,000,000	31-5-21	\$0.0584	\$0.05	31-5-24	5,000,000

There are no vesting conditions associated with these options.

#### 19.3.2 Share Options

The following table sets out the details of the unlisted share option movements during the year ended 30 June 2021.

	Balance at start of year	Granted during year	Vested during year	Forfeited during year	Off-market transfers during year	Balance at end of year
<b>Current Executive Directors</b>						
Andrew Grover	6,000,000	5,000,000	5,000,000	-	-	11,000,000
Elizabeth Whitelock	4,000,000	5,000,000	5,000,000	-	-	9,000,000
<b>Current Non-Executive Directors</b>						
Steven Formica	4,000,000	5,000,000	5,000,000	-	4,000,000	13,000,000
<b>Former Non-Executive Director</b>						
Antanas Guoga <sup>8</sup>	10,000,000	-	-	-	-	10,000,000

#### 19.3.3 Performance Shares

The movement during the reporting period in the number of performance shares of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally related entities is as follows:

	Balance at start of year	Granted during year	Vested during year	Forfeited during year	Balance at end of year
<b>Current Executive Directors</b>					
Andrew Grover	5,000,000	-	-	-	5,000,000
Elizabeth Whitelock	5,000,000	-	-	-	5,000,000
<b>Current Non-Executive Directors</b>					
Steven Formica	-	-	-	-	-
<b>Former Non-Executive Director</b>					
Antanas Guoga	-	-	-	-	-

Mr Grover and Ms Whitelock have 2,500,000 each of Class D and Class E performance shares.

- Class D performance shares convertible into shares if the Company's 30 trading day VWAP of shares traded on ASX is not less than \$0.08 on or before 3 years after the date of issue.
- Class E performance shares convertible into shares if the Company's 30 trading day VWAP of shares traded on ASX is not less than \$0.12 on or before 3 years after the date of issue.

<sup>8</sup> For the part of the reporting period to his resignation on 25 September 2021.

## Directors' Report

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### 19.4 Key Management Personnel Transactions

#### 19.4.1 Movements in Shares

The movement during the reporting period in the number of ordinary shares of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally related entities is as follows:

	Balance at start of year	Granted as remuneration	Lapsed/ forfeited	Other changes	Balance at end of year
<b>Current Executive Directors</b>					
Andrew Grover	13,116,414	-	-	6,000,000	19,116,414
Elizabeth Whitelock	4,515,602	-	-	-	4,515,602
<b>Current Non-Executive Directors</b>					
Steven Formica	7,833,335	-	-	6,000,000	13,833,335
<b>Former Non-Executive Director</b>					
Antanas Guoga <sup>9</sup>	40,257,487	-	-	(10,000,000)	30,257,487

#### 19.4.2 Transactions With Key Management Personnel

There were no other Director and KMP transactions.

End of remuneration report.

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<sup>9</sup> For the part of the reporting period to his resignation on 25 September 2020.



### 20 Rounding of Amounts

The amounts in this report and the financial statements have been rounded to the nearest dollar, in accordance with *ASIC Corporations (Rounding of Financial/Directors' Reports) Instrument 2016/191*. Any discrepancies between totals and sums of components in tables and figures contained in this report are due to rounding.

This report is made on 30 September 2021 in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporation Act 2001, and is signed for and on behalf of the Directors.



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Andrew Grover  
Executive Chairman

30 September 2021



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Houston We Have Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Houston We Have Limited for the financial year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

JJ Frazer  
Partner

Bundall  
30 September 2021

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**Year Ended 30 June 2021**

	<b>Note</b>	<b>Consolidated 30 June 2021 \$</b>	<b>Consolidated 30 June 2020 \$</b>
Revenue	7	983,183	679,872
Government grant and other income	9	346,596	176,216
Interest income	8	-	16,456
Audit fees	10	(135,525)	(139,460)
Consulting and professional fees		(531,668)	(296,663)
Employee costs		(1,390,384)	(1,354,233)
Finance expenses	11	(1,632)	(16,217)
Directors fees		(185,404)	(76,325)
Depreciation and amortisation		(270,102)	(129,893)
Other expenses		(203,845)	(245,533)
Share based payments expenses – Directors and consultants fees	22	(1,546,311)	(1,191,582)
Share of net profits/(losses) of equity accounted associates and joint ventures		198	119
Share registry and listing fees		(59,361)	(94,882)
Acquisition costs		-	(11,676)
<b>Loss before tax</b>		<b>(2,994,255)</b>	<b>(2,683,801)</b>
Income tax benefit/(expense)	14	-	-
<b>Net loss for the year</b>		<b>(2,994,255)</b>	<b>(2,683,801)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(2,994,255)</b>	<b>(2,683,801)</b>
Basic loss per share (cents)	12	(1.08)	(1.19)
Diluted loss per share (cents)	12	(1.08)	(1.19)

The accompanying notes form part of these consolidated financial statements.

**Consolidated Statement of Financial Position**  
**As At 30 June 2021**

	<b>Note</b>	<b>Consolidated 30 June 2021 \$</b>	<b>Consolidated 30 June 2020 \$</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	15	3,812,039	3,477,104
Trade and other receivables	16	467,750	86,282
<b>Total Current Assets</b>		<b>4,279,789</b>	<b>3,563,386</b>
<b>Non-Current Assets</b>			
Investments in associates and joint ventures		4,545	4,346
Plant and equipment	17	33,154	62,381
Right of use asset	25	-	12,429
Intangible assets and goodwill	18	6,615,268	507,375
<b>Total Non-Current Assets</b>		<b>6,652,967</b>	<b>586,531</b>
<b>Total Assets</b>		<b>10,932,756</b>	<b>4,149,917</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	20	545,286	477,597
Lease liability	25	-	32,076
Employee benefits	13	199,957	173,595
Contract liabilities – unearned income	7	350,460	327,769
<b>Total Current Liabilities</b>		<b>1,095,703</b>	<b>1,011,037</b>
<b>Non-Current Liabilities</b>			
Lease liability	25	-	11,750
Employee benefits	13	1,451	2,909
<b>Total Non-Current Liabilities</b>		<b>1,451</b>	<b>14,659</b>
<b>Total Liabilities</b>		<b>1,097,154</b>	<b>1,025,695</b>
<b>Net Assets</b>		<b>9,835,602</b>	<b>3,124,222</b>
<b>EQUITY</b>			
Contributed equity	21	27,940,029	20,356,670
Reserves	22	3,618,878	1,496,602
Accumulated losses		(21,723,305)	(18,729,050)
<b>Total Equity</b>		<b>9,835,602</b>	<b>3,124,222</b>

The accompanying notes form part of these financial statements.

**Consolidated Statement of Changes in Equity**  
**Year Ended 30 June 2021**

		<b>Contributed Equity</b>	<b>Share Based Payments Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2020</b>		<b>20,356,670</b>	<b>1,496,602</b>	<b>(18,729,050)</b>	<b>3,124,222</b>
Equity issues	21	2,506,000	-	-	2,506,000
Capital raising costs	21	(153,781)	-	-	(153,781)
Options exercised	21	631,140	(193,140)	-	438,000
Share based payments	22	4,600,000	2,315,416	-	6,915,416
Loss for the period		-	-	(2,994,255)	(2,994,255)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(2,994,255)	(2,994,255)
<b>Balance at 30 June 2021</b>		<b>27,940,029</b>	<b>3,618,878</b>	<b>(21,723,305)</b>	<b>9,835,602</b>

		<b>Contributed Equity</b>	<b>Share Based Payments Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2019</b>		<b>15,530,264</b>	<b>63,400</b>	<b>(16,058,358)</b>	<b>(464,694)</b>
Equity issues	21	5,513,104	-	-	5,513,104
Capital raising costs	21	(686,698)	-	-	(686,698)
Share based payments	22	-	1,433,202	13,109	1,446,311
Loss for the period		-	-	(2,683,801)	(2,683,801)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		-	-	(2,683,801)	(2,683,801)
<b>Balance at 30 June 2020</b>		<b>20,356,670</b>	<b>1,496,602</b>	<b>(18,729,050)</b>	<b>3,124,222</b>

The accompanying notes form part of these consolidated financial statements.

**Consolidated Statement of Cash Flows**  
**Year Ended 30 June 2021**

		Group 30 June 2021 \$	Group 30 June 2020 \$
	Note		
<b>Cash flows from operating activities</b>			
Receipts from customers		1,161,122	889,836
Payments to suppliers and employees		(2,847,536)	(2,182,400)
Interest received		-	16,456
Interest paid		(1,632)	(15,720)
Receipts from grants & subsidies		256,790	188,138
Net cash from / (used in) operating activities	15	(1,431,256)	(1,103,690)
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment and intangibles	17, 19	(1,002,560)	(88,540)
Acquisition of subsidiary/asset	19	-	(500,000)
Acquired cash	19	-	245,740
Investment in associate		-	(1)
Net cash from / (used in) investing activities		(1,002,560)	(342,801)
<b>Cash flows from financing activities</b>			
Proceeds from equity issues	21	2,506,000	5,400,000
Payment for costs of equity issues	21	(153,781)	(407,698)
Proceeds from/(repayment of) convertible notes		-	(520,300)
Proceeds from exercise of options		438,000	-
Repayment of lease liabilities		(21,468)	-
Repayment of borrowings		-	(262,446)
Net cash provided from / (used in) financing activities		2,768,751	4,209,556
Net increase/(decrease) in cash held		334,935	2,763,065
<b>Cash and cash equivalents at beginning of the period</b>		<b>3,477,104</b>	<b>714,039</b>
<b>Cash and cash equivalents at period end</b>	15	<b>3,812,039</b>	<b>3,477,104</b>

The accompanying notes form part of these consolidated financial statements.

## Notes to the Financial Statements For the Year Ended 30 June 2021

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### 1. Reporting Entity

The condensed consolidated financial report covers Houston We Have Limited and its controlled entities ('the Group'). Houston We Have Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity primarily involved in product development, marketing and commercialisation of software, products and services. Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The financial report was authorised for issue by the Directors on 30 September 2021.

### 2. Basis of Accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

Details of the Group's accounting policies are included in note 30.

#### Going concern

The financial statements have been prepared on a going concern basis which assumes continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business. The Group recorded a loss for the period ended 30 June 2021 of \$2,994,255 (2020: loss of \$2,683,801) and used \$1,431,256 of cash in operations. The Group had cash and cash equivalents of \$3,812,039 (30 June 2020: \$3,477,104), net assets of \$9,835,602 at 30 June 2021 (30 June 2020: \$3,124,222), and a net current asset position of \$3,184,086.

Management have prepared cash flow projections for the period up to 30 September 2022 that support the Group's ability to continue as a going concern. These cash flows assume the Consolidated Entity will incur net operating cash outflows in the 2022 financial year, as it continues to invest in the research, development and commercialisation of its technology and that the Group maintains expenditures in line with available funding. Sufficient cash reserves are forecast to be maintained during the forecast period.

The Directors believe the Group has the ability to meet its debts as and when they fall due for the reasons outlined above.

### 3. Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

### 4. Use of Judgements and Estimates

The Directors make estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances. These judgments include the impact of the COVID-19 pandemic in determining the amounts recognised in the financial statements based on conditions existing at balance date, recognising uncertainty still exists in relation to the duration of the COVID-19 pandemic-related restrictions. These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. The significant estimates and judgements made have been described below.

#### Key estimates: receivables

Allowance for expected credit losses on trade and other receivables

The Group assesses the expected credit losses associated with its trade and other receivables on a forward looking basis. The Group applies the simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

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the expected credit losses, trade and other receivables that share similar credit risk characteristics and days past due are grouped and then assessed for collectability as a whole.

#### Key estimates: other

- Impairment assessment (see Note 18)
- Fair value of intangible assets acquired (see Note 19)
- Share based payments (see Note 22)
- Acquisition of subsidiary and/or asset acquisition (see Note 19).

#### Key judgements

In addition to the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty applied to the consolidated financial statements, management has made significant judgements and estimates in relation to the following transactions that occurred during the period:

- Going concern (see Note 2)
- Revenue (see Note 7)
- Acquisition of subsidiary and/or asset acquisition (see Note 19).

#### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Directors have overall responsibility for overseeing all significant fair value measurements, including level 3 fair values.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: input for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Share based payments (see Note 22)
- Acquisition of subsidiary and/or asset acquisition (see Note 19).

## **5. Changes in Significant Accounting Policies**

The Group applied Definition of a Business (Amendments to IFRS 3) to business combinations with acquisition dates on or after 1 July 2020 in assessing whether it had acquired a business or a group of assets. The details of the accounting policies are set out in Note 30. See also Note 19 for details of the Group's acquisition of a subsidiary during the year, which has been accounted for as an asset acquisition.



**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**6. Operating Segments**

The Group is organised based on its products and services and has three reportable segments as follows:

- Houston We Have Software segment, which offers products and services across Defence and other sectors;
- Prometheus Information segment, which offers products and services across the Health Insurance sector; and
- Echo IQ segment, a newly acquired business which is focused on developing artificial intelligence software that aids in predicting Aortic Stenosis heart condition.

No operating segments have been aggregated to form the above reportable segments. Segment performance is reviewed based on operating profit or loss in the consolidated financial statements. However, Group corporate overhead costs that are not considered to be appropriate to allocate, are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

**Geographical locations**

All revenue and operating assets are attributed to geographic location based on the location of customers, which are in Australia and the United Kingdom. The revenue and operating assets for the United Kingdom are included below in the Houston We Have operating segment and are not currently material to the Group.

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Operating revenue</b>		
Houston We Have Software	441,983	296,238
Prometheus Information	541,200	383,634
Echo IQ	-	-
<b>Consolidated Group operating revenue</b>	<b>983,183</b>	<b>679,872</b>
<b>Segment profit/(loss) before tax</b>		
Houston We Have Software	(429,021)	(641,135)
Prometheus Information	205,810	116,964
Echo IQ	(68,404)	-
Unallocated	(2,702,640)	(2,159,632)
<b>Consolidated Group profit/(loss) before tax</b>	<b>(2,994,255)</b>	<b>(2,683,801)</b>
<b>Segment net assets</b>		
Houston We Have Software	852,984	268,920
Prometheus Information	1,208,656	744,945
Echo IQ	5,199,007	-
Unallocated	2,574,955	2,110,356
<b>Consolidated Group net assets</b>	<b>9,835,602</b>	<b>3,124,222</b>

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

	<b>Consolidated 30 June 2021</b>	<b>Consolidated 30 June 2020</b>
	<b>\$</b>	<b>\$</b>
<b>7. Revenue</b>		
a. Details of revenue		
Software licence and consulting revenue	983,183	679,872
	<b>983,183</b>	<b>679,872</b>
b. Contract balances		

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Receivables which are included in trade and other receivables	133,203	42,033
Contract assets	19,800	-
Contract liabilities – unearned income	(350,460)	(327,769)

The contract assets relate primarily to the Group's rights to consideration for work completed but not billed at reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities relate to the advance consideration received from customers for licenses or services for which revenue is recognised over time. All of the contract liabilities at 30 June 2021 are expected to be brought to account as revenue during the financial year ending 30 June 2022.

c. Disaggregation of revenue

The Group has reviewed its revenue streams and provides the following disaggregated information:

		<b>30 June 2021</b>	<b>30 June 2020</b>
		<b>\$</b>	<b>\$</b>
Performance obligation	Timing of revenue recognition		
Provision of software licenses, hardware and installation	Point in time on acceptance by the customer	-	17,060
Software updates, SaaS, technical environment and support services	Over time, over the term of the contracted service period	411,091	442,443
Integration services	Point in time, on integration of the software	-	52,800
Training and consulting services	Over time, as and when services are performed	501,934	128,196
Software licenses as agent	Over time, over the term of the contracted service period	67,485	39,373
Sundry service revenue	Variable by agreement	2,673	-
		<b>983,183</b>	<b>679,872</b>

d. Accounting policy

Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control (i.e. at a point in time or over time) requires judgement.

The Group assessed its revenue streams and the above noted performance obligations and measurement methods have been identified and adopted in the preparation of these financial statements. The Group recognises contract assets in relation to the Group's right to consideration for work completed but not invoiced at the reporting date. Certain arrangements with customers require the customer to formally accept the product before an invoice can be raised.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**7. Revenue (continued)**

The contract assets are transferred to receivables when the rights become unconditional. The timing of invoicing and payment is dependent on the specific terms and conditions of the underlying contract. However, invoices are typically payable within 30 days.

	<b>Consolidated 30 June 2021 \$</b>	<b>Consolidated 30 June 2020 \$</b>
<b>8. Interest Income</b>		
Interest income	-	16,456
	-	16,456
<b>9. Other income</b>		
Research and development grant income	58,993	11,628
Export market development grant income	30,813	-
Government grant income	256,592	152,400
Other income	198	12,188
	346,596	176,216
<b>10. Auditors' Remuneration</b>		
Audit of the financial statements	135,525	139,460
There were no other services provided by the auditors	135,525	139,460
<b>11. Finance Costs</b>		
Finance costs	1,632	16,217
	1,632	16,217
	<b>Consolidated 30 June 2021</b>	<b>Consolidated 30 June 2020</b>
<b>12. Loss Per Share</b>		
Weighted average number of shares on issue	276,878,124	225,271,385
Loss per share (cents)	(1.08) cents	(1.19) cents
	<b>Consolidated 30 June 2021 \$</b>	<b>Consolidated 30 June 2020 \$</b>
<b>13. Employee Benefits</b>		
<u>Current</u>		
Annual leave	125,309	112,053
Long service leave	74,648	61,542
	199,957	173,595
<u>Non-Current</u>		
Long service leave	1,451	2,909
	1,451	2,909

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

	Consolidated 30 June 2021 \$	Consolidated 30 June 2020 \$
<b>14. Income Tax</b>		
A reconciliation between the income tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Loss before tax	(2,994,255)	(2,683,801)
Statutory income tax rate for the Group at 26.0% (2020: 27.5%)	(778,506)	(738,045)
Tax effect of amounts which are not deductible /(taxable) in calculating taxable income:		
Share based payment expense	402,041	-
Non-deductible expenditure	66,752	412,288
Current year tax losses not recognised	400,895	437,292
Non-assessable income	(33,860)	(16,947)
Movement in unrecognised temporary differences	(12,876)	(56,819)
Deductible equity raising costs	(44,446)	(37,769)
Income tax expense reported in the statement of comprehensive income	-	-

The temporary deductible differences and tax losses do not expire under the current tax legislation. Deferred tax assets of \$1,623,387 (2020: \$1,399,406) have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits of the deferred tax asset

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

	Consolidated 30 June 2021 \$	Consolidated 30 June 2020 \$
<b>15. Cash and Cash Equivalents</b>		
Cash at bank	3,811,940	3,477,005
Cash on hand	99	99
	<b>3,812,039</b>	<b>3,477,104</b>
<b>Reconciliation of Cashflows from Operating Activities</b>		
Loss before tax	(2,994,255)	(2,683,801)
Amortisation and depreciation	270,102	129,893
Impairment of ROU asset	-	20,441
Share based payments	1,546,311	1,291,583
Share of net profits of equity accounted associates	(198)	(384)
Change in trade and other receivables	(381,467)	42,718
Change in trade and other payables	82,107	50,147
Change in employee benefits	23,453	45,713
Change in contract liabilities	22,691	-
Net cash used in operating activities	<b>(1,431,256)</b>	<b>(1,103,690)</b>

	Consolidated 30 June 2021 \$	Consolidated 30 June 2020 \$
<b>16. Trade and Other Receivables</b>		
Trade receivables	133,203	42,033
Contract assets	19,800	-
Government grant receivable	89,806	-
GST receivable	106,715	12,079
Other receivables	736	31,276
Prepayments	117,490	894
	<b>467,750</b>	<b>86,282</b>

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

	Consolidated 30 June 2021 \$	Consolidated 30 June 2020 \$
<b>17. Plant and Equipment</b>		
<u>Historical Cost</u>		
Balance at beginning of period	78,830	-
Additions	2,560	78,830
Disposals	-	-
Balance at end of period	81,390	78,830
<u>Accumulated Depreciation</u>		
Balance at beginning of period	(16,449)	-
Depreciation	(31,787)	(16,449)
Disposals	-	-
Balance at end of period	(48,236)	(16,449)
<u>Carrying Amounts</u>		
Balance at beginning of period	62,381	-
Balance at end of period	33,154	62,381

During the period to 30 June 2021 the Group acquired computer equipment with a cost of \$2,560 (2020: \$78,830).

**18. Intangibles and Goodwill**

	Goodwill (i)	Intellectual property	Software	Contract assets	Total
<b>Opening balance 2020</b>					
Cost	-	196	-	-	196
Accumulated amortisation	-	(43)	-	-	(43)
<b>Net book amount</b>	-	153	-	-	153
Movement					
Additions/Acquired through business combination	139,200	-	470,510	-	609,710
Disposals	-	-	-	-	-
Amortisation	-	(88)	(102,400)	-	(102,488)
<b>Closing net book amount</b>	139,200	65	368,110	-	507,375
<b>Opening balance 2021</b>					
Cost	139,200	196	470,510	-	609,906
Accumulated amortisation	-	(131)	(102,400)	-	(102,531)
<b>Net book amount</b>	139,200	65	368,110	-	507,375
Movement					
Additions/Acquired through business combination (ii)	-	-	1,055,292	5,258,046	6,313,338
Disposals	-	-	-	-	-
Amortisation	-	(65)	(183,012)	(22,368)	(205,445)
<b>Closing net book amount</b>	139,200	-	1,240,390	5,235,679	6,615,268
<b>Closing balance 2021</b>					
Cost	139,200	196	1,525,802	5,258,046	6,923,244
Accumulated amortisation	-	(196)	(285,412)	(22,368)	(307,976)
<b>Net book amount</b>	139,200	-	1,240,390	5,235,678	6,615,268

**18. Intangibles and Goodwill (continued)**

- (i) Goodwill relates to the acquisition to Prometheus Information Pty Ltd. Goodwill has been tested for impairment on a value-in-use basis as at 30 June 2021, refer to impairment testing below.
- (ii) Relates to asset acquired from the acquisition of Echo IQ Pty Ltd during the year. Refer to note 19 for further details.

**Impairment testing of goodwill**

Goodwill acquired through the Prometheus Information Pty Ltd (**PIPL**) acquisition has been allocated to a cash generating unit (**CGU**) that is the PIPL operating segment.

The Group has performed annual impairment testing as at 30 June 2021. The recoverable amount of the CGU has been determined based on a value-in-use calculation using a combination of the forecast for the financial year ending 30 June 2022 and a growth rate increment for subsequent years.

As a result of this analysis, no impairment was identified for the CGU to which goodwill is allocated.

**Key assumptions used in value in use calculation**

*Discount rates*

Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (**WACC**). CGU-specific risk is incorporated into the WACC rate where it is considered appropriate. The pre-tax discount rate used for impairment testing at 30 June 2021 was 13.3% (2020: 12.1%).

*Growth rate estimates*

Five years of cash flows have been included in the cash flow model. The cash flows include no growth for revenue for the first five years (2020: no growth) and a 3% increase each year for costs (2020: 3%). A long term terminal growth rate of 2% has been used (2020: 2%). The terminal growth rate was determined based on management's estimate of the long term compound annual growth rate consistent with the expected long term inflation within the country and market in which the business operates.

The estimated recoverable amount of the CGU exceeded its carrying amount.

**Sensitivity to changes in assumptions**

With regard to the assessment of 'value-in-use', management believes that no reasonable change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

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#### 19. Acquisition of Assets

On 31 May 2021, the Group acquired 100% of the shares in Echo IQ Pty Ltd (Echo IQ). This was a strategic acquisition for the Group by providing access to the healthcare sector globally and is complementary to existing operations.

Included in the identifiable assets acquired at 31 May 2021 are inputs of software and a contractual intangible asset. The Group has assessed the transaction to constitute an asset acquisition and therefore has accounted for the transaction as such (rather than a business combination).

##### a. Consideration Transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred:

	<b>Consideration \$</b>
Cash	1,000,000
Equity instruments (30,000,000 ordinary shares) (i)	<u>3,000,000</u>
	<u>4,000,000</u>

- (i) The fair value of the ordinary shares issued was based on the listed share price of the Company on the completion date of the acquisition of assets of \$0.10.

The Group has agreed to pay the selling shareholders post completion milestone payments subject to the following conditions:

- \$250,000 cash and 15 million HWH shares upon Echo IQ meeting US\$5 million revenue hurdle within three years subject to execution of a commercial agreement with a leading artificial heart valve manufacturer; and
- \$2,950,000 cash and 20 million HWH shares upon Echo IQ meeting a US\$10 million revenue hurdle within three years.

Due to the contingent consideration amount being conditional upon the certain revenue milestone outcomes, do not form part of the cost of the identified intangible assets. These payments will be expensed as and when the related revenue milestones are achieved.

##### b. Acquisition Costs

The group incurred acquisition costs of \$2,313,338 relating to legal fees, due diligence costs and advisory fees. The advisory fees of \$2,269,105 were equity-settled with shares and options. These amounts have been capitalised into the cost of the assets acquired. The valuation of options issued was performed using the Binomial method. The key inputs to the valuation calculations are outlined in Note 22 for supplier options issued on 31 May 2021.

##### c. Identifiable assets acquired

The following table summarises the recognised amounts of assets acquired at the date of acquisition

	<b>Fair Value \$</b>
Software	1,055,292
Contractual intangible	<u>5,258,046</u>
Total net identifiable assets acquired	<u>6,313,338</u>



**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

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**19. Acquisition of Assets (continued)**

Measurement of fair values

The fair value of the software has been determined using an estimated cost-to-replicate approach. The residual balance of the purchase consideration has been allocated to the contract intangible.

Other information

The useful life of the software has been assessed as 5 years, and the useful life of the contractual intangible has been assessed as 17 years which is in line with term of the current contract plus an option for its extension.

Transaction costs have been allocated to the assets on a pro-rata basis under the guidance of AASB 138.

**Prior year acquisition**

On 31 October 2019, the Group acquired 100% of the shares in Prometheus Information Pty Ltd (PIPL). The acquisition was accounted for as a business combination transaction under AASB 3 *Business Combinations*. Details of the acquisition are included as follows:

d. Consideration transferred

	<b>Consideration \$</b>
Cash	500,000
Equity instruments (2,457,002 ordinary shares)	100,000
	<hr/>
	600,000
	<hr/>

e. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition

	<b>Fair Value \$</b>
Cash	245,740
Trade and other receivables	118,838
Software	460,800
Trade and other payables	(40,531)
Contract liabilities	(324,047)
	<hr/>
Total net identifiable assets and liabilities acquired	460,800
	<hr/>

f. Goodwill

Goodwill arising from the acquisition was recognised as follows:

	<b>\$</b>
Total consideration transferred	600,000
Less: Fair value of identifiable net assets	(460,800)
	<hr/>
Goodwill	139,200
	<hr/>

The acquisition accounting has been finalised and no changes to the initial acquisition accounting was made.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

	<b>Consolidated</b> <b>30 June 2021</b>	<b>Consolidated</b> <b>30 June 2020</b>
	\$	\$
<b>20. Trade and Other Payables</b>		
Accrued share based payments – Directors’ fees	-	100,000
PAYG and superannuation payable	32,281	57,351
GST payable	-	39,889
Sundry payables and accrued expenses	253,999	157,218
Contingent consideration (i)	-	73,099
Trade creditors	259,006	50,040
	<u>545,286</u>	<u>477,597</u>

- (i) Contingent consideration in the prior year relates to the acquisition of Prometheus Information Pty Ltd, which was paid in July 2020.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

	<b>Consolidated 30 June 2021</b>		<b>Consolidated 30 June 2020</b>	
	<b>No. of Ordinary Shares</b>	<b>\$</b>	<b>No. of Ordinary Shares</b>	<b>\$</b>
<b>21. Contributed Equity</b>				
At 1 July	257,757,713	20,356,670	741,304,799	15,530,264
Share issue: capital raising (i)	50,000,000	2,506,000	-	-
Share issue: acquisition of Echo IQ Pty Ltd (ii)	30,000,000	3,000,000	-	-
Share issue: corporate advisor shares (iii)	30,000,000	1,500,000	-	-
Executive Director shares issued (iv)	4,000,000	100,000	-	-
Exercise of options	8,950,000	631,140	-	-
Consolidation of capital (v)	-	-	(667,174,229)	-
Share issue: reinstatement to quotation on official ASX list (vi)	-	-	180,000,000	5,400,000
Share issue: in lieu of Directors' fees (vii)	-	-	1,170,134	13,104
Share issue: acquisition of Prometheus Information Pty Ltd (viii)	-	-	2,457,002	100,000
Share issue: Performance B shares conversion (ix)	-	-	7	-
Capital raising costs (x)	-	(153,781)	-	(686,698)
Contributed equity at end of period	380,707,713	27,940,029	257,757,713	20,356,670

- (i) In March and April 2021, the Consolidated Entity raised \$2,506,000 for the placement of 50,000,000 fully paid ordinary shares to fund the acquisition and growth of Echo IQ Pty Ltd.
- (ii) A component of consideration for the acquisition of Echo IQ Pty Ltd was 30,000,000 shares at \$0.10 per share.
- (iii) Corporate advisors for the acquisition of Echo IQ Pty Ltd received 30,000,000 shares at \$0.05 per share.
- (iv) In July 2020, 4,000,000 shares were issued to Mr Andrew Grover as payment for his director fees in relation to the prior financial year (as disclosed in the remuneration report).
- (v) On 15 August 2019 the Group effected a 10:1 consolidation of its share capital.
- (vi) On 3 September 2019 the Group issued 180,000,000 shares at \$0.03 per share for cash totalling \$5,400,000. There were no amounts unpaid on the shares issued. Costs associated with raising capital and issuing shares totalled \$686,698.
- (vii) On 30 August 2019 1,170,134 shares at \$0.03 per shares were issued to directors in lieu of directors' fees.
- (viii) On 31 October 2019 2,457,002 shares at \$0.0407 per share were issued as part of the consideration for the acquisition of Prometheus Information Pty Ltd (refer note 11).
- (ix) On 31 October 2019 7 ordinary shares were issued subsequent to the expiry of Class B Performance Shares.
- (x) The capital raising in March and April 2021 had associated costs of \$153,781. In the prior year, capital raising costs were associated with the reinstatement to quotation on the ASX.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

	<b>Consolidated 30 June 2021 No.</b>	<b>Consolidated 30 June 2020 No.</b>
<b>21. Contributed Equity (continued)</b>		
<u>Performance shares</u>		
Balance at beginning of period	11,500,000	30,000,000
Consolidation of capital	-	(27,000,000)
Lapse of performance shares (i)	(1,500,000)	(1,500,000)
Issue of performance shares (ii)	-	10,000,000
Balance at end of period	<u>10,000,000</u>	<u>11,500,000</u>

- (i) On 8 September 2020 the C Performance Shares lapsed as the milestone was not met.
- (ii) The Performance Shares that remain on issue as at 30 June 2021 are as follows:
- 5,000,000 D Performance Shares (2,500,000 each to Andrew Grover and Elizabeth Whitelock). D Performance Share milestone will be taken to have been satisfied if the Company's 30 trading day volume weighted average price of Shares as traded on ASX being not less than \$0.08 on or before that date which is 3 years after the date of issue (being 30 August 2019) and continued service from the recipients. If the relevant Milestone is not achieved by the required date, then all Performance Shares in that class held by each Holder will automatically convert into only 1 Share.
  - 5,000,000 E Performance Shares (2,500,000 each to Andrew Grover and Elizabeth Whitelock). E Performance Share milestone will be taken to have been satisfied if the Company's 30 trading day volume weighted average price of Shares as traded on ASX being not less than \$0.12 on or before that date which is 3 years after the date of issue (being 30 August 2019) and continued service from the recipients. If the relevant Milestone is not achieved by the required date, then all Performance Shares in that class held by each Holder will automatically convert into only 1 Share.

	<b>Consolidated 30 June 2021 No.</b>	<b>Consolidated 30 June 2020 No.</b>
<u>Unlisted options</u>		
Balance at beginning of period	87,000,000	21,000,000
Expiry of options (iii)	-	(1,000,000)
Consolidation of capital (iv)	-	(18,000,000)
Exercise of options	(8,950,000)	-
Options granted (note 22)	120,000,000	85,000,000
Balance at end of period	<u>198,050,000</u>	<u>87,000,000</u>

(iii) On 13 July 2019 1,000,000 options (pre-10:1 consolidation) expired with vesting criteria being unmet.

(iv) On 15 August 2019 the Group effected a 10:1 consolidation of its share capital.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

	<b>Consolidated 30 June 2021 \$</b>	<b>Consolidated 30 June 2020 \$</b>
<b>22. Reserves</b>		
<u>Share based payments reserve</u>		
Balance at beginning of period	1,496,602	63,400
Options granted (i)	2,315,416	1,232,312
Options exercised	(193,140)	
Performance shares granted (ii)	-	214,000
Options lapsed	-	(820)
Performance shares lapsed	-	(12,290)
Balance at end of period	<b>3,618,878</b>	<b>1,496,602</b>

- (i) The fair value of options at grant date is determined using either the Black-Scholes model or a Binomial calculation. The inputs used in the measurement of the fair values at grant date of the options granted during the period are set out in the table below.
- (ii) The fair value of performance shares at grant date is determined using a Monte Carlo simulation model. The inputs used in the measurement of the fair values at grant date and vesting dates of the performance shares issued during the period are set out in the table below. They vested immediately on grant date.

**Share option program**

Options are granted under the Company's Incentive Option Scheme, and eligible participants can be employees, consultants or advisors. Options issued pursuant to the Scheme are issued free of charge. The ability for a participant to exercise the options is restricted in accordance with the terms and conditions detailed in the Incentive Option Scheme. The exercise period may also be affected by other events as detailed in the terms and conditions of the scheme. Each option entitles the holder to subscribe for and be allotted one share. Shares issued pursuant to the exercise of options, including bonus issues, and new issues, rank equally and carry the same rights and entitlements as other shares on issue.

**Fair value share options**

The fair value of options at grant date is determined using the Black-Scholes model or a Binomial calculation. The inputs used in the measurement of the fair values at grant date of the options granted during the period are set out in the table below.

<b>Inputs</b>	<b>Class A Director Options</b>	<b>Class B Director Options</b>	<b>Class A Supplier &amp; Employee Options</b>	<b>Class B Supplier &amp; Employee Options</b>	<b>Employee Options</b>
<b>Number of options</b>	9,000,000	9,000,000	26,000,000	26,000,000	2,000,000
<b>Exercise price</b>	\$0.04	\$0.08	\$0.04	\$0.08	\$0.04
<b>Expiry date</b>	30-Jun-22	30-Jun-23	30-Jun-22	30-Jun-23	01-Nov-24
<b>Grant date</b>	30-Aug-19	30-Aug-19	03-Sep-19	03-Sep-19	31-Oct-19
<b>Share price at grant date</b>	\$0.03	\$0.03	\$0.03	\$0.03	\$0.04
<b>Risk free interest rate</b>	0.67%	0.67%	0.70%	0.70%	0.88%
<b>Volatility</b>	100%	100%	100%	100%	121%
<b>Expected life (years)</b>	2.8	3.8	2.8	3.8	4.7
<b>Option value</b>	\$0.0164	\$0.0151	\$0.0163	\$0.0151	\$0.043

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**22. Reserves (continued)**

**Fair value share options (continued)**

Inputs	Class A Director Options	Employee Options	Class B Director & Employee Options	Employee Options	Employee Options
Number of options	2,000,000	1,500,000	4,000,000	2,500,000	3,000,000
Exercise price	\$0.04	\$0.05	\$0.08	\$0.04	\$0.08
Expiry date	30-Jun-22	30-Jun-22	30-Jun-23	30-Jun-22	30-Jun-23
Grant date	24-Feb-20	24-Feb-20	24-Feb-20	22-May-20	22-May-20
Share price at grant date	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Risk free interest rate	0.65%	0.65%	0.63%	0.26%	0.26%
Volatility	61%	61%	61%	113%	84%
Expected life (years)	2.3	2.3	3.3	2.1	3.1
Option value	\$0.0077	\$0.0060	\$0.0050	\$0.0158	\$0.0096

Inputs	Class A Supplier Options	Class B Supplier Options	Class A Supplier Options	Class B Supplier Options	Class C Supplier Options
Number of options	2,000,000	2,000,000	5,000,000	10,000,000	10,000,000
Exercise price	\$0.04	\$0.08	\$0.04	\$0.06	\$0.08
Expiry date	30-Jun-22	30-Jun-23	30-Jun-22	31-Dec-23	*
Grant date	13-Aug-20	13-Aug-20	27-Aug-20	27-Aug-20	27-Aug-20
Share price at grant date	\$0.06	\$0.06	\$0.05	\$0.05	\$0.05
Risk free interest rate	0.27%	0.26%	0.25%	0.27%	*
Volatility	100%	83%	99%	82%	*
Option value	\$0.0371	\$0.0276	\$0.0286	\$0.0262	*

\*These options will vest in the event there is a takeover offer before the expiry date. No value has been ascribed to these options based on probability assessments made at grant date.

	Supplier Options **	Employee Options	Class A Director Options	Class A Supplier Options	Class B Supplier Options	Class C Supplier Options
Number of options	30,000,000	2,500,000	15,000,000	8,000,000	8,000,000	12,000,000
Exercise price	\$0.05	\$0.05	\$0.05	\$0.10	\$0.17	\$0.25
Expiry date	30/05/2024	30/05/2024	30/05/2024	30/05/2024	30/05/2024	30/05/2024
Grant date	31/05/2021	31/05/2021	31/05/2021	31/05/2021	31/05/2021	31/05/2021
Share price at grant date	\$0.05	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
Risk free interest rate	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
Volatility	100%	100%	100%	100%	100%	100%
Expected life (years)	3	3	3	3	3	3
Early exercise factor	2.5x	2.5x	2.5x	n.a.	n.a.	n.a.
Option value	\$0.0256	\$0.0584	\$0.0584	\$0.0614	\$0.0508	\$0.0429

\*\* These options were issued to an advisory firm, the accounting value of which has been capitalised into the assets acquired through Echo IQ as outlined in Note 19(b). These options were valued using an average share price for the duration of the provision of the introductory and arrangement services from the advisory firm.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**22. Reserves (continued)**

	<b>Class D Supplier Options</b>	<b>Employee Options</b>	<b>Employee Options</b>	<b>Employee Options</b>	<b>Employee Options</b>
<b>Number of options</b>	12,000,000	1,000,000	1,000,000	1,000,000	500,000
<b>Exercise price</b>	\$0.30	\$0.20	\$0.30	\$0.08	\$0.12
<b>Expiry date</b>	30/05/2024	30/06/2023	30/06/2024	30/06/2023	30/06/2023
<b>Grant date</b>	31/05/2021	10/06/2021	10/06/2021	10/06/2021	10/06/2021
<b>Share price at grant date</b>	\$0.10	\$0.13	\$0.13	\$0.13	\$0.13
<b>Risk free interest rate</b>	0.17%	-0.03%	0.14%	-0.03%	-0.03%
<b>Volatility</b>	100%	100%	100%	100%	100%
<b>Expected life (years)</b>	3	2	3	2	2
<b>Option value</b>	\$0.0393	\$0.0518	\$0.0554	\$0.0786	\$0.0670

**Fair value performance shares**

The fair value of performance shares at grant date is determined using a Monte Carlo simulation model. The inputs used in the measurement of the fair values at grant date and vesting dates of the performance shares issued during the period are set out in the table below.

<b>Inputs</b>	<b>D Performance Shares</b>	<b>E Performance Shares</b>
<b>Number of performance shares</b>	5,000,000	5,000,000
<b>Hurdle price</b>	\$0.08	\$0.12
<b>Expiry date</b>	30-Aug-22	30-Aug-22
<b>Grant date</b>	30-Aug-19	30-Aug-19
<b>Share price at grant date</b>	\$0.03	\$0.03
<b>Risk free interest rate</b>	0.67%	0.67%
<b>Volatility</b>	100%	100%
<b>Performance share value</b>	\$0.0231	\$0.0197

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**22. Reserves (continued)**

The terms and conditions of the options granted and on issue during the year were as follows. No options were exercisable at the end of the financial year.

	Grant Date	Expiry Date	Vesting Date	Exercise Price	Grant Date Fair Value	Granted/ on Issue	Exercised/ Cancelled	Balance at 30 June 21
Director Options 3	13-7-16	13-7-19	13-7-16	\$1.093	\$819	100,000	(100,000)	-
Corporate Advisor Options (i)	4-04-19	4-04-22	4-04-19	\$0.03	\$38,000	2,000,000	-	2,000,000
Class A Director Options (i)	30-08-19	30-08-22	30-08-19	\$0.04	\$147,217	9,000,000	-	9,000,000
Class B Director Options (i)	30-08-19	30-08-23	30-08-19	\$0.08	\$135,876	9,000,000	-	9,000,000
Class A Supplier & Employee Options (i)	03-09-19	30-06-22	03-09-19	\$0.04	\$286,731	26,000,000	(6,950,000)	19,050,000
Class B Supplier & Employee Options (i)	03-09-19	30-06-23	03-09-19	\$0.08	\$391,913	26,000,000	-	26,000,000
Employee Options (ii)	31-10-19	01-11-24	31-07-20	\$0.04	\$70,460	2,000,000	-	2,000,000
Class A Director Options (iii)	24-02-20	30-06-22	24-02-21	\$0.04	\$15,499	2,000,000	-	2,000,000
Employee Options (iv)	24-02-20	30-06-22	24-02-20	\$0.05	\$8,971	1,500,000	-	1,500,000
Employee Options (v)	24-02-20	30-06-23	24-02-20	\$0.08	\$9,995	2,000,000	-	2,000,000
Class A Director Options (vi)	24-02-20	30-06-23	24-02-20	\$0.08	\$9,995	2,000,000	-	2,000,000
Employee Options (vii)	22-05-20	30-06-22	22-05-20	\$0.04	\$39,610	2,500,000	-	2,500,000
Employee Options (viii)	22-05-20	30-06-23	10-08-21	\$0.08	\$28,815	3,000,000	-	3,000,000
Class A Supplier & Employee Options (vii)	13-08-20	30-06-22	13-08-20	\$0.04	\$74,207	2,000,000	-	2,000,000
Class B Supplier & Employee Options (vii)	13-08-20	30-06-23	13-08-20	\$0.08	\$55,257	2,000,000	(2,000,000)	-
Class A Supplier & Employee Options (vii)	27-08-20	30-08-22	27-08-20	\$0.04	\$143,036	5,000,000	-	5,000,000
Class B Supplier & Employee Options (vii)	27-08-20	31-12-23	27-08-20	\$0.06	\$262,349	10,000,000	-	10,000,000
Supplier Options (vii)	31-05-21	30-05-24	31-05-21	\$0.05	\$769,105	30,000,000	-	30,000,000
Employee Options (ix)	31-05-21	30-05-24	30-05-24	\$0.05	\$145,979	2,500,000	-	2,500,000



**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

	Grant Date	Expiry Date	Vesting Date	Exercise Price	Grant Date Fair Value	Granted/ on Issue	Exercised/ Cancelled	Balance at 30 June 21
Class A Director Options (vii)	31-05-21	30-05-24	31-05-21	\$0.05	\$875,873	15,000,000	-	15,000,000
Class A Supplier Options (x)	31-05-21	30-05-24	31-05-22	\$0.10	\$491,311	8,000,000	-	8,000,000
Class B Supplier Options (xi)	31-05-21	30-05-24	30-11-22	\$0.17	\$304,804	8,000,000	-	8,000,000
Class C Supplier Options (xii)	31-05-21	30-05-24	31-05-23	\$0.25	\$193,207	12,000,000	-	12,000,000
Class D Supplier Options (xii)	31-05-21	30-05-24	31-05-23	\$0.30	\$117,756	12,000,000	-	12,000,000
Employee Options (xiii)	10-06-21	30-06-23	31-12-22	\$0.20	\$51,791	1,000,000	-	1,000,000
Employee Options (xiii)	10-06-21	30-06-24	31-12-23	\$0.30	\$41,534	1,000,000	-	1,000,000
Employee Options (xiii)	10-06-21	30-06-23	05-05-22	\$0.08	\$78,570	1,000,000	-	1,000,000
Employee Options (xiii)	10-06-21	30-06-23	05-05-23	\$0.12	\$25,129	500,000	-	500,000
Total grant date fair value of options on issue at 30 June 2021					\$4,813,809			

- (i) Vested immediately on grant date
- (ii) These options vest over a 9 month period from grant date to 31 July 2020 on the condition that continued employment is satisfied from grant date to 31 July 2020.
- (iii) These options vest over a 12 month period from grant date to 24 February 2021.
- (iv) These options vest immediately but have a voluntary escrow period of 18 months from grant date.
- (v) These options vest immediately but have a voluntary escrow period of 36 months from grant date.
- (vi) These options vest over a 12 month period from grant date to 24 February 2021.
- (vii) These options vest immediately.
- (viii) These options vest on 10 August 2021.
- (ix) These options vest over a 3 year period (40% after 12 months, 40% after 24 months, balance after 36 months).
- (x) These options vest after a 12 month period and have a service condition for continuous employment during the vesting period. There is also a non-market performance condition to achieve a successful clinical trial with a valve manufacturer.
- (xi) These options vest after an 18 month period and have a service condition for continuous employment during the vesting period. There is also a non-market performance condition to achieve a successful clinical trial with a drug manufacturer.
- (xii) These options vest after a 24 month period and have a service condition for continuous employment during the vesting period. There are also non-market performance conditions to achieve set revenue targets for Echo IQ of USD \$2m and USD \$3m.
- (xiii) These options vest on the dates specified in the table and have a service condition.

**Share Based Payment Expense**

During the year, share based payment expenses of \$1,546,311 (2020: \$977,582) in relation to options issued and \$nil (2020: \$214,000) in relation to performance shares issued was recorded in profit and loss.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**23. Financial Instruments & Risk Management**

Financial risk management objectives and policies

The Group's financial instruments comprise deposits with banks, receivables, other deposits, trade and other payables, convertible notes and from time to time short term loans from related parties. The Group does not trade in derivatives or in foreign currency. The Group manages its risk exposure of its financial instruments in accordance with the guidance of the audit and risk management committee and the Board of Directors. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board has overall responsibility for the establishment and oversight of the risk management framework. Informal risk management policies are established to identify and analyse the risks faced by the Group. The primary responsibility to monitor the financial risks lies with the CEO and the Company Secretary under the authority of the Board.

Credit risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements. The carrying amounts of the following assets represent the Group's maximum exposure to credit risk in relation to financial assets. The Group mitigates credit risk on cash and cash equivalents by dealing with regulated banks in Australia. Credit risk of trade and other receivables is low as it usually consists predominantly of amounts recoverable from taxation, other government authorities and health insurance funds in Australia. All amounts receivable as at 30 June 2021 were received after reporting date.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Ultimate responsibility for liquidity management rests with the Board. The Group monitors rolling forecasts of liquidity on the basis of expected fund raisings, trade payables and other obligations for the ongoing operation of the Group. The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount \$	Contractual Cashflows \$	< 1 Year \$	1 – 5 Years \$	Interest \$
<b>30 June 2021</b>					
Trade & other payables	(545,286)	(545,286)	(545,286)	-	-
Lease Liabilities	-	-	-	-	-
Borrowings	-	-	-	-	-
<b>Total</b>	<b>(545,286)</b>	<b>(545,286)</b>	<b>(545,286)</b>	<b>-</b>	<b>-</b>
<b>30 June 2020</b>					
Trade & other payables	(477,597)	(477,597)	(477,597)	-	-
Lease Liabilities	(43,826)	(43,826)	(25,552)	(18,274)	-
Borrowings	-	-	-	-	-
<b>Total</b>	<b>(521,423)</b>	<b>(521,423)</b>	<b>(503,149)</b>	<b>(18,274)</b>	<b>-</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 23. Financial Instruments & Risk Management (continued)

##### Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

##### Interest rate risk

The Group's income statement is affected by changes in interest rates due to the impact of such changes on interest income from cash and cash equivalents and interest-bearing security deposits. A change of 100 basis points in interest rates throughout the reporting period would not have increased (decreased) profit or loss by a significant amount. The Group did not have any variable interest rate financial liabilities in the current or prior year. The Group does not have interest rate swap contracts. The Group always analyses its interest rate exposure when considering the renewals of existing positions including alternative financing.

##### Currency risk

The Group is exposed to transactional foreign currency risk to the extent there is a mismatch between currencies in which sales, purchases, receivables and payables are denominated and the respective functional currencies of the Group companies. The functional currencies of the Group are Australian Dollars (AUD) and Pounds Sterling (GBP). The Group did not designate any net positions in a hedging relationship on the basis of limited transaction value and low risk.

##### Capital management

The Board's policy is to maintain a strong capital base, where possible, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group is not subject to externally imposed capital requirements.

##### Estimation of fair values

The carrying amounts of financial assets and liabilities approximate their net fair values, given the short time frames to maturity and or variable interest rates.

#### 24. Interests in Controlled Entities

Company Name	Place of Incorporation	% Ownership 30 June 2021	% Ownership 30 June 2020
HWH Software Pty Ltd	Australia	100%	100%
St Nicholas Mines Pty Ltd	Australia	100%	100%
Prometheus Information Pty Ltd	Australia	100%	100%
Houston We Have Limited (UK)	United Kingdom	100%	-
Echo IQ Pty Ltd	Australia	100%	-
Data Distillery Pty Ltd	Australia	50%	50%
Niquaero LLC	Mongolia	100%	100%

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**25. Leases**

	<b>Consolidated 30 June 2021</b>	<b>Consolidated 30 June 2020</b>
	\$	\$
a. Right of use assets		
Opening balance	12,429	-
Additions during the year	-	43,826
Impairment of right of use asset (i)	-	(20,441)
Depreciation	(12,429)	(10,956)
	-	12,429
b. Lease liabilities		
Current	-	32,076
Non-current	-	11,750
	-	43,826

- (i) In the prior year the right of use asset was impaired by an amount that represented 12 months of lease payments at a rent-reduced amount based subsequent to a decision to no longer make use of the premises. The lease agreement was due to end in January 2022, but the Group was released from the agreement effective as at 30 June 2021.

The Group has a month-to-month lease arrangement in place for office premises. It has no other leases of short term or low value assets.

**26. Commitments and Contingencies**

- a. Contingent assets  
There are no contingent assets as at 30 June 2021.
- b. Contingent liabilities  
In relation to the acquisition of Echo IQ (see Note 19), there is a contingent consideration amount being conditional upon the certain revenue milestone outcomes. The value of this does not form part of the cost of the identified intangible assets. These payments will be expensed as and when the related revenue milestones are achieved. There are no other contingent liabilities as at 30 June 2021.

**27. Related party transactions**

	<b>Consolidated 30 June 2021</b>	<b>Consolidated 30 June 2020</b>
	\$	\$
KMP compensation		
Short term employee benefits	356,449	330,293
Post employment benefits	32,519	31,193
Long term benefits	2,893	19,914
Shared based payments	875,874	506,785
Total	1,267,735	888,185

KMP compensation

Detailed remuneration disclosures are provided in the remuneration report included in the Directors' Report.

Transactions with related parties

Other than KMP compensation, there were no transactions with related parties during the reporting year.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

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#### Outstanding balances arising from sales/purchases of goods and services

There are no outstanding balances arising from sales/purchases of goods and services at the end of the reporting year.

#### Loan to Directors and their related parties

No loans have been made to any Director or any of their related parties, during the reporting year.

### **28. Events after the end of the reporting year**

On 30 January 2020, the spread of novel coronavirus ("COVID-19") was declared a Public Health Emergency of International Concern by the World Health Organisation ("WHO"). Subsequently, on 11 March 2020, WHO characterised COVID-19 as a pandemic affecting worldwide.

The entity will continue to monitor the impact of COVID-19 but at the date of this report it is too early to determine the full impact this virus may have on the entity. Should this emerging macro-economic risk continue for a prolonged period, there could be potentially adverse financial impact to the entity.

On 7 July 2021, 5,000,000 Class D performance shares held by Directors were converted to fully paid ordinary shares on achievement of relevant vesting criteria. The vesting criteria for Class E performance shares have also been met, though conversion to fully paid ordinary shares has not yet taken place.

On 6 September 2021 the Group announced it is entering a fully funded clinical trial to confirm the performance of Echo IQ's artificial intelligence (AI) based Enhanced Screening Program (ESP) in detecting the at-risk phenotype of severe aortic stenosis in real-world patient data sets. The clinical trial will be conducted at hospitals located in Australia and will commence subject to governance approvals at the relevant institutions.

On 21 September 2021 the Group announced a strategic partnership with a cardiology software provider, Extential Solutions Pty Ltd, with the aim of integrating Echo IQ's ESP technology with current echocardiogram reporting and data analytics software provided by Extential.

Other than the matters disclosed above, there has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**29. Parent Entity**

	<b>Consolidated 30 June 2021</b>	<b>Consolidated 30 June 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Statement of financial position</b>		
Assets		
Total current assets	1,367,694	2,351,658
Total non-current assets	9,560,516	1,915,512
<b>Total assets</b>	<b>10,928,210</b>	<b>4,270,170</b>
Liabilities		
Total current liabilities	309,829	390,212
Total non-current liabilities	-	-
<b>Total liabilities</b>	<b>309,829</b>	<b>390,212</b>
<b>Net assets/(deficiency)</b>	<b>10,618,381</b>	<b>3,879,958</b>
Equity		
Contributed equity	27,940,029	20,356,670
Reserves	3,618,878	1,496,602
Accumulated losses	(20,940,526)	(17,973,314)
<b>Total equity</b>	<b>10,618,381</b>	<b>3,879,958</b>
<b>Statement of profit or loss and other comprehensive income</b>		
Loss for the year	(2,967,212)	(1,486,369)
<b>Total comprehensive income</b>	<b>(2,967,212)</b>	<b>(1,486,369)</b>

**30. Significant Accounting Policies**

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

**(a) Basis of consolidation**

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. When the Group loses control over a Subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-Controlling Interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the Group have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the Group. All controlled entities have a June financial year end. A list of controlled entities is contained in Note 24 to the financial statements.

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to or has rights to variable returns from its involvement with the entity and can affect those returns through its power to direct the relevant activities of the entity.

ii. Interests in equity accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than the rights to its assets and obligations for its liabilities. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit and loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

iii. Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity. The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date. Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss. All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities. Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date.

If the contingent consideration is classified as equity, then it is not remeasured, and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

**(b) Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at reporting date. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

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#### **(c) Revenue from contracts with customers**

Information about the Group's accounting policies relating to contracts with customers is provided in Note 7.

#### **(d) Employee benefits**

##### **i. Short term employee benefits**

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be readily estimated.

##### **ii. Share based payment arrangements**

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The fair value of the performance shares is ascertained using a Monte-Carlo simulation model. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non- market performance vesting conditions. Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options which are expected to vest based on the non- market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

##### **iii. Other long term benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

#### **(e) Finance income and finance costs**

##### Interest income

Interest revenue is recognised using the effective interest rate method which, for floating rate financial assets, is the rate inherent in the instrument.

##### Finance costs

Finance cost includes all interest-related expenses, interest expense is recognised using the effective interest rate method.

##### Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### **(f) Income tax**

##### Income tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense. Current tax is the amount of income taxes payable/(recoverable) in respect of the taxable profit/(loss) for the year and is measured at



## Notes to the Financial Statements

### For the Year Ended 30 June 2021

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the amount expected to be paid to/(recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority. Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements. Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised. Management has assessed that this will be probable when the business reaches a net taxable income position. Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

#### Goods and services and sales tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payable are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position. Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### **(g) Property, plant and equipment**

##### i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

##### iii. Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Depreciation of leasehold improvements is calculated over the shorter of the life of the lease or the estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

	Useful Life	Method
Computer software/equipment	2 to 5 years	Straight-line method

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**(h) Intangible assets and goodwill**

i. Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at fair value as at the date of acquisition.

*Research and Development costs*

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

*Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill is measured at cost, and is tested for impairment annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

*Other Intangible Assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

iii. Amortisation

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss as the expense category that is consistent with the function of the intangible assets.

Amortisation is calculated over the estimated useful life of the asset as follows:

	Useful Life
Development costs	2 to 5 years
Computer software	2 to 5 years
Contract intangible assets	17 years
Goodwill	Indefinite

*Impairment*

At each reporting date management reviews the carrying amounts of its non-financial assets included in the scope of AASB 136 to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised.

**(h) Intangible assets and goodwill (continued)**

*Impairment (continued)*

The recoverable amount of the asset or CGU is the greater of its value in use or fair value less costs of disposal. Value in use is based on estimated future cash flows discounted to their present value using a post-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment expense is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For any other assets, an impairment loss is only reversed to the extent the carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

**(i) Financial instruments**

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect
- contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

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Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### **Amortised cost and the effective interest rate method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit impaired financial assets, the Group recognises interest income by applying the credit adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised in profit or loss and is included in the " interest received" line item.

#### **Financial assets at FVTPL**

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. the Group has not designated any debt instruments as at FVTPL.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

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The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime estimated credit losses ("ECL") for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### **Financial liabilities and equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short term profit taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

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However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated as at FVTPL are recognised in profit or loss.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **(j) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

#### **(k) Impairment**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(l) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

**(m) Leases**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate of 7.25% as advised by its bankers from time to time.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right of use asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in statement of financial position.

**(n) Government grants**

When the Company receives government grants it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations. In the cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

## Directors' Declaration

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The Directors of the Houston We Have Limited (the Group) declare that:

1. The consolidated financial statements and notes that are set out on pages 18 to 54 and the remuneration report set out on pages 10 to 15 in the Directors' report are in accordance with the *Corporations Act 2001*, including:
  - a. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
  - b. complying with Australian Accounting Standards and the Corporations 2001; and
  - c. in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2021.
3. The Directors draw attention to Note 1 in the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.



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Andrew Grover  
Executive Chairman

30 September 2021





# Independent Auditor's Report

To the shareholders of Houston We Have Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Houston We Have Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2021
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Key Audit Matters

The **Key Audit Matters** we identified are:

- Revenue recognition
- Acquisition of intangible assets.

**Key Audit Matters** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue recognition of provision of software and software related services (\$983,183)

Refer to Note 7 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Revenue from the provision of software and software related services is a key audit matter due to the significant audit effort we have applied in assessing the Group's recognition and measurement of revenue.</p> <p>This was driven from the:</p> <ul style="list-style-type: none"> <li>• Multiple revenue types with different recognition criteria across varying products and services. This increases the possibility of the Group inappropriately identifying performance obligations and incorrectly recognising revenue using AASB 15 <i>Revenue from Contracts with Customers</i> ('AASB 15').</li> <li>• Opportunity for manual intervention, complexity of underlying contractual terms and conditions and potential interpretational differences in accounting outcomes presenting conditions for transactions to be recorded incorrectly.</li> </ul> <p>We involved senior audit team members in addressing this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating the Group's accounting policies for revenue recognition for each significant revenue stream against the requirements of AASB 15 and our understanding of the business.</li> <li>• Reading a sample of customer contracts to understand the key terms of the arrangements.</li> <li>• Comparing the relevant features of a sample of customer contracts to the recognition criteria, the Group's accounting policies and identified performance obligations (and compliance with AASB 15).</li> <li>• Checking the timing of revenue recognised by the Group for the provision of software and software related services to underlying documentation and against the Group's accounting policies.</li> <li>• Using statistical sampling for certain revenue types, we assessed the amount of revenue recognised by the Group. This included checking how the Group allocated revenue to separately identified performance obligations from the same transaction or contract. We used underlying documentation obtained from our audit procedures above including signed</li> </ul>

	<p>revenue contracts, proof of acceptance from the customer and recognition criteria in the accounting standards for allocation of revenue. We also checked customer receipts to the Group's bank statements.</p> <ul style="list-style-type: none"> <li>Evaluating the adequacy of the disclosures made in note 7 in light of the requirements by Australian Accounting Standards.</li> </ul>
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Acquisition of intangible assets (\$6,313,338)	
Refer to Note 19 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>On 31 May 2021, the Group acquired the assets of Echo IQ Pty Ltd. These assets included software and a contractual intangible asset.</p> <p>The acquisition of these assets was considered to be a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>Size of the acquisition having a significant impact on the Group's financial statements;</li> <li>The Group's judgement and complexity relating to the determination of the fair values of assets acquired in the transaction requiring significant audit effort. The Group engaged an external valuation expert to identify the intangible assets acquired. The expert was also engaged to assess the fair value of these assets.</li> </ul> <p>The valuation of acquired intangibles assets is complex and requires judgements to be made in adopting key assumptions in the relevant underlying valuation models. This drives additional audit effort surrounding the feasibility of these key assumptions.</p> <p>We involved our valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Assessing the Group's determination of the transaction being accounted for as an asset acquisition transaction rather than as a business combination;</li> <li>Evaluating the asset acquisition accounting applied by the Group against the requirements of the accounting standards;</li> <li>Reading the underlying contract to understand the terms of the acquisition;</li> <li>Evaluating the valuation methodology used by the Group and its external expert to determine the fair value of the consideration paid;</li> <li>Evaluating the valuation methodology used by the Group and its external expert to determine the fair value of the intangible assets acquired having regard to the accounting standard requirements and observed industry practices;</li> <li>Working with our valuation specialists, we assessed the Group's external expert's report and: <ul style="list-style-type: none"> <li>Considered the objectivity, competence, experience and scope of the Group's external valuation expert;</li> <li>Considered the methodologies applied and accuracy of valuations to determine the</li> </ul> </li> </ul>

	<p>value of consideration paid;</p> <ul style="list-style-type: none"> <li>- Examined and assessed the key assumptions in the Group's external valuation expert report prepared in relation to the identification and valuation of intangible assets;</li> <li>- For the software asset, considering evidence for key inputs in the costs to replicate valuation including discount rate, estimated salaries and on-costs and estimated hours; and</li> <li>- For the contractual intangible asset, assessing the adoption of the residual valuation method given its highly specialised nature.</li> </ul> <ul style="list-style-type: none"> <li>• We assessed the adequacy of disclosures in the financial report using our understanding and against the requirements of Australian Accounting Standards.</li> </ul>
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## Other Information

Other Information is financial and non-financial information in Houston We Have Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.

### Report on the Remuneration Report

#### Opinion

In our opinion, the Remuneration Report of Houston We Have Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

#### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

#### Our responsibilities

We have audited the Remuneration Report included in pages 10 to 15 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



JJ Frazer  
Partner

Bundall  
30 September 2021

## **Corporate Governance Statement**

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The Board is committed to achieving and demonstrating high standards of corporate governance. The Board has implemented corporate governance policies and practices which it considers appropriate for the scale and maturity of the Group's business and operations.

The Group has reviewed its corporate governance practices against the 'Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition)' published by the ASX Corporate Governance Council.

The Group's Corporate Governance Statement for the financial year ended 30 June 2021 has been approved by the Board and is dated 30 August 2021. The Group's Corporate Governance Statement and Corporate Governance Plan are both available on the Group's website at [www.houstonwehave.ai](http://www.houstonwehave.ai).

## Additional ASX Information

The Group sets out below additional information required by ASX Listing Rule 4.10 and not disclosed elsewhere in this report, along with information required to be disclosed as a condition of ASX Listing Rule waivers and confirmations given to the Group by ASX. This information is current as at 14 September 2021.

### Substantial Shareholders

Shareholder	Number of Shares
Mr Antanas Guoga	30,257,487
Credit Suisse Holdings	27,422,428
Paul Sharbanee	24,560,162
A22 Pty Limited	21,616,414
JP Morgan Chase & Co	20,000,000

### Top 20 Shareholders

Details of the 20 largest holdings of quoted fully paid ordinary shares are set out below.

Rank	Shareholder	Number of Shares	%
1	Alerte Digital Health Pte Ltd	23,636,363	6.08
2	A22 Pty Ltd	21,616,414	5.56
3	Richmond Bridge Superannuation Pty Ltd <Richmond Bridge Super A/C>	21,114,854	5.43
4	Ecapital Nominees Pty Limited <Accumulation A/C>	20,000,000	5.14
5	Bellcoo Investments Pty Ltd <The Northlake S/F A/C>	14,338,099	3.69
6	Stevsand Investments Pty Ltd <Steven Formica Family A/C>	12,500,000	3.21
7	Arredo Pty Ltd	11,000,000	2.83
8	Shah Nominees Pty Ltd	10,060,162	2.59
9	Mr Brian Joseph Glynn	7,500,000	1.93
10	Ms Elizabeth Whitelock	7,015,602	1.80
11	Mr Gregory Peter Wilson	6,650,000	1.71
12	Gratitude and Unconditional Forgiveness Pty Ltd	6,400,000	1.65
13	Mikado Corporation Pty Ltd <JFC Superannuation A/C>	6,000,000	1.54
14	Mr Antanas Guoga	5,250,000	1.35
15	Mr Paul Joseph Cozzi	5,025,001	1.29
16	Club Gubb Pty Ltd <AEG Super A/C>	5,000,000	1.29
17	Neweconomy Com AU Nominees Pty Limited <900 Account>	5,000,000	1.29
18	Shah Nominees Pty Ltd <Louis Carsten Super Fund A/C>	5,000,000	1.29
19	Lake Springs Pty Ltd <The Lake Springs S/F A/C>	4,900,000	1.26
20	Taurus Capital Group Pty Ltd	4,500,000	1.16
	<b>Total Largest Holders</b>	<b>202,506,495</b>	<b>52.06</b>
	<b>Other Holders</b>	<b>186,451,218</b>	<b>47.94</b>
	<b>Total</b>	<b>388,957,713</b>	<b>100.00</b>

## Additional ASX Information

### Number and Distribution of Holders

	Fully Paid Ordinary Shares And % of shares held	Class E Performance Shares And % of securities held	Options (\$0.03, 4/4/2022) And % of securities held	Options (\$0.04, 30/6/2022) And % of securities held	Options (\$0.04, 1/11/2024) And % of securities held	Options (\$0.05, 30/6/2022) And % of securities held	Options (\$0.30, 9/6/2024) And % of securities held	Options (\$0.03, 4/4/2022) And % of securities held
1 – 1,000	125 (0.02%)	0	0	0	0	0	0	0
1,001 – 5,000	183 (0.14%)	0	0	0	0	0	0	0
5,001 – 10,000	160 (0.33%)	0	0	0	0	0	0	0
10,001 – 100,000	462 (4.91%)	0	1 (2.5%)	0	0	0	0	1 (2.5%)
100,001 and over	267 (94.59%)	2 (100%)	2 (97.5%)	12 (100%)	1 (100%)	1 (100%)	32 (100%)	2 (97.5%)
<b>Total</b>	<b>1,197</b>	<b>2</b>	<b>3</b>	<b>12</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>

	Options (\$0.10, 9/6/2024) And % of securities held	Options (\$0.25, 9/6/2024) And % of securities held	Options (\$0.12, 9/6/2023) And % of securities held	Options (\$0.08, 30/6/2023) And % of securities held	Options (\$0.05, 31/5/2024) And % of securities held	Options (\$0.17, 9/6/2024) And % of securities held	Options (\$0.08, 30/6/2023) And % of securities held
1 – 1,000	0	0	0	0	0	0	0
1,001 – 5,000	0	0	0	0	0	0	0
5,001 – 10,000	0	0	0	0	0	0	0
10,001 – 100,000	0	0	0	0	0	0	0
100,001 and over	2 (100%)	2 (100%)	1 (100%)	19 (100%)	7 (100%)	2 (100%)	19 (100%)
<b>Total</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>19</b>	<b>7</b>	<b>2</b>	<b>19</b>

There are 236 holders holding less than a marketable parcel of fully paid ordinary shares.

### Voting Rights

Fully paid ordinary shares: every member present at a meeting in person or by proxy has one vote on a show of hands, and one vote for each share on a poll.

Performance shares and options: no voting rights.



## Additional ASX Information

### Unquoted Equity Securities

Class	Number of Securities	Number of Holders	Holders of 20% or More	
			Name	Number of Securities
Class E Performance Shares	5,000,000	2	A22 Pty Ltd Ms Elizabeth Whitelock	2,500,000 2,500,000
Options Exp 30/6/23 @ \$0.12	500,000	1	Mr Philip Woolff	500,000
Options Exp 30/6/23 @ \$0.20	1,000,000	1	Mr Andrew Watts	1,000,000
Options Exp 30/6/24 @ \$0.30	1,000,000	1	Mr Andrew Watts	1,000,000
Options Exp 09/06/24 @ \$0.10	8,000,000	2	Colin Street Investments Pty Ltd Nest Egg Capital Pty Ltd <Shiva A/C>	3,000,000 5,000,000
Options Exp 09/06/24 @ \$0.17	8,000,000	2	Colin Street Investments Pty Ltd Nest Egg Capital Pty Ltd <Shiva A/C>	3,000,000 5,000,000
Options Exp 30/06/22 @ \$0.05	500,000	1	Rakesh Pushkar Rai Patel	500,000
Options Exp 09/06/24 @ \$0.25	12,000,000	2	Colin Street Investments Pty Ltd Nest Egg Capital Pty Ltd <Shiva A/C>	5,000,000 7,000,000
Options Exp 09/06/24 @ \$0.30	12,000,000	2	Colin Street Investments Pty Ltd Nest Egg Capital Pty Ltd <Shiva A/C>	5,000,000 7,000,000
Options Exp 31/05/24 @ \$0.05	23,000,000	2	Bellcoo Investments Pty Ltd <The Northlake S/F A/C> Shah Nominees Pty Ltd <Louis Carsten Super Fund A/C>	10,000,000 13,000,000
Options Exp 04/04/22 @ \$ 0.03	1,950,000	2	Incito Equity Solutions Pty Ltd King Corporate Pty Ltd	950,000 1,000,000
Options Exp 30/06/22 @ \$0.04	9,500,000	1	Taurus Capital Group Pty Ltd	9,500,000
Options Exo 01/11/24 @ \$0.04	1,000,000	1	Mr George Preston	1,000,000

### Restricted Securities

The Group has no restricted securities on issue.

### Other

The Group is not currently conducting an on-market buy-back. There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed. No securities were purchased on-market during the reporting period in respect of an employee incentive scheme.

The Group has used its cash and assets in a form readily convertible to cash that it had at the time of reinstatement to quotation on 9 September 2019 in a way consistent with its business objectives (as detailed in the Company's prospectus dated 26 July 2019) for the period of time between reinstatement and 30 June 2021.

## Additional ASX Information

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### Waiver and Confirmation Conditions

ASX confirmed to the Company that the terms of the Company's performance shares are appropriate and equitable pursuant to ASX Listing Rule 6.1. The Company is required to provide the following information as a condition of the confirmation being given.

- 15,000,000 Class D and 5,000,000 Class E performance shares were on issue during the reporting period.
- The full terms and conditions of the Class D performance shares are set out in Schedule 1 of the Company's notice of general meeting dated 8 June 2019.
- The full terms and conditions of the Class E performance shares are set out in Schedule 7 of the Company's notice of annual general meeting dated 25 June 2019. Each Class D or Class E performance share converts into 1 Share upon satisfaction of the relevant performance milestone.
  - Class D: the Company's 30 trading day volume weighted average price (**VWAP**) of shares traded on ASX is not less than \$0.08 on or before 3 years after the date of issue.
  - Class E: the Company's 30 trading day VWAP of shares traded on ASX is not less than \$0.12 on or before 3 years after the date of issue.
- Class D performance shares were converted during the reporting period.
- No Class E performance shares were converted or cancelled during the reporting period.
- The performance milestones for the Class D performance shares were met during the period
- The performance milestones for the E performance shares were not met during the reporting period, however, the milestones were met post year end.