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**Houston We Have Limited  
And Controlled Entities  
(formerly Veriluma Limited)**

ABN: 48 142 901 353

**CONSOLIDATED FINANCIAL REPORT  
For the Year Ended 30 June 2020**

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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

Ben Secrett

### 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 Slater 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 (Continued)

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The Directors present the financial report of the Group for the year ended 30 June 2020, together with the audit report thereon. The Group consists of Houston We Have Limited (the Company, formerly Veriluma Limited until 11 December 2019) 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 for 16 months 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 for 4 years since 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 for 2 years 3 months since 2 July 2018.  
Steve is currently Chairman of Ragnar Metals Ltd and is a director of High Grade Metals Limited and Bowen Coal Limited, and in the past 3 years has been a director of 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.

## Directors' Report (Continued)

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Arunava Sengupta                      Non-Executive Director (resigned 10 September 2019)

Arunava has over 30 years' experience working in the financial markets, private equity and the corporate finance sector. He began his career working in Treasury at Westpac Banking Corporation before starting his own trading business in 1992 and has been involved in a broad range of corporate advisory, funds management and principal investment activities. He has been involved in private equity and the establishment, fundraising and operation of ASX listed companies.

### 2 Company Secretary

Ben Secrett held office as the Company Secretary during and since the end of the period.

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	5	5
Elizabeth Whitelock	4	5
Steven Formica	5	5
Antanas Guoga	2	3
Arunava Sengupta	0	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 pursuing opportunities in the Financial Services and Insurance sectors.

### 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 2020.

The financial year has been a transformational year for the Group, characterised by a new brand and corporate identity, a stronger Board and management team being put in place, the geographical footprint expanded, new contracts secured and existing contracts extended, joint venture agreements established and our proprietary technology offering greatly enhanced.

Early in the financial year, the Group introduced its new brand and corporate identity - Houston We Have. This has allowed the Company to match a memorable brand with a technology solution that exceeds what is currently available on the market and allows us to compete with well-established and respected firms that have a similar capability.

## Directors' Report (Continued)

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The Group completed a \$5.4m capital raise in September 2019, the more specific details of which are outlined under Corporate Activities below. These funds have provided the Group with necessary financial flexibility to pursue growth opportunities domestically and internationally, while continually innovating the product offering.

To support growth initiatives, the Group established an industry leading advisory board and has further strengthened its Board and management team.

On 31 October 2019, the Group acquired 100% of the shares in Prometheus Information Pty Ltd, a company that provides professional services and software to the health insurance sector. The consideration paid for Prometheus was \$500,000 in cash, \$100,000 in shares, and there is contingent consideration of \$73,099 payable not before 30 June 2020 subject to certain milestones being achieved (linked to employment, as detailed in the notes to the financial statements). This amount was settled in July 2020 based on the prescribed milestones being achieved.

To broaden exposure to the banking, automotive and telecommunications sectors, Houston We Have established Data Distillery Pty Ltd ("Data Distillery") via a 50/50 joint venture with Potentiate Pty Ltd. ("Potentiate") Data Distillery combines Houston We Have's technology and skills in data science and AI with Potentiate's understanding of customer experience to deliver differentiated technology solutions. Potentiate continues to market the solution to its global client base and is building a strong pipeline of opportunities which have the potential to generate significant revenue.

The Group extended its contract with the Australian Department of Defence in October. The extension followed an initial contract secured in March 2019. Delivery of the services began immediately and runs through to March 2022, with an option to extend for a further two years.

Furthering international expansion initiatives, the Group has continued to build a strong presence in the United Kingdom. The pipeline of opportunity in the UK has grown substantially with strong engagement across government and corporate sectors and the Group is confident of developments in the UK in the near term.

In July 2020, a Master Terms & Conditions Agreement was secured with the Australian arm of leading global professional services company Accenture. Under the agreement, Accenture will sell the Company's proprietary prescriptive AI technology to their blue chip and government clients in Australia. This is an outstanding development and provides significant validation of the Company's technology and follows a six-month comprehensive due diligence process.

The agreement opens a major sales channel for the Group and gives it access to a client base and pipeline that would take many years to establish in its own right. Accenture Australia will sell the Groups' technology as part of its broader artificial intelligence and analytics capabilities.

### Results Overview

The Group reported a loss for the year ended 30 June 2020 of \$2,683,801 (30 June 2019: loss of \$474,916). Included in the loss for the financial year were non-cash Share Based Payments expenses of \$1,191,582 for performance shares and options issued (as outlined in detail in notes 23 and 24 to the financial statements).

Operating revenue for the financial year totalled \$679,872 and operating expenses (excluding Share Based Payments expense) totalled \$2,264,882.

The Group successfully applied for 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 Company received \$152,400 of subsidies over the financial year 2020 period.

## Directors' Report (Continued)

### Segment Overview

Subsequent to the acquisition of Prometheus Information Pty Ltd, the Group has commenced reporting segment information on the same basis as the Group's internal management reporting structure at reporting date. Commentary on the two segments follows.

<b>Houston We Have Software</b>	<b>FY20</b>	<b>FY19</b>	<b>Change</b>	<b>Prometheus Information</b>	<b>FY20</b>	<b>FY19</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	<b>%</b>		<b>\$</b>	<b>\$</b>	<b>%</b>
Operating revenue	296,238	824,530	-64%	Operating revenue	383,634	-	n.a
Segment profit or (loss) <sup>1</sup>	(641,135)	209,723	n.a	Segment profit or (loss) <sup>1</sup>	116,964	-	n.a

<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 2020 reflects the new and ongoing services and solutions provided to the Australian Department of Defence. In FY19, initial software licensing and installation fee revenue of \$745,600 was earned. From a cost point of view, and further to the Group's capital raising, there has been investment in resources to grow the business, as outlined in the Results Overview.

Prometheus Information operating revenue and segment profit is for a part financial year only, from 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. Opportunities to bring the proprietary software of Houston We Have to the Prometheus client base in a complementary and value-adding manner have arisen and continue to be explored.

### Financial Position and Cash Flow

The net assets of the Group have increased to \$3,124,222 at 30 June 2020 from a net asset deficit of \$464,694 at 30 June 2019, 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 \$2,763,065 (30 June 2019: net cash inflow of \$240,184).

Cash outflows from operations totalled \$1,103,690 compared with outflows \$202,212 for 30 June 2019. The capital raising of the Group has allowed for investment in resources to support business growth plans.

Capital expenditure was \$88,540 for the period. A further \$500,000 was paid in cash for the acquisition of Prometheus, and \$1 was paid to establish the Data Distillery joint venture. The total of investing cash outflows (net of Prometheus cash acquired on acquisition of \$245,740) was \$342,801.

Net cash inflows from financing activities totalled \$4,209,556 for the financial year. This includes the inflow of \$5,400,000 from capital raising, less \$407,698 in cash settled capital raising costs, and the repayment of \$782,746 in borrowings.

### Corporate Activities

#### Capital Raising and Reinstatement to Official Quotation

In March 2019, the Consolidated Entity received commitments from several sophisticated and professional investors for an aggregate of \$500,000 financing by way of a short-term convertible note facility (Facility) which was entered into on 28 March 2019. As at 30 June 2019 the Facility was drawn to \$430,000. The convertible notes issued were convertible on or before 28 March 2020 at a conversion price of not less than \$0.002 (pre-consolidation price – on 15 August 2019 the Company effected a consolidation of its issued capital on a 10:1 basis). Conversion was subject to obtaining shareholder approval and this was received at the Annual General Meeting on 9 August 2019. The funds were fully repaid during the year ended 30 June 2020.

## **Directors' Report (Continued)**

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On 24 July 2019 the Group resolved to enter into a lead manager and corporate advisory mandate with Taurus Capital Group Pty Ltd for Taurus Capital to act as lead manager of the capital raising.

This Company issued a prospectus dated 26 July 2019 (as supplemented by a supplementary prospectus dated 30 August 2019) for the capital raising, and the raising was approved by shareholders at the Annual General Meeting on 9 August 2019. The Company closed the capital raising offer on 3 September 2019 after issuing 180 million shares at 3 cents raising the maximum subscription of \$5,400,000. The Consolidated Entity's securities were reinstated to official quotation and trading on ASX Limited on 9 September 2019.

### **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 2020.

### **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's July 2019 recapitalisation prospectus disclosed the risks that may have a material impact on its financial performance and the market price for its shares. This disclosure included possible material exposure to a decline in economic conditions and the general economic outlook. 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 29 July 2020, 4,000,000 fully paid ordinary shares at a deemed issue price of \$0.03 were issued to Director, Mr Andrew Grover, 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, together with a waiver from ASX, to issue these shares after the remuneration liability



## Directors' Report (Continued)

accrued.

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>	17,116,414	6,000,000	5,000,000
Elizabeth Whitelock	4,515,602	4,000,000	5,451,560
Steven Formica <sup>2</sup>	7,833,335	4,000,000	-
Antanas Guoga	30,257,487	10,000,000	-

### 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
39,500,000	\$0.04	30 June 2022	Unlisted
1,500,000	\$0.05	30 June 2022	Unlisted
42,000,000	\$0.08	30 June 2023	Unlisted
2,000,000	\$0.04	1 November 2024	Unlisted

No shares were issued as a result of the exercise of the options as at the date of this report.

### 14 Performance Shares

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

Number of perf. Shares	Class	Expiry date	Listed or Unlisted	Conditions
1,500,000	C	8 September 2020	Unlisted	Sales revenue in excess of \$10m
5,000,000	D	30 August 2022	Unlisted	30 day VWAP not less than \$0.08 <sup>3</sup>
5,000,000	E	30 August 2022	Unlisted	30 day VWAP not less than \$0.12 <sup>3</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 by Stevsand Investments Pty Ltd.

<sup>3</sup> Further details of conditions are outlined in section 19, the Remuneration Report - Audited

## Directors' Report (Continued)

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### 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 2020.

### 18 Lead Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2020 has been received and is included within the financial statements.

## Directors' Report (Continued)

### 19 Remuneration Report – Audited

The Directors present the Remuneration Report for the Group for the year ended 30 June 2020. 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.

	FY16	FY17	FY18	FY19	FY20
Revenue	7,500	146,266	14,635	824,530	679,872
Net loss after tax	(946,199)	(14,424,084)	(1,537,469)	(474,916)	(2,683,801)
Dividends	-	-	-	-	-
Share price	\$0.098	\$0.115	\$0.024	\$0.015	\$0.054
changes (high and low)	\$0.020	\$0.020	\$0.013	\$0.015	\$0.011

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

## Directors' Report (Continued)

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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:

- from 1 July 2019 a salary of \$150,000 per annum, exclusive of superannuation and other statutory entitlements;
- from 17 August 2020 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 (which was obtained at the Company Annual General Meeting of shareholders held on 9 August 2019), the following securities were issued to Ms Whitelock (or her nominee/s) for no consideration as part of her remuneration on 30 August 2019:
  - 2,000,000 Class A options exercisable at \$0.04 on or before 30 June 2022 (post-Consolidation).
  - 2,000,000 Class B options exercisable at \$0.08 on or before 30 June 2023 (post-Consolidation).
  - 2,500,000 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 (post-Consolidation) and continued service.
  - 2,500,000 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 (post-Consolidation) and the continued service.

#### *Mr Andrew Grover*

On 26 July 2019, the Company entered into a formal executive employment agreement with Mr Andrew Grover as Executive Chairman of the Group which reflects the below arrangements:

- Salary of \$120,000 per annum, exclusive of superannuation, to commence from date of reinstatement.
- 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

## Directors' Report (Continued)

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 (which was obtained at the Company Annual General Meeting of shareholders held on 9 August 2019), and in addition to the above issue of shares in lieu of cash payment of his director's remuneration, the following securities were issued to Mr Grover (or her nominee/s) for no consideration as part of his remuneration on 30 August 2019:
  - 3,000,000 Class A options exercisable at \$0.04 on or before 30 June 2022 (post-Consolidation).
  - 3,000,000 Class B options exercisable at \$0.08 on or before 30 June 2023 (post-Consolidation).
  - 2,500,000 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 (post-Consolidation) and the continued employment of Mr Grover.
  - 2,500,000 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 (post-Consolidation) and the continued employment of Mr Grover.

### *Mr Steve Formica*

- Securities – subject to shareholder approval (which was obtained at the Company Annual General Meeting of shareholders held on 9 August 2019), the following securities were issued to Mr Formica (or her nominee/s) for no consideration as part of his remuneration on 30 August 2019:
  - 2,000,000 Class A options exercisable at \$0.04 on or before 30 June 2022, vesting immediately.
  - 2,000,000 Class B options exercisable at \$0.08 on or before 30 June 2023, vesting immediately.

### *Mr Arun Sengupta*

- Securities – subject to shareholder approval (which was obtained at the Company Annual General Meeting of shareholders held on 9 August 2019), the following securities were issued to Mr Formica (or her nominee/s) for no consideration as part of his remuneration on 30 August 2019:
  - 2,000,000 Class A options exercisable at \$0.04 on or before 30 June 2022, vesting immediately.
  - 2,000,000 Class B options exercisable at \$0.08 on or before 30 June 2023, vesting immediately.

### *Mr Antanas Guoga*

- Securities for no consideration as part of his remuneration on 24 February 2020:
  - 2,000,000 Class A options exercisable at \$0.04 on or before 30 June 2022, vesting over a period of 12 months from grant date.
  - 2,000,000 Class B options exercisable at \$0.08 on or before 30 June 2023, vesting over a period of 12 months from grant date.

## Performance linked compensation

### *Short-term incentives*

No short-term incentives in the form of cash bonuses were granted during the year except for \$1,945 paid to Mr Arunava Sengupta .

### *Long-term incentives*

The Board has a policy of granting 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.

## Directors' Report (Continued)

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### Securities received not performance related

Effective from 12 March 2018 Non-Executive Directors were entitled to receive \$10,000 of their \$50,000 per annum directors' fees as non-performance related, share based remuneration. This arrangement was not continued for financial year 2020.

No comments were made on the Group's 2019 remuneration report at the 2019 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.

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## Directors' Report (Continued)

### 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 Payments	Total	Performance Related
		Salary \$	STI \$	Other \$	Super \$	Long Service Leave \$	Options \$	Ordinary shares \$	Perf. Shares \$			
<b>Current Executive Directors</b>												
<b>Andrew Grover</b>												
Executive Chairman	2020	100,000 <sup>6</sup>	-	-	9,500	-	94,364	-	107,000	-	310,864	107,000
	2019	-	-	-	-	-	-	-	-	-	-	-
<b>Elizabeth Whitelock</b>												
Managing Director & CEO	2020	149,038	-	16,869 <sup>7</sup>	15,986	10,874	62,910	-	107,000	-	362,677	107,000
	2019	98,645	-	-	10,335	11,989	-	-	-	-	120,969	-
<b>Current Non-Executive Directors</b>												
<b>Steven Formica</b>												
Non-Executive Director	2020	45,666	-	-	4,338	-	62,910	-	-	-	112,914	-
	2019	35,250	-	-	4,750	-	-	9,973	-	-	49,973	-
<b>Antanas Guoga (from 25 February 2020)</b>												
Non-Executive Director	2020	7,306	-	-	694	-	9,692	-	-	-	17,692	-
	2019	-	-	-	-	-	-	-	-	-	-	-
<b>Former Non-Executive Director</b>												
<b>Arunava Sengupta (until 10 September 2019)</b>												
Non-Executive Director	2020	7,106	1,945	-	675	-	62,910	-	-	-	72,636	-
	2019	36,200	-	-	3,800	-	-	10,000	-	-	50,000	-
<b>John Welsh (until 24 May 2019)</b>												
Non-Executive Director	2020	-	-	-	-	-	-	-	-	-	-	-
	2019	48,944	-	-	5,138	-	-	9,014	-	-	63,096	-
<b>Total Current &amp; Former KMP</b>	<b>2020</b>	<b>309,116</b>	<b>1,945</b>	<b>16,869</b>	<b>31,193</b>	<b>10,874</b>	<b>292,786</b>	<b>-</b>	<b>214,000</b>	<b>-</b>	<b>876,783</b>	<b>214,000</b>
	<b>2019</b>	<b>219,039</b>	<b>-</b>	<b>-</b>	<b>24,023</b>	<b>11,989</b>	<b>-</b>	<b>28,987</b>	<b>-</b>	<b>-</b>	<b>284,038</b>	<b>-</b>

<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 (refer service contract details under 19.1 and also item 10 of the Directors' report).

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

## Directors' Report (Continued)

### 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	3,000,000	30-8-19	\$0.0164	\$0.04	30-6-22	3,000,000
	3,000,000	30-8-19	\$0.0151	\$0.08	30-6-23	3,000,000
Elizabeth Whitelock	2,000,000	30-8-19	\$0.0164	\$0.04	30-6-22	2,000,000
	2,000,000	30-8-19	\$0.0151	\$0.08	30-6-23	2,000,000
<b>Current Non-Executive Directors</b>						
Steven Formica	2,000,000	30-8-19	\$0.0164	\$0.04	30-6-22	2,000,000
	2,000,000	30-8-19	\$0.0151	\$0.08	30-6-23	2,000,000
Antanas Guoga <sup>8</sup>	2,000,000	24-2-20	\$0.0077	\$0.04	30-6-22	700,000
	2,000,000	24-2-20	\$0.0050	\$0.08	30-6-23	700,000
<b>Former Non-Executive Director</b>						
Arunava Sengupta <sup>9</sup>	2,000,000	30-8-19	\$0.0164	\$0.04	30-6-22	2,000,000
	2,000,000	30-8-19	\$0.0151	\$0.08	30-6-23	2,000,000

Performance Shares	Number granted during year	Grant date	Fair value at grant date	Share price at grant date	Hurdle price	Expiry date
<b>Current Executive Directors</b>						
Andrew Grover	2,500,000	30-8-19	\$0.0231	\$0.03	\$0.08	30-6-22
	2,500,000	30-8-19	\$0.0197	\$0.03	\$0.12	30-6-22
Elizabeth Whitelock	2,500,000	30-8-19	\$0.0164	\$0.03	\$0.08	30-6-22
	2,500,000	30-8-19	\$0.0151	\$0.03	\$0.12	30-6-22

Details of the performance criteria are on pages 11 and 12 of this report, under Service Contracts.

#### 19.3.2 Share Options

The following table sets out the details of the unlisted share option movements during the year ended 30 June 2020.

	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	-	6,000,000	6,000,000	-	6,000,000
Elizabeth Whitelock	-	4,000,000	4,000,000	-	4,000,000
<b>Current Non-Executive Directors</b>					
Steven Formica	-	4,000,000	4,000,000	-	4,000,000
Antanas Guoga <sup>10</sup>	6,000,000	4,000,000	700,000	-	10,000,000
<b>Former Non-Executive Director</b>					
Arunava Sengupta <sup>11</sup>	-	4,000,000	4,000,000	-	4,000,000

<sup>8</sup> For the part of the reporting period from his appointment on 25 February 2020.

<sup>9</sup> For the part of the reporting period to his resignation on 10 September 2019.

<sup>10</sup> For the part of the reporting period from his appointment on 25 February 2020.

<sup>11</sup> For the part of the reporting period to his resignation on 10 September 2019.



## Directors' Report (Continued)

### 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	903,120	5,000,000	-	451,560	5,451,560
<b>Current Non-Executive Directors</b>					
Steven Formica	-	-	-	-	-
Antanas Guoga	-	-	-	-	-
<b>Former Non-Executive Director</b>					
Arunava Sengupta	-	-	-	-	-

### 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	1,666,667	-	-	11,449,747	13,116,414
Elizabeth Whitelock	4,515,601	-	-	1	4,515,602
<b>Current Non-Executive Directors</b>					
Steven Formica	3,333,334	-	-	4,500,001	7,833,335
Antanas Guoga <sup>12</sup>	32,651,500	-	-	7,605,987	40,257,487
<b>Former Non-Executive Director</b>					
Arunava Sengupta <sup>13</sup>	760,731	-	-	436,800	1,197,531

#### 19.4.2 Transactions With Key Management Personnel

In financial year 2019, the Group had the following loan from entities that were controlled by the members of the Group's key management personnel as outlined in the table below. The loan balances outstanding as at 30 June 2019 were settled in full during the year ended 30 June 2020.

KMP	Nature of Transaction	Payable at 30 June 2019	Transactions	Payable at 30 June 2020
Elizabeth Whitelock	Loan to Group (with no interest) for funding of legal fees under DOCA	\$90,960	(\$90,960)	-

There were no other Director and KMP transactions.

End of remuneration report.

<sup>12</sup> For the part of the reporting period from his appointment on 25 February 2020.

<sup>13</sup> For the part of the reporting period to his resignation on 10 September 2019.

## Directors' Report (Continued)

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### 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 2020 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 2020

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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 year ended 30 June 2020 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

KPMG

Adam Twemlow  
*Partner*

Gold Coast

30 September 2020

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**Year Ended 30 June 2020**

	Note	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
Revenue	7	679,872	824,530
Government grant income	9	176,216	54,810
Interest income	8	16,456	183
Audit fees	10	(139,460)	(89,725)
Consulting and professional fees		(296,663)	(307,857)
Employee costs		(1,354,233)	(568,900)
Finance expenses	11	(16,217)	(104,941)
Non-Executive Directors fees		(76,325)	(134,082)
Depreciation and amortisation		(129,893)	-
Other expenses		(245,533)	(68,071)
Share based payments expenses – Directors and consultants fees	23	(1,191,582)	(78,955)
Share of net profits/(losses) of equity accounted associates and joint ventures		119	2,140
Share registry and listing fees		(94,882)	(34,022)
Acquisition costs		(11,676)	-
Voluntary administration credit/(expense)		-	29,974
<b>Loss before tax</b>		<b>(2,683,801)</b>	<b>(474,916)</b>
Income tax benefit/(expense)	14	-	-
<b>Net loss for the year</b>		<b>(2,683,801)</b>	<b>(474,916)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(2,683,801)</b>	<b>(474,916)</b>
Basic loss per share (cents)	12	(1.19)	(0.67)
Diluted loss per share (cents)	12	(1.19)	(0.67)

The accompanying notes form part of these consolidated financial statements.

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**Consolidated Statement of Financial Position**  
**As At 30 June 2020**

	Note	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	15	3,477,104	714,039
Trade and other receivables	16	86,282	157,956
<b>Total Current Assets</b>		<b>3,563,386</b>	<b>871,995</b>
<b>Non-Current Assets</b>			
Investments in associates and joint ventures		4,346	3,961
Plant and equipment	17	62,381	-
Right of use asset	26	12,429	-
Intangible assets and goodwill	18	507,375	153
<b>Total Non-Current Assets</b>		<b>586,531</b>	<b>4,114</b>
<b>Total Assets</b>		<b>4,149,917</b>	<b>876,109</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	20	477,597	427,265
Borrowings	21	-	782,746
Lease liability	26	32,076	-
Employee benefits	13	173,595	116,106
Contract liabilities – unearned income	7	327,769	-
<b>Total Current Liabilities</b>		<b>1,011,037</b>	<b>1,326,117</b>
<b>Non-Current Liabilities</b>			
Lease liability	26	11,750	-
Employee benefits	13	2,909	14,686
<b>Total Non-Current Liabilities</b>		<b>14,659</b>	<b>14,686</b>
<b>Total Liabilities</b>		<b>1,025,695</b>	<b>1,340,803</b>
<b>Net Assets</b>		<b>3,124,222</b>	<b>(464,694)</b>
<b>EQUITY</b>			
Contributed equity	22	20,356,670	15,530,264
Reserves	23	1,496,602	63,400
Accumulated losses		(18,729,050)	(16,058,358)
<b>Total Equity</b>		<b>3,124,222</b>	<b>(464,694)</b>

The accompanying notes form part of these financial statements.

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**Consolidated Statement of Changes in Equity**  
**Year Ended 30 June 2020**

	Note	Contributed Equity \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total \$
<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	22	5,513,104	-	-	5,513,104
Capital raising costs	22	(686,698)	-	-	(686,698)
Share based payments	23	-	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 year		-	-	(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>

	Note	Contributed Equity \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2018</b>		<b>15,410,653</b>	<b>25,400</b>	<b>(15,583,442)</b>	<b>(147,389)</b>
Equity issues	22	119,611	-	-	119,611
Share based payments	23	-	38,000	-	38,000
Loss for the period		-	-	(474,916)	(474,916)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		-	-	(474,916)	(474,916)
<b>Balance at 30 June 2019</b>		<b>15,530,264</b>	<b>63,400</b>	<b>(16,058,358)</b>	<b>(464,694)</b>

The accompanying notes form part of these consolidated financial statements.

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**Consolidated Statement of Cash Flows**  
**Year Ended 30 June 2020**

		<b>Group</b> <b>30 June 2020</b> \$	<b>Group</b> <b>30 June 2019</b> \$
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Receipts from customers		889,836	774,530
Payments to suppliers and employees		(2,182,400)	(1,186,969)
Interest received		16,456	183
Interest paid		(15,720)	(5,615)
Receipts from grants & subsidies		188,138	215,659
Net cash from / (used in) operating activities	15	(1,103,690)	(202,212)
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment and intangibles	17	(88,540)	-
Acquisition of subsidiary	19	(500,000)	-
Acquired cash	19	245,740	-
Investment in associate		(1)	-
Net cash from / (used in) investing activities		(342,801)	-
<b>Cash flows from financing activities</b>			
Proceeds from equity issues	22	5,400,000	67,612
Payment for costs of equity issues	22	(407,698)	-
Proceeds from/(repayment of) convertible notes		(520,300)	430,000
Proceeds from related party borrowings		-	29
Repayment of lease liabilities		-	-
Repayment of borrowings		(262,446)	(55,245)
Net cash provided from / (used in) financing activities		4,209,556	442,396
Net increase/(decrease) in cash held		2,763,065	240,184
<b>Cash and cash equivalents at beginning of the period</b>		<b>714,039</b>	<b>473,855</b>
<b>Cash and cash equivalents at period end</b>	15	<b>3,477,104</b>	<b>714,039</b>

The accompanying notes form part of these consolidated financial statements.

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## Notes to the Financial Statements For the Year Ended 30 June 2020

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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 2020.

### 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 32.

This is the first set of the Group's annual financial statements in which AASB 16 Leases has been applied. Changes to significant accounting policies are described in note 5.

#### 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 2020 of \$2,683,801 (2019: loss of \$474,916) and used \$1,103,690 of cash in operations. The Group had cash and cash equivalents of \$3,477,104 (30 June 2019: \$714,039), net assets of \$3,124,222 at 30 June 2020 (30 June 2019: deficiency of \$464,694), and a net current asset position of \$2,552,349.

Management have prepared cash flow projections for the period up to 30 September 2021 that support the Consolidated Entity's ability to continue as a going concern. These cash flows assume the Consolidated Entity will incur net operating cash outflows in the 2021 financial year, as it continues to invest in the research, development and commercialisation of its technology and that the Consolidated Entity 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 Group'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.



## Notes to the Financial Statements For the Year Ended 30 June 2020

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### Key estimates: receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

### Key estimates: other

- Impairment assessment (see Note 18)
- Fair value of intangible asset acquired (assumptions applied include time to redevelop, level of expert required and cost per time basis)
- Share based payments (see Note 23)
- Right of use asset recoverability (see Note 26)
- Business combinations (fair value of consideration and assets acquired and liabilities assumed measured on a provisional basis, 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)
- Business combinations (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 23)
- Business combinations (see Note 19).

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

### **AASB 16 Leases**

In the current year, the Company has adopted AASB 16 Leases (as issued by the AASB in January 2016) that is effective for annual periods that begin on or after 1 July 2019. A number of other new standards are also effective from 1 July 2019 but they do not have a material effect on the Group's financial statements.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for

## Notes to the Financial Statements For the Year Ended 30 June 2020

lessor accounting have remained largely unchanged. Details of these new requirements are described in note 32 (m). The impact of the adoption of AASB 16 is described below.

The date of initial application of AASB 16 for the Company is 1 July 2019.

### Definition of a lease

Previously, the Group determined at contract inception whether the arrangement was or contained a lease under AASB 117. The Group now assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 32 (m).

### Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 Leases and Interpretation 4 - Determining whether an Arrangement contains a Lease, will continue to be applied to those contracts entered or modified before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease since whether the customer has the right to control the use of an identified asset for a period in exchange for consideration. This contrasts with the focus on 'risks and rewards' in AASB 117 and Interpretation 4. The Group applies the definition of a lease and related guidance set out in AASB 16 to all contracts entered or changed on or after 1 July 2019 using the modified retrospective approach.

### Former operating leases

The Group had no operating leases in place prior to the financial year ended 30 June 2019 and therefore there was no impact on transition date. Subsequent to transition date the group entered into a property lease. Please see note 26 for further details.

## 6. Operating Segments

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

- Houston We Have Software segment, which offers products and services across Defence and other sectors; and
- Prometheus Information segment, which offers products and services across the Health Insurance sector.

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 entirely in Australia.

	30 June 2020	30 June 2019
	\$	\$
<b>Operating revenue</b>		
Houston We Have Software	296,238	824,530
Prometheus Information	383,634	-
<b>Consolidated Group operating revenue</b>	<b>679,872</b>	<b>824,530</b>
<b>Segment profit/(loss) before tax</b>		
Houston We Have Software	(641,135)	209,723
Prometheus Information	116,964	-
Unallocated	(2,159,632)	(684,639)
<b>Consolidated Group profit/(loss) before tax</b>	<b>(2,683,801)</b>	<b>(474,916)</b>

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

<b>Segment net assets</b>		
Houston We Have Software	268,920	428,587
Prometheus Information	744,945	-
Unallocated	2,110,356	(893,283)
<b>Consolidated Group net assets</b>	<b>3,124,222</b>	<b>(464,694)</b>

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2020</b>	<b>30 June 2019</b>
	\$	\$

**7. Revenue**

a. Details of revenue

Software licence and consulting revenue	679,872	824,530
	<u>679,872</u>	<u>824,530</u>

b. Contract balances

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

	<b>30 June 2020</b>	<b>30 June 2019</b>
	\$	\$
Receivables which are included in trade and other receivables	42,033	23,430
Contract assets	-	50,000
Contract liabilities – unearned income	(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 2020 are expected to be brought to account as revenue during the financial year ending 30 June 2021.

c. Disaggregation of revenue

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

		<b>30 June 2020</b>	<b>30 June 2019</b>
		\$	\$
Performance obligation	Timing of revenue recognition		
Proof of concept revenue	Over time based on proportion of work performed	-	70,743
Provision of software licenses, hardware and installation	Point in time on acceptance by the customer	17,060	745,600
Software updates, SaaS, technical environment and support services	Over time, over the term of the contracted service period	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	128,196	-
Software licenses as agent	Over time, over the term of the contracted service period	39,373	-
Sundry service revenue	Variable by agreement	-	8,817
		<u>679,872</u>	<u>824,530</u>

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.

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**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**7. Revenue (continued)**

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.

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 2020</b>	<b>Consolidated 30 June 2019</b>
	\$	\$
<b>8. Interest Income</b>		
Interest income	16,456	183
	<b>16,456</b>	<b>183</b>
<b>9. Other income</b>		
Research and development grant income	11,628	54,810
Government grant income	152,400	-
Other income	12,188	-
	<b>176,216</b>	<b>-</b>
<b>10. Auditors' Remuneration</b>		
Audit of the financial statements	139,460	89,725
	<b>139,460</b>	<b>89,725</b>
<b>11. Finance Costs</b>		
Finance costs	16,217	104,941
	<b>16,217</b>	<b>104,941</b>

In the prior year, an amount of \$104,941 was recognised as finance expense in the profit or loss for the in relation to convertible notes (refer Note 21).

	<b>Consolidated 30 June 2020</b>	<b>Consolidated 30 June 2019</b>
<b>12. Loss Per Share</b>		
Weighted average number of shares on issue (i)	225,271,385	70,414,582
Loss per share (cents) (ii)	(1.19) cents	(0.67) cents

- (i) The calculation of the weighted average number of shares has taken into consideration the 10:1 consolidation that occurred on 15 August 2019. The comparative figures have also been adjusted on a 10:1 basis (reported in the 30 June 2019 financial report as 704,145,819).
- (ii) The loss per share for the prior comparative period has been restated based on the consolidation of shares note above in (i).

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**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

	<b>Consolidated 30 June 2020</b>	<b>Consolidated 30 June 2019</b>
	\$	\$
<b>13. Employee Benefits</b>		
<u>Current</u>		
Annual leave	112,053	84,773
Long service leave	61,542	31,333
	<b>173,595</b>	<b>116,106</b>
<u>Non-Current</u>		
Long service leave	2,909	14,686
	<b>2,909</b>	<b>14,686</b>
	<b>Consolidated 30 June 2020</b>	<b>Consolidated 30 June 2019</b>
	\$	\$

**14. Income Tax**

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	(2,683,801)	(474,916)
Statutory income tax rate for the Group at 27.5% (2019: 27.5%)	(738,045)	(130,602)
Tax effect of amounts which are not deductible /(taxable) in calculating taxable income:		
Non-deductible expenditure	412,288	84,591
Current year tax losses not recognised	437,292	127,442
Non-assessable income	(16,947)	(62,330)
Movement in unrecognised temporary differences	(56,819)	(19,101)
Deductible equity raising costs	(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 \$1,399,406 (2019: \$911,372) 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

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**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

	<b>Consolidated 30 June 2020</b>	<b>Consolidated 30 June 2019</b>
	\$	\$
<b>15. Cash and Cash Equivalents</b>		
Cash at bank	3,477,005	713,939
Cash on hand	99	100
	<b>3,477,104</b>	<b>714,039</b>
<b>Reconciliation of Cashflows from Operating Activities</b>		
Loss before tax	(2,683,801)	(474,916)
Amortisation and depreciation	129,893	87
Impairment of ROU asset	20,441	-
Share based payments	1,291,583	78,955
Share of net profits of equity accounted associates	(384)	(2,140)
Change in trade and other receivables	42,718	155,427
Change in trade and other payables	50,147	(23,116)
Change in employee benefits	45,713	(24,009)
Change in provisions	-	87,500
Net cash used in operating activities	<b>(1,103,690)</b>	<b>(202,212)</b>

	<b>Consolidated 30 June 2020</b>	<b>Consolidated 30 June 2019</b>
	\$	\$
<b>16. Trade and Other Receivables</b>		
Trade receivables	42,033	23,430
Contract assets	-	50,000
Government grant receivable	-	54,810
GST receivable	12,079	28,952
Other receivables (i), (ii)	31,276	61,017
Provision for impairment of other receivables (ii)	-	(61,017)
Prepayments	894	764
	<b>86,282</b>	<b>157,946</b>

- (i) Other receivables for the current financial year includes government grants receivable under the Jobkeeper program.
- (ii) Other receivables in the prior year included \$61,017, being the balance of Toro Mining Pty Ltd share sale proceeds receivable from the purchaser. This amount was previously been fully impaired, and during the year ended 30 June 2020 was written off.

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**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

	<b>Consolidated 30 June 2020</b>	<b>Consolidated 30 June 2019</b>
	\$	\$
<b>17. Plant and Equipment</b>		
<u>Historical Cost</u>		
Balance at beginning of period	-	-
Additions	78,830	-
Disposals	-	-
Balance at end of period	78,830	-
<u>Accumulated Depreciation</u>		
Balance at beginning of period	-	-
Depreciation	(16,449)	-
Disposals	-	-
Balance at end of period	(16,449)	-
<u>Carrying Amounts</u>		
Balance at beginning of period	-	-
Balance at end of period	62,381	-

During the period to 30 June 2020 the Group acquired computer equipment with a cost of \$78,830 (2019: \$nil).

	<b>Consolidated 30 June 2020</b>	<b>Consolidated 30 June 2019</b>
	\$	\$
<b>18. Intangibles and Goodwill</b>		
Intellectual property	65	153
Other software	9,710	-
Software acquired (i)	358,400	-
Goodwill (ii)	139,200	-
	507,375	153

(i) Fair value on acquisition of \$460,800 (refer note 19) less amortisation of \$102,400.

(ii) 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 2020, refer to impairment testing below.

**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 its first annual impairment test as at 30 June 2020. 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 2021 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.

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

**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 discount rate used for impairment testing at 30 June 2020 was 8.9%.

*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 and a 3% increase each year for costs. A long term terminal growth rate of 2% has been used. 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 units CGU to materially exceed its recoverable amount.

**19. Acquisition of Subsidiary**

See accounting policy in note 32.

On 31 October 2019, the Group acquired 100% of the shares in Prometheus Information Pty Ltd (PIPL). Taking control of PIPL is a growth opportunity to solve problems within complex, evolving environments and to extend insights already in place, such as managing fraud risks.

In the 8 months to 30 June 2020, PIPL contributed \$383,634 in revenue and profit of \$116,964 to the Group's results. If the acquisition had occurred on 1 July 2019, management estimates that consolidated revenue would have been \$1,028,414 and the consolidated loss for the year would have been \$2,628,052.



**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

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

a. Consideration Transferred

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

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

- (i) The fair value of the ordinary shares issued was based on the listed share price of the Company on 30 October 2019 of \$0.0407.
- (ii) The Group agreed to pay the selling shareholders \$73,099 on or about 30 June 2020 provided that:
- No more than 3 clients of PIPL have terminated their relationship with the company for the period ending 30 June 2020; and
  - The principals of the company have continued their employment until 30 June 2020.

Due to the contingent consideration amount being conditional upon the selling shareholders remaining in employment, this amount has not been treated as consideration, rather it has been treated as employment expenses.

The amount was expensed over the required employment period from 1 November 2019 to 30 June 2020, and noting these conditions were met, was paid to the selling shareholders in July 2020.

b. Acquisition Costs

The group incurred acquisition costs of \$11,676 relating to legal fees and due diligence costs. These amounts have been included in the condensed consolidated statement of profit or loss and other comprehensive income.

c. 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	<u>(324,047)</u>
Total net identifiable assets and liabilities acquired	<u><u>460,800</u></u>

Trade and other receivables comprised gross contractual amounts due of \$59,422, all of which has subsequently been collected.

Fair values measured on a provisional basis

The fair value of assets and liabilities acquired has been determined on a provisional basis. The Group will continue to consider the valuations during the measurement period and make any adjustments deemed appropriate within 12 months of the date of acquisition.

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**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

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

Measurement of fair values

The fair value of the software has been determined using an estimated cost-to-redevelop approach at current prices.

d. Goodwill

Goodwill arising from the acquisition has been recognised as follows:

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

The goodwill is mainly attributable to complementary nature of the business and synergies expected to be achieved through the introduction of additional products and services. None of the goodwill is expected to be deductible for tax purposes.

	<b>Consolidated 30 June 2020</b>	<b>Consolidated 30 June 2019</b>
	\$	\$
<b>20. Trade and Other Payables</b>		
Accrued share based payments – Directors' fees	100,000	25,104
PAYG and superannuation payable	57,351	72,629
GST payable	39,889	-
Sundry payables and accrued expenses	157,218	221,529
Contingent consideration (i)	73,099	-
Trade creditors	50,040	108,003
	<u>477,597</u>	<u>427,265</u>
(i) Contingent consideration relates to the acquisition of Prometheus Information Pty Ltd as described in Note 19.		
<b>21. Borrowings</b>		
Convertible notes (i)	-	520,300
Related party borrowings:		
Canary Capital Pty Ltd (ii)	-	171,486
Elizabeth Whitelock (ii)	-	90,960
	<u>-</u>	<u>782,746</u>
(i) The convertible notes at 30 June 2019 were fully repaid during the period after reinstatement of the Group to quotation on the ASX in September 2019		
(ii) The related party borrowings at 30 June 2019 included \$247,829 payable in accordance with the DOCA. This amount was paid after reinstatement of the Group to quotation on the ASX.		

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**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

	<b>Consolidated 30 June 2020</b>		<b>Consolidated 30 June 2019</b>	
	<b>No. of Ordinary Shares</b>	<b>\$</b>	<b>No. of Ordinary Shares</b>	<b>\$</b>
<b>22. Contributed Equity</b>				
At 1 July	741,304,799	15,530,264	359,131,459	15,410,653
Share issue: DOCA	-	-	372,173,333	67,611
Share issue: Performance A shares conversion	-	-	7	-
Share issue: Corporate advisor shares (vi)	-	-	10,000,000	30,000
Non-Executive Director shares to be issued	-	-	-	22,000
Consolidation of capital (i)	(667,174,229)	-	-	-
Share issue: reinstatement to quotation on official ASX list (ii)	180,000,000	5,400,000	-	-
Share issue: in lieu of Directors' fees (iii)	1,170,134	13,104	-	-
Share issue: acquisition of Prometheus Information Pty Ltd (iv)	2,457,002	100,000	-	-
Share issue: Performance B shares conversion (v)	7	-	-	-
Capital raising costs (ii)	-	(686,698)	-	-
Contributed equity at end of period	<u>257,757,713</u>	<u>20,356,670</u>	<u>741,304,799</u>	<u>15,530,264</u>

- (i) On 15 August 2019 the Group effected a 10:1 consolidation of its share capital.
- (ii) 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.
- (iii) On 30 August 2019 1,170,134 shares at \$0.03 per shares were issued to directors in lieu of directors' fees.
- (iv) 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).
- (v) On 31 October 2019 7 ordinary shares were issued subsequent to the expiry of Class B Performance Shares.
- (vi) In the prior year, on 4 April 2019, the Group issued 10,000,000 fully paid ordinary shares to King Corporate for corporate advisory services.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

	<b>Consolidated 30 June 2020 No.</b>	<b>Consolidated 30 June 2019 No.</b>
<b>22. Contributed Equity (continued)</b>		
<u>Performance shares</u>		
Balance at beginning of period (i)	30,000,000	30,000,000
Consolidation of capital (ii)	(27,000,000)	-
Lapse of performance shares (iii)	(1,500,000)	-
Issue of performance shares (iv)	10,000,000	-
Balance at end of period	<u>11,500,000</u>	<u>30,000,000</u>

- (i) The Performance Shares balance of 30,000,000 at 30 June 2019 comprised (on a pre-consolidation of capital basis):
- a. 15,000,000 B Performance Shares. B Performance Share milestone will be taken to have been satisfied if, on or before the 3<sup>rd</sup> anniversary of the issue of the B Performance Shares, the Houston We Have business achieves annual sale revenues of not less than A\$3 million.
  - b. 15,000,000 C Performance Shares. C Performance Share milestone will be taken to have been satisfied if, on or before the 4<sup>th</sup> anniversary (30 August 2023) of the issue of the C Performance Shares, the Houston We Have business achieves annual sale revenues of not less than A\$10 million.
- (ii) On 15 August 2019 the Group effected a 10:1 consolidation of its share capital.
- (iii) On 8 September 2019 the B Performance Shares lapsed as the milestone was not met.
- (iv) 10,000,000 Performance Shares were issued on 30 August 2019 as follows:
- a. 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 of the Performance Shares 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. The grant date fair value of these shares was determined to be \$115,500 using a Monte Carlo simulation model (see Note 23 (ii)).
  - b. 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 of the Performance Shares 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. The grant date fair value of these shares was determined to be \$98,500 using a Monte Carlo simulation model (see Note 23 (ii)).

	<b>Consolidated 30 June 2020 No.</b>	<b>Consolidated 30 June 2019 No.</b>
<u>Unlisted options</u>		
Balance at beginning of period	21,000,000	1,000,000
Expiry of options (v)	(1,000,000)	-
Consolidation of capital (vi)	(18,000,000)	-
Options granted (note 24)	85,000,000	20,000,000
Balance at end of period	<u>87,000,000</u>	<u>21,000,000</u>

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

(vi) 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 2020**

	<b>Consolidated 30 June 2020</b>	<b>Consolidated 30 June 2019</b>
	\$	\$
<b>23. Reserves</b>		
<u>Share based payments reserve</u>		
Balance at beginning of period	63,400	25,400
Options granted (i)	1,232,312	38,000
Performance shares granted (ii)	214,000	-
Options lapsed (iii)	(820)	-
Performance shares lapsed (iv)	(12,290)	-
Balance at end of period	<u>1,496,602</u>	<u>63,400</u>

- (i) The fair value of options at grant date is determined using the Black-Scholes model. 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.
- (iii) On 13 July 2019 1,000,000 options (pre 10:1 consolidation) expired with the vesting criteria being unmet. The corresponding value of \$820 has been taken to accumulated losses.
- (iv) On 8 September 2019 the B Performance Shares lapsed as the milestone was not met. The corresponding value of \$12,290 has been taken to accumulated losses.

**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. 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>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>Inputs</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

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**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

**23. Reserves (continued)**

**Fair value share options (continued)**

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

**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.

Inputs	D Performance	E Performance
	Shares	Shares
<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 2020**

**23. 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 20
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	\$424,614	26,000,000	-	26,000,000
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
Total grant date fair value of options on issue at 30 June 2020					\$1,321,784			

- (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.

**Share Based Payment Expense**

During the year, share based payment expenses of \$977,583 (2019: \$38,000) in relation to options issued and \$214,000 (2019: \$Nil) in relation to performance shares issued was recorded in profit and loss.

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**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

**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 2020 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 2020</b>					
Trade & other payables	(477,597)	(477,597)	(477,597)	-	-
Lease Liabilities	(43,826)	(43,826)	(25,552)	(18,274)	
Borrowings	-	-	-	-	-
Total	(521,423)	(521,423)	(503,149)	(18,274)	-
<b>30 June 2019</b>					
Trade & other payables	(427,265)	(427,265)	(427,265)	-	-
Borrowings	(782,746)	(792,954)	(792,954)	-	(10,208)
Total	(1,210,011)	(1,220,219)	(1,220,219)	-	(10,208)

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



**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 not exposed to any foreign currency risk as at 30 June 2020 (2019: nil).

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.

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**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

**24. Interests in Controlled Entities**

Company Name	Place of Incorporation	% Ownership 31 December 2019	% Ownership 30 June 2019
HWH Software Pty Ltd	Australia	100%	100%
St Nicholas Mines Pty Ltd	Australia	100%	100%
Prometheus Information Pty Ltd	Australia	100%	-
Data Distillery Pty Ltd	Australia	50%	-
Niquaero LLC	Mongolia	100%	100%

**25. Leases**

	<b>Consolidated 30 June 2020</b>	<b>Consolidated 30 June 2019</b>
	\$	\$
a. Right of use assets		
Additions due to the first time adoption of AASB 16	-	-
Additions during the year	43,826	-
Impairment of right of use asset (i)	(20,441)	-
Depreciation	(10,956)	-
	12,429	-
b. Lease liabilities		
Current	32,076	-
Non-current	11,750	-
	43,826	-

- (i) Subsequent to year end, the Group is no longer making use of the premises and the lessor has granted a rent reduction until they are able to find an alternative tenant at which point the lease will terminate. Management intended to exit the lease prior to year end and therefore an impairment provision has been raised on the right of use asset recognised at year end. Accordingly the asset has been impaired by an amount that represents 12 months of lease payments at the rent reduced amount based on a judgment that the tenancy will not be replaced prior to this due to the current COVID-19 impacts on the commercial leasing industry. The lease ends in January 2022.

The property lease accounted for above contains an extension option exercisable by the group. The group has used the practical expedient to apply hindsight to determine whether this extension option is reasonably certain to be exercised. As the Group had made plans to exit the lease prior to the year-end no extension option was assumed. The Group has no termination options available.

The Group has no leases of short term or low value assets.

**26. Commitments and Contingencies**

- a. During the year ended 30 June 2020, a lease for office space was entered into with a commencement date of 13 January 2020 for a period of 2 years. The accounting impacts have been disclosed under Note 27.
- b. Contingent assets  
There are no contingent assets as at 30 June 2020.
- c. Contingent liabilities  
There are no contingent liabilities as at 30 June 2020.

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**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

**27. Related party transactions**

	<b>Consolidated 30 June 2020</b>	<b>Consolidated 30 June 2019</b>
	\$	\$
KMP compensation		
Short term employee benefits	330,293	248,026
Post employment benefits	31,193	24,023
Long term benefits	19,914	11,949
Shared based payments	506,785	-
<b>Total</b>	<b>888,185</b>	<b>283,998</b>

KMP compensation

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

Transactions with related parties

In financial year 2019, the Group had the following loan from entities that were controlled by the members of the Group's key management personnel as outlined in the table below. The loan balances outstanding as at 30 June 2019 were settled in full during the year ended 30 June 2020.

KMP	Nature of Transaction	Payable at 30 June 2019	Transactions	Payable at 30 June 2020
Elizabeth Whitelock	Loan to Group (with no interest) for funding of legal fees under DOCA	\$90,960	(\$90,960)	-

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 29 July 2020, 4,000,000 fully paid ordinary shares at a deemed issue price of \$0.03 were issued to Director, Mr Andrew Grover, 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 accrued.

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.

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**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

**29. Parent Entity**

	<b>Consolidated 30 June 2020</b>	<b>Consolidated 30 June 2019</b>
	\$	\$
<b>Statement of financial position</b>		
Assets		
Total current assets	2,351,658	30,208
Total non-current assets	1,918,512	-
<b>Total assets</b>	<b>4,270,170</b>	<b>30,208</b>
Liabilities		
Total current liabilities	390,212	923,489
Total non-current liabilities	-	-
<b>Total liabilities</b>	<b>390,212</b>	<b>923,489</b>
<b>Net assets/(deficiency)</b>	<b>3,879,958</b>	<b>(893,281)</b>
Equity		
Contributed equity	20,356,670	15,530,264
Reserves	1,496,602	63,400
Accumulated losses	(17,973,314)	(16,486,945)
<b>Total equity</b>	<b>3,879,958</b>	<b>(893,281)</b>
<b>Statement of profit or loss and other comprehensive income</b>		
Loss for the year	(1,486,369)	(359,715)
<b>Total comprehensive income</b>	<b>(1,486,369)</b>	<b>(359,715)</b>

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## Notes to the Financial Statements For the Year Ended 30 June 2020

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### 32. 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 25 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

## Notes to the Financial Statements For the Year Ended 30 June 2020

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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.

### (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

## Notes to the Financial Statements For the Year Ended 30 June 2020

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 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 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

## Notes to the Financial Statements For the Year Ended 30 June 2020

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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 4 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.



**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

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**(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 2020

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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 2020

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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 2020

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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.

## Notes to the Financial Statements For the Year Ended 30 June 2020

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### (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 governments 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 19 to 52 and the remuneration report set out on pages 10 to 16 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 2020 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 2020.
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 2020

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# 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 2020 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 2020
- 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* (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.

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## Key Audit Matters

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

- Revenue recognition of provision of software and software related services
- Recoverability of intangible assets including goodwill
- Accounting for business combinations

**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 AUD \$679,872

Refer to Note 7 to the financial report

#### The key audit matter

Revenue from the provision of software and software related services is a key audit matter due to the significant audit effort and judgement we have applied in assessing the Group's recognition and measurement of revenue.

This was driven from the:

- Multiple revenue types with different recognition criteria across different products and services, increasing the possibility of the Group inappropriately identifying performance obligations and incorrectly recognising revenue using AASB 15 *Revenue from Contracts with Customers* ('AASB 15').
- Complexity arising from the various terms and conditions included in the contracts with customers acquired through the acquisition of Prometheus Information Pty Ltd. The complex terms and conditions increases the risk of interpretational differences in accounting outcomes against the principles based criteria contained in AASB 15.

We involved senior audit team members in addressing this key audit matter.

#### How the matter was addressed in our audit

Our procedures included:

- Considering the appropriateness of the Group's revenue recognition policies against the requirements of AASB 15 and our understanding of the business;
- Reading the executed contracts to understand the key terms and conditions. We clarified elements of our understanding of the contract through inquiries with the Group;
- Comparing the relevant features of the underlying contracts to the criteria in the accounting standard, those in the Group's policies, and against what the Group identified as performance obligations;
- Checked 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 revenue recognition policies;
- Using statistical sampling for each significant revenue type we checked the timing of revenue recognised by the Group to underlying documentation such as signed customer contracts and customer timesheets against the Group's revenue recognition policies;
- Using statistical sampling for certain revenue types we recalculated the amount of revenue recognised by the Group. This necessitated also assessing 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, such as, signed revenue contracts, proof of acceptance from the customer and criteria in the accounting standards for allocation of revenue. We compared our assessment to the



	<p>amount recorded by the Group. We also checked customer receipts to the Group's bank statements;</p> <ul style="list-style-type: none"> <li>Assessing the adequacy of the Group's revenue disclosures using our understanding obtained from our testing against the requirements of AASB 15</li> </ul>
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**Recoverability intangible assets including goodwill \$507,375**

Refer to Note 18 to the Financial Report

**The key audit matter**

The carrying value of intangible assets, including the Group's annual testing of goodwill for impairment, was identified as a key audit matter due to the:

- size of the balance; and
- significant level of judgement required to assess the Group's forecasts and discounted future cashflows, including higher estimation uncertainty arising from the impact of the COVID-19 global pandemic.

We focussed on the significant forward-looking assumptions the Group applied its value in use model, including:

- Forecast operating cash flows, growth rates and terminal growth rates;
- Discount rates – these are complicated in nature and vary according to the conditions and environment the Cash Generating Unit (CGU) is subject to from time to time, and the model's approach to incorporating risks into the cash flows or discount rates. The Group's modelling is sensitive to changes in the discount rate.

We involved senior audit team members in addressing this key audit matter.

**How the matter was addressed in our audit**

Our procedures included:

- We considered the appropriateness of the value-in-use method applied by the Group to perform its annual impairment testing of goodwill against the requirements of the relevant accounting standards. We:
  - Assessed the Group's determination of CGUs based on our understanding of the operations of the Group's business including the impact of the Prometheus Information Pty Ltd acquisition and how independent cash inflows were generated, against the requirements of the relevant accounting standards;
  - Assessed the Group's determination of CGU assets for consistency with the assumptions used in the forecast cash flows and the requirements of the accounting standards;
  - Compared forecast cash flows in the model to historical trading performance;
  - Assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the model.
- We considered the sensitivity of the model by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range, to identify possible impairment and to focus our further procedures;
- Working with our valuation specialists we:
  - Developed a discount range using publicly available market data for comparable entities, adjusted by risk factors based on the size and location of the Group's CGU; and
  - Assessed the integrity of the model used, including the accuracy of the underlying

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	<p>calculation formulas.</p> <ul style="list-style-type: none"> <li>We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the relevant accounting standards.</li> </ul>
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### Accounting for business combinations

Refer to Note 19 to the financial report

The key audit matter	How the matter was addressed in our audit
<p>On 31 October 2019, the Group acquired 100% of the shares in Prometheus Information Pty Ltd for consideration of \$600,000 resulting in the recognition of software intangible assets of \$460,000 and goodwill of \$139,200.</p> <p>This transaction is 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; and</li> <li>Group's judgement and complexity relating to the determination of the fair values of assets and liabilities acquired in the transaction requiring significant audit effort.</li> </ul> <p>We involved our corporate finance specialists and senior audit team members in addressing this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>We evaluated the acquisition accounting by the Group against the requirements of the accounting standards;</li> <li>We read the underlying transaction agreements to understand the terms of the acquisition and the nature of the assets and liabilities acquired;</li> <li>We assessed the accuracy of the calculation and measurement of consideration paid to acquire Prometheus Information Pty Ltd;</li> <li>We evaluated the valuation methodology used by the Group to determine the fair value of assets and liabilities acquired, considering accounting standard requirements and observed industry practices;</li> <li>We recalculated the goodwill balance recognised as a result of the transactions and compared it to the goodwill amount recorded by the Group; and</li> <li>We assessed the adequacy of the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.</li> </ul>

### 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.

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## 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 2020, 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 16 of the Directors' report for the year ended 30 June 2020.

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



KPMG



Adam Twemlow  
Partner  
Gold Coast  
30 September 2020

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## **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 (3<sup>rd</sup> Edition)' published by the ASX Corporate Governance Council.

The Group's Corporate Governance Statement for the financial year ended 30 June 2020 has been approved by the Board and is dated 28 October 2019. 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).

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## 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 31 August 2020.

### Substantial Shareholders

Shareholder	Number of Shares
Mr Antanas Guoga	30,257,487
JP Morgan Chase & Co	20,000,000
A22 Pty Limited	17,116,414

### 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	Mr Antanas Guoga	30,257,487	11.56
2	Ecapital Nominees Pty Limited Accumulation A/C>	20,000,000	7.65
3	Richmond Bridge Superannuation Pty Ltd <Richmond Bridge Super A/C>	13,500,000	5.16
4	A22 Pty Limited	13,116,414	5.01
5	Shah Nominees Pty Ltd	10,000,000	3.82
6	Arredo Pty Ltd	9,000,000	3.44
7	Mr Brian Glynn	7,050,801	2.69
8	Stevsand Investments Pty Ltd <Steven Formica Family A/C>	6,166,668	2.36
9	Mr Ugnius Simelionis	6,000,000	2.29
10	Mr Gregory Wilson	5,493,900	2.10
11	Mr Paul Cozzi	5,025,001	1.92
12	Ms Elizabeth Whitelock	4,515,602	1.73
13	A22 Pty Ltd	4,000,000	1.53
14	Ms Laura Bailey	3,850,000	1.47
15	Lake Springs Pty Ltd <The Lake Springs S/F A/C>	3,533,333	1.35
16	National Nominees Limited	3,484,570	1.33
17	Mr Marcel Reuben	3,000,000	1.15
18	Mr Paul Madden	2,919,886	1.12
19	Shanti Capital Pty Ltd <Peter Marks Super A/C>	2,700,000	1.03
20	Corby Investments Pty Ltd <Anstey Super Fund A/C>	2,500,000	0.96
20	First One Realty Pty Ltd	2,500,000	0.96
	<b>Total Largest Holders</b>	<b>158,613,62</b>	<b>60.60</b>
	<b>Other Holders</b>	<b>103,144,051</b>	<b>39.40</b>
	<b>Total</b>	<b>261,757,713</b>	<b>100.00</b>

## Additional ASX Information

### Number and Distribution of Holders

	Fully Paid Ordinary Shares And % of shares held	Class D Performance Shares And % of securities 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 (\$0.08, 30/6/2023) And % of securities held
1 – 1,000	124 (0.03%)	0	0	0	0	0	0	0
1,001 – 5,000	162 (0.17%)	0	0	0	0	0	0	0
5,001 – 10,000	113 (0.36%)	0	0	0	0	0	0	0
10,001 – 100,000	321 (5.08%)	0	0	1 (2.5%)	0	0	0	0
100,001 and over	197 (94.35%)	2 (100%)	2 (100%)	2 (97.5%)	20 (100%)	2 (100%)	2 (100%)	22 (100%)
<b>Total</b>	<b>917</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>20</b>	<b>2</b>	<b>2</b>	<b>22</b>

There are 406 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.

### Unquoted Equity Securities

Class	Number of Securities	Number of Holders	Holders of 20% or More	
			Name	Number of Securities
Class D Performance Shares	5,000,000	2	A22 Pty Limited	2,500,000
			Ms Elizabeth Whitelock	2,500,000
Class E Performance Shares	5,000,000	2	A22 Pty Limited	2,500,000
			Ms Elizabeth Whitelock	2,500,000
Options (\$0.03, 4/4/2022)	2,000,000	3	King Corporate Pty Ltd	1,000,000
			Incito Equity Solutions Pty Ltd	950,000
Options (\$0.04, 30/6/2022)	41,500,000	20	-	-
Options (\$0.04, 1/11/2024)	2,000,000	2	Mr Daryl Akerlind	1,000,000
			Mr George Preston	1,000,000
Options (\$0.05, 30/6/2022)	1,500,000	2	-	-
Options (\$0.08, 30/6/2023)	44,000,000	22	-	-

## Additional ASX Information

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### Restricted Securities

The Group has no restricted securities and 4,000,000 ordinary shares subject to voluntary escrow (until the issue of a cleansing notice) 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 2020.

### 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.

- 1,500,000 Class C, 5,000,000 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 C 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 D and 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 B, Class C, Class D or Class E performance share converts into 1 Share upon satisfaction of the relevant performance milestone.
  - Class C: the software business operated by Veriluma Software Pty Ltd achieves sales revenue of not less than \$10,000,000 on or before 8 September 2020.
  - 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.
- No Class C, Class D or Class E performance shares were converted or cancelled during the reporting period.
- None of the performance milestones for the Class C, Class D or Class E performance shares were met during the period.