

ASX ANNOUNCEMENT

28 JANUARY 2022

HITIQ Quarterly Activities Report – December 2021

Transformative, concussion management technology company, HITIQ Limited (ASX: **HIQ) (HITIQ** or the **Company),** is pleased to provide an update on its activities for its transformative, concussion management technology for the quarter ended 31 December 2021.

HITIQ has delivered on a number of milestones as part of its FY'22 strategic plan, particularly advancing commercial outcomes with Customers and fast tracking the Technology platform. The Company announced a significant commercial distribution partnership with BUPA, along with the acquisition of CSX Limited, effectively accelerating the pathway for the development of HITIQ's technology platform.

CUSTOMER MARKETS

Commercial Programs

AFL

- The first year of the contracted multi-year league wide deal with the Australian Football League (**AFL)** has successfully been completed;
- HITIQ continues to work with the AFL to leverage HITIQ technology value to support performance and player welfare programs across teams in the league; and
- The Company is on track on Phase 2 deployment to the AFL Women's league (**AFLW**) for use in the 2022 season, with 264 AFLW players having received the technology.

Bupa Australia

- The Company announced in December that it entered into an exclusive partnership with Bupa Dental Care, Australia's largest dental network, to offer its industry leading concussion management technology for the first time to the consumer market;
- Under the commercial deal, customers from Bupa Health Insurance's 4 million+ membership-base along with the general public through Bupa Dental Care practices will be offered the opportunity to purchase HITIQ technology in early CY2022;
- The partnership followed a successful trial by BUPA using HITIQ concussion management technology in an Australian first Junior Rugby Pilot Project (ASX Announcement 21 July 2021). Confirming the transition to a commercial partnership, Bupa's Managing Director of Health Services, Dr Dwayne Crombie, said: "*The results from our initial trial were extremely promising and we look forward to working with HITIQ to offer this solution across our Australian dental practices. We're proud to be the first dental network to offer the HITIQ solution to Australians to help make community sport a safer experience*."
- Key terms under the deal, include:
  - HITIQ smart mouthguard technology being offered exclusively for 12 months through Bupa Dental Care's network and customer base;

- Health insurance policy holders will qualify for reimbursement under eligible extras cover for the technology; and
- Bupa Dental Care will commence a marketing campaign in early CY2022, where customers can access the technology at many practices across its Australian network. A marketing campaign will also target the general public.

> HITIQ technology, previously only commercially available for the elite sports market, will now be made available to consumers in partnership with Bupa Dental Care, in time for the CY2022 regular community AFL, Rugby League and Rugby Union seasons.

Announced Pipeline

Proactive and appropriate concussion management continues to be a high priority within contact sports. HITIQ continued progress on a number of announced programs with key customers globally to advance to a commercial partnership, including:

Scottish Rugby

> Over 120 elite players are using the technology in both training and match settings, during the 2021/22 season;

> Participating teams span – Scotland Men's / Women's National squads, Scotland 7's, and Edinburgh Rugby.

US College Football

> Over 100 elite players are currently using the technology as part of a partnership with six Football Bowl Subdivision (FBS) division one US college football programs, which include - Tulane University, University of Tulsa, Georgia Tech University, University of Tennessee Knoxville, University of South Carolina, and Brigham Young University.

Rugby Australia

> Players in the QLD Premier Rugby 1st grade competition are using the technology during the 2021 season, with participating teams including Wests, Brothers, UQ, Easts and Sunnybank;

> The trial is led by concussion expert, Dr Andrew Gardner, and is endorsed and supported by Rugby Australia Chief Medical Officer, Mr Warren McDonald.

NORTH AMERICAN SALES INFRASTRUCTRE

During the quarter, the Company bolstered it's US operation through the hiring of Head Sales Engineer, Lucas Borgo, and Sales Engineer, Andrew Preston.

> Lucas Borgo has extensive experience in Neurotechnology products and joins HITIQ from Thought Technologies a world leader in biofeedback, neurofeedback, and psychophysiological instrumentation. Lucas will work closely with HITIQ's US partners and drive commercial growth in the coming months.

> Andrew Preston had been assisting HITIQ in a contractor capacity in 2020 and 2021 to assist partnership growth. HITIQ welcomed Andrew into a full-time role this quarter. Andrew has previously held roles at Catapult as a Business Development Manager and Nila as Director of Global Sales. Andrew will also help drive early-stage adoption of HITIQ's technology platform.

TECHNOLOGY

> HITIQ confirmed the acquisition of CSX Limited as part of its technology platform extension strategy;

> The acquisition of CSX is designed to deliver:
  - An accelerated pathway for the development of HITIQ's technology platform;
  - Access to a new and diverse global customer base; and
  - Enhanced functionality to strengthen and differentiate HITIQ's value proposition

> The CSX concussion assessment business has annual revenue of A$430k and represents:
  - 100,000 concussion assessments performed on the CSX platform;
  - 45,000 users globally;
  - 60 competitions & leagues globally; and

- +800 customers (+600 in elite market, and +200 in consumer / school markets).

> During the quarter, HITIQ deployed over 351 units bringing a total of 1,268 units in market being used globally; and

CORPORATE

Financial

The Company had cash reserves of A$4.464m as at 31 December 2021.

The Company used A$850k of cash reserves to acquire CSX plus associated acquisition costs.

The global semiconductor market continues to be an ongoing issue with supply chain constraints. Preparing for entry into the consumer market via the BUPA agreement entailed heavier than expected expenditure versus forecasts due to the potential scale of the partnership. The company has made some buoyant assumptions with regard to assessing componentry ordering requirements, with expected revenue inflows to offset the upfront financial expenditure over the next two quarters.

As a result of the acquisition, plus preparations for entry into the Consumer market the Company has incurred a higher than budgeted expenditure for the quarter.

As anticipated and advised in the September Quarterly report, the Company received its Research and Development Rebate of A$1,025 during the quarter and repaid approximately A$580k in early R&D financing.

As advised in Section 6.1 in the Appendix 4C for the period, payments to, or to an associate of, a related party of the entity during quarter A$124,189 was paid to related parties of the Company as follows:

- Executive Director Salary and superannuation $62,192
- Non-Executive Director Fees $58,127
- Bookkeeping and Accounting Services provided by Optima Partners, a related party of non-executive director, Mr Philip Carulli: $3,870

A comparison of the use of funds since the date of admission, to the use of funds statement contained within the Company's Prospectus, as required by ASX Listing Rule 4.7C.2 is as follows:

Allocation of funds[1]	Prospectus estimate (2 years) $A'000	Actual use of funds (for the quarter ended December 2021 quarter) $A'000	Actual use of funds since listing (15 June 2021 to December 2021 quarter end) $A'000
Technology, Research & Development	$4,701	$1,076	$2,534
Sales & Marketing	$1,068	$255	$444
Working capital	$4,049	$1,010	$2,083
Cost of the Offer	$802	$0	$767
Total	**$10,620**	**$2,341**	**$5,756**

[1] Refer to the HITIQ Prospectus dated 22 April 2021 for full details.

- ENDS –

Authorised for release by the Board of Directors.

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About HITIQ

HITIQ Limited (ASX: **HIQ**) operates in the healthcare equipment sector, providing and further developing a transformative, end-to-end concussion management technology platform. This platform aims to provide a total concussion ecosystem whereby the Company's products support the identification, monitoring and management of sport related brain injury. HITIQ's product suite utilises high-end technology that will span multiple domains – from early detection and surveillance to assessment and rehabilitation technology tools.

HITIQ is targeting a growing worldwide concussion management market including elite and recreational sport, clinical practitioners, military, research, and combat sports. The Company's first commercial partner is the Australian Football League, with current strategy initiatives expanding commercially into Rugby League, Rugby Union, Ice Hockey, Lacrosse, MMA and American Football (particularly the NCAA). The market opportunity globally represents ~500k athletes within the elite market and ~10million in the consumer market.

APPENDIX 4C

QUARTERLY CASH FLOW REPORT FOR ENTITIES
SUBJECT TO LISTING RULE 4.7B

Name of entity	
HITIQ Limited	
ABN	**Quarter ended ("current quarter")**
53 609 543 213	31 December 2021

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (6 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	3	114
1.2	Payments for		
	(a) research and development	(513)	(1,147)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(52)	(188)
	(d) leased assets	-	-
	(e) staff costs	(1,123)	(1,988)
	(f) administration and corporate costs	(211)	(820)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	(8)	(29)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	1,025	1,025
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(879)**	**(3,032)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	(858)	(858)
	(c) property, plant and equipment	(20)	(37)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(878)**	**(895)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	20
3.6	Repayment of borrowings	(584)	(584)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(584)**	**(564)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	6,805	8,955
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(879)	(3,032)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(878)	(895)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(584)	(564)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**4,464**	**4,464**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	4,464	6,805
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**4,464**	**6,805**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	124
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-
7.5	**Unused financing facilities available at quarter end**		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(879)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,464
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,464

8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	5.08

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 January 2022

Authorised by: .The Board of HITIQ Limited
(Name of body or officer authorising release – see note 4)

1.1 Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.