

ASX ANNOUNCEMENT

31 OCTOBER 2022

HITIQ Quarterly Activities Report – September 2022

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 30 September 2022.

HITIQ released its FY'23 strategic plan, focused on delivering a best-in-class concussion management technology platform. During the quarter, HITIQ delivered on a number of milestones, including:

- Selected to be the exclusive provider of concussion management technology at Rugby League World Cup;
- New partnership with Shock Doctor, a world leader and pioneer in sports performance mouth guards;
- Re-signing of two existing customers, in the England and Wales Cricket Board (ECB), and Australian Football League (AFL); and
- Secured a third Australian Innovation Patent.

CUSTOMER MARKETS

Partnerships

Rugby League World Cup

HITIQ was selected as the exclusive provider of concussion management technology to manage all head impacts at this year's Rugby League World Cup. The Rugby League World Cup runs for five (5) weeks from 15 October until 19 November 2022.

The men's, women's &wheelchair tournaments include 32 qualifying teams with approximately 750 players. HITIQ's world leading CSX concussion management technology will be showcased to a global professional rugby league market at the world cup tournament. All 32 competing teams will utilise HITIQ technology to:

- record all head injury events and capture all details related to the incident;
- provide a consistent and defined structure for assessments and diagnosis; and
- manage return to play protocols.

Shock Doctor MOU

As announced earlier in the quarter, HITIQ signed a non-binding exclusive Memorandum of Understanding (MOU) with Shock Doctor - the world leader and pioneer in sports performance mouthguards. The collaboration with Shock Doctor is designed to leverage the combined expertise to place HITIQ concussion management technology into target customer markets, particularly North America.

Partnership Benefits

Where the long form binding agreement is achieved, the partnership is designed to ultimately deliver several strategic outcomes for HITIQ:

- Execution of the Company's growth plan outcomes to expand an international sales footprint, distribution partnerships, and traction in lucrative international consumer markets; and
- Quickly expand customer pathways and availability to a broader global audience.

Key Terms

HITIQ and Shock Doctor intend to negotiate and enter into an agreement to facilitate the development of a new product category. This category will see HITIQ's impact sensor technology integrated into Shock Doctor mouthguards. Each party will be responsible for its own expenses incurred in connection to each of the following phases. Key terms of the MOU include:

- Development Phase – Completion of design, prototyping & product validation processes. The expected timeline to complete the activities required in this phase is between six (6) to nine (9) months, with Shock Doctor leading the majority of these activities through their existing tooling and design infrastructure capabilities; and
- Commercialisation Phases – Upon completion of the development phase, Shock Doctor will manufacture boil &bite mouthguards for HITIQ to sell to price sensitive markets and HITIQ will grant Shock Doctor an opportunity to become the exclusive licensee to use the HITIQ Technology in respect of boil-and-bite mouthguards in the North American markets, based on commercial terms negotiated in good faith between the parties. The parties may also negotiate in good faith for exclusive licensing opportunities in other global markets, including Europe and elsewhere.

Customer Retention

England and Wales Cricket Board (ECB)

Cricket is one of the most participated sports in the world and concussion has become a growing concern, with researching demonstrating 7.2 head impacts and 2.3 concussions in 1,000 player days in elite men's cricket. This equates to one (1) of the 11 players on each team can expect a head impact every 12 days of play, and every 36 days of match play, one (1) of the players in the team will suffer a concussion.

ECB Agreement Renewal

The contract renewal of the Agreement with the ECB is for a further two (2) years. Whereas the detailed terms and conditions contained within the Agreement remain commercially sensitive, the initial financial impact of the contract is not considered material to HITIQ's overall annual recurring revenues.

Under the Agreement, the existing concussion assessment services provided by HITIQ will be retained by the ECB which covers 32 cricket clubs and more than 1,800 players.

The CSX application allows for player baseline concussion testing, so that doctors can make more informed diagnosis when assessing cricket players for concussion. Additionally, the HITIQ concussion assessment technology can be used by team trainers, physios or coaches to digitally record helmet strikes.

Australian Football League (AFL)

HITIQ announced the renewal of its CSX Concussion Assessment agreement with the Australian Football League (AFL) in July, which included an ancillary agreement expanding the scope to include players from the Victorian Football League (VFL). The renewal covers the calendar years of 2022-23.

HITIQ has a broad concussion management partnership with the AFL that includes products and services for head impact surveillance and detection through an instrumented mouthguard and the CSX Concussion Assessment Technology (CSX). This agreement renewal covers the CSX services component, which delivers the ability for the AFL to record and manage all player concussions across the league. HITIQ acquired CSX in November 2021 as part of its plan to accelerate its technology platform development.

Under the agreements, the existing concussion assessment services will be retained and further expanded covering:

- concussion assessment functionality to 2000 players, comprising 18 AFL teams, 14 AFLW teams (increasing to 18 AFLW teams in 2023) and 21 VFL teams; and
- expansion with the addition of the VFL competition allowing for greater continuity of player head injury management across both the professional and semi-professional competitions.

TECHNOLOGY

Third Australian Innovation Patent Secured

An Australian Innovation Patent (Patent No. 2012107529) has been awarded to HITIQ for "Technology Adapted for Improved Assessment of Cognitive Function in A Human Subject, Including Assessment of Cognitive Function Affected By Brain Injuries Sustained During Sporting Activities".

Key features of the patent cover the combining of data from HITIQ's virtual reality testing platform with data from HITIQ instrumented mouthguard technology, including:

- Performing VR-based neurological assessments on a human subject;
- Constructing and delivering a series of cognitive tests of varied test class, thereby to increase cognitive load on the test subject; and
- Triggering testing and/or presenting test results in combination with impact data from an instrumented mouthguard device.

The combined process allows a deeper understanding of relationships between impacts, for example in a sporting environment, and cognitive performance. This relationship as considered in terms of impact magnitude and cognitive impairment, is of significant utility in injury assessment and ongoing management. Being an Innovation Patent, the associated rights are especially robust to withstand validity attacks from third parties.

Approximately three (3) million data points were captured from new and existing customer programs strengthening the Company's leading global head-impact databank.

CORPORATE

FY'23 Business Strategy / Operating Plan

The Company has released its summary outline of its FY'23 Business Strategy / Operating Plan. The key initiatives to be focused upon in the upcoming financial year will be supported by a detailed performance indicator matrix aimed at achieving these key 12-month operating milestones.

Components of the strategic, operating growth plan include:

1. **Expand Consumer Sales Footprint, Growing Non-Professional Revenues**
   - Following commencement of initial BUPA program & leveraging elite market footprint, extend reach into new consumer subcategories such as feeder leagues & school segments (grassroots, community campaign);
   - Complete Development phase of Shock Doctor retail product for domestic and international markets; and
   - Extend "CSX" into consumer market globally
2. **Grow Elite Market Revenues Both domestically & internationally**
   - Continue market penetration of NEXUS product;
   - Penetrate new markets, with ubiquitous CSX product; and
   - Grow CSX usage and position in existing markets.
3. **Continue Product & Platform Extension**
   - Leverage world-class Scientific & Medical Advisory Council ("SMAC") to drive product value enhancements across HITIQ's concussion eco-system (see ASX 27 April 2022 announcement); and
   - Expanding the collection and use of de-identified brain and impact data to generate increased value.

4. Commence & Progress VR diagnostic tool towards Regulatory approval / clearance

Market

Residual delays and pricing volatility remain in the semi-conductor supply chain that the company continues to navigate albeit with more certainty than in previous quarters.

Financial

The Company had cash reserves of A$1,414m as at 30 September 2022.

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$134,930 was paid to related parties of the Company as follows:

- Executive Director Salary and superannuation $62,475
- Non-Executive Director Fees $45,990
- Bookkeeping and Accounting Services provided by Optima Partners,
  - a related party of non-executive director, Mr. Philip Carulli: $26,465

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 September 2022 quarter) $A'000	Actual use of funds since listing (15 June 2021 to Sept 2022 quarter end) $A'000
Technology, Research & Development	$4,701	$1,059	$5,656
Sales & Marketing	$1,068	$230	$1,210
Working capital	$4,049	$236	$3,314
Cost of the Offer	$802	$0	$767
Total	**$10,620**	**$1,525**	**$10,947**

[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	30 September 2022

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	146	146
1.2	Payments for		
	(a) research and development	(184)	(184)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(59)	(59)
	(d) leased assets	-	-
	(e) staff costs	(1,083)	(1,083)
	(f) administration and corporate costs	(312)	(312)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	10	10
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,480)**	**(1,480)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(6)	(6)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) 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**	**(6)**	**(6)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(39)	(39)
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**	**(39)**	**(39)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,939	2,939
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,480)	(1,480)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(39)	(39)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,414**	**1,414**

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	1,414	2,752
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)**	**1,414**	**2,752**

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	135
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	2,000	2,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	2,000	2,000
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.		

	R&D funding facility for $2m with Keystonegroup Investments Pty Ltd (Lender). Interest rate is 15% per annum, maturity date 11 December 2022 (180-day facility). To be repaid upon receipt of the 2022 R&D tax refund.

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,480)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,414
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,414
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	0.95

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: The entity expects to record similar levels to the current net operating cashflows in upcoming quarters.

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: The Company's Board has considered several alternative steps to raise further liquidity to fund its operations going forward. An announcement to the market in regard to a proposed capital raising is pending.

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: The entity expects to be able to continue its operations and to meet its business objectives on the basis of the expected implementation and completion of the alternative outlined in 8.6.2.

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:

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.