APPENDIX 4D

Interim Financial Report
For the half year ended
31 December 2022



HITIQ Limited
ABN 53 609 543 213

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting Period

Report for the half-year ended	31 December 2022
Previous corresponding half-year ended	31 December 2021

Results for announcement to the market	**Movements**	**Percentage %**		**Amount $**
Increase in revenues from contracts with customers	↑	30.24	to	$278,737
Reduction in loss from ordinary activities after tax	↓	54.91	to	($1,598,947)
Reduction in loss after tax attributable to members	↓	54.91	to	($1,598,947)

a) Dividends

	Amount per Security (c)	Franked amount per security %
Interim dividends	nil	n/a
Final dividends	nil	n/a
Record date for determining entitlements to the dividend	n/a	

b) Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6)
Please refer to the commentary in the review of operation contained within the attached Half Yearly Financial Statements

DIVIDENDS

No dividends have been declared of are payable for the half year ended 31 December 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE YEAR ENDED 30 JUNE 2022

	Current period ¢	**Previous corresponding period ¢**
Net Tangible assets per share		
Net tangible assets backing per shares (cents)	1.04	3.03

The financial information provided in the Appendix 4D is based on the half-year condensed financial report (attached) which has been subject to independent review by the Auditors, William Buck. The auditors review report is subject to an emphasis of matter in respect to the going concern basis of accounting, which is detailed in the independent auditors review report on page.

INTERIM FINANCIAL STATEMENTS

HIT·IQ



HITIQ Limited
ABN 53 609 543 213

31 DECEMBER 2022

HITIQ Limited
Contents
31 December 2022

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General information

The financial statements cover HITIQ Limited and its controlled entities. The financial statements are presented in Australian dollars, which is HITIQ Limited's functional and presentation currency.

HITIQ Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Suite 3,
128 Main St
Osborne Park, WA, 6017

Principal place of business

Suite 1, Level 2,
9-17 Raglan Street
South Melbourne, VIC, 3205, Australia

The principal activity of the company is concussion management technology commercialisation.

HITIQ Limited
Directors' Report
31 December 2022

The Directors of HITIQ Ltd present their Report together with the financial statements of the consolidated entity, being the Company and its controlled entities (the 'Group') for the 6-month period ended 31 December, 2022 ('H1 FY23').

Director Details

The following persons were Directors of HITIQ Ltd during H1 FY23 and up to the date of this report:

Michael Vegar – Managing Director
Otto Buttula – Non-Executive Chairman
Philip Carulli – Non-Executive Director
Glenn Smith – Non-Executive Director
Aidan Clarke – Non-Executive Director

Principal Activities

HITIQ Limited (ASX: **HIQ**) is focused on becoming a global leader in concussion management by building the world's first end to-end concussion management platform through an eco-system of products powered by machine learning. The company's three pillars of focus span head impact surveillance and detection, to brain injury assessment and ultimately rehabilitation.

During the half-year ending 31 December 2022, and up to the date of this report, 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.

Half Year Highlights

- ✓ Strategic partnerships in elite & consumer markets;
- ✓ New & recurring revenue growth;
- ✓ Establishment of a Scientific & Medical Advisory Council;
- ✓ Extension and progression of an end-to-end technology platform;
- ✓ $3.96m capital raise via Rights Issue; and
- ✓ HITIQ Senate Inquiry participation.

SUMMARY

FY'23 Business Strategy / Operating Plan

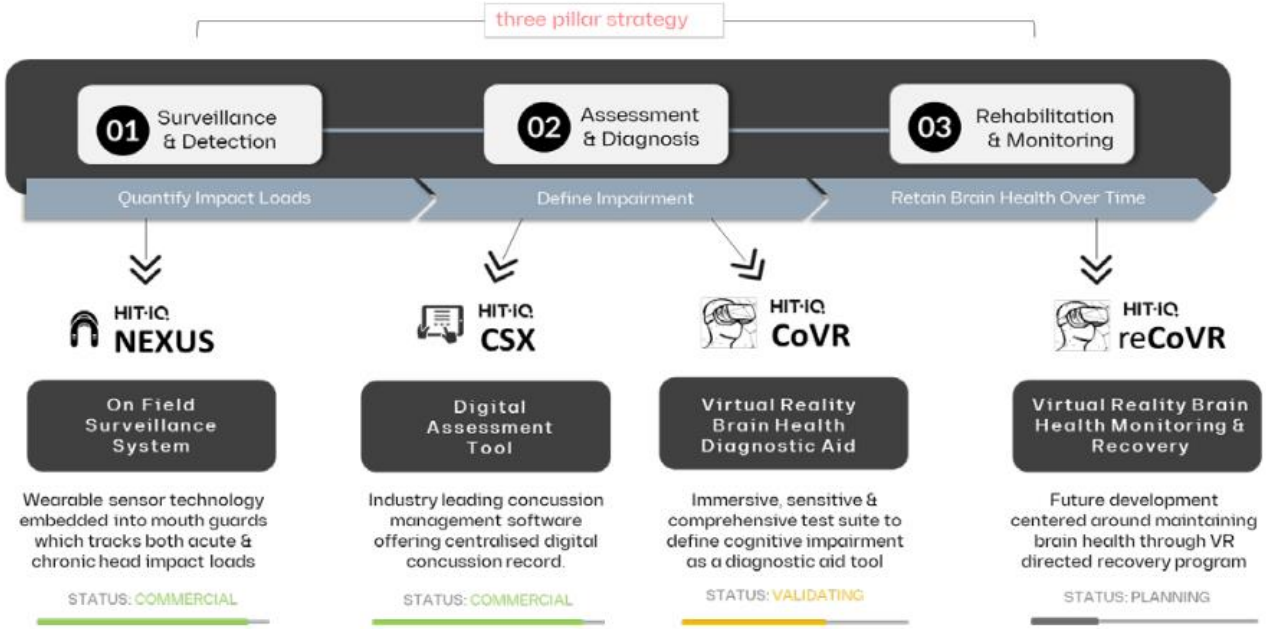
The Company released its summary outline of its FY'23 Business Strategy / Operating Plan. The key initiatives to be focused upon within the financial year will be supported by a detailed performance indicator matrix aimed at achieving these key 12-month operating milestones.

Components of the strategic, operating growth plan include:

1. **Expand Consumer Sales Footprint, Growing Non-Professional Revenues;**
2. **Grow Elite Market Revenues Both domestically & internationally;**
3. **Continue Product & Platform Extension; and**
4. **Commence & Progress VR diagnostic tool towards Regulatory approval / clearance.**

Development and Commercialisation of Three-Pillar Strategy Continues

HITIQ continued to embrace a strategy centered on delivering a best-in-class concussion management technology platform addressing three clearly identified pillars of the concussion eco-system. The strategy is underpinned by a multi-product approach and designed to leverage the data from sensor technology embedded in the mouthguard into a broader healthcare platform solution around concussion management (assessment and diagnosis) and rehabilitation.



CUSTOMER MARKETS

Key agreements were secured with some of the globe's biggest competitions, in particular a significant market in soccer was opened through the Premier League agreement.

New Customers

Premier League[1]

The Premier League selected HITIQ's CSX Concussion Assessment Technology as the head injury assessment platform. The technology has been integrated into the League's existing concussion

[1] Refer ASX announcement of 2nd November 2022

management systems. Further details are:

- > Two-year software license agreement with the Premier League to provide concussion assessment technology; and
- > The agreement will cover players across all 20 teams and associated academies.

Rugby League World Cup[2]

HITIQ was selected as the exclusive provider of concussion management technology to at the Rugby League World Cup in November 2022 to record all head injury events, capture all details related to the incident, provide a consistent and defined structure for assessments and diagnosis, and manage return to play protocols. Further details are:

- > Coverage across 32 qualifying teams with approximately 750 players; and
- > HITIQ's concussion management technology was showcased to a global professional rugby league market at the world cup tournament.

West Australian Football Commission (WAFC)[3]

HITIQ reached an agreement with the WAFC to provide the company's technology platform across the WAFL competition. The WAFC's aim is to significantly improve the management through robust identification, reporting, monitoring and return-to-play protocols for all incidents related to training and match-day head injuries. Further details are:

- > > WAFC will use HITIQ's Nexus and CSX Concussion Assessment products that will cover 780 male and female players from senior and youth competitions; and
- > Players will wear the Nexus technology for the entirety of the 2023 WAFL season. Data will help the WAFC to improve player health and safety in multiple tiers including semi-professional, community, and youth competitions.

<u>Customer Retention</u>

England and Wales Cricket Board (ECB)[4]

A renewal agreement was reached with the England and Wales Cricket Board (ECB) for the provision of HITIQ's Concussion assessment technology, CSX. The CSX application can be used by team trainers, physios or coaches to digitally record helmet strikes.

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 receiving a head impact every 12 days of play. Further details are:

- > The contract renewal with the ECB is for a further two (2) years; and
- > Covers 32 cricket clubs and more than 1,800 players.

[2] Refer ASX announcement of 13th September 2022
[3] Refer ASX announcement of 3rd November 2022
[4] Refer ASX announcement of 29th August 2022

Australian Football League (AFL)[5]

HITIQ signed a renewal of the CSX Concussion Assessment subscription agreement with the AFL for a further two (2) years, covering the 2022 and 2023 seasons, with a new ancillary agreement covering the VFL for the same period. Further details are:

- Concussion assessment functionality to 2,000 players, comprising 18 AFL teams, 14 AFLW teams (increasing to 18 AFLW teams in 2023) and 21 VFL teams; and
- Expansion via the addition of the VFL competition allowing for greater continuity of player head injury management across both the professional and semi-professional competitions.

Partnerships

Shock Doctor MOU[6]

As part of HITIQ's strategic growth plan, it signed an exclusive Memorandum of Understanding (MOU) with Shock Doctor. Shock Doctor, Inc. is the world-leader in sports mouthguards across the consumer category with access to over 20,000 retail locations. The collaboration with Shock Doctor is designed to leverage the combined expertise to place HITIQ concussion management technology into target consumer markets, particularly North America.

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 was expected to take between six (6) to nine (9) months from announcement, with Shock Doctor leading most of these activities through their existing tooling and design infrastructure capabilities.
- 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. The parties may also negotiate in good faith for exclusive licensing opportunities in other global markets, including Europe and elsewhere.

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

[5] Refer ASX announcement of 19th July 2022
[6] Refer ASX announcement of 4th July 2022

United Rugby Championship[7]

HITIQ provided 160 units across six participating teams who will utilise the Nexus system for the remainder of the 2022-2023 URC season ending in May 2023 under a non-commercial, trial period. The partnership extends HITIQ's technology footprint and:

> Strengthens the company's European and African presence;
> Engagement with a premier international Rugby Union Competition, comprising 16 professional teams from 5 rugby powerhouse nations: Ireland, Scotland, Wales, Italy and South Africa; and
> The agreement will see the Nexus technology trialed across 6 participating teams in a progressive move, assessing HITIQ's technology whilst delivering improved player welfare.

TECHNOLOGY

Nexus

The company's technology team formally released our next generation Nexus into production, which delivers;

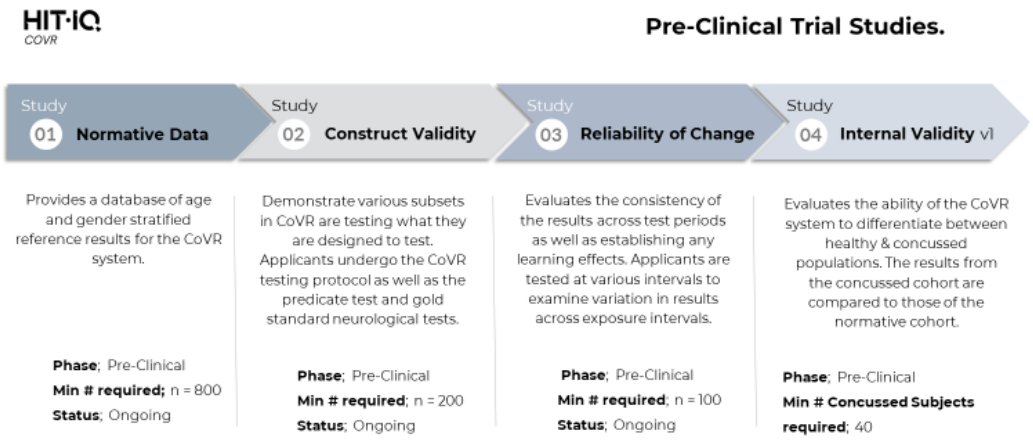
- ✓ increased power efficiency;
- ✓ reduced cost of goods; and
- ✓ significantly smaller form factor.



Componentry load reduced from three accelerometers to one, with more reliance on machine learning overcoming hardware requirements. This reduction in hardware resulting in a more **manufacturable** PCB design, **reduction in COGS**, and device power consumption **reducing by 60%** leading to a **66% smaller** battery unit.

CoVR

The 'Virtual Reality Concussion Diagnostic Aid' pre-clinical trial phase commenced. Initially, specific focus has been concentrated on Study 2-4, with the December quarter yielding 58 participants and 10 concussed participants, moving towards our participant volume targets. Study 1 participant volumes will be met through the collation of subjects in both pre-clinical and clinical phases.



Note: Minimum # required are cumulative numbers.

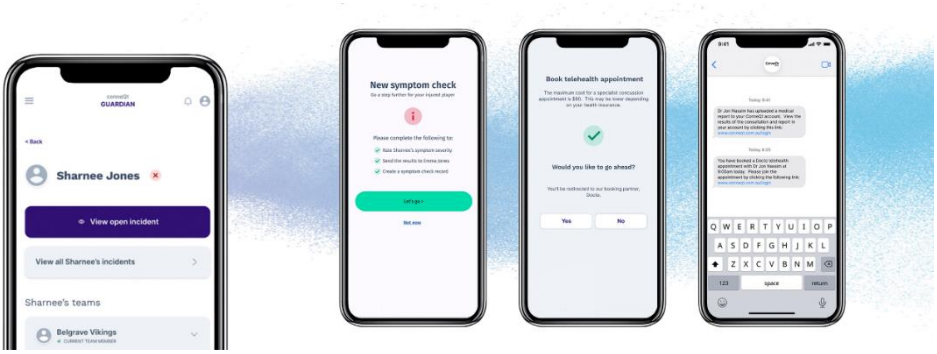
[7] Refer ASX announcement of 22nd December 2022

ConneQt[8]

HITIQ expanded its consumer footprint with the announcement of a global first telehealth concussion platform to be marketed as "ConneQt". Through a partnership with Docto Telehealth, the platform will utilise Docto's existing telehealth infrastructure and trained personnel.

ConneQt aims to deliver a significant improvement in the community concussion care model through access to a trained medical practitioner within 24 hours of an incident, resulting in better patient outcomes, whilst reducing the knowledge and action gap for caregivers.

The platform will initially focus on the 1,000,000+ players in Australian community / school sports and is designed to provide a new standard of care for sports related brain injury.



Third Australian Innovation Patent Secured[9]

An Australian Innovation Patent (Patent No. 20121107529) was 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.

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[8] Refer ASX announcement of 13th December 2022
[9] Refer ASX announcement of 10th August 2022

CORPORATE

Capital Raise

Through a rights issue, HITIQ was able to raise $3.96M. For full details of the results of the Rights Offer, please refer to the Company's ASX announcement of 14th December 2022. To the date of this report, the Company has not been able to secure investors for the remaining shortfall as announced on 14 December 2022. The Company will continue to monitor its capital requirements to ensure the Company is appropriately funded to deliver on its strategy.

CSX Acquisition Earn Out

As per the CSX acquisition agreement, a deferred $250,000 earn out payment was to be considered dependent upon agreed KPI's being met. Conditions for the earn out payment have not been satisfied.

Senate Inquiry

HITIQ was invited to make a submission addressing the terms of reference provided by the Standing Committee on Community Affairs Inquiry into Concussions and Repeated Head Trauma in Contact Sports. The inquiry submission was made on February 17th.

Appointment of Scientific & Medical Advisory Council

The Company formed a Scientific & Medical Advisory Council (SMAC) that will provide scientific and clinical guidance to advance HITIQ's client programs and the further development and commercialisation of HITIQ's end-to-end concussion management platform.

HITIQ identified and established a Scientific and Medical Advisory Council comprised of six leading clinicians and practitioners who are experts in the field of concussion. The Council will be led by Honorary Associate Professor Andrew Gardner who will Chair the group, with representation from two members based in Australia, three in the USA, and one in Canada:

> Honorary Associate Professor Andrew Gardner	Chairman (AUS)
> Emeritus Professor Jeffrey V. Rosenfeld AC OBE	Member (AUS)
> Professor Carolyn Emery	Member (CAN)
> Dr Robby Sikka	Member (USA)
> Assistant Professor Doug Terry	Member (USA)
> Dr Joshua Goldman	Member (USA)

Auditors Independence Declaration

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10

Signed in accordance with a resolution of the Directors:



Michael Vegar
Managing Director

27th February 2023

William Buck
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF HITIQ LIMITED.

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 there have been:

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 27 February 2023

HITIQ Limited
Condensed Statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 December 2022

	Note	31 Dec 2022 ($)	31 Dec 2021 ($)
Revenue			
Revenue	3	278,737	214,021
Other income	3	3,848	5,585
Government grants	3	2,223,149	1,025,077
Expenses			
Accountancy and secretarial fees		(23,292)	(69,718)
Auditor's remuneration		(9,010)	(11,695)
Consultancy fees		(215,473)	(321,212)
Depreciation and amortisation		(364,057)	(106,523)
Derecognition of deferred consideration		250,000	-
Interest paid		(173,913)	(35,383)
Occupancy		(169,257)	(63,811)
Research and testing		(481,612)	(1,102,020)
Share based payment expense		-	(406,097)
Employee benefits expenses		(2,333,042)	(2,073,819)
Other expenses		(585,026)	(600,208)
Loss before income tax expense		(1,598,947)	(3,545,803)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of HITIQ Limited		(1,598,947)	(3,545,803)
Other comprehensive income for the period,			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		117	-
Total comprehensive income for the period attributable to the owners of HITIQ Limited		(1,598,830)	(3,545,803)
Earnings per share for profit/loss attributable to the ordinary equity holders of the company			
		Cents	**Cents**
Basic earnings per share		(1.17)	(5.10)
Diluted earnings per share		(1.17)	(5.10)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

HITIQ Limited
Condensed Statement of Financial Position
As at 31 December 2022

	Note	31 Dec 2022 ($)	30 June 2022 ($)
Assets			
Current assets			
Cash and cash equivalents		3,700,137	2,939,147
Trade and other receivables		145,713	166,171
Prepayments		45,039	84,354
Research and development credits receivable		2,176,549	-
Rental deposit		52,241	52,241
Total current assets		**6,119,679**	**3,241,913**
Non-current assets			
Property, plant and equipment		111,635	120,480
Intangible assets		850,363	1,188,037
Total non-current assets		**961,998**	**1,308,517**
Total assets		**7,081,677**	**4,550,430**
Liabilities			
Current liabilities			
Trade and other payables	4	764,057	824,649
Contact liability		137,523	-
Provisions	5	339,918	340,107
Borrowings	6	2,276,104	2,159,968
Total current liabilities		**3,517,602**	**3,376,965**
Total liabilities		**3,517,602**	**3,376,965**
Net assets		**3,564,075**	**1,173,465**
Equity			
Issued capital	7	22,256,141	18,266,701
Reserves		1,788,133	1,915,516
Accumulated losses		(20,480,199)	(19,008,752)
Total equity		**3,564,075**	**1,173,465**

The above statement of financial position should be read in conjunction with the accompanying notes

HITIQ Limited
Statement of Changes in Equity
For the period ended 31 December 2022

	Issued capital ($)	Accumulated losses ($)	Reserves ($)	Total equity ($)
Balance at 1 July 2021	18,300,641	(12,061,304)	1,684,294	7,923,631
Loss after income tax expense for the period	-	(3,545,803)	-	(3,545,803)
Total comprehensive income attributable to the owners of HITIQ Limited	-	**(3,545,803)**	**-**	**(3,545,803)**
Transactions with owners in their capacity as owners:				
Share issue costs	(18,740)	-	-	(18,740)
Options issued	-	-	436,697	436,697
Options lapsed	-	-	(30,600)	(30,600)
Foreign currency translation reserve	-	-	(2,683)	(2,683)
Balance at 31 December 2021	**18,281,901**	**(15,607,107)**	**2,087,708**	**4,762,501**

	Issued capital ($)	Accumulated losses ($)	Reserves ($)	Total equity ($)
Balance at 1 July 2022	18,266,701	(19,008,752)	1,915,516	1,173,465
Loss after income tax expense for the period	-	(1,598,947)	-	(1,598,947)
Other comprehensive income for the period, net of tax			117	117
Total comprehensive income attributable to the owners of HITIQ Limited	-	(1,598,947)	117	(1,598,830)
Transactions with owners in their capacity as owners:				
Shares issued	4,031,708	-	-	4,031,708
Share issue costs	(42,268)	-	-	(42,268)
Options lapsed	-	127,500	(127,500)	-
Balance at 31 December 2022	**22,256,141**	**(20,480,199)**	**1,788,133**	**3,564,075**

The above statement of changes in equity should be read in conjunction with the accompanying notes

HITIQ Limited
Condensed Statement of Cash Flows
For the period ended 31 December 2022

	Note	31 Dec 2022 ($)	31 Dec 2021 ($)
Cash flows from operating activities			
Receipts from customers		287,170	167,173
Payments to suppliers and employees		(3,598,736)	(4,140,796)
Receipts – Government grants & tax incentives		154,461	1,028,932
Interest paid		(2,622)	(35,383)
Interest received		3,848	1,730
Net cash used in operating activities		(3,155,879)	(2,978,344)
Cash flows from investing activities			
Acquisition of subsidiary		-	(841,196)
Payments for property, plant and equipment		(17,538)	(42,833)
Net cash used in investing activities		(17,537)	(884,029)
Cash flows from financing activities			
Proceeds from shares issued		4,031,708	-
Payments for share issue costs		(42,268)	(18,740)
Proceeds from borrowings		6,156	-
Repayment of borrowings		(61,311)	(535,826)
Repayments of lease liability principal		-	(72,138)
Net cash from financing activities		3,934,285	(626,704)
Net increase in cash and cash equivalents		760,869	(4,489,077)
Effect of Exchange rate changes on cash		121	(2,683)
Cash and cash equivalents at the beginning of the financial year		2,939,147	8,955,130
Cash and cash equivalents at the end of the financial period		**3,700,137**	**4,463,370**

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1: Summary of significant accounting policies

a. Basis of Preparation
These general purpose interim financial statements for half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.
This interim financial report is intended to provide users with an update on the latest annual financial statements of HITIQ Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022.
These interim financial statements were authorised for issue on 27 February 2023.

b. Accounting Policies
The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.
The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of Assets and the settlement of liabilities in the normal course of business.

For the year ended 31 December 2022, the Company incurred a net loss of $1,598,947 and experienced net cash outflows from operating activities of $3,155,879.

Subsequent to 31 December 2022 the company received its 2022 R&D claim and paid out the R&D finance provided by Keystone Group Pty Ltd, please refer to Note 12 for further details.

The ability of the company to continue as a going concern is principally dependent upon the ability of the company to secure funds by raising capital from equity markets and managing cash flow in line with the available funds. These conditions indicate a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the company will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the company's history of raising capital to date, the directors are confident of the company's ability to raise additional funds as and when they are required. The company can also consider bringing forward R&D funding for the 2023 financial year and cost cutting strategies in the event that capital raising efforts are not successful.

Should the company be unable to achieve the matters as described above, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the company be unable to continue as a going concern and meet its debt when they fall due.

Revenue recognition

Rendering of services
The consolidated entity primarily generates revenue from the sale of licences to access its software which enables its customers use of an application or main web browsers that illustrates the sensor trace data from the mouthguard sensors

The customers consideration provided as part of the revenue agreement is to receive the benefits of the data and access to the software platforms which will be recognised over the life of the licence term. Given that this service cannot be provided without the physical mouthguard and sensor, the delivery and setup services of the mouthguards, and any other software infrastructure provided to the customer, is bundled with the licence performance obligation. Where billings are in-advance of the performance condition, these are deferred on the Statement of Financial Position as a contract liability; when in-arrears, recognised as a contract asset.

Any direct costs to contract are deferred and charged to the profit or loss as the underlying performance condition is satisfied.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Research and Development Rebate

The company is entitled to claim a rebate from the Australia Government for its research and development program expenditure. The program is overseen by AusIndustry, which is able to review or audit the claim lodged. The company uses external advisors to lodge the claim accordingly the company considers the risk of a negative review or audit as remote or unlikely.

Note 3. Revenue

	Dec 2022 $	Dec 2021 $
Revenue from rendering of services	278,737	214,021
	278,737	**214,021**

Note 3b. Other Revenue

	Dec 2022 $	Dec 2021 $
Interest Income	3,848	3,855
EMDG - Export Market Development Grant	36,600	-
Research and development grant	2,186,549	1,025,076
Profit on Sale of Non-Current Assets	-	1,730
	2,226,997	**1,030,661**

Note 3c. Operating segments

AASB 8 operating segments requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Company's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Company, the Board as a whole has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there has been two reportable segments, being mouthguard sales and trial revenue in Australia and during the year the group acquired CSX Limited which is based in New Zealand and provides Concussion assessment software to customers in various locations. The revenues and results of these two segments and geographical markets are set out below:

Consolidated - 2022	**HITIQ Mouthguard Technology $**	**CSX Concussion Assessment App $**	**Total $**
Revenue			
Sales to external customers	209,800	68,937	278,737
Government grants	2,223,149	-	2,223,149
Total segment revenue	**2,432,949**	**68,937**	**2,501,885**
Interest revenue	-	-	3,848
Total revenue	-	-	2,505,733
Income/(expenses)			
Depreciation and amortisation	(111,609)	(2,448)	(114,057)
Employee benefits expense	(2,262,516)	(70,526)	(2,333,042)
Consultancy fees	(147,535)	(67,938)	(215,473)
Other expenses	(1,427,331)	(14,778)	(1,442,109)
Segment loss	(1,516,042)	(30,230)	(1,598,947)
Total assets	6,818,817	86,196	7,081,677
Total liabilities	3,432,472	85,130	3,517,602

	Dec 2022 $	**Jun 2022 $**
Revenue by geographical markets		
Australia	2,432,949	419,210
New Zealand	68,937	199,806
	2,501,886	619,016

	Dec 2022 $	**Dec 2021 $**
Revenue by customers		
Australia	209,800	214,021
New Zealand	68,937	-
	278,737	214,021

Note 4. Current liabilities – Trade and other payables

	Dec 2022 $	Jun 2022 $
Trade creditors	142,982	201,384
Other payables	258,400	82,954
PAYG withholding payable	88,610	70,021
Superannuation payable	27,346	25,813
R&D tax payable	246,718	246,718
Contingent consideration liability	-	250,000
	764,057	**876,890**

Previously a contingent consideration liability was recognised in-respect of the acquisition of CSX, being an earn out payment payable on the re-signing of World Rugby. During the period the hurdle for achieving the earn payable expired and was not achieved. Consequently, the liability was derecognised from the financial statements.

With the exception of the guarantees pledged for its leaseholds, there were no contingent liabilities to the consolidated group as at 31 December 2022.

Note 5. Current liabilities - provisions

	Dec 2022 $	Jun 2022 $
Employee entitlements	339,918	340,107
	339,918	**340,107**

Note 6. Borrowings

	Dec 2022 $	Jun 2022 $
Credit cards	93,951	87,795
Loan – Keystone Group	2,171,291	2,000,000
Insurance premium funding	10,862	72,173
	2,276,104	**2,159,968**

Note 7. Equity - issued capital

	Dec-22 Shares	Dec 2022 $	Dec-21 Shares	Jun 2021 $
Ordinary Shares – fully paid	266,779,289	22,256,141	132,419,018	18,300,641

Movements in ordinary share capital

Details	Date	Notes	No. of Shares	Issue Price $
Opening balance	30-Jun-22		132,419,018	18,266,701
Shares issued	21-Dec-22		134,360,289	4,031,708
Share issue costs	21-Dec-22			(42,268)
Closing balance			**266,809,302**	**22,256,141**

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 12. Events after the reporting period

On 12 January 2023 the company received its R&D tax refund of $2,176,548. Upon receipt of the funds the $2,000,000 loan to Keystone Group Pty Ltd was repaid in full on 13 January 2023 plus interest of $182,920.

There has been no other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

HITIQ Limited
Director's Declaration
For the period ended 31 December 2022

Directors' Declaration

In the directors' opinion:

● the attached interim financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

● the attached interim financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and

● there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Vegar
Managing Director

27 February 2023

William Buck
ACCOUNTANTS & ADVISORS

HitIQ Limited
Independent auditor's review report

REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of HitIQ Limited (the Company) and the entities it controlled at the half-year's end (together, the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of HitIQ Limited is not in accordance with the *Corporations Act 2001* including:

a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and

b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the half-year financial report, which indicates that the consolidated entity has incurred a net loss after tax of $1,598,947 and net cash outflows from operations of $3,155,879 for the half year ended 31 December 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

William Buck
ACCOUNTANTS & ADVISORS

Responsibility of Management for the Financial Report

The directors of HitIQ Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 27 February 2023