

ASX ANNOUNCEMENT

31 OCTOBER 2023

HITIQ Quarterly Activities Report
September 2023

Highlights

- ✓ **Leadership transition with Glenn Smith moving to Executive Director / Interim CEO role;**
- ✓ **Heightened commercialisation focus for both professional and consumer product lines;**
- ✓ **Early access to part R&D Tax Rebate, assisting operating position during the quarter; and**
- ✓ **Post quarter placement to strategic investor and rights issue to shareholders.**

Commercial update

On 4 September 2023 the Company announced the appointment of HITIQ Non-Executive Director, Glenn Smith to the position of interim CEO. Glenn's focus is to drive the commercialisation of the Nexus Solution for both the professional segment in Australia, New Zeeland, UK and North America along with, the consumer market segment initially in Australia.

Further to this, during the quarter the Company began the process of redirecting resources to drive marketing and sales activities in the professional segment. The Company has re-adjusted marketing and sales to a "solution" focused model and consequently identified high value targets in the professional segment. This was complimented by an update of the model for the consumer segment and planned marketing activities with Bupa in Australia.

As a consequence of these changes the Company expects improvements in qualification of prospects and a greater ability to acquire suitable customers in improved timeframes.

Assisting with the operating position of the business was confirmation of early access to a $1.52m finance facility related to the Company's R&D Tax Rebate. Whilst beneficial to the business during the quarter the Company recognises that in order to meet its goal of break-even and then accelerated profitable growth it must optimise spend on research and development and drive revenue generating activities. This will reduce the reliance by the Company on the R&D Tax Rebate and increase the ability of the Company to fund activities from organic revenue (growth).

In order to meet commercialisation targets, post period end, on 16 October 2023, the Company announced a Placement to a Strategic Investor and Rights Issue to existing shareholders. The Company welcomes Harmil Angel Investments ("Harmil") a private investment entity of former NRL player Adam MacDougall as a substantial shareholder.

For eligible shareholders, the Rights Issue will be at an offer price of 2.2 cents and will be issued 1 new share for every 2 shares held with a free attaching listed option with an exercise price of 5 cents which will expire on 31 October 2025.

HITIQ LIMITED

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CORPORATE OFFICE

Level 2, 2-19 Raglan Street
South Melbourne, VIC, 3205

DIRECTORS

Otto Buttula	Non-Executive Chair
Phillip Carulli	Non-Executive Director
Aidan Clarke	Non-Executive Director
Glenn Smith	Executive Director / Interim CEO

Whilst the Rights Issue is not underwritten but the Company has already received confirmation that Harmil intends to take up their full entitlement under the Rights Issue and top up to take them to 19.9% of the expected share capital of the Company.

Additionally, the Company has received a binding written commitment from Lazarus Capital Partners ("Lazarus") for up to $450,000 of any shortfall with Lynx Advisors ("Lynx") acting as Lead Manager for any further shortfall shares available at the conclusion of the Rights Issue.

Operations

- ✓ On 3 July 2023, the Company announced the appointment of James Barrie as Company Secretary, effective 1 July 2023.
- ✓ On 25 July 2023, the Company presented at the Bioshares Biotech Summit in Hobart, Tasmania.
- ✓ On 1 & 3 August 2023, the Company presented at the 2023 TechKnow Invest Roadshow in the Gold Coast and Melbourne.
- ✓ On 31 August 2023, the Company released its 2023 Annual Report.
- ✓ On 4 September 2023, co-founder Mike Vegar retired from his board and CEO role, transitioning to an operational role under the leadership of Glenn Smith, whom transitioned from a Non-Executive Director to Interim CEO / Executive Director on the same date.

Outlook

In line with an enhanced focus on commercialisation activities the Company has targeted the closing of customer contracts during the December 2023 quarter and for the remainder of FY23/24. Focus will be on Australian professional league customers, state-based league organisations and an initial customer footprint in North America.

These activities combined with a rollout of the Nexus Smart Mouthguard solution for the Australian consumer segment should not only lead to growing and sustainable revenue but deliver a stronger brand position for the Company.

Financial

The Company had cash reserves of A$257k as at 30 September 2023 (before the recent placement and receipt of further R&D payments).

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$110,621 was paid to related parties of the Company as follows:

- > Executive Director Salary and superannuation $41,838
- > Non-Executive Director Fees $53,103
- > Bookkeeping and Accounting Services provided by Optima Partners,
  - a related party of non-executive director, Mr. Philip Carulli: $15,680

- ENDS –

Authorised for release by the Board of Directors.

For more information, contact:

Glenn Smith
Executive Director and Interim CEO
HITIQ Limited
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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.

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 2023

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	289	289
1.2	Payments for		
	(a) research and development	(101)	(101)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(45)	(45)
	(d) leased assets	-	-
	(e) staff costs	(1,091)	(1,091)
	(f) administration and corporate costs	(596)	(596)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,540)**	**(1,540)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	(66)	(66)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(c) property, plant and equipment	(7)	(7)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
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**	**(73)**	**(73)**

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	(110)	(110)
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**	**(110)**	**(110)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,980	1,980
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,540)	(1,540)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(73)	(73)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(110)	(110)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**257**	**257**

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	257	1,980
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)**	**257**	**1,980**

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	111
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	1,523	1,523
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**1,523**	**1,523**

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.

The company received a facility from Keystone Capital Partners Pty Ltd which is secured against the expected FY 2023 R&D Tax Incentive.

Loan Amount: $1,523,386

Maturity Date: 150 days from 27 June 2023

Interest Rate: 14% per annum

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,540)
8.2	Cash and cash equivalents at quarter end (item 4.6)	257
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	257
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1.32

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 or lower 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 recently notified the market of a placement to a strategic investor and Rights Issue Offer to existing shareholders.
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 alternatives 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: 31 October 2023

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

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 – e.g., 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.