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# APPENDIX 4D
# INTERIM FINANCIAL REPORT
# For the half year ended 31 December 2024




Unit 4/38-42 White Street,
South Melbourne. 3205,
Victoria

## Interim Financial Report
for the half-year ended 31 December 2024

## Results for Announcement to the Market

**REPORTING PERIOD** (item 1)

| | |
|---|---|
| ■ Report for the half-year ended: | 31 December 2024 |
| ■ Previous corresponding half-year ended: | 31 December 2023 |

| RESULTS FOR ANNOUNCEMENT TO THE MARKET | Movement | Percentage % | | Amount $ |
|---|---|---|---|---|
| ■ Reduction in revenues from contracts with customers | ↓ | 0.07 | to | 451,381 |
| ■ Increase in loss from ordinary activities after tax | ↑ | 100.41 | to | (3,090,932) |
| ■ Reduction in loss after tax attributable to members | ↑ | 100.12 | to | (3,090,930) |

a. Dividends

| | Amount per Security ¢ | Franked amountper security % |
|---|---|---|
| ■ Interim dividend | nil | n/a |
| ■ Final dividend | 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):

N/A

**DIVIDENDS**

No dividends have been declared or are payable for the half-year ended 31 December 2024 (31 December 2023 Nil).

## Results for Announcement to the Market
for the year ended 31 December 2024

| NET TANGIBLE ASSETS PER SHARE | Current period | Previous corresponding period |
|---|---|---|
| | ¢ | ¢ |
| Net tangible assets backing per share (cents) | (1.17) | 0.60 |

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.

# HITIQ Limited

**ABN 53 609 543 213**

# Interim Financial Statements – 31 December 2024

**HITIQ Limited**
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**31 December 2024**

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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** | **Principal place of business** |
|---|---|
| Suite 3<br>128 Main St<br>Osborne Park, WA, 6017 | Unit 4<br>38-42 White Street,<br>South Melbourne, VIC, 3205, Australia |

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

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, 2024 ('H1 FY25').

**DIRECTOR DETAILS**

The following persons were Directors of HITIQ Ltd during H1 FY25 and up to the date of this report:

Earl Eddings (appointed 3 October 2024)
Philip Carulli
Matthew Clayworth
Jennifer Tucker (appointed 31 January 2025)
James Barrie

**Operational and Strategic Updates**

HITIQ Limited (ASX: HIQ), a global leader in concussion management technologies, achieved significant milestones during the December 2024 half year, reflecting its ongoing growth trajectory and commitment to delivering world-class solutions in the health and performance sector. The period was marked by a landmark extension of the Company's partnership with the Premier League, strategic leadership appointments aimed at driving HITIQ's global ambitions, securing significant additional funding, US Patents being awarded for Nexus Technology and an agreement signed with Australia's premier sports high school.

**Premier League Agreement Extended**

HITIQ reinforced its position as a trusted technology provider in elite sports with the extension of its agreement with the Premier League for an additional 18 months. The new contract represents a 60% increase in annual contract value compared to the previous agreement, underlining the growing recognition of HITIQ's innovative concussion management solutions. The Premier League's decision to continue this partnership signals confidence in the effectiveness of HITIQ's CSX Concussion Assessment Technology, which remains integral to the league's commitment to player safety. The renewed agreement ensures that HITIQ's cutting-edge technology will remain a core part of the Premier League's concussion management protocols, supporting all 20 teams and their associated academies. The CSX platform securely records and manages head injury incidents, enabling a data-driven approach to player welfare. This extended partnership strengthens HITIQ's growing footprint in elite football, one of the most prestigious sporting ecosystems globally, and demonstrates the adaptability and scalability of the Company's technology in meeting the complex demands of high-performance environments.

The expanded partnership reflects the increasing global demand for reliable, data-centric solutions in concussion management and player welfare. HITIQ continues to set benchmarks in the sports technology sector by delivering tools that empower sports organizations to safeguard their athletes while advancing global awareness around the critical issue of concussion management.

**Strategic Leadership Appointments**

During the half year period, HITIQ announced the appointment of former Cricket Australia Chair, Earl Eddings, as Executive Chairman. Mr Eddings brings a wealth of high-level board experience to the HITIQ leadership team, previously serving as an independent non-executive director of ASX listed sports technology company, MSL Solutions, from April 2019 until its acquisition by Pemba Capital Partners in April 2023.

He was Chairman and Director of Cricket Australia from 2008-2021, Director of Cricket Victoria from 2006-2015 and held the position of Deputy Chairman from 2008-2015. Mr Eddings was also Director of the Kerry Packer Foundation and Director of the International Cricket Council. He is a Fellow of the Governance Institute of Australia and Graduate of the AICD. Previously he was Managing Director for WSP Asia Pacific and Managing Director of ASX-listed Greencap before selling to Wesfarmers.

In another significant announcement, Andrew Hart was appointed Chief Financial Officer (CFO). Mr Hart brings more than 25 years of experience in financial and operational roles, having worked across fast-moving consumer goods (FMCG), apparel retailing, and service industries.

His expertise spans financial strategy, operational efficiencies, and driving growth in highly competitive markets. A certified CPA and a Post Graduate diploma holder in management from the Melbourne Business School, Mr Hart has a proven track record in transforming financial functions, enhancing shareholder value, and optimising business performance.

His extensive background also includes managing complex operations, procurement, logistics, and business development. In his role as CFO at HITIQ, Mr Hart will oversee financial management, compliance and governance, strategic planning, and investor relations.

HITIQ also announced the appointment of Chris Davis as Chief Marketing Officer, a move aimed at driving the Company's global marketing and customer engagement strategy. With over a decade of experience in digital marketing and data-driven growth, Mr. Davis brings a wealth of expertise to his new role. His prior leadership positions, including Head of Growth at A-Leagues and senior roles at Optus Sport and GroupM, have equipped him with the skills to enhance audience reach, drive revenue, and build loyalty.

Mr. Davis's appointment signals HITIQ's commitment to expanding its global presence and market share. Mr. Davis is expected to play a pivotal role in advancing HITIQ's mission to revolutionise concussion care worldwide.

During the half year, HITIQ appointed Jennifer Tucker to its Board as a Non-Executive Director. Ms Tucker brings over two decades of senior executive experience in the retail and branded consumer goods sector, combined with a proven track record in governance through her non-executive director roles in the not-for-profit and corporate sectors. Her expertise spans strategic planning, brand and product development, marketing and sales planning, as well as manufacturing and supply chain logistics across a number of consumer-focused industries.

**Funding Secured Through Convertible Note Facility**

HITIQ strengthened its financial position during the quarter with the extension of its existing Convertible Note facility with its major shareholder, Harmil Angel Investments, the private investment entity of Adam McDougall. The extension increases the maximum subscription amount by $3 million, bringing the total facility to $4.6 million. On 8th October 2024 the Company received notice of intent to convert its initial convertible loan of $1.6m from Strategic Investor Harmil Angel Investments.

The funding arrangement, which has been extended for 12 months, retains standard Convertible Note terms, including a 12.5% annual interest rate, monthly interest calculation, and a conversion price set at a 10% discount to the prevailing 7-day VWAP of HITIQ shares.

The additional funds raised will be instrumental in supporting HITIQ's operational and strategic initiatives, including:

• Expanding production and manufacturing capabilities to meet growing demand.

• Increasing sales and marketing efforts to enhance brand visibility and customer engagement.

• Accelerating global commercialisation activities to capitalize on the Company's technology leadership.

• Providing general working capital to support ongoing business operations. This funding underscores the confidence of HITIQ's stakeholders in its ability to scale its impact and deliver value in the concussion management space. By leveraging these additional resources, HITIQ is well-positioned to meet rising demand and drive its global growth ambitions.

**World Rugby Develops Performance Specification**

The Company successfully met the World Rugby required performance specification for instrumented mouthguards (IMGs), enabling its use across rugby union globally

World Rugby has recognised instrumented mouthguard technology's potential for enhancing player safety and has developed minimum specification for their use in rugby. These specifications have been developed based on current best practice validity assessments methods, and expert consultation with engineers and biomechanists across four assessment criteria: Impact energy absorption (CE), Laboratory testing, On-field testing and Real-time performance.

Instrumented mouthguards are now required to meet the specifications relating to all four assessment criteria to be used at all levels and age grades of the game. Importantly, the real time performance assessment demonstrates a movement towards in game, real time use of impact data to play a pivotal role in the Head Injury Assessment (HIA) process.

This approval opens significant commercial opportunities in the global rugby market and is expected to drive adoption of HITIQ's IMGs in rugby union leagues and teams globally. The global rugby market represents a significant opportunity for HITIQ, with over 8 million registered players worldwide and 132 national member federations according to World Rugby statistics.

**Agreement with Australia's Premier Sports High School**

During the reporting period, HITIQ announced it had signed a 2-year agreement with Westfield Sports High School, Australia's premier sports-focused secondary education institution.

This landmark deal marks HITIQ's first entry into the school sports market, showcasing the broader applicability and demand for its head impact sensor technology and concussion management solutions. Under the agreement, HITIQ will provide Westfield Sports High School with its CSX concussion management application and instrumented mouthguards (iMGs) for use by the school's Rugby League team.

This comprehensive solution will enable the school to monitor and manage head impacts among its student-athletes, enhancing player safety and performance.

This agreement represents a strategic expansion of HITIQ's market reach outside of elite sports, demonstrating the scalability of its technology across various levels of sports participation at the consumer level.

**Second US Patent Approved for Nexus™ Technology**

In August HITIQ announced the company had been approved its second US Patent relating to an innovate design feature for its Nexus™ technology.

The US Patent and Trademark Office has issued a Notice of Allowance for HITIQ's patent application US 17/427,869 "Instrumented mouthguard devices and components configured for use in instrumented mouthguard devices". This patent relates to technology by which a flexible PCB is used to enable fitting of instrumented components to mouthguards having a range of shapes and sizes. This is critical in relation to premium custom 3D formed mouthguards, as a "one-size-fits-all" instrumented component is able to be fitted irrespective of unique individual mouthguard parameters. However, it is also of significant practical value for mass market mouthguards (e.g. "boil-and-bite").

In July HITIQ reported it had been approved a US Patent relating to impact processing technology for its Nexus™ technology. The US Patent and Trademark Office has issued a Notice of Allowance for HITIQ's patent application US 17/753,356 "Processing of Data Collected Via an Instrumented Mouthguard Device, Including Identification of False Impacts".

This patent facilitates optimal impact processing and data categorisation, enabling the delivery of reliable field data. HITIQ's novel approach neutralises noisy field environments experienced by the device particularly around classifying and removing false positive data. Solving for this problem technically and holding the relevant IP allows HITIQ to unlock an array of commercial opportunities within the company's key target market.

Provisioning of trustworthy data to customers is an integral component of the company's commercialisation strategy and is a commercial differentiator.

**FINANCIAL**

- The Company had cash reserves of A$661,004 as at 31 December 2024;
- The Company has taken steps during the period to rebuild its business strategy and build its manufacturing capability in order to meet the potential future demand for its consumer product.
- The Company is pleased to have the continued support of Harmil Angel Investments as a strategic shareholder. Harmil will continue to guide the Company's future growth plan.

**CORPORATE**

- A General Meeting of shareholders was held on 27 November 2024 with all resolutions passing.
- On the 3rd October 2024, the company appointed Executive Chairman, Earl Eddings, bringing significant experience in high level positions in Australian sport.
- On 8th October 2024 the Company received notice of intent to convert its initial convertible loan of $1.6m from Strategic Investor Harmil Angel Investments.
- On 23rd October 2024, the company appointed Andrew Hart as CFO and on 12th November 2024 the company appointed Chis Davis as Chief Marketing Officer building the team to assist in delivering the strategy.

**Auditors Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Signed in accordance with a resolution of the Directors:



Earl Eddings
**Executive Chairman**
28 February 2025

William Buck
ACCOUNTANTS & ADVISORS

# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

## To the directors of HITIQ Limited

As lead auditor for the review of HITIQ Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, 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.

This declaration is in respect of HITIQ Limited and the entities it controlled during the half-year.

William Buck

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

**N. S. Benbow**
Director
Melbourne, 28 February 2025



William Buck is an association of firms, each trading under the name of William Buck across Australia and New Zealand with affiliated offices worldwide.
Liability limited by a scheme approved under Professional Standards Legislation.

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**HITIQ Limited**
**Condensed Statement of Profit or Loss and Other Comprehensive Income**
**For the half-year ended 31 December 2024**

| | Note | Dec 2024 ($) | Dec 2023 ($) |
|---|---|---|---|
| **Revenue** | | | |
| Revenue | 3b | 451,381 | 451,693 |
| Other income | 3 | 2,034 | 15,598 |
| Government grants | 3 | 579,283 | 1,961,593 |
| **Expenses** | | | |
| Accountancy and secretarial fees | | (36,530) | (24,893) |
| Auditor's remuneration | | (16,500) | (25,491) |
| Consultancy fees | | (309,963) | (432,103) |
| Depreciation and amortisation | | (247,631) | (153,697) |
| Interest paid | | (377,564) | (89,461) |
| Occupancy | | (11,467) | (136,064) |
| Research and testing | | (512,097) | (187,461) |
| Employee benefits expenses | | (2,055,350) | (2,257,778) |
| Administrative expenses | | (556,528) | (664,221) |
| **Loss before income tax expense** | | **(3,090,932)** | **(1,542,285)** |
| Income tax expense | | - | - |
| **Loss after income tax expense for the period attributable to the owners of HITIQ Limited** | | **(3,090,932)** | **(1,542,285)** |
| Items that may be reclassified subsequently to profit or loss | | | |
| Gain / (loss) on translation of foreign operations | | 2 | (2,239) |
| **Total comprehensive income for the period attributed to the owners of HITIQ Limited** | | **(3,090,930)** | **(1,544,524)** |
| | | **Cents** | **Cents** |
| Basic earnings per share | | (0.88) | (0.70) |
| Diluted earnings per share | | (0.88) | (0.70) |

*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 2024**

| | Note | Dec 2024 ($) | June 2024 ($) |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 661,004 | 584,018 |
| Trade and other receivables | 4 | 2,440,357 | 2,193,672 |
| Prepayments | | 75,212 | 81,301 |
| Total current assets | | **3,176,573** | **2,858,991** |
| **Non-current assets** | | | |
| Rental deposit | | 27,225 | 27,225 |
| Property, plant and equipment | | 84,915 | 85,426 |
| Right of use assets | | 298,215 | 364,752 |
| Intangible assets | | 231,672 | 391,152 |
| Total non-current assets | | **642,027** | **868,555** |
| **Total assets** | | **3,818,600** | **3,727,546** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 5 | 942,855 | 1,045,700 |
| Contract liability | | 232,884 | 430,263 |
| Employee provisions | | 282,598 | 446,495 |
| Borrowings | 7 | 1,547,971 | 1,123,411 |
| Lease liabilities | | 92,535 | 89,687 |
| Convertible notes | 6 | 2,710,662 | 1,698,147 |
| Total current liabilities | | **5,809,505** | **4,833,703** |
| **Non-current Liabilities** | | | |
| Provisions | | 118,692 | 81,553 |
| Lease liabilities | | 239,125 | 286,111 |
| Total non-current liabilities | | **357,817** | **367,664** |
| **Total liabilities** | | **6,167,322** | **5,201,367** |
| **Net assets/(liabilities)** | | **(2,348,722)** | **(1,473,821)** |
| **Equity** | | | |
| Issued capital | 9 | 26,233,462 | 24,026,939 |
| Reserves | | 29,549 | 324,778 |
| Accumulated losses | | (28,611,743) | (25,825,538) |
| **Total equity/(deficiency)** | | **(2,348,722)** | **(1,473,821)** |

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

**HITIQ Limited**
**Statement of Changes in Equity**
**For the half-year ended 31 December 2024**

| | Issued capital ($) | Accumulated losses ($) | Reserves ($) | Total equity ($) |
|---|---|---|---|---|
| Balance at 1 July 2023 | 22,255,241 | (23,922,000) | 1,619,898 | (46,861) |
| Loss after income tax expense for the period | - | (1,542,285) | - | (1,542,285) |
| Other comprehensive income/(loss) (forex translation adjustment) | - | - | (2,239) | (2,239) |
| Total comprehensive income attributable to the owners of HITIQ Limited | - | (1,542,285) | (2,239) | (1,544,524) |
| Transactions with owners in their capacity as owners: | | | | |
| Shares issued | 1,812,925 | - | - | 1,812,925 |
| Share issue costs | (15,723) | - | - | (15,723) |
| Options lapsed | - | 1,056,201 | (1,056,201) | - |
| **Balance at 31 December 2023** | **24,052,443** | **(24,408,084)** | **561,458** | **205,817** |

| | Issued capital ($) | Accumulated losses ($) | Reserves ($) | Total equity ($) |
|---|---|---|---|---|
| Balance at 1 July 2024 | 24,026,939 | (25,825,538) | 324,778 | (1,473,821) |
| Loss after income tax expense for the period | - | (3,090,932) | - | (3,090,932) |
| Other comprehensive income/(loss) (forex translation adjustment) | - | - | 2 | 2 |
| Total comprehensive income attributable to the owners of HITIQ Limited | - | (3,090,932) | 2 | (3,090,930) |
| Transactions with owners in their capacity as owners: | | | | |
| Issue of conversion notice for convertible notes (note 6) | 1,856,682 | - | - | 1,856,682 |
| Vesting charge for share-based payments | 349,841 | - | 9,506 | 359,347 |
| Option lapsed | - | 304,737 | (304,737) | - |
| **Balance at 31 December 2024** | **26,233,462** | **(28,611,733)** | **29,549** | **(2,348,722)** |

**HITIQ Limited**
**Condensed Statement of Cash Flows**
**For the half-year ended 31 December 2024**

| | Dec 2024 ($) | Dec 2023 ($) |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | 586,600 | 462,064 |
| Payments to suppliers and employees | (3,361,957) | (3,587,898) |
| Receipts – government grants & tax incentives | - | 1,961,593 |
| Interest paid | (13,641) | (89,461) |
| Interest received | 2,034 | 15,598 |
| **Net cash used in operating activities** | **(2,786,964)** | **(1,238,104)** |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | (21,370) | (11,782) |
| **Net cash used in investing activities** | **(21,370)** | **(11,782)** |
| **Cash flows from financing activities** | | |
| Proceeds from shares issued | - | 1,839,470 |
| Share issue costs | - | (42,268) |
| Proceeds from borrowings | 3,029,176 | 18,211 |
| Repayment of borrowings | (96,779) | (1,694,993) |
| Payments for lease liabilities | (46,431) | - |
| **Net cash from financing activities** | **2,885,963** | **120,420** |
| Net increase in cash and cash equivalents | 77,629 | (1,129,466) |
| Effect of exchange rate changes on cash | (643) | 4,441 |
| Cash and cash equivalents at the beginning of the financial year | 584,018 | 1,979,136 |
| **Cash and cash equivalents at the end of the financial period** | **661,004** | **854,111** |

*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 2024 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 2024.

These interim financial statements were authorised for issue on the date of signing the attached directors' declaration.

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 half-year ended 31 December 2024, the Group incurred a net loss after tax of $3,090,932 (31 December 2023: $1,542,285) and experienced net cash outflows from operating activities of $2,786,964 (31 December 2023: $1,238,104). As at 31 December 2024 the Group had a net deficiency of current assets relative to current liabilities of $2,605,707 (30 June 2024: $1,947,487).

The directors have prepared a cash flow forecast, which indicates that the Group will be required to obtain additional capital in order to 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.

The directors also considered the other following matters in their cashflow forecast;

- The forecast includes proceeds from expected capital raising activities. The directors of the Group believe that such capital raising activities will eventuate based upon the Group's track record of successfully issuing capital.
- Continuing to grow its revenues from existing and new customers from contracts and opportunities that have been identified and, where material, announced to the market;
- The Group can continue to access its research and development tax incentive from the ATO, this can also be brought forward by way of finance facilities. The FY2024 claim has been used to retire the existing facilities in place and the directors have accessed an initial drawdown of $800,000 from Keystone Group loan facility on 20 February 2025.
- Key management personnel have written to the Group advising that they are willing to defer amounts owing to them as at reporting date, if necessary, to ensure that the Group has adequate reserves of available working capital;
- The Group has commenced expense reduction activities with the reduction in size of the board and key executives along with reducing the lease commitments significantly. These will reduce expenditure in the 12-month period from the date of these financial statements. A majority of the Group's expenses relate to marketing, business development and research and development activities, which, if necessary, can also be curtailed to meet the overall needs of the enterprise; and
- The directors have received a letter from its convertible note investor confirming that it has the ability and intention, if required, to support the Group. This support includes not calling upon or alternatively converting to equity convertible notes issued under the facility outlined at note 6 at their respective maturities in the event that such an action jeopardises the availability of working capital of the Group.

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 that a material uncertainty exists which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. 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.

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.

**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 grant credits from the Australian Government in recompense for its research and development program expenditure. The program is overseen by AusIndustry, which is entitled to audit and/or review claim lodged for the past 4 years. In the event of a negative finding from such an audit or review AusIndustry has the right to rescind and clawback those prior claims, potentially with penalties. Such a finding may only occur in the event that those expenditures do not appropriately qualify for the grant program. In their estimation, considering also the independent external expertise they have contracted to draft and claim such expenditures, the directors of the company consider that such a negative review has a remote likelihood of occurring.

**Note 3. Revenue**

| | Dec 2024 $ | Dec 2023 $ |
|---|---|---|
| Revenue from contracts with customers | 451,381 | 451,693 |
| Interest income | 2,034 | 15,598 |
| Government grants | - | 51,707 |
| Accrued research and development grant income | 579,283 | 1,909,886 |
| | **1,032,698** | **2,428,884** |

**Note 3b. Operating segments**

Based on the quantitative thresholds included in AASB 8 the consolidated entity has one operating segment, being mouthguard and software sales and trial revenue in various locations, primarily Oceania.

| **Revenue by geographical markets** | **Dec 2024 $** | **Dec 2023 $** |
|---|---|---|
| Oceania Australia | 330,733 | 351,639 |
| Other | 120,647 | 100,054 |
| | **451,381** | **451,693** |

| **Revenue by customers** | **Dec 2024 $** | **Dec 2023 $** |
|---|---|---|
| Customer 1 | 91,896 | 200,000 |
| Customer 2 | 65,434 | 48,108 |
| Other | 294,051 | 203,585 |
| | **451,381** | **451,693** |

**Note 4. Current Assets – Trade and other receivables**

| | **Dec 2024 $** | **Jun 2024 $** |
|---|---|---|
| Trade receivables | 145,151 | 440,354 |
| R&D Refundable | 1,600,419 | 1,715,923 |
| Accrued research and development claims receivable | 694,787 | - |
| Other receivable | - | 37,395 |
| | **2,440,357** | **2,193,672** |

The R&D refundable balance was received post year-end and applied against the Keystone loan outlined at note 7

**Note 5. Current liabilities – Trade and other payables**

| | **Dec 2024 $** | **Jun 2024 $** |
|---|---|---|
| Trade creditors | 705,156 | 865,267 |
| Other payables | 92,970 | 53,236 |
| Amounts due to the Australian Taxation Office | 144,729 | 127,197 |
| | **942,855** | **1,045,700** |

**Note 6. Current Liabilities - Convertible notes**

| Convertible note tranche | Date Drawn | Principal | Interest Rate | Maturity Date |
|---|---|---|---|---|
| Tranche 1* | 17/05/2024 | $1,600,000 | 12.5% | 17/05/2025 |
| Tranche 2** | 23/10/2024 | $1,600,000 | 12.5% | 23/10/2025 |
| Tranche 3** | 13/12/2024 | $1,000,000 | 12.5% | 13/12/2025 |

*On 8 October 2024 the company received notice from the noteholder to convert the Tranche 1 convertible note to shares at an agreed price of 2 cents per share. Subject to approval of 20% holding ownership at AGM, this balance will converted to 93,272,451 shares. As the noteholder holds the legal right of conversion, the tranche has been reclassified as issued capital. Refer to note 9.

** For each of the tranches of convertible notes issued under the facility the noteholder at its sole and absolute discretion has the right to convert the loan into shares at a 10% discount to 7-day VWAP by providing written notice to the Group.

**Note 7. Current Liabilities – borrowings**

| | Dec 2024 $ | June 2024 $ |
|---|---|---|
| Insurance premium funding loan | 10,137 | 70,961 |
| Less: unexpired finance charges | (118) | (3,092) |
| Loan – Keystone Group | 1,539,286 | 1,042,459 |
| Credit Cards | (1,334) | 13,086 |
| | **1,547,971** | **1,123,411** |

As outlined at note 4 the Keystone Group loan represents a R&D loan facility that was repaid subsequent to period end.

**Note 8. Contingent liabilities**

With the exception of the guarantees pledged for its leaseholds, there were no contingent liabilities to the consolidated group as at 31 December 2024 (30 June 2024: nil).

**Note 9. Equity - issued capital**

| | Dec-24 Shares | Dec 2024 $ | Jun-24 Shares | Jun-24 $ |
|---|---|---|---|---|
| Ordinary Shares – fully paid | 361,314,407 | 26,233,462 | 351,844,967 | 24,026,939 |

Movements in ordinary share capital

| Details | Date | No. of Shares | Issue Price $ |
|---|---|---|---|
| Opening balance | 30-Jun-24 | 351,844,967 | 24,026,939 |
| Conversion shares accrued (note 6) | 8-Oct-24 | - | 1,856,682 |
| Refund of accrued share issue costs | 1-Nov-24 | - | 18,008 |
| Share based payment | 15-Nov-24 | 2,000,000 | 45,000 |
| Share based payment | 16-Dec-24 | 7,469,440 | 194,765 |
| Shares approved not yet issued* | | - | 17,068 |
| Share based payment** | | - | 75,000 |
| Closing balance | | **361,314,407** | **26,233,462** |

*Shares approved but not yet issued relate to 1,750,000 shares with a 12-month service condition to be issued based on approval at the Annual General Meeting on 27 November 2024. Accrued balance represents shares vested to 31 December 2024.

**An additional 3,077,856 shares were issued as share-based payment after December 31, 2024 relating to services provided during the half-year period.

**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 10. Events after the reporting period**

On 31 January 2025, the company received notice from the convertible noteholder of their intention to convert $1.6m notes to shares
On 31 January 2025, the company appointed Jennifer Tucker as a non-executive director
On 21 February 2025, The company drew down the R&D loan facility totalling $800,000, secured against R&D expenditure incurred in the 2025 financial year to date.

With exception of the matters outlined above, there have 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.

**FINANCIAL**

- The Company had cash reserves of A$661,004 as at 31 December 2024;
- The Company has taken steps during the period to rebuild its business strategy and build its manufacturing capability in order to meet the potential future demand for its consumer product.
- The Company is pleased to have the continued support of Harmil Angel Investments as a strategic shareholder. Harmil will continue to guide the Company's future growth plan.

**CORPORATE**

- A General Meeting of shareholders was held on 27 November 2024 with all resolutions passing.
- On the 3rd October 2024, the company appointed Executive Chairman, Earl Eddings, bringing significant experience in high level positions in Australian sport.
- On 8th October 2024 the Company received notice of intent to convert its initial convertible loan of $1.6m from Strategic Investor Harmil Angel Investments.
- On 23rd October 2024, the company appointed Andrew Hart as CFO and on 12th November 2024 the company appointed Chis Davis as Chief Marketing Officer building the team to assist in delivering the strategy.

**Auditors Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Signed in accordance with a resolution of the Directors:



Earl Eddings
**Executive Chairman**
28 February 2025

William Buck
ACCOUNTANTS & ADVISORS

# Independent auditor's review report to the members of HITIQ Limited

## Report on the half-year financial report

### Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of HITIQ Limited (the Company), and its controlled entities (together, the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

### What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2024,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

## 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 Group 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.

William Buck
ACCOUNTANTS & ADVISORS

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 within the half-year financial report, which states that the Group incurred a net loss after tax of $3,090,932 and net cash outflows from operations of $2,786,964 for the half-year ended 31 December 2024. As at 31 December 2024, the company had a net deficiency of current assets relative to current liabilities of $2,605,707. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

## Responsibilities of the directors for the financial report

The directors of the Company 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 Group's financial position as at 31 December 2024 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, 28 February 2025