



ASX ANNOUNCEMENT

28 OCTOBER 2021



HITIQ Quarterly Activities Report – September 2021

Transformative, concussion management technology company, HITIQ Limited (ASX: HIQ) (HITIQ or the Company), is pleased to provide an update on its activities for its transformative, concussion management technology for the quarter ended 30 September 2021.

HITIQ has made meaningful progress towards its operating milestones as outlined in its FY'22 strategic plan. Concern around the world continues to grow regarding the incidence of sports related concussions and their potential health impacts. HITIQ is well positioned to build a leading position in this marketplace, pursuing strong relationships with customers and partners in domestic and global markets.

The Company announced several exciting customer programs during the quarter, advancing its market entry plans with respect to targeted elite athlete and consumer markets. HITIQ has developed an array of diverse partnerships in domestic and global markets with a focus on commercial outcomes.

CUSTOMER MARKETS

Scottish Rugby

- ✓ An agreement was signed with Scottish Rugby to deploy HITIQ technology in a season long trial for its national professional programs during the 2021/22 season;
- ✓ Represents a “first of its kind” collaboration involving a national Rugby Union team;
- ✓ Scottish Rugby Chief Medical Officer, Dr James Robson, said that *“in this trial we aim to improve our understanding of impact loads on our players in both the training and match environments.”*;
- ✓ Over 120 elite players will use the technology in both training and match settings;
- ✓ Participating teams will span – Scotland Men’s / Women’s National squads, Scotland 7’s, and Edinburgh Rugby; and
- ✓ Importantly, the program provides HITIQ with a visible footprint within an established Northern Hemisphere Rugby competition, along with a data source from a diverse market that feeds into the Company’s growing global head-impact databank.

US College Football

- ✓ A partnership was established with six Football Bowl Subdivision (FBS) division one US college football programs to deploy HITIQ technology in the upcoming 2021 college football season;
- ✓ The program will provide further valuable source of data from another global market feeding into HITIQ’s global head-impact databank;
- ✓ Enables a commercial pathway to 900 college football programs including 100,000 players that the Company can leverage in a key international elite market segment;

HITIQ Limited

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Non-Executive Chair
Managing Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

- ✓ Over 100 elite players will use the technology during the 2021 season with the aim to quantify and profile head impacts experienced in collegiate level American football players; and
- ✓ Participant programs include – Tulane University, University of Tulsa, Georgia Tech University, University of Tennessee Knoxville, University of South Carolina, and Brigham Young University.

AFL

- ✓ The Company continued to deploy its sensor-based mouthguards during the quarter as part of its contracted multi-year league wide deal with the Australian Football League (**AFL**);
- ✓ The successful establishment of player impact databanks is on-going; and
- ✓ Phase 2 deployment to the AFL Women's league (**AFLW**) is on track for use in the 2022 season.

Rugby Australia

- ✓ A program partnership with Rugby Australia was announced to deploy HITIQ impact sensors in a landmark player well-being program;
- ✓ The program aims to enhance concussion management protocols leading to better health outcomes for players;
- ✓ Data collected from HITIQ technology will assess head impacts experienced in rugby union; and
- ✓ The technology will initially be deployed into the QLD Premier Rugby 1st grade competition in the 2021 season.

PARTNERS

Bupa

- ✓ The Company announced that Bupa, through its Dental division, would trial HITIQ concussion management technology in an Australian first Junior Rugby Pilot Project to address the growing concern for concussions and head impacts which is increasingly presenting as a major barrier to junior sport participation;
- ✓ The initiative is a landmark trial which aims to revolutionise junior sport safety by enhancing concussion management protocols that can lead to better long term health outcomes for young players;
- ✓ The technology was deployed in a pilot including 100 junior players from the Wests Bulldogs Rugby Club who used HITIQ mouthguards during the quarter representing the second half of the 2021 season; and
- ✓ The trial has now concluded with HITIQ and BUPA currently assessing activities and the results in order to determine the potential to expand the technology offering across the Bupa Dental clinic network, which represents Australia's largest dental network.

TECHNOLOGY

- ✓ During the quarter, HITIQ had 917 units in the field being used globally;
- ✓ 6.9 million data points were captured from new and existing customer programs strengthening the Company's leading global head-impact databank;
- ✓ Ongoing development of the core Artificial Intelligence (**AI**) & Machine Learning (**ML**) systems that underpin HITIQ's technology continued through the quarter; and
- ✓ The Company had a peer reviewed paper published by the University of Canterbury (Christchurch) in the Sensors Journal – the leading international, peer-reviewed, open access journal on the science and technology of sensors. The paper demonstrates that HITIQ has class leading peak impact accuracy of 97.31% which is an important differentiator that distinguishes HITIQ technology.

CORPORATE

Financial

The Company had cash reserves of A\$6.805m as at 30 September 2021.

In the last six months, the global semiconductor market has become increasingly constrained, resulting in significant supply chain issues. The Company made the decision during the quarter to bring forward its 12-month purchasing schedule to secure its componentry requirements for the year ahead. Hence expenditure on semiconductors has been brought forward to the current quarter and should normalise over the year, subject to unexpected contract wins and continued abnormally higher prices.

As a result, the Company incurred a higher than budgeted expenditure for componentry for the quarter, which is reflected in the short-term impact on Technology, Research & Development expenditure. The Company will continue to monitor market conditions and adjust future purchasing decisions as appropriate.

The Company also expects to receive its R&D tax incentive rebate during the December quarter.



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\$164,457 was paid to related parties of the Company as follows:

| | |
|--|----------|
| - Executive Director Salary and superannuation | \$53,308 |
| - Non-Executive Director Fees | \$83,938 |
| - Bookkeeping and Accounting Services provided by Optima Partners, a related party of non-executive director, Mr Philip Carulli: | \$27,211 |

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

| Allocation of funds ¹ | Prospectus estimate (2 years) \$A'000 | Actual use of funds (for the quarter ended September 2021 quarter) \$A'000 | Actual use of funds since listing (15 June 2021 to September 2021 quarter end) \$A'000 |
|------------------------------------|---|--|---|
| Technology, Research & Development | \$4,701 | \$1,266 | \$1,458 |
| Sales & Marketing | \$1,068 | \$178 | \$189 |
| Working capital | \$4,049 | \$736 | \$1,001 |
| Cost of the Offer | \$802 | \$81 | \$767 |
| Total | \$10,620 | \$2,261 | \$3,415 |

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

- ENDS -

Authorised for release by the Board of Directors.

For more information, contact:

| | |
|---|--|
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|---|--|

About HITIQ

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

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



APPENDIX 4C

**QUARTERLY CASH FLOW REPORT FOR ENTITIES
SUBJECT TO LISTING RULE 4.7B**
Name of entity

| |
|---------------|
| HITIQ Limited |
|---------------|

ABN

| |
|----------------|
| 53 609 543 213 |
|----------------|

Quarter ended ("current quarter")

| |
|--------------|
| 30 June 2021 |
|--------------|

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 111 | 111 |
| 1.2 Payments for | | |
| (a) research and development | (634) | (634) |
| (b) product manufacturing and operating costs | - | - |
| (c) advertising and marketing | (136) | (136) |
| (d) leased assets | - | - |
| (e) staff costs | (865) | (865) |
| (f) administration and corporate costs | (609) | (609) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 1 | 1 |
| 1.5 Interest and other costs of finance paid | (21) | (21) |
| 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 | (2,153) | (2,153) |

| | | |
|--|------|------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (17) | (17) |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |
| 2.2 Proceeds from disposal of: | | |
| (a) entities | - | - |
| (b) businesses | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|--|
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (17) | (17) |

| | | | |
|-------------|---|-----------|-----------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | 20 | 20 |
| 3.6 | Repayment of borrowings | - | - |
| 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 | 20 | 20 |

| | | | |
|------------|--|--------------|--------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 8,955 | 8,955 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (2,153) | (2,153) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (17) | (17) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 20 | 20 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 6,805 | 6,805 |

| 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 | 6,805 | 8,955 |
| 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) | 6,805 | 8,955 |

| 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 | 81 |
| 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 <i>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.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|-----|---|--|---|
| 7.1 | Loan facilities | 584 | 584 |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (please specify) | - | - |
| 7.4 | Total financing facilities | 584 | 584 |
| 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. | | |
| | Radium Capital loan secured against Research & Development refund. Interest rate 14% pa, maturity date 30 November 2021. | | |

| 8. | Estimated cash available for future operating activities | \$A'000 |
|-----|---|--------------|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (2,153) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 6,805 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 6,805 |

| | |
|--|--------------------|
| <p>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</p> <p><i>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.</i></p> | 3.2 |
| <p>8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> | |
| <p>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?</p> | <p>Answer: N/A</p> |
| <p>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?</p> | <p>Answer: N/A</p> |
| <p>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?</p> | <p>Answer: N/A</p> |
| <p><i>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.</i></p> | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2021

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

1.1 Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.