



## ASX ANNOUNCEMENT

29 JULY 2022

### HITI·IQ Quarterly Activities Report – June 2022

**Transformative, concussion management technology company, HITI·IQ Limited (ASX: HIQ) (HITI·IQ or the Company),** is pleased to provide an update on its activities for the quarter ended 30 June 2022, including:

- ✓ New partnership with Shock Doctor;
- ✓ Re-signing of two tier one customers; and
- ✓ Establishment of a Scientific & Medical Advisory Council.

#### CUSTOMER MARKETS

##### Partnerships

##### **Shock Doctor MOU**

Shock Doctor is the world leader and pioneer in sports performance mouthguards. As part of HITI·IQ's strategic growth plan, it signed an exclusive Memorandum of Understanding (**MOU**) with Shock Doctor. The collaboration with Shock Doctor is designed to leverage the combined expertise to place HITI·IQ concussion management technology into target customer markets, particularly North America.

##### *Key Terms*

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

- Development Phase – Completion of design, prototyping & product validation processes. The expected timeline to complete the activities required in this phase is between six (6) to nine (9) months, with Shock Doctor leading the majority of these activities through their existing tooling and design infrastructure capabilities.
- Commercialisation Phases – Upon completion of the development phase, Shock Doctor will manufacture boil & bite mouthguards for HITI·IQ to sell to price sensitive markets and HITI·IQ will grant Shock Doctor an opportunity to become the exclusive licensee to use the HITI·IQ 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.

HITI·IQ Limited  
ACN 609 543 213  
ASX: HIQ

**HITI·IQ.COM**

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##### **Directors**

Otto Buttula  
Michael Vegar  
Phillip Carulli  
Glenn Smith  
Aidan Clarke

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

### *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

### Customer Retention

#### **Australian Football League (AFL)**

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

#### *Background*

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

#### *AFL Agreement Renewal*

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

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

Whilst the CSX Concussion Assessment component is not considered material to HITIQ's overall revenues, contributing less than 10% of the revenue from the broader concussion management services partnership with the AFL, the agreements are important in the context that they validate the decision by HITIQ to acquire the technology to complement its core concussion management platform to provide greater end-to-end platform value to existing and new clients.

With the inclusion of the VFL, the administration of head injury events in that league is expected to be completely transformed through the digital recording, player baselining and communication pathways provided by CSX. Furthermore, the VFL rollout of CSX will mean a more seamless transition for the care and guidance of players when they move between the two levels of competition. The CSX application will improve communication across competitions, ensuring consistency of reporting and better management of recovery and return to play protocols.

#### **New Zealand Rugby**

In June, HITIQ extended and expanded its New Zealand Rugby (NZR) subscription agreement for CSX Concussion Assessment Technology for a further 12 months. Whilst the initial financial impact of the contract is not considered material to HITIQ's overall revenues, the agreement represents the largest union driven program of its kind and sets a blueprint for a global rollout across other unions.

## New Zealand Rugby HITIQ CSX Agreement

New Zealand Rugby will use the CSX Concussion Assessment technology to enhance the administration, communication, and management of all New Zealand amateur rugby head injury incidents. HITIQ acquired the CSX concussion assessment platform in November 2021 as part of its strategy to build out an end-to-end concussion management platform.

Under the terms, NZR will also extend the number of players covered by the technology to 5,000 players. The CSX concussion assessment technology effectively delivers NZR a digital player passport that:

- > provides efficient baseline testing and a digital record of any suspected concussion incident;
- > helps standardise rehabilitation protocols, ensuring consistency and a safe return to play;
- > Provides a central and secure point of information through a “GP Portal”, which automates communication pathways between Clubs, Schools and doctors; and
- > Offers a detailed incident report through the GP Portal which allows for an informed diagnosis of concussion and a thorough recovery plan.

Additionally, the platform contains an education portal to inform parents and caregivers about the signs and symptoms of concussion. The platform provides an action plan, creating certainty around in-home care.

## TECHNOLOGY

- > HITIQ continued to progress many facets of its technology platform and expects disclosures related to these advancements to be made in the coming quarters.
- > 1.5 million data points were captured from new and existing customer programs, further strengthening the Company's leading global head-impact databank.

## CORPORATE

### Appointment of Scientific & Medical Advisory Council

The Company announced the formation in April of 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 service.

A key part of HITIQ's strategic growth plan includes the alignment with key opinion leaders and industry experts to assist in delivering on the Company's world first 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.

SMAC will consist of:

- |  |                |
|--|----------------|
| > 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)   |

### FY'23 Business Strategy / Operating Plan

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

Components of the strategic, operating growth plan include:

## 1. Expand Consumer Sales Footprint, Growing Non-Professional Revenues

- > Following commencement of initial BUPA program & leveraging elite market footprint, extend reach into new consumer subcategories such as feeder leagues & school segments (grassroots, community campaign);
- > Complete Development phase of Shock Doctor retail product for domestic and international markets; and
- > Extend "CSX" into consumer market globally

## 2. Grow Elite Market Revenues Both domestically & internationally

- > Continue market penetration of NEXUS product;
- > Penetrate new markets, with ubiquitous CSX product; and
- > Grow CSX usage and position in existing markets.

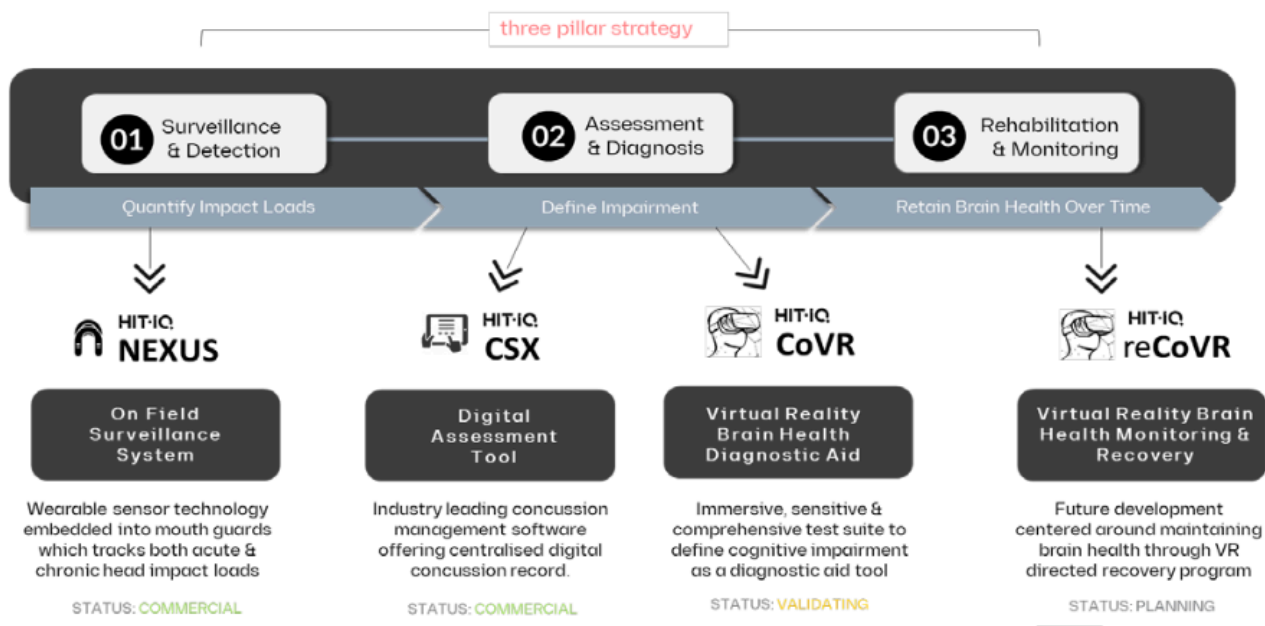
## 3. Continue Product & Platform Extension

- > Leverage world-class Scientific & Medical Advisory Council ("SMAC") to drive product value enhancements across HITIQ's concussion eco-system (see ASX 27 April 2022 announcement); and
- > Expanding the collection and use of de-identified brain and impact data to generate increased value.

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

### Development and Commercialisation of Three-Pillar Strategy Continues

HITIQ continues to embrace a strategy centred 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.



## Financial

The Company had cash reserves of A\$2.939m as at 30 June 2022.

The Company confirmed early access to forecast FY22 R&D Tax Incentive after it entered into a non-dilutive funding agreement with Keystonegroup Investments Pty Ltd. Repayment is timed to coincide with receipt of HITIQ's 2022 FY RDTI refund, expected to be prior to 30 September 2022. The agreement provided HITIQ with immediate funds, strengthening its financial position to continue executing upon its near and medium term growth strategy.

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\$151,144 was paid to related parties of the Company as follows:

- > Executive Director Salary and superannuation \$62,192
- > Non-Executive Director Fees \$70,377
- > Bookkeeping and Accounting Services provided by Optima Partners,
  - a related party of non-executive director, Mr Philip Carulli: \$18,575

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 <sup>1</sup>	Prospectus estimate (2 years) \$A'000	Actual use of funds (for the quarter ended June 2022 quarter) \$A'000	Actual use of funds since listing (15 June 2021 to March 2022 quarter end) \$A'000
Technology, Research & Development	\$4,701	\$1,007	\$4,597
Sales & Marketing	\$1,068	\$260	\$980
Working capital	\$4,049	\$615	\$3,078
Cost of the Offer	\$802	\$0	\$767
<b>Total</b>	<b>\$10,620</b>	<b>\$1,882</b>	<b>\$9,422</b>

<sup>1</sup> 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 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	100	553
1.2 Payments for		
(a) research and development	(236)	(1,849)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(15)	(212)
(d) leased assets	-	-
(e) staff costs	(1,142)	(4,118)
(f) administration and corporate costs	(582)	(1,972)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	(29)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,025
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,875)</b>	<b>(6,601)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	(858)
(c) property, plant and equipment	(11)	(66)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(11)</b>	<b>(924)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	2,073	2,093
3.6	Repayment of borrowings	-	(584)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,073</b>	<b>1,509</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,752	8,955
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,875)	(6,601)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	(924)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,073	1,509



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,939</b>	<b>2,939</b>

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	2,939	2,752
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,939</b>	<b>2,752</b>

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	151
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.		

7.	Financing facilities Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	2,000	2,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>2,000</b>	<b>2,000</b>
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		



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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,875)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,939
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,939
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.56
	<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>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: The entity expects to record similar levels to the current net operating cashflows in upcoming quarters.	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: The Company's Board is considering several alternative steps to raise further liquidity to fund its operations going forward. Steps include raising funds, including equity funding via a strategic placement and / or offering current shareholders participation. The Company's Board is confident that it could successfully implement either of the above alternatives.	
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?	
	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.	
	<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>	

#### 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: 29 July 2022

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.