



ASX ANNOUNCEMENT
29 October 2024

HITIQ Quarterly Activities Report September 2024

Highlights

- > **Additional Funding Secured via Extension to R&D Tax Incentive Loan Facility and Convertible Loan**
- > **Change in leadership and appointment of Executive Chairman**
- > **Strengthened IP position**
- > **Relocated into new business premises to strengthen manufacturing capacity**

Award of Second US Patent

HITIQ has been approved its second US Patent relating to an innovative 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 ", meaning that the Company expects to be formally awarded its second US patent in the coming months. 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"). The Company looks forward to notifying the market once the Patent is formally awarded. As per the announcement on the 21st August 2024, a key part of HITIQ's patent strategy, including in relation to this patent, is to seek coverage over technologies which allow for instrumented mouthguard technology to transition from bespoke research tools, and into commercial use devices for sports participants at all levels. This IP goes a long way to ensuring functionality, comfort & manufacturing efficiency across all of the targeted product markets.

Operations

The Company announced on 3rd October 2024 the appointment of former Cricket Australia Chair, Earl Eddings, as Executive Chairman. Earl has taken on the day to day running of the business, with co-founder and former CEO Mike Vegar transitioning out of the business. This change will bring on new leadership and direction for the business. Additionally, as announced on 23 October 2024, the Company has engaged a new CFO, Andrew Hart, who will oversee financial management, compliance and governance, strategic planning, and investor relations.

During the quarter, the Company moved into its new fit-for-purpose facility in South Melbourne, allowing for material annual cost savings and increased manufacturing capacity. Manufacturing capacity is expected to increase from approximately 5k units' annual output to 25-30k units' output.

Financial

During the quarter, the Company extended its existing secured loan facility agreement (Loan) with Keystone Capital Partners Pty Ltd (Keystone) by drawing an additional \$400,000 secured against the expected FY24 R&D Tax Incentive (RDTI). As announced on 18 March 2024, the Company had previously entered into a loan facility for \$997,211.83 against the expected R&D tax incentive available until that date, bringing the total amount repayable upon receipt of the RDTI to \$1,397,211.83 plus interest accrued.

Subsequent to the end of the quarter, the Company extended its convertible note facility with No Bull Health Pty Ltd, an associated entity of its major shareholder Harmil Angel Investments. As outlined in the announcement dated 17 October 2024, the extension of the existing facility is, for a further 12-months, with the maximum subscription amount increased by \$3,000,000 to \$4,600,000. All other terms and conditions remain as per the existing facility.

The Company had cash reserves of A\$156k as at 30 September 2024.

As advised in Section 6.1 of the Appendix 4C for this period, payments to, or to an associate of, a related party of the entity during quarter was A\$0. The Company has deferred payments to Non-Executive Directors and their associated entities during the period in order to prioritise available capital to operations while terms of the convertible loan extension were being finalised.

- ENDS -

Authorised for release by the Board of Directors.

For more information, contact: investors@hitiq.com

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 September 2024

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	389	389
1.2	Payments for		
	(a) research and development	(93)	(93)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(75)	(75)
	(d) leased assets	-	-
	(e) staff costs	(818)	(818)
	(f) administration and corporate costs	(215)	(215)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
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	(811)	(811)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(9)	(9)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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)	-	-
2.6	Net cash from / (used in) investing activities	(9)	(9)

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	400	400
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	400	400

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	576	576
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(811)	(811)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	400	400

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	156	156

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	156	576
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)	156	576

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	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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	2,997	2,997
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	2,997	2,997
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.		

R&D Finance facility of \$1,397,212 with Keystone Capital Partners Pty Ltd. Secured against R&D Refund. Term 150 days from 14 March 2024 extended until receipt of the R&D refund, interest rate 15% per annum. Additionally, the Company has entered into a convertible note facility with No Bull Health Pty Ltd, an associated party of its major shareholder, Harmil Angel Investments, for \$1,600,000 for a period of 12 months at an interest rate of 12.5%, further details included in announcement on 20 May 2024.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(811)
8.2	Cash and cash equivalents at quarter end (item 4.6)	156
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	156
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.19
	<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: Yes, net operating cashflows are expected to continue for the time being whilst the Company pivots to commercialising its products and services.	
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: On 17 October the Company announced an additional \$3,000,000 of secured convertible notes under the existing facility provided by No Bull Health Pty Ltd.	
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: Yes, the Company expects to be able to continue its operations and meet its business objectives on the basis of the expected implementation and completion of the activities 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

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

Date: 29 October 2024

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 – 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.