



ASX ANNOUNCEMENT
31 July 2024

HITIQ Quarterly Activities Report June 2024

Highlights

- > **US Patent Approval for Nexus™ Technology**
- > **World Rugby Performance Specification Achieved**
- > **NRL Women deployed to expand trial**

HITIQ Limited (ASX: HIQ) (HITIQ or the Company), a global leader in concussion management technologies, is pleased to provide an update on activities for the quarterly period ended 30 June 2024.

US Patent Approval

Subsequent to period end, the company has 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". The company expects the patent to be formally awarded in the coming months.

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.

Commenting on the Patent, HITIQ Chief Executive, Mike Vegar, said:

"Receiving approval for our maiden US patent signals our technology as globally relevant and helps forge a pathway into the US, our key commercial jurisdiction."

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This approval ensures our ability to protect an integral component of our product and technology in the largest addressable market within our product category.

We will continue to build our global patent portfolio with our pipeline of IP activity to gradually emerge."

World Rugby Standards Achieved

Subsequent to quarter end, the company announced it had met World Rugby required performance specification for instrumented mouthguards (iMGs), enabling use across rugby union globally.

World Rugby Develops Performance Specification

World Rugby has recently 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.

Market Opportunity and Future Outlook

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.

HITIQ is well-positioned to leverage this World Rugby approval by pursuing, accelerating and activating commercial opportunities within the global rugby market. The Company is already in discussions with several rugby organisations and anticipates announcing partnerships in the coming months.

Damien Hawes, Chief Commercial Officer of HITIQ, commented:

"Meeting World Rugby's performance specifications is a significant milestone for HITIQ. This validation demonstrates the quality and efficacy of our technology and positions us as a key player in the safety solutions market for rugby union worldwide."

NRLW Deployed

As an extension to the NRL trial, two NRLW teams have been added with both the Canberra Raiders and Gold Coast Titans Women's programs having been Instrumented with the Nexus™ Instrumented mouth guards.

Having exposure to the women's competition provides a more comprehensive data set to supply the



NRL and positions HITIQ well within the NRL competition.

General Operations

The company deployed the updated concussion management protocol, SCAT6, across its client list via the CSX concussion management platform. To supplement this upgrade, development roadmap to expand across multiple languages has commenced in order to ensure product-market fit in many European and South American football nations. The global football market is a significant target market for HITIQ.

As detailed in the world rugby standards update, the company's real time system is now functional. Testing of the Nexus™ real time system continues across different customers with the view to offer the feature more widely to the full customer suite early 2025.

Corporate

Appointment of Corporate Advisor and Earl Eddings

With the continued focus on commercialising the Company's technology platform, HITIQ has also appointed corporate advisory firm Henslow along with Earl Eddings, former Chair, Deputy Chair and Director of Cricket Australia, to assist the Board in unlocking the inherent value in the Company's IP.

HITIQ Director Phil Carulli said, "The Company has engaged these parties to provide clarity on the business plan and commercial strategy to achieve our long-term vision. Henslow and Earl have proven track record, commercial experience and an extensive network to help HITIQ become one of the core players in the global concussion management space."

Financial

During the quarter the company entered into a \$1.6m convertible note facility with its major shareholder Harmil Angel Investments as was announced to the market on 20th May 2024.

Terms and conditions are standard for those generally found in Convertible Note agreements, and include the following:

Subscription Amount	\$1,600,000
Term	12-months
Interest	12.5% p.a. calculated monthly and paid in cash or capitalised and converted to shares at conversion
Conversion Amount	Subscription Amount and or any capitalised Interest
Conversion to Shares	Conversion Price will be equal to a 10% discount to the prevailing 7-day VWAP of the Company's shares at date of conversion notice and would be subject to obtaining relevant shareholder approvals
Early Redemption Fee	If redeemed by the Company prior to completion of the Term, an Early Redemption Fee will apply equal to 10% of the Subscription Amount

The Company had cash reserves of A\$576k as at 30 June 2024.

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\$54,776 was paid to related parties of the Company as follows:

> Non-Executive Director Fees	\$33,460
> Bookkeeping and Accounting Services provided by Optima Partners,	
▪ a related party of non-executive director, Mr. Philip Carulli:	\$21,316

- 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 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	85	959
1.2 Payments for		
(a) research and development	(216)	(710)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(63)	(217)
(d) leased assets	-	-
(e) staff costs	(818)	(3,906)
(f) administration and corporate costs	(707)	(2,008)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	18
1.5 Interest and other costs of finance paid	(17)	(106)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,962
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,735)	(4,008)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	(154)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(c) property, plant and equipment	(3)	(19)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	-	-
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(3)	(173)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	14	1,870
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	2,177	2,597
3.6 Repayment of borrowings	-	(1,690)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,191	2,777

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	123	1,980
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,735)	(4,008)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(173)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,191	2,777
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	576	576

5.	Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	576	123
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)	576	123

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	55
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	2,177	440
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,177	440
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.		
<p>R&D Finance facility of \$997,212 with Keystone Capital Partners Pty Ltd. Secured against R&D Refund. Term 150 days from 14 March 2024, interest rate 15% per annum. The company has only claimed its expenditure to the 15 February, therefore has capacity to finance further R&D expenditure incurred since 15 February. Additionally, the company has entered into a convertible note facility with 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.</p>		



8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,735)
8.2 Cash and cash equivalents at quarter end (item 4.6)	576
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	576
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.33
<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>	
<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: Yes, cashflows to continue</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: The board is currently at an advanced stage of evaluating several capital management alternatives.</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: 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.</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: 31 July 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.