

hitIQ Limited
ABN 53 609 543 213

Interim Financial Statements - 31 December 2020

HITIQ LIMITED
ABN 53 609 543 213

CORPORATE INFORMATION

Directors – Michael Vegar
Philip Carulli
Matthew Banks – resigned 19 March 2021
Glenn Smith
Otto Buttula – Appointed 1 February 2021

Company secretary – Peter Torre

Registered office

Suite 3
128 Main Street
Osborne Park WA 6017

Principal place of business

Suite 1
Level 2 / 9 Raglan St
South Melbourne VIC 3205

Share register

AUTOMIC GROUP
Level 5 126 Phillip Street Sydney NSW 2000
Ph 1300 288 664

Solicitors

Steinepreis Paganin
16 Milligan St Perth WA 6000
Ph 9321 4000

Bankers

Commonwealth Bank of Australia
3 Queen Street
Fremantle WA 6160

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3
216 St Georges Terrace
(08) 9226 4500

Contents
Interim Financial Statement - 31 December 2020

Contents	
Directors' Reports	1
Auditors independence declaration	2
Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the condensed financial statements	7
Directors' declaration	16
Independent auditors review report	17

General information

The financial statements cover hitIQ Limited as an individual entity. 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

Suite 3
128 Main Street
Osborne Park, WA, 6017

Principal place of business

Suite 1, Level 2,
9-17 Raglan Street
South Melbourne, VIC, 3205, Australia

DIRECTORS REPORT

Your Directors submit the Interim Report of the Company for the half year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Otto Buttula	Chairman – appointed 1 February 2021
Michael Vegar	Managing Director
Philip Carulli	Non-Executive Director
Matthew Banks	Non-Executive Director – resigned 19 March 2021
Glenn Smith	Non-Executive Director

Review of operations

The company has raised additional capital during the period in order to fund the ongoing development and data collection of its mouth guard sensor technology and virtual reality concussion diagnosis tool. Capital also continued to be deployed in extensive trials with professional sporting bodies. Covid 19 continues to cause some significant delays and postponement of trials during the period, especially with respect to US operations. The company continues to build on its reputation as a leading head impact detection and concussion monitoring specialist. There are still limited products commercially available that are able to validly and reliably quantify head impacts, however through our trials, continued testing and data collection we believe the Nexus A9 will be positioned as best in class through leading validity and reliability measures.

During the period the company continued trials with the Australian Football League (AFL) and National Rugby League (NRL) in conjunction with US College football programs and overseas sporting bodies. Agreements are currently being discussed with a view to commercial outcomes.

The company will pursue an Initial Public Offer and listing on the ASX in quarter 2 2021.

Auditor Independence and Non-Audit Services

Section 307C of the *Corporations Act 2001* requires our auditors, Bentleys Audit & Corporate (WA) Pty Ltd to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year report. This Independence Declaration is set out on page 2 and forms part of this Directors' Report for the half year ended 31 December 2020.

Signed in accordance with a resolution of the Directors.



Michael Vegar
Director

Dated this 8th day of April 2021

Bentleys Audit & Corporate
(WA) Pty Ltd

London House

Level 3,

216 St Georges Terrace

Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

To the Board of Directors

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

As lead audit Partner for the review of the financial statements of hitIQ Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,



BENTLEYS

Chartered Accountants



CHRIS NICOLOFF CA
Partner

Dated at Perth this 8th day of April 2021

Condensed Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2020

	Note	31 December 2020 \$	31 December 2019 \$
Revenue			
Revenue from contracts with customers	3	145,470	-
Other Income	3	403,300	-
Research and development grant	3	-	-
Interest Income	3	-	1,244
Expenses			
Accountancy and Secretarial Fees		(11,220)	(22,318)
Auditors Remuneration		(2,000)	(1,519)
Consultancy Fees		(152,766)	(137,847)
Depreciation and Amortisation		(104,333)	(100,149)
Interest Paid		(31,327)	(28,336)
Occupancy		(63,691)	(56,290)
Research and Testing		(137,049)	(337,818)
Performance Rights Expense	10c	(24,500)	-
Employee benefits expenses		(1,119,592)	(1,137,745)
Other expenses		(154,342)	(337,430)
		<hr/>	<hr/>
Loss before income tax expense		(1,252,050)	(2,158,208)
Income tax expense		<hr/> -	<hr/> -
Loss after income tax expense for the period attributable to the owners of hitIQ Limited		(1,252,050)	(2,158,208)
Other comprehensive income for the period, net of tax		<hr/> -	<hr/> -
Total comprehensive income for the period attributable to the owners of hitIQ Limited		(1,252,050)	(2,158,208)
Earnings per share for profit/loss attributable to the ordinary equity holders of the company			
Basic earnings per share		(0.02)	(0.04)
Diluted earnings per share		(0.02)	(0.04)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Condensed Statement of Financial Position
For the year ended 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
Assets			
Current assets			
Cash and cash equivalents	5	1,146,885	428,028
Trade and other receivables	6	122,700	1,170,478
Total current assets		<u>1,269,585</u>	<u>1,598,506</u>
Non-current assets			
Trade and other receivables	6	52,240	52,240
Property, plant and equipment		93,319	101,465
Intangible Assets		45,890	58,493
Assets Right-of Use	4a	194,632	271,511
Total non-current assets		<u>386,081</u>	<u>483,709</u>
Total assets		<u>1,655,666</u>	<u>2,082,215</u>
Liabilities			
Current liabilities			
Trade and other payables	7	396,496	464,866
Provisions	8	171,029	73,118
Borrowings	9	52,892	866,069
Lease Liabilities	4b	156,086	160,311
Total current liabilities		<u>776,503</u>	<u>1,564,364</u>
Non-current liabilities			
Lease liabilities	4b	52,856	130,994
Total non-current liabilities		<u>52,856</u>	<u>130,994</u>
Total Liabilities		<u>829,359</u>	<u>1,695,358</u>
Net assets		<u>826,307</u>	<u>386,857</u>
Equity			
Issued capital	10a	8,364,190	6,889,190
Reserves	10b	818,889	602,389
Accumulated losses		(8,356,772)	(7,104,722)
Total equity		<u>826,307</u>	<u>386,857</u>

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

hitIQ Limited
**Condensed Statement of Changes in Equity
For the year ended 31 December 2020**

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2019	4,273,711	(4,485,897)	572,290	360,104
Loss after income tax expense for the period	-	(2,158,208)	-	(2,158,208)
Total comprehensive income attributable to the owners of hitIQ Limited	-	(2,158,208)	-	(2,158,208)
Transactions with owners in their capacity as owners: <i>Contributions of equity, net of transaction costs</i>	2,026,979	-	-	2,026,979
Share issue costs	(78,505)	-	-	(78,505)
Share based payment expense	-	-	-	-
Share based payment exercised	-	-	-	-
Performance rights expense	-	-	-	-
Dividends Paid	-	-	-	-
Balance at 31 December 2019	6,222,185	(6,644,105)	572,290	150,370
	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2020	6,889,190	(7,104,722)	602,389	386,857
Loss after income tax expense for the period	-	(1,252,050)	-	(1,252,050)
Total comprehensive income attributable to the owners of hitIQ Limited	-	(1,252,050)	-	(1,252,050)
Transactions with owners in their capacity as owners: <i>Contributions of equity, net of transaction costs</i>	1,612,000	-	-	1,612,000
Share issue costs	(300,000)	-	-	(300,000)
Share based payment expense	-	-	216,500	216,500
Share based payment exercised	-	-	-	-
Performance rights expense	-	-	-	-
Unissued shares at 31 December 2020	163,000	-	-	163,000
Balance at 31 December 2020	8,364,190	(8,356,772)	818,889	826,307

hitIQ Limited**Condensed Statement of Cash Flows
For the year ended 31 December 2020**

	Note	31 December 2020 \$	31 December 2019 \$
Cash flows from operating activities			
Receipts from customers		200,470	1,244
Payments to suppliers and employees		(1,616,229)	(1,302,880)
Receipts - other		1,396,077	-
Interest Paid		<u>(31,327)</u>	<u>(28,336)</u>
Net cash used in operating activities		<u>(51,009)</u>	<u>(1,329,972)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		<u>(6,704)</u>	<u>(16,398)</u>
Net cash used in investing activities		<u>(6,704)</u>	<u>(16,398)</u>
Cash flows from financing activities			
Proceeds from share issue		1,775,000	1,948,475
Payments for share issue costs		(108,000)	-
Proceeds from borrowings		40,000	-
Repayment of borrowings		(848,068)	(639,519)
Repayment of lease liabilities		(76,878)	(53,030)
Repayments of lease liability principal		<u>(5,484)</u>	<u>-</u>
Net cash from financing activities		<u>776,570</u>	<u>1,255,926</u>
Net increase in cash and cash equivalents		718,857	(90,444)
Cash and cash equivalents at the beginning of the financial period		<u>428,028</u>	<u>266,347</u>
Cash and cash equivalents at the end of the financial period	5	<u><u>1,146,885</u></u>	<u><u>175,903</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Condensed Financial Statements
Interim Financial Statements - 31 December 2020

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 2020 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company 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. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2020.

These interim financial statements were authorised for issue on 31 March 2021.

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.

c. Adoption of new and revised standards:

The Company 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.

d. 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 period ended 31 December 2020, the Company incurred a net loss of \$1,252,050 (31 December 2019 : Loss \$2,158,208) and experienced net cash outflows from operating activities of \$51,009 (31 December 2019: \$1,329,972). In addition, at the 31 December 2020 the Company had working capital of \$493,082 (31 December 2019: \$34,142).

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 a material uncertainty that may cast significant doubt about the ability of the company to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the company will 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.

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.

Should the company be unable to achieve the matters as described above, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. 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.

Notes to the Condensed Financial Statements
Interim Financial Statements - 31 December 2020

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 applied in the interim financial statements and including key sources of estimation uncertainty were the same as those applied in the Company's latest annual financial statements for the year ended 30 June 2020

Note 3. Revenue

	31 December 2020 \$	31 December 2019 \$
Revenue from contracts with customers	145,470	-
Research and development grant	-	-
Jobkeeper and ATO cashflow boost	403,300	-
Interest Income	-	1,244
Other Income	-	-
	<u>548,770</u>	<u>1,244</u>

There are no reconciling items between revenue from contracts with customers and segment report.

Note 4. Leases

The Company held leases for office space during the year. The average remaining lease term at 31 December 2020 is 1.8 years.

Note 4a Right of Use Assets

	31 December 2020 \$	30 June 2020 \$
Opening Right of Use Assets	425,271	425,271
Additions during the period	-	-
Accumulated depreciation	(230,639)	(153,760)
Closing Balance	<u>194,632</u>	<u>271,511</u>

Note 4b Lease Liability

Opening Lease Liability	291,305	425,271
Additions during the period	-	-
Interest expense	4,499	13,138
Repayments	(86,862)	(147,104)
Closing Balance	<u>208,942</u>	<u>291,305</u>
Lease Liability - Current	156,086	160,311
Lease Liability – Non-current	52,856	130,994
Total Lease Liability	<u>208,942</u>	<u>291,305</u>

Notes to the Condensed Financial Statements
Interim Financial Statements - 31 December 2020

Note 5. Current assets - cash and cash equivalents

	31 December 2020 \$	30 June 2020 \$
Cash at bank	1,146,885	428,028
	<u>1,146,885</u>	<u>428,028</u>

Note 6. Current assets - trade and other receivables

	31 December 2020 \$	30 June 2020 \$
Trade Receivables	-	55,000
GST Receivable	39,472	15,453
Sundry Debtors	79,326	102,931
Prepayments	3,902	27,247
Research and Development Grant Receivable	-	969,847
	<u>122,700</u>	<u>1,170,478</u>

Note 6. Non-Current assets - trade and other receivables

Lease Bond – Bank Guarantee	52,240	52,240
	<u>52,240</u>	<u>52,240</u>

Note 7. Current liabilities – trade and other payables

	31 December 2020 \$	30 June 2020 \$
Trade Creditors	106,555	109,483
Other Payables	101,137	187,376
PAYG Withholding Payable	93,394	21,914
Superannuation Payable	81,122	27,543
Contract liability	14,288	118,550
	<u>396,496</u>	<u>464,866</u>

Note 8. Current liabilities - Provisions

	31 December 2020 \$	30 June 2020 \$
Employee entitlements	171,029	73,118
	<u>171,029</u>	<u>73,118</u>

Note 9. Borrowings

	31 December 2020 \$	30 June 2020 \$
Credit Cards	9,177	35,136
Loan – Radium	-	754,262
Loan – Fifo Capital	-	50,414
Insurance Premium Funding	3,715	26,257
Loan Associates	40,000	-
	<u>52,892</u>	<u>866,069</u>

hitIQ Limited

Notes to the Condensed Financial Statements Interim Financial Statements - 31 December 2020

Note 10a. Equity - issued capital	6 Months to		12 Months to		6 Months to		12 Months to	
	31 December		30 June		31 December		30 June	
	2020 No Shares		2020 No Shares		2020 \$		2020 \$	
Ordinary shares - fully paid	77,885,601		67,783,601		8,364,190		6,889,190	
Movements in ordinary share capital								
Details	Date	No of shares			\$		\$	
Opening Balance	30/06/2019	67,783,601	49,621,042		6,889,190		4,273,711	
Issue of shares - Cash	29/08/2019		7,052,862				1,057,929	
Issue of shares - Cash	10/10/2019		5,127,003				769,050	
Issue of shares - Cash	18/12/2019		1,333,334				200,000	
Issue of shares - Cash	19/02/2020		1,666,701				250,005	
Issue of shares - Cash	16/03/2020		666,666				100,000	
Issue of shares - Cash	25/05/2020		1,516,660				227,500	
Issue of shares - Cash	10/10/2019		116,000				17,400	
Issue of shares - Cash	18/03/2020		50,000				7,500	
Conversion Rights	10/09/2019		333,333				40,000	
Conversion Rights	18/03/2020		100,000				12,000	
Conversion Rights	18/03/2020		200,000				30,000	
Capital Raising Fee							(95,905)	
Issue of shares	22/12/2020	10,075,000			1,612,000			
Shares not yet issued	31/12/2020				163,000			
Issue costs	22/12/2020				(300,000)			
Closing Balance	31/12/2020	77,858,601	67,783,601		8,364,190		6,889,190	

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.

hitIQ Limited

Notes to the Condensed Financial Statements Interim Financial Statements - 31 December 2020

Note 10b. Equity - reserves

Options	31 December						30 June					
	Opening Number	Granted Date	Granted Number	Other Number	Closing Number	2020 \$	Opening Number	Granted Date	Granted Number	Other Number	Closing Number	2020 \$
For information relating to options scheme, including options issues, issued and lapsed during the financial period and the options outstanding at balance date, refer Note 10.c.												
Consultant options	3,000,000	-	-	-	3,000,000	279,409	3,000,000	-	-	-	3,000,000	279,409
Zero Exercise Price	1,000,000	-	-	-	1,000,000	88,000	1,000,000	-	-	-	1,000,000	88,000
Consultant options	1,800,000	-	-	-	1,800,000	74,281	1,800,000	-	-	-	1,800,000	74,281
Consultant options	2,500,000	-	-	-	2,500,000	105,199	-	17-Dec-19	2,500,000	-	2,500,000	105,199
Consultant options - Free attaching	1,333,334	-	-	-	1,333,334	-	-	16-Mar-20	1,333,334	-	1,333,334	-
Consultant options - Free attaching	758,330	-	-	-	758,330	-	-	25-May-20	758,330	-	758,330	-
Consultant options	-	22-Dec-20	2,000,000	-	2,000,000	192,000	-	-	-	-	-	-
	<u>10,391,664</u>		<u>2,000,000</u>		<u>12,391,664</u>	<u>738,889</u>	<u>5,800,000</u>		<u>4,591,664</u>		<u>10,391,664</u>	<u>546,889</u>

Performance Rights	31 December						30 June					
	Opening Number	Granted Date	Granted Number	Expired Number	Closing Number	2020 \$	Opening Number	Granted Date	Granted Number	Exercised Number	Closing Number	2020 \$
For information relating to performance rights scheme, including performance rights issues, issued and lapsed during the financial period and the performance rights outstanding at balance date, refer Note 10.c.												
Berry Enterprises Pty Ltd	666,667	-	-	-	666,667	80,000	1,000,000	-	-	(333,333)	666,667	48,000
Damien Peter Hawes	500,000	-	-	(375,000)	125,000	-	250,000	20-Dec-19	250,000	-	500,000	7,500
Nizette Investment Trust	350,000	-	-	(275,000)	75,000	-	250,000	20-Dec-19	275,000	(175,000)	350,000	-
Thomas Laudenbach	-	-	-	-	-	-	-	08-Oct-19	125,000	(125,000)	-	-
	<u>1,516,667</u>		<u>-</u>	<u>(650,000)</u>	<u>866,667</u>	<u>80,000</u>	<u>1,500,000</u>		<u>650,000</u>	<u>(633,333)</u>	<u>1,516,667</u>	<u>55,500</u>

Equity - Reserves

Details	Date	31 December 2020 \$	30 June 2020 \$
Option Reserve		738,889	546,889
Performance Rights		<u>80,000</u>	<u>55,500</u>
		<u>818,889</u>	<u>602,389</u>

The reserve records the value of options and performance rights issued the Company to its employees and consultants

Notes to the Condensed Financial Statements
Interim Financial Statements - 31 December 2020

Note 10c. Equity – Share Based Payments

The following share-based payment arrangements were in existence during the reporting period:

Option Series	Number	Grant Date	Expiry Date	Exercise Price
<i>Consultants Options</i>	3,000,000	23-Jan-19	10-Dec-23	\$0.20
<i>Zero Exercise Price</i>	1,000,000	29-Apr-19	1-May-22	Nil
<i>Consultants Options</i>	1,800,000	29-Apr-19	1-May-22	\$0.50
<i>Consultants Options</i>	2,500,000	17-Dec-19	15-Nov-22	\$0.30
<i>Consultants Options</i>	1,333,334	16-Mar-20	18-Dec-23	\$0.30
<i>Consultants Options</i>	758,330	25-May-20	30-Jun-22	\$0.30
<i>Consultants Options</i>	2,000,000	22-Dec-20	18-Dec-23	\$0.30

The fair value of share options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk-free rate for the term of the option. The fair value of share options issued during the year was \$192,000. The model inputs for options granted during the year ended 31 December 2020 are as follows:

Consultant Options

During the period the company issued options to various consultants and shareholders to assist with the capital raising during the year:

Issued to	Grant Date	Number of Options	Contractual Life of Options	Expected price volatility	Risk- free interest rate	Share Price	Fair Value	Exercise Price
Advisor Options	22-Dec-20	2,000,000	3 years	90%	1.00%	0.20	0.096	0.30

Notes to the Condensed Financial Statements
Interim Financial Statements - 31 December 2020
Note 10c. Equity – Share Based Payments (Continued)
Performance Rights

The following performance rights arrangements were in existence during the reporting period:

All valuations of the performance shares were performed on the initial grant date values and are reflected in the model inputs below.

Issued to	Share price at grant date	Issue date	Term of the performance rights	Vesting condition	Probability performance condition is met	Fair value of performance rights issued	Performance condition satisfied
Berry Enterprises Pty Ltd ATF the Berry Trust	\$ 0.12	29-Apr-19	3 years from date of issue	333,333 vest upon the completion of a Pre-IPO raise or other capital investment product to raise no less than \$4m.	100%	\$ 40,000	Yet to be met
			3 years from date of issue	333,334 vest upon lodgment of a prospectus with the ASX (or other stock exchange in the world) for the IPO of the Company, or a trade sale, or investment that values the Company at a minimum of AUD \$30m.	100%	\$ 40,000	Yet to be met
Damien Peter Hawes as trustee for the DP Hawes Trust	\$ 0.12	29-Apr-19	31-Dec-20	125,000 vest upon the Company reaching \$2m in revenue by 31 December 2020.	0%	-	Expired
			31-Dec-21	125,000 vest upon the Company reaching \$4m revenue by 31 December 2021	50%	-	Yet to be met
			31-Dec-20	125,000 vest upon the Company reaching \$1.4m in revenue by 31 December 2020	0%	-	Expired
			27-Feb-20	125,000 vest upon the company securing signed trial or commercial agreements with ten Football Bowl subdivision teams from either the Power 5 conferences or NCAA Division 2 FBS independent schools, Notre Dame University and Brigham Young University by 27 February 2020	0%	-	Expired

Notes to the Condensed Financial Statements
Interim Financial Statements - 31 December 2020

Issued to	Share price at grant date	Issue date	Term of the performance rights	Vesting condition	Probability performance condition is met	Fair value of performance rights issued	Performance condition satisfied
Benjamin Edwin Nizette and Aimee Elizabeth Nizette as trustees for the Nizette Investment Trust	\$ 0.12	29-Apr-19	3 years from date of issue	100,000 vest upon delivering 500 mouth guards under 8% failure rate for a minimum of 12 month period.	0%	-	Expired
			3 years from date of issue	100,000 vest upon delivering the first 500 mouth guards with fewer than 10% of players experiencing in-field failure as at 01 October 2019 or 25,000 performance rights upon delivering the first 500 mouth guards with fewer than 20% of players experiencing in-field failure as at 01 October 2019	0%	-	Expired
	\$ 0.15	20-Dec-19	5 years from date of issue	125,000 vest upon the company achieving AUD \$1.4m in revenue by 31 December 2020	0%	-	Expired
			3 years from date of issue	75,000 vest upon continuing re-location to Melbourne HQ through June 30 2021	0%	-	Yet to be met

The fair value of options issued in relation to the share based payments recognised during the period was \$192,000, and the fair value adjustment in relation to performance rights was \$24,500.

hitIQ Limited

Notes to the Condensed Financial Statements Interim Financial Statements - 31 December 2020

Note 11. Dividends

	31 December 2020 \$	31 December 2019 \$
Dividend paid	-	-

Note 12. Subsequent Events

- (a) Issue of 1,175,000 pertaining to the pre-IPO capital raise completed prior to 31 December 2020 at an issue price of \$0.16 per share. A total of \$163,000 was receipted prior to 31 December 2020 with the remaining \$25,000 receipted in the current period (Pre-IPO raise);
- (b) Cancellation of 325,000 performance subsequent to 31 December 2020 as the vesting conditions under the existing performance rights had not been met. As at 31 December 2020 the vesting conditions had been assigned a \$nil value as the estimated number of performance rights to vest was nil;
- (c) Issue of Settlement Securities under a Deed of Termination and Release ('Deed') with Matthew Ian Banks (Director) and Rock the Polo Pty Ltd (Consultant), comprising:
- a. 1,100,000 Shares issued to the Director or his nominee of \$176,000. The 1,000,000 existing Zero Exercise Price unlisted options with a value of \$88,000 as at 31 December 2020 were cancelled and replaced with 1,000,000 settlement shares (Settlement Shares); and
 - b. 600,000 unlisted Company options exercisable at \$0.20 expiring 1 to 3 years from date of this Deed totalling \$55,530. The existing Consultant Options exercisable at \$0.50 expiring 1 May 2022 with a value of \$24,760 were cancelled and replaced with Settlement options (Settlement Options);
- (d) Issue of 343,750 ordinary shares at \$0.16 per share to the Directors in satisfaction of the unpaid director fees of \$55,000;
- (e) Exercise of 666,667 performance rights at \$0.20 per share as the vesting conditions had been met of \$66,667 (Exercise of Performance Rights);
- (f) Issue of 1,200,000 unlisted Company options in equal tranches of 400,000 exercisable at \$0.20 expiring 1 November 2021, 17 December 2023 and 19 March 2024 respectively. These options were issued with a valuation of \$111,060. The existing Consultant Options exercisable at \$0.50 expiring 1 May 2022 with a value of \$49,521 were cancelled and replaced with Berry Options (Berry Options);
- (g) Issue of 6,000,000 unlisted Company options to Director, Michael Vegar, exercisable at \$0.30 expiring 30 June 2024 on completion of various vesting conditions (Director Options). These options will be issued with a valuation of \$311,625;
- (h) Issue of 500,000 ordinary shares at \$0.20 per share on contract signing and formalisation of AFL Deal, minimum \$400,000 p.a. ex GST of \$100,000 (Director Shares);
- (i) Issue of 1,000,000 performance rights at \$0.20 per performance right to Director, Michael Vegar expiring 30 June 2024 on completion of vesting conditions (Director Performance Rights). These performance rights will be issued with a valuation of \$157,500;
- (j) Issue of 300,000 performance rights at \$0.20 per performance right to related parties expiring 30 June 2024 on successful ASX listing. (Related Parties Performance Rights). These performance rights will be issued with a valuation of \$60,000; and
- (k) Issue of 100,000 ordinary shares at \$0.20 per share to Company Secretary of \$20,000 (Company Secretary Shares).

Other than the above there has been no additional matter or circumstances 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.

Note 13. Contingencies

There has been no change in contingent liabilities since the last annual report date.

Note 14. Financial Instruments

The Directors consider the carrying amounts of current receivables, current payables and current borrowings to be a reasonable approximation of their fair values

Note 15. Segment

Based on qualitative threshold in AASB 8, there is only one reportable segment, being product design and development in Australia.


In the Directors' opinion:

- the attached interim financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached interim financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached interim financial statements and notes thereto give a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the financial period ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the Interim Financials Statements and notes there to are in accordance with international financials reporting standards issued by the International accounting standards Board

On behalf of the Directors



Michael Vegar
Director



Philip Carulli
Director

Independent Auditor's Review Report

To the Members of hitIQ Limited

Conclusion

We have reviewed the accompanying half-year financial report of hitIQ Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of hitIQ Limited does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of hitIQ Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

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 Company 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* 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.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Bentleys Audit & Corporate
(WA) Pty Ltd

London House

Level 3,

216 St Georges Terrace

Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

Independent Auditor's Review Report

To the Members of hitIQ Limited (Continued)



Material Uncertainty Related to Going Concern

We draw attention to Note 1d in the financial report, which indicates that the Company incurred a net loss of \$1,252,050 during the period ended 31 December 2020. As stated in Note 1d these events or conditions, along with other matters as set forth in Note 1d, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of hitIQ Limited 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 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 Responsibility 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 Company's financial position as at 31 December 2020 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.


BENTLEYS
Chartered Accountants


CHRIS NICOLOFF CA
Partner

Dated at Perth this 8th day of April 2021