

HIT·IQ

APPENDIX 4E

Preliminary Final Report
30 June 2022

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HITIQLIMITED

ABN 53 609 543 213

Results for Announcement to the Market
for the year ended 30 June 2022

1	REPORTING PERIOD (item 1)	
	■ Report for the financial year ended:	30 June 2022
	■ Previous corresponding period is the year months ended:	30 June 2021

2	RESULTS FOR ANNOUNCEMENT TO THE MARKET	Movement	Percentage %		Amount \$	
	■ Increase in revenues from contracts with customers (item 2.1)	↑	52	to	619,016	
	■ Increase in loss from ordinary activities after tax (item 2.2)	↑	37.22	to	(6,947,448)	
	■ Increase in loss after tax attributable to members (item 2.3)	↑	37.22	to	(6,947,448)	
	a. Dividends (item 2.4)					
					Amount per Security ¢	Franked amount per security %
	■ Interim dividend				nil	n/a
	■ Final dividend				nil	n/a
	■ Record date for determining entitlements to the dividend (item 2.5)			n/a		
	b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):					
	The Directors Report accompanying this Preliminary Financial Report contains a review of operations and commentary on the results for the year ended 30 June 2022.					

3	PRELIMINARY FINAL REPORT
	a. Statement of comprehensive income (item 3): Refer to statement of profit or loss and other comprehensive income
	b. Statement of financial position (item 4): Refer to statement of financial position
	c. Statement of cash flows (item 5): Refer to statement of cash flows
	d. Statement of changes in equity (item 6): Refer to statement of changes in equity

4	DIVIDENDS (item 7) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS (item 14.2)
	Nil.
	a. Details of dividend or distribution reinvestment plans in operation are described below (item 8): Not applicable

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Results for Announcement to the Market
for the year ended 30 June 2022

5 RATIOS	Current period	Previous corresponding period
a. Financial Information relating to 5b and 5c:	\$	\$
Earnings for the period attributable to owners of the parent	(6,947,448)	(5,062,846)
Net assets	1,173,465	7,923,631
Less: Intangible assets (including net deferred tax balances) and right of use Assets	(1,188,037)	(150,911)
Net tangible assets	(14,572)	7,772,720
	No.	No.
Fully paid ordinary shares	132,419,018	132,419,018
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	132,419,018	76,594,504
	¢	¢
b. Net tangible assets backing per share (cents) (item 9):	(0.011)	5.870
c. Earnings per share attributable to owners of the parent (cents) (item 14.1):	(5.246)	(6.610)
The Company does not report diluted earnings per share, as dilution is not applied to annual losses generated by the Company. During the 2022 financial year the Company had 28,175,582 unissued shares under option which are anti-dilutive.		

6 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD: (item 10)	
a. Control gained over entities	
■ Name of entities (item 10.1)	CSX Limited
■ Date(s) of gain of control (item 10.2)	24 November 2021
b. Loss of control of entities	
■ Name of entities (item 10.1)	Nil
■ Date(s) of loss of control (item 10.2)	N/A
c. Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 10.3).	(\$56,436)

7 DETAILS OF ASSOCIATES AND JOINT VENTURE: (item 11)		Current period	Previous corresponding period
		\$	\$
■ Name of entities (item 11.1)	Nil		
■ Percentage holding in each of these entities (item 11.2)	n/a		
■ Aggregate share of profits (losses) of these entities (item 11.3)		N/A	N/A

Results for Announcement to the Market
for the year ended 30 June 2022

8 ANY OTHER SIGNIFICANT INFORMATION NEEDED BY AN INVESTOR TO MAKE AN INFORMED ASSESSMENT OF THE ENTITY'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION (ITEM 12):

Refer to accompanying Annual Report

9 A COMMENTARY ON THE RESULTS FOR THE PERIOD (item 14)

Refer to attached Annual Report

10 AUDIT QUALIFICATION OR REVIEW

The financial information provided in the Appendix 4E is based on the Audited Financial Report (attached).

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HIT·IQ

HITIQ Limited
ABN 53 609 543 213

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ANNUAL REPORT

30 JUNE 2022



Chairman's Letter

Dear Fellow Shareholders,

On behalf of the HITIQ Board, we are pleased to present our 2021-2022 Annual Report.

It has been without a doubt a disappointing year for HITIQ shareholders, for as I wrote last year, despite reaching \$0.30, a 50% premium to our issue price, shortly after listing on the ASX, the Company has traded at a significant discount ever since, particularly during the traditional tax loss-selling period, which recently occurred in June. This has surprised me greatly!

I am personally a shareholder in a number of other ASX listed and unlisted entities, many have no current revenues, and many have far less revenue than that of HITIQ, yet they have significantly higher valuations or market capitalisations. Whilst I strongly believe these other companies outlooks are appealing, does the investing public or our departing shareholders seriously think that HITIQ, as a global leader in concussion management technologies and management has a limited future!

I, the Board and many of our loyal shareholders, think not!

Whilst revenues are still insubstantial to meet costs, there has been a steady trend of growth, driven by early adopters and we still believe that annual recurring revenue growth will outperform a plethora of other companies' people are investing in.

HITIQ is a vanguard company, catering to early technology adopters, or sporting leagues **who care for their participant stakeholders**. Unfortunately, some professional leagues are still paying lip service to what is an increasingly serious and now well recognised issue. Surveillance, Detection, Assessment & Diagnosis and ultimately Rehabilitation & Monitoring are critical pathways to better potential control of the severe degradation effects concussion can have upon sports people worldwide.

It is why HITIQ exists, and I encourage shareholders to take a medium-term view and recognise the vast potential of this Company. We are one of the few companies in this space, with growing penetration and a holistic offering.

Whilst Mike Vegar, will elaborate further on the Company's operations, I thought it appropriate to touch on some challenges we have faced since our listing on the ASX in mid-June 2021. COVID-19 headwinds have continued throughout the year, impacting many of our clients, being sporting codes and their revenues. This in turn has adversely affected us, with purchase decisions relentlessly delayed, in addition to a severe increase in input cost prices, particularly semi-conductor chips and other raw material and transport prices. This latter point necessitated unexpected forward ordering of inventories, which severely rearranged cashflow projections.

Whilst the last financial year has been challenging one, your Board and management remain committed to continuous, incremental improvement aimed at rebuilding shareholder wealth. You can expect to hear more about HITIQ in the current financial year as we successfully execute new agreements with global sporting leagues, but importantly as we accelerate entry into the consumer and grassroots sporting market. Soon you'll be able to order HITIQ mouthguards and an assessment application straight from our web site.

Finally, I would like to thank my fellow directors Phil Carulli, Aidan Clarke and Glenn Smith, as well as our Company Secretary Peter Torre for their diligent efforts and counsel during the period. I look forward to Mike, along with his team, delivering better value for all stakeholders via further market penetration and continued revenue growth. Your Company remains a critical participant in transforming the management and monitoring of potential concussion events.



Otto Buttula

Non-Executive Chairman

CEO's Letter

Dear Shareholders,

FY22 completed HITIQ's first full fiscal year as a listed entity and the past year has been filled with a mixture of progress, challenges & learnings. As the Chairman mentioned in his letter, the public markets have not yet embraced the value of HITIQ despite holding a technology leadership position, meaningful data assets and commercial traction with key partners across the globe.

In the past year we set out a strategic plan which mapped a path towards delivering a world first end-to-end concussion management platform. Largely, we satisfied most of the key initiatives which we feel has established a strong foundation to grow commercially and sustain technology leadership through a unique and diverse IP portfolio.

To this end, we are well positioned to meaningfully impact the problem of concussion globally and assist both large sporting codes as well as parents of children participants overcome the on-going risk of concussion in sport.

Platform Extension

HITIQ continued to invest in expanding our platform with the inclusion of CSX, which we acquired late 2021 to provide a global footprint into the assessment pillar of concussion management. This move has provided access to new markets and allows us to grow an adjunct product into both the elite and consumer market segments. In extending the value proposition to our customers, we are now armed with a point of differentiation that adds a further layer of completeness for practitioners when clinically assessing their athletes for concussion.

We will continue to develop new features, insights and technologies that will provide enhancements to our customers in the form of advanced analytics capabilities. We are only scratching the surface for where our data can go, and we are uniquely positioned to add accretive value through a multiproduct offering to the market.

Growth of Data Engine

The core aspect of our strategy is to continue to collect a broad distribution of data.

It's important to reiterate to our shareholders, both current and future, that the essence of HITIQ is our data. HITIQ now possesses over 15 million head impact data points, over 125,000 concussion assessments through the CSX application, and we maintain data collection velocity through key partners which is building a significant asset of intrinsic value. Our databank will play a critical role as we move forward and evolve the interpretation and analysis of the data to predictive from descriptive.

Sales Momentum Building

Although we would have liked to be further progressed with top line revenue accretion, we have demonstrated growth and traction which we believe will grow meaningfully in FY'23. Our strategy to convert data collection partners within the elite market segment into commercial customers does have a long conversion tail and hasn't occurred at the speed we anticipated, but we remain confident that the approach is valid and will bear fruit in the next year.

With two products now in market and a presence in the Australian consumer market, as well as a pathway to the US consumer, there are multiple channels to achieve revenue growth and demonstrate a path to break even in the short to medium term.

Above all, we remain firm on our investment into an end-to-end strategy that we believe will create sustained success for HITIQ in the medium to long term. There remains a significant body of work to achieve this vision across commercial and technical fronts and we look forward reaching these inflection points.

Finally, I'd like to publicly acknowledge the HITIQ team who have worked tirelessly to deliver projects across the globe and I thank them for going above and beyond on many occasions. Equally, I'd like to thank the Board for their continued support.



Mike Vegar

Managing Director & Chief Executive Officer

**HITIQ Limited
Corporate Directory
30 June 2022**

Directors

Otto Buttula
Philip Carulli
Aidan Clarke
Glenn Smith
Michael Vegar

Company secretary

Peter Torre

Registered office

C/o Optima Partners
Suite 3, 128 Main Street
Osbourne Park, WA, 6017
Phone: 08 6267 2200

Principal place of business

Suite 1, Level 2
9-17 Raglan Street
South Melbourne, VIC, 3205, Australia
Phone: 0478 038 567

Share register

Automic Group
Level 2, 267 St Georges Tce
Perth WA 6000
Phone: 1300 288 664

Bankers

Commonwealth Bank of Australia
3 Queen Street
Fremantle WA 6161

Auditor

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Rd,
Subiaco WA 6008

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan St
Perth WA 6000

Patent Attorney

Forward Intellectual Property Pty Ltd
Level 2, 11 York St
Sydney NSW 2000

Securities Exchange Listing

HITIQ Limited shares are listed on the Australian Securities Exchange (ASX: HIQ)

Website

www.hitig.com

DIRECTORS REPORT

In accordance with the Corporations Act 2001, the directors of HITIQ Ltd present their report together with the financial statements for the financial year ended 30 June 2022.

Directors

The following persons were directors of HITIQ Limited during the whole financial year and up to the date of this report, unless otherwise stated:

Names	Position
Michael Vegar	Director
Otto Buttula	Director
Philip Carulli	Director
Glenn Smith	Director
Aidan Clarke	Director

Information on Directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Michael Vegar - *Managing Director and Chief Executive Officer*

Mr Vegar is a co-founder and Managing Director of HITIQ.

He has been responsible for creating and executing HITIQ's strategic plan, fundraising & developing the product's vision, as well as growing the HITIQ team from conception to now a team of 25 people. Mr Vegar has extensive experience in the sporting industry across a variety of roles with more than 13 years of domain knowledge. He holds a Bachelor's Degree of Commerce and a Master's Degree of Exercise Science.

Before co-founding HITIQ, Mike operated a sport science consultancy firm advising various professional and semi-professional sporting programs from 2008 – 2017, including working in the High-Performance Unit at the Australian Institute of Sport with the Australian Men's Hockey program. In that role, Mr Vegar was responsible for managing the injury rehabilitation and physical preparation programming. In 2012, Mr Vegar also co-founded Game Guardian, a leading Australian manufacturer of mouth guards and sports protection goods, which he exited in 2020.

Otto Buttula – *Non-Executive Chair*

Mr Buttula has had extensive experience and success in investment research, funds management and information/biotechnology, holding directorships in a number of public companies.

Mr Buttula's executive experience includes as a co-founder, CEO and Managing Director of IWL Ltd, an online financial services company that listed on the ASX in 1999. Growing from a market capitalisation of \$48 million at listing, it was taken over in 2007 by Commonwealth Bank of Australia (ASX: CBA) for \$373 million.

Mr Buttula also founded and was Managing Director of Investors Mutual, prior to which he was a co-founder and director of Lonsdale Securities Ltd. Following his completion of executive duties, Mr Buttula was Non-Executive Chairman of platform and stockbroking provider Investorfirst Ltd and led the acquisition of HUB24 Ltd (ASX: HUB).

More recently, he served on the Board as a non-executive director and Head of Audit & Risk at Imugene Ltd (ASX: IMU) between 2014 and 2016. Currently, Mr Buttula is also Executive Chairman of Rhythm Biosciences Ltd (ASX: RHY), a company positioning itself to be a global leader in the mass market, early detection of colorectal cancer, via a simple blood test and a Non-Executive Director of Oncosil Medical Ltd (ASX: OSL), a commercial brachytherapy provider specialising in pancreatic cancer. Mr Buttula holds a Bachelor of Economics from Monash University, a Graduate Diploma of Applied Finance & Investment and is a Fellow of the Australian Institute of Company Directors.

Philip Carulli - Non-Executive Director

Philip Carulli is a Chartered Accountant and managing director of Optima Financial Group Pty Ltd where he provides financial, taxation and corporate advisory services to a diverse range of businesses. Over the past 23 years Mr Carulli has owned, managed and consulted to companies in professional services, construction, technology, medical, and industrial sectors to name a few.

He holds a Bachelor of Business, is a registered SMSF auditor and holds a Certificate of Public Practice. Philip has been working with the company since incorporation in the capacity of financial controller and company secretary. Phil has been appointed a non-executive director of the company.

Glenn Smith - Non-Executive Director

Glenn Smith is an experienced CEO, entrepreneur, investor and director. His success to date has been built around being involved in and/or growing customer-centric businesses at all stages of the growth cycle (listed and private) from start-ups to mature global enterprises.

Glenn served on the board of TALI Digital (ASX: TD1) as Managing Director from October 2017 to 31 March 2022. He holds an MBA from the University of Western Australia, a BA (Econ), a degree in Viticulture and Oenology from the University of Melbourne and is a practicing vigneron.

Aidan Clarke – Non-Executive Director

Mr Clarke is an experienced entrepreneur with close to 15 years' experience building and growing global brands within the sporting industry.

Having co-founded sporting brand 2XU, Mr Clarke was an Executive Director responsible for the Sales & Marketing functions of the company. Equipping multiple World and Olympic champions in almost every code, whilst building a global distribution network. 2XU supplied the US Navy Seals, majority of NFL teams, and 29 of the 30 NBA teams. Mr Clarke led 2XU commercialisation efforts into numerous elite sport relationships, such as a long serving AIS R&D agreement and signing multiple exclusive partnerships across high performance teams and institutions throughout the world. 2XU was partially acquired by the LVMH capital arm L-Capital for a \$200m valuation in 2014, with Mr Clarke fully exiting his shareholding in 2018.

Mr Clarke has a BA/Bcomm from Auckland University, and through experience and track record brings a strong demand generation lens and skillset to HITIQ.

**HITIQ Limited
Directors' Report
30 June 2022**

Company Secretary

Peter Torre

Peter Torre is the principal of the corporate advisory firm Torre Corporate which provides corporate secretarial services to a range of listed companies. Prior to establishing Torre Corporate, Mr Torre was a partner and Chairman of the National Corporate Services Committee of an internationally affiliated firm of Chartered Accountants working within its corporate services division for over nine years.

Mr. Torre is the company secretary of several ASX-listed companies, and previously companies listed on the London and Toronto Stock Exchange. He is a director of ASX listed Veem Ltd and Volt Power Group Limited..

Mr Torre holds a Bachelor of Business, is a Chartered Accountant, a Chartered Secretary and is a member of the Institute of Company Directors.

Principal activities

The principal activities of the company during the financial year were the development and commercialisation of concussion management technology.

No significant change in the nature of these activities occurred during the year.

Operating results

The loss of the company amounted to \$6,947,448 (2021: \$5,062,846 loss). The major items of expenditure include Research and Testing \$1,727,535 (2021: \$547,460), Share-based payments expense \$237,868 (2021: \$1,331,286) and Employee Benefits Expense \$4,287,450 (2021: \$2,787,808).

Dividends paid or recommended

No dividends have been paid or declared during or since the end of the financial year.

Share Options

During the year the company had issued options, details of options issued are as per Note 16a of the financial statements. There were no options that were exercised during the year.

Performance Rights

During the year the Company entered into performance rights transactions with its employees. Details of performance rights issued and exercised are as per Note 16b of the financial statements.

Review of operations

The Group incurred a loss after income tax of \$6,947,448 for the year ended 30 June 2022 (2021: \$5,062,846).

The Chairman's Letter and Chief Executive Officer's Report contain a review of operations.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company to the date of this report.

Matters subsequent to the end of the financial year

There has been no additional matter or circumstance 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.

Likely developments and expected results of operations

With the technology technically and commercially validated, the Company is now well positioned to activate its growth plan and develop a footprint in the elite and consumer markets segments around the world.

In doing this, the focus is very clear. The Company is building the world's first end-to-end concussion management platform. Ultimately, HITIQ technology will deliver the most important data used in sports today. This vision is underpinned by a three-pillar strategy with an eco-system of products that are powered by machine learning and span multiple domains from surveillance and detection, to assessment, and finally rehabilitation.

The Board has set the Company's strategic operating and growth plans, which convey the foundation on how we intend to transform the standard of care for concussion management in the global market. The growth plan sets clear operational milestones that will deliver value for all stakeholders, including:

- > **Data sourced from diverse market segments** – build upon our world leading head impact databank with relevant data sourced in each priority target market.
- > **Platform and Product Technology Extension** – continue innovation and product development.
- > **Regulatory Submissions and Clinical Sites** – validation of virtual reality technology.
- > **Establish International Sales Footprint** – commercial infrastructure and sales capability.
- > **Key Advisory Committees** – Align with key opinion leaders and industry experts.
- > **Demonstrate Early Traction in Consumer Model** – scalable pathways to consumer markets.
- > **Distribution Partnerships and M&A Assessment** – Assess synergies that support growth.

The Company expects to achieve commercial outcomes from its trials along with continuing to expand its core business by assessing opportunities and investing in further research and development.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Meetings of directors

During the financial year, 5 meetings of directors were held. Attendances by each director during the year were as follows:

	No. eligible to attend	Number attended
Michael Vegar	7	7
Otto Buttula	7	7
Philip Carulli	7	7
Glenn Smith	7	6
Aidan Clarke	7	7

Directors' interest in the shares and options and performance rights of the Company

As at the date of this report, the interests of the directors in the shares and options of HITIQ Limited were:

	Ordinary Shares	Options	Performance Rights
	Number	Number	Number
Michael Vegar	7,104,166	6,000,000	-
Otto Buttula	4,879,679	600,000	-
Philip Carulli	2,228,334	1,000,000	-
Glenn Smith	212,500	300,000	-
Aidan Clarke	375,000	300,000	-

Shares Issued during or since the end of the year as a result of exercise

At the date of this reports there have been no ordinary shares issued by the company during or since the end of the financial year as a result of exercise of an option and performance rights.

Share options

As at the date of this report, the unissued ordinary shares of HITIQ under option was as follows:

Date of Expiry	Exercise Price	Number under Option	Date Option Granted
10/12/2023	\$0.20	3,000,000	23/01/2019
15/11/2022	\$0.30	2,500,000	15/11/2019
18/12/2023	\$0.30	1,333,334	16/03/2020
18/12/2023	\$0.30	2,000,000	18/12/2020
17/12/2023	\$0.20	599,999	19/03/2021
19/03/2024	\$0.20	599,999	19/03/2021
25/03/2024	\$0.30	4,500,000	19/03/2021
25/03/2025	\$0.30	1,500,000	19/03/2021
18/12/2023	\$0.30	6,000,000	1/06/2021
31/07/2024	\$0.30	4,642,250	14/07/2021
10/11/2024	\$0.30	1,500,000	10/11/2021

Remuneration report (audited)

The remuneration report details the key management personnel ("KMP") remuneration arrangements for the entity, in accordance with the requirements of the Corporations Act 2001 ("the Act") and its Regulations. This information has been audited as required by Section 308(3C) of the Act.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the major activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the company.

Key Management Personnel

The directors and other key management personnel of the Company during or since the end of the year financial year are:

Except as noted above, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Executive Directors

- Michael Vegar – Managing Director

Non-Executive Directors:

- Otto Buttula – Non-Executive Chairman
- Philip Carulli – Non-Executive Director
- Glenn Smith – Non-Executive Director
- Aidan Clarke – Non-Executive Director

Other Key Management Personnel:

- Damien Hawes – Head of Commercial
- David Erikson – Chief Technical Officer
- Thomas Laudenbach – Head of Products and Projects

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward.

The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market.

HITIQ Limited
Directors' Report
30 June 2022

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The company has most recently disclosed its director's remuneration in its Prospectus.

Executive remuneration

The entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three or more years based on long-term incentive measures. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2022.

Entity performance and link to remuneration

Remuneration for certain individuals are directly linked to the performance of the entity. Cash bonus and incentive payments are at the discretion of the Board.

Additional Information

The earnings of the entity for the three years to 30 June 2022 are summarised below:

	2022	2021	2020
	\$	\$	\$
Sales Revenue	619,016	406,682	40,259
EBITDA	(6,539,087)	(4,791,356)	(2,324,820)
EBIT	(6,908,054)	(5,009,213)	(2,532,233)
Loss after income tax	(6,947,448)	(5,062,846)	(2,618,825)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	2021	2020
Share price at end of financial year (\$)	0.04	0.19	0.15
Total dividends declared (cents per share)	-	-	-
Basic earnings per share (cents per share)	(5.24)	(6.61)	(4.30)

HITIQ Limited
Directors' Report
30 June 2022

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the entity are set out in the following tables.

	Short-term employee benefits	Post employment benefits	Share-based payments			Performance linked remuneration				
	Cash salary and fees	Superannuation	Equity-settled shares	Equity-settled options (i)	Equity-settled Performance rights	Total	Fixed remuneration	At risk – STI	At risk - LTI	
2022	\$	\$	\$	\$	\$	\$	%	%	%	
Executive Directors:										
Michael Vegar	210,000	21,000	-	-	-	231,000	100	-	-	
Non-Executive Directors:										
Otto Buttula	82,923	8,467	-	29,182	-	120,572	76	-	24	
Philip Carulli	42,000	-	-	14,591	-	56,591	74	-	26	
Glenn Smith	42,000	-	-	14,591	-	56,591	74	-	26	
Aidan Clarke	42,000	-	-	14,591	-	56,591	74	-	26	
Other Key Management Personnel:										
Damien Hawes	160,000	16,000	-	57,606	-	233,606	75	-	25	
David Erikson	200,000	20,000	-	56,915	-	276,915	79	-	21	
Thomas Laudenbach	140,000	14,000	-	66,823	-	220,823	70	-	30	
Total	918,923	79,467	-	254,299	-	1,252,689				

**HITIQ Limited
Directors' Report
30 June 2022**

	Short-term employee benefits	Post employment benefits	Share-based payments			Performance linked remuneration			
	Cash salary and fees	Superannuation	Equity-settled shares	Equity-settled options (i)	Equity-settled Performance rights	Total	Fixed remuneration	At risk – STI	At risk - LTI
2021	\$	\$	\$	\$	\$	\$	%	%	%
Executive Directors:									
Michael Vegar	150,000	14,250	100,000	329,794	170,000	764,044	22	35	43
Non-Executive Directors:									
Otto Buttula	35,000	3,325	-	-	-	38,325	100	-	-
Philip Carulli	25,000	-	-	-	-	25,000	100	-	-
Glenn Smith	28,000	-	-	-	-	28,000	100	-	-
Aidan Clarke	1,750	-	-	-	-	1,750	100	-	-
Matthew Banks	38,000	-	176,000	165,500	-	379,500	100	-	-
Other Key Management Personnel:									
Damien Hawes	136,000	12,920	-	-	20,000	168,920	88	12	-
David Erikson	136,154	12,935	-	-	20,000	169,089	88	12	-
Thomas Laudenbach	95,729	9,094	-	-	20,000	124,823	84	16	-
Total	645,633	52,524	276,000	495,294	230,000	1,699,451			

(i) The value of the options and performance rights to key management personnel as part of their remuneration is calculated as at grant date using Black-Scholes model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Michael Vegar
Title: Managing Director and Chief Executive Officer
Agreement Commenced: 25 March 2021
Term of Agreement: N/A
Details: Base salary from listing date of 16 June 2021 increased to \$210,000, plus superannuation, reviewed annually by the Nomination and Remuneration Committee. 1 month termination notice by the company, 3 months termination by the executive. Non-solicitation and non-compete clauses.

Name: Otto Buttula
Title: Non-Executive Chair
Agreement Commenced: 1 February 2021
Term of Agreement: N/A
Details: \$84,000 plus superannuation per annum.

Name: Philip Carulli
Title: Non-Executive Director
Agreement Commenced: 6 January 2020
Term of Agreement: N/A
Details: \$42,000 per annum plus GST.

Name: Glenn Smith
Title: Non-Executive Director
Agreement Commenced: 6 January 2020
Term of Agreement: N/A
Details: \$42,000 per annum plus GST.

Name: Aiden Clarke
Title: Non-Executive Director
Agreement Commenced: 17 April 2021
Term of Agreement: N/A
Details: \$42,000 per annum plus GST.

Name: Damien Hawes
Title: Head of Commercial
Agreement Commenced: 11 December 2017
Term of Agreement: N/A
Details: \$160,000 per annum plus superannuation from 11 January 2021. A commission scheme applies based on revenue milestones.

Name: David Erikson
Title: Chief Technical Officer
Agreement Commenced: 22 October 2020
Term of Agreement: N/A
Details: \$200,000 per annum plus superannuation.

Name: Thomas Laudenschach
Title: Head of Products and Projects
Agreement Commenced: 5 March 2018
Term of Agreement: N/A
Details: \$140,000 per annum plus superannuation from 14 June 2021.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based granted as compensation

Cash bonuses

No cash bonuses were paid during the financial year.

Shares granted as compensation

No shares were issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options granted as compensation

Details of share-based payment arrangements granted as compensation to key management personnel during the current financial year which were approved by shareholders under ASX Listing Rule 10.14 at the 2021 Annual General Meeting are as follows:

Name	Number of options granted	Grant date	Vesting date	Expiry date	Exercise price	Fair value per option at grant date	Number vested
Otto Buttula	600,000	10/11/21	10/11/24	10/11/24	\$0.30	0.0828	150,000
Philip Carulli	300,000	10/11/21	10/11/24	10/11/24	\$0.30	0.0828	75,000
Glenn Smith	300,000	10/11/21	10/11/24	10/11/24	\$0.30	0.0828	75,000
Aiden Clarke	300,000	10/11/21	10/11/24	10/11/24	\$0.30	0.0828	75,000

Name	Value of options granted and vested during the year	Value of options exercised during the year	Value of options lapsed during the year
Name	\$	\$	\$
Otto Buttula	12,418	-	-
Philip Carulli	6,209	-	-
Glenn Smith	6,209	-	-
Aiden Clarke	6,209	-	-

There has been no alteration of the terms and conditions of the above share-based payment arrangements since grant date.

Options exercised

No options granted as remuneration were exercised.

Options lapsed

No options granted as remuneration lapsed.

Performance rights granted as compensation

There were no share-based payment arrangements granted as compensation to key management personnel during the current financial year.

Performance rights exercised

There were no performance rights exercised during the financial year.

Performance rights forfeited / lapsed during the year

	Number forfeited / lapsed during the year	Financial year granted
Michael Vegar	500,000	2021

Additional disclosures relating to key management personnel

Shareholdings

The number of shares in the company held during the financial year by each director and other members of key management personnel of the entity, including their personally related parties, is set out below:

	Balance at 1/7/21	Granted as part of remuneration	Purchased	Held at date of resignation	Balance at 30/6/22
Michael Vegar	7,104,166	-	-	-	7,104,166
Otto Buttula	4,533,334	-	346,345	-	4,879,679
Philip Carulli	2,103,334	-	125,000	-	2,228,334
Glenn Smith	212,500	-	-	-	212,500
Aiden Clarke	375,000	-	-	-	375,000
Damien Hawes	350,000	-	-	-	350,000
David Erikson	100,000	-	-	-	100,000
Thomas Laudenschach	225,000	-	-	-	225,000
	15,003,334	-	471,345	-	15,474,679

Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the entity, including their personally related parties, is set out below:

	Balance at 1/7/21	Granted as part of remuneration	Granted	Exercised	Expired/ forfeited/ other	Held at date of resignation	Balance at 30/6/22
Michael Vegar	6,000,000	-	-	-	-	-	6,000,000
Otto Buttula	-	600,000	-	-	-	-	600,000
Philip Carulli	700,000	300,000	-	-	-	-	1,000,000
Glenn Smith	-	300,000	-	-	-	-	300,000
Aiden Clark	-	300,000	-	-	-	-	300,000
Damien Hawes	-	1,000,000	-	-	-	-	1,000,000
David Erikson	-	1,000,000	-	-	-	-	1,000,000
Thomas Laudenschach	-	1,000,000	-	-	-	-	1,000,000
	6,700,000	4,500,000	-	-	-	-	11,200,000

Performance Rights

	Balance at 1/7/21	Granted	Exercised	Expired/ forfeited/ other	Balance at 30/6/22
Performance Rights					
Michael Vegar	500,000	-	-	(500,000)	-
	500,000	-	-	(500,000)	-

Other transactions with key management personnel and their related parties

The following transactions occurred with related parties:

	2022	2021
	\$	\$
Payments for goods and services:		
Payments to Optima Financial Group Pty Ltd (director related entity of Philip Carulli)		
• Bookkeeping services	21,872	12,800
• Accounting and Taxation services	36,850	24,770
Total	58,722	37,570

All transactions were made on normal commercial terms and conditions and at market rates.

End of Audited Remuneration Report

Environmental Legislation

The company is not subject to any significant environmental legislation.

Indemnification and insurance of officers

The Company's Constitution provides that, subject to and so far as permitted by the Corporations Act 2001, the Company must, to the extent the person is not otherwise indemnified, indemnify every director and officer of the Company out of the assets of the Company to the relevant extent against any liability incurred by the director or officer in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the duties of the director or officer, except where there is a lack of good faith.

During the financial year, the Company has paid insurance premiums in respect of Directors' and Officers' liability. The policy indemnifies all Directors and Officers of the Company and its controlled entities against certain liabilities. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium. The Directors have not included details of the nature of the premium paid in respect of Directors' and Officers' liability as such disclosure is prohibited under the terms of the contract.

Indemnification and insurance of auditors

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

**HITIQ Limited
Directors' Report
30 June 2022**

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 20 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2022 has been received and can be found on the page following this Directors Report.

Auditor

Hall Chadwick continues in office in accordance with section 327 of the Corporations Act 2001.

**HITIQ Limited
Directors' Report
30 June 2022**

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors,



Michael Vegar
Managing Director

Dated at Perth on 31 August 2022
Perth WA

For personal use only

To the Board of Directors

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

As lead audit partner for the audit of the financial statements of HITIQ Limited for the year ended 30 June 2022, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully,

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF CA
Director

Dated this 31st day of August 2022

HITIQ Limited
Contents
30 June 2022

CONTENTS

ANNUAL REPORT - 30 June 2022

Contents

Statement of profit or loss and other comprehensive income	25
Statement of financial position	26
Statement of changes in equity	27
Statement of cash flows	28
Notes to the financial statements	29
Directors' declaration	58
Independent auditor's report	59
Shareholder information	65

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 St
Osborne Park, WA, 6017

Principal place of business

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2022. The directors have the power to amend and reissue the financial statements.

HITIQ Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Revenue			
Revenue	4	619,016	406,682
Other Income	4	6,433	714,475
Research and development grant	4	1,025,077	-
Expenses			
Accountancy and secretarial fees		(50,244)	(32,720)
Auditor's remuneration	21	(64,960)	(26,500)
Consultancy fees		(642,361)	(410,056)
Depreciation and amortisation		(368,967)	(217,857)
Interest paid		(39,394)	(53,633)
Occupancy		(124,798)	(100,621)
Research and testing		(1,727,535)	(547,460)
Share-based payments expense	16 c.	(237,868)	(1,331,286)
Employee benefits expenses		(4,287,450)	(2,787,808)
Other expenses		(1,054,397)	(676,062)
Loss before income tax expense		(6,947,448)	(5,062,846)
Income tax expense	5	-	-
Loss after income tax expense for the period attributable to the owners of HITIQ Limited		(6,947,448)	(5,062,846)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to the owners of HITIQ Limited		(6,947,448)	(5,062,846)
Basic loss per share attributable to ordinary equity holders of the parent Company (cents per share)	6	(5.246)	(6.610)
Diluted loss per share attributable to ordinary equity holders of the parent Company (cents per share)	6	(5.246)	(6.610)

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

HITIQ Limited
Statement of Financial Position
As at 30 June 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	7	2,939,147	8,955,130
Trade and other receivables	8	302,766	264,633
Total current assets		3,241,913	9,219,763
Non-current assets			
Property, plant and equipment	9	120,480	117,539
Intangible assets	10	1,188,037	33,493
Right-of-use asset	11a	-	117,418
Total non-current assets		1,308,517	268,450
Total assets		4,550,430	9,488,213
Liabilities			
Current liabilities			
Trade and other payables	12	876,890	628,870
Employee entitlements	13	340,107	226,375
Borrowings	14	2,159,968	584,343
Lease liabilities	11b	-	124,994
Total current liabilities		3,376,965	1,564,582
Non-current liabilities			
Lease liabilities	11b	-	-
Total non-current liabilities		-	-
Total Liabilities		3,376,965	1,564,582
Net assets		1,173,465	7,923,631
Equity			
Issued capital	15	18,266,701	18,300,641
Reserves	16	1,915,516	1,684,294
Accumulated losses		(19,008,752)	(12,061,304)
Total equity		1,173,465	7,923,631

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

HITIQ Limited
Statement of Changes in Equity
For the year ended 30 June 2022

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2020	6,889,190	602,389	(7,104,722)	386,857
Loss for the year	-	-	(5,062,846)	(5,062,846)
Other comprehensive income	-	-	-	-
Total comprehensive income attributable to the owners of HITIQ Limited	-	-	(5,062,846)	(5,062,846)
Transactions with owners in their capacity as owners:	12,419,334	-	-	12,419,334
Share issue costs	(1,311,400)	-	-	(1,311,400)
Share based payment expense	-	1,229,686	-	1,229,686
Share based payment exercised	88,517	(88,517)	-	-
Share based payment lapsed	-	(73,764)	73,764	-
Performance rights expense	-	262,000	-	262,000
Performance rights exercised	215,000	(215,000)	-	-
Performance rights lapsed	-	(32,500)	32,500	-
Dividends Paid	-	-	-	-
Balance at 30 June 2021	18,300,641	1,684,294	(12,061,304)	7,923,631
Balance at 1 July 2021	18,300,641	1,684,294	(12,061,304)	7,923,631
Loss for the year	-	-	(6,947,448)	(6,947,448)
Other comprehensive income (forex translation adjustment)	-	(6,646)	-	(6,646)
Total comprehensive income attributable to the owners of HITIQ Limited	-	-	(6,947,448)	(6,954,094)
Transactions with owners in their capacity as owners:	-	-	-	-
Share issue costs (i)	(33,940)	-	-	(33,940)
Share based payment expense	-	338,468	-	338,468
Share based payment exercised	-	-	-	-
Share based payment lapsed	-	(30,600)	-	(30,600)
Performance rights expense	-	-	-	-
Performance rights exercised	-	-	-	-
Performance rights lapsed	-	(70,000)	-	(70,000)
Dividends Paid	-	-	-	-
Balance at 30 June 2022	18,266,701	1,915,516	(19,008,752)	1,173,465

(i) Pertains to GST adjustment on share issue costs.

The above statement of changes in equity should be read in conjunction with the accompanying notes

HITIQ Limited
Statement of Cash Flows
For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		565,636	454,874
Payments to suppliers and employees		(8,087,088)	(4,211,917)
Receipts - other		1,052,587	1,684,322
Interest paid		(39,100)	(53,633)
Net cash used in operating activities	17	(6,507,965)	(2,126,354)
Cash flows from investing activities			
Payments for property, plant and equipment	9	(64,014)	(54,837)
Proceeds from sale of property plant & equipment		3,950	
Payment for purchase of subsidiary	22	(857,999)	
Net cash used in investing activities		(918,063)	(54,837)
Cash flows from financing activities			
Proceeds from share issue		-	11,800,000
Effect of exchange rate on cash		(6,646)	-
Payments for share issue costs		(33,940)	(608,000)
Proceeds from borrowings	17b	2,158,007	855,153
Repayment of borrowings	17b	(582,382)	(1,172,549)
Repayment of lease liabilities	11b	(124,994)	(166,311)
Net cash from financing activities		1,410,045	10,708,293
Net increase in cash and cash equivalents		(6,015,983)	8,527,102
Cash and cash equivalents at the beginning of the year		8,955,130	428,028
Cash and cash equivalents at the end of the year	7	2,939,147	8,955,130

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

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements comprise the financial statements for the Company. For the purposes of preparing the financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for selected non-current assets, financial assets and financial liabilities, which have been measured at fair value as explained in the relevant accounting policies. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial statements are presented in Australian dollars.

The Company is a listed public Company, incorporated in Australia. The entity's principal activities are detailed in the Directors Report.

Statement of compliance

The financial report was authorised for issue on 30 August 2022.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Adoption of New and Revised Standards

Standards and Interpretations applicable to 30 June 2022

In the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to accounting policies.

b) 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 ordinary course of business.

For the year ended 30 June 2022, the company incurred a net loss of \$6,947,448 (2021: Loss \$5,062,846) and experienced net cash outflows from operating activities of \$6,507,965 (2021: \$2,126,354). In addition, at the 30 June 2022 the company had working capital loss of \$135,052 (2021: Gain \$7,655,181).

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, the continued access of the R&D refund (note 14) 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.

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

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.

c) Revenue recognition

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer;

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations; and

Step 5: Recognise the revenue as the performance obligations are satisfied.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Revenue is measured at the amount of consideration to which the company expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Company estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- i. The customer simultaneously receives and consumes the benefits provided by the company's performance as the company performs;
- ii. the company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- iii. the company's performance does not create an asset with an alternative use and the company has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate,

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

d) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

e) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

g) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

When the entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

h) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

i) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

The entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

j) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

i) Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

ii) Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the entity is able to use or sell the asset; the entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

iii) Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

iv) Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

v) Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

k) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

l) Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

m) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

n) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

o) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

p) Provisions

Provisions are recognised when the entity has a present (legal or constructive) obligation as a result of a past event, it is probable the entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

q) Employee benefits

i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

ii) Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii) Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

iv) Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

v) Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

r) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

s) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

t) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

u) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

v) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Coronavirus (COVID-19) pandemic

The COVID-19 pandemic has resulted in a delay of full commercial launch this financial year ended 30 June 2022. It is difficult to estimate the precise impact, that the pandemic will have on the business moving forward, nevertheless positive progress has been evident over more recent months.

COVID-19

Judgement has been exercised in considering the impacts that COVID-19 has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Whilst the impact of COVID-19 has not materially impacted the Group up to 30 June 2022, it is not practicable to estimate the potential impact, after the reporting date.

Share-based payment transactions

The entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Goodwill and other indefinite life intangible assets

The entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Income tax

The entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The entity recognises liabilities for anticipated tax audit issues based on the entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3: Operating segments

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Company's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Company, the Board as a whole has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there has been two reportable segments, being mouthguard sales and trial revenue in Australia and during the year the group acquired CSX Limited which is based in New Zealand and provides Concussion assessment software to customers in various locations. The revenues and results of these two segments and geographical markets are set out below:

	HITIQ Mouthguard Technology	CSX Concussion Assessment App	Total
	\$	\$	\$
Consolidated - 2022			
Revenue			
Sales to external customers	419,210	199,806	619,016
Other revenue	1,025,077	-	1,025,077
Total segment revenue	<u>1,444,287</u>	<u>199,806</u>	<u>1,644,093</u>
Interest revenue			6,433
Total revenue			<u>1,650,526</u>
Income/(expenses)			
Depreciation and amortisation	(365,081)	(3,886)	(368,967)
Employee benefits expense	(4,153,811)	(133,639)	(4,287,450)
Consultancy Fees	(561,327)	(81,034)	(642,361)
Other expenses	<u>(3,261,382)</u>	<u>(37,814)</u>	<u>(3,299,196)</u>
Segment Loss	<u>(6,897,314)</u>	<u>(56,567)</u>	<u>(6,947,448)</u>
Total assets	<u>4,394,547</u>	<u>115,883</u>	<u>4,550,430</u>
Total liabilities	<u>3,347,830</u>	<u>29,135</u>	<u>3,376,965</u>
	2022		2021
	\$		\$
Geographical markets			
Australia		419,210	406,682
New Zealand		199,806	-
		<u>619,016</u>	<u>406,682</u>

Note 4. Revenue and other income

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

	2022	2021
	\$	\$
Revenue from contracts with customers	619,016	406,682
Interest Income	6,433	1,272
EMDG grant	-	201,903
Job keeper	-	456,300
Cash flow boosts	-	37,500
Grant payment	-	17,500
Research and development grant	1,025,077	-
	<u>1,650,526</u>	<u>1,121,157</u>

Note 5. Income Tax Expense

	2022	2021
	\$	\$
The components of the tax expense/(income) comprise:		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
(a) The prima facie tax on profits/(losses) from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss from continuing operation	6,947,448	5,062,846
	<u>6,947,448</u>	<u>5,062,846</u>
Prima facie tax benefit on loss from ordinary activities before income tax	(1,727,775)	(1,316,340)
Add/(subtract) tax effect of:		
Share based payments	59,467	346,135
Concessions (Research and Development claim refund / ATO Cashflow Boost)	945,521	599,362
Other non-allowable items	23,685	9,066
Movement in unrecognised temporary differences	6,674	43,149
Deferred tax balances due to change in income tax rate from 26% to 25% (effective 1 July 2021)		
• Temporary differences	-	(2,583)
• Tax revenue losses	-	(47,348)
Changes in income tax rate unrecognised	-	49,931
Current year losses not recognised	692,428	318,628
	<u>692,428</u>	<u>318,628</u>
Income tax expense attributable to entity	<u>-</u>	<u>-</u>

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 5. Income Tax Expense (cont'd)

	2022	2021
	\$	\$
(b) Unrecognised deferred tax assets		
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
Differences between accounting and tax depreciation	73,696	23,825
Blackhole expenditure (s40-880)	12,587	37,691
Prepaid expenditure	2,324	12,431
Movements in employee leave provisions	84,163	58,858
Tax revenue losses	1,987,948	1,139,334
	<u>2,160,717</u>	<u>1,272,139</u>

(c) Unrecognised deferred tax liabilities

Taxable temporary differences for which no deferred tax liabilities have been recognised are attributable to the following:

Movements in receivables	16,953	34,010
Timing of superannuation payments	(10,553)	10,525
Unexpired interest	661	350
	<u>7,061</u>	<u>44,885</u>

Note 6. Earnings per share

Basic and diluted earnings per share

	2022	2021
Basic earnings per share (cents per share)	(5.246)	(6.610)

Earnings

Earnings used in the calculation of basic earnings per share is as follows:

	2022	2021
	\$	\$
Earnings used in the calculation of basic earnings per share	(6,947,448)	(5,062,846)

Weighted average number of ordinary shares

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share is as follows:

	2022	2021
	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	132,419,018	76,594,504

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 7. Cash and cash equivalents

	2022	2021
	\$	\$
Cash at Bank	2,939,147	8,955,130
	<u>2,939,147</u>	<u>8,955,130</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Note 8. Trade and other receivables

	2022	2021
	\$	\$
Trade Receivables	60,547	-
Lease Bond – Bank Guarantee	52,241	52,240
GST Receivable	41,401	110,210
Payroll Tax Receivable	25,886	-
Sundry Debtors	38,337	27,124
Prepayments	84,354	75,059
	<u>302,766</u>	<u>264,633</u>

(i) Trade receivables are non-interest bearing and are generally on terms of 14 days to 30 days. All amounts are short term. The carrying value of trade receivables is considered a reasonable approximation of fair value.

(ii) Note 17 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

Note 9. Property, plant & equipment

	2022	2021
	\$	\$
Leasehold improvements at cost	4,970	4,970
Less: accumulated depreciation	(3,012)	(2,794)
Office equipment at cost	210,879	152,175
Less: accumulated depreciation	(127,240)	(71,292)
Plant & Equipment at cost	57,166	48,942
Less: accumulated depreciation	(22,283)	(14,462)
	<u>120,480</u>	<u>117,539</u>

Movements in carrying amounts

	Leasehold improvements	Plant & Equipment	Office Equipment	Total
	\$	\$	\$	\$
Balance – 1 July 2021	2,177	34,480	80,882	117,539
Additions	-	7,954	56,060	64,014
Additions – CSX	-	270	8,000	8,270
Disposal of PP&E	-	-	(2,250)	(2,250)
Depreciation Expense	(219)	(7,820)	(58,694)	(66,733)
Net Exchange Differences	-	(1)	(359)	(360)

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Balance – 30 June 2022	1,958	34,883	83,639	120,480
Movements in carrying amounts	Leasehold improvements	Plant & Equipment	Office Equipment	Total
	\$	\$	\$	\$
Balance – 1 July 2020	2,419	42,366	56,680	101,465
Additions	-	1,668	53,169	54,837
Depreciation Expense	(242)	(9,554)	(28,967)	(38,763)
Balance – 30 June 2021	2,177	34,480	80,882	117,539

Note 10. Intangible Assets

	2022	2021
	\$	\$
Trademark	1,446	-
Intellectual Property (i)	1,462,915	125,000
Less: accumulated amortisation	(276,324)	(91,507)
	<u>1,188,037</u>	<u>33,493</u>

- (i) A provisionally determined Intellectual Property of \$1,337,915 is recognised from the acquisition of CSX Limited as outlined in note 21.

Note 11. Right-of-use asset and lease liability

The Company held leases for office space during the year. All leases had expired during the year and are currently on a month to month basis.

Total cash outflow for leases is \$124,994.

Depreciation expense relating to ROU assets is \$117,418.

Lease interest expense is \$4,806.

	2022	2021
	\$	\$
Opening Right of Use Assets	117,418	425,271
Additions during the year	-	-
Depreciation	(117,418)	(307,853)
Closing Balance	<u>-</u>	<u>117,418</u>

Note 11b. Lease Liability

Opening Lease Liability	124,994	291,305
Additions during the year	-	-
Interest Expense	4,806	7,581
Repayments	(129,800)	(173,892)
Closing Balance	<u>-</u>	<u>124,994</u>

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

	2022	2021
	\$	\$
Lease Liability – Current	-	124,994
Lease Liability – Non-Current	-	-
Total Lease Liability	-	124,994

Note 12. Trade and other payables

	2022	2021
	\$	\$
Trade Creditors	201,384	231,357
Other Payables	82,954	278,793
PAYG Withholding Payable	70,021	62,694
Superannuation Payable	25,813	68,026
Contract Liability	-	(12,000)
R&D Tax Payable	246,718	-
Contract Liability	250,000	-
	876,890	628,870

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms. All amounts are short term. The net carrying value of trade payables is considered a reasonable approximation of fair value.

(ii) Interest payable is normally settled quarterly throughout the financial year.

Note 13. Employee entitlements

	2022	2021
	\$	\$
Annual leave	340,107	226,375
	340,107	226,375

Note 14. Borrowings

	2022	2021
	\$	\$
Credit Cards	87,795	20,649
Loan – Radium (i)	-	563,694
Loan – Fifo Capital	-	-
Loan – Keystone Group (i)	2,000,000	-
Insurance Premium Funding	72,173	-
	2,159,968	584,343

(i) On 14 June 2022, the company signed a 180 day facility agreement for \$2,000,000 with Keystone Group. The total outstanding as of 30 June 2022 is \$2,000,000 excluding accrued interest. The facility was advanced against the expected R&D refund from the ATO on or before 30 September 2022 and carries interest rate at 15%. The 30 June 2021 loan balance of \$563,694 was repaid in full to Radium Capital on 12 October 2021.

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 15. Issued Capital

	2022	2021	2022	2021
	Shares	Shares	\$	\$
Ordinary Shares – fully paid	132,419,018	132,419,018	18,266,701	18,300,641

Movements in Ordinary share capital

Details	Date	2022	2022	2021	2021
		Number	\$	Number	\$
Opening Balance		132,419,018	18,300,641	67,783,601	6,889,190
Issue of Shares – Pre IPO	22/12/20			10,075,000	1,612,000
Issue of Shares – Pre IPO	21/01/21			1,175,000	188,000
Settlement Shares	25/03/21			1,100,000	176,000
Exercise of options	-			-	88,517
Unpaid Director Fees	25/03/21			343,750	55,000
Exercise of Performance Rights	25/03/21			666,667	133,334
Conversion of Performance Rights	-			-	80,000
Director Shares	25/03/21			500,000	100,000
Company Secretary Shares	25/03/21			100,000	20,000
Exercise of Performance Rights	01/06/21			675,000	135,000
Conversion of Performance Rights	-			-	135,000
Issue of Shares – IPO	15/06/21			50,000,000	10,000,000
Issue Costs			(33,940)		(1,311,400)
Closing Balance		132,419,018	18,266,701	132,419,018	18,300,641

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.

Note 16. Reserves

Details	2022	2021
	\$	\$
Option reserve	1,922,162	1,614,294
Performance rights	-	70,000
Foreign Currency Transaction Reserve	(6,646)	
	<u>1,915,516</u>	<u>1,684,294</u>

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Option reserve

This reserve is used to record the value of equity benefits provided to employees, Directors and consultants.

Performance rights

This reserve is used to record the value of equity benefits Directors and consultants.

Note 16a. Share Based Payments

Employees

The Company has an Employee Performance Rights and Options Plan for key staff members and management of the HITIQ Limited. The plan was originally approved by the board on 19 March 2019, was updated and approved on 21 January 2021 and subsequently approved on listing date.

Consultants

Issue of options to various consultants to assist with capital raisings.

Note 16a. Share Based Payments - Option Reserve

The following share-based payment arrangements were in place during the current and prior periods:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting date
HILOPT1	3,000,000	23/01/2019	10/12/2023	\$0.20	\$288,000	Vests at the date of grant
HIQEOPT2	2,500,000	15/11/2019	15/11/2022	\$0.30	\$127,500	Vests at the date of grant
HIQEOPT5	1,333,334	16/03/2020	18/12/2023	\$0.30	\$nil	Vests at the date of grant
HIQEOPT6	758,330	25/02/2020	30/06/2022	\$0.30	\$nil	Expired 30/06/2022
HILEOPT3	2,000,000	18/12/2020	18/12/2023	\$0.30	\$192,000	Vests at the date of grant
HIQEOPT4	600,002	19/03/2021	01/11/2021	\$0.20	\$30,600	Expired 01/11/2021
HIQEOPT5	599,999	19/03/2021	17/12/2023	\$0.20	\$64,800	Vests at the date of grant
HILQEOPT6	599,999	19/03/2021	19/03/2024	\$0.20	\$70,200	Vests at the date of grant
HIQEOPT7	4,500,000	19/03/2021	25/03/2024	\$0.30	\$245,700	Refer note annotation
HIQEOPT8	1,500,000	19/03/2021	19/03/2025	\$0.30	\$83,703	Refer note annotation
HIQOPTB	6,000,000	01/06/2021	18/12/2026	\$0.30	\$511,400	Vests at the date of grant
HIQEOPT9	4,642,250	14/07/2021	31/07/2024	\$0.30	\$265,872	Refer note annotation
HIQEOPT10	1,500,000	10/11/2021	10/11/2024	\$0.30	\$72,956	Vests at the date of grant

Vesting Date: HIQEOPT7

3,000,000 30c options expiring in 3 years from the date of issue subject to the achieving a 510k or De Novo Approval with the US Food and Drug Administration (FDA) for COVR product within 2 years of date of listing on the ASX.

1,500,000 30c options expiring in 4 years from the date of issue subject to the achieving a \$2m ARR within 2 years of the date of listing on the ASX. An additional 300,000 options will be granted for each \$1m ARR over \$2m ARR.

Vesting Date: HIQEOPT8

1,500,000 30c options expiring in 4 years from the date of issue subject to the achieving a \$2m ARR within 2 years of the date of listing on the ASX. An additional 300,000 options will be granted for each \$1m ARR over \$2m ARR.

Vesting Date: HIQEOPT9

4,642,250 30c employee options expiring 31 July 2024 subject to the achieving 12 months continuous service with the company and satisfaction of performance criteria based on key performance indicators applicable to each recipient.

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Vesting Date: HIQEOPT10

375,000 30c options expiring in 3 years from date of issue subject to achieving 12 months service from appointment. 562,500 30c options expiring in 3 years from date of issue subject to the company achieving \$2m annual recurring revenue within 2 years.

562,500 30c options expiring in 3 years from date of issue subject to the company achieving \$3m annual recurring revenue within 3 years.

There has been no alteration of the terms and conditions of the above share-based payment arrangement since grant date.

Share-based payment expense

The expense recognised of \$237,868 (2021: \$718,286) in the statement of profit or loss and other comprehensive income and \$0 in the statement of financial position in relation to options expense.

Movements in share options during the year

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	30 June 2022		30 June 2021	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Outstanding at the beginning of year	23,391,664	0.27	10,391,664	0.28
Granted during the year	6,142,250	0.30	15,800,000	0.17
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	(1,866,667)	(0.32)
Expired during the year	-	-	-	-
Lapsed during the year	(1,358,332)	(0.26)	(933,333)	(0.32)
Outstanding at the end of year	28,175,582	0.27	23,391,664	0.27
Exercisable at the end of year	28,175,582	0.27	23,391,664	0.27

The weighted average fair value of options granted during the financial year is \$0.07 (2021: \$0.09).

Share options outstanding at the end of the year

The share options outstanding at the end of the year had an:

- (i) exercise price of exercise price of \$0.30 (2021: between \$0.20 to \$0.30); and a
- (ii) weighted average remaining contractual life of 615 days (2021: 845 days).

Share options exercised during the current and prior year

The following share options were exercised during the current and prior year:

	30 June 2022			30 June 2021		
	Exercised Number	Exercise date	Share price at exercise date	Exercised Number	Exercise date	Share price at exercise date
HILUOPT2	-	-	-	666,667	25/03/2021	\$0.20
HILUOPT3	-	-	-	1,200,000	25/03/2021	\$0.20

Fair value of share options granted in the year

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

The fair value of the equity-settled share options granted to employees and consultants is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

	HIQEOPT9	HIQEOPT10
Dividend yield (%)	-%	-%
Expected volatility	100%	90%
Risk-free interest rate	0.12%	1.37%
Expected life of options	3 years	3 years
Exercise price	\$0.30	\$0.30
Grant date share price	\$0.18	\$0.18

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 16b. Share Based Payments – Performance rights

The following share-based payment arrangements were in place during the current and prior periods:

	Number	Share price at grant date	Grant Date	Term	Vesting Condition	Probability	Fair value recognised	Performance condition satisfied
Berry Enterprises Pty Ltd ATF the Berry Trust	333,333	\$0.12	29/04/2019	3 years from date of issue	Vest immediately	n/a Exercised	\$40,000	Met Exercised
	333,333	\$0.12	29/04/2019	3 years from date of issue	Vest upon the completion of a Pre-IPO raise or other capital investment product to raise no less than \$4 million	n/a Exercised	\$12,000	Met Exercised
	333,334	\$0.12	29/04/2019	3 years from date of issue	Vest upon lodgement of a prospectus with the ASX (other stock exchange in the world)	n/a Exercised	\$20,000	Met Exercised
Damien Peter Hawes as trustee for The DP Hawes Trust	125,000	\$0.12	29/04/2019	31/12/2020	Vest upon the Company reaching \$2 million in revenue by 31 December 2020.	n/a, Cancelled	\$-	n/a Cancelled
	125,000	\$0.12	29/04/2019	31/12/2021	Vest upon the Company reaching \$4 million in revenue by 31 December 2021.	n/a, Cancelled	\$-	n/a Cancelled
	125,000	\$0.12	29/04/2019	31/12/2020	Vest upon the Company reaching \$1.4 million in revenue by 31 December 2020.	n/a, Cancelled	\$-	n/a Cancelled
	125,000	\$0.12	29/04/2019	27/02/2020	Vest upon the company securing signed trial or commercial agreements with ten (10) Football Bowl Subdivision (FBS) teams from either the Power 5 Conferences or NCAA Division I FBS independent schools; Notre Dame University and Brigham Young University by 27 February 2020.	n/a, Cancelled	\$-	n/a Cancelled
Benjamin Edwin, Nizette and Aimee Elizabeth Nizette as trustee for the Nizette Investment Trust	100,000	\$0.12	23/01/2019	3 years from date of issue	Vest upon achieving both linear and rotational acceleration under 10% error across full range up to 100g and 6000 rad/s certified by an external validation by 1 September 2019; or 50,000 rights by the same criteria if performed after that date		\$-	n/a Cancelled
	100,000	\$0.12	23/01/2019	3 years from date of issue	Vest upon delivering 500 mouth guards under 8% failure rate for a minimum of 12-month period		\$-	n/a Cancelled
	50,000	\$0.12	23/01/2019	3 years from date of issue	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		\$-	n/a Cancelled

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

	Number	Share price at grant date	Grant Date	Term	Vesting Condition	Probability	Fair value recognised	Performance condition satisfied
					with fewer than 20% of players experiencing in-field failure as at 01 October 2019			
	75,000	\$0.15	20/12/2019	3 years from date of issue	Vest upon achieving both peak linear and rotational acceleration under 10% mean-absolute error across full range up to 100g and 6000 rad/s/s for correctly acquired impacts, certified by an external validation by 1 April 2020	n/a Exercised	\$11,250	Met Exercised
	125,000	\$0.15	20/12/2019	3 years from date of issue	Vest upon the company achieving AUD \$1.4m in revenue by 31 December 2020	n/a Cancelled	\$-	n/a Cancelled
	75,000	\$0.15	20/12/2019	3 years from date of issue	Vest upon continuing re-location to Melbourne HQ through June 30 2021	n/a Cancelled	\$-	n/a Cancelled
Thomas Laudenbach	125,000	\$0.15	8/10/2019	5 years from date of issue	Vest upon the employee being continually employed by the company for 24 months from commencement date (5 March 2018)	n/a Exercised	\$18,750	Met Exercised
Director performance rights	375,000	\$0.20	19/03/2021	3 years from date of issue	Vest upon successful listing on the ASX	n/a Exercised	\$75,000	Met Exercised
	500,000	\$0.20	19/03/2021	3 years from date of issue	Vest upon contract signing and formalisation of an NRL deal with minimum revenue of \$200,000 p.a. excluding GST by 31 March 2022	70%	\$70,000	n/a Lapsed
	125,000	\$0.20	19/03/2021	3 years from date of issue	Vest upon reaching agreement with the National Rugby League (NRL) for the 2021 season, with an acceptable promotional deal to benefit HITIQ by 30 June 2021	n/a Lapsed	\$25,000	n/a Lapsed
Related parties	100,000	\$0.20	25/03/2021	3 years from date of issue	Vest upon successful listing on the ASX	n/a Exercised	\$20,000	Met Exercised
(Damien Peter Hawes, Thomas Laudenbach, David Erikson)	100,000	\$0.20	25/03/2021	3 years from date of issue	Vest upon successful listing on the ASX	n/a Exercised	\$20,000	Met Exercised
	100,000	\$0.20	25/03/2021	3 years from date of issue	Vest upon successful listing on the ASX	n/a Exercised	\$20,000	Met Exercised

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Movements in performance rights during the current and prior year

	30 June 2022	30 June 2021
	Number	Number
Outstanding at the beginning of year	500,000	1,516,667
Granted during the year	-	1,300,000
Forfeited during the year	-	-
Exercised during the year	-	(1,341,667)
Expired during the year	-	-
Lapsed during the year	(500,000)	(975,000)
Outstanding at the end of year	-	500,000
Exercisable at the end of year	-	500,000

Performance rights exercised during the current and prior year

	30 June 2022			30 June 2021		
	Exercised		Share price	Exercised		Share price
	Number	Exercise date	at exercise	Number	Exercise date	at exercise
			date			date
Related parties	-	-	-	100,000	15/06/2021	\$0.20
Related parties	-	-	-	100,000	15/06/2021	\$0.20
Related parties	-	-	-	100,000	15/06/2021	\$0.20
Director performance rights	-	-	-	375,000	15/06/2021	\$0.20
Berry Enterprises Pty Ltd ATF the Berry Trust	-	-	-	666,667	25/03/2021	\$0.20
	-			1,341,667		

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 16c. Share Based Payments – Share-based payment expense

The expense recognised in the statement of profit or loss and other comprehensive income comprises:

	2022	2021
	\$	\$
Options expense	307,868	718,286
Performance rights expense	(70,000)	262,000
Settlement shares	-	176,000
Unpaid Directors' fees	-	55,000
Director shares	-	100,000
Company secretary shares	-	20,000
Employee shares	-	-
	<u>237,868</u>	<u>1,331,286</u>

Note 17. Cash flow information

a) Reconciliation of cash flow from operations to loss after income tax

	2022	2021
	\$	\$
Loss before Income Tax Expense	(6,947,448)	(5,062,846)
Adjustments for:		
Depreciation and amortisation	368,967	217,857
Share Based Payments	237,868	1,331,286
Changes in Operating Assets and Liabilities:		
(Increase)/Decrease in trade and other receivables	(32,386)	958,085
Increase/(Decrease) in trade and other payables	(248,698)	276,007
Increase/(Decrease) in employee entitlements	113,732	153,257
Net Cash Deficit from Operating Activities	<u>(6,507,965)</u>	<u>(2,126,354)</u>

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

b) Reconciliation of liabilities arising from financing activities

Finance Source	2021	Repayments of Borrowings	Proceeds from Borrowings	Interest	2022
	\$	\$	\$	\$	\$
Credit Cards	20,649	(20,649)	87,795	-	87,795
Loan - Radium	563,694	(593,216)		29,522	-
Loan – Keystone Group	-	-	2,000,000	-	2,000,000
Insurance Premium	-	-	70,212	1,961	72,173
Total	584,343	(613,865)	2,158,007	31,483	2,159,968

Note 18. Financial instruments

The Company's principal financial instruments comprise receivables, payables, borrowings, cash and short-term deposits.

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2021.

The capital structure of the Company consists of cash and cash equivalents, borrowings and equity comprising issued capital, reserves and accumulated losses.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

Financial risk management objectives

The Company is exposed to, (i) market risk (which includes interest rate risk and share price risk), (ii) credit risk and (iii) liquidity risk.

The Board of Directors has overall responsibility for the oversight and management of the Company's exposure to a variety of financial risks (including fair value interest rate risk, credit risk, liquidity risk and cash flow interest rate risk).

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Market risk

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest-bearing financial assets and liabilities that the Company uses.

Interest-bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets.

The Company's exposure to market interest rates relates to borrowings held at both fixed and variable rates. The Board constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions.

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Interest rate risk sensitivity

The sensitivity has been determined based on the exposure to interest rates for non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

A point five basis point increase or decrease is used when reporting interest rate risk internally to management and represents management's assessment of the change in interest rates.

At balance date, if interest rates had been three basis points higher or lower and all other variables were held constant, the impact on the Company is not material.

Price risk

The Company is not exposed to any significant price risk.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The credit risk is managed on a group basis based on the Company's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed by only dealing with major reputable financial institutions.

The Company monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The Company's policy is to deal only with credit worthy counterparties. The credit terms range between 30 and 60 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments.

	Current		Non-Current	
	Within 6 months	6 – 12 months	1 – 5 years	5+ years
30 June 2022	\$	\$	\$	\$
Trade and other payables	380,172	-	-	-
Borrowings	159,968	2,000,000	-	-
	Current		Non-Current	
	Within 6 months	6 – 12 months	1 – 5 years	5+ years
30 June 2021	\$	\$	\$	\$
Trade and other payables	628,870	-	-	-
Borrowings	20,649	563,694	-	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 19. Contingent liabilities

There were no contingent liabilities as at 30 June 2022 and 30 June 2021.

Note 20. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below

	2022	2021
	\$	\$
Short-term employee benefits	918,923	645,633
Post-employment benefits	79,467	52,524
Share based payments	254,299	1,001,294
Total	1,252,689	1,699,451

Transactions with related parties

The following transactions occurred with related parties:

	2022	2021
	\$	\$
Payments for goods and services:		
Payments to Optima Financial Group Pty Ltd (director related entity of Philip Carulli)		
• Bookkeeping services	21,872	12,800
• Accounting services	36,850	24,770
	58,722	37,570

All transactions were made on normal commercial terms and conditions and at market rates.

Note 21. Remuneration of auditors

	2022	2021
	\$	\$
Audit services – Hall Chadwick WA Audit Pty Ltd (formerly known as Bentleys)		
• Audit or review of the financial statements	64,960	20,500
• Other services	-	6,000
	64,960	26,500

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 22. Business combinations (provisionally determined)

Acquisition of CSX Limited

On 24 November 2021, the Group acquired 100% of the voting shares of CSX Limited (CSX), an unlisted company based in New Zealand that provides class leading concussion assessment application technology. The Group has acquired CSX because it accelerates the development of the group's technology platform and expands both its existing product portfolio and customer base. The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of CSX for the 7 month period from the acquisition date. The fair values of the identifiable assets and liabilities of CSX as at the date of acquisition were:

	Fair value recognised on acquisition \$
Assets	
Property, plant and equipment	8,270
Cash	54
Trade receivables	3,140
GST/PAYE	3,831
Trademarks	1,507
Intellectual Property acquired (provisional)	1,337,915
	1,354,717
Liabilities	
Trade payables	-
Contingent Liability – R&D Payable	(246,718)
	-
Total identifiable net assets at fair value	1,107,999
Goodwill arising on acquisition (provisional)	-
Purchase consideration transferred	857,999
Earn-out Payable	250,000
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	54
Cash paid	(857,999)
Net cash flow on acquisition	(857,945)

The provisionally determined intellectual property asset recognised is primarily attributed to the acquired client base and the intellectual property associated with the Concussion Assessment Intelligence technology and data bank of over 100,000 assessments. The technology has been amortised over a 5 year period and is not deductible for income tax purposes. A valuation of the intellectual property will be performed within 12 months of acquisition.

An Earn Out Payment of AUD\$250,000 is applicable and is payable upon the major sporting code Agreement being extended for a term that runs to at least 28 February 2023 and in circumstances where the fees payable to the Company under that agreement for services provided during the period from 1 March 2022 to 1 March 2023 is (or will be) at least AU\$93,000.00. As at 30 June 2022 the amount remains payable.

As a result of the change in shareholding in CSX Limited of more than 90% CSX will be required to pay R&D repayment tax by the terminal tax date for the year in which the transaction occurs (being the 2022 income year). The relevant terminal tax date for the income year ending 31 March 2022 would be 7 April 2023. The amount of R&D repayment tax that arises is the total amount of research and development tax credits claimed (NZD\$261,936). CSX will be entitled to a deduction equal to the R&D repayment tax / 28% in the income year in which the R&D repayment tax is paid. This is calculated as NZD\$261,936.30 / 28% = NZD\$935,486.79 (being equivalent to the amount of tax losses previously cashed out).

HITIQ Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Transaction costs of \$87,435 have been expensed and are included in Administrative expenses in the statement of profit or loss and are part of operating cash flows in the statement of cash flows.

Note 23. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
HITIQ Limited	Australia	100.00%	100.00%
HITIQ Limited	United States	100.00%	100.00%
CSX Limited	New Zealand	100.00%	-

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2022 \$	2021 \$
Profit after income tax	(6,363,632)	(5,062,846)

Statement of financial position

	Parent	
	2022 \$	2021 \$
Total current assets	3,541,955	9,219,763
Total assets	4,521,567	9,488,213
Total current liabilities	2,757,641	1,564,582
Total liabilities	2,757,641	1,564,582
Equity		
Issued capital	18,266,701	18,300,641
Reserves	1,915,516	1,684,294
Retained profits	(18,418,292)	(12,061,304)
Total equity	1,763,926	7,923,631

Note 25. Events after the reporting period

Other than noted above, there has been no additional matter or circumstance 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.

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HITIQ Limited
Directors' Declaration

1. In the opinion of the Directors of HITIQ Limited (the 'Company'):
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

This declaration is signed in accordance with a resolution of the Board of Directors.



Michael Vegar
Managing Director
Dated at Perth on 31 August 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HITIQ LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of HITIQ Limited ("the Group"), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$6,947,448 during year ended 30 June 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition (Note 4)	
<p>During the year the Group generated revenues from customers of \$619,016.</p> <p>We focused on this area as recognition of revenue under AASB 15 <i>Revenue from Contracts with Customers</i> ('AASB 15') requires significant judgement by management in identifying performance obligations, allocation of the transaction price and satisfaction of performance obligations over time or at a point in time.</p> <p>We consider this to be a key audit matter due to the judgement and estimates involved in determining when the performance obligations are met, and revenue is recognised.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Documenting the processes and assessing the internal controls relating to revenue processing and recognition; • Reviewing the revenue recognition policy for compliance with AASB 15; • Reviewing a sample of revenue to supporting contracts to ensure revenue was recognized in line with the revenue recognition policy; • Assessing cut-off of revenue at year end and ensuring revenue has been recorded in the correct reporting period or deferred as unearned revenue; and • Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.
Business combination (Note 22)	
<p>On 24 November 2021, the Group acquired 100% of the voting shares of CSX Limited (CSX), an unlisted company based in New Zealand</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Reviewing the acquisition agreements to understand the key terms and conditions and confirming our understanding of the transaction

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Key Audit Matter	How our audit addressed the key audit matter
<p>The acquisition were accounted for as business combinations in accordance with AASB 3 Business Combination as disclosed in note 4 of the interim financial statements.</p> <p>The accounting for the acquisition constituted a key focus area due to the complexities inherent in such a transaction and the judgement required in determining the value of the consideration transferred.</p>	<p>with management;</p> <ul style="list-style-type: none"> • Assessing the fair value of consideration transferred with reference to the terms of the acquisition agreement; • Verifying the acquisition date balance sheets of the acquiree to underlying supporting documentation; • Assessing management’s determination of the fair value of the provisionally accounted for assets and liabilities at the date of acquisition; • Assessing for intangible assets as part of the acquisition; and • Assessing the appropriateness of the disclosures included in the interim financial report.
<p>Share Based Payments (Note 16)</p>	
<p>Share based payments consist of complexities involving the recognition and measurement of these instruments; and the judgement involved in determining the inputs used in the valuations.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Analysed contractual agreement to identify key terms and conditions of the share-based payments issued and relevant vesting conditions in accordance with AASB 2; • Evaluated management’s valuation methods and assess the assumptions and inputs used; • Assessed the amount recognised during the period against relevant vesting conditions; and • Assessed the appropriateness of management’s presumed probability and the disclosures have been included in note 16 of the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2022, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022. The directors of the Group are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of the Group, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF CA
Director

Dated this 31st day of August 2022

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HITIQ Limited
Shareholder Information
30 June 2022

The shareholder information set out below was applicable as at 30 August 2022:

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	20
1,001 to 5,000	381
5,001 to 10,000	291
10,001 to 100,000	721
100,001 and over	225
Total	1,638

There were 607 shareholders holding less than a marketable parcel (less than 10,000 shares at \$0.05) at 30 August 2022, a total of 2,705,591 shares.

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary Shares	
	Number held	% of total shares issued
MICHAEL DEAN VEGAR <M VEGAR INVESTMENT A/C>	6,666,666	5.03%
MACH INDUSTRIES PTY LTD <LANG FAMILY A/C>	5,600,000	4.23%
WEBINVEST PTY LTD <OLSB UNIT A/C>	3,166,667	2.39%
VT INVESTMENTS PTY LTD <A & M TADDEI FAMILY A/C>	3,106,106	2.35%
JASKAN INVESTMENTS PTY LTD <LYNIA SUPER FUND A/C>	2,861,939	2.16%
MURRAY EDWARD BLEACH & NORMA LEIGH EDWARDS <THE BLEACH SUPER FUND A/C>	2,083,333	1.57%
RADELL PTY LIMITED <THE MACKAY FAMILY SUPER A/C>	2,083,333	1.57%
DR SCOTT MAURICE DONNELLAN	2,050,000	1.55%
DAFI INVESTMENTS PTY LTD <BORRELLI FAMILY A/C>	2,007,000	1.52%
LDU PTY LTD <VESTY SUPER FUND A/C>	1,828,000	1.38%
PAJ CAPITAL GROUP PTY LTD <PAJ CAPITAL GROUP A/C>	1,677,591	1.27%
MR ROBERT JOHN WITTENOOM	1,566,667	1.18%
MR ROGER BLAKE & MRS ERICA LYNETTE BLAKE <THE MANDY SUPER FUND A/C>	1,550,000	1.17%
BOTSIS HOLDINGS PTY LTD	1,506,250	1.14%
TIPELA INVESTMENTS PTY LTD <THE CARULLI INVESTMENT A/C>	1,460,000	1.10%
NEWFOUND INVESTMENTS PTY LTD <NEWFOUND SUPER FUND A/C>	1,366,667	1.03%
COLLINGWOOD FOOTBALL CLUB LIMITED	1,333,334	1.01%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,245,468	0.94%
ROCK THE POLO PTY LTD	1,237,500	0.93%
MRS JUDITH PIGGIN & MR DAMIEN PIGGIN & MR GLENN PIGGIN <PIGGIN FAMILY S/F A/C>	1,096,263	0.83%
BENONI PTY LTD <THE MKJ SUPER FUND A/C>	1,000,000	0.76%

HITIQ Limited
Shareholder Information
30 June 2022

DJ CARMICHAEL PTY LTD	1,000,000	0.76%
STA INVESTMENTS PTY LTD <STA INVESTMENT A/C>	1,000,000	0.76%
Total	48,492,784	36.62%
Total issued capital - selected security class(es)	132,419,018	100.00%

Unquoted equity securities

	Number on issue	Number of holders
HILUOPT1 UNL OPT EXP 10/12/2023 @ \$0.20	900,000	4
HILUOPT 5 UNLISTED OPTIONS EXP 18/12/2023 @ \$0.30	1,333,334	1
HIQEOPT1 OPT EXP 10/12/2023 @ \$0.20 ESC24M	2,100,000	3
HIQEOPT2 OPT EXP 15/11/2022 @ \$0.30 ESC24M	2,500,000	1
HIQEOPT3 OPT EXP 18/12/2023 @ \$0.30 ESC 24M	2,000,000	2
HIQEOPT5 OPT EXP 17/12/2023 @ \$0.20 ESC24M	599,999	3
HIQEOPT6 OPT EXP 19/03/2024 @ \$0.20 ESC24M	599,999	3
HIQEOPT7 OPT EXP 25/03/2024 @ \$0.30 ESC24M	4,500,000	1
HIQEOPT8 OPT EXP 25/03/2025 @ \$0.30 ESC24M	1,500,000	1
HIQOPTB BROKER OPT EXP 18/12/23 @ \$0.30 esc 24m	6,000,000	22
HIQEOPT9 UNL OPT EXP 31/07/2024 @ \$0.30	4,642,250	25
HIQOPT10 UNL OPT \$0.30 EXP 10/11/2024	1,500,000	4
Total	28,175,582	70

Substantial holders

Substantial holders in the company are set out below:

	Ordinary Shares	
	Number held	% of total shares issued
MICHAEL DEAN VEGAR <M VEGAR INVESTMENT A/C>	6,666,666	5.03%

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

Option holders and Performance Right Holders have the right to attend meetings but have no voting rights until the options are exercised.

Restricted listed securities

Class	Expiry date	Number of shares
ORDINARY SHARES	16/06/23	19,262,835
Total		19,362,835

Use of Funds

In accordance with ASX Listing Rule 4.10.9, the Company confirms that it has used its cash and assets in a form readily convertible to cash that it had at the time of admission in a way that is consistent with its business objectives.

Corporate Governance Statement

In accordance with ASX Listing Rule 4.10.3, the Company's Corporate Governance Statement can be found on its website at www.hitiq.com.