APPENDIX 4E

Preliminary Final Report
30 June 2023

HITIQ LIMITED

ABN 53 609 543 213

Results for Announcement to the Market
for the year ended 30 June 2023

1 REPORTING PERIOD (item 1)

- Report for the financial year ended: 30 June 2023
- Previous corresponding period is the year months ended: 30 June 2022

2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Movement	Percentage %		Amount $
Increase in revenues from contracts with customers (item 2.1)	↑	26	to	774,260
Decrease in loss from ordinary activities after tax (item 2.2)	↓	27.49	to	(5,037,305)
Increase in loss after tax attributable to members (item 2.3)	↓	27.49	to	(5,037,305)

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 2023.

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

Results for Announcement to the Market
for the year ended 30 June 2023

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	(5,037,305)	(6,947,448)
Net assets	(46,861)	1,173,465
Less: Intangible assets (including net deferred tax balances)	(711,582)	(1,188,037)
Net tangible assets	(758,443)	(14,572)
	No.	**No.**
Fully paid ordinary shares	266,779,289	132,419,018
Weighted average number of ordinary shares outstanding during the year usedin calculation of basic EPS	203,462,837	132,419,018
	¢	**¢**
b. Net tangible assets backing per share (cents):	(0.380)	(0.011)
c.E arnings per share attributable to owners of the parent (cents) :	(2.48)	(5.25)
The Company does not report diluted earnings per share, as dilution is not applied to annual losses generated by the Company. During the 2023 financial year the Company had 160,035,852 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)	Nil
■ Date(s) of gain of control (item 10.2)	n/a

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 whencontrol was gained / lost (item 10.3).	n/a

7 DETAILS OF ASSOCIATES AND JOINT VENTURE: (item 11)

■ Name of entities (item 11.1)	Nil
■ Percentage holding in each of these entities (item 11.2)	n/a

	Current period $	Previous corresponding Period $
■ 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 2023

8 ANY OTHER SIGNIFICANT INFORMATION NEEDED BY AN INVESTOR TO MAKE AN INFORMED ASSESSMENT OF THE ENTITY'S FINANCIALPERFORMANCE 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).

HITIQ Limited
ABN 53 609 543 213

ANNUAL REPORT

30 JUNE 2023

ASX:HIQ

Letter from Non-Executive Chairman

Dear Fellow Shareholders,

On behalf of the Board of HITIQ, I am pleased to present HITIQ Limited's 2023 Annual Report. It has been another disappointing year in regard to HITIQ shareholder returns, with the Company's share price continuing its decline, exacerbated by the tax loss-selling period, as we neared June year-end. Whilst there has been some recovery since year-end, the Board remains of the belief that the Company is significantly undervalued given its leadership position in concussion management.

Although the Company remains cashflow negative, revenue growth continues to compound at a high rate, despite its somewhat lumpy nature. In fact, contracted revenue growth for the 12 months to June 2023 equated to +89%, surpassing $1m for the first time (as measured by 4C receipts). Moreimportantly, we have continued to invest for future growth, further developing our concussionmanagement ecosystem and remain the clear global leader in this field, with a growing suite ofcomplementary products (essentially abroad, holisticofferingfromtheoneprovider - HITIQ).

This is evidenced by our high quality client base of world-leading sporting leagues. More exciting is our plans for the next 12 months, whereby we will continue to move our product suite vertically into community and sport feeder leagues, as well as launching our most exciting product yet, being ConneQt, a concussion management database which will be able to record and regulate a sporting participant's lifetime head traumas as well as manage a professional "return-to-play" protocol.

As I wrote last year, HITIQ is a vanguard company, catering to early technology adopters, or sporting leagues who take care of their participant stakeholders. While there remain some professional leagues that are still paying lip service to what is becoming recognised as an increasingly serious and well recognised issue as evidenced by the recent Australian Senate Inquiry, we will this year increasing concentrate on bringing our product to a wider audience, with community participants and parents become increasingly knowledgeable about monitoring the potential impact of contact sports. Surveillance, Detection, Assessment & Diagnosis and ultimately Rehabilitation & Monitoring remain 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.

At Board level, I would like to thank my fellow directors Mike Vegar, Phil Carulli, Aidan Clarke and Glenn Smith, as well as our Company Secretaries Peter Torre and since period-end James Barrie, for their diligent efforts and counsel during the period.

On behalf of the Board, I would like to thank the management team and all our employees, for their ongoing personal commitment and contributions to HITIQ. Our diligent and hardworking Board members have also made a strong contribution. We look forward to 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. I would also like to thank our many loyal shareholders who continue to support and believe in the Company.

Financial year 2024 is shaping up to be our most significant year yet in terms of product launches and revenue growth and we expect to deliver further positive news, aiming to re-build shareholder value. Importantly, we aim to continue to be the leader in delivering the world's premier concussion management eco-system, assisting sporting participants better monitor and manage impacts associated with sport.

Otto Buttula

Non-Executive Chairman

CEO Report

Dear Shareholders,

Thank you for your continued support particularly as this year, like the one before, has been one of mixture of progress, challenges, and learnings. But know our team is working tirelessly to deliver the next generation of concussion care technology to commercial success.

A traumatic concussion incident can happen to anyone, including any one of our children or grandchildren. Be assured that your continued support ensures our children and grandchildren receive the best technology possible to avoid and if needed, manage recovery from a concussion event.

Our team has stayed committed to executing against our strategic plan. As a reminder the key elements of the HITIQ strategy are as follows:

1. Expand consumer sales footprint, growing non-professional revenues;
2. Grow elite market revenues both domestically and internationally;
3. Continue product and platform extension;
4. Progress VR diagnostic tool towards regulatory approval/clearance.

An ever-increasing awareness in the consumer segment of the risks and impact of brain trauma via a concussion incident is providing further primary market evidence that the strategy outlined by HITIQ will deliver sustainable results for all stakeholders.

Furthermore, our strategy of acquiring major brands in the elite sports segment is assisting in our goal of rolling out this critical technology to the grass roots level in the sport segment and the wider community.

Operational and Financial Highlights

Key operational highlights during the year include:

- Selected to be the exclusive provider of concussion technology at Rugby League World Cup;
- A new partnership with Shock Doctor, a world leader and pioneer in sports mouth guards;
- Secured a third Australian Innovation Patent;
- League wide deal with the Premier League for CSX technology;
- West Australian Football Commission to utilise Nexus technology;
- Extension of consumer platform with announcement of new product – ConneQt;
- Nexus trial with United Rugby Championship;
- Signed First Commercial US collegiate customer;
- Signing of Country Football WA as first customer for new product - ConneQt; and
- First commercial deal into the military market.

What does all this mean? HITIQ has become one of the established brands in the concussion assessment and care segment. Why is this important? It allows the Company to deliver on a cascade marketing strategy whereby we can deliver scientifically validated and proven elite sports technology to the consumer segment.

Should this strategy prove successful it will deliver muti-year recurring and high margin revenue to HITIQ. But also deliver a social impact to the wider community which may only be measurable in years to come when loved ones avoid a serious concussion incident because of the HITIQ product range.

Outlook

We have been disappointed that opportunities which were expected to be executed in the year failed to complete. Rest assured that we are undertaking enhancements to our sale model and implementing operational efficiencies which we believe will accelerate the commercialisation pathway for our technology.

We remain optimistic that our FY24 pipeline will deliver several material opportunities particularly in the domestic market and, in the Northern Hemisphere. We will be focussed on delivery of agreed and articulated milestones to provide confidence to our shareholders and the market that we are on the right trajectory.

Our de-identified data collection strategy now places us as one of the major players in the brain trauma sector. We believe this data strategy will provide a differentiated value proposition to corporates, pharmaceutical companies, insurers, and other aligned institutions that will drive a strong, growing, and sustainable recurring revenue stream for the business.

Financial review

In terms of revenue growth, we have achieved:

- The largest customer receipts quarter to date in Q3 of FY 22/23; $425k cash receipts (77% of FY'22); and
- Effectively doubled our top line contracted revenue and cash receipts from ~$500k to >$1m during the year.

The statement of profit or loss and other comprehensive income shows a loss of $5,037,305 (2022: $6,947,448) for the year. As of 30 June 2023, the Group had a cash position of $1,979,136 (2022: $2,939,147). Operating, financing, and investing activities incurred a net cash outflow for the year of $960,011 (2022: $6,015,983).

Capital and corporate structure

During the period, the Company undertook a $3.96m, net of transaction costs, raise via a Renounceable rights issue.

Finally, I would like to thank our customer base who have been ambassadors for the HITIQ product range. And further acknowledge the work of all our stakeholders including the HITIQ team and shareholders in helping the board deliver on the promise of this Australian invented and best-of-breed brain care technology.

Mike Vegar
Managing Director

HITIQ Limited
Corporate Directory
30 June 2023

Directors	Otto Buttula Philip Carulli Aidan Clarke Glenn Smith Michael Vegar
Company secretaries	Peter Torre (resigned 30 June 2023) James Barrie (appointed 1 July 2023)
Registered office	C/o Optima Partners Suite 3, 128 Main Street Osbourne Park, WA, 6017 Phone: 08 6267 2200
Principal place of business	Suite1, Level 2 9-17 Raglan Street South Melbourne, VIC, 3205 Phone: 0478 038 567
Share register	Automic Group Level 2, 267 St Georges Tce Perth, WA, 6000 Phone: 1300 288 664
Auditor	William Buck Audit (Vic) Pty Ltd Level 20, 181 William Street Melbourne VIC 3000
Solicitors	Steinepreis Paganin Level 4, The Read Buildings 16 Milligan St Perth, WA, 6000 K & L Gates Level 25 525 Collins Street Melbourne VIC 3000
Bankers	Commonwealth Bank of Australia 3 Queen Street Fremantle, WA, 6161
Stock exchange listing	HITIQ Limited shares are listed on the Australian Securities Exchange (ASX code: HIQ)
Website	www.hitiq.com
Patent Attorney	Forward Intellectual Property Pty Ltd Level 2, 11 York St Sydney, NSW, 2000

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of HITIQ Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

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

Otto Buttula
Philip Carulli
Aidan Clarke
Glenn Smith
Michael Vegar

Principal activities

During the financial year the principal continuing activities of the consolidated entity were the development and commercialisation of concussion management technology.
No significant change in the nature of these activities occurred during the year.

Key risks and uncertainties

HITIQ Limited is subject to both specific as well as general risks.

Sufficiency of funding
The consolidated entity doesn't have a lot of resources and will need more funds to keep working on its technology and products, and to reach its long-term goals. Furthermore, factors such as how the economy and stock markets are doing are beyond the control of the directors and may be a hindrance to raise capital.

Technology, manufacturing and product quality risk
The consolidated entity uses different hosting providers to keep its technology platforms and services running smoothly. However, there's a risk that these systems could go down due to various reasons. If one of the hosting providers stops working with the company, it could cause problems like lost revenue, damage to the company's reputation, and financial issues.

Although the Company manufactures its products at its own premises, HITIQ currently relies on a number of external Suppliers for key components of its technologies. There is no guarantee that these suppliers will be able to meet the cost, reliability, volume, or lead times required for HITIQ to remain competitive in the future. These suppliers are also exposed to the regulatory and compliance requirements faced by HITIQ. There is no guarantee that the suppliers will adequately conform to these standards in the future. A failure to meet regulatory standards could result in enforcement actions that could be extended to HITIQ.

Protection of intellectual property
HITIQ's success depends, in part, on its ability to obtain, maintain and protect its intellectual property, including its patents. Actions taken by HITIQ to protect its intellectual property may not be adequate, complete or enforceable and may not prevent the misappropriation of its intellectual property and proprietary information or deter independent development of similar technologies by others.

HITIQ may also suffer damage if former employees infringe its intellectual property rights or assert their moral rights. The granting of a patent does not guarantee that HITIQ's intellectual property is protected and that others will not develop similar technologies that circumvents such patents.

There can be no assurance that any patents HITIQ owns, controls or licenses, whether now or in the future, will give HITIQ commercially significant protection of its intellectual property.

Additionally, monitoring unauthorised use of HITIQ's intellectual property rights is difficult and can be costly. HITIQ may not be able to detect all unauthorised use of its intellectual property rights.

Changes in laws in Australia and other jurisdictions in which HITIQ operates may adversely affect HITIQ's intellectual property rights.

Competition and development of intellectual property
HITIQ is in competition with other companies creating similar technologies. The Company is at risk because its rivals might gain more customers by being aggressive in sales, marketing, or pricing. There's also a chance HITIQ might not react as fast as competitors to changes in the market or customer needs. Additionally, new companies entering the industry could make products that compete with HITIQ's offerings.

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:

Name:	Michael Vegar
Title:	Managing Director and Chief Executive Officer
Experience and expertise:	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.
Other current directorships:	-
Former directorships (last 3 years):	-
Interests in shares:	12,437,499
Interests in options:	11,333,333

Name:	Otto Buttula
Title:	Non-Executive Chair
Experience and expertise:	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 Non-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.
Other current directorships:	Oncosil Medical Ltd - appointed 20 July 2021 (retired 31 August 2023) Rhythm Biosciences Limited - appointed 28 October 2019
Former directorships (last 3 years):	-
Interests in shares:	13,185,505
Interests in options:	8,407,488

Name:	Philip Carulli
Title:Experience and expertise:	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 25 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,holds a Certificate of Public Practice and is a member of the Institute of Company Directors. Philip has been working with the company since incorporation in the capacity of financial controller and former company secretary.
Other current directorships:	-
Former directorships (last 3 years):	-
Interests in shares:	4,219,419
Interests in options:	2,507,335

Name:	Glenn Smith
Title:	Non-Executive Director
Experience and expertise:	Glenn Smith is a seasoned “C-level” executive, strategy consultant, and venture capitalist. Throughout his career, Glenn has excelled in fostering customer-centric enterprises across various growth phases, spanning both publicly listed and private companies. Glenn is also a founding partner and head of the investment committee at Aruma Capital, an Australian venture capital firm dedicated to funding transformative technologies that enhance societal well-being. Glenn's educational background includes an MBA from the University of Western Australia, an Undergraduate Degree in Arts/Economics, and a Graduate Degree in Viticulture and Oenology.
Other current directorships:	-
Former directorships (last 3 years):	Tali Digital Limited - 10 May 2018 to 31 March 2022
Interests in shares:	552,500
Interests in options:	640,000

Name:	Aidan Clarke
Title:	Non-Executive Director
Experience and expertise:	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.
Other current directorships:	-
Former directorships (last 3 years):	-
Interests in shares:	775,000
Interests in options:	700,000

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company Secretary

James Barrie

James Barrie is a professional Director and Company Secretary and provides HIQ with a range of commercially focused professional services and knowledge, including governance, share registry and employee equity plans, stakeholder relations support and virtual shareholder meetings.

Mr Barrie (B.Bus, DiplInvRel, CPA, GAICD) is currently company secretary of ASX-listed IOUpay Limited, Global Health Limited, Jupiter Energy Limited, InhaleRx Limited, TTA Holdings Limited and Boadicea Resources Limited, where he is also a Non-Executive Director. Mr Barrie is also a Non-Executive Director and company secretary of NSX-listed A2A GN Limited and Phoenician International Limited as well as several unlisted private and pre-IPO companies.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $5,037,305 (30 June 2022: $6,947,448).

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

The loss of the company amounted to $5,037,305 (2022: $6,947,448 loss). The major items of expenditure include Research and Testing $854,693 (2022: $1,727,535), Share-based payments reversed expense $209,704 (2022: $237,868 expense) and Employee Benefits Expense $4,794,485 (2022: $4,287,450).

Significant changes in the state of affairs
During the year the consolidated entity signed several deals across multiple target sectors including:

- Signed first commercial US Collegiate customer – Mercer University
- Signing of Country Football Western Australia as first customer for a new product – ConneQt
- Secured commercial agreements with Deakin University, Monash University and University of Canterbury for research
- Significant progress with the CoVR Virtual Reality pre-clinical program

A renounceable rights offer was completed in December 2022 raising $3.9 million.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Michael Vegar	3	3
Otto Buttula	3	3
Philip Carulli	3	3
Glenn Smith	3	3
Aidan Clarke	3	3

Held: represents the number of meetings held during the time the director held office.

Shares under option
Unissued ordinary shares of HITIQ Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
23/01/2019	10/12/2023	$0.20	3,000,000
16/03/2020	18/12/2023	$0.30	1,333,334
18/12/2020	18/12/2023	$0.20	2,000,000
19/03/2021	17/12/2023	$0.20	599,999
19/03/2021	19/03/2024	$0.30	599,999
19/03/2021	25/03/2024	$0.30	4,500,000
19/03/2021	25/03/2025	$0.30	1,500,000
1/06/2021	18/12/2023	$0.30	6,000,000
14/07/2021	31/07/2024	$0.30	4,642,250
10/11/2021	10/11/2024	$0.30	1,500,000
22/12/2022	16/12/2023	$0.04	134,360,270
			160,035,852

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

During the year, 2,500,000 advisor options expired on 15 November 2022 with strike price of $0.30 (granted 15 November 2019).

Shares issued on the exercise of options
There were no ordinary shares of HITIQ Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

Key Management Personnel
The following changes are noted to Key Management Personnel for the year ended 30 June 2023:

Damien Hawes (Head of Commercial), David Erikson (Chief Technical Officer) and Thomas Laudenbach (Head of Products and Projects) are no longer considered to be Key Management Personnel as their roles are considered to have an operational focus rather than a strategic focus with the growth of the consolidated entity.

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

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 consolidated 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 board has not sought the assistance of a remuneration consultant during the year.

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.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The remuneration of non-executive directors was set in the Company's Prospectus upon IPO, dated 22 April 2021, which set a cap of $400,000.

Executive remuneration
The consolidated 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 consolidated 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 consolidated 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 years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2023.

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

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Voting and comments made at the company's 30 November 2022 *Annual General Meeting ('AGM')*
At the 30 November 2022 AGM, 96.76% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

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

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2023	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled (i) $	Total $
Executive Director:							
Michael Vegar	210,000	-	20,244	22,050	24,982	(329,794)	(52,518)
Non-Executive Directors:							
Otto Buttula	84,000	-	19,257	8,820	1,939	(16,763)	97,253
Philip Carulli	42,000	-	-	-	-	(8,381)	33,619
Glenn Smith	42,000	-	-	-	-	(8,381)	33,619
Aidan Clarke	42,000	-	-	-	-	(8,381)	33,619
	420,000	-	39,501	30,870	26,921	(371,700)	145,592

(i) Equity settled remuneration for FY23 relates to the vesting of share-based payment arrangements issued in prior years. Several tranches of share-based payment arrangements had non-market hurdles attached, which were reassessed by the Board of Directors and determined that these would not be met resulting in the reversal of previous amounts expensed in relation to these, and the negative charge in the remuneration report.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2022	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled (i) $	Total $
Executive Director:							
Michael Vegar	210,000	-	-	21,000	-	-	231,000
Non-Executive Directors:							
Otto Buttula	82,923	-	-	8,467	-	29,182	120,572
Philip Carulli	42,000	-	-	-	-	14,591	56,591
Glenn Smith	42,000	-	-	-	-	14,591	56,591
Aidan Clarke	42,000	-	-	-	-	14,591	56,591
Other Key Management Personnel:							
Damien Hawes	160,000	-	-	16,000	-	57,606	233,606
David Erikson	200,000	-	-	20,000	-	56,915	276,915
Thomas Laudenbach	140,000	-	-	14,000	-	66,823	220,823
	918,923	-	-	79,467	-	254,299	1,252,689

(i) Share-based payments reflect the amortised charge of options granted to key management personnel. Details of how this charge is calculated is included in disclosures to the financial statements. The value of the options 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.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2023	2022	2023	2022	2023	2022
Executive Directors:						
Michael Vegar	100%	100%	-	-	-	-
Non-Executive Directors:						
Otto Buttula	100%	76%	-	-	-	24%
Philip Carulli	100%	74%	-	-	-	26%
Glenn Smith	100%	74%	-	-	-	26%
Aidan Clarke	100%	74%	-	-	-	26%

Equity settled remuneration for the board relates to a reassessment of non-market condition hurdles. It was deemed by the board that these would not be met and as such the associated expense vested in prior periods was reversed. It is therefore appropriate to exclude this amount from the calculation of fixed and variable remuneration received for the year.

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 Board. 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:	Aidan Clarke
Title:	Non-Executive Director
Agreement commenced:	17 April 2021
Term of agreement:	N/A
Details:	$42,000 per annum plus GST.

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

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2023.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Additional information
The earnings of the consolidated entity for the three years to 30 June 2023 are summarised below:

	2023 $	2022 $	2021 $
Sales revenue	774,260	619,016	406,682
EBITDA	(4,319,556)	(6,539,087)	(4,971,356)
EBIT	(4,851,088)	(6,908,054)	(5,009,213)
Loss after income tax	(5,037,305)	(6,947,448)	(5,062,846)

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

	2023	2022	2021
Share price at financial year end ($)	0.03	0.04	0.19
Basic earnings per share (cents per share)	(2.48)	(5.24)	(6.61)

Additional disclosures relating to key management personnel

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

	Balance at the start of the year	Received as part of remuneration	Acquired on market	Disposals/ other	Balance at the end of the year
Ordinary shares					
Michael Vegar	7,104,166	-	5,333,333	-	12,437,499
Otto Buttula	4,879,679	-	8,305,826	-	13,185,505
Philip Carulli	2,228,334	-	1,991,085	-	4,219,419
Glenn Smith	212,500	-	340,000	-	552,500
Aidan Clarke	375,000	-	400,000	-	775,000
	14,799,679	-	16,370,244	-	31,169,923

Option holding
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 consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted - Free attaching	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Michael Vegar	6,000,000	5,333,333	-	-	11,333,333
Otto Buttula	600,000	7,807,488	-	-	8,407,488
Philip Carulli	1,000,000	1,507,335	-	-	2,507,335
Glenn Smith	300,000	340,000	-	-	640,000
Aiden Clark	300,000	400,000	-	-	700,000
	8,200,000	15,388,156	-	-	23,588,156

These options were acquired as 1:1 free attaching to shares as part of the Company's rights issue, which concluded on 9 December 2022.

Other transactions with key management personnel and their related parties
The following transactions occurred with related parties:

Payments to Optima Financial Group Pty Ltd (director related entity of Philip Carulli)	2023	2022
Bookkeeping services	25,810	21,872
Accounting and taxation services	35,130	36,850
	60,940	58,722

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

This concludes the remuneration report, which has been audited.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Indemnity 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.

Indemnity and insurance of auditor
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.

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 to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
William Buck Audit (VIC) Pty Ltd was appointed as auditor continues in office during the year in accordance with section 327 of the Corporations Act 2001.

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

Otto Buttula
Chairman

31 August 2023

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF HITIQ LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 31 August 2023

Level 20, 181 William Street, Melbourne VIC 3000
+61 3 9824 8555
vic.info@williambuck.com
williambuck.com

General information

The financial statements cover HITIQ Limited as a consolidated entity consisting of HITIQ Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is HITIQ Limited's functional and presentation currency.

HITIQ Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
C/o Optima Partners Suite 3, 128 Main Street Osbourne Park, WA, 6017 Phone: 08 6267 2200	Suite1, Level 2 9-17 Raglan Street South Melbourne, VIC, 3205 Phone: 0478 038 567

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2023. 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 2023

	Note	Consolidated 2023 $	2022 $
Revenue	4	2,999,909	1,637,478
Interest income		19,260	12,495
Release of deferred consideration	2	250,000	-
Expenses			
Employee benefits expense		(4,794,485)	(4,302,380)
Research and testing		(854,694)	(1,769,496)
Administration		(808,212)	(580,788)
Marketing		(203,994)	(144,124)
Consultancy fees		(658,157)	(868,340)
Accountancy and secretarial fees		(136,245)	(102,116)
Auditor's remuneration		(38,101)	(64,960)
Occupancy		(298,330)	(123,434)
Finance costs		(192,428)	(34,948)
Share based payment expense		209,704	(237,868)
Depreciation and amortisation expense		(531,532)	(368,967)
Loss before income tax expense		(5,037,305)	(6,947,448)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of HITIQ Limited		(5,037,305)	(6,947,448)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain / (loss) on translation of foreign operations		38,144	(6,646)
Other comprehensive income for the year, net of tax		38,144	(6,646)
Total comprehensive income for the year attributable to the owners of HITIQ Limited		(4,999,161)	(6,954,094)
		Cents	**Cents**
Basic earnings per share	18	(2.48)	(5.25)
Diluted earnings per share	18	(2.48)	(5.25)

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 2023

	Note	Consolidated 2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents		1,979,136	2,939,147
Trade and other receivables		151,572	101,222
Prepayments		122,924	122,690
Rental deposit		52,241	52,241
Total current assets		2,305,873	3,215,300
Non-current assets			
Property, plant and equipment		111,858	120,481
Intangibles	5	711,582	1,188,037
Total non-current assets		823,440	1,308,518
Total assets		3,129,313	4,523,818
Liabilities			
Current liabilities			
Trade and other payables	6	699,191	687,087
Contract liabilities		297,400	-
Borrowings	7	1,694,993	2,078,296
Earn-out payable for CSX acquisition	2	-	250,000
Employee entitlements		389,024	334,970
Total current liabilities		3,080,608	3,350,353
Non-current liabilities			
Employee entitlements		95,566	-
Total non-current liabilities		95,566	-
Total liabilities		3,176,174	3,350,353
Net assets/(liabilities)		(46,861)	1,173,465
Equity			
Issued capital	8	22,255,241	18,266,701
Reserves		1,619,898	1,915,516
Accumulated losses		(23,922,000)	(19,008,752)
Total equity/(deficiency)		(46,861)	1,173,465

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 2023

Consolidated	Issued capital $	Share based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2021	18,300,641	1,684,294	-	(12,061,304)	7,923,631
Loss after income tax expense for the year	-	-	-	(6,947,448)	(6,947,448)
Other comprehensive income for the year, net of tax	-	-	(6,646)	-	(6,646)
Total comprehensive income for the year	-	-	(6,646)	(6,947,448)	(6,954,094)
Transactions with owners in their capacity as owners:					
Vesting charge for share based payments	-	338,468	-	-	338,468
Share based payments lapsed	-	(30,600)	-	-	(30,600)
Performance rights lapsed	-	(70,000)	-	-	(70,000)
Share issue costs	(33,940)	-	-	-	(33,940)
Balance at 30 June 2022	18,266,701	1,922,162	(6,646)	(19,008,752)	1,173,465

Consolidated	Issued capital $	Share based payments reserve $	Foreign currency translation reserve $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2022	18,266,701	1,922,162	(6,646)	(19,008,752)	1,173,465
Loss after income tax expense for the year	-	-	-	(5,037,305)	(5,037,305)
Other comprehensive income for the year, net of tax	-	-	38,144	-	38,144
Total comprehensive income for the year	-	-	38,144	(5,037,305)	(4,999,161)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 8)	3,988,540	-	-	-	3,988,540
Expiry of options	-	(127,500)	-	127,500	-
Vesting of share-based payments	-	174,805	-	-	174,805
Reassessment of the achievement of share-based payment arrangements vesting conditions	-	(384,510)	-	-	(384,510)
Balance at 30 June 2023	22,255,241	1,584,957	31,498	(23,918,557)	(46,861)

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 2023

	Note	Consolidated 2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,098,736	565,636
Payments to suppliers and employees (inclusive of GST)		(7,667,947)	(8,087,088)
Receipts from government grants		2,225,649	1,052,587
Finance costs		(186,217)	(39,100)
		(4,529,779)	(6,507,965)
Interest received		19,260	-
Net cash used in operating activities	17	(4,510,519)	(6,507,965)
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		-	(857,999)
Payments for property, plant and equipment		(54,729)	(64,014)
Proceeds from disposal of property, plant and equipment		-	3,950
Net cash used in investing activities		(54,729)	(918,063)
Cash flows from financing activities			
Proceeds from issue of shares	8	4,030,808	-
Share issue transaction costs		(42,268)	(33,940)
Proceeds from borrowings		1,694,993	2,158,007
Repayment of borrowings		(2,078,296)	(582,382)
Repayment of lease liabilities		-	(124,994)
Effect of exchange rate on cash		-	(6,646)
Net cash from financing activities		3,605,237	1,410,045
Net decrease in cash and cash equivalents		(960,011)	(6,015,983)
Cash and cash equivalents at the beginning of the financial year		2,939,147	8,955,130
Cash and cash equivalents at the end of the financial year		1,979,136	2,939,147

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

Note 1. 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.

New accounting standards adopted or not yet mandatory but adopted
During the year the Group adopted all new accounting standards and interpretations. There was no material impact upon these financial statements from their adoption.

Going concern
The financial report has been prepared on a going concern basis, which contemplates the realisation of assets and liabilities and assets in the normal course of business.

For the year ended 30 June 2023, the consolidated entity incurred a net loss of $5,037,305 and incurred net cash outflows from operations of $4,510,519. In determining that the Group continues as a going concern, the directors have reviewed and approved the following cashflow forecast which includes the following key assumptions:

Continuing to grow its revenues from existing and new customers from contracts and opportunities that have been identified and, where material, announced to the market;

- Continuing to grow its revenues from existing and new customers from contracts and opportunities that have been identified and, where material, announced to the market;
- The consolidated entity intends to file its research and development claim to AusIndustry and the ATO, under which it expects to secure cash funds totalling approximately $1,900,000, of which $1,523,000 will be used to retire amounts owing to its financier Keystone Capital Partners;
- The consolidated entity has a track record of raising capital from investors as a listed public company on the ASX and will contemplate doing so in the next 12 months, to further the consolidated entity’s goals for commercializing its proprietary technology;
- As at 30 June 2023 the consolidated entity owed $109,851 to its key management personnel, including accruals for director’s fees and for annual leave owing. Those key management personnel have written to the Company advising that they are willing to defer amounts owing to them as at reporting date and as they accrue under contract for the next 12 months from the date of signing these financial statements, if necessary, to ensure that the Company has adequate reserves of available working capital; and
- A majority of the consolidated entity’s expenses relate to marketing, business development and research and development activities, which, if necessary, can be curtailed if necessary to meet the overall needs of the enterprise.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity’s ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business

Basis of preparation
These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared on a historical cost basis applying the going concern basis of accounting.

The financial statements are presented in Australian dollars.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of HITIQ Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. HITIQ Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 1. Significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is HITIQ Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The consolidated entity recognises revenue as follows:

Rendering of services
The consolidated entity primarily generates revenue from the sale of licences to access its software which enables its customers use of an application or main web browsers that illustrates the sensor trace data from the mouthguard sensors.

The customers consideration provided as part of the revenue agreement is to receive the benefits of the data and access to the software platforms which will be recognised over the life of the licence term. Given that this service cannot be provided without the physical mouthguard and sensor, the delivery and setup services of the mouthguards, and any other software infrastructure provided to the customer, is bundled with the licence performance obligation. Where billings are in-advance of the performance condition, these are deferred on the Statement of Financial Position as a contract liability; when in-arrears, recognised as a contract asset.

Any direct costs to contract are deferred and charged to the profit or loss as the underlying performance condition is satisfied.

Government Grant
Grants from the government are recognised at their fair value when there is a reasonable assurance that the entity will comply with conditions attaching to them and that the grant will be received.

Note 1. Significant accounting policies (continued)

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

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 the consolidated entity's 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 the consolidated entity's 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.

Cash and cash equivalents
Cash and cash equivalents include 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.

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 derecognition 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.

Website
Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer lists
Customer lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

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.

Database
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 3 years.

Impairment of non-financial assets
Intangible assets including the software, database and client list acquired are amortised over the estimated useful lives and are tested for impairment 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.

Note 1. Significant accounting policies (continued)

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.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated 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.

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.

Financial guarantee contracts
Financial guarantee contracts are initially recognised as a liability and are measured at fair value at the time the guarantee is issued. Fair value is determined as the present value of the difference in net cash flows between the contractual payments with and without the guarantee, or the estimated amount payable to a third party for assuming the obligation.

The liability is subsequently measured at the higher of: (i) the amount required to settle the obligation, based on probability of default and the exposure by guarantor discounted to present value, where the time value of money is material or (ii) the amount initially recognised less any cumulative amortisation.

Guarantees issued for no consideration on behalf of subsidiaries or associates are accounted for as contributions at fair value and recognised as part of the cost of the investment.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated 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.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick 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.

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 high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

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

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.

Note 1. Significant accounting policies (continued)

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 consolidated 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 consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated 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.

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.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of HITIQ Limited, 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.

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.

Note 1. Significant accounting policies (continued)

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

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

Research and Development Rebate
The company is entitled to claim grant credits from the Australian Government in recompense for its research and development program expenditure. The program is overseen by AusIndustry, which is entitled to audit and/or review claim lodged for the past 4 years. In the event of a negative finding from such an audit or review AusIndustry has the right to rescind and clawback those prior claims, potentially with penalties. Such a finding may only occur in the event that those expenditures do not appropriately qualify for the grant program. In their estimation, considering also the independent external expertise they have contracted to draft and claim such expenditures, the directors of the company consider that such a negative review has a remote likelihood of occurring.

Reassessment of deferred consideration arising on the acquisition of CSX
During the year the directors reassessed deferred consideration arrangements that existed in relation to the final payment of a $250,000 tranche owing to the vendors of the CSX business acquired in the 2022 financial year. This arrangement was subject to revenue / profitability / other goals that were not achieved. Accordingly, an amount of $250,000 was credited to the statement of financial performance.

Share-based payment transactions
As disclosed in note 19, the Company has issued a number of share-based payment arrangements which are subject to non-market performance conditions. The directors have assessed that these non-market performance conditions are unlikely to be achieved and as a result, an amount of $384,511 has been credited to the profit and loss reversing amounts previously expensed for those share-based payment arrangements. For a detailed review of this vesting criteria, refer to the share-based payments note.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity has one operating segment being mouthguard and software sales and trial revenue in various locations, primarily Oceania.

Operating segment information
Last year two reportable segments were disclosed. This year the directors examined this and determined that the prior year disclosures were not actually segments, but product categories and that the business always was in one reportable segment. As a consequence, the prior year segment disclosures have been altered to disclose that only one reportable segment existed.
The full details of the segment note disclosed in the prior year can be found in the 30 June 2022 financial statements.

For the year ending 30 June 2023 56.8% of revenue was generated from one major customer.

Note 4. Revenue

	Consolidated 2023 $	Consolidated 2022 $
Revenue from contracts with customers		
Revenue	774,260	612,401
Other revenue		
Research and development tax rebate	2,225,649	1,025,077
Revenue	2,999,909	1,637,478

Note 5. Non-current assets - intangibles

	Consolidated 2023 $	Consolidated 2022 $
Trademark	1,470	1,446
Intellectual property	284,817	284,817
Less accumulated amortisation	(284,817)	(135,598)
Total intellectual property	-	149,219
Software	870,283	878,582
Less accumulated amortisation - software	(375,066)	(104,949)
Total – software	495,217	773,633
Database	252,943	252,943
Less accumulated amortisation - database	(71,463)	(30,215)
Total - database	181,480	222,728
Customer list	46,573	46,573
Less accumulated amortisation - customer list	(13,158)	(5,563)
Total – customer list	33,415	41,010
	711,582	**1,188,037**

Note 5. Non-current assets - intangibles (continued)

A provisionally determined intellectual property asset of $1,337,915 was recognised from the acquisition of CSX Limited in the previous financial year. In the current year upon completion of acquisition accounting and a valuation they have been reassessed into the 3 categories of intangible assets and have been amortised accordingly.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Intellectual property $	Software $	Database $	Customer list $	Trademark $	Total $
Balance at 1 July 2021	33,493	-	-	-	-	33,493
Additions	159,817	878,582	252,943	46,573	1,446	1,339,361
Amortisation expense	(44,091)	(104,949)	(30,215)	(5,563)	-	(184,817)
Balance at 30 June 2022	149,219	773,633	222,728	41,010	1,446	1,188,037
Foreign exchange on translation	-	(8,299)	-	-	24	(8,275)
Transfers in/(out)	-	-	-	-	-	
Amortisation expense	(149,219)	(270,117)	(41,248)	(7,595)	-	(468,180)
Balance at 30 June 2023	-	495,217	181,480	33,415	1,470	711,582

During the year the directors re-evaluated the fair values on acquisition of the CSX business, which was acquired in November 2021. As part of this re-evaluation, amounts initially classified as intellectual property was reclassified as software, database and a customer list. An independent expert was consulted to appraise the fair values on acquisition.

Note 6. Current liabilities - trade and other payables

	Consolidated 2023 $	Consolidated 2022 $
Trade payables	368,961	33,107
R & D Repayment Tax *	180,049	246,718
BAS payable	149,016	70,022
Other payables	1,165	337,240
	699,191	687,087

* This liability arose from the CSX acquisition in the 2022 financial year, whereby R&D credits previously claimed in New Zealand crystallized as an obligation as a result of a change in more than 90% of the shareholding.

Refer to note 10 for further information on financial instruments.

Note 7. Current liabilities - borrowings

	Consolidated 2023 $	Consolidated 2022 $
Insurance Premium Funding Loan	79,198	74,816
Less: Unexpired Finance Charges	(3,109)	(2,643)
Loan - Keystone Group	1,523,386	2,000,000
Credit cards	95,518	6,123
	1,694,993	2,078,296

Note 7. Current liabilities - borrowings (continued)

On 27 June 2023, the company signed a 150-day facility agreement for $1,523,386 with Keystone Capital Partners Pty Ltd (an unrelated company specialising in R&D Grant refund loans). The total outstanding as of 30 June 2023 June 2023 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 2023 and carries interest rate at 14%.

The 30 June 2022 principal loan balance of $2,000,000 was repaid in full to Keystone Capital Partners Pty Ltd on 13 January 2023 with interest of $182,920.

Refer to note 10 for further information on financial instruments.

Assets pledged as security
The Keystone Capital Partners Pty Ltd loan is secured against the FY2023 R&D return.

Note 8. Equity - issued capital

	Consolidated			
	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	266,779,289	132,419,018	22,255,241	18,266,701

The shares issued in the period were under a renounceable rights offer at an issue price of $0.03 with 1 new option for every new share subscribed for under the offer. Options have an exercise price of $0.04 and expire on 30 November 2023.

Movements in spare share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2021	132,419,018		18,300,641
Issue costs		-	$0.00	(33,940)
Balance	30 June 2022	132,419,018		18,266,701
Issue of shares *	16 December 2022	89,160,273	$0.03	2,674,808
Issue of shares *	22 December 2022	45,199,998	$0.03	1,356,000
Issue costs		-	$0.00	(42,268)
Balance	30 June 2023	266,779,289		22,255,241

* The issue of shares was performed under a rights issue with 1:1 attaching options, which had a strike price of $0.40 and an expiry date of 9 December 2023.

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.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Note 8. Equity - issued capital (continued)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

Note 9. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 10. Financial instruments

Capital risk management

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

The consolidated entity's overall strategy remains unchanged from 2022.

The capital structure of the consolidated entity 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 only risk materially impacting the Group's financial instruments is liquidity risk, which is managed at the Board level.

Credit risk
Credit risk is the risk that a counterparty fails to discharge an obligation to the consolidated entity. The consolidated entity 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 consolidated entity'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 consolidated entity 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 consolidated entity's policy is to only deal 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.

Note 10. Financial instruments (continued)

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

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	Weighted average interest rate %	Within 6 months $	6-12 months $	1-5 years $	Over 5 years $	$
Non-derivatives						
Non-interest bearing						
Trade payables	-	699,191	-	-	-	699,191
Interest-bearing - variable						
Borrowings	14.00%	1,523,386	-	-	-	1,523,386
Total non-derivatives		2,222,577	-	-	-	2,222,577

Consolidated - 2022	Weighted average interest rate %	Within 6 months $	6-12 months $	1 - 5 years $	Over 5 years $	$
Non-derivatives						
Non-interest bearing						
Trade payables	-	380,172	-	-	-	380,172
Interest-bearing - variable						
Borrowings	15.00%	20,649	2,000,000	-	-	2,020,649
Total non-derivatives		400,821	2,000,000	-	-	2,400,821

The table excludes the deferred consideration payable discussed in note 2, which failed to vest in the FY 2023 year.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

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

Note 11. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2023 $	Consolidated 2022 $
Short-term employee benefits	459,501	918,923
Post-employment benefits	30,870	79,467
Long-term benefits	26,921	-
Share-based payments	(371,700)	254,299
	145,592	1,252,689

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2023	Consolidated 2022
Payments for goods and services		
Payments to Optima Financial Group Pty Ltd (director related entity of Philip Carulli)		
Bookkeeping services	25,810	21,872
Accounting services	35,130	36,850
	60,940	58,722

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

Note 12. Contingent liabilities

With the exception of term deposits pledged for short-term leaseholds, the directors consider that the Group had no material contingent liabilities as at 30 June 2023.

Note 13. Related party transactions

Parent entity
HITIQ Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 15.

Key management personnel
Disclosures relating to key management personnel are set out in note 11 and the remuneration report included in the directors' report.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 14. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2023 $	Parent 2022 $
Loss after income tax	(4,524,327)	(6,549,336)
Total comprehensive income	(4,524,327)	(6,549,336)

Statement of financial position

	Parent 2023 $	Parent 2022 $
Total current assets	2,224,468	3,105,296
Total assets	3,043,135	4,405,008
Total current liabilities	2,788,554	2,843,586
Total liabilities	2,884,120	2,843,586
Equity		
Issued capital	22,255,241	18,266,701
Share-based payments reserve	1,619,898	1,905,361
Accumulated losses	(23,716,124)	(18,610,640)
Total equity	159,015	1,561,422

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 15. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	2022 %
HITIQ Limited	United States	100.00%	100.00%
CSX Limited	New Zealand	100.00%	100.00%

Note 16. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 17. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2023 $	2022 $
Loss after income tax expense for the year	(5,037,305)	(6,947,448)
Adjustments for:		
Depreciation and amortisation	531,532	368,967
Derecognition of earn-out payable	(250,000)	-
Vesting charges for share-based payments	(209,704)	237,868
Change in operating assets and liabilities:		
Increase in trade and other receivables	(50,350)	(32,386)
Increase in prepayments	(234)	-
Increase/(decrease) in trade and other payables	58,522	(248,698)
Increase in employee benefits	149,620	113,732
Increase in deferred revenue	297,400	-
Net cash used in operating activities	(4,510,519)	(6,507,965)

Note 18. Earnings per share

	Consolidated 2023 $	Consolidated 2022 $
Loss after income tax attributable to the owners of HITIQ Limited	(5,037,305)	(6,947,448)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	203,462,837	132,419,018
Weighted average number of ordinary shares used in calculating diluted earnings per share	203,462,837	132,419,018
	Cents	**Cents**
Basic earnings per share	(2.48)	(5.25)
Diluted earnings per share	(2.48)	(5.25)

This calculation excludes equity instruments that are potentially issuable - as the Group generates losses these instruments, if applied, would be anti-dilutive and therefore are excluded from the diluted earnings per share calculation.

Note 19. Share-based payments

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the board, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the board.

Set out below are summaries of options granted under the plan:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
23/01/2019	10/12/2023	$0.20	3,000,000	-	-	-	3,000,000
15/11/2019	15/11/2022	$0.30	2,500,000	-	-	(2,500,000)	-
16/03/2020	17/12/2023	$0.00	1,333,334	-	-	-	1,333,334
18/12/2020	18/12/2023	$0.30	2,000,000	-	-	-	2,000,000
19/03/2021	17/12/2023	$0.20	400,000	-	-	-	400,000
19/03/2021	17/12/2023	$0.20	200,000	-	-	-	200,000
19/03/2021	19/03/2024	$0.20	400,000	-	-	-	400,000
19/03/2021	19/03/2024	$0.20	200,000	-	-	-	200,000
19/03/2021	25/03/2024	$0.30	*1,500,000	-	-	-	1,500,000
19/03/2021	25/03/2024	$0.30	*3,000,000	-	-	-	3,000,000
19/03/2021	19/03/2025	$0.30	*1,500,000	-	-	-	1,500,000
01/06/2021	18/12/2026	$0.30	6,000,000	-	-	-	6,000,000
14/07/2021	31/07/2024	$0.30	4,642,250	-	-	-	4,642,250
10/11/2021	10/11/2024	$0.30	375,000	-	-	-	375,000
10/11/2021	10/11/2024	$0.30	*562,500	-	-	-	562,500
10/11/2021	10/11/2024	$0.30	*562,500	-	-	-	562,500
			28,175,584	-	-	(2,500,000)	25,675,584

With the exception of the tranches denoted with *, which have not vested as they have not, or are expected not to achieve non-market performance vesting conditions connected with recurring revenue and product development measures, all share-based payment tranches fully vested during the year and were fully exercisable.

Note 19. Share-based payments (continued)

There were no new share options granted or issued during the year under the share option plan. The amount charged to the profit or loss represents the option vesting charge of share-based payments which have granted or issued in prior year financial statements, the fair valuation details for which are recorded in prior year financial statements.

During the year, 2,500,000 advisor options expired on 15 November 2022 with strike price of $0.30 (granted 15 November 2019).

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Otto Buttula
Chairman

31 August 2023

HITIQ LIMITED
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of HITIQ Limited (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, 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 2023 and of its financial performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 (including Independence Standards)* (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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which states that the Group incurred a net loss after tax of $5,037,305 and net cash outflows from operations of $4,510,519 for the year ended 30 June 2023. These events and 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 opinion is not modified in respect of this matter.

Level 20, 181 William Street, Melbourne VIC 3000 +61 3 9824 8555 vic.info@williambuck.com
williambuck.com

William Buck
ACCOUNTANTS & ADVISORS

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that the following matters described below to be the key audit matters to be communicated in our report:

REVENUE RECOGNITION	
Area of focus **Refer also to notes 1 and 4**	**How our audit addressed it**
The Group has service contracts with its customers. These service contracts have invoicing and payment milestones included within their terms, which may or may not be directly aligned with the performance of services under the contract in accordance with *AASB 15 Revenue from Contracts with Customers.* To accrue revenue appropriately in the correct accounting period, management has developed a model to recognise revenue when the performance obligation is satisfied in each contract. This includes identifying the specific performance obligations within each customer agreement on commencement. There is a requirement for judgement in determining the period to which the revenue should be attributed. In designing the model management has considered: — Compliance with AASB 15 – Revenue from Contracts with Customers; — When the performance obligation is identified and satisfied in respect to each component of each contract; and — The potential for any post-contract servicing work to be performed at the conclusion of the contract and whether an additional performance obligation exists. Based on the above revenue recognition was a key area of focus for our audit.	Our audit procedures included: — Documenting and assessing the internal controls relating to revenue processes and recognition; — Examining management's revenue recognition model to ensure compliance with *AASB 15;* — Testing a sample of revenue to ensure revenue is recognised in accordance with AASB 15; — Testing revenue cut-off to ensure revenue has been recorded in the correct reporting period; — Tracing through to new contracts to understand the performance obligations and the period in which revenue should be recognised. We have also assessed the adequacy of disclosures in the notes to the financial report.

<table>
<tr><th colspan="2">ACCOUNTING FOR SHARE-BASED PAYMENTS</th></tr>
<tr><th>Area of focus
Refer also to notes 1, 2 and 19</th><th>How our audit addressed it</th></tr>
<tr><td>The Group actively encourages its employees, key management personnel and other contracting parties to be aligned with overall shareholder value through share-based payment arrangements.

Its share-based payment arrangements in periods leading up to and for the year ended 30 June 2023 took the form of share options.

These arrangements have some complexity in their calculation, namely around the following:

— The determination of their grant date, which sets the value of the share-based payment arrangement;
— Applying a valuation model that is appropriate in the context of the vesting terms of the arrangement, particularly concerning any market and non-market based vesting terms;
— Applying inputs into the valuation models, particularly concerning the determination of expected volatility calculations; and
— Assessing the appropriateness of the vesting charge of each share-based payment arrangement taken to the profit or loss during the year.

This is a key audit matter, due the accounting judgments set out above and as vesting charges concerning key management personnel remuneration are recorded in the Remuneration Report, which accompanies these financial statements.</td><td>Our audit procedures involved:

— Understanding the terms of the share-based payment arrangements issued including the number of options and performance rights issued, grant date, expiry date, exercise price and the presence of any market or non-market conditions;
— Evaluating the appropriateness of the models applied for valuing new share-based payment arrangements granted during the year;
— Rolling forward share-based payment arrangements from the prior year;
— Ensuring that none of these arrangements were modified by examining board minutes, public announcements and through our discussions with management;
— Recomputing the vesting charge applied from those arrangements; including the impacts of any reassessments of non-market vesting criteria;
— Recalculating the expense recognised during the year in line with the terms of the options and performance rights; and
— Assessing the adequacy of the Group’s disclosures in the financial report.

We also ensured that these existing share-based payment arrangements were appropriately disclosed in the financial report and Remuneration Report.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group’s annual report for the year ended 30 June 2023, but does not include the financial report and the auditor’s report thereon.

Our opinion on the financial report does not cover the other information and 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.

Other Matter

The financial report of the Group for the year ended 30 June 2022 was audited by another auditor who expressed an unmodified opinion on the financial report on 31 August 2022.

Responsibilities of the Directors for the Financial Report

The directors of the Company 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 preparing the financial report, the directors are responsible for assessing the ability of the Group 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 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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of HITIQ Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

William Buck
ACCOUNTANTS & ADVISORS

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 31 August 2023

The shareholder information set out below was applicable as at 30 August 2023:

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	21
1,001 to 5,000	305
5,001 to 10,000	264
10,001 to 100,000	775
100,001 and over	345
Total	1,710

There were 890 shareholders holding less than a marketable parcel (less than 23,810 shares at $0.021) at 30 August 2023, a total of 7,943,318 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**
NEWFOUND INVESTMENTS PTY LTD <NEWFOUND SUPER FUND A/C>	13,185,505	4.94%
MICHAEL DEAN VEGAR <M VEGAR INVESTMENT A/C>	11,999,999	4.50%
DR SCOTT MAURICE DONNELLAN	8,610,000	3.23%
CITICORP NOMINEES PTY LIMITED	6,536,994	2.45%
BNP PARIBAS NOMS PTY LTD <DRP>	5,654,713	2.12%
MACH INDUSTRIES PTY LTD <LANG FAMILY A/C>	5,600,000	2.10%
MR IVAN VANIS	5,500,000	2.06%
MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	5,000,000	1.87%
SCINTILLA STRATEGIC INVESTMENTS LIMITED	5,000,000	1.87%
MR ROGER BLAKE & MRS ERICA LYNETTE BLAKE <THE MANDY SUPER FUND A/C>	4,940,000	1.85%
BOTSIS HOLDINGS PTY LTD	4,839,583	1.81%
LDU PTY LTD <VESTY SUPER FUND A/C>	4,752,800	1.78%
JASKAN INVESTMENTS PTY LTD <LYNIA SUPER FUND A/C>	4,211,939	1.58%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,592,135	1.35%
KEVREX PTY LTD <KEVREX INVESTMENT A/C>	3,300,000	1.24%
VT INVESTMENTS PTY LTD <A & M TADDEI FAMILY A/C>	3,106,106	1.16%
BENONI PTY LTD <THE MKJ SUPER FUND A/C>	3,000,000	1.12%
STRUCTURE INVESTMENTS PTY LTD <ROGERS FAMILY A/C>	2,931,603	1.10%
MR BRIAN LEEDMAN & MRS NATASHA LEEDMAN	2,833,333	1.06%
JASKAN INVESTMENTS PTY LTD <LYNIA SUPER FUND A/C>	2,650,000	0.99%
OOFY PROSSER PTY LTD <DRONES FAMILY A/C>	2,350,000	0.88%
Total	**109,594,710**	**41.08%**
Total issued capital - selected security class(es)	**266,779,289**	**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	5
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	6
HIQOPT11 UNL OPT $0.04 EXP 09/12/2023	134,360,271	390
Total	**160,035,853**	**463**

Substantial holders
There were no substantial holders in the company at the date of this report.

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.

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 .