HIT Technologies Reports Fourth Quarter and Fiscal 2015 Financial Results

- Company achieves positive sales data post year-end, recognizing early success in converting its fan-base to HITCASE customers -

VANCOUVER, Sept. 23, 2015 /CNW/ - HIT Technologies Inc. (TSXV:HIT) ("HIT" or the "Company"), designs, develops, manufactures and distributes the world's most advanced adventure products for iPhone, including the shockproof, waterproof HITCASE® PRO with professional lens and mounting systems for iPhone. Today, HIT reported its fourth quarter and fiscal 2015 year-end financial and operating results, prepared in accordance with International Financial Reporting Standards (IFRS). All results are reported in Canadian dollars unless otherwise stated.

"Our vision is for HITCASE to be a force multiplier for the iPhone by unlocking additional creative potential through our interchangeable TrueLUX™ lenses and Railslide™ mounting system, and providing our App, Vidometer, to augment the camera experience," said Brooks Bergreen, CEO of HIT Technologies. "We are building a brand that is synonymous with adventure and creativity. Through the combination of our innovative products and unique brand attributes, we are poised to capitalize on the multi-billion dollar iPhone accessories and action camera markets, and the estimated 223.7 million iPhones[1] expected to ship this year and beyond. With the revolutionary camera enhancements to the latest iPhone, our business case keeps getting stronger."

Mr. Bergreen continued: "Throughout fiscal 2015, we achieved significant milestones that move us closer to executing on our vision. We raised capital, went public, and engineered our flagship HITCASE PRO-6 for the iPhone 6 and 6s. We launched it, and our next-level iAdventure video, in July 2015. We also continued to build our brand and grow our online fan-base, which reached 245,000 people at year-end, up 600% from January 2015. During the year, we allowed legacy product sales to tail-off so that we could better focus on the growth opportunities for our HITCASE PRO-6, and we recorded an order backlog of $115,000 remaining in deferred revenue at year-end. Also of note, we finished the fiscal year with $2.8 million of unrestricted cash on hand and no debt. "

Highlights for Fourth Quarter & Fiscal 2015

- Generated sales of $134,115 in Q4 F2015 and $1,024,956 in Fiscal 2015, compared with $301,367 and $1,710,687, respectively, from the prior year periods, reflecting the Company's development stage prior to HITCASE PRO-6 launch;
- Finished the year with $115,344 in deferred revenue, up from $10,000 last year, representing the order backlog for HITCASE PRO-6, which started to accelerate prior to the official launch;
- Reported an Adjusted EBITDA loss of $1,121,492for Q4 F2015 and $3,014,038 for Fiscal 2015, compared with $273.234 and $808,523, respectively, from the prior year periods, reflecting the Company's investment in the Qualifying Transaction, HITCASE product and brand strategy;
- Recorded cash and cash equivalents, including restricted cash, of $2,919,781 at year-end compared to $41,442 last year;
- Completed our Qualifying Transaction with Friday Capital Inc. and commenced trading on the TSX.V under the symbol "HIT" on June 16, 2015;
- Raised total gross proceeds of $6.8 million in F2015 ($4.9 million through a private placement in H2 F2015). Use of these funds included: expenses associated with the financings which were approximately $0.6 million; expenses for sales and marketing were $1.5 million related to the launch of the HITCASE PRO-6; expenses for the development of the HITCASE PRO-6 (before tax credits) were $0.5 million; General and administration expenses of $1.3 million (primarily professional fees) related to the reverse takeover transaction and preparing the Company for listing on the TSXV.
- Moved key components of HITCASE manufacturing, packaging and fulfillment to the U.S. from China;
- Grew social media Fan-Base to 245,000 followers, up 600% from 20,000 in January 2015; and
- Completed design and began pre-orders and limited shipments of HITCASE PRO-6 in June 2015.

"Since our official HITCASE PRO-6 online sales launch and limited retail launch post year-end, we have been seeing good traction on both fronts." Mr. Bergreen added. "We continue to build our fan-base, a key growth driver for the business. It increased another 35% post year-end to 330,000 people in mid-September. We are already seeing signs of success in converting our fan base to customers. Our initial HITCASE PRO-6 online order data suggests a conversion rate around 2% of the 245,000 fans we had at June 30. These early results give us confidence that investing in our brand and fan-base is the right strategy. We have also received valuable retail market feedback so far, which we needed to expand our retail footprint. As a result, we expect to achieve a broad retail footprint with some of Canada's largest electronics and sports retailers in time for Christmas."

Highlights Subsequent to Fiscal 2015

- Launched HITCASE PRO-6 on a broader scale, offering general availability for online sales in July 2015;
- Launched the HITCASE iAdventure video as part of the HITCASE PRO-6 launch program in July 2015, which has generated more than 500,000 views;
- Signed five new distribution agreements, covering the U.S., Australia, New Zealand and Mexico;
- Activated retail distribution for HITCASE PRO-6 on a limited basis in August 2015 with two B.C.-based stores, and increasing to 12 pilot stores in September 2015; and
- Grew HITCASE Fan-Base to 330,000 by September 15, 2015, up 35% from June 30, 2015, and began to successfully convert fans to HITCASE customers.

Company Outlook
HIT looks to drive long-term growth by:

- Delivering a premium must-have HITCASE product offering;
- Building a world-class brand to build a loyal following of customers;
- Executing on a multi-channel distribution strategy, including e-commerce and digital marketing complemented by retail distribution; and
- Expanding the Company's product suite to grow its addressable market.

[1] *IDC Worldwide Quarterly Phone Tracker 2015*

Cautionary Statement

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accepts responsibility for the adequacy of this release.

Forward Looking Statements

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities laws that are based on expectations, estimates and projections as at the date of this news release. The information in this release about the Company's anticipated use of available funds, and the future plans and objectives of the Company are forward-looking information.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking information and are intended to identify forward-looking information.

This forward-looking information is based on reasonable assumptions and estimates of management of the Company at the time it was made, and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, global economic climate; dilution; the Company's limited operating history; future capital needs and uncertainty of additional financing; the competitive nature of the industry; currency exchange risks; the need for the Company to manage its planned growth and expansion; the effects of product development and need for continued technology change; protection of proprietary rights; the effect of government regulation and compliance on the Company and the industry; network security risks; the ability of the Company to maintain properly working systems; theft and risk of physical harm to personnel; reliance on key personnel; global economic and financial market deterioration impeding access to capital or increasing the cost of capital; and volatile securities markets impacting security pricing unrelated to operating performance. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to revise or update any forward-looking information other than as required by law.

Non-IFRS Measures

Adjusted EBITDA is a non-IFRS measure and management defines this metric as the loss and comprehensive loss under IFRS, adjusted by adding back interest, taxes, amortization, and other non-cash expenses.

This press release should be read in conjunction with our Consolidated Financial Statements for the twelve months ended June 30, 2015 and the accompanying Management Discussion and Analysis, which can be found on SEDAR at www.sedar.comand on the Company's website http://www.hitcase.com/invest.

About HIT Technologies Inc.

HIT develops and markets a portfolio of products for use on Apple iPhones across the globe. HIT believes that there is a significant opportunity in helping people get Ready for Adventure™ with the best camera they already have, their iPhone. HITCASE PRO allows people to create exciting photo and video content using patented Railslide™ mounts without the need for additional cameras, or gear that get in the way of the fun. With a combination of software, professional quality lenses, patented waterproofing and mounting technologies for every conceivable activity, The HITCASE PRO makes it fun and easy for users to capture and share a day at the beach, on the mountain, in the backyard, or anywhere else life takes you. For more information about HITCASE, visit www.hitcase.com. Search #hitcase on Instagram to see some of the amazing images created by HITCASE customers.

HIT Technologies Inc. (Formerly Friday Capital Inc.)
Statement of Financial Position
(Unaudited)
(Expressed in Canadian dollars)

	As at June 30 2015	As at June 30, 2014
Assets		
Current assets		
Cash	2,789,135	41,442
Restricted cash	130,646	
Accounts receivable	32,320	34,770
Other Receivables	44,917	-
Government assistance receivable	143,352	66,022
Inventory	314,854	91,881
Prepaid expenses and deposits	55,351	14,520
	3,510,575	248,635
Property and equipment	396,598	192,443
Intangible assets	131,504	84,307
	4,038,677	525,385

Liabilities

Current liabilities		
Line of credit	-	99,893
Accounts payable and accrued liabilities	1,013,284	427,044
Deferred revenue	115,344	10,330
Current portion of lease liability	7,015	
Due to related parties		603,468
	1,135,642	1,140,735
Lease liability	37,643	
Shareholders' Equity/(Deficiency)		
Share capital	9,158,838	528,507
Subscription receipts		
Contributed surplus	349,918	
Deficit	(6,643,364)	(1,143,857)
	2,865,392	(615,350)
	4,038,677	525,385

HIT Technologies Inc. (Formerly Friday Capital Inc.)
Statements of Operations and Comprehensive Loss
For the year ended June 30, 2015
(Unaudited)
(Expressed in Canadian dollars)

	2015 QTR	**2014 QTR**	**2015 YTD**	**2014 YTD**
Revenue	134,115	301,367	1,024,956	1,710,687
Cost of sales	147,484	162,235	839,391	1,204,329
	(13,369)	139,131	185,565	506,358
Expenses				
Depreciation	51,892	9,883	90,821	39,528
Share based compensation	88,508		328,918	
General and administrative	295,553	275,500	1,329,754	579,371
Loss on writeoff of equipment	48,054		48,054	
Research and development	116,315	34,750	317,851	139,894
Selling and marketing	689,937	103,123	1,537,028	589,349
	1,290,259	423,256	3,652,426	1,348,142
Loss before other income (expenses)	(1,303,628)	(284,125)	(3,466,861)	(841,784)
Other income (expenses)				
Reverse takeover listing expense	(2,005,174)		(2,005,174)	
Finance costs	(4,414)	(10,044)	(12,502)	(20,926)
Foreign exchange loss	(6,318)	1,008	(14,970)	(6,266)
	(2,015,906)	(9,036)	(2,032,646)	(27,192)
Loss and comprehensive loss for the period	**(3,319,534)**	**(293,161)**	**(5,499,507)**	**(868,976)**
Basic and diluted loss per share	**(0.10)**	**(0.01)**	**(0.19)**	**(0.06)**
Weighted average shares outstanding	**33,420,396**	**23,036,267**	**28,540,144**	**15,137,908**

HIT Technologies Inc. (Formerly Friday Capital Inc.)
Statements of Changes in Shareholders' Equity/(Deficiency)
(Unaudited)
(Expressed in Canadian dollars)

	Share capital	**Total shareholders' equity**

	Number of shares	Amount $	Subscription receipts $	Expenses against Subscription Receipts	Contributed Surplus $	Deficit $	(deficit) $
Balance - June 30, 2013	70,000	200,035				(274,881)	(74,846)
Shares issued pursuant to set off agreement	57,460	328,352					
Share split	22,672,540						
Shares issued for cash	1,200,000	120					
Loss for the period						(868,976)	(868,976)
Balance - June 30, 2014	**24,000,000**	**528,507**				**(1,143,857)**	**(615,350)**
Shares issued for cash	200,000	50,000					50,000
Shares issued pursuant to offset agreement	2,000,000	500,000					500,000
Conversion of convertible notes (net of expenses)	4,374,990	1,370,001					1,370,001
Issuance of Subscription receipts			5,316,759	(452,046)			4,864,713
Exchange of Subscription receipts to Class A Common shares	8,861,266	5,316,759	(5,316,759)				
Issuance of shares on reverse takeover	3,333,333	1,845,617					1,845,617
Loss for the period						(5,499,507)	(5,499,507)
Share based compensation expense					328,918		328,918
Broker warrants included in listing expense					21,000		21,000
Balance - June 30, 2015	**42,769,589**	**9,610,884**		**(452,046)**	**349,918**	**(6,643,364)**	**2,865,392**

HIT Technologies Inc. (Formerly Friday Capital Inc.)
Statements of Cashflow

(Unaudited)
(Expressed in Canadian dollars)

	QTR 2015	QTR 2014	YTD 2015	YTD 2014
Cash flows from/(used in) operating activities				
Loss for the period	(3,319,536)	(293,161)	(5,499,507)	(868,976)
Item not involving cash - depreciation	51,892	9,883	90,821	39,528
Interest expense	4,414	10,044	12,493	21,334
Share based compensation	88,508		328,918	
Loss on write down of assets	48,054		48,054	
Reversed takeover listing expense	2,005,174		2,005,174	
Changes in non-cash working capital items				
Accounts receivable	(14,835)	86,892	2,450	53,629
Other reveivable	(16,423)		(44,917)	
Government assistance receivable	(143,352)	(66,022)	(77,330)	47,571
Inventory	(122,183)	(22,910)	(222,973)	28,851
Accounts payable and accrued liabilities	284,742	67,107	141,863	76,026
Deferred revenue	99,223	1,311	105,014	2,683
Prepaid expenses	29,340	(14,520)	(40,831)	(14,520)
Supplier deposits				
	(1,004,984)	(221,377)	(3,150,773)	(613,874)
Cash flows from/(used in) investing activities				
Restricted cash	(130,646)		(130,646)	
Cash acquired on acquistion	305,821		305,821	
Acquisition of property and equipment	(160,485)	(22,087)	(292,838)	(116,538)
Acquisition of intangible assets	(9,419)	(35)	(52,731)	(23,632)
	5,271	(22,122)	(170,394)	(140,170)
Cash flows from/(used in) financing activities				
Advances (to)/from related parties	(95,821)	(78,247)	(103,468)	386,998
Interest paid	(4,414)	(10,044)	(12,493)	(21,334)
Share capital issuance		328,472	50,000	328,472
Net proceeds from convertible notes			1,370,001	
Net proceeds from subscription receipts	392,106		4,864,713	
Increase (decrease) in bank and other indebtedness		(47,078)	(99,893)	49,893
	291,871	193,103	6,068,860	744,029

Increase in cash	(707,842)	(50,396)	2,747,693	(10,015)
Cash - Beginning of period	3,496,977	91,838	41,442	51,457
Cash - End of period	2,789,135	41,442	2,789,135	41,442
Supplemental disclosures				
Non-cash transactions				
Conversion of shareholder loans to equity			500,000	328,352
Conversion of convertible notes to equity			1,370,001	

SOURCE HIT Technologies Inc

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