HIT Technologies Reports on Fourth Quarter and FY 2018 Results

VANCOUVER, BRITISH COLUMBIA--(December 17, 2018) – HIT Technologies Inc. (TSXV: HIT) ("HIT" or the “Company”), which designs, develops, manufactures and distributes the world's most advanced adventure products for iPhone, today reported its fourth quarter (Q4 F2018) financial and operating results for the quarter ended June 30, 2018 prepared in accordance with International Financial Reporting Standards (IFRS). All results are reported in Canadian dollars unless otherwise stated.

Selected Quarter and Annual Information

	Q4- Fiscal 2018	Q4-Fiscal 2017	FY 2018	FY 2017
Revenue + % Increase over Prior Year	$498,420 267%	$135,739 -48%	$983,112 34%	$735,249 -57%
Gross Margin Gross Margin %	$122,545 25%	$32,601 24%	$224,396 23%	$237,649 32%
Operating Expenses (excluding non-cash and cost of sales) % change over Prior Year	$475,906 13%	$419,392 -23%	$1,338,735 -25%	$1,790,594 -47%
Adjusted EBITDA (Loss) % change over Prior Year	($338,167) -5%	($355,861) -86%	($1,052,246) -29%	($1,491,518) -39%
Net (Loss) Per share, Basic	(0.00)	(0.01)	(0.02)	(0.02)
			June 30, 2018	**June 30, 2017**
Cash and Cash Equivalents			$286,106	$72,762
Inventory			$219,699	$374,429
Net Working Capital (Deficiency)			($474,405)	($273,138)
Total Assets			$1,036,610	$952,623
Accounts payable and accrued liabilities			$1,199,915	$767,198
Total liabilities			$1,985,555	$1,791,851

“The company finished off the year strong with a large order from our main US based distributor. We continue to revamp our product line to broaden our opportunities. I’m very happy with progress on both sales as well as research and development efforts this year as we continue to build our team and grow the business. This next year will be an exciting one for us as we start to see the results of the planning and development efforts we undertook this past year.

Operational Summary for Q4 Fiscal 2018 include:

- Generated sales of $498,420 in Q4-F2018, an increase of $362,681 (276%) compared with $135,739 in Q4 Fiscal 2017. Q4 sales reflect first shipments to our recently announced US distributor.
- Improved direct business through Hitcase.com with increases in sales in Q4 of 60% vs Q4 2017 and 99% of Q4 2018 vs Q3 2018.
- Gross margin of $122,545 in Q4-F2018 was up from $32,601 in Q4 of last year, primarily due higher sales volumes. Gross margin for the quarter was 25% versus 24% for Q4-FY2017. Without inventory write-downs the gross margin would have been 31%.
- During the quarter, the Company increased operating expenditures (excluding non-cash items and cost of sales) to $475,906 a 13% increase from Q4-F2017. The increase in operating expenses reflects primarily higher sales and marketing expenses.
- Reported an Adjusted EBITDA loss of $338,167 for Q4-F2018, a 5% decrease from $355,860 in Q4-F2017;
- Closed the quarter with working capital deficiency of $474,405 including cash and cash equivalents of $286,106 and inventory of $219,699, at June 30, 2018.
- Debenture holders, holding Debentures with a face value of $280,000 converted their debentures into 5,600,000 commons shares.
- During the quarter the Company issued secured convertible debentures with a face value of $332,500 as well as 4,750,000 share purchase warrants.
- Subsequent to the year end, the Company completed: a tranche of secured convertible debentures for gross proceeds of $460,000; term loans resulting in proceeds of $277,869; and issued shares in settlement of $151,637 accounts payable to certain vendors.

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. Please review the reconciliation of Adjusted EBITDA to net income (loss) in the Company's MD&A for the corresponding period.

This press release should be read in conjunction with our audited annual Consolidated Financial Statements for the year ended June 30, 2018 and the accompanying Management Discussion and Analysis, which can be found on SEDAR at www.sedar.com and on the Company's website http://www.hitcase.com/invest.

About HIT Technologies Inc.

HIT Technologies, Inc. (TSXV: HIT) develops and markets a portfolio of products that transform Apple iPhones into high-performing, weather- and shock-resistant smartphone accessories. Both its, flagship product, HITCASE PRO and its new Shield LINK and CRIO products allows users to easily capture photo and video content hands-free, using a variety of HIT Technologies' patented Railslide® and LINK mounts that attach to virtually any surface. Swappable lenses and accessories provide a variety of perspectives otherwise unattainable while participating in adventure sports. HIT Technologies is headquartered in Vancouver, British Columbia, Canada and trades on the TSX Venture Exchange. For more information about HITCASE, visit www.HITCASE.com. Search #hitcase on Instagram to see some of the amazing images created by HITCASE customers.

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.

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.

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