HIT Technologies Reports on First Quarter and FY 2019 Results

VANCOUVER, BRITISH COLUMBIA--(January 3, 2019) – HIT Technologies Inc. (TSXV: HIT) ("HIT" or the "Company"), which designs, develops, manufactures and distributes the world's most innovative protective case products, today reported its first quarter (Q1 F2019) financial and operating results for the quarter ended September 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

	Q1- Fiscal 2019	Q1-Fiscal 2018		
Revenue + % Increase over Prior Year	$300,612 31%	$230,207 8%		
Gross Margin Gross Margin %	$100,742 34%	$116,538 51%		
Operating Expenses (excluding non-cash and cost of sales) % change over Prior Year	$454,848 78%	$255,527 -42%		
Adjusted EBITDA (Loss) % change over Prior Year	($352,607) 154%	($138,990) -63%		
Net (Loss) Per share, Basic	(0.00)	(0.00)		
			September 30, 2018	**June 30, 2018**
Cash and Cash Equivalents			$86,948	$286,106
Inventory			$201,045	$219,699
Net Working Capital (Deficiency)			($784,154)	($474,405)
Total Assets			$785,180	$1,036,610
Accounts payable and accrued liabilities			$950.825	$1,034,618
Total liabilities			$1,988,416	$1,985,566

"The company launched several new products in the period including the new Enduro and Splash lines for iPhone 7/8/X lines, and continued its development efforts on new products for launch in 2019. We continue to revamp our product line to broaden our opportunities. I'm very happy with progress on both sales, and research & development efforts this year as we continue to build the business. We're looking forward to increased wholesale channel sales through our Q2 as we build this new channel.

Operational Summary for Q1 Fiscal 2019 include:

- Generated sales of $300,612 in Q1-F2019, compared to $230,207 in Q1 Fiscal 2018, an increase of 30.6%. This is mainly due to the Best Buy USA contract and increases in direct sales.
- Gross margin of $100,742 in Q1-F2019, consistent to $116,538 generated in Q1 of last year. The gross margin percent decreased to 34% compared to 51% last year. This is primarily due to changes in the sales channel mix between the periods. Sales to retailers carry lower gross margins, and the Company looks to improve gross margins through this channel with its newly launched product line.
- During the quarter, the Company increased its operating expenditures (excluding non-cash items and cost of sales) to $454,848, a 78% increase from Q1-F2018. This is mainly due to the increase in personnel related expenses in anticipation of higher sales in Q2-FY 2019.
- Reported an Adjusted EBITDA loss of $354,106 for Q1-F2019, a 155% increase from $138,990 in Q1-F2018.
- Closed the quarter with working capital deficiency of $870,757 including cash and cash equivalents of $86,948 and inventory of $201,045, at September 30, 2018.

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 interim unaudited Consolidated Financial Statements for the quarter 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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