ASX Announcement **18/07/2022**

Updated Hydrix Company Overview

Hydrix Limited (**Hydrix** or **Company**) **(**ASX**: HYD**) attaches an updated company overview, following on from recently lodging its 30 June 2022 quarter Appendix 4C and Business Update.

Hydrix Executive Chairman Gavin Coote commented:

"Following on from our strong June quarter and full year results report and positive outlook for revenue growth in the year ahead, I am pleased to provide investors the updated company overview.

Hydrix strategy is to become a profitable, global, diversified medtech company. Each of the three business segments that make up the commercial business model have set out to achieve significant sustainable growth milestones in the coming year.

During the COVID impacted past two years, we strengthened our core business, expanded our sales, marketing and business development reach, continued to build on our rich 20 year track record in breakthrough product development with recent significant medtech client wins, made strategic investments in high potential clients, and invested in market development to distribute disruptive cardiovascular products secured under exclusive distribution rights.

Hydrix is a powerful medtech innovation company. We are positively impacting on people's lives every day. I would like to thank our hard working and dedicated employees, the Board, and our long term shareholders for staying the course and being part of our exciting journey.

I look forward to keeping investors updated regarding important milestones in the months and year ahead."

-ENDS-

Authorisation: This announcement is authorised for release by the Board of Directors of Hydrix Limited.

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About Hydrix Limited

Hydrix Limited (ASX: HYD) is a powerful product innovation company. Hydrix purpose is to improve a billion lives. The company leverages its powerful product innovation capability across multiple growth platforms. These platforms include **Hydrix Services** offers design and engineering expertise to help transform client ideas into commercial products; **Hydrix Ventures** invests in high potential early stage medtech clients; and **Hydrix Medical** sells and markets disruptive cardiovascular technologies that aim to solve unmet market needs and improve patient quality of life.

hydrix

Realising our vision to **improve a billion lives**

through disruptive medical devices

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Executive summary

- Diversified global medtech company – 20 year history in breakthrough product development, Melbourne-based, 70 employees. Commercial business model consists of **three** complementary business segments:
  - **Services:** Fee-for-service product design and engineering
    - FY22 revenues **$10.3m** up **40% YoY**
    - FY23 outlook is for **+20%** revenue growth, improving gross profit margins & resource utilisation, profitability
  - **Ventures:** selectively invest in high potential medtech clients
    - Four early stage medtech investments, book value **$3.65m**
    - Valuation outlook next 12-to-24 months ~5x to 10x the cash cost base of **~$2.0m**
  - **Medical Products:** Two pre-revenue stage disruptive cardiovascular products under exclusive APAC distribution rights, including
    - The Guardian, the only FDA approved implanted heart attack alert device which solves unmet market need, significant product revenue potential
    - Key milestones anticipated for 2HCY22
- Cash on hand **$1.94m** (30/6/22) plus listed Options at **$0.12c** ($2.25m, exp 31/7/22) & **$0.18c** ($5.15m, exp 31/3/24)
- Attractive market value entry point with key near-term milestone growth catalysts - share price **$0.072c** | m/cap **$14.25m** (15/7/22)

Hydrix at a glance

Hydrix Services (unaudited) (refer p.17)

- FY22 revenue **$10.3m up 40%** YoY, ~60 employees
- FY22 revenue source: +50% international, +40% cardiovascular technology clients
- **+$60m** sales pipeline, order book value **+$12m** is 2x same time last year
- Trend revenue growth outlook for FY23 is **+20%**
- Sales growth & improving margins returning business to profitability in FY23

Hydrix Medical – Disruptive Cardiovascular Device Distribution (refer p.9-15)

- Two products under exclusive distribution rights
- Pre-revenue, revenue potential 2025 & beyond +$25m p.a.
- Products progressing through clinical trials and regulatory approvals
- Leadership team (3) has over 80 years cardiovascular experience

Hydrix Ventures (refer p.18)

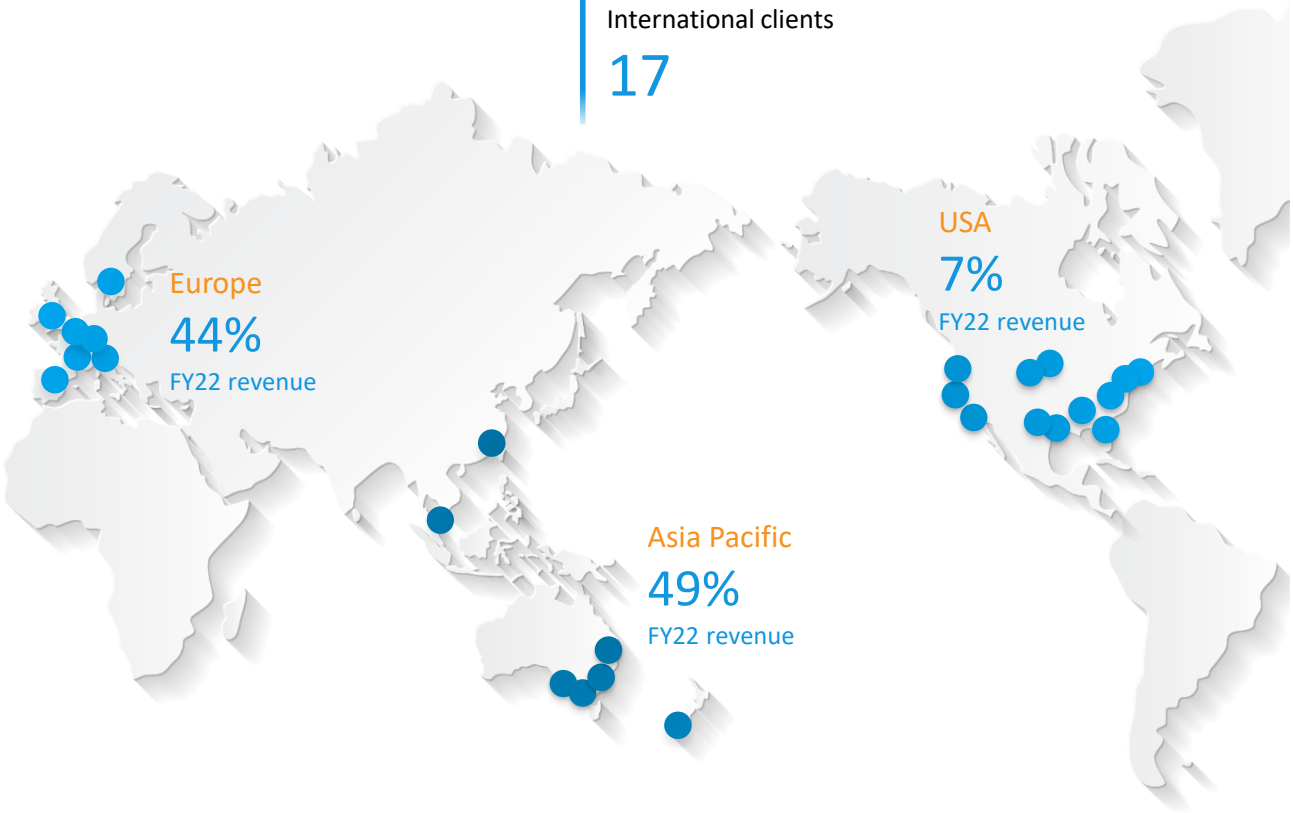
- Four venture investments in Services clients, 2 have commenced sales, 2 are being developed with Hydrix Services and are pre-revenue
- Book value $3.65m, upside potential is 5x – 10x on cash cost base of ~$2.0m

Hydrix Limited

- Cash on hand $1.94m (30 June 2022)
- 12c listed options exp 31 July 2022 - $2.25m
- 18c listed options exp March 2024 - $5.0m
- ASX: HYD share price…2 year High $0.46c (August 2020) | Low $0.072c (July 2022)

Employees
70

International clients
17



June Quarter 4C Business Update

Group Financial Update (unaudited)

- 55% increase in group customer revenues for June quarter ($2.7m) from PCP
- 39% increase in group customer revenues for FY22 ($10.3m) from PCP
- Net cash used in operating activities for June quarter was $1.19m down from $2.04m in March 2022 quarter
- Cash on hand at 30 June was $1.94m

Group Financial Outlook

- Group revenue outlook for FY23 is strong, led by a Services forward order book of $12m which is more than twice that for the same time last year, expectations the Medical business will commence sales of The Guardian device in Australia and other regional markets
- Improving Group profitability outlook for FY23 led by Services +20% forward trend revenue growth, strengthening margins and higher billable resource utilisation; potential Venture capital gains as companies reach important inflection points in CY2023; and Medical commencing sales of The Guardian
- Group cash position may be strengthened by the exercise of Hydrix listed Options as positive news flows from key milestone achievements

Upcoming milestones & growth catalysts

2H CY2022

- **Services:** reporting on sustained, significant revenue growth and profitability from
  - Increased sales, marketing & business development focused on the $2.1B global outsourced medtech product development sector
  - Better funded clients, stronger pricing dynamics, and higher billable resource utilisation from a strengthened core business
- **Ventures:** unrealised/realised equity gains as Venture companies
  - Raise capital, complete product development, advance commercialisation
- **Medical Products:**
  - Regulatory approval determinations in Australia & Singapore for The Guardian
  - First Guardian implants in Australia under sponsored clinical trial registry with a national cardiology group
  - Commencement of Phyzhon FFR Wire first in human trial being conducted by Hydrix at a Melbourne hospital

1HCY2023

- **Medical Products:**
  - Commencement of commercial sales & implants of The Guardian into public hospitals in Australia and New Zealand
  - Determinations of MBS Item Code by MSAC for surgical procedure reimbursement of Guardian implants
  - Commencement of Prothesis List application process for private health insurance reimbursement of The Guardian
- **Ventures:**
  - Potential IPOs for two venture companies

Hydrix Commercial Business Model

Hydrix is a fast emerging global diversified medical technology company.

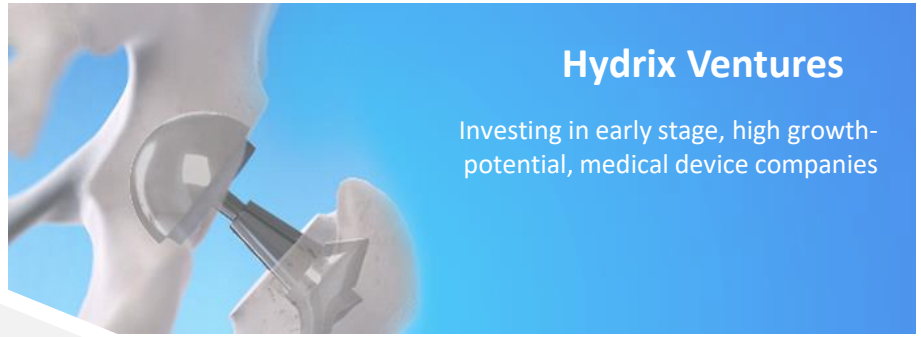
A core focus is the Cardiovascular Disease (CVD) devices market.

Our vision is to improve a **billion** lives

To create long-term value for our stakeholders, **the commercial model builds on a rich 20 year product engineering history to develop, invest in, and commercialise disruptive cardiovascular and other medical devices.**

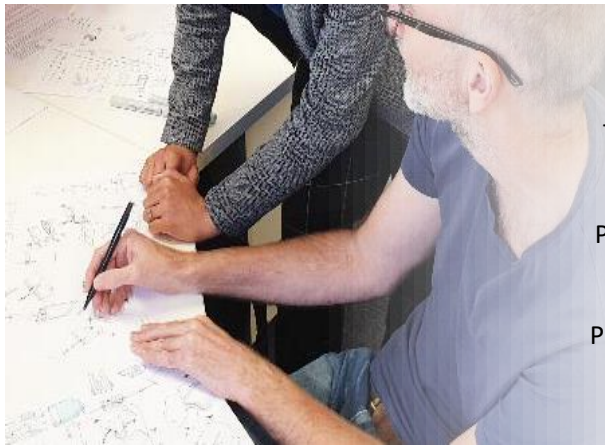
Hydrix Medical

Bringing to market disruptive cardiovascular products that solve unmet needs



Hydrix Ventures

Investing in early stage, high growth-potential, medical device companies



Hydrix Services

Transforming disruptive new medical technology ideas of our global clients into commercial products

Providing product development & regulatory services to our Venture portfolio companies

Providing technical & regulatory guidance to our Medical Products business

A cardiovascular disease focus

Cardiovascular disease (CVD) is the world's leading cause of death, afflicting 14% of the global population

Our strategic focus is products and technologies that will improve management of cardiovascular disease.

The CVD devices market is large and growing, expected to reach US$70B by 2027 and represents a large & growing market opportunity for Hydrix.

Our people

- Unique medical device and mechanical circulatory support capability
- A deeply experienced team with experience gained from companies including Danaher, Radiometer, Cochlear, ResMed, Medtronic, Baxter, Getz Brothers, Cardioscan and Vision Systems

Our expertise

- 20 year product development history
- 10 year track record in cardiovascular technology development, specifically in Total Artificial Heart and Mechanical Circulatory Support(MCS) devices.
- Globally recognised as a leader in MCS control system development
- Over 50 years cardiology product sales and pathology services experience

Disruptive technologies

- We are building a portfolio of disruptive CVD technologies to bring to market
- Have secured rights to distribute AngelMed **GUARDIAN** & **Phyzhon PHYRARI FFR**
- Internally developed a novel IP platform LUDO for the MCS development market

Industry leadership

- We are building on our Brand position & industry leadership
- Mentoring industry and student groups
- Founding sponsor of the global artificial heart design challenge, the Heart Hackathon, targeting tertiary students who are the founders of the future

Major growth catalyst – distributing disruptive cardiovascular devices

Hydrix Medical

Changing management of cardiovascular disease, the world's leading cause of deaths

Today, patients rely on symptoms alone to detect a heart attack, but when none are present, how do they know?

30-50% of all heart attacks occur with atypical symptoms or no symptoms at all

"The Guardian device fills an unmet medical need by providing more effective diagnosis of a life-threatening condition when compared to patient symptoms alone."

FDA Summary of Safety and Effectiveness Data (SSED)

Hydrix Medical – disruptive CVD products at a glance

The World Health Organisation (WHO) identifies Cardiovascular Diseases (CVDs) as the leading cause of death globally at 32%.

There is strong market demand for new technologies that can help identify, manage and lessen the impact of CVD.

Product	Application	Problem addressed	Status	Potential future market uptake & revenue p.a.
AngelMed - The GUARDIAN 	Cardiac Monitoring	The GUARDIAN is a heart attack warning system that reduces the stresses of living in fear of your next coronary event. The GUARDIAN constantly monitors your heart and alerts you to see a doctor or seek emergency intervention, including when experiencing atypical heart attack symptoms (refer p.11-12)	Exclusive rights to distribute (8 countries). Progressing through regulatory approvals in multiple jurisdictions including Australia & Singapore (refer p.13)	**2% $24m** **5% $61m** *Initial markets only* *(refer p.14)*
Phyzhon PHYRARI FFR-Wire 	Cardiac Intervention	Ground-breaking technology enabling cardiologists to combine coronary artery assessment and diagnosis procedures with delivery of therapy including stents (refer p.15)	Exclusive rights to distribute in A&NZ. Waiting on final product delivery for Hydrix to commence first-in-human trials in Australia on behalf of Phyzhon	**10% $7.5m** **20% $15.0m** *No-revenue for FY23*
Future products	Stated objective is to have at least three products in market producing revenues by 2025 We continue to evaluate additional CVD diagnostic, intervention and monitoring products for distribution and/or acquisition			

The GUARDIAN – addressing an unmet patient need

The AngelMed GUARDIAN is at the forefront of real-time emergency cardiac event monitoring.

It is the world's only FDA approved implantable cardiac monitor with Acute Coronary Syndrome (ACS) detection technology.

It is implanted in a manner similar to that of a pacemaker. Unlike a pacemaker which helps pace the heart rhythm, the GUARDIAN monitors the heart 24 hours a day, 7 days a week to detect blood flow 'plumbing' problems.

The GUARDIAN examines the heart signal for changes relative to a patients normal heart rhythm, which may indicate that the heart muscle is not getting enough oxygen. If it detects such a change, it alerts the patient to immediately seek assistance.

The GUARDIAN can also detect events when a person has no symptoms or has symptoms that are not typical, and alert them to seek medical attention.

The GUARDIAN®

Real-time heart attack monitoring and detection

The GUARDIAN value proposition

Patient

- Real-time detection of ACS events
- 91% more predictive than symptoms alone for real ACS events & 8x faster time-to-door medical attention
- Better outcomes - reduce heart muscle damage & improve quality of life

Payer

- Costs savings by reduction in false positives to Emergency Departments
- Faster treatment improves outcomes, and reduces costs with reduced heart muscle damage (shorter hospital stay, less drug costs etc)

Cardiologist / EP

- Procedure is additive to practice
- Simple, known implant procedure
- Paradigm shift in secondary prevention of myocardial damaging ACS events

Provider

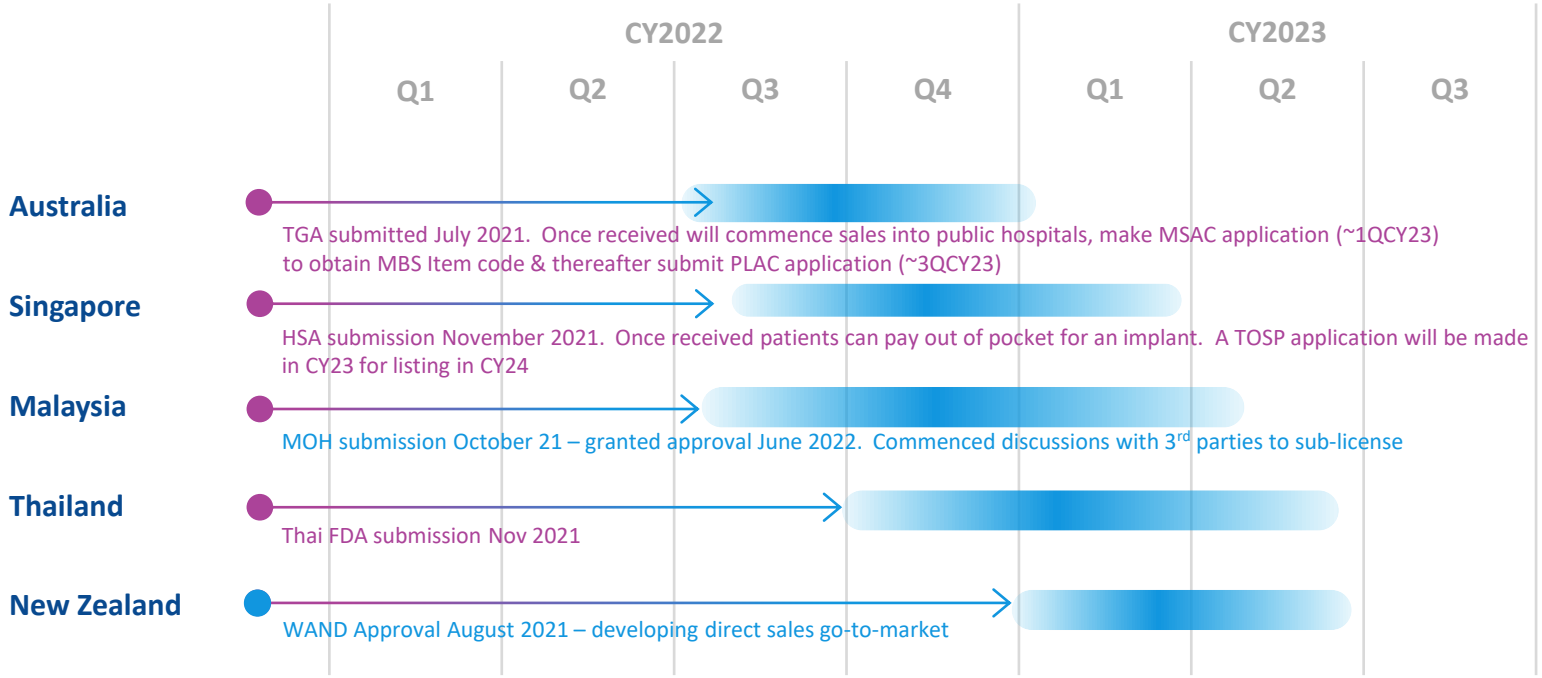
- Reduction in false positive rate: 26% reduction in unnecessary ED visits (with no real ACS event) compared to symptoms alone
- Reduces ED overcrowding caused by unnecessary presentations

The GUARDIAN – regulatory & insurance reimbursement status

Hydrix is actively working with the Australian Therapeutic Goods Administration (TGA) and other regulatory bodies to finalise approvals and enable us to fully commence our implant journey.

Key undertakings to build towards commercial market launch in Australia & Asia Pacific

- Completed 8 sales and implants in Singapore since August 2020 under pre-Regulatory approved access schemes (SGD$10,000 each)
- Established a clinical Registry to track patients implanted with The GUARDIAN in Australia
- Completed first private hospital medical advisory committee approval to commence implants
- Working with a large cardiology group to recruit and screen patients for initial implants under clinical Registry
- Expanding GUARDIAN key stakeholder insights and market analysis in support of refining go-to market strategy
- Building key opinion leadership to develop strong clinical advocacy in S.E. Asia
- Waiting on regulatory approval determinations in Australia, Singapore and Thailand
- Regulatory approvals have been granted in NZ and Malaysia



Above timelines are estimates only and subject to change. Commenced exploratory discussions with various trade affiliations and advisers in Japan regarding market entry strategies. Market entry strategies into Hong Kong, Thailand and Indonesia on hold due to various COVID and geo-political market uncertainties at this stage.

The GUARDIAN – market potential

GUARDIAN® market penetration can be achieved by leveraging pacemaker surgery know-how and existing infrastructure

Efficacy / Risks	▪ Targets 'plumbing' problems with the heart, provides a diagnostic surveillance alert tool that is needed but not currently available (no competitors)
Addressable market	▪ Larger addressable market compared to Pacemakers & ICDs which target 'electrical' problems with the heart (est. 2x-3x)
Technical maturity:	▪ Surgical procedure follows that of Pacemaker device implants - risks are well known & understood, having been implanted for over 5 decades

Initial markets: sales direct to market, significant revenue and gross profit margin opportunity at low patient uptake rates

Illustration - Australia Only:
- ~430,000 heart attack survivors
- 180 heart attacks each day, 20 die, >1/3rd are recurrent events
- High risk patients ~25% of ACSs

Potential Market Size (illustration only)			Annual Sales Volume (units)		Annual Sales Value (A$)[2]	
Region	Population (M)	ACS Incidences p.a. [1]	2.0%	5.0%	2.0%	5.0%
Australia	25.8	75,000	1,500	3,750	$15.0m	$37.5m
Singapore	5.7	30,000	600	1,500	$6.0m	$15.0m
New Zealand	5.1	18,000	360	900	$3.0m	$9.0m
Direct to market	36.6	123,000	2,460	6,150	$24.0m	$61.5m
Malaysia	32.7	85,000	1,700	4,250		
Japan	125.8	289,000	5,780	14,450		
Hong Kong	7.5	12,500	250	625		
Indirect to market [3]	166	386,500	7,730	19,325		

1. ACS = Acute Coronary Syndrome - any condition brought on by a sudden reduction or blockage of blood flow to the heart. Capture rate estimates based on targeted 'high risk' patients with co-morbidities such as diabetes, renal insufficiency and obesity and prior ACS episode
2. Sales value estimates for illustration purposes only, pricing remains subject to health scheme price agreements for each jurisdiction. Sales price target is A$10,000 per device direct to market in Australia, Singapore & New Zealand. Estimated gross profit margins ~40%
3. Pricing not yet set in markets anticipated to be entered via sub-distribution arrangements: Malaysia, Hong Kong and Japan. Thailand & Indonesia also under distribution rights

AngelMed Guardian – Peer reviewed JACC articles by USA Key Opinion Leaders

Dr. David Holmes
Past President, ACC;
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Dr. C. Michael Gibson
Professor of Medicine, Harvard; CEO of BAIM Research Group (**Harvard**)

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Professor of Medicine,
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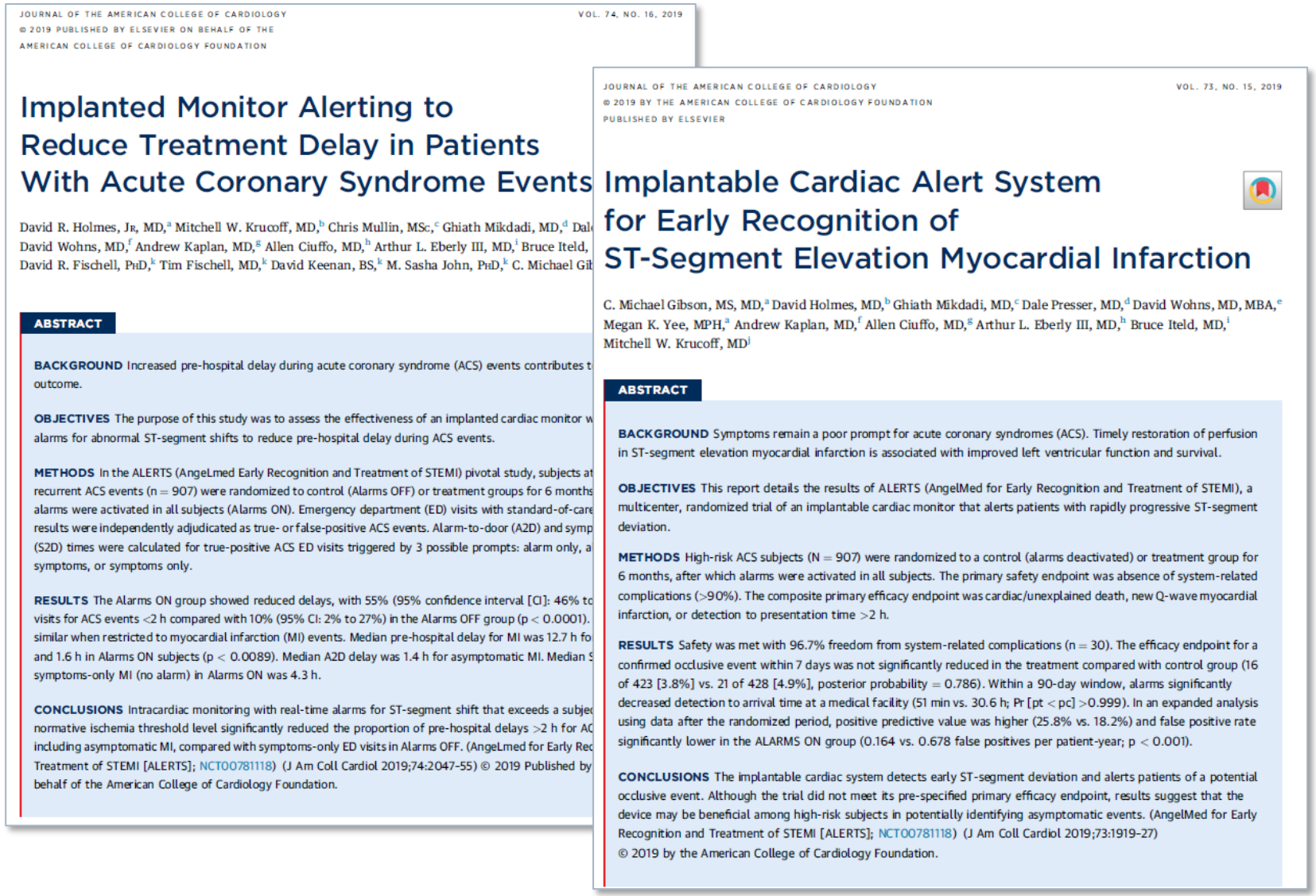

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Implanted Monitor Alerting to Reduce Treatment Delay in Patients With Acute Coronary Syndrome Events

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ABSTRACT

BACKGROUND Increased pre-hospital delay during acute coronary syndrome (ACS) events contributes t
outcome.

OBJECTIVES The purpose of this study was to assess the effectiveness of an implanted cardiac monitor w
alarms for abnormal ST-segment shifts to reduce pre-hospital delay during ACS events.

METHODS In the ALERTS (AngeLmed Early Recognition and Treatment of STEMI) pivotal study, subjects at
recurrent ACS events (n = 907) were randomized to control (Alarms OFF) or treatment groups for 6 months
alarms were activated in all subjects (Alarms ON). Emergency department (ED) visits with standard-of-care
results were independently adjudicated as true- or false-positive ACS events. Alarm-to-door (A2D) and symp
(S2D) times were calculated for true-positive ACS ED visits triggered by 3 possible prompts: alarm only, a
symptoms, or symptoms only.

RESULTS The Alarms ON group showed reduced delays, with 55% (95% confidence interval [CI]: 46% to
visits for ACS events <2 h compared with 10% (95% CI: 2% to 27%) in the Alarms OFF group (p < 0.0001).
similar when restricted to myocardial infarction (MI) events. Median pre-hospital delay for MI was 12.7 h fo
and 1.6 h in Alarms ON subjects (p < 0.0089). Median A2D delay was 1.4 h for asymptomatic MI. Median S
symptoms-only MI (no alarm) in Alarms ON was 4.3 h.

CONCLUSIONS Intracardiac monitoring with real-time alarms for ST-segment shift that exceeds a subjec
normative ischemia threshold level significantly reduced the proportion of pre-hospital delays >2 h for AC
including asymptomatic MI, compared with symptoms-only ED visits in Alarms OFF. (AngeLmed for Early Rec
Treatment of STEMI [ALERTS]; NCT00781118) (J Am Coll Cardiol 2019;74:2047-55) © 2019 Published by
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Implantable Cardiac Alert System for Early Recognition of ST-Segment Elevation Myocardial Infarction

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ABSTRACT

BACKGROUND Symptoms remain a poor prompt for acute coronary syndromes (ACS). Timely restoration of perfusion in ST-segment elevation myocardial infarction is associated with improved left ventricular function and survival.

OBJECTIVES This report details the results of ALERTS (AngelMed for Early Recognition and Treatment of STEMI), a multicenter, randomized trial of an implantable cardiac monitor that alerts patients with rapidly progressive ST-segment deviation.

METHODS High-risk ACS subjects (N = 907) were randomized to a control (alarms deactivated) or treatment group for 6 months, after which alarms were activated in all subjects. The primary safety endpoint was absence of system-related complications (>90%). The composite primary efficacy endpoint was cardiac/unexplained death, new Q-wave myocardial infarction, or detection to presentation time >2 h.

RESULTS Safety was met with 96.7% freedom from system-related complications (n = 30). The efficacy endpoint for a confirmed occlusive event within 7 days was not significantly reduced in the treatment compared with control group (16 of 423 [3.8%] vs. 21 of 428 [4.9%], posterior probability = 0.786). Within a 90-day window, alarms significantly decreased detection to arrival time at a medical facility (51 min vs. 30.6 h; Pr [pt < pc] >0.999). In an expanded analysis using data after the randomized period, positive predictive value was higher (25.8% vs. 18.2%) and false positive rate significantly lower in the ALARMS ON group (0.164 vs. 0.678 false positives per patient-year; p < 0.001).

CONCLUSIONS The implantable cardiac system detects early ST-segment deviation and alerts patients of a potential occlusive event. Although the trial did not meet its pre-specified primary efficacy endpoint, results suggest that the device may be beneficial among high-risk subjects in potentially identifying asymptomatic events. (AngelMed for Early Recognition and Treatment of STEMI [ALERTS]; NCT00781118) (J Am Coll Cardiol 2019;73:1919-27)

PHYRARI FFR Wire – an overview

Phyrari's integrated pressure sensing guidewire makes physiological assessment of coronary artery stenoses more convenient, efficient and cost effective

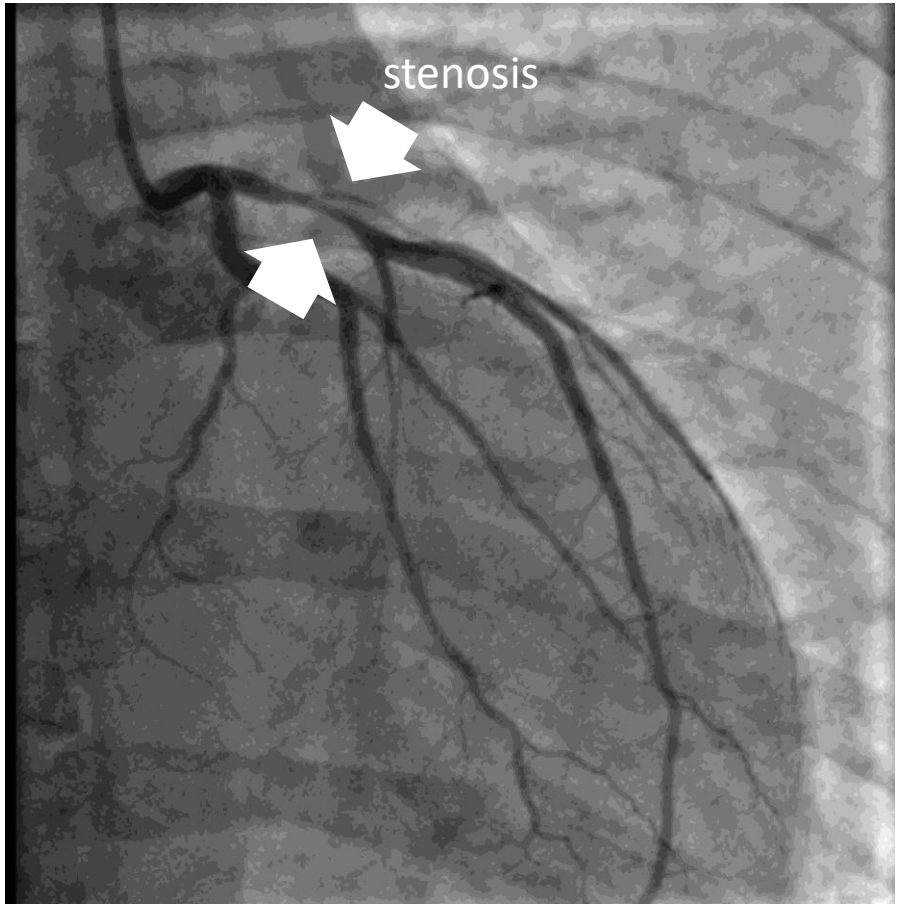
In a typical angiogram procedure, a technology called **Fractional Flow Reserve (FFR**) is often used to measure blood pressure differences either side of a coronary artery stenosis to determine the amount of blood flow to the heart muscle. This information helps to determine if interventional treatment such as a stent is required.

The **Phyzhon PHYRARI FFR-Wire** is a ground-breaking technology enabling cardiologists to combine diagnostic procedures with delivery of therapy including stents.

Key benefits of the technology include:

1. **Deliverability** – crossing, torque, support for treatment
2. **Accuracy** - "zero to negligeable" drift
3. **Convenience** - a unique "One-Wire" technique
4. **Safety**: reduced fluoroscopy and procedure time
5. **Usability** – software designed for pre and post FFR measurements easily incorporates into laboratory information systems

~120,000 Coronary Angiograms and ~60,000 Percutaneous Coronary Interventions (e.g., stent placements) are performed each year in Australia



Breaking through for our clients

Hydrix Services & Ventures

The intersection of 20 years in medtech product development and selectively investing in high potential medtech clients for an *unfair* venture investing advantage

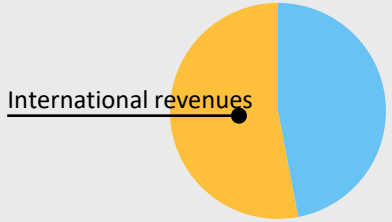
Hydrix Services – concept to market

Targets the $2.1B global outsourced medtech product development sector

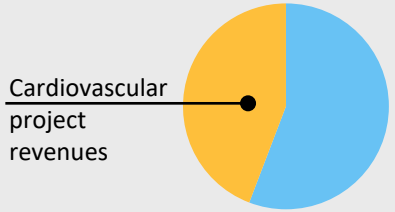
Sustained significant growth for FY23 to follow FY22 YoY revenue growth of ~40%

- Qualified sales pipeline +$60m
- Contract order book is ~$12m *(~ 2x this time last year)*
- FY23 trend revenue +20%
- Trend gross margins on direct labour costs +65%
- 60-person team, trend billable resources utilisation +55%, capacity to grow

International revenues over 50% as a result of increased sales & marketing



More than 40% of revenues relate to cardiovascular technologies



Why clients choose Hydrix

- Team with over 1,000 years of product development expertise
- De-risk & accelerate novel breakthrough product development programs
- A track record of developing award-winning products for a global client base
- Have delivered on over 200 complex product developments including from concept through direct-to-manufacture

Recipient of FOUR International Good Design Awards in past year

4x GOOD DESIGN AWARD® WINNER

Hydrix Ventures – investing with an *unfair advantage*

Hydrix selectively makes early-stage venture investments in high potential clients who leverage our unique product development capabilities

Angel Medical Systems USA

Background: Manufacturer of The GUARDIAN, the world's only FDA approved implantable continuous cardiac monitor with ACS detection technology.

Investment: 1,000,000 shares ~4% ownership, carrying value $1.45m

Status: commenced sales

- FDA approved device in June 2021 and company commenced commercial sales 1/1/2022 under a USA Medicare TPT Code for US$10,250 per device
- Anticipate a major revaluation funding event in the December 2022 half year followed by potential IPO in CY23

Market size:

- 10m USA heart attack survivors, 800k heart attacks p.a. ~25% are high risk, >USD$2B p.a.

Gyder Surgical Limited

Background: Developing an intra-operative surgical navigation system to assist surgeons position implants with greater accuracy during total hip arthroplasty.

Investment: Equity-in-kind for contract R&D services, ownership ~7.5% (as milestones complete), carrying value $1.1m

Status: pre-revenue

- Product development near completion, cadaver trials in progress to compile performance data for FDA and TGA submissions December half 2022
- Future product applications planned
- Anticipate a revaluation funding event in the December 2022 half year followed by potential IPO in CY23

Market size:

- ~2.5m hip replacements p.a. in USA, EUR, China. USA spend USD$40b p.a.

Memphasys Limited

Background: Developing novel medical devices, diagnostics, and media with application to assisted reproduction technologies, including IVF in humans and artificial insemination in animals

Investment: 500,001 shares, carrying value ~$20,000 plus 3,000,000 unlisted $0.10c Options expiring August 2023

Status: (ASX: MEM) **commenced sales**

- Commenced commercial sales, with product placed into India and Australia for use in human IVF programs
- Developing future products from base fluid bio-separation technology

Market size:

- Human IVF market expected to grow to USD $26.4b in 2026, animal artificial insemination estimate US$2.5b by 2026

Cyban Limited

Background: Developing a non-invasive continuous tissue oxygen monitor measuring brain oxygen levels for patients in intensive care unit

Investment: $0.5 million, ~6.0% ownership, carrying value is $0.95m

Status: pre-revenue

- Recently completed a $5.25m fund raising at a post-money valuation of $16.25m
- Featured in The Australian 24/6/2022
- Finalising product development program with Hydrix to develop first commercial devices, with target FDA application in 2HCY23

Market size:

- 27m traumatic brain injuries p.a., target population ~3.7m

Total portfolio valuation potential over the next 12-to-24 month s is 5x-10x cash cost base of ~$2.0m, greater than Hydrix market capitalisation

Summary

A growing, diversified global medtech company

20-year history in medtech product development, Melbourne based, with respected global customers

Three complementary commercial business segments provide significant operating leverage and growth potential

Core strategic focus on technologies that manage cardiovascular disease

- Product design and engineering Services FY23 outlook is for **+20%** revenue growth (FY22 ~40%) & a return to profitability
- **Two** Venture companies are progressing commercial milestones with potential for IPOs in CY2023
- Commencement of first Australian implants and commercial sales of The Guardian to be major growth catalyst
- Board and leadership with significant business building success and value creating outcomes for investors
- Demonstrated milestone achievements show business is in good hands and on track with stated strategy
- Key near-term milestone growth catalysts render value entry point attractive

Strong Board & leadership

Experienced leadership

With over 200 years of combined Board & executive leadership experience, the business is in good hands

Hydrix Limited – corporate snapshot

Major Shareholders	Shares (m)	%
John W. King Nominees	21.4	10.8
Patagorang & related entities (Roger Allen)	10.4	5.3
Invia Custodian (Paul Lewis)	9.9	5.0
Pusen Medical Technology Australia Pty Ltd	6.2	3.1
Gavin Coote & related entities	3.9	2.0
BNP Paribas Nominees	3.6	1.8
Jasper Capital Ltd	3.0	1.5
Top 20	**80.2**	**40.6**

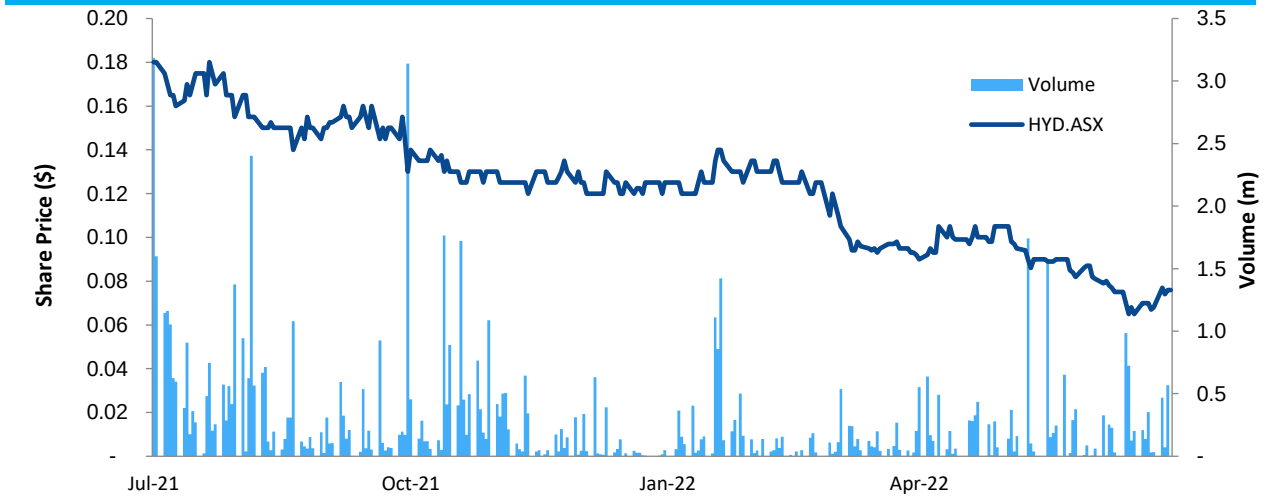
Board

Gavin Coote (GAICD)	Executive Chairman
Paul Wright	Non-Executive Director
Julie King (GAICD)	Non-Executive Director
Paul Lewis (FAICD)	Non-Executive Director
Joanne Bryant	Non-Executive Director
Alyn Tai	Corporate Counsel and Company Secretary

Capital Structure (as of 15 July 2022)	
Ticker	HYD
Share Price	$0.072
Shares on Issue (m)	197.6
Options and Performance Rights (m)	59.1
Warrants*	1
Market Capitalisation (undiluted) (A$m)	$14.25m

*On issue to a previous lender, exercisable into 8 million shares.

Share Price History



Board of Directors

Mr Gavin Coote
Executive Chairman

Gavin has extensive executive and board leadership experience, gained in the USA and Australia, working at companies with revenues of up to $1 billion across diverse industries. It includes years with PricewaterhouseCoopers, a decade in technology mergers & acquisitions, corporate development, and venture investing in the United States, and fifteen years in Australian-based SME private equity at Imperium Capital Group across healthcare, industrial and residential construction materials, leisure and hospitality, and sports and entertainment.

Mr Paul Wright
Non-Executive Director

Paul has spent the last 18 years as CEO of three of Australia's leading international technology and biomedical companies, specifically ASX listed Universal Biosensors (UBI), Invetech and Vision Biosystems. At Universal Biosensors, Paul built long term partnerships with global diagnostics leaders Siemens Healthcare and Johnson & Johnson and led the company through a period of strong growth and new product development. Other past roles included 8 years with Bain & Company, and GM Corporate Development at TNT Logistics.

Mr Paul Lewis
Non-Executive Director

Paul started his career in technology leadership for companies including Mobil Oil Corporation, ICL and as Managing Partner for PA Consulting, Asia. Over the past 15+ years he has held a variety of Non-Executive Director and Advisory roles for companies including Volt Bank, Grassrootz, the Australian British Chamber of Commerce and Chair of ipSCAPE. Paul recently retired from the Board of the Magellan Financial Group after 15 years where he had served as Director from its inception.

Ms Julie King
Non-Executive Director

Julie has more than 40 years' experience in commercial and property negotiations, corporate communications, people and change management. She has held senior roles in maritime, airline, banking and FMCG industries. Julie is also a Director of a number of privately-owned businesses and the King Family Foundation. Julie and her husband manage property and share market portfolio investments.

Ms Joanne Bryant
Non-Executive Director

Joanne has more than 40 years of experience as an occupational therapist. She also has extensive experience in forensic occupational therapy and vocational counselling and is an expert witness in various medico-legal matters within the multi-tiered Victorian court system. She has worked with numerous organisations in both the public and private sectors to enhance individual workplace performance. Joanne is actively involved in the not-for-profit sector and is a Board member of "Outside the Locker Room".

Ms Alyn Tai
Corporate Counsel

Alyn is a practising lawyer who specialises in the areas of corporate and commercial law, and the provision of company secretarial, corporate governance and legal counsel services to entities listed on the Australian Securities Exchange. Alyn holds a Bachelor of Laws from the University of Exeter, and was called to the Bar of England and Wales before being admitted to the Supreme Court of Victoria as an Australian lawyer.

Strong growth & improving financial outlook

Financial Highlights

With three complementary commercial business segments, there are multiple growth catalysts to sustainable cash flows

Statement of Profit & Loss

Growth and profitability outlook:

- Strong sales and improving gross profit margins in Services business will return the business to profitability helping to recover Limited entity overhead operating costs which are being held constant year on year. This growth is primarily attributable to existing clients recommencing projects after COVID-19, and winning new client projects outside Australia as we expanded business development and marketing activities in Europe.

- Commencing commercial sales of The Guardian device in Australia and New Zealand in the coming financial year will help support investment in sales and marketing to grow revenues. Gross profit margins are anticipated to be ~40% on direct sales in Australia, New Zealand and Singapore on moderate leverageable operating cost structure, and deliver strong EBITDA in the years ahead.

- Venture investee companies continue to make strong progress in product development, commencing commercial sales, progressing steps towards regulatory determinations, and successfully raising capital. Valuation uplifts resulting from advancements by investee companies is expected to generate realised and unrealised equity capital gains in the year ahead.

For the half-year ended 31 December 2021	Hydrix Limited $	Hydrix Medical $	Hydrix Services $	Hydrix Ventures $	Hydrix Group Total $
Revenue					
Sales to external customers	-	1,412	5,148,361	-	5,149,773
Other revenue	-	-	13,379	-	13,379
Interest revenue	205	-	6,412	-	6,617
Total Revenue	**205**	**1,412**	**5,168,152**	**-**	**5,169,769**
Operating expenses					
Employee benefits expense	(402,958)	(287,465)	(4,595,906)	(37,500)	(5,323,829)
Project material expenses	-	-	(883,948)	-	(883,948)
Cost of Sales	-	(7,137)	-	-	(7,137)
Rental expense	-	-	113,055	-	113,055
Selling, advertising and distribution expenses	-	(13,625)	(65,941)	-	(79,566)
Research and development expenses	-	(21,250)	-	-	(21,250)
Other expenses	(497,363)	(351,211)	(371,492)	(25,597)	(1,245,664)
Total Operating expenses	**(900,321)**	**(680,688)**	**(5,804,232)**	**(63,097)**	**(7,448,339)**
EBITDA (before non-cash expenses)	**(900,116)**	**(679,277)**	**(636,080)**	**(63,097)**	**(2,278,570)**
Depreciation and amortisation expense	(188)	(116,809)	(334,596)	-	(451,593)
Finance costs	(68,055)	-	(173,280)	-	(241,335)
Share based payment expenses	(47,820)	-	-	-	(47,820)
Impairment / (reversal) of receivables	-	-	59,919	-	59,919
Gain/(Loss) on financial instruments at fair value through profit or loss	296,545	-	(10,762)	436,829	722,612
Gain/(Loss) on contingent consideration liability	-	(125,440)	-	-	(125,440)
Unrealised foreign exchange Gain/(Loss)	-	(90,259)	-	48,028	(42,231)
Loss after income tax expense	**(719,634)**	**(1,011,784)**	**(1,094,799)**	**421,760**	**(2,404,457)**

Net Cash used in Operating Activities

The table to the right provides a reconciliation between unaudited EBITDA and the net cash used in operating activities for each business segment for the half year ended 31 December 2021.

Net cash used in operating activities by business segment did not differ significantly from EBITDA with the exception of the Hydrix Services business which was required to invest in working capital to support the 40% growth in fee-for-service product development revenues.

Increased sales focus by Services on large early-stage product development projects for medical device companies, including in the cardiovascular sector, is leading to higher fee revenue and improving gross profit margins. Increasing sales is converting into higher billable resource utilisation at higher fee rates. These factors will lead the business back to profitability at pre-COVID levels reducing net cash used in operations across the Group.

There is potential for two Ventures investee companies to pursue IPOs in CY2023 which could provide funds flow to Hydrix.

Hydrix Medical is expected to commence sales of The Guardian in the year ahead and invest in sales operations to significantly grow revenues in the coming years

For the half-year ended 31 December 2021	**Hydrix Limited $**	**Hydrix Medical $**	**Hydrix Services $**	**Hydrix Ventures $**	**Hydrix Group Total $**
EBITDA (before non-cash expenses)	**(900,116)**	**(679,277)**	**(636,080)**	**(63,097)**	**(2,278,570)**
Less: other non-cash adjustments					
Shares issued under commercial arrangement	-	-	150,000	-	150,000
Options received under commercial arrangement	-	-	(81,000)	-	(81,000)
Movement in currency of foreign operations	-	(2,194)	-	-	(2,194)
Effects of FX changes on cash and cash equivalents	-	(29)	-	-	(29)
	(900,116)	**(681,500)**	**(567,080)**	**(63,097)**	**(2,211,793)**
Add: changes in operating assets and liabilities					
Decrease/(increase) in trade and other receivables	21,733	(4,040)	(277,098)	-	(259,405)
Decrease/(increase) in contract assets	-	-	(7,683)	-	(7,683)
Decrease/(increase) in prepayments	13,099	(20,138)	(165,429)	-	(172,468)
Decrease/(increase) in inventory	-	1,714	-	-	1,714
Decrease/(increase) in other assets	-	(3,305)	(50,008)	-	(53,313)
Increase/(decrease) in trade and other payables	(30,186)	18,231	(286,476)	-	(298,431)
Increase/(decrease) in contract liabilities	-	-	(343,325)	-	(343,325)
Increase/(decrease) in provisions	4,074	10,591	(36,584)	-	(21,918)
Increase/(decrease) in other liabilities	(576)	-	(106,814)	-	(107,390)
Net cash used in operating activities	**(891,971)**	**(678,446)**	**(1,840,497)**	**(63,097)**	**(3,474,012)**

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