hydrix

HYDRIX LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

ABN: 84 060 369 048

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General information

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

Hydrix 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
30-32 Compark Circuit
Mulgrave VIC 3170

Principal place of business
30-32 Compark Circuit
Mulgrave VIC 3170

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 30 September 2024. The directors have the power to amend and reissue the financial statements.

Directors	Mr Gavin Coote (Executive Chairman) Ms Julie King (Non-Executive Director) Ms Joanne Bryant (*stepped down 13 November 2023*) (Non-Executive Director) Mr Paul Wright (Non-Executive Director) Mr Paul Lewis (Non-Executive Director)
Company Secretary	Ms Alyn Tai
Registered Office	30-32 Compark Circuit Mulgrave VIC 3170 Phone: (03) 9550 8100
Principal place of business	30-32 Compark Circuit Mulgrave VIC 3170
Share register	Boardroom Pty Limited Grosvenor Place Level 12, 225 George Street Sydney NSW 2000
Auditor	Grant Thornton Audit Pty Ltd Collins Square, Tower 5 727 Collins Street Melbourne VIC 3008
Solicitor	Thomson Geer Level 23, 525 Collins Street Melbourne VIC 3000
Stock Exchange Listing	Hydrix Limited's shares are listed on the Australian Securities Exchange (ASX code: HYD)
Website	www.hydrix.com
Country of incorporation and domicile	Australia

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Hydrix 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 2024.

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

Mr Gavin Coote
Executive Chairman
Appointed as Non-Executive Director 12 January 2017; appointed as Non-Executive Chairman 28 March 2017; appointed as Executive Chairman 1 January 2020

Mr Coote brings 25+ years executive leadership in corporate and financial strategy, and private equity. His experience includes 5 years with PricewaterhouseCoopers in Australia and the USA, a decade in technology mergers & acquisitions, corporate development, and venture investing in the United States, and 15 years in Australian private equity in various sectors including healthcare, industrial and residential construction materials, leisure and hospitality, and sports and entertainment.

He has played significant roles in several turnaround and acquisition-led growth strategies culminating in successful trade sales. These include NASDAQ-listed Platinum Technology Inc., where revenues grew from $100 million to over $1 billion in 4 years driven by organic revenue growth and 40+ acquisitions, and eventually sold to CA Technologies for $3.5 billion, and several above-average SME private-equity exits.

Gavin has a Bachelor of Economics & Politics (Accounting) from Monash University, a Masters of Business Administration from University of Michigan, and is a Graduate of the Australian Institute of Company Directors.

Ms Julie King
Non-Executive Director
Appointed 28 March 2017

Ms King holds a Bachelor of Commerce degree from the University of Melbourne. With 40 years' experience in various industries including utilities, maritime, airline, banking and FMCG, she is a specialist in commercial negotiations and leading high performance leadership and culture programs. Ms King currently operates a private philanthropic family Foundation and is a Graduate of the Australian Institute of Company Directors.

Ms Joanne Bryant
Non-Executive Director
Appointed 29 November 2016, stepped down 13 November 2023

Ms Bryant brings more than 40 years' of experience in the health sciences as an occupational therapist, trainer and vocational specialist. Currently, she is using this expertise to provide forensic opinion as a vocational specialist to the Victorian court system in addition to running a small clinical practice. She has worked for many years as an approved Rehabilitation Provider, providing injury management services to both Commonwealth and State organisations. Ms Bryant is a Member of the Australian Association of Occupational Therapists and a member of the GriefLine Board. She also manages a small privately owned investment company.

Mr Paul Wright
Non-Executive Director
Appointed 8 August 2018

Mr Wright has spent the last 18 years as CEO of three of Australia's leading international technology companies. At ASX-listed Universal Biosensors ("UBI"), 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. Before UBI, Paul was CEO of Invetech (1999-2007), an internationally renowned product design and development company, and Vision BioSystems (2007-2008), the major subsidiary of ASX-listed Vision Systems Limited that developed, manufactured and marketed diagnostic instruments and consumables to pathology laboratories worldwide.

Prior to this, Paul spent over 8 years working in Europe, North America and Asia with corporate strategy consultants Bain & Company, advising multi-national clients on growth strategy, mergers and acquisitions, and manufacturing improvement. As General Manager of Corporate Development at TNT Logistics, Paul played a key role in the development of a major contract logistics business in Asia establishing Joint Venture businesses in China, Malaysia, and Indonesia.

Paul has a Masters Degree in Engineering from the University of Cambridge, has studied corporate finance at the London Business School, and is a Fellow of the Australian Institute of Company Directors.

Mr Paul Lewis MBE
Non-Executive Director
Appointed 28 October 2021

Mr Lewis started his career in technology leadership for companies including Mobil Oil Corporation, ICL and as Managing Partner for PA Consulting, Asia. Paul retired from the Board of the Magellan Financial Group in 2021 after 15 years where he served as Director from its inception and was also a member of British Telecom's Global Advisory Board from 2003 to 2009. Paul was Chair of NAB Private Advisory Board from 2008 to 2013, and for 14 years was Deputy Chair of the Australian British Chamber of Commerce – for which he received an MBE in 2019 for services to bilateral trade. He is currently Chair of ipSCAPE Limited, the recent Chair of GWS GIANTS Foundation, and for 8 years was on the Board of Cure Cancer. Paul is a Fellow of the Australian Institute of Company Directors.

Other current directorships held by directors
Paul Wright is a director of Memphasys Limited (ASX: MEM).

Company secretary
Ms Alyn Tai LLB (Hons) has held the role of Company Secretary since June 2016. She is a Partner with law firm Thomson Geer specialising in corporate and commercial law, and the provision of company secretarial and legal counsel services to ASX-listed entities.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Board of Directors' Meetings		Nomination and Remuneration Committee*		Audit and Risk Committee*	
Director	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**
Mr Gavin Coote	10	10	2	2	4	4
Ms Julie King	10	10	2	2	4	4
Ms Joanne Bryant^	5	5	1	1	2	2
Mr Paul Wright	10	10	2	2	4	4
Mr Paul Lewis	10	10	2	2	4	4

Held: represents the number of meetings held during the time the director held office.
*Mr. Gavin Coote is not a member of the ARC and NRC. He attends by invitation.
^Ms. Joanne Bryant stepped down from the Board at the Company's 2023 Annual General Meeting.

Interest in the securities of the company
At the date of this report, the relevant interests of directors in the company's securities were:

Director	No. of Ordinary Shares	No. of Convertible Notes	No. of Performance Rights
Mr Gavin Coote (i)	5,250,000	-	475,000
Ms Julie King (ii)	26,273,145	1,500,000	-
Mr Paul Wright (iii)	2,027,673	100,000	-
Mr Paul Lewis (iv)	16,583,334	500,000	-

The directors' relevant interests in the company's securities shown above are as follows:

(i) Mr Gavin Coote has a relevant interest in 5,250,000 fully paid ordinary shares, which are held as follows:

a. 4,778,502 fully paid ordinary shares are held by Beachridge Advisory Services Pty Ltd as Trustee for the Coote Family Discretionary Trust.
b. 471,498 fully paid ordinary shares are held by a custodian as registered owner on behalf of the Coote Family Super Fund.

In addition, Gavin Coote has a relevant interest in 475,000 performance rights.

(ii) Ms Julie King has a relevant interest in 26,273,145 fully paid ordinary shares, held by John W King Nominees Pty Ltd. In addition, Julie King has a relevant interest in 1,500,000 convertible notes, held by John W King Nominees Pty Ltd.

Interest in the securities of the company (continued)

(iii) Mr Paul Wright has a relevant interest in 2,027,673 fully paid ordinary shares, which are held by a custodian as registered owner on behalf of PKW Super Fund. In addition, Paul Wright has a relevant interest in 100,000 convertible notes, which are held by a custodian as registered owner on behalf of PKW Super Fund.

(iv) Mr Paul Lewis has a relevant interest in 16,583,334 fully paid ordinary shares, which are held as follows:

a. 8,291,667 fully paid ordinary shares are held by a custodian as registered owner on behalf of PAJ Lewis Super Fund.
b. 8,291,667 fully paid ordinary shares are held by a custodian as registered owner on behalf of PAJ Lewis Trust.

In addition, Paul Lewis has a relevant interest in 500,000 convertible notes, which are held as follows:

a. 250,000 convertible noted are held by a custodian as registered owner on behalf of PAJ Lewis Super Fund.
b. 250,000 convertible notes are held by a custodian as registered owner on behalf of PAJ Lewis Trust.

Principal activities
The principal activities of the consolidated entity during the year were providing product design, engineering, development and regulatory consulting services to clients in the medical technology sector, marketing disruptive cardiovascular product technologies and making venture investments in high potential early-stage medtech companies.

The consolidated entity operates three wholly owned subsidiary entities:

Hydrix Services delivers world first products and innovation across the medtech and cardiac market sectors. It offers a comprehensive range of engineering, development and regulatory consulting services including software, electronics, mechanical, industrial design, and general product development services. Its product development and consulting services range from applied research through all stages of engineering design, development, prototyping, manufacturer management, certification process management and supply for global markets.

Hydrix Medical distributes disruptive cardiovascular technologies that address unmet needs for patients and healthcare providers. Products include the Guardian real-time heart attack warning system from Avertix Medical, Implicity's cloud-based AI-driven remote cardiac patient monitoring and data management solution, and Echo IQ's AI technology that automatically analyses echocardiographic measurements to improve the detection and diagnosis of patients at high risk of structural heart disease. These products are pre commercial revenue and being distributed by Hydrix under distribution license agreements across Australia and various Asia Pacific jurisdictions.

Hydrix Ventures selectively invests in high potential Hydrix Services medtech clients to generate equity capital gains. Current portfolio companies include Gyder Surgical Pty Ltd (orthopaedic surgical tool used in hip replacement surgeries), Avertix Medical (implantable heart attack warning system), Memphasys Limited (bio-separation system used in IVF procedures), and Cyban Pty Ltd (non-invasive brain trauma injury monitoring device). For each of these clients, Hydrix Services provides arm's-length product design and development consulting services.

The consolidated entity has approximately 60 employees and its headquarters are located in Mulgrave, Victoria Australia.

Dividends
No dividends have been paid or declared since the start of the period and the directors do not recommend the payment of a dividend in respect of the period.

Review of operations
The primary revenue and operational expense of the consolidated entity for the year was derived by Hydrix Services, which finished the year with a strong sales pipeline to support future growth. Hydrix Medical focused heavily on building market awareness and developing a sales opportunity pipeline for its Implicity remote cardiac patient monitoring software-as-a-service which it distributes under licence. No new investments were made in the year by Hydrix Ventures.

Hydrix Services continues to make strong progress expanding its global medtech client footprint with successive year increases in international cardiac and medtech revenues. Revenues were down 19% year-on-year (to $10.6 million) primarily due to the completion of client projects and delayed commencements of existing and new client projects as a result of client budget constraints and challenging capital market conditions in which to raise capital for new product developments.

The business successfully won a multi-million-dollar early-stage contract with a leading billion-dollar European medical company which further endorses Hydrix capability and professionalism, as well as demonstrating strategy traction aimed at capturing large international medtech clients.

In FY24, 73% of revenues came from international clients up from 56% the prior year, and 93% from cardiac and medtech clients up from 84% the prior year. International revenues have increased more than 4x since FY21 and are the growth engine for Services. Further, 42% came from clients developing cardiovascular technologies and there are a significant number of high value opportunities in the sales pipeline.

Review of operations (continued)

Hydrix Medical continues to actively advance its sales opportunity pipeline (more than $2.5m in prospective annual revenue) for Implicity's remote cardiac patient monitoring cloud software to public and private cardiac health providers in Australia, Singapore and New Zealand.

As is usual for cardiac technology products, purchase cycles are subject to capital and operating budget expenditure approval processes and government reimbursement schemes. There are numerous national and state-based Department of Health policy spending reviews, decisions and tenders pending reimbursement for these sorts of products which can help unlock sales opportunities. We remain optimistic about the prospects for Implicity to deliver annualised recurring software revenues.

Hydrix Ventures selectively invests in high potential medical device technology clients that Hydrix provides product design and development services to. This entity currently holds three investments in early stage medtech device companies, all that are either working through regulatory approval pathways or have commenced commercial sales. Net tangible asset (NTA) value is $3.4 million, down year-on-year by approximately $1.5 million due to re-valuing the investment in Avertix Medical after they completed a Series C capital raise, resetting the current valuation as announced on 13 August 2024.

Review of financials

For the year ended 30 June 2024, the consolidated entity recorded total income from operations of $10,716,270, of which revenue from Hydrix Services customer contracts was $10,607,103 a 19.4% decrease (2023: $13,155,048).

Total operating costs for the consolidated entity decreased $1,036,083 or 6.0% to $16,246,528 (2023: $17,282,611).

The consolidated entity loss before income tax increased year-on-year to $9,558,852 (2023: $396,926) primarily attributable to the following:

- Revenue decrease in Services of $2.5 million due to certain client projects being completed while certain new client projects are yet to commence
- Operating cost reductions of $1.0 million (6.0%) to $16.2 million (2023 $17.3 million)
- Non-cash intangible asset impairment of $2.5 million relating to distribution rights for the Avertix Guardian
- Non-cash downward fair value adjustment of $1.75 million relating to investment in Avertix Medical
- Prior period result benefitted from one-off non-cash accounting adjustments:
    - $0.8 million non-cash and non-recurring provision release for consulting services which expired during that period; and
    - $2.9 million of non-cash and non-recurring contingent consideration provision release relating to the acquisition of the Guardian distribution rights which expired during that period.

After adjusting for the non-cash non-recurring items in FY2024 and FY2023, the consolidated entity losses before income tax were $5,353,142 and $4,268,281 respectively. The larger loss in FY2024 of $1,084,861 was due to the decrease in revenues being larger than the reduction in operating costs in the period, however the annualised impact of the cost savings have improved the go-forward cost structure of the business. The consolidated entity's operating losses reflect continued investment expanding Hydrix Services into Europe and the USA to drive future growth opportunities and building new markets and future sales opportunities for Hydrix Medical's remote cardiac patient monitoring software.

Reconciliation to adjusted consolidated loss before income tax

	2024 $	2023 $
Loss after income tax expense per Consolidated Statement of Profit & Loss	(9,558,852)	(396,926)
Impairment of intangible assets	2,508,079	522,939
Movement in contingent consideration liability	-	(2,952,030)
(Loss) / gain on financial instruments at fair value through profit or loss	1,697,631	(629,784)
Other income non-recurring	-	(812,480)
Adjusted consolidated loss before income tax	**(5,353,142)**	**(4,268,281)**

Net cash used in operating activities to support the growth and expansion of the consolidated entity was $1,891,650 (2023: $2,734,482). The consolidated entity used less cash for operations as a result of cost reduction and cash management during the period compared to the prior-period to offset the $2,547,998 decrease in revenues.

In August 2023, the Company issued 3,060,000 convertible notes to investors, each with a face value of $1. The convertible notes have a maturity date which is 24 months from the date of issue, and a coupon rate of 10% per annum, payable in cash, quarterly in arrears. The conversion price is the lower of $0.05 and the lowest issue price of Hydrix shares under any equity capital raising completed between the issue date and the maturity date, subject to a minimum conversion price of $0.015 (Conversion Price).

Review of financials (continued)

The convertible notes were issued in 2 tranches as follows:

- Tranche 1: 460,000 convertible notes were issued to non-related parties of the Company on 11 October 2023; and
- Tranche 2: 2,600,000 convertible notes were issued to related parties of the Company (including directors) on 6 December 2023, following receipt of shareholder approval for the purposes of ASX Listing Rule 10.11 at the Company's annual general meeting on 13 November 2023.

The convertible notes are convertible into a maximum of 204,000,000 shares, when applying the floor price of $0.015 (subject to rounding). The actual number of ordinary shares that the convertible notes may convert into (if any) depends on the number of notes that are converted (if any) and the applicable Conversion Price at the time of conversion.

A noteholder may in its discretion elect to convert one or more convertible notes, by submitting a written notice of conversion to the Company. The number of conversion shares will be determined by dividing the aggregate face value of the notes being converted, by the Conversion Price. A noteholder may only convert a minimum of 25,000 convertible notes on any particular occasion. If the noteholder has, in total, less than 25,000 convertible notes, the noteholder must convert all of its convertible notes at the same time.

Where shareholder approval or any other approvals under the ASX Listing Rules, *Corporations Act 2001* (including the takeover provisions in Chapter 6 of the *Corporations Act 2001*) or other applicable law are required for an issue of shares in connection with a convertible note, the shares will not be required to be issued unless and until those approvals are obtained.

As at 30 June 2024, the Company's remaining liability to make payments under the notes is as follows (assuming that no notes are converted and that all notes are redeemed on the maturity date):

1) $3.06 million in principal repayments;
2) $0.67 million in interest liability to maturity date

On 1st February 2024, Hydrix Limited entered into two loan agreements with major shareholders to support working capital requirements:

- $500,000 loan to the business with an 11% interest rate, payable quarterly. Loan is repayable on 31 December 2024, or extendable through mutual agreement
- $500,000 loan facility available on a draw down basis, with 10% interest rate payable on drawn funds, payable quarterly. In addition, a 1% facility fee is payable on signing of the loan agreement

In April 2024, Hydrix Services renewed its $1.5 million revolving loan facility agreement with Tradeplus24 Australia Pty Ltd (“TP24”) for a further 12 months. At 30 June 2024, $797,996 was drawn under the facility.

The consolidated entity’s cash position was $914,274 at 30 June 2024.

Outlook
The business prospects for the consolidated entity remain strong, noting management anticipates business conditions will remain fluid. The key objective for the next 12 months is to drive the consolidated entity to cash operating profit on the back of sales conversions, higher revenues, higher margins and billable utilisation, and a lower operating cost structure.

Significant changes in the state of affairs
With the exception of the above, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
On 10th August 2024, Hydrix Ventures was advised by Avertix Medical that it closed a Series C capital raise. As part of those funding terms, Avertix completed a 100-to-1 reverse stock split and reset the stock price to US$9.27 per share. After accounting for the terms of the Avertix capital raise, Hydrix Ventures holds 10,000 Avertix shares valued at USD$9.27, giving an AUD valuation of $139,983. Hydrix Ventures has, as a result, written down the value of its Avertix investment by $1,747,173, from $1,887,156 to $139,983. The impact of this valuation has been reflected in the financial statements at 30 June 2024.

Likely developments and expected results of operations
The current consolidated entity’s principal activities will continue for the next financial year ending 30 June 2025.

Environmental regulation
The consolidated entity's operations are subject to environmental regulations under the law of the Commonwealth and State. The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

REMUNERATION REPORT (Audited)

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

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

The remuneration report is set out under the following main headings:
- Details of key management personnel
- Remuneration philosophy
- Details of remuneration

Details of Key Management Personnel

Mr Gavin Coote
Non-Executive Chairman - Appointed 28 March 2017, Executive Chairman - Appointed 1 January 2020

Ms Julie King
Non-Executive Director - Appointed 28 March 2017

Ms Joanne Bryant
Non-Executive Director - Appointed 29 November 2016, stepped down 13 November 2023

Mr Paul Wright
Non-Executive Director - Appointed 8 August 2018

Mr Paul Lewis MBE
Non-Executive Director - Appointed 28 October 2021

Remuneration Philosophy
The performance of the company depends on the quality of the company's directors, executives and employees and therefore the company must attract, motivate and retain appropriately qualified industry personnel.

The remuneration policy of the company has been designed to align KMP objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short-term and long-term incentives based on key performance areas affecting the company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP required to run and manage the company, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the company is as follows:

- The remuneration policy has been developed by the Nomination and Remuneration Committee and approved by the Board and professional advice is sought from independent external consultants where required.

- All KMP receive a base salary, superannuation, options (subject to shareholder approval in the case of directors) and performance incentives.

- Performance incentives are only paid once predetermined key performance indicators (KPI's) have been met.

- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

- The Nomination and Remuneration Committee reviews KMP packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors.

The Board has established a formal Nomination and Remuneration Committee which operates under the Nomination and Remuneration Committee Charter approved and adopted by the Board.

The Nomination and Remuneration Committee reviews remuneration packages and practices applicable to the senior executives and the Board. This role also includes responsibility for share option schemes, incentive performance packages and retirement and termination entitlements. Remuneration levels are competitively set to attract the most qualified and experienced Directors and senior executives. The Nomination and Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages.

REMUNERATION REPORT (Audited) (continued)

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the performance of the consolidated entity. All bonuses and incentives must be linked to predetermined performance criteria. The Nomination and Remuneration Committee may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

The employment terms and conditions of KMP are formalised in contracts of employment or consultancy agreements.

In accordance with the company's Constitution, the aggregate remuneration that can be paid to the company's Non-Executive Directors is $500,000 per annum, and the Board determines how this aggregate amount should be divided among individual directors and in what proportions.

Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at meetings of directors and otherwise in the execution of their duties as directors. A director may also be paid additional amounts as fees or as the directors determine where a director performs extra services or makes any special exertions, which in the opinion of the directors are outside the scope of the ordinary duties of a director.

Details of remuneration

Mr Gavin Coote - Executive Chairman
Term and termination
Mr Coote's appointment as Executive Chairman was effective on 1 January 2020, and continues on an ongoing basis under a services agreement between Mr Coote and the company. Either the company or Mr Coote may terminate the services agreement with 6 months' notice (other than by the company for cause).

Remuneration
Mr Coote's total fixed remuneration for his executive services under the employment agreement is $360,000 per annum (inclusive of superannuation). Mr Coote's remuneration for his executive services is in addition to the fee of $83,000 per annum (inclusive of superannuation) that Mr Coote is currently entitled to receive (and will continue to receive) for his roles and responsibilities as Chairman and Director of the Company.

Variable performance-based reward will be in the form of short-term and long-term incentives, as determined by the Board at its sole discretion.

Restraints
Mr Coote must not, during his employment, except with the written consent of the company, engage in (directly or indirectly) any undertaking or business of a similar nature to, or in competition with, the business of the company. In addition, certain non-compete and non-solicit restraints apply to Mr Coote for a period of 12 months after termination of his employment with the company.

Ms Julie King - Non-Executive Director
i. Fixed remuneration – The base remuneration is $48,000 per annum plus $10,000 per annum for the role of Chairperson of the Nomination and Remuneration Committee (exclusive of GST, but inclusive of any applicable superannuation).

ii. Expenses – Ms King is entitled to claim from the company reimbursement of reasonable out-of-pocket expenses properly incurred in the performance of her duties and responsibilities (and upon production of satisfactory receipts).

Ms Joanne Bryant - Non-Executive Director
i. Fixed remuneration – The base remuneration is $48,000 per annum (exclusive of GST, but inclusive of any applicable superannuation).

ii. Expenses – Ms Bryant is entitled to claim from the company reimbursement of reasonable out-of-pocket expenses properly incurred in the performance of her duties and responsibilities (and upon production of satisfactory receipts).

Mr Paul Wright - Non-Executive Director
i. Fixed remuneration – The base remuneration is $48,000 per annum plus $10,000 per annum for the role of Chairperson of the Audit and Risk Committee (exclusive of GST, but inclusive of any applicable superannuation).

ii. Expenses – Mr Wright is entitled to claim from the company reimbursement of reasonable out-of-pocket expenses properly incurred in the performance of his duties and responsibilities (and upon production of satisfactory receipts).

REMUNERATION REPORT (Audited) (continued)

Mr Paul Lewis - Non-Executive Director
i. Fixed remuneration – The base remuneration is $48,000 per annum (exclusive of GST, but inclusive of any applicable superannuation).

ii. Expenses – Mr Lewis is entitled to claim from the company reimbursement of reasonable out-of-pocket expenses properly incurred in the performance of his duties and responsibilities (and upon production of satisfactory receipts).

Engagement of remuneration consultants
During the financial year no external consultants were engaged to review the remuneration and provide recommendations relating to KMP.

Remuneration details for the year ended 30 June 2024
The following tables detail, in respect to the financial year, the components of remuneration for each member of KMP of the company:

Table of benefits and payments for the year ended 30 June 2024

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments		
	Salary	Fees	Super-annuation	Long Service Leave	Equity-settled shares	Equity-settled rights[4]	Total
Directors	$	$	$	$	$	$	$
Mr Gavin Coote[1 2 5]	309,502	83,000	34,045	5,904	-	(147,496)	284,955
Ms Julie King[1]	-	52,489	5,511	-	-	-	58,000
Ms Joanne Bryant[1 3]	-	10,811	1,189	-	-	-	12,000
Mr Paul Wright[1]	-	52,489	5,511	-	-	-	58,000
Mr Paul Lewis[1]	-	48,000	-	-	-	-	48,000
Total	309,502	246,789	46,256	5,904	-	(147,496)	460,955

[1] All Director fees have been accrued but have not been paid since 1 October 2023.
[2] Mr Gavin Coote's salary as Executive Chairman was reduced by 20% from 1 November 2023 to 31 January 2024, and was deferred by 20% from 1 May 2024 to 30 June 2024, meaning $12,055 of the above remuneration was not paid in cash in the year.
[3] Ms Joanne Bryant stepped down from the board on 13 November 2023.
[4] Performance rights with non-market based hurdles that failed to vest in the period have the accrued expense reversed in the period, resulting in a reduction in remuneration in the period.
[5] Short-term salary benefits payable to Mr Coote include $83,000 for work performed in his role as director.

Table of benefits and payments for the year ended 30 June 2023

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments		
	Salary	Fees	Super-annuation	Long Service Leave	Equity-settled shares	Equity-settled rights	Total
Directors	$	$	$	$	$	$	$
Mr Gavin Coote[1]	327,045	83,000	34,208	5,318	-	218,027	667,598
Ms Julie King	-	52,489	5,511	-	-	-	58,000
Ms Joanne Bryant	-	43,439	4,561	-	-	-	48,000
Mr Paul Wright	-	52,489	5,511	-	-	-	58,000
Mr Paul Lewis	-	48,000	-	-	-	-	48,000
Total	327,045	279,417	49,791	5,318	-	218,027	879,598

[1] Short-term salary benefits payable to Mr Coote include $83,000 for work performed in his role as director.

REMUNERATION REPORT (Audited) (continued)

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Directors						
Mr Gavin Coote[2]	152%	67%	-	-	-52%	33%
Ms Julie King	100%	100%	-	-	-	-
Ms Joanne Bryant[1]	100%	100%	-	-	-	-
Mr Paul Wright	100%	100%	-	-	-	-
Mr Paul Lewis	100%	100%	-	-	-	-

[1] Ms Joanne Bryant stepped down from the board on 13 November 2023.
[2] As a result of the expense reversal for Mr Coote's performance rights that failed to vest in the period, fixed remuneration is greater than 100% of total remuneration, whilst at risk-LTI is a negative percentage of remuneration, reflecting the expense reversal.

Share-based compensation
Issue of shares
No shares were issued to key management personnel during the period.

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other KMP in this financial year and future reporting years are as follows:

Name	Number of performance rights granted	Grant date	Vesting date	Expiry date	Exercise price	Fair value per right at grant date
Mr Gavin Coote	250,000	24-Nov-21	30-Jun-23	30-Jun-27	$0.00	$0.130
Mr Gavin Coote	750,000	24-Nov-21	30-Jun-24	30-Jun-28	$0.00	$0.074
Mr Gavin Coote	750,000	24-Nov-21	30-Jun-24	30-Jun-28	$0.00	$0.063
Mr Gavin Coote	2,750,000	24-Nov-21	30-Jun-24	30-Jun-28	$0.00	$0.130

The performance rights vest subject to satisfaction of prescribed vesting conditions including market conditions, and financial, operational, corporate governance, strategic planning and business development objectives set by the Board.

Performance rights granted carry no dividend or voting rights.

Additional information
The earnings of the consolidated entity for the five years ended 30 June 2024 are summarised below:

	2024 $	2023 $	2022 $	2021 $	2020 $
Revenue	10,716,270	14,121,482	10,468,453	9,311,738	15,899,742
(Loss) before tax	(9,558,852)	(396,926)	(5,546,389)	(9,778,693)	(2,872,734)
(Loss) after tax	(9,558,852)	(396,926)	(5,546,389)	(9,778,693)	(3,219,461)

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

	2024	2023	2022	2021	2020
Share price at financial year end ($)	$0.01	$0.03	$0.07	$0.19	$0.09
Total dividends declared (cents per share)	$0.00	$0.00	$0.00	$0.00	$0.00
Basic loss per share (cents per share)	(3.76)	(0.17)	(3.19)	(6.84)	(4.35)
Diluted loss per share (cents per share)	(3.76)	(0.17)	(3.19)	(6.84)	(4.35)

Additional disclosures relating to KMP
Shareholding
The number of shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties is set out below:

REMUNERATION REPORT (Audited) (continued)

	Balance at the start of the year	Received on the exercise of performance rights	Additions	Disposals	Balance at the end of the year
Mr Gavin Coote	5,250,000	-	-	-	5,250,000
Ms Julie King	26,273,145	-	-	-	26,273,145
Ms Joanne Bryant	2,552,577	-	-	-	2,552,577
Mr Paul Wright	2,027,673	-	-	-	2,027,673
Mr Paul Lewis	16,583,334	-	-	-	16,583,334
	52,686,729	**-**	**-**	**-**	**52,686,729**

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties is set out below:

	Balance at the start of the year	Granted	Exercised	Expired / forfeited	Balance at the end of the year
Mr Gavin Coote	4,500,000	-	-	(4,025,000)	475,000
Ms Julie King	-	-	-	-	-
Ms Joanne Bryant	-	-	-	-	-
Mr Paul Wright	-	-	-	-	-
Mr Paul Lewis	-	-	-	-	-
	4,500,000	**-**	**-**	**(4,025,000)**	**475,000**

The performance rights vest subject to satisfaction of prescribed vesting conditions including market conditions, and financial, operational, corporate governance, strategic planning and business development objectives set by the Board.

This concludes the remuneration report, which has been audited.

Shares under option / performance rights

At the date of this report, there were 5,180,845 options and 475,000 performance rights to acquire ordinary shares of the company as follows:

Class of Unlisted Options	Note	Exercise Price	Vesting Date	Expiry Date	Grant Date	Fair Value at Grant Date	Balance at 30 June 2024	Balance at Date of this Report
Employee LTIP options	(i)	$0.290	9-Mar-20	30-Jun-25	9-Mar-20	$0.082	71,663	71,663
Employee LTIP options	(i)	$0.290	1-Jul-20	30-Jun-25	9-Mar-20	$0.082	71,651	71,651
Employee LTIP options	(i)	$0.290	1-Jul-21	30-Jun-25	9-Mar-20	$0.082	71,653	71,653
Employee LTIP options	(i)	$0.290	1-Jul-22	30-Jun-25	9-Mar-20	$0.082	71,659	71,659
Employee LTIP options	(ii)	$0.075	8-Sep-20	30-Jun-25	8-Sep-20	$0.272	80,604	80,604
Employee LTIP options	(ii)	$0.075	1-Jul-21	30-Jun-25	8-Sep-20	$0.272	80,599	80,599
Employee LTIP options	(ii)	$0.075	1-Jul-22	30-Jun-25	8-Sep-20	$0.272	80,599	80,599
Employee LTIP options	(ii)	$0.075	1-Jul-23	30-Jun-25	8-Sep-20	$0.272	80,600	80,600
Employee LTIP options	(iii)	$0.075	2-Oct-20	30-Jun-25	2-Oct-20	$0.262	65,626	65,626
Employee LTIP options	(iii)	$0.075	1-Jul-21	30-Jun-25	2-Oct-20	$0.262	65,624	65,624
Employee LTIP options	(iii)	$0.075	1-Jul-22	30-Jun-25	2-Oct-20	$0.262	65,624	65,624
Employee LTIP options	(iii)	$0.075	1-Jul-23	30-Jun-25	2-Oct-20	$0.262	65,626	65,626
Performance rights	(iv)	$0.000	30-Jun-23	30-Jun-27	24-Nov-21	$0.130	225,000	225,000
Performance rights	(iv)	$0.000	30-Jun-24	30-Jun-28	24-Nov-21	$0.130	250,000	250,000
Employee LTIP options	(v)	$0.100	17-Jan-22	30-Jun-26	17-Jan-22	$0.101	153,359	153,359
Employee LTIP options	(v)	$0.100	1-Jul-22	30-Jun-26	17-Jan-22	$0.101	153,359	153,359
Employee LTIP options	(v)	$0.100	1-Jul-23	30-Jun-26	17-Jan-22	$0.101	153,359	153,359
Employee LTIP options	(v)	$0.100	1-Jul-24	30-Jun-26	17-Jan-22	$0.101	153,348	153,348
Lead Manager options	(vi)	$0.300	7-Mar-22	7-Mar-25	7-Mar-22	$0.052	1,000,000	1,000,000
Employee LTIP options	(vii)	$0.175	30-Sep-22	30-Jun-27	30-Sep-22	$0.037	134,348	134,348
Employee LTIP options	(vii)	$0.175	1-Jul-23	30-Jun-27	30-Sep-22	$0.037	134,348	134,348
Employee LTIP options	(vii)	$0.175	1-Jul-24	30-Jun-27	30-Sep-22	$0.037	134,348	134,348
Employee LTIP options	(vii)	$0.175	1-Jul-25	30-Jun-27	30-Sep-22	$0.037	134,348	109,848
Lead Manager options	(viii)	$0.060	28-Nov-23	28-Nov-25	28-Nov-23	$0.004	920,000	920,000
Employee LTIP options	(ix)	$0.073	29-Nov-23	30-Jun-28	29-Nov-23	$0.015	337,000	337,000
Employee LTIP options	(ix)	$0.073	1-Jul-24	30-Jun-28	29-Nov-23	$0.015	337,000	337,000
Employee LTIP options	(ix)	$0.073	1-Jul-25	30-Jun-28	29-Nov-23	$0.015	337,000	294,500
Employee LTIP options	(ix)	$0.073	1-Jul-26	30-Jun-28	29-Nov-23	$0.015	337,000	294,500

The following notes refer to the options and performance rights on issue at 30 June 2024:

(i) On 9 March 2020, 785,127 options were issued to employees under the LTIP, and subsequently 170,433 were forfeited due to failure to meet vesting conditions and 328,068 lapsed after not being exercised within 60 days of cessation of employment. These options vest subject to time-based and performance-based vesting conditions, including the employee remaining in the employ of the consolidated entity during the performance period and satisfaction of individual KPI's.

(ii) On 8 September 2020, 878,038 options were issued to employees under the LTIP, and subsequently 7,813 were exercised, 274,517 were forfeited due to failure to meet vesting conditions and 273,306 lapsed after not being exercised within 60 days of cessation of employment. These options vest subject to time-based and performance-based vesting conditions, including the employee remaining in the employ of the consolidated entity during the performance period and satisfaction of individual KPI's.

(iii) On 2 October 2020, 582,500 options were issued to employees under the LTIP, and subsequently 65,625 were exercised, 64,376 were forfeited due to failure to meet vesting conditions and 189,999 lapsed after not being exercised within 60 days of cessation of employment. These options vest subject to time-based and performance-based vesting conditions, including the employee remaining in the employ of the consolidated entity during the performance period and satisfaction of individual KPI's.

(iv) On 24 November 2021, 5,250,000 Performance Rights were issued to Directors under the LTIP and subsequently 250,000 were exercised, 4,525,000 were forfeited due to failure to meet vesting conditions.

(v) On 17 January 2022, 934,825 options were issued to employees under the LTIP, and subsequently 130,360 were forfeited due to failure to meet vesting conditions and 191,040 lapsed after not being exercised within 60 days of cessation of employment. These options vest subject to time-based and performance-based vesting conditions, including the employee remaining in the employ of the consolidated entity during the performance period and satisfaction of individual KPI's.

(vi) On 7 March 2022, 1,000,000 options were issued to the Joint Lead Managers of the Placement Offer as announced by the consolidated entity on 28 February 2022.

Shares under option / performance rights (continued)

(vii) On 30 September 2022, 705,152 options were issued to employees under the LTIP, and subsequently 107,568 were forfeited due to failure to meet vesting conditions and 60,192 lapsed after not being exercised within 60 days of cessation of employment. These options vest subject to time-based and performance-based vesting conditions, including the employee remaining in the employ of the consolidated entity during the performance period and satisfaction of individual KPI's.

(viii) On 28 November 2023, 920,000 options were issued to the Lead Manager of the Convertible Note as announced by the consolidated entity on 31 July 2023

(ix) On 29 November 2023, 1,373,000 options were issued to employees under the LTIP, and subsequently 18,750 were forfeited due to failure to meet vesting conditions and 6,250 lapsed after not being exercised within 60 days of cessation of employment. These options vest subject to time-based and performance-based vesting conditions, including the employee remaining in the employ of the consolidated entity during the performance period and satisfaction of individual KPI's.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related entity or in the interest issue of any other registered scheme. For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the consolidated entity for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the consolidated entity paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001.* The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
To the extent permitted by law, the company has agreed to indemnify its auditors, Grant Thornton Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims made by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Grant Thornton Audit Pty Ltd during or since end of the financial year.

The company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the consolidated entity or any related entity against a liability incurred by the auditor.

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
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* .

The directors are of the opinion that the services as disclosed in note 25 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board including Independence Standards, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Rounding of amounts
The company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191,* issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

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.

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

Mr Gavin Coote
Executive Chairman
30-September-2024
Melbourne

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Hydrix Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Hydrix Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 30 September 2024

Hydrix Limited
Consolidated Statement of Profit & Loss and Other Comprehensive Income
For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue			
Revenue from contracts with customers	4	10,608,574	13,156,572
Other income	4	85,431	928,402
Interest income		22,265	36,508
		10,716,270	**14,121,482**
Operating expenses			
Employee benefits expense	5	(10,956,721)	(10,911,607)
Project material expenses		(799,760)	(1,283,025)
Selling, advertising and distribution expenses		(274,670)	(352,395)
Cost of sales		(19,798)	(21,408)
Other expenses	5	(2,376,988)	(2,799,276)
Depreciation and amortisation expense	5	(937,309)	(1,315,515)
Finance costs	5	(705,542)	(449,231)
Property expense		(175,739)	(150,153)
(Loss) / gain on financial instruments at fair value through profit or loss	5	(1,697,631)	629,784
Impairment of intangible assets	10	(2,508,079)	(522,939)
Write back/(impairment) of receivables	8	50,283	(60,457)
Share based payment reversal / (expense)	30	125,036	(260,132)
Movement in contingent consideration liability		-	2,952,030
Unrealised foreign exchange gain		1,797	25,916
		(20,275,122)	**(14,518,408)**
Loss before income tax expense		**(9,558,852)**	**(396,926)**
Income tax (expense)/ benefit	6	-	-
Loss after income tax expense		**(9,558,852)**	**(396,926)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Movement in functional currency of foreign operations	20	(24,092)	(2,756)
Total comprehensive loss for the year attributable to the Owners of Hydrix Limited		**(9,582,944)**	**(399,682)**
Loss per share		**Cents**	**Cents**
Basic and diluted earnings per share (cents per share)	29	(3.76)	(0.17)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Hydrix Limited
Consolidated Statement of Financial Position
As at 30 June 2024

	Note	2024 $	2023 $
Current assets			
Cash and cash equivalents	**7**	914,274	1,153,080
Trade and other receivables	**8**	1,173,395	2,428,670
Contract assets	**13**	373,836	346,161
Prepayments		258,198	329,015
Inventory		46	19,798
Total current assets		**2,719,749**	**4,276,724**
Non-current assets			
Plant and equipment	**9**	204,245	308,203
Intangible assets	**10**	525,000	3,444,542
Financial assets at fair value through profit & loss	**11**	3,416,120	4,893,787
Right of use assets	**18**	1,235,563	1,153,645
Other assets		98,818	75,426
Security deposits		424,980	424,980
Total non-current assets		**5,904,726**	**10,300,583**
Total assets		**8,624,474**	**14,577,307**
Current liabilities			
Trade and other payables	**12**	2,229,929	1,507,340
Contract liabilities	**13**	499,131	711,036
Other liabilities		3,558	3,582
Employee benefits	**14**	1,208,564	912,439
Derivative liabilities	**17**	-	1,275
Borrowings	**16**	2,290,647	1,369,003
Lease liabilities	**18**	675,864	855,149
Total current liabilities		**6,907,694**	**5,359,824**
Non-current liabilities			
Employee benefits	**14**	259,176	179,992
Provisions	**15**	174,050	177,371
Borrowings	**16**	3,060,000	1,000,000
Lease liabilities	**18**	1,578,647	1,507,233
Total non-current liabilities		**5,071,873**	**2,864,596**
Total liabilities		**11,979,567**	**8,224,420**
Net assets		**(3,355,093)**	**6,352,887**
Equity			
Issued capital	**19**	102,126,684	102,126,684
Reserves	**20**	353,758	678,120
Accumulated losses	**21**	(105,835,535)	(96,451,917)
Total equity		**(3,355,093)**	**6,352,887**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Hydrix Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2024

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2022	98,822,417	1,430,847	(96,976,812)	3,276,452
Loss after income tax expense for the year	-	-	(396,926)	(396,926)
Other comprehensive income, net of tax	-	(2,756)	-	(2,756)
Total comprehensive income for the year	-	(2,756)	(396,926)	(399,682)
Transactions with owners in their capacity as owners:				
Share based payments	-	260,132	-	260,132
Exercised options / performance rights	88,281	(88,281)	-	-
Expired options	-	(63,822)	63,822	-
Performance rights that failed to vest	-	(33,000)	33,000	-
Contributions of equity, net of transaction costs	3,215,986	-	-	3,215,986
Contingent equity consideration	-	(825,000)	825,000	-
Balance at 30 June 2023	**102,126,684**	**678,120**	**(96,451,917)**	**6,352,887**

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2023	102,126,684	678,120	(96,451,917)	6,352,887
Loss after income tax expense for the year	-	-	(9,558,852)	(9,558,852)
Other comprehensive income, net of tax	-	(24,092)	-	(24,092)
Total comprehensive income for the year	-	(24,092)	(9,558,852)	(9,582,944)
Transactions with owners in their capacity as owners:				
Share based payments	-	(125,036)	-	(125,036)
Expired options	-	(72,484)	72,484	-
Performance rights that failed to vest	-	(102,750)	102,750	-
Balance at 30 June 2024	**102,126,684**	**353,758**	**(105,835,535)**	**(3,355,093)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Hydrix Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash Flows from operating activities			
Receipts from customers (including GST)		12,256,047	14,090,689
Payments to suppliers and employees (including GST)		(14,147,697)	(16,920,641)
Receipt of government grants		-	28,000
Receipt of R&D tax incentive		-	67,470
Net cash used in operating activities	**22**	**(1,891,650)**	**(2,734,482)**
Cash Flows from investing activities			
Payments for plant and equipment	**9**	(14,022)	(74,913)
Payments for intangible assets	**10**	(39,862)	(124,795)
Payments for investments		-	(10,000)
Proceeds from sale of plant and equipment		457	-
Net cash used in investing activities		**(53,427)**	**(209,708)**
Cash Flows from financing activities			
Proceeds from issue of shares		-	3,369,679
Share issue transaction costs paid		-	(403,693)
Proceeds from borrowings		4,238,223	801,666
Borrowing transaction costs		(30,360)	-
Repayments of borrowings		(1,256,579)	(476,431)
Interest received		13,958	19,894
Interest and other finance costs paid		(483,181)	(406,725)
Repayments of lease liabilities		(775,439)	(747,795)
Net cash flow from financing activities		**1,706,622**	**2,156,595**
Net (decrease) in cash and cash equivalents		(238,455)	(787,595)
Cash and cash equivalents at start of year		1,153,080	1,940,411
Effects of exchange rate changes on cash and cash equivalents		(351)	265
Cash and cash equivalents at end of year	**7**	**914,274**	**1,153,080**

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

1 General Information

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

Hydrix Limited is a company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. 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 by the directors of the company on 30 September 2024

a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.* The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and derivatives.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Going concern
The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

For the year ended 30 June 2024, the consolidated entity incurred a net loss before tax of $9,558,852 reported net cash used in operations of $1,891,650 and had a net current assets deficit (current assets less current liabilities) of $4,187,945.

The above factors create business uncertainty which may cast doubt over the business continuing as a going concern and whether the consolidated entity will be able to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

Despite these material uncertainties, the directors are of the opinion the consolidated entity will continue as a going concern, taking into consideration various factors including:

- The consolidated entity had an available cash balance of $914,274 at 30 June 2024
- The consolidated entity has $7,201 of undrawn funds available on its TP24 CreditLine facility based on eligible debtors as at 30 June 2024. There is an additional $687,602 available before the facility limit of $1.5 million is reached. The consolidated entity is forecasting for revenue and eligible debtors to be of a sufficient level to maximise this facility during FY25
- The budgeted cash flow forecast for the 12-month period from the date of signing of the financial statements supports the directors' assertion the consolidated entity is a going concern. Budgets have been prepared based on assumptions about certain economic, operating and trading performance achievement contingent on future events and actions yet to occur, and which may not necessarily occur. Should the need arise, there are operating costs of the business that could be reduced if required. Whilst the directors believe the assumptions are best estimate assumptions based upon information available, the occurrence and timing of future events are not certain
- Directors provided $1.0 million of loans to the business in February 2024 to support working capital needs. Whilst the maturity of these loans is currently 31 December 2024, these can be extended by mutual agreement.
- A director has provided a Letter of Support to the business up to $2m, valid for 12 months from the date of this report
- Hydrix Ventures portfolio companies may achieve future liquidity events which may be subject to certain lock-up provisions. While liquidity events are currently uncertain, they have the potential to provide realisable equity gains. The Board, will in due course, elect to hold or liquidate in-full or in-part, equity venture investment positions of portfolio companies in support of growth initiatives and / or other working capital purposes
- The directors believe the consolidated entity would be able to raise additional capital if required to support strategic growth initiatives and working capital requirements

a) Basis of Preparation (continued)

Accordingly, the directors believe the consolidated entity will continue as a going concern and it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial statements do not include any adjustments relating to amounts or classification of recorded assets or liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

b) Parent entity information

In accordance with the *Corporations Act 2001,* these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hydrix Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Hydrix Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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.

d) Foreign currency translation

The financial statements are presented in Australian dollars, which is Hydrix Limited's functional and presentation currency. Foreign currency transactions are translated into the functional currency 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

e) 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 company'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 company'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.

f) Impairment of assets

At the end of each reporting period, the consolidated entity assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g) 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.

h) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset, unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

i) Financial liabilities

The consolidated entity's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the consolidated entity designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges are included within finance costs or finance income.

j) Fair value measurement of financial instruments

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 2 and level 3 are determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

k) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

l) 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 2024.

2 Critical Accounting Estimates, Assumptions and Judgements

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 throughout the financial report.

(i) Fair value measurement of non-cash consideration - revenue recognition

To determine the transaction price for contracts in which a customer promises consideration in a form other than cash, the consolidated entity measures the non-cash consideration (or promise of non-cash consideration) at fair value on contract inception date. The fair value of non-cash consideration may vary because of the form of the consideration (for example, a change in the price of a share to which the consolidated entity is entitled to receive from a customer). If the fair value of the non-cash consideration promised by a customer varies for reasons other than only the form of the consideration (for example, the fair value could vary because of the consolidated entity's performance) the consolidated entity includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the consolidated entity updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period. The consolidated entity accounts for changes in the transaction price by recognising as revenue, or as a reduction of revenue, amounts allocated to satisfied performance obligations, in the period in which the transaction price changes.

2 Critical Accounting Estimates, Assumptions and Judgements (continued)

(ii) Share-based payment transactions

The consolidated entity assesses the fair value of options granted without market conditions by applying the Black-Scholes valuation model. The use of this model requires management to make assumptions regarding key inputs such as risk free rate, share price volatility and time to maturity. The fair value of options with market conditions are assessed by an independent third party using an appropriate valuation model.

(iii) Impairment of assets

The consolidated entity assesses impairment at the end of each reporting period by evaluating conditions and events specific to the consolidated entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other non-financial assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to Note 10 for further discussion.

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. Refer to Note 10 for further disclosures.

(iv) Recoverability of deferred tax assets

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

(v) Valuation of financial instruments at fair value through profit & loss

When the fair values of financial assets recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using other valuation techniques and inputs. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 11 for further disclosures.

3 Operating Segments

Identification of reportable operating segments
The consolidated entity is organised into three operating segments based on the internal reports that are reviewed and used by the Board of Directors [who are identified as the Chief Operating Decision Makers ('CODM')] in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM, who are responsible for the allocation of resources to operating segments and assessing their performance.

The consolidated entity's operations are in five geographical locations, being Australia, Singapore, New Zealand, Europe and USA.

Operating Segment Information

Consolidated - 2024	Note	Hydrix Services $	Hydrix Medical $	Hydrix Ventures $	Unallocated $	Total Operations $
Revenue						
Revenue from contracts with customers		10,607,103	1,471	-	-	10,608,574
Total Segment revenue		10,607,103	1,471	-	-	10,608,574
Other Income						
Interest income		-	-	-	22,265	22,265
Other income		84,974	457	-	-	85,431
Other income non-recurring		-	-	-	-	-
Total Segment income		10,692,077	1,928	-	22,265	10,716,270
EBITDA		(963,901)	(1,318,269)	(754)	(1,604,482)	(3,887,406)
Finance costs		(343,420)	(1,073)	-	(361,049)	(705,542)
Depreciation and amortisation		(518,590)	(418,586)	-	(133)	(937,309)
Write-back of receivables		50,283	-	-	-	50,283
Impairment of intangibles		-	(2,508,079)	-	-	(2,508,079)
Unrealised foreign exchange gain		51	-	1,746	-	1,797
Share based payment (expense) / reversal		(21,394)	(1,066)	-	147,496	125,036
(Loss) / gain on financial instruments at FVTPL	**11**	-	-	(1,698,906)	1,275	(1,697,631)
Profit/(Loss) before income tax expense		(1,796,972)	(4,247,073)	(1,697,914)	(1,816,893)	(9,558,852)
Income tax (expense)/ benefit		-	-	-	-	-
(Loss) after income tax expense		(1,796,972)	(4,247,073)	(1,697,914)	(1,816,893)	(9,558,852)
Assets						
Segment assets		3,683,861	41,862	-	-	3,725,723
Unallocated assets:						
Cash and cash equivalents		-	-	-	914,274	914,274
Intangible assets		-	-	-	525,000	525,000
Hydrix Ventures investment portfolio		-	-	3,416,120	-	3,416,120
Other assets		-	-	-	43,357	43,357
Total assets		3,683,861	41,862	3,416,120	1,482,631	8,624,474
Liabilities						
Segment liabilities		6,627,669	78,619	-	-	6,706,288
Unallocated liabilities:						
Borrowings		-	-	-	4,442,556	4,442,556
Other liabilities		-	-	-	830,724	830,724
Total liabilities		6,627,669	78,619	-	5,273,280	11,979,567

Hydrix Limited
Notes accompanying the financial statements
For the year ended 30 June 2024

3 Operating Segments (continued)

Consolidated - 2023	Note	Hydrix Services $	Hydrix Medical $	Hydrix Ventures $	Unallocated $	Total Operations $
Revenue						
Sales to external customers		13,155,048	1,524	-	-	13,156,572
Total Segment revenue		13,155,048	1,524	-	-	13,156,572
Other Income						
Interest income		-	-	-	36,508	36,508
Other income		115,621	301	-	-	115,922
Other income non-recurring		812,480	-	-	-	812,480
Total Segment income		14,083,149	1,825	-	36,508	14,121,482
EBITDA		1,797,915	(1,438,706)	(39,034)	(1,716,557)	(1,396,382)
Finance costs		(302,240)	(156)	-	(146,835)	(449,231)
Depreciation and amortisation		(708,908)	(606,384)	-	(223)	(1,315,515)
Impairment of receivables		(60,457)	-	-	-	(60,457)
Impairment of intangibles		-	(522,939)	-	-	(522,939)
Gain on contingent consideration		-	2,952,030	-	-	2,952,030
Unrealised foreign exchange gain / (loss)		2,102	(48,851)	72,665	-	25,916
Share based payment expenses		(43,666)	(932)	-	(215,534)	(260,132)
Gain on financial instruments at FVTPL	11	-	-	522,464	107,320	629,784
Profit/(Loss) before income tax expense		684,746	334,062	556,095	(1,971,829)	(396,926)
Income tax (expense)/ benefit		-	-	-	-	-
(Loss) after income tax expense		684,746	334,062	556,095	(1,971,829)	(396,926)
Assets						
Segment assets		4,963,011	3,012,156	-	-	7,975,167
Unallocated assets:						
Cash and cash equivalents		-	-	-	1,153,080	1,153,080
Intangible assets		-	-	-	525,000	525,000
Hydrix Ventures investment portfolio		-	-	4,893,787	-	4,893,787
Other assets		-	-	-	30,273	30,273
Total assets		4,963,011	3,012,156	4,893,787	1,708,353	14,577,307
Liabilities						
Segment liabilities		5,993,711	129,655	-	-	6,123,366
Unallocated liabilities:						
Borrowings		-	-	-	1,750,000	1,750,000
Other liabilities		-	-	-	351,054	351,054
Total liabilities		5,993,711	129,655	-	2,101,054	8,224,420

Unallocated EBITDA and expenses includes the provision of corporate overheads not fully allocated to an operating segment.

4 Revenue

	2024	2023
Revenue from contracts with customers	**$**	**$**
Project revenue – services	9,924,380	12,308,331
Project revenue – materials	682,723	846,717
Project revenues	10,607,103	13,155,048
Sales of Avertix Guardian System Consumables	1,471	1,524
Total revenue from contracts with customers	10,608,574	13,156,572
Other income:		
Research and development tax incentive	-	67,470
Government grant	-	28,000
Profit on disposal of fixed assets	457	-
Other income	84,974	20,452
	85,431	115,922
Other income - non recurring:		
Release of credit for services	-	812,480
	-	812,480
Total other income	85,431	928,402
Total income from operations	10,694,005	14,084,974

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2024	2023
Timing of revenue recognition		
Goods transferred at a point in time	1,471	1,524
Services & materials transferred over time	10,607,103	13,155,048
	10,608,574	**13,156,572**
Geographical Regions		
Australia	2,910,986	5,756,909
Europe	5,270,513	5,798,762
North America	2,346,481	1,451,514
Singapore	1,471	1,524
Other	79,123	147,863
	10,608,574	**13,156,572**

The consolidated entity attributes project revenues from external customers to geographical regions based on the domicile of the parent entity, or in the case of Hydrix Medical products, where the goods are transferred.

Major customers disclosure

The nature of the Hydrix Services business is that it enters into a mix of short-term and long-term contracts with key customers. Five customers each contributed more than 10% of the consolidated entity's total revenue.

4 Revenue (continued)

Accounting Policy - Revenue recognition & other income

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue from contracts with customers
Revenue is recognised over time at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

(i) *Project revenue*
The consolidated entity provides a comprehensive range of engineering and product development services, including software, electronics, mechanical, industrial design, and general product development services through its Hydrix Services segment. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation.

For project contracts under a fixed fee basis, to depict the progress by which the consolidated entity transfers control of the services to the customer, and to establish when and to what extent revenue can be recognised, the consolidated entity measures its progress towards complete satisfaction of the performance obligation by comparing actual input costs (labour hours and materials) spent to date with the total estimated costs required to complete the project. The percentage completion basis provides the most accurate depiction of the transfer of goods and services to each customer due to the consolidated entity's ability to make reliable estimates of the total number of costs required to complete the project. At the end of each reporting period, progress towards complete satisfaction of the performance obligation is remeasured.

For project contracts under a time and materials basis, project revenue is recognised based on the actual input labour and materials incurred over time as this is when the consolidated entity transfers control of the services to the customer, and therefore represents when the performance obligation is fulfilled.

Customers are invoiced monthly as work progresses. Any amounts remaining unbilled at the end of a reporting period are presented in the statement of financial position as Contract assets as only the passage of time is required before payment of these amounts will be due. When payments received from customers exceed revenue recognised to date on a particular contract, any excess is reported in the statement of financial position as Contract liabilities.

(ii) *Product sales revenue*
Hydrix Medical distributes cardio-vascular technology products under exclusive distribution agreements. Revenue is recognised at the point in time that the customer takes control of the product sold, as this represents when the performance obligation is fulfilled.

In some instances, Hydrix Medical has established sub-distribution agreements with partners located in the jurisdiction that the sales will occur. In these instances, the sub-distributor is considered the customer for revenue recognition purposes, and revenue is recognised when control of the product is transferred to them.

4 Revenue (continued)

Accounting Policy - Revenue recognition & other income (continued)

Other income

(i) *Research and development tax incentive*
R&D tax incentives will be recognised in profit before tax (in EBIT) during the period in which they are received from the Australian Taxation Office.

(ii) *Government grant*
Government grant represents receipts under the Export Market Development Grant (EMDG). Government grants are recognised in the financial statements at their fair values when there is a reasonable assurance that the Group will comply with the requirements and that the grant will be received.

(iii) *Other income*
Other income is recognised when it is received or when the right to receive payment is established.

Interest income
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

5 Expenses

	2024	2023
(Loss) before income tax includes the following specific expenses:	$	$
Employee benefits expenses		
Salaries, wages and leave entitlements	9,358,082	9,305,945
Defined contribution superannuation expense	969,114	983,329
Employee on-costs	528,745	467,962
Employee training and development	100,780	154,371
Total employee benefits expenses	**10,956,721**	**10,911,607**
Depreciation		
Plant and equipment	36,883	11,347
Computer equipment	20,752	66,709
Leasehold improvements	60,338	58,968
Right-of-use asset	368,010	461,458
	485,984	598,482
Amortisation		
Software - including CHEF Framework	39,862	124,795
Distribution rights	411,463	592,238
	451,325	717,033
Total depreciation and amortisation expense	**937,309**	**1,315,515**
Finance costs		
Interest expense on lease liabilities	223,231	280,896
Interest on loans and borrowing costs	482,311	168,335
Total finance costs	**705,542**	**449,231**
Gain on financial instruments at fair value through profit or loss		
Gain on derivatives	1,275	107,320
(Loss) / gain on financial assets	(1,698,906)	522,464
	(1,697,631)	**629,784**

5 Expenses (continued)

	2024	2023
	$	$
Other expenses		
Consultancy charges	206,886	293,831
Corporate advisory transaction costs	3,858	499
Directors' fees	257,338	289,529
Insurance	235,963	201,837
IT related expenses	440,140	420,546
Legal and professional charges	249,403	325,331
Listing fees and share register maintenance	76,182	91,858
Recruitment fees	75,919	357,769
Regulatory and reimbursement costs	136,459	98,034
Travelling costs	255,042	250,900
Administration expenses	439,798	469,142
Total other expenses	**2,376,988**	**2,799,276**

Accounting Policy - Expenses

Amortisation
The amortisable amount of all intangible assets is amortised on a straight-line basis over the period of their expected benefit to the consolidated entity commencing from the time the asset is recognised.

Depreciation
The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the consolidated entity commencing from the time the asset is held ready for use.

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

Finance costs
All finance costs are expensed in the period in which they are incurred.

6 Income Taxes

(a) *Income tax benefit*

	2024	2023
	$	$
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax expense	9,558,852	396,926
Tax at the statutory tax rate of 25% (2023: 25%)	2,389,713	99,232
Tax effect amounts which are not (deductible) / taxable in calculating taxable income:		
Temporary differences not brought to account	(536,030)	142,720
Share based payments	31,259	(65,033)
R&D tax incentive income - non assessable	-	16,868
Effect of release of contingent consideration	-	729,886
Effect of impairment of distribution rights	(627,020)	(130,735)
Deferred Tax Asset (DTA) on tax losses not brought to account	(1,257,922)	(792,937)
Income tax (expense) / benefit	**-**	**-**

6 Income Taxes (continued)

(b)	***Deferred tax assets***		
	The balance comprises temporary differences attributable to:		
	Allowance for expected credit losses	4,246	16,816
	Provision for annual leave	205,166	146,262
	Provision for long service leave	152,555	126,846
	Provision for obsolete inventory	-	3,571
	Financial assets at fair value through profit & loss	145,507	-
	Derivative liability	-	319
	Lease liability	563,628	590,595
	Accruals	214,694	113,833
	Lease make-good provision	43,513	44,343
		1,329,309	**1,042,585**

(c)	***Deferred tax liabilities***		
	The balance comprises temporary differences attributable to:		
	Contract assets	93,459	86,540
	Financial assets at fair value through profit & loss	-	276,706
	Intangible assets	440,141	419,661
		533,600	**782,907**

(d)	**Net deferred tax assets / (liabilities)**		
	Net deferred tax assets / (liabilities) not recognised	795,709	259,678
		795,709	**259,678**

(e)	**Deferred tax assets not brought to account at reporting date**		
	Operating losses	10,033,007	9,092,436
	Capital losses	71,248	71,248
		10,104,255	**9,163,684**

The deferred tax asset not brought to account will only be obtained if:
(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) the company is able to meet the continuity of business and or continuity of ownership tests

6 Income Taxes (continued)

Accounting Policy - Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- *When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or*
- *When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.*

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Hydrix Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and the subsidiaries in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

7 Cash and cash equivalents

	2024	2023
	$	$
Cash at bank	914,274	1,153,080
	914,274	**1,153,080**

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2024	2023
Balances as above	914,274	1,153,080
Balance as per statement of cash flows	914,274	1,153,080

Accounting Policy - Cash and cash equivalents

Cash and cash equivalents includes 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.

8 Trade and other receivables

	2024	2023
Current	**$**	**$**
Trade receivables	1,159,345	2,431,785
Less: Allowance for expected credit losses	(16,982)	(67,265)
	1,142,363	2,364,520
GST receivable	19,471	46,444
Other receivables	11,561	17,706
	1,173,395	**2,428,670**

Allowance for expected credit losses
The consolidated entity has recognised a write back of $50,283 in profit or loss in respect of the expected credit losses for the year ended 30 June 2024 (30 June 2023: impairment of $60,457).

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2024 %	Gross carrying amount 2024 $	Allowance for expected credit losses 2024 $	Net carrying amount 2024 $
Not overdue	0.3%	635,682	2,142	633,540
0 to 3 months overdue	0.6%	467,004	2,647	464,357
3 to 6 months overdue	7.5%	5,729	431	5,298
Over 6 months overdue	23.1%	50,930	11,762	39,168
		1,159,345	**16,982**	**1,142,363**

Accounting Policy - Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

9 Plant and Equipment

	2024	2023
Plant and equipment	**$**	**$**
At cost	178,948	196,310
Less accumulated depreciation	(140,611)	(104,285)
	38,337	92,025
Computer equipment		
At cost	402,980	373,225
Less accumulated depreciation	(359,807)	(340,120)
	43,173	33,105
Leasehold improvements		
At cost	432,568	432,568
Less accumulated depreciation	(309,833)	(249,495)
	122,735	183,073
	204,245	**308,203**

9 Plant and Equipment (continued)

Reconciliations

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

	Plant & Equipment $	Computer Equipment $	Leasehold Improvements $	Total $
Balance as at 1 July 2022	91,507	55,829	222,978	370,314
Additions	11,865	43,985	19,063	74,913
Disposals	-	-	-	-
Depreciation expense	(11,347)	(66,709)	(58,968)	(137,024)
Balance as at 30 June 2023	**92,025**	**33,105**	**183,073**	**308,203**
Balance as at 1 July 2023	92,025	33,105	183,073	308,203
Additions	3,560	10,463	-	14,022
Transfers (at WDV)	(20,364)	20,364	-	-
Disposals	-	(8)	-	(8)
Depreciation expense	(36,883)	(20,752)	(60,338)	(117,973)
Balance as at 30 June 2024	**38,337**	**43,173**	**122,735**	**204,245**

Accounting Policy - Plant and equipment

The useful lives adopted for each class of depreciable assets are:

Class of Fixed Asset	*Useful lives*
Plant and equipment	*2 to 5 years*
Computer equipment	*3 to 4 years*
Leasehold improvements	*Over the initial period of the lease*

Management reviews its estimate of useful lives and residual values of depreciable assets at each reporting date, based on the expected benefit from these assets.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss.

A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment). The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

10 Intangible assets

	2024	2023
	$	$
Distribution rights	4,459,426	4,459,426
Less: Accumulated amortisation	(1,428,408)	(1,016,945)
Less: Accumulated impairment	(3,031,018)	(522,939)
	-	2,919,542
Brand name	525,000	525,000
	525,000	525,000
Software - including CHEF Framework	3,099,003	3,059,141
Less: Accumulated amortisation	(3,099,003)	(3,059,141)
	-	-
	525,000	**3,444,542**

Reconciliations

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

	Distribution rights	Brand name	Software including CHEF	Total
	$	$	$	$
Balance as at 1 July 2022	4,034,719	525,000	-	4,559,719
Additions	-	-	124,795	124,795
Impairment expense	(522,939)	-	-	(522,939)
Amortisation expense	(592,238)	-	(124,795)	(717,033)
Balance as at 30 June 2023	2,919,542	525,000	-	3,444,542
Balance as at 1 July 2023	2,919,542	525,000	-	3,444,542
Additions	-	-	39,862	39,862
Impairment expense	(2,508,079)	-	-	(2,508,079)
Amortisation expense	(411,463)	-	(39,862)	(451,325)
Balance as at 30 June 2024	**-**	**525,000**	**-**	**525,000**

As a definite life intangible asset, the distribution rights are not required to be tested for impairment unless indicators of impairment are present. Given challenges in securing significant sales of the Avertix Guardian, an indicator for impairment was identified and impairment testing was conducted in the current year.

The brand name is considered a corporate asset as it does not generate cash flows independently of other assets and its carrying amount cannot be allocated on a reasonable and consistent basis across identified CGUs. For impairment testing purposes, the carrying amount of the brand name is compared to the recoverable amount of the group of CGUs (ie: Hydrix Services and Hydrix Medical). Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive and are listed in the tables below.

Impairment testing

Brand Name and Distribution rights have been allocated to the following cash-generating units, or group of cash generating units:

	2024	2023
Brand Name	$	$
Group (Hydrix Services & Hydrix Medical)	525,000	525,000
	525,000	**525,000**

10 Intangible assets (continued)

	2024	2023
Distribution Rights	**$**	**$**
Hydrix Medical	-	2,919,542
	-	**2,919,542**

The following key assumptions were used in the discounted cash flow model for the Hydrix Services division:

Item	Assumption	Rationale
Revenue Growth Rates – FY 2025 onwards	Per forecast	Based on existing contracts and proposals in various stages of negotiation
Revenue Growth Rates – FY 2026 onwards	9% p.a annual average growth	The consolidated entity's strategy is expected to continue to increase both the scale of the services business and generate other revenue streams in a consistent and sustainable manner
Expenditure Growth Rates – FY 2025	Per forecast	In line with expected margins
Expenditure Growth Rates – FY 2026 onwards	5% p.a annual average growth	The business has existing capacity to deliver increased revenues without adding significant costs. Management's estimate also takes into account the prevailing interest rate and efforts to contain costs
Years Forecasted	5 years plus terminal period	5 years as per recommended length of time per AASB136
Tax Rate	25%	Base rate entity company tax rate
Working Capital	12% of revenues	Average working capital required
Discount Rate	17.5% pre-tax	Management’s estimate of the Group’s weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements, also incorporating other risks specific to the entity and the forecast cashflows

Impairment of Distribution rights
Taking into consideration sales during the past two years, management deemed it prudent to recognise a further $1.2 million provision for impairment at 30 June 2024, in addition to the provision recognised in the 31 December 2023 half year accounts. The fair value has been provisioned down to a nil value. The business has successfully achieved regulatory approvals to market and distribute the Guardian in Singapore, Malaysia and Thailand. Management is actively pursuing reimbursement for the device and the procedure in Singapore and is also exploring other strategic initiatives to unlock value.

Sensitivity
As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing. Unfavourable changes in these assumptions would result in a reduction in the recoverable amount and possibly result in impairment. The below discusses the sensitivity of the recoverable amount to changes in key assumptions.

In relation to the Brand Name, the sensitivities are as follows:
(a) Revenue and cost of sales would need to decrease to 3.71% CAGR over the forecast period for the Group of cash generating units before Brand Name would need to be impaired, with all other assumptions remaining constant.

The directors believe that other reasonable changes in the key assumptions on which the recoverable amount of the consolidated entity's Brand Name is based on would not cause the cash-generating unit’s carrying amount to exceed its recoverable amount.

10 Intangible assets (continued)

Accounting Policy - 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.

Distribution Rights
The acquired distribution rights have been measured based on the cost of shares issued and fair value of the contingent considerations on acquisition date. The distribution rights have an amortisation period of 7 years commencing 1 November 2021.

Brand Name
The Hydrix brand name is thought to have an indefinite life and is not amortised. Instead, the brand is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on the brand are taken to profit or loss are are not subsequently reversed.

Software (including CHEF)
Significant costs associated with the Common Hydrix Embedded Framework (CHEF) software are deferred and amortised on a straight-line basis over a period of between 1 to 5 years.

11 Financial instruments at fair value through profit & loss

	2024 $	2023 $
Listed ordinary shares	7,072	14,202
Unlisted ordinary shares	3,408,314	4,601,394
Unlisted ordinary options	734	734
Convertible Note	-	277,457
	3,416,120	**4,893,787**

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Unlisted ordinary shares $	Unlisted ordinary options $	Listed ordinary shares $	Convertible Note $	Total $
Opening fair value as at 1 July 2022	3,500,726	16,165	20,751	301,821	3,839,463
Additions (i) (ii) (iii)	432,582	-	10,000	-	442,582
Interest accrued	-	-	-	16,613	16,613
Fair value increments/(decrements)	595,421	(15,431)	(16,549)	(40,977)	522,464
Fair value increments/(decrements) due to FX	72,665	-	-	-	72,665
Closing fair value as at 30 June 2023	**4,601,394**	**734**	**14,202**	**277,457**	**4,893,787**
Opening fair value as at 1 July 2023	4,601,394	734	14,202	277,457	4,893,787
Additions (iv)	211,185	-	-	-	211,185
Interest accrued	-	-	-	8,307	8,307
Fair value increments/(decrements)	(1,668,871)	-	(7,130)	(22,905)	(1,698,906)
Fair value increments/(decrements) due to FX	1,746	-	-	-	1,746
Transfers (v)	262,859			(262,859)	-
Closing fair value as at 30 June 2024	**3,408,314**	**734**	**7,072**	**-**	**3,416,120**

11 Financial instruments at fair value through profit & loss (continued)

(i) During February 2023, the consolidated entity received 5,930 ordinary shares in Gyder Surgical Pty Ltd valued at $216,291.

(Ii) During June 2023, the consolidated entity received 5,930 ordinary shares in Gyder Surgical Pty Ltd valued at $216,291.

(iii) During September 2022, the consolidated entity acquired 499,999 ordinary shares in Memphasys Limited (ASX: MEM) for $10,000.

(iv) During September 2023, exercised options for 4,446 ordinary shares in Gyder Surgical Pty Ltd valued at $211,185. The options were exercised in lieu of a trade debtor balance with Gyder Surgical Pty Ltd, and there was no cash transaction as part of the exercise.

(v) During December 2023, convertible notes held in Gyder Surgical Pty Ltd reached maturity and were converted to 5,377 ordinary shares valued at $262,859.

Accounting Policy - Financial instruments at fair value through profit & loss

All assets and liabilities, measured at fair value, are classified using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. Refer to note 1(j) for further information on fair value measurement.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2024 and 30 June 2023.

	Level 1	Level 2	Level 3	Total
30 June 2024	**$**	**$**	**$**	**$**
Financial assets				
Listed securities	7,072	-	-	7,072
Unlisted options in Memphasys Limited	-	734	-	734
Investment in Avertix Medical Inc	-	-	139,983	139,983
Investment in Cyban Pty Ltd	-	-	950,250	950,250
Investment in Gyder Surgical Pty Ltd	-	-	2,318,082	2,318,082
Total financial assets recognised at fair value	**7,072**	**734**	**3,408,314**	**3,416,120**

	Level 1	Level 2	Level 3	Total
30 June 2023	**$**	**$**	**$**	**$**
Financial assets				
Listed securities	14,202	-	-	14,202
Unlisted options in Memphasys Limited	-	734	-	734
Investment in Avertix Medical Inc	-	-	1,885,410	1,885,410
Investment in Cyban Pty Ltd	-	-	950,250	950,250
Investment in Gyder Surgical Pty Ltd	-	-	1,765,734	1,765,734
Gyder Surgical Pty Ltd convertible note	-	-	277,457	277,457
Total financial assets recognised at fair value	**14,202**	**734**	**4,878,851**	**4,893,787**
Financial liabilities				
Embedded derivative liability	-	1,275	-	1,275
Total financial liabilities recognised at fair value	**-**	**1,275**	**-**	**1,275**

11 Financial instruments at fair value through profit & loss (continued)

There were no transfers between Level 1, Level 2, and Level 3 during the twelve month period to 30 June 2024. The valuation techniques used for instruments categorised in Levels 2 and 3 are described below:

Embedded derivative liability (Level 2)
A Black-Scholes model has been used as a valuation technique to value the embedded derivative liability.

Investment in Memphasys Limited (Options) (Level 2)
A Black-Scholes model has been used as a valuation technique to value the unlisted options in Memphasys Limited (ASX: MEM).

Gyder Surgical Pty Ltd convertible note (Level 3)
Management determined the fair value of this investment by reference to the number of notes held and the face value of each note.

Investment in Gyder Surgical Pty Ltd (Level 3)
Management determined the fair value of this investment by reference to a capital raise in September 2020 and an external valuation performed during April 2024.

Investment in Cyban Pty Ltd (Level 3)
Management determined the fair value of this investment by reference to the issue price achieved during its last capital raise that completed in August 2023.

Investment in Avertix Medical, Inc. (Level 3)
Management determined the fair value of this investment by reference to the issue price achieved during its last capital raise that completed in August 2024.

For the Level 3 Financial Assets listed above, the unlisted share price of the entities is the only significant input to the valuations.

12 Trade and other payables

	2024	**2023**
	$	**$**
Trade payables	415,444	312,775
Superannuation payable	221,944	183,934
Liabilities to tax authorities	991,637	740,215
Other payables	41,441	14,735
Accrued liabilities	559,463	255,681
	2,229,929	**1,507,340**

Accounting Policy - 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 - 60 days of recognition.

13 Contract assets and contract liabilities

	2024	2023
Contract assets	**$**	**$**
Current	**373,836**	**346,161**

The value of contract assets at the end of the reporting period was $373,836 (30 June 2023: $346,161) and is expected to be invoiced in future periods as follows:

	2024	2023
Consolidated	**$**	**$**
Within 6 months	373,836	346,161
6 to 12 months	-	-
12 to 18 months	-	-
18 to 24 months	-	-
	373,836	**346,161**

	2024	2023
Contract liabilities	**$**	**$**
Current	**499,131**	**711,036**

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $499,131 (30 June 2023: $711,036) and is expected to be recognised as revenue in future periods as follows:

	2024	2023
Consolidated	**$**	**$**
Within 6 months	499,131	711,036
6 to 12 months	-	-
12 to 18 months	-	-
18 to 24 months	-	-
	499,131	**711,036**

Accounting Policy - Contract assets and contract liabilities

Contract assets
Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where an unconditional right to consideration is yet to be established, less any allowance for expected credit losses.

Contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration before the consolidated entity has transferred the goods or services to the customer.

14 Employee benefits

	2024	2023
Current	**$**	**$**
Annual leave	820,663	585,046
Long service leave	351,043	327,393
Other employee benefits	36,858	-
	1,208,564	**912,439**
Non - current		
Long service leave	259,176	179,992
	259,176	**179,992**

Accounting Policy - Employee benefits

Wages and salaries and annual leave
Liabilities for wages and salaries and annual leave which are expected to be settled within 12 months of the reporting date and which the entity does not have a conditional right to defer settlement beyond 12 months, are recognised as part of provisions in respect of employees' service up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave
The liability for long service leave is recognised in the provision for long service leave and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

15 Provisions

	2024	2023
Non - current	**$**	**$**
Lease make-good provision	174,050	177,371
	174,050	**177,371**

Lease make-good provision

The provision represents the present value of the estimated costs to make-good the Mulgrave premises leased by the consolidated entity expiring in December 2028. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time.

Movements in provisions

Movements in the lease make-good provision during the current financial year are set out below:

	2024	2023
Consolidated	**$**	**$**
Carrying amount at the start of the year	177,371	173,760
Adjustment on Lease Variation	(9,552)	-
Unwinding of discount	6,231	3,611
Carrying amount at the end of the year	**174,050**	**177,371**

Accounting Policy - Provisions

A provision is recognised in the statement of financial position when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

16 Borrowings

	2024	2023
Current	**$**	**$**
Shareholder loans - Unsecured	1,250,000	750,000
TP24 CreditLine - Secured	797,996	575,000
Insurance Premium Funding	110,096	44,003
AMEX Credit Card	132,555	-
	2,290,647	**1,369,003**
Non-Current		
Convertible Notes	3,060,000	-
Shareholder loans - Unsecured	-	1,000,000
	3,060,000	**1,000,000**

Total unsecured borrowings

An unsecured loan facility of $250,000 with a 8% p.a. interest rate has been provided by a shareholder. As at 30 June 2024, this loan was fully drawn.

An unsecured loan facility of $500,000 with a 11% p.a. interest rate has been provided by a major shareholder. As at 30 June 2024, this loan was fully drawn. The loan is repayable on 31 December 2024.

A separate unsecured loan facility of $500,000 with a 10% p.a. interest rate (plus 1% facility fee) has been provided by a major shareholder. As at 30 June 2024, this loan was fully drawn. The loan is repayable on 31 December 2024.

Refer to note 23 for further information on financial instruments.

16 Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	2024	2023
Total facilities	**$**	**$**
Shareholder loans	1,250,000	1,750,000
Convertible Notes	3,060,000	-
TP24 CreditLine	805,197	855,838
AMEX Credit Card	133,000	300,000
	5,248,197	**2,905,838**
Used at the reporting date		
Shareholder loans	1,250,000	1,750,000
Convertible Notes	3,060,000	-
TP24 CreditLine	797,996	575,000
AMEX Credit Card	132,555	-
	5,240,551	**2,325,000**
Unused at the reporting date		
TP24 CreditLine	7,201	280,838
AMEX Credit Card	445	300,000
	7,646	**580,838**

Accounting Policy - Borrowings

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after balance date. Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

17 Derivative liabilities

In December 2019, 1 Warrant was issued to Pure Asset Management as interest consideration on the borrowings. The warrant, with 8,000,000 shares attached, have an exercise price of $0.10 and expiry date of 17 December 2023.

The fair value of the embedded derivative liability was determined using the Black-Scholes model using the following inputs:

	2024	2023
Share price at measurement date	N/A	$0.03
Expected volatility	N/A	92.12%
Dividend yield	N/A	0.00%
Risk-free interest rate	N/A	3.30%
Carrying amount of liability	-	**$1,275**

18 Leasing

The consolidated entity leases an office building. The lease liability is secured by the related underlying right-of-use asset. The maturity analysis of lease payments at 30 June 2024 were as follows:

	Maturity analysis			
	Within one year	**One to five years**	**After five years**	**Total**
	$	**$**	**$**	**$**
Lease payments	868,601	1,860,172	-	2,728,773

	2024	**2023**
Lease liabilities	**$**	**$**
Current	675,864	855,149
Non-current	1,578,647	1,507,233
	2,254,511	**2,362,382**

During the year, the consolidated entity and its landlord agreed to a lease variation that extended the lease term from 31 December 2025 to 31 December 2028, with a reduction in the total floor space being rented from 1 January 2026 and adjustment to market rate rent. As part of the agreement, the landlord granted the consolidated entity a 3 month rental deferral from 1 January 2024 to 31 March 2024, that is payable in equal monthly instalments from 1 July 2024 to 31 December 2025.

In addition, during prior periods the consolidated entity and its landlord agreed to rent concessions as a direct consequence of the COVID-19 pandemic. The deferred rent arising is payable in equal monthly instalments during the period from 1 February 2022 to 31 December 2025. These have been accounted for in line with AASB 16 within the lease liability and right-of-use asset, as part of the variation.

Accounting Policy - Lease payments

An assessment is made at contract inception as to whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The consolidated entity has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

Set out below are the carrying amounts of the consolidated entity's right-of-use assets:

	Property	
	2024	**2023**
	$	**$**
Right-of-use assets	3,449,405	2,999,477
Accumulated depreciation	(2,213,842)	(1,845,832)
	1,235,563	**1,153,645**

Reconciliations

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

	Total
	$
Balance as at 1 July 2022	1,615,103
Depreciation expense	(461,458)
Balance as at 30 June 2023	**1,153,645**
Balance as at 1 July 2023	1,153,645
Increase in right-of-use asset due to lease variation	449,928
Depreciation expense	(368,010)
Balance as at 30 June 2024	**1,235,563**

19 Equity - issued capital

	Consolidated			
	2024	2023	2024	2023
	Shares	Shares	$	$
a) Ordinary shares - fully paid	254,218,847	254,218,847	102,126,684	102,126,684

Movements in ordinary share capital	**Date**	**Shares**	**Issue price**	**$**
Balance	1-Jul-23	254,218,847		102,126,684
No share capital issued in the period				
Balance	30-Jun-24	**254,218,847**		**102,126,684**

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.

b) Unlisted options issued	**Options**
At 1 July 2022	3,350,078
- Options which expired unexercised	(359,750)
- Options issued under the LTIP	705,152
- Options forfeited on failure to meet vesting conditions	(228,690)
At the end of the reporting period - 30 June 2023	**3,466,790**
At 1 July 2023	3,466,790
- Options which expired unexercised	(393,380)
- Options issued under the LTIP	1,373,000
- Options issued to Lead Manager on Convertible Note issue	920,000
- Options forfeited on failure to meet vesting conditions	(76,065)
At the end of the reporting period - 30 June 2024	**5,290,345**

19 Equity - issued capital (continued)

c) Listed options issued	
At 1 July 2022	47,188,132
- Options issued	50,465,823
- Options exercised	(7,220)
- Options which expired unexercised	(18,900,912)
At the end of the reporting period - 30 June 2023	**78,745,823**
At 1 July 2023	78,745,823
- Options which expired unexercised	(78,745,823)
At the end of the reporting period - 30 June 2024	-

d) Performance rights issued	**Performance rights**
At 1 July 2022	5,500,000
- Performance rights exercised	(468,750)
- Performance rights forfeited on failure to meet vesting conditions	(531,250)
At the end of the reporting period - 30 June 2023	**4,500,000**
At 1 July 2023	4,500,000
- Performance rights forfeited on failure to meet vesting conditions	(4,025,000)
At the end of the reporting period - 30 June 2024	**475,000**

Refer to note 30 for share based payments in the current period.

Capital risk management

The Board controls the capital of the consolidated entity in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the consolidated entity can fund its operations and continue as a going concern. The consolidated entity’s debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the consolidated entity’s capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the consolidated entity since the prior year.

Accounting Policy - Issued capital

Ordinary shares

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.

20 Equity - reserves

	Consolidated	
	2024	2023
	$	$
Share based payments reserve	386,859	687,129
Foreign currency translation reserve	(33,101)	(9,009)
	353,758	**678,120**

Movement in reserves

Movement in each class of reserve during the current and previous financial year are set out below:

	Contingent consideration equity reserve	Share based payments reserve	Other reserves	Total Reserves
	$	$	$	$
Balance at 30 June 2022	825,000	612,100	(6,253)	1,430,847
Share based payments	-	260,132	-	260,132
Options which expired unexercised	-	(63,822)	-	(63,822)
Performance rights exercised	-	(88,281)	-	(88,281)
Performance rights forfeited failing vesting conditions	-	(33,000)	-	(33,000)
Contingent equity consideration (i)	(825,000)	-	-	(825,000)
Movement in functional currency of foreign operations	-	-	(2,756)	(2,756)
Balance at 30 June 2023	-	687,129	(9,009)	678,120
Share based payments	-	(125,036)	-	(125,036)
Options which expired unexercised	-	(72,484)	-	(72,484)
Performance rights forfeited failing vesting conditions	-	(102,750)	-	(102,750)
Movement in functional currency of foreign operations	-	-	(24,092)	(24,092)
Balance at 30 June 2024	**-**	**386,859**	**(33,101)**	**353,758**

(i) During the year, the dates by which the contingent consideration milestones were to be achieved and payment to become payable were passed without the criteria being met. At 30 June 2023 there was no longer a present obligation, and so the equity held in this reserve was recycled through Accumulated Losses.

20 Equity - reserves (continued)

Accounting Policy - Equity reserves

Share based payments reserve
The share based payments reserve records items recognised as expenses on valuation of employee share options and performance rights.

Contingent consideration equity reserve
The contingent consideration equity reserve is measured based on the share price and number of shares to be issued under the tranche payment and the probability of meeting the required milestones on acquisition date. Equity is not subsequently remeasured.

Foreign currency translation reserve
The foreign currency translation reserve is used to recognise increments and decrements in the fair value of foreign currency through other comprehensive income.

21 Equity - accumulated losses

	2024 $	2023 $
Accumulated losses at the beginning of the financial year	(96,451,917)	(96,976,812)
Loss after income tax expense for the year	(9,558,852)	(396,926)
Transfer from options reserve to account for expired options	72,484	63,822
Transfer from options reserve to account for options that failed to vest	102,750	33,000
Transfer from contingent consideration equity reserve	-	825,000
Accumulated losses at the end of the financial year	**(105,835,535)**	**(96,451,917)**

22 Reconciliation of loss after income tax to net cash used in operating activities

	2024 $	2023 $
Total comprehensive loss for year	(9,582,944)	(399,682)
Adjustments for:		
Effects of exchange rate changes on cash and cash equivalents	404	(265)
Depreciation and amortisation	937,309	1,315,515
(Gain)/Loss on contingent consideration liability	-	(2,952,030)
(Gain)/Loss on financial instruments at fair value through profit or loss	1,697,631	(629,784)
Impairment of intangible assets	2,508,079	522,939
Impairment of receivables	(50,283)	60,457
(Profit)/Loss on disposal of fixed assets	(457)	-
Share based payments	(125,036)	260,132
Unrealised foreign exchange (gain)/loss	(1,797)	(25,916)
Unwinding of the discount on provisions	(3,321)	3,611
Interest on convertible note	(8,307)	(16,614)
Interest received	(13,958)	(19,894)
Interest and other finance costs paid	483,182	406,726
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,094,373	(474,342)
Decrease/(increase) in contract assets	(27,675)	73,057
Decrease/(increase) in prepayments	70,817	(89,939)
Decrease/(increase) in inventory	19,753	(8,163)
Decrease/(increase) in right-of-use asset	(449,928)	-
Decrease/(increase) in other assets	6,969	(3,199)
Increase/(decrease) in trade and other payables	722,589	82,877
Increase/(decrease) in contract liabilities	(211,905)	(802,417)
Increase/(decrease) in provisions	375,309	(43,236)
Increase/(decrease) in other liabilities	667,547	5,685
Net cash used in operating activities	**(1,891,650)**	**(2,734,482)**

23 Financial Instruments

Financial risk management objectives

The entity's activities expose it to a variety of financial risks: market risk (consisting of interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. Receivables balances are in general unsecured and non-interest-bearing. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Market risk

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk. As at 30 June 2024 all shareholder loans were at fixed rates. The TP24 CreditLine facility is charged at an interest rate of 8.6% fixed plus variable equal to the 30 day BBSW rate. At 30 June 2024, the total interest rate on this facility was 12.91%.

The consolidated entity's shareholder loans outstanding, totalling $1,250,000 (2023: $1,750,000), are interest only loans. Monthly cash outlays of $10,417 (2023: $11,667) are required to service the interest payments.

Price risk

The consolidated entity is exposed to equity securities price risk arising from investments held by the consolidated entity and classified on the Statement of Financial Position as fair value through profit or loss of $3,416,120 (2023: $4,616,330).

Sensitivity Analysis

At reporting date, if equity prices had been 10% lower/higher, profit or loss before income tax of the consolidated entity would have decreased/increased by $341,612 (2023: $461,633).

The following investments constitute 100% of the consolidated entity's equity portfolio and security price risk:

Company	Fair Value ($)	Portfolio (%)
2024		
Avertix Medical Inc.	139,983	4.1%
Cyban Pty Ltd	950,250	27.8%
Gyder Surgical Pty Ltd	2,318,082	67.9%
Other	7,806	0.2%
	3,416,120	**100.0%**

Company	Fair Value ($)	Portfolio (%)
2023		
Avertix Medical Inc.	1,885,410	40.8%
Cyban Pty Ltd	950,250	20.6%
Gyder Surgical Pty Ltd	1,765,734	38.2%
Other	14,936	0.3%
	4,616,330	**100.0%**

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

23 Financial Instruments (continued)

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated 2024	Consolidated 2023
	$	$
TP24 CreditLine	7,201	280,838
AMEX Credit Card	445	300,000
	7,646	**580,838**

The shareholder loan facilities have been fully drawn down as at the reporting date. The TP24 CreditLine unused borrowings reflects the remaining available balance based on current eligible debtors less funds already drawn down at 30 June 2024.

2024	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables		415,444	-	-	-	415,444
Other payables		41,441	-	-	-	41,441
Accrued liabilities		559,463	-	-	-	559,463
Interest-bearing - fixed rate						
Shareholder loans	10.00%	1,250,000	-	-	-	1,250,000
Lease liabilities	10.00%	868,601	616,157	1,244,016	-	2,728,773
Interest-bearing - variable rate						
TP24 CreditLine	12.91%	797,996	-	-	-	797,996
Total non-derivatives		3,932,945	616,157	1,244,016	-	5,793,117

2023	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables		312,775	-	-	-	312,775
Other payables		14,735	-	-	-	14,735
Accrued liabilities		255,681	-	-	-	255,681
Interest-bearing - fixed rate						
Shareholder loans	8.00%	750,000	1,000,000	-	-	1,750,000
Lease liabilities	10.00%	1,046,340	1,078,576	547,485	-	2,672,401
Interest-bearing - variable rate						
TP24 CreditLine	11.13%	575,000	-	-	-	575,000
Total non-derivatives		2,954,531	2,078,576	547,485	-	5,580,592
Derivatives						
Warrants		1,275	-	-	-	1,275
Total derivatives		1,275	-	-	-	1,275

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

23 Financial Instruments (continued)

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

Accounting Policy - Financial instruments

Recognition and Initial Measurement
Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the consolidated entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The consolidated entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss
Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at fair value with any measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Financial assets at fair value through other comprehensive income are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period.

(iv) Financial Liabilities
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

24 Key Management Personnel

Compensation

The aggregate compensation made to directors of the consolidated entity is set out below:

	Consolidated	
	2024	**2023**
	$	**$**
Short-term employee benefits	309,502	327,045
Fees paid to directors	246,789	279,417
Post-employment benefits	46,256	49,791
Long-term benefits	5,904	5,318
Share-based payments:		
- Expensed during the year	(147,496)	218,027
	460,955	**879,598**

Further information in relation to remuneration paid or payable to each member of the consolidated entity's KMP can be found in the Directors' Remuneration Report.

25 Auditors remuneration

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2024	**2023**
	$	**$**
Audit services - Grant Thornton Audit Pty Ltd	136,578	127,860
Audit or review of the financial statements	**136,578**	**127,860**

	Consolidated	
	2024	**2023**
	$	**$**
Tax Services - Grant Thornton Australia Limited	10,815	15,050
Other services	**10,815**	**15,050**

26 Related party transactions

Parent entity

Hydrix Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 28.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the director's report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2024	**2023**
	$	**$**
Loans received from shareholders	1,150,000	-
Loans repaid to shareholders	150,000	250,000
Loans converted by shareholders into shares	-	250,000
Loans converted by shareholders into convertible notes	1,000,000	-
Interest expenses on loans from shareholders	71,118	146,835
Interest expenses on convertible notes issued to shareholders	265,122	-

26 Related party transactions (continued)

Payable to related parties:	Consolidated 2024 $	Consolidated 2023 $
Director fees payable	171,759	29,000
Interest payable to shareholders	298,526	76,164
Salary payable to Directors	12,055	-
	482,339	105,164

Loans from related parties	Consolidated 2024 $	Consolidated 2023 $
Loans from shareholders	1,250,000	1,750,000

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates. Terms of the loans are disclosed in note 16.

27 Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2024 $	Parent 2023 $
(Loss) after income tax	(1,837,027)	(2,006,054)
Total comprehensive income	(1,837,027)	(2,006,054)

Statement of financial position

	Parent 2024 $	Parent 2023 $
Total current assets	217,820	917,893
Total assets	11,808,023	10,587,875
Total current liabilities	2,175,234	1,059,063
Total liabilities	5,256,336	2,074,126
Equity		
Issued Capital	102,126,684	102,126,684
Share based payments reserve	386,859	687,129
Accumulated losses	(95,961,856)	(94,300,063)
Total Equity	**6,551,687**	**8,513,750**

Set out below is a reconciliation for movements in accumulated losses of the parent entity in the year:

	2024 $	2023 $
Accumulated losses at the beginning of the financial year	(94,300,063)	(93,215,831)
Loss after income tax expense for the year	(1,837,027)	(2,006,054)
Impairment in receivable from subsidiary	-	-
Transfer from options reserve to account for expired options	72,484	63,822
Transfer from options reserve to account for options that failed to vest	102,750	33,000
Transfer from contingent consideration equity reserve	-	825,000
Accumulated losses at the end of the financial year	**(95,961,856)**	**(94,300,063)**

27 Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
Under the agreement entered into between Hydrix Services and TP24, a Deed of Guarantee and Indemnity was also entered into with Hydrix Limited (the parent entity) acting as Guarantor in respect of the debt arising between Hydrix Services and TP24.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2024 (2023: nil).

Capital commitments - Plant and equipment
The parent entity had no capital commitments for plant and equipment as at 30 June 2024 and 30 June 2023.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.

28 Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Hydrix Services Pty Ltd	Australia	100%	100%
Hydrix Ventures Pty Ltd	Australia	100%	100%
Hydrix Medical Pty Ltd	Australia	100%	100%
Hydrix Medical New Zealand Limited	New Zealand	100%	100%
Hydrix Medical Pte Ltd	Singapore	100%	100%
Hydrix DE LLC	United States	100%	100%

29 Earnings per share

	Consolidated 2024	Consolidated 2023
	$	$
Loss after income tax attributable to the owners of Hydrix Limited	(9,558,852)	(396,926)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	254,218,847	239,244,929
Anti-dilutive shares excluded from weighted average number of ordinary shares:		
Convertible Notes	3,060,000	-
Options and rights over ordinary shares	5,765,345	36,246,790
Warrant shares	-	8,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	254,218,847	239,244,929
	Cents	**Cents**
Basic and diluted loss per share	(3.76)	(0.17)

29 Earnings per share (continued)

In addition to the 3,370,361 non-quoted options issued (refer to Note 30) the following quoted options were in existence during the year:

HYDOA Options

These options can be transferred and are quoted on the ASX (ASX: HYDOA).

Grant date	Expiry date	Exercise price	Balance at the start of the year	Options granted	Options exercised	Options expired/ forfeited	Balance at the end of the year
14-Apr-22	31-Mar-24	$0.180	28,280,000	-	-	(28,280,000)	-
			28,280,000	**-**	**-**	**(28,280,000)**	**-**

HYDOB Options

These options can be transferred and are quoted on the ASX (ASX: HYDOB).

Grant date	Expiry date	Exercise price	Balance at the start of the year	Options granted	Options exercised	Options expired/ forfeited	Balance at the end of the year
7-Dec-22	31-Dec-23	$0.120	50,465,823		-	(50,465,823)	-
			50,465,823	**-**	**-**	**(50,465,823)**	**-**

Accounting Policy - Earnings per Share

<u>Basic earnings per share</u>

Basic earnings per share is calculated by dividing the profit attributable to the owners of Hydrix 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.

<u>Diluted earnings per share</u>

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.

30 Share-based payments

Recognised share-based payment expenses

The expense recognised from employee services received during the year is shown in the table below:

	Consolidated 2024 $	Consolidated 2023 $
Expenses arising from equity-settled share-based payment transactions	199,964	260,132
Performance rights that failed to vest with non-market based vesting conditions	(325,000)	-
	(125,036)	**260,132**

Types of share-based payment plan

Employee Share Option Plan, 'ESOP'

A Long Term Incentive Plan (LTIP) has been established and approved by shareholders where the company may, at the discretion of the Board, grant options over the ordinary shares of Hydrix Limited to Directors, Executives, contractors and employees of the consolidated entity. The exercise of the options are subject to time-based and performance-based vesting conditions. The options cannot be transferred and will not be quoted on the ASX.

30 Share-based payments (continued)

The following non-quoted options were in existence during the 2024 financial year.

Grant date	Expiry date	Exercise price	Balance at the start of the year	Options granted	Options exercised	Options expired/ forfeited	Balance at the end of the year
9-Mar-20	30-Jun-25	$0.290	357,876	-	-	(71,250)	286,626
8-Sep-20	30-Jun-25	$0.075	425,839	-	-	(103,437)	322,402
2-Oct-20	30-Jun-25	$0.075	362,500	-	-	(100,000)	262,500
17-Jan-22	30-Jun-26	$0.100	710,175	-	-	(96,750)	613,425
30-Sep-22	30-Jun-27	$0.175	610,400		-	(73,008)	537,392
23-Nov-23	30-Jun-28	$0.073	-	1,373,000	-	(24,984)	1,348,016
			2,466,790	**1,373,000**	**-**	**(469,429)**	**3,370,361**

For the options issued under the LTIP during the current financial year, the fair value at the grant date ($0.015) was calculated by applying the Black-Scholes valuation model.

The options issued under the LTIP vest subject to time-based and performance-based vesting conditions, including the employee remaining in the employ of the consolidated entity during the performance period and satisfaction of individual KPI's.

During the 2022 financial year, 1,000,000 non-quoted options with a fair value of $52,002 were issued to the lead joint lead managers of the Placement Offer, as part consideration for services provided.

Grant date	Expiry date	Exercise price	Balance at the start of the year	Options granted	Options exercised	Options expired/ forfeited	Balance at the end of the year
7-Mar-22	7-Mar-25	$0.300	1,000,000	-	-	-	1,000,000
			1,000,000	**-**	**-**	**-**	**1,000,000**

Weighted average remaining contractual life
The weighted average remaining contractual life for the share options outstanding as at 30 June 2024 is 2 years and 1 month (2023: 2 years 4 months).

Range of exercise price
The range of exercise prices for options outstanding at end of the year was $0.073 - $0.30 (2023: $0.075 - $0.29).

The following performance rights were in existence during the 2024 financial year.

Grant date	Vesting date	Exercise price	Balance at the start of the year	Performance rights granted	Performance rights exercised	Performance rights expired/ lapsed / failed to vest	Balance at the end of the year
24-Nov-21	30-Jun-23	$0.00	250,000	-	-	(25,000)	225,000
24-Nov-21	30-Jun-24	$0.00	4,250,000	-	-	(4,000,000)	250,000
			4,500,000	**-**	**-**	**(4,025,000)**	**475,000**

The performance rights vest subject to satisfaction of prescribed vesting conditions including market conditions, and financial, operational, corporate governance, strategic planning and business development objectives set by the Board.

Weighted average remaining contractual life
The weighted average remaining contractual life for the performance rights outstanding as at 30 June 2024 is 3 years and 6 months (2023: 4 years and 11 months).

For movements in share options during the prior year, refer to note 19.

30 Share-based payments (continued)

Accounting Policy - 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.

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.

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.

31 Contingent liabilities

The consolidated entity had no contingent liabilities as at 30 June 2024 (2023: nil).

32 Events after the reporting period

On 10th August 2024, Hydrix Ventures was advised by Avertix Medical that it closed a Series C capital raise. As part of those funding terms, Avertix completed a 100-to-1 reverse stock split and reset the stock price to US$9.27 per share.

After accounting for the terms of the Avertix capital raise, Hydrix Ventures holds 10,000 Avertix shares valued at USD$9.27, giving an AUD valuation of $139,983.

Hydrix Ventures has, as a result, written down the value of its Avertix investment by $1,747,173, from $1,887,156 to $139,983. The impact of this valuation has been reflected in the financial statements at 30 June 2024.

Entity	Type of Entity	Trustee, partner or participant in joint venture	% of share capital held	Country of Incorporation	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction(s) of foreign residents
Hydrix Limited	Body Corporate	n/a	n/a	Australia	Australian	n/a
Hydrix Services Pty Ltd	Body Corporate	n/a	100%	Australia	Australian	n/a
Hydrix DE LLC	Body Corporate	n/a	100%	USA	Australian	n/a
Hydrix Medical Pty Ltd	Body Corporate	n/a	100%	Australia	Australian	n/a
Hydrix Medical Pte Ltd	Body Corporate	n/a	100%	Singapore	Australian	n/a
Hydrix Medical New Zealand Ltd	Body Corporate	n/a	100%	New Zealand	Australian	n/a
Hydrix Ventures Pty Ltd	Body Corporate	n/a	100%	Australia	Australian	n/a

Hydrix Limited
Directors' Declaration
30 June 2024

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 2024 and of its performance for the financial year ended on that date;

- The consolidated entity disclosure statement is true and correct; 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.*

Mr Gavin Coote
Executive Chairman
Dated: 30 September 2024

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Independent Auditor's Report

To the Members of Hydrix Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Hydrix Limited (the Company) and its subsidiaries (the Consolidated Entity), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

b 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 Consolidated Entity 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 in the financial statements, which indicates that the Consolidated Entity incurred a net loss of $9,558,852 during the year ended 30 June 2024, and as of that date, the Consolidated Entity's current liabilities exceeded its current assets by $4,187,945. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition – Note 4	
For the year ended 30 June 2024, the Consolidated Entity recognised revenue from external customers of $10,608,574 from variable and fixed price service contracts. This revenue is recognised in accordance with AASB 15 *Revenue from Contracts with Customers.* Measuring the amount of revenue to recognise in the financial statements, including identifying performance obligations, evaluating stand-alone selling prices and timing of revenue recognition, involves significant management judgement. This area is a key audit matter due to the complexity and judgement associated with recognising revenue, particularly near year-end.	Our procedures included, amongst others: • Documenting and updating our understanding of the internal processes and controls around revenue recognition to ensure compliance with AASB 15; • Assessing the design and implementation of relevant controls in relation to accounting for revenue; • Testing a sample of revenue contracts to supporting documentation to determine whether revenue has been recorded in the correct period and in compliance with AASB 15; • Reviewing the progress of fixed price contracts to critically assess management's estimates of project stage of completion and progress against budget; • Reviewing a sample of open contracts across period-end to assess the appropriateness of management's assessment of the timing of revenue recognition in accordance with AASB 15; and • Assessing the adequacy of disclosures for compliance with the Australian Accounting Standards.
Impairment assessment of non-financial assets – Note 9, Note 10 and Note 18	
At 30 June 2024, the carrying value of intangible assets is $525,000, right-of-use assets is $1,235,563 and plant and equipment is $204,245. In accordance with AASB 136 *Impairment of Assets,* the Consolidated Entity is required to assess if there are indicators of impairment over intangible assets with a definite useful life and with respect to intangible assets with an indefinite useful life, and assess the carrying value of each cash-generating unit (CGU) against the recoverable amount.	Our procedures included, amongst others: • Assessing the design and implementation of relevant controls in relation to the impairment assessment of non-financial assets; • Reviewing management's assessment of the impairment indicators on non-financial assets including brand name, distribution rights, right-of-use assets and plant and equipment;

Key audit matter	How our audit addressed the key audit matter
This area is a key audit matter due to the high level of management judgement and estimation uncertainty required to determine the allocation of non-financial assets to the CGU and assessment of the recoverable amount of the CGU.	• Reviewing the value-in-use (VIU) models for the Services and Medical CGUs for compliance with AASB 136; • Verifying the mathematical accuracy and appropriateness of the methodology of the underlying calculations within the VIU models; • Evaluating the cash flow projections by assessing management's ability to historically forecast by comparing actual results to previous forecasts; • Assessing key judgements and assumptions, and performing a sensitivity analysis of the inputs in the VIU model; and • Assessing the adequacy of disclosures for compliance in accordance with the Australian Accounting Standards.
Carrying value of financial assets – Note 11	
Hydrix holds the following financial assets which are classified as fair value through profit or loss in accordance with AASB 9 *Financial Instruments*: - Avertix Medical Inc.; - Gyder Surgical Pty Ltd; - Cyban Pty Ltd; and - Memphasys Ltd At 30 June 2024, the carrying value of these assets is $3,416,120. This is a key audit matter due to the significant management judgement and estimation required in assessing the fair value of financial assets, particularly where investments are not held on a stock exchange such as the ASX.	Our procedures included, amongst others: • Reviewing the investment policies in place to ensure appropriate measurement and classification under AASB 9; • Reviewing the design and implementation of relevant controls in relation to accounting for financial assets at fair value through profit and loss; • Reviewing management's fair value assessment at year-end in conjunction with available valuation data such as recent additions or capital raising during the year; • Testing a sample of financial asset additions during the reporting period to share certificates and other supporting documentation verifying existence and accuracy of movements; • Assessing the appropriateness of fair value gains or losses during the year; and • Assessing the adequacy of disclosures for compliance in accordance with the Australian Accounting Standards.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2024, but does not include the financial report and our 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.

Responsibilities of the Directors for the financial report

The directors of the Company are responsible for the preparation of:

a the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 (other than the consolidated entity disclosure statement);

b the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001; and

for such internal control as the directors determine is necessary to enable the preparation of:

i the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Consolidated Entity's ability 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 Consolidated Entity or to cease operations, or have 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 the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 11 to 15 of the Directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Hydrix Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 30 September 2024