



ASX Announcement

29 August 2023

Executive Chairman's letter to shareholders

Dear Shareholders,

After a year of significant progress and achievement within the Company, I am pleased to present the Annual Accounts of Hydrix Limited (**Hydrix** or **Company**) for the fiscal year ending 30 June 2023.

Hydrix has continued to demonstrate its expertise in supporting our clients to innovate and develop world-leading products. Continued focus on our strategic goals and meeting critical milestones helped deliver strong growth and improved profitability over the year.

I would like to express my sincere gratitude to our dedicated employees, customers, partners, and our shareholders. The continued support and belief instilled in Hydrix's vision has been instrumental in our achievements to date and sets a strong platform for ongoing success.

Financial Highlights

Hydrix delivered significant business growth improving financial results for the year:

- Revenues increased by 27% reaching \$13.3 million including Hydrix Services fee revenues which grew 34% to \$12.3 million largely attributable to international revenue growth of 35%. This growth is a testament to Hydrix Services' robust product development consulting business and the proven value we provide to our global customers.
- Our focus on sales growth, operational efficiency, and margin improvement with Hydrix Services, in particular, enabled the Group to reduce cash operating losses by 34%, amounting to \$1.7 million, bringing the total down to \$3.3 million.
- Hydrix Ventures' net tangible asset value increased by 27% to \$4.9 million this year which is significantly above cash invested. Growth in value was attributable to equity earned in lieu of milestones and fair value appreciation.
- To support the company's profitable growth, Hydrix Services entered into a \$1.5 million revolving loan facility agreement, and after the financial year end, we completed a \$3.1 million convertible note facility capital raising, receipting \$1.6 million cash from existing and new shareholders and rolling-over \$1.5 million of shareholder loans.

Innovation and new AI Products

Hydrix is a technology innovation company. We create it for our clients, support it through early stage venture investing, and we look to deliver it through the expansion of Hydrix Medical's product portfolio. Over the last 12 months, Hydrix Services made significant advancements for our clients developing world-first products, and in the last 3 months, we licensed two Artificial Intelligence (AI) software products.



Hydrix Services' highly specialised engineering and project team operates in the \$2 billion outsourced product development consulting service market. Notable breakthrough client projects include:

- Non-invasive orthopaedic tool to improve hip replacement procedures
- Control devices for total artificial hearts and other active implantable mechanical circulatory system technologies
- Remotely operated robotics for endovascular intervention
- Non-invasive brain trauma injury monitoring; and
- Chromatography solutions used in mass spectrometry applications within the field of biological and medical research including in drug discovery.

Hydrix Ventures' portfolio of innovative companies achieved milestones during the year including:

- Avertix Medical, the developer of the world's first real-time heart attack alert device, commenced commercial sales in the USA and lodged an IPO to list on the NASDAQ; and
- Gyder Surgical's first-generation product, developed by Hydrix Services, was granted regulatory approval by the Australian Therapeutics Goods Administration (TGA) to market and distribute the product in Australia.

Ventures' strategy is to attract emerging, innovative product technology companies to become clients of Hydrix Services. The strategic financial objective is to subsequently generate venture capital gains that offer the potential for non-dilutive growth funding when venture companies reach liquidity events.

Hydrix Medical successfully entered into distribution agreements with two groundbreaking emerging AI MedTech companies:

- Implicity which aims to improve remote monitoring of pacemaker patients; and
- Echo IQ which aims to improve early detection of Aortic stenosis.

Hydrix Medical's emerging portfolio of products share a common industry knowledge base, customer, and sales channel and are expected to create recurring revenue streams and operational synergies. The positive initial response from marketing these products reaffirms our commitment to identifying and licensing disruptive third-party cardiovascular products for distribution.

Strategic Partnerships

Strategic partnerships continue to drive our success. Our MedTech alliances, in particular, generate multiple sources of revenue and profit, serving as long-term drivers of value creation for Hydrix shareholders.

Over the past year, we have established strategic alliances with industry leaders, research institutions, and startups. These partnerships have not only expanded our capabilities but also amplified our market reach and access to cutting-edge technologies. We firmly believe that these collaborations will further propel our growth and enhance our reputation as industry pioneers.

The synergistic relationship among Hydrix Services, Hydrix Ventures, and Hydrix Medical equips clients and partners with unique market insights and innovative real-world technological know-how, resulting in improved health outcomes, especially in addressing cardiovascular disease.

Hydrix specialises in developing products and providing services to enhance the management of cardiovascular disease, a condition affecting 14% of the global population and standing as the leading cause



of death. Around 45% of Hydrix Services' fee revenues, 100% of Hydrix Medical's products, and 50% of the value of Hydrix Ventures are associated with enhancing cardiovascular health.

Outlook and Future Prospects

Management remains confident that we can further capitalise on the array of opportunities that lie before us. Our global pipeline of innovative product development projects remains robust, and we are well-positioned to capitalise on emerging global trends in cardiovascular health and other medical technologies. Our customer-centric solutions, operational excellence, and global strategic partnerships will continue to drive our growth trajectory.

We remain committed to navigating uncertainty caused by various global challenges and to delivering value to our shareholders. Our goals for the next 12 months include the following:

- Hydrix Services to grow revenues more than 10% and more than double current profit levels
- Expand Hydrix Medical's product portfolio and commence generating revenues
- Hydrix Venture companies continue to grow in value and achieve liquidity events; and
- Target Group operating cash flow breakeven in the September quarter of calendar year 2024.

I am excited about the journey ahead and the continued evolution of Hydrix. Together, we will seize opportunities, overcome challenges, and create a future that is brighter and more innovative than ever before.

Thank you for your trust and support.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gavin Coote".

Gavin Coote
Executive Chairman
Hydrix Limited (ASX: HYD)

Ends ----

This announcement is authorised for release by the Board of Directors of Hydrix Limited.
For more information, please contact:

Company Enquiries:	Gavin Coote - Executive Chairman info@hydrix.com +61 3 9550 8100
Corporate Advisory Enquiries:	Matthew Baker – Corporate Adviser, Blue Ocean Equities MatthewBaker@boeq.com.au +61 418 830 064
Media Enquiries:	Rod North - Managing Director, Bourse Communications rod@boursecommunications.com.au +61 3 9510 8309



About Hydrix Limited

Hydrix Limited (ASX: HYD) is a powerful product innovation company. Hydrix aims to enhance the health, safety, and well-being of a billion lives. The company leverages its powerful product innovation capability across three business segments: **Services**: design, engineer, and deliver world-first products and innovation; **Ventures**: invest in high potential medtech clients; **Medical**: distribute disruptive cardiovascular products.

InvestorHub

Our interactive page at investorhub.hydrix.com has the latest Hydrix Limited announcements, stock prices, market publications and other essential shareholder information.