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ASX Announcement

28 January 2025

Trading Update and Growth Outlook

Hydrix Services recorded consecutive profitable quarters, helped by strong margins and lower operating costs, contributing to a reduction in cash used in operations by the Group. Increases in contract sales orders during the last 6-months and a strong sales opportunity pipeline support a growth outlook.

Hydrix Limited ('**Hydrix**' or 'the **Company**') (ASX: **HYD**) today released its Appendix 4C for the quarter ended 31 December 2024 (2QFY25) (unaudited) and provides the following **Market Update**.

2nd Quarter & 1HFY25 Financial Highlights:

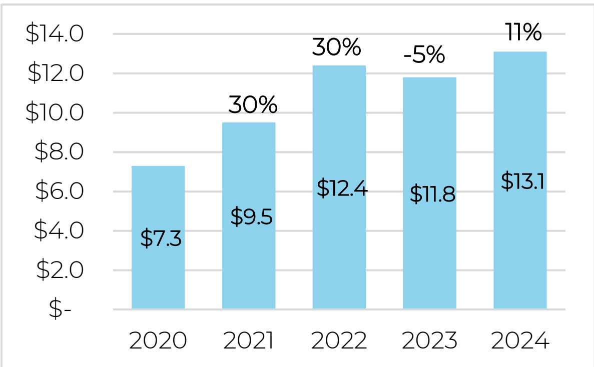
Hydrix Services consecutive quarterly Cash Operating Profit (COP) improved the Group outlook:

- **$0.24m** Services COP (138% improvement on pcp), **$0.42m** COP for the 1HFY25 ($40k loss pcp)
- **$2.7m** of revenues (5% lower on pcp), **$5.6m** in 1HFY25 (6.7% lower on pcp)
- **$4.3m** of contract sales orders (84% improvement on pcp), **$7.6m** in the 1HFY25
- **$40.0m** anticipated sales pertaining to future stages of programs across **15 clients**

Group cash and operating result for the 1HFY25:

- **$1.1m** cash on hand on 31 December 2024
- **$0.39m** cash operating loss 1HFY25, a significant improvement to the **$2.09m** loss in the 1HFY24

Calendar Year Contract Sales Orders CY2021 to CY2024 ($'Ms)



The graph depicts contract sales orders by calendar year (excluding uncontracted value from future stages of these projects).

CY2024 sales were the strongest reported for the past 5-years. Contract sales orders are a leading indicator of future revenue growth and demonstrate international sales market momentum.

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Group Business Activity Report 2QFY25

Hydrix Services produced consecutive profitable quarters as a result of strong sales contract wins during the past 9-months of **$12.1** million (**$4.3** million sold in the quarter), a reduction in fixed overhead costs and increasing billable utilisation across all engineering and program management. The business is well-positioned to build on recent sales successes and the lower fixed cost base.

Global outreach into cardiac and medtech sector clients, both existing and prospective, is generating a very healthy sales opportunity pipeline, leading to positive sales outcomes. Of sales in the last two quarters, **89%** came from cardiac and medtech clients, of which, **61%** were in Europe and the USA.

Within the large and growing sales opportunity pipeline, potential revenues tied to future program stages across **15** active clients is approximately **$40 million**. Sales conversions remain subject to client budget constraints and venture capital funding to support new product developments. These factors create fluidity in the timing of sales and project-based revenue generation.

Hydrix Medical continues to build its sales opportunity pipeline which currently stands at more than **$2.5m** (of potential annual recurring revenue) including the software-as-a-service (SaaS) remote cardiac patient monitoring product licensed for distribution from Implicity. Sales of Implicity are dependent on department of health policy funding commitments into the public and private sector. We remain optimistic funding policies will be established and implemented this calendar year.

Hydrix Medical is exploring opportunities to sell ambulatory ECG wearable patch devices used to diagnose and monitor patients for arrythmias and track other cardiovascular vitals.

Hydrix Executive Chairman, Gavin Coote, commented:

“Consecutive profitable quarters, from the Services business, reflects a relentless drive to convert sales opportunities and to deliver highly complex and regulated new product development projects. Recent sales wins are in sectors of strategic importance in international markets and demonstrate the marketing and business development expansion overseas during the past couple of years is gaining momentum. Sales growth coupled with a significantly lower cost base underpins confidence for the future.”

- Ends -

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

For more information, please contact:

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About Hydrix Limited

Hydrix Limited (ASX: HYD) is a powerful product innovation company. Hydrix's purpose is 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; and **Medical**: distribute disruptive cardiovascular products.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Hydrix Limited

ABN	**Quarter ended ("current quarter")**
84 060 369 048	31 December 2024

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	3,275	5,955
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(207)	(339)
	(c) advertising and marketing	(51)	(113)
	(d) leased assets	(294)	(588)
	(e) staff costs	(1,906)	(3,938)
	(f) administration and corporate costs	(534)	(957)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	18
1.5	Interest and other costs of finance paid	(152)	(188)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	72
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**131**	**(78)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	220	845
3.6	Repayment of borrowings	(13)	(563)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**207**	**282**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	780	914
4.2	Net cash from / (used in) operating activities (item 1.9 above)	131	(78)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	207	282
4.5	Effect of movement in exchange rates on cash held	-	
4.6	**Cash and cash equivalents at end of period**	**1,118**	**1,118**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	1,118	780
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,118**	**780**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	63
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

The amount at 6.1 includes full-time salary payments to the Executive Chairman and cash payments of Director fees.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	4,560	4,560
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	1,079	923
7.4	**Total financing facilities**	**5,639**	**5,483**

Other financing facilities include a TradePlus24 Credit line facility of 80% of Trade Debtors up to $1.5m.

7.5 **Unused financing facilities available at quarter end ($A)** **$nil**

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Lender	Loan Amount	Interest rate (p.a)	Maturity date	Security
E.L.G. Nominees Pty Ltd[1]	$ 250,000	10.0%	30/06/2024	Unsecured
E.L.G. Nominees Pty Ltd[1,7]	$ 500,000	10.0%	14/11/2025	Unsecured
John W King Nominees[2,7]	$ 1,500,000	10.0%	14/11/2025	Unsecured
John W King Nominees	$500,000	11.0%	31/12/2024	Unsecured
John W King Nominees	$100,000	-	30/06/2025	Unsecured
Invia Custodian Pty Limited[3,7]	$ 500,000	10.0%	14/11/2025	Unsecured
Invia Custodian Pty Limited[3]	$500,000	11.0%	31/12/2024	Unsecured
PAJ Lewis Pty Ltd[4]	$100,000	-	30/06/2025	Unsecured
P K W Superannuation Pty Ltd[5,7]	$ 100,000	10.0%	14/11/2025	Unsecured
Paul Wright	$25,000	-	30/06/2025	Unsecured
Beachridge Advisory[6]	$25,000	-	30/06/2025	Unsecured
Non-Related Parties Convertible Note[7]	$ 460,000	10.0%	11/10/2025	Unsecured
TradePlus24[8]	$ 1,500,000	12.91%	30/04/2025	Secured

[1] E.L.G. Nominees Pty Ltd is a company associated with Joanne Bryant, a former Non-Executive Director of Hydrix.

[2] John W King Nominees is a company associated with Julie King, a Non-Executive Director of the Company.

[3] Invia Custodian Pty Limited is a company associated with Paul Lewis, a Non-Executive Director of the Company.

[4] PAJ Lewis Pty Ltd is a company associated with Paul Lewis, a Non-Executive Director of the Company.

[5] P K W Superannuation Pty Ltd is a company associated with Paul Wright, a Non-Executive Director of the Company.

[6] Breachridge Advisory is a company associated with Gavin Coote, an Executive Director of the Company.

[7] These loans represent Convertible Notes held in Hydrix Limited.

[8] Interest is charged at 8.6% + 30 day BBSW bid rate. Interest rate displayed shows rate as at 30 September 2024. Maximum facility available of $1.5m. Balance is secured against Trade Debtors in the Hydrix Services business.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	131
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,118
8.3	Unused finance facilities available at quarter end (item 7.5)	156
8.4	Total available funding (item 8.2 + item 8.3)	1,274
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	**N/A**

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 January 2025

Authorised by: Board of Hydrix Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been

prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: “By the board”. If it has been authorised for release to the market by a committee of your board of directors, you can insert here: “By the [*name of board committee – eg Audit and Risk Committee*]”. If it has been authorised for release to the market by a disclosure committee, you can insert here: “By the Disclosure Committee”.

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.