



HYDRIX LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026
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 2026. The directors have the power to amend and reissue the financial statements.

Directors

Mr Gavin Coote
(Executive Chairman)

Ms Julie King
(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

Thomsons
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' or 'Group') 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 2026.

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.

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

No other directorships requiring disclosure are held by the directors at the date of this report.

Company secretary

Ms Alyn Tai LLB (Hons) has held the role of Company Secretary since June 2016. She is a Partner with law firm Thomsons 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 2026, and the number of meetings attended by each director were:

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

Held: represents the number of meetings held during the time the director held office.

*Mr Gavin Coote (Executive Chairman) is not a member of the Audit and Risk Committee or the Nomination and Remuneration Committee. Mr Coote attended meetings of those Board Committees by invitation.

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
Mr Gavin Coote (i)	10,680,000	-
Ms Julie King (ii)	30,913,145	1,500,000
Mr Paul Wright (iii)	6,667,673	100,000
Mr Paul Lewis (iv)	20,423,334	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 10,680,000 fully paid ordinary shares, which are held as follows:

- 10,208,502 fully paid ordinary shares are held by Beachridge Advisory Services Pty Ltd as Trustee for the Coote Family Discretionary Trust.
- 471,498 fully paid ordinary shares are held by a custodian as registered owner on behalf of the Coote Family Super Fund.

(ii) Ms Julie King has a relevant interest in 30,913,145 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 6,667,673 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 20,423,334 fully paid ordinary shares, which are held as follows:

- a. 10,211,667 fully paid ordinary shares are held by a custodian as registered owner on behalf of PAJ Lewis Super Fund.
- b. 10,211,667 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 notes 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 and development consulting services to clients in the medical and defence technology sectors, marketing remote cardiac monitoring technologies and managing a portfolio of venture investments in early-stage medtech companies.

Hydrix Limited's purpose is to enhance people's health, safety, and well-being. It does this by leveraging its powerful product innovation capability across four business segments. The consolidated entity operates four wholly owned subsidiary entities:

Hydrix Services delivers world first products and innovation across the medtech, cardiac health, defence and industrial market sectors. It offers end-to-end multi-discipline product design and development consulting services including safety critical control systems engineering, software, electronics, mechanical, human factors and industrial design. Its product consulting services range from applied research through all stages of engineering design, development, prototyping, manufacturer management, and certification process management.

Hydrix Defence is actively evaluating investments, acquisitions and intellectual property (IP) licensing arrangements with a mandate to own technologies that will deliver higher-value, diversified and longer duration revenue streams. Key areas of interest include embedded intelligence and autonomy-enabling technologies. These areas align to Australian Defence Force (ADF) requirements to support development of disruptive, field ready, sovereign assets that fill specific capability needs of the war fighter in contested environments, and to Australian border security and protecting critical infrastructure.

Hydrix Medical distributes a cloud-based AI-driven remote cardiac patient monitoring and data management solution. This product from Implicity is being distributed by Hydrix under a license agreement across Australia and Southeast Asia.

Hydrix Ventures selectively invests in 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), and Wavewise Pty Ltd (non-invasive brain trauma injury monitoring device). Hydrix Services provides arm's-length product design and development consulting services.

The consolidated entity has approximately 50 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 majority of revenue and operating costs of the consolidated entity for the year were derived by Hydrix Services.

Hydrix Limited, the ASX listed entity, is not a revenue generating unit. It's operating costs for the financial year marginally increased compared to prior year by \$0.1 million (9%) due to higher corporate advisory costs in relation to strategic initiatives.

Hydrix Services

Hydrix Services revenues were \$9.7 million, slightly down from \$10.1 million in the prior year.

Strong sales during the second half of the financial year resulted in \$11.7 million signed contract value, an 18% increase of \$1.8 million from prior year (2025: \$9.9 million). This takes active client programs to more than 15 with estimated future program value in excess of \$37 million.

Revenue and receipts from customers were negatively impacted in the June quarter. This was primarily attributable to a temporary pause in SynCardia's Emperor program due to a change in their funding situation.

Review of operations (continued)

Hydrix continues to support SynCardia and anticipates the Emperor program recommencing as and when they secure their funding. New client projects from sales late in the second half began commencing in the September quarter of the new fiscal year replacing the SynCardia program.

The business continues to sustain a strong international MedTech presence recording revenues of 73% from outside Australia (2025: 63%). Pursuit of larger international medtech opportunities remains a core growth strategy. In Australia, a core focus on new sovereign defence technology opportunities is providing growth. Australian Defence contract wins contributed \$2.9 million in sales for the year (70% of Australian revenues).

Hydrix Defence

Hydrix Defence was established as a wholly owned subsidiary of Hydrix Limited in May 2026.

Minimal direct operating costs were incurred during the year. Corporate activity increased during the fourth quarter as Hydrix Defence evaluated opportunities to develop, acquire or license sovereign intellectual property and technologies capable of generating higher-value, diversified and longer-duration revenue streams.

Hydrix Medical

Hydrix Medical continued to actively engage prospectively with public and private cardiovascular medical practice clientele. The main sales activities are focused on building the pipeline for the remote cardiac patient AI cloud monitoring software (being sold under licence from Implicity) in the Australia, Singapore and New Zealand markets.

As is usual for digital technology in cardiovascular health, purchase cycles are subject to capital and operating budget expenditure approval and government reimbursement schemes. These tend to be long duration sale processes, and Hydrix Medical continues to progress opportunities through these processes.

Hydrix Ventures

Hydrix Ventures holds investments in two emerging medical device companies. As at year end, the venture investment portfolio had a carrying value of \$0.4 million. The portfolio valuation decreased year-on-year by approximately \$2.8 million. This decrease was primarily attributable to a fair market value adjustment in Gyder Surgical investment. Despite the GYDER® Hip System achieving FDA Clearance in February 2025 and USA commercialisation activities commencing in 2026, their recent capital raise activities raised capital at a lower valuation resulting in a mark-to-market adjustment of \$2.3 million. The reduction reflects changes in the market valuation inputs and does not represent cash outflow.

Review of financials

For the year ended 30 June 2026, the consolidated entity recorded total revenue from operations of \$9,741,433 (2025: \$10,092,472).

Core operating costs, excluding impairment, share-based payments, foreign exchange movements and fair-value movements on financial instruments, increased by \$187,934 or 1.4% to \$13,596,961 (2025: \$13,409,027).

The consolidated entity loss before income tax increased \$3,064,096 year-on-year to \$6,718,322 (2025: \$3,654,226). This year-on-year change was primarily attributable to the following:

- Fee Revenue decline of \$0.6m in Hydrix Services
- \$2.3 million increase in non-cash, non-recurring losses on financial instruments

The adjusted consolidated entity losses before income tax are noted in the table below. Excluding the impact of the non-cash non-recurring fair value losses in FY2026 and FY2025, results in an adjusted consolidated loss of \$3,964,997 and \$3,192,316, respectively. The slightly higher loss in FY2026 was attributable to lower Hydrix Services fee revenues.

Reconciliation to adjusted consolidated loss before income tax

	2026	2025
	\$	\$
Loss after income tax expense per Consolidated Statement of Profit or Loss	(6,718,322)	(3,654,226)
Loss on financial instruments at fair value through profit or loss	2,753,325	461,910
Adjusted consolidated loss before income tax	(3,964,997)	(3,192,316)

Review of financials (continued)

The consolidated entity announced an \$8.18 million Accelerated Renounceable Entitlement Offer on 18 May 2026. By 30 June 2026, the consolidated entity had issued 1,176,980,462 new ordinary shares at \$0.005 per share, representing gross proceeds of \$5.88 million, with \$5.22 million received in cash by year-end before transaction costs. Each new share was accompanied by one option exercisable at \$0.01 with a three-year expiry. The capital raised materially strengthened the liquidity position of the consolidated entity and helped extinguish a \$1 million trade debtors facility held by Hydrix Services.

As at the balance sheet date, Hydrix limited owed \$5.9 million in loans and convertible notes to Directors and a further \$0.2 million convertible notes to external parties. During the capital raise program, the consolidated entity secured up to \$5.1 million in debt conversion commitments. As the final amount raised under the capital raise program was \$5.2m, there will be \$3.9 million of debt conversion commitments that will occur (subject to shareholder approval at the AGM). Based on the entitlement offer issue price of \$0.005 per share, this would result in the issue of 784 million additional ordinary shares. The pro forma residual debt amount (excl. accrued interest) at 30 June 2026 is \$2.2 million. Of this amount \$0.2 million relates to convertible notes that will be paid upon maturity in October 2026, and the remainder relates to a loan from a major shareholder.

The net cash used in operating activities (excludes financing costs) to support the consolidated entity was \$1,907,665, up from a prior year cash use of \$527,006, primarily due, as noted above, to fourth quarter client revenue delays and deferred payments of amounts outstanding.

The consolidated entity's cash position at 30 June 2026 was \$2.96 million.

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. The consolidated entity continues to operate in a dynamic and challenging environment. Management remains focused on executing strategic initiatives aimed at enhancing operational resilience and financial sustainability. While uncertainties exist, the consolidated entity is actively pursuing measures to support its long-term objectives.

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

After the reporting period, the following debt instruments had their maturity dates extended. All other terms of these instruments remain unchanged:

Debt instrument	Amount \$	Previous maturity date	New maturity date	Date of change
Shareholder loan	1,975,000	1-Oct-26	1-Oct-27	24-Sep-26

In addition, on 24 September 2026, shareholders with interest accrued of \$1,093,000 agreed to extended payment terms on the interest until 1 October 2027.

Likely developments and expected results of operations

The current consolidated entity's principal activities will continue for the next financial year ending 30 June 2026.

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

Executive Chairman - appointed Executive Chairman on 1 January 2020, having previously served as Non-Executive Chairman from 28 March 2017

Ms Julie King

Non-Executive Director - Appointed 28 March 2017

Mr Paul Wright

Non-Executive Director - Appointed 8 August 2018

Mr Paul Lewis MBE

Non-Executive Director - Appointed 28 October 2021

Mr Gareth Evans

Chief Financial Officer - Appointed 1 January 2025

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.
- Executive KMP may receive fixed remuneration comprising salary and superannuation, together with short-term or long-term incentives where approved. Non-executive directors receive fixed directors' fees, inclusive of any applicable superannuation.
- 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 \$336,000 per annum (inclusive of superannuation). Mr Coote receives no additional fees 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).

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).

Mr Gareth Evans - Chief Financial Officer

Term and termination

Mr Evans' appointment as Chief Financial Officer was effective on 1 January 2025, and continues on an ongoing basis under an employment contract between Mr Evans and the company. Either the company or Mr Evans may terminate the services agreement with 3 months' notice (other than by the company for cause).

Remuneration

Mr Evans' total fixed remuneration for his executive services under the employment agreement is \$286,278 per annum (inclusive of superannuation). 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.

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 2026

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 2026

	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	284,231	-	36,000	5,014	-	-	325,245
Ms Julie King ¹	-	52,489	5,511	-	-	-	58,000
Mr Paul Wright ¹	-	52,489	5,511	-	-	-	58,000
Mr Paul Lewis ¹	-	48,000	-	-	-	-	48,000
Mr Gareth Evans	241,842	-	30,673	4,272	-	5,728	282,515
Total	526,073	152,978	77,695	9,286	-	5,728	771,760

¹ 25% of all Director fees accruing since October 2024 were settled in cash by 30 June 2026, with the remainder to be settled in cash at a future date

Table of benefits and payments for the year ended 30 June 2025

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments		
	Salary	Fees	Super-annuation	Long Service	Equity-settled	Equity-settled rights	Total
Directors	\$	\$	\$	\$	\$	\$	\$
Mr Gavin Coote	320,142	-	35,357	3,075	-	-	358,574
Ms Julie King ¹	-	52,489	5,511	-	-	-	58,000
Mr Paul Wright ¹	-	52,489	5,511	-	-	-	58,000
Mr Paul Lewis ¹	-	48,000	-	-	-	-	48,000
Mr Gareth Evans ²	131,735	-	14,697	2,883	-	6,726	156,041
Total	451,877	152,978	61,076	5,958	-	6,726	678,615

¹ All Director fees have been accrued but have not been paid since 1 October 2023. Those accrued between October 2023 and October 2024 were converted to equity in Hydrix Limited on 3 December 2024.

² Mr Gareth Evans was appointed Chief Financial Officer on 1 January 2025

REMUNERATION REPORT (Audited) (continued)

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

Directors	Fixed remuneration		At risk - STI		At risk - LTI	
	2026	2025	2026	2025	2026	2025
Mr Gavin Coote	100%	100%	-	-	-	-
Ms Julie King	100%	100%	-	-	-	-
Mr Paul Wright	100%	100%	-	-	-	-
Mr Paul Lewis	100%	100%	-	-	-	-
Mr Gareth Evans	98%	96%	-	-	2%	4%

Share-based compensation

Options

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

Name	Number of Options granted	Grant date	Vesting date	Expiry date	Exercise price	Fair value per option at grant date
Mr Gareth Evans	37,500	30-Oct-24	30-Oct-24	30-Jun-29	\$0.03	\$0.01
Mr Gareth Evans	37,500	30-Oct-24	1-Jul-25	30-Jun-29	\$0.03	\$0.01
Mr Gareth Evans	37,500	30-Oct-24	1-Jul-26	30-Jun-29	\$0.03	\$0.01
Mr Gareth Evans	37,500	30-Oct-24	1-Jul-27	30-Jun-29	\$0.03	\$0.01

Options will vest on the vesting date assuming the KMP is still employed by the company at that date.

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 Gareth Evans	200,000	20-Dec-24	1-Jul-25	30-Jun-27	\$0.00	\$0.012
Mr Gareth Evans	1,680,000	21-Jan-25	1-Jul-27	30-Jun-29	\$0.00	\$0.010

The performance rights vest subject to satisfaction of prescribed vesting conditions including 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 2026 are summarised below:

	2026	2025	2024	2023	2022
	\$	\$	\$	\$	\$
Revenue	9,856,305	10,273,371	10,716,270	14,121,482	10,468,453
(Loss) before tax	(6,718,322)	(3,654,226)	(9,558,852)	(396,926)	(5,546,389)
(Loss) after tax	(6,718,322)	(3,654,226)	(9,558,852)	(396,926)	(5,546,389)

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

	2026	2025	2024	2023	2022
Share price at financial year end (\$)	\$0.01	\$0.01	\$0.01	\$0.03	\$0.07
Total dividends declared (cents per share)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Basic loss per share (cents per share)	(1.86)	(1.38)	(3.76)	(0.17)	(3.19)
Diluted loss per share (cents per share)	(1.86)	(1.38)	(3.76)	(0.17)	(3.19)

REMUNERATION REPORT (Audited) (continued)

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:

Name	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	10,680,000	-	-	-	10,680,000
Ms Julie King	30,913,145	-	-	-	30,913,145
Mr Paul Wright	6,667,673	-	-	-	6,667,673
Mr Paul Lewis	20,423,334	-	-	-	20,423,334
	68,684,152	-	-	-	68,684,152

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:

Name	Balance at the start of the year	Granted	Exercised	Expired / forfeited	Balance at the end of the year
Mr Gavin Coote	-	-	-	-	-
Ms Julie King	-	-	-	-	-
Mr Paul Wright	-	-	-	-	-
Mr Paul Lewis	-	-	-	-	-
Mr Gareth Evans	2,200,000	-	-	(320,000)	1,880,000
	2,200,000	-	-	(320,000)	1,880,000

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 2,705,162 unlisted options and 7,855,000 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 2026	Balance at Date of this Report
Employee LTIP options	(i)	\$0.175	30-Sep-22	30-Jun-27	30-Sep-22	\$0.037	92,603	92,603
Employee LTIP options	(i)	\$0.000	1-Jul-23	30-Jun-27	30-Sep-22	\$0.037	92,603	92,603
Employee LTIP options	(i)	\$0.175	1-Jul-24	30-Jun-27	30-Sep-22	\$0.037	92,603	92,603
Employee LTIP options	(i)	\$0.175	1-Jul-25	30-Jun-27	30-Sep-22	\$0.037	92,603	92,603
Employee LTIP options	(ii)	\$0.073	29-Nov-23	30-Jun-28	29-Nov-23	\$0.015	240,750	240,750
Employee LTIP options	(ii)	\$0.073	1-Jul-24	30-Jun-28	29-Nov-23	\$0.015	240,750	240,750
Employee LTIP options	(ii)	\$0.073	1-Jul-25	30-Jun-28	29-Nov-23	\$0.015	240,750	240,750
Employee LTIP options	(ii)	\$0.073	1-Jul-26	30-Jun-28	29-Nov-23	\$0.015	240,750	240,750
Employee LTIP options	(iii)	\$0.027	30-Oct-24	30-Jun-29	30-Oct-24	\$0.010	342,938	342,938
Employee LTIP options	(iii)	\$0.027	1-Jul-25	30-Jun-29	30-Oct-24	\$0.010	342,938	342,938
Employee LTIP options	(iii)	\$0.027	1-Jul-26	30-Jun-29	30-Oct-24	\$0.010	342,938	342,938
Employee LTIP options	(iii)	\$0.027	1-Jul-27	30-Jun-29	30-Oct-24	\$0.010	342,938	342,938
Performance Rights	(iv)	\$0.000	1-Jul-25	30-Jun-27	20-Dec-24	\$0.010	1,400,000	1,400,000
Performance Rights	(v)	\$0.000	1-Jul-27	30-Jun-29	21-Jan-25	\$0.012	6,455,000	6,455,000

The following notes refer to the options and performance rights on issue at 30 June 2026:

- (i) On 30 September 2022, 705,152 options were issued to employees under the LTIP, and subsequently 147,032 were forfeited due to failure to meet vesting conditions and 187,708 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 29 November 2023 1,373,000 options were issued to employees under the LTIP, and subsequently 170,313 were forfeited due to failure to meet vesting conditions and 239,688 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 30 October 2024, 1,547,250 options were issued to employees under the LTIP, and subsequently 111,250 were forfeited due to failure to meet vesting conditions and 91,250 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.
- (iv) On 20 December 2024, 1,400,000 Performance Rights were issued to employees under a short term incentive plan
- (v) On 21 January 2025, 9,000,000 Performance Rights were issued to employees under the LTIP. Subsequently, 1,795,000 were forfeited due to failure to meet vesting conditions

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 2026
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 2026, 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 Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 30 September 2026

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Hydrix Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2026

Revenue	Note	2026	2025
		\$	\$
Revenue from contracts with customers	4	9,741,433	10,092,472
Other income	4	86,626	159,438
Interest income		28,246	21,461
		9,856,305	10,273,371
Operating expenses			
Employee benefits expense	5	(8,650,532)	(8,925,331)
Project material expenses		(856,172)	(562,433)
Selling, advertising and distribution expenses		(192,138)	(156,430)
Other expenses	5	(1,999,119)	(1,764,010)
Depreciation and amortisation expense	5	(529,677)	(763,501)
Finance costs	5	(1,216,024)	(1,054,876)
Property expense		(153,298)	(182,447)
Loss on financial instruments at fair value through profit or loss	5	(2,753,325)	(461,910)
Impairment of receivables	8	(173,704)	(11,454)
Share based payment expense	29	(41,036)	(47,419)
Unrealised foreign exchange (loss) / gain		(9,600)	2,213
		(16,574,627)	(13,927,596)
Loss before income tax expense		(6,718,322)	(3,654,226)
Income tax (expense) / benefit	6	-	-
Loss after income tax expense		(6,718,322)	(3,654,226)
Other comprehensive income			
Movement in functional currency of foreign operations	19	(22,921)	(36,271)
Total comprehensive loss for the year attributable to the Owners of Hydrix Limited		(6,741,243)	(3,690,497)
Loss per share		Cents	Cents
Basic and diluted earnings per share (cents per share)	28	(1.86)	(1.38)

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 2026

Current assets	Note	2026	2025
		\$	\$
Cash and cash equivalents	7	2,958,328	297,881
Trade and other receivables	8	1,498,911	1,730,465
Contract assets	13	59,622	397,314
Prepayments & other assets		205,155	238,676
Total current assets		4,722,016	2,664,336
Non-current assets			
Plant and equipment	9	91,715	119,512
Intangible assets	10	-	175,000
Financial assets at fair value through profit & loss	11	415,732	3,172,082
Right of use assets	17	590,324	961,000
Other assets		42,836	100,811
Security deposits		225,593	424,980
Total non-current assets		1,366,200	4,953,385
Total assets		6,088,216	7,617,721
Current liabilities			
Trade and other payables	12	4,080,917	3,844,027
Contract liabilities	13	522,109	398,221
Employee benefits	14	1,047,045	1,127,097
Borrowings	16	7,250,334	6,083,010
Lease liabilities	17	393,710	483,841
Total current liabilities		13,294,117	11,936,196
Non-current liabilities			
Employee benefits	14	156,546	174,661
Provisions	15	87,433	183,977
Borrowings	16	-	1,000,000
Lease liabilities	17	701,096	1,094,806
Total non-current liabilities		945,076	2,453,444
Total liabilities		14,239,193	14,389,640
Net liabilities		(8,150,977)	(6,771,920)
Equity			
Issued capital	18	104,280,394	102,411,434
Reserves	19	3,443,758	57,140
Accumulated losses	20	(115,875,129)	(109,240,494)
Total equity		(8,150,977)	(6,771,920)

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 2026

Consolidated	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2024	102,126,684	353,758	(105,835,535)	(3,355,093)
Loss after income tax expense for the year	-	-	(3,654,226)	(3,654,226)
Other comprehensive income, net of tax	-	(36,271)	-	(36,271)
Total comprehensive income for the year	-	(36,271)	(3,654,226)	(3,690,497)
<i>Transactions with owners in their capacity as owners:</i>				
Share based payments	-	47,419	-	47,419
Exercised options / performance rights	58,500	(58,500)	-	-
Expired options	-	(246,016)	246,016	-
Performance rights that failed to vest	-	(3,250)	3,250	-
Contributions of equity, net of transaction costs	226,250	-	-	226,250
Balance at 30 June 2025	102,411,434	57,140	(109,240,494)	(6,771,920)

Consolidated	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2025	102,411,434	57,140	(109,240,494)	(6,771,921)
Loss after income tax expense for the year	-	-	(6,718,322)	(6,718,322)
Other comprehensive income, net of tax	-	(22,921)	-	(22,921)
Total comprehensive income for the year	-	(22,921)	(6,718,322)	(6,741,243)
<i>Transactions with owners in their capacity as owners:</i>				
Share based payments	-	41,036	-	41,036
Expired options	-	(58,238)	58,238	-
Performance rights that failed to vest	-	(25,450)	25,450	-
Contributions of equity, net of transaction costs	1,868,960	3,452,191	-	5,321,151
Balance at 30 June 2026	104,280,394	3,443,758	(115,875,129)	(8,150,977)

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 2026

Cash Flows from operating activities	Note	2026	2025
		\$	\$
Receipts from customers (including GST)		11,018,825	10,081,596
Payments to suppliers and employees (including GST)		(12,965,799)	(10,680,461)
Receipt of R&D tax incentive		39,309	71,859
Net cash used in operating activities	21	(1,907,665)	(527,006)
Cash Flows from investing activities			
Payments for plant and equipment	9	(30,756)	(8,128)
Payments for intangible assets	10	(21,581)	(46,077)
Proceeds from release of security deposits		199,387	-
Net cash from / (used in) investing activities		147,050	(54,205)
Cash Flows from financing activities			
Proceeds from issue of shares		5,224,402	-
Share issue transaction costs paid		(258,150)	-
Proceeds from borrowings		2,110,769	1,525,106
Repayments of borrowings		(1,594,790)	(470,643)
Interest received		28,246	21,461
Interest and other finance costs paid		(603,574)	(436,368)
Repayments of lease liabilities		(483,841)	(675,863)
Net cash flow from / (used in) financing activities		4,423,062	(36,307)
Net increase / (decrease) in cash and cash equivalents		2,662,447	(617,518)
Cash and cash equivalents at start of year		297,881	914,274
Effects of exchange rate changes on cash and cash equivalents		(2,000)	1,125
Cash and cash equivalents at end of year	7	2,958,328	297,881

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 2026.

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. This 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 2026, the consolidated entity reported a net loss before tax of \$6,718,322 and net cash used in operations of \$1,907,665. The entity reported a net current liability of \$8,572,101 at 30 June 2026 of which approximately \$6,990,000 is to Related Parties which have been committed to be converted to equity or have had payment maturity dates extended subsequent to year end (refer Subsequent Events note).

The financial result and net current liability position creates business uncertainty. It may cast doubt over the business continuing as a going concern and the consolidated entity realising its assets and extinguishing its liabilities in the normal course of business.

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's available cash of \$2,958,328;
- Directors extended a Letter of Comfort for up to \$1.0m for a period of 12 months from the date of this report;
- \$1,820,000 of shareholder loans have been committed to be converted to equity (subject to shareholder approval at AGM)
- \$2,100,000 of shareholder convertible notes have been committed to be converted to equity (subject to shareholder approval at AGM)
- Subsequent to 30 June 2026, terms were amended on the following debt instruments:
 - \$1,975,000 of shareholder loans with maturity dates extended to 1 October 2027
 - \$1,093,000 of accrued interest on shareholder loans has had payment terms extended to 1 October 2027
- The budgeted cash flow forecast for the 12-month period from the date of signing of the financial statements further supports the directors' assertion the consolidated entity is a going concern. Forecasts are contingent on future events.
- The directors continuously review strategic initiatives with the potential to unlock value across the consolidated entity and to strengthen the balance sheet; and
- The directors continue to consider the potential to raise additional capital if required to support 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 26.

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 2026 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.

For foreign subsidiaries, assets and liabilities are translated at the closing exchange rate at the reporting date; income and expenses are translated at average exchange rates for the period; and equity items are translated at historical rates. Exchange differences arising from translation are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. Upon disposal of a foreign operation, the cumulative translation differences are reclassified to 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.

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 2026.

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) 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.

2 Critical Accounting Estimates, Assumptions and Judgements (continued)

(ii) 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.

(iii) Valuation of financial instruments at fair value through profit or 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 considers its operating segments to reflect the structure of its three wholly owned subsidiaries, each representing a distinct business activity. Hydrix Services provides multidisciplinary product design and development consulting across medtech, cardiac health, defence, and industrial sectors, offering services from applied research through to certification management. Hydrix Medical is focused on the distribution of disruptive cardiovascular technologies under exclusive licence agreements across Australia and the Asia Pacific region, with products currently in pre-commercial revenue stages. Hydrix Ventures selectively invests in high-potential medtech clients of Hydrix Services, aiming to generate equity capital gains, while maintaining arm's-length consulting relationships with its portfolio companies.

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

EBITDA is a non-AASB financial measure used by management to assess operating performance. The Group defines EBITDA as earnings before interest, tax, depreciation and amortisation, and excludes certain non-operating and non-cash items. These include foreign exchange gains and losses, share-based payment expenses, impairment charges and fair value movements on financial instruments.

Management believes this measure provides a more consistent view of underlying performance by excluding items that are not reflective of the consolidated entity's core operating results. This definition may differ from that used by other entities. A reconciliation between statutory profit and EBITDA is provided in the tables below.

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

Operating Segment Information

	Note	Hydrix Services	Hydrix Medical	Hydrix Ventures	Unallocated	Total Operations
Consolidated - 2026		\$	\$	\$	\$	\$
Revenue						
Revenue from contracts with customers		9,739,941	1,492	-	-	9,741,433
Total Segment revenue		9,739,941	1,492	-	-	9,741,433
Other Income						
Interest income		-	-	-	28,246	28,246
Other income		84,520	2,106	-	-	86,626
Total Segment revenue and other income		9,824,461	3,598	-	28,246	9,856,305
EBITDA		(199,310)	(405,241)	(4,512)	(1,385,893)	(1,994,955)
Finance costs		(577,732)	(215)	-	(638,077)	(1,216,024)
Depreciation and amortisation		(528,139)	(1,491)	-	(47)	(529,677)
Impairment of receivables		(173,704)	-	-	-	(173,704)
Unrealised foreign exchange gain		-	-	-	(9,600)	(9,600)
Share based payment expense		(27,259)	(5,277)	-	(8,500)	(41,036)
Loss on financial instruments at FVTPL	11	-	-	(2,753,325)	-	(2,753,325)
Loss before income tax expense		(1,506,144)	(412,224)	(2,757,837)	(2,042,117)	(6,718,322)
Income tax (expense)/ benefit		-	-	-	-	-
Loss after income tax expense		(1,506,144)	(412,224)	(2,757,837)	(2,042,117)	(6,718,322)

3 Operating Segments (continued)

	Note	Hydrix Services	Hydrix Medical	Hydrix Ventures	Unallocated	Total Operations
Consolidated - 2026 (continued)						
Assets						
Segment assets		2,577,384	36,617	-	-	2,614,000
Unallocated assets:						
Cash and cash equivalents		-	-	-	2,958,328	2,958,328
Hydrix Ventures investment portfolio		-	-	415,732	-	415,732
Other assets		-	-	-	100,156	100,156
Total assets		2,577,384	36,617	415,732	3,058,484	6,088,216
Liabilities						
Segment liabilities		6,182,146	71,627	-	-	6,253,773
Unallocated liabilities:						
Borrowings		-	-	-	7,172,153	7,172,153
Other liabilities		-	-	-	813,267	813,267
Total liabilities		6,182,146	71,627	-	7,985,420	14,239,193
Consolidated - 2025						
		\$	\$	\$	\$	\$
Revenue						
Revenue from contracts with customers		10,091,308	1,164	-	-	10,092,472
Total Segment revenue		10,091,308	1,164	-	-	10,092,472
Other Income						
Interest income		-	-	-	21,461	21,461
Other income		159,438	-	-	-	159,438
Total Segment revenue and other income		10,250,746	1,164	-	21,461	10,273,371
EBITDA		376,206	(419,616)	(978)	(1,272,892)	(1,317,280)
Finance costs		(582,711)	-	-	(472,165)	(1,054,876)
Depreciation and amortisation		(760,025)	(3,396)	-	(80)	(763,501)
Impairment of receivables		(11,454)	-	-	-	(11,454)
Unrealised foreign exchange gain		632	-	1,581	-	2,213
Share based payment expenses		(35,269)	(5,192)	-	(6,958)	(47,419)
Loss on financial instruments at FVTPL	11	-	-	(461,910)	-	(461,910)
Loss before income tax expense		(1,012,621)	(428,204)	(461,307)	(1,752,094)	(3,654,226)
Income tax (expense)/ benefit		-	-	-	-	-
Loss after income tax expense		(1,012,621)	(428,204)	(461,307)	(1,752,094)	(3,654,226)
Assets						
Segment assets		3,892,455	37,889	-	-	3,930,343
Unallocated assets:						
Cash and cash equivalents		-	-	-	297,881	297,881
Intangible assets		-	-	-	175,000	175,000
Hydrix Ventures investment portfolio		-	-	3,172,082	-	3,172,082
Other assets		-	-	-	42,414	42,414
Total assets		3,892,455	37,889	3,172,082	515,295	7,617,720

3 Operating Segments (continued)

	Note	Hydrix Services	Hydrix Medical	Hydrix Ventures	Unallocated	Total Operations
Consolidated - 2025 (continued)						
Liabilities						
Segment liabilities		7,572,715	87,412	-	-	7,660,127
Unallocated liabilities:						
Borrowings		-	-	-	6,251,207	6,251,207
Other liabilities		-	-	-	478,306	478,306
Total liabilities		7,572,715	87,412	-	6,729,513	14,389,641

4 Revenue

	2026	2025
Revenue from contracts with customers	\$	\$
Project revenue – services	9,174,445	9,818,280
Project revenue – materials	565,496	273,028
Project revenues	9,739,941	10,091,308
Sales of Avertix Guardian System Consumables	1,492	1,164
Total revenue from contracts with customers	9,741,433	10,092,472
Other income:		
Research and development tax incentive	39,309	71,859
Other income	47,317	87,579
Total other income	86,626	159,438
Total revenue and other income	9,828,059	10,251,910
Disaggregation of revenue		
The disaggregation of revenue from contracts with customers is as follows:		
Timing of revenue recognition		
Goods transferred at a point in time	1,492	1,164
Services & materials transferred over time	9,739,941	10,091,308
	9,741,433	10,092,472
Geographical Regions		
Australia	2,608,416	3,653,324
Europe	3,988,761	5,254,602
North America	3,142,763	1,149,720
Singapore	1,492	1,164
Other	-	33,661
	9,741,433	10,092,472

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.

4 Revenue (continued)

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.

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 integration and interdependence among the various disciplines, and the fact that the services are combined in delivering a single, customised output to the customer, the services are not considered distinct within the context of the contract. Accordingly, 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.

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) Other income

Other income is recognised when it is received or when the right to receive payment is established.

4 Revenue (continued)

Accounting Policy - Revenue recognition & other income (continued)

(iii) 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

(Loss) before income tax includes the following specific expenses:

	2026	2025
	\$	\$
Employee benefits expenses		
Salaries, wages and leave entitlements	7,280,281	7,509,882
Defined contribution superannuation expense	897,161	898,949
Employee on-costs	439,840	471,113
Employee training and development	33,250	45,387
Total employee benefits expenses	8,650,532	8,925,331
Depreciation		
Plant and equipment	6,473	9,371
Computer equipment	20,449	24,171
Leasehold improvements	31,611	59,320
Right-of-use asset	274,563	274,563
	333,096	367,425
Amortisation		
Software - including CHEF Framework	21,581	46,076
Brand Asset	175,000	350,000
	196,581	396,076
Total depreciation and amortisation expense	529,677	763,501
Finance costs		
Interest expense on lease liabilities	132,316	192,737
Interest on loans and borrowing costs	1,083,708	862,139
Total finance costs	1,216,024	1,054,876
Loss on financial instruments at fair value through profit or loss		
Loss on financial assets	(2,753,325)	(461,910)
	(2,753,325)	(461,910)

5 Expenses (continued)

	2026	2025
	\$	\$
Other expenses		
Consultancy charges	26,973	60,033
Directors' fees	164,000	164,262
Insurance	235,183	249,852
IT related expenses	459,488	451,356
Legal and professional charges	381,303	276,299
Listing fees and share register maintenance	75,480	53,669
Recruitment fees	610	-
Regulatory and reimbursement costs	7,631	5,981
Travelling costs	262,526	141,125
Administration expenses	385,925	361,433
Total other expenses	1,999,119	1,764,010

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

Fixed assets are depreciated using the diminishing value method over their estimated useful lives, beginning when the asset is ready for use. This method reflects the pattern of economic benefits consumed, where assets typically provide greater utility in earlier periods. Useful lives are time-based and reviewed annually to ensure they remain appropriate.

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

Numerical reconciliation of income tax benefit and tax at the statutory rate

	2026	2025
	\$	\$
Loss before income tax expense	6,718,322	3,654,226
Tax at the statutory tax rate of 25% (2025: 25%)	1,679,580	913,556
Tax effect amounts which are not (deductible) / taxable in calculating taxable income:		
Temporary differences not brought to account	(425,792)	(131,255)
Share based payments	(8,134)	(11,855)
R&D tax incentive income - non assessable	9,827	17,965
Effect of impairment of distribution rights	-	-
Deferred Tax Asset (DTA) on tax losses not brought to account	(1,255,481)	(788,411)
Income tax (expense) / benefit	-	-

6 Income Taxes (continued)

(b) Deferred tax assets

The balance comprises temporary differences attributable to:

	2026	2025
	\$	\$
Allowance for expected credit losses	50,535	7,109
Provision for annual leave	136,551	167,278
Provision for long service leave	158,097	157,632
Financial assets at fair value through profit or loss	489,354	206,516
Lease liability	273,701	394,662
Accruals	385,145	331,100
Lease make-good provision	21,858	45,994
	1,515,241	1,310,291

(c) Deferred tax liabilities

The balance comprises temporary differences attributable to:

Contract assets	14,905	99,328
Intangible assets	147,581	284,000
	162,486	383,328

(d) Net deferred tax assets / (liabilities)

Net deferred tax assets / (liabilities) not recognised	1,352,755	926,963
	1,352,755	926,963

(e) Deferred tax assets not brought to account at reporting date

Operating losses	11,866,267	10,620,729
Capital losses	71,248	71,248
	11,937,515	10,691,977

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

	2026	2025
	\$	\$
Cash at bank	2,958,328	297,881
	2,958,328	297,881

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:

Balances as above	2,958,328	297,881
Balance as per statement of cash flows	2,958,328	297,881

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

	2026	2025
Current	\$	\$
Trade receivables	1,619,463	1,731,939
Less: Allowance for expected credit losses	(202,140)	(28,436)
	1,417,323	1,703,503
GST receivable	74,452	15,366
Other receivables	7,136	11,596
	1,498,911	1,730,465

Allowance for expected credit losses

The consolidated entity has recognised an impairment of \$173,704 in profit or loss in respect of the expected credit losses for the year ended 30 June 2026 (30 June 2025: expense of \$11,454).

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

	Expected credit loss 2026	Gross carrying amount 2026	Allowance for expected credit losses 2026	Net carrying amount 2026
Consolidated	%	\$	\$	\$
Not overdue	0.3%	663,152	2,234	660,918
0 to 3 months overdue	18.7%	929,827	173,422	756,405
3 to 6 months overdue	5.8%	-	-	-
Over 6 months overdue	100.0%	26,484	26,484	-
		1,619,463	202,140	1,417,323

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

	2026	2025
Plant and equipment	\$	\$
At cost	178,951	178,971
Less accumulated depreciation	(156,455)	(149,982)
	22,496	28,989
Computer equipment		
At cost	441,842	411,086
Less accumulated depreciation	(404,427)	(383,978)
	37,415	27,108
Leasehold improvements		
At cost	432,568	432,568
Less accumulated depreciation	(400,764)	(369,153)
	31,804	63,415
	91,715	119,512

9 Plant and Equipment (continued)

Reconciliations

Reconciliations of the carrying amount (CA) at the beginning and end of the current and previous financial year are set out below:

	Plant & Equipment	Computer Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
CA Balance as at 1 July 2024	38,337	43,173	122,735	204,245
Additions	23	8,106	-	8,129
Transfers (at CA)	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(9,371)	(24,171)	(59,320)	(92,862)
CA Balance as at 30 June 2025	28,989	27,108	63,415	119,512
CA Balance as at 1 July 2025	28,989	27,108	63,415	119,512
Additions	-	30,756	-	30,756
Transfers (at CA)	-	-	-	-
Disposals	(20)	-	-	(20)
Depreciation expense	(6,473)	(20,449)	(31,611)	(58,533)
CA Balance as at 30 June 2026	22,496	37,415	31,804	91,715

Accounting Policy - Plant and equipment

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

<u>Class of Fixed Asset</u>	<u>Useful lives</u>
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

	2026	2025
	\$	\$
Brand name	525,000	525,000
Less: Accumulated amortisation	(525,000)	(350,000)
	-	175,000
Software - including CHEF Framework	3,166,660	3,145,079
Less: Accumulated amortisation	(3,166,660)	(3,145,079)
	-	-
	-	175,000

Reconciliations

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

	Brand name	Software including CHEF	Total
	\$	\$	\$
CA Balance as at 1 July 2024	525,000	-	525,000
Additions	-	46,076	46,076
Impairment expense	-	-	-
Amortisation expense	(350,000)	(46,076)	(396,076)
CA Balance as at 30 June 2025	175,000	-	175,000
CA Balance as at 1 July 2025	175,000	-	175,000
Additions	-	21,581	21,581
Impairment expense	-	-	-
Amortisation expense	(175,000)	(21,581)	(196,581)
CA Balance as at 30 June 2026	-	-	-

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.

Brand Name

During the year ended 30 June 2025, the Group reassessed the useful life of its acquired brand name intangible asset, which had previously been classified as having an indefinite useful life.

Following a review of the Group's brand name assets, management determined that there is now a foreseeable limit to the period over which the brand is expected to generate economic benefits. As a result, the brand has been reclassified as a finite-life intangible asset with an estimated remaining useful life of two years, effective 1 July 2024.

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 1 to 5 years.

11 Financial instruments at fair value through profit or loss

	2026	2025
	\$	\$
Listed ordinary shares	7,020	4,052
Unlisted ordinary shares	408,712	3,168,030
	415,732	3,172,082

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	Total
	\$	\$	\$	\$
Opening fair value as at 1 July 2024	3,408,314	734	7,072	3,416,120
Additions (i)	216,291	-	-	216,291
Fair value increments/(decrements)	(458,156)	(734)	(3,020)	(461,910)
Fair value increments/(decrements) due to FX	1,581	-	-	1,581
Closing fair value as at 30 June 2025	3,168,030	-	4,052	3,172,082
Opening fair value as at 1 July 2025	3,168,030	-	4,052	3,172,082
Fair value increments/(decrements)	(2,756,293)	-	2,968	(2,753,325)
Fair value increments/(decrements) due to FX	(3,025)	-	-	(3,025)
Closing fair value as at 30 June 2026	408,712	-	7,020	415,732

(i) During June 2025, the consolidated entity received 5,930 ordinary shares in Gyder Surgical Pty Ltd valued at \$216,291.

Accounting Policy - Financial instruments at fair value through profit or 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.

For certain unlisted investments, the fair value is determined by reference to the issue price achieved in the most recent arm's length capital raising. Where the capital raise did not occur close to the reporting date, management assesses whether any significant changes in the investee's circumstances, market conditions, or other relevant factors have occurred since the capital raise. If necessary, adjustments are made to the capital raise price to reflect these changes. The adjusted price is considered an observable input to the extent it reflects actual market transactions and publicly available information, and therefore the investment is classified as Level 2 in the fair value hierarchy

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

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 2026 and 30 June 2025.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30-Jun-26				
Financial assets				
Listed securities	7,020	-	-	7,020
Investment in Wavewise Analytics Pty Ltd	-	37,602	-	37,602
Investment in Gyder Surgical Pty Ltd	-	371,110	-	371,110
Total financial assets recognised at fair value	7,020	408,712	-	415,732
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30-Jun-25				
Financial assets				
Listed securities	4,052	-	-	4,052
Investment in Avertix Medical Inc	-	141,564	-	141,564
Investment in Wavewise Analytics Pty Ltd	-	-	375,000	375,000
Investment in Gyder Surgical Pty Ltd	-	2,651,466	-	2,651,466
Total financial assets recognised at fair value	4,052	2,793,030	375,000	3,172,082

During the year, the invesmt in Wavewise Analytics Pty Ltd transferred from level 3 to level 2, as a result sufficient observable inputs to value the financial asset, being a capital raise during the financial year that was used as the basis of valuation

Investment in Gyder Surgical Pty Ltd (Level 2)

Management determined the fair value of this investment by reference to a capital raise that was launched by the company in July 2026. which valued the shares at \$7.87.

Investment in Avertix Medical, Inc.

In July 2026, Management were formally advised that Avertix Medical Inc. had entered into liquidation proceedings in the USA. Management had been previously made aware in January 2026 that the business was no longer solvent and seeking a buyer, which they were not able to achieve. The investment has therefore been written down to nil value at 30 June 2026.

Investment in Wavewise Analytics Pty Ltd (Level 2)

During November 2025, WaveWise Analytics Pty Ltd completed a capital raise through the issuance of Series A Senior Preference shares at a price of \$2.77 per share.

Prior to this transaction, the Group's investment in WaveWise Analytics Pty Ltd was measured using a Level 3 fair value methodology due to the absence of observable market inputs. The capital raise represents an arm's-length transaction and provides an observable input that management has determined to be the most appropriate basis for estimating fair value at the reporting date.

As a result, the investment was remeasured to fair value, resulting in a \$337,397 decrease recognised during the period

12 Trade and other payables

	2026	2025
	\$	\$
Trade payables	469,413	356,032
Superannuation payable	232,997	214,499
Liabilities to tax authorities	2,995,227	2,835,477
Other payables	52,969	44,758
Accrued liabilities	330,311	393,261
	4,080,917	3,844,027

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

Contract assets

Current

2026	2025
\$	\$
59,622	397,314

The value of contract assets at the end of the reporting period was \$59,622 (30 June 2025: \$397,314) and is expected to be invoiced in future periods as follows:

Consolidated

Within 6 months
6 to 12 months
12 to 18 months
18 to 24 months

2026	2025
\$	\$
59,622	397,314
-	-
-	-
-	-
59,622	397,314

Contract liabilities

Current

2026	2025
\$	\$
522,109	398,221

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 \$522,109 (30 June 2025: \$398,221) and is expected to be recognised as revenue in future periods as follows:

Consolidated

Within 6 months
6 to 12 months
12 to 18 months
18 to 24 months

2026	2025
\$	\$
522,109	398,221
-	-
-	-
-	-
522,109	398,221

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

	2026	2025
Current	\$	\$
Annual leave	546,204	669,113
Long service leave	475,841	455,866
Other employee benefits	25,000	2,118
	<u>1,047,045</u>	<u>1,127,097</u>
Non - current		
Long service leave	156,546	174,661
	<u>156,546</u>	<u>174,661</u>

Accounting Policy - Employee benefits

Wages and salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised as provisions for employee service up to the reporting date and measured at the amounts expected to be paid when settled. These are classified as current liabilities where the consolidated entity does not have an unconditional right to defer settlement beyond 12 months after the reporting date.

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

	2026	2025
Non - current	\$	\$
Lease make-good provision	87,433	183,977
	<u>87,433</u>	<u>183,977</u>

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:

	2026	2025
Consolidated	\$	\$
Carrying amount at the start of the year	183,977	174,050
Provision utilised in period	(1,762)	-
Adjustment on partial vacation of leased property	(96,113)	-
Unwinding of discount	1,331	9,927
Carrying amount at the end of the year	<u>87,433</u>	<u>183,977</u>

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

Current

Shareholder loans - Unsecured
TP24 CreditLine - Secured
Insurance Premium Funding
AMEX Credit Card
Convertible Notes

2026	2025
\$	\$
4,284,867	1,713,984
-	746,266
78,183	85,538
2,136	13,307
2,885,148	3,523,915
7,250,334	6,083,010

Non-Current

Shareholder loans - Unsecured

-	1,000,000
-	1,000,000

Total unsecured borrowings

The following unsecured borrowings from shareholders are in place at 30 June 2026, and excludes any intrerest accrued but not yet paid.

Amount	Interest Rate	Maturity Date	Undrawn amount at 30 June 2026
\$			\$
500,000	11%	1-Oct-26	-
2,050,000	12%	1-Oct-26	-
500,000	10%	1-Oct-26	-
675,000	12%	1-Oct-26	-
45,000	11%	1-Oct-26	-
25,000	11%	1-Oct-26	-

Refer to note 23 for further information on financial instruments, refer note 31 for events after the reporting period affecting these borrowings, and note 25 for related party transactions

Financing arrangements

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

Total facilities

Shareholder loans
Convertible Notes
TP24 CreditLine
AMEX Credit Card

2026	2025
\$	\$
3,795,000	2,750,000
2,260,000	3,060,000
-	746,266
70,000	112,000
6,125,000	6,668,266

Used at the reporting date

Shareholder loans
Convertible Notes
TP24 CreditLine
AMEX Credit Card

3,795,000	2,500,000
2,260,000	3,060,000
-	746,266
2,136	13,307
6,057,136	6,319,573

Unused at the reporting date

Shareholder loans
AMEX Credit Card

-	250,000
67,864	98,693
67,864	348,693

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 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 2026 were as follows:

	Maturity analysis			Total
	Within one year	One to five years	After five years	
	\$	\$	\$	\$
Lease payments	485,678	758,338	-	1,244,016
			2026	2025
Lease liabilities			\$	\$
Current			393,710	483,841
Non-current			701,096	1,094,806
			1,094,806	1,578,647

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	
	2026	2025
	\$	\$
Right-of-use assets	3,353,292	3,449,405
Accumulated depreciation	(2,762,968)	(2,488,405)
	590,324	961,000

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 2024	1,235,563
Depreciation expense	(274,563)
Balance as at 30 June 2025	961,000
Balance as at 1 July 2025	961,000
Adjustment to make good provision	(96,113)
Depreciation expense	(274,563)
Balance as at 30 June 2026	590,324

18 Equity - issued capital

	Consolidated			
	2026	2025	2026	2025
	Shares	Shares	\$	\$
a) Ordinary shares - fully paid	1,449,749,309	272,768,847	104,280,394	102,411,434
Movements in ordinary share capital	Date	Shares	Issue price	\$
Balance	1-Jul-25	272,768,847		102,411,434
Issue of shares under entitlement offer	26-May-26	672,469,694	\$ 0.005	3,362,348
Issue of shares under entitlement offer	26-May-26	105,000,000	\$ 0.005	525,000
Issue of shares under entitlement offer	18-Jun-26	267,110,768	\$ 0.005	1,335,554
Issue of shares under entitlement offer	22-Jun-26	132,400,000	\$ 0.005	662,000
Transfer to options reserve				(3,412,191)
Share issue transaction costs				(603,751)
Balance	30-Jun-26	1,449,749,309		104,280,394

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 2024	5,290,345
- Options which expired unexercised	(2,172,717)
- Options issued under the LTIP	1,574,250
- Options forfeited on failure to meet vesting conditions	(172,213)
At the end of the reporting period - 30 June 2025	4,519,665
At 1 July 2025	4,519,665
- Options which expired unexercised	(1,692,315)
- Options issued under the LTIP	-
- Options forfeited on failure to meet vesting conditions	(122,188)
At the end of the reporting period - 30 June 2026	2,705,162

c) Listed options issued

	Options
At 1 July 2025	-
- Options issued	1,176,980,462
- Options exercised	-
- Options which expired unexercised	-
At the end of the reporting period - 30 June 2026	1,176,980,462

d) Performance rights issued

	Performance rights
At 1 July 2024	475,000
- Performance rights exercised	(450,000)
- Performance rights forfeited on failure to meet vesting conditions	(25,000)
- Performance rights issued	10,400,000
At the end of the reporting period - 30 June 2025	10,400,000
At 1 July 2025	10,400,000
- Performance rights exercised	-
- Performance rights forfeited on failure to meet vesting conditions	(2,545,000)
- Performance rights issued	-
At the end of the reporting period - 30 June 2026	7,855,000

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

18 Equity - issued capital (continued)

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.

19 Equity - reserves

	Consolidated	
	2026	2025
	\$	\$
Share based payments reserve	3,536,051	126,512
Foreign currency translation reserve	(92,293)	(69,372)
	3,443,758	57,140

Movement in reserves

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

	Share based payments reserve	Other reserves	Total Reserves
	\$	\$	\$
Balance at 30 June 2024	386,859	(33,101)	353,758
Share based payments	47,419	-	47,419
Options which expired unexercised	(246,016)	-	(246,016)
Performance rights forfeited failing vesting conditions	(61,750)	-	(61,750)
Movement in functional currency of foreign operations	-	(36,271)	(36,271)
Balance at 30 June 2025	126,512	(69,372)	57,139
Share based payments	41,036	-	41,036
Options which expired unexercised	(58,238)	-	(58,238)
Performance rights forfeited failing vesting conditions	(25,450)	-	(25,450)
Attaching options on issued capital	3,452,191	-	3,452,191
Movement in functional currency of foreign operations	-	(22,921)	(22,921)
Balance at 30 June 2026	3,536,052	(92,293)	3,443,758

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.

20 Equity - accumulated losses

	2026	2025
	\$	\$
Accumulated losses at the beginning of the financial year	(109,240,494)	(105,835,535)
Loss after income tax expense for the year	(6,718,322)	(3,654,226)
Transfer from options reserve to account for expired options	58,238	246,016
Transfer from options reserve to account for options that failed to vest	25,450	3,250
Accumulated losses at the end of the financial year	(115,875,129)	(109,240,494)

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

	2026	2025
	\$	\$
Total comprehensive loss for year	(6,741,243)	(3,690,497)
Adjustments for:		
Effects of exchange rate changes on cash and cash equivalents	2,000	(493)
Depreciation and amortisation	529,677	763,501
Loss on financial instruments at fair value through profit or loss	2,753,325	461,910
Impairment of receivables	173,704	11,454
Share based payments	41,036	47,419
Unrealised foreign exchange (gain)/loss	9,600	(2,213)
Unwinding of the discount on provisions	1,331	9,927
Interest received	(28,246)	(21,461)
Interest and other finance costs paid	1,107,352	815,741
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	57,850	(784,815)
Decrease/(increase) in contract assets	337,692	(23,478)
Decrease/(increase) in prepayments	33,521	19,568
Decrease/(increase) in inventory	-	-
Decrease/(increase) in right-of-use asset	74,532	-
Decrease/(increase) in other assets	57,975	(1,994)
Increase/(decrease) in trade and other payables	236,890	2,134,067
Increase/(decrease) in contract liabilities	123,888	(100,910)
Increase/(decrease) in provisions	(194,710)	(165,982)
Increase/(decrease) in other liabilities	(483,841)	1,250
Net cash used in operating activities	(1,907,666)	(527,006)

22 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.

22 Financial Instruments (continued)

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 2026 all shareholder loans were at fixed rates.

The consolidated entity's shareholder loans outstanding, totalling \$4,284,867 (2025: \$2,713,984), are interest only loans. Monthly cash outlays of \$36,642 (2025: \$22,917) are required to service the interest payments. Refer to note 31 for events after the reporting period affecting these borrowings

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 \$2,696,088 (2025: \$3,172,082).

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 \$269,609 (2025: \$317,208).

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

Company	Fair Value (\$)	Portfolio (%)
2026		
Wavewise Analytics Pty Ltd	37,602	9.0%
Gyder Surgical Pty Ltd	371,110	89.3%
Other	7,020	1.7%
	415,732	91.0%
Company	Fair Value (\$)	Portfolio (%)
2025		
Avertix Medical Inc.	141,564	4.5%
Wavewise Analytics Pty Ltd	375,000	11.8%
Gyder Surgical Pty Ltd	2,651,466	83.6%
Other	4,052	0.1%
	3,172,082	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.

Unused borrowing facilities at the reporting date:

	Consolidated	
	2026	2025
	\$	\$
Shareholder loans	-	250,000
AMEX Credit Card	67,864	98,693
	67,864	348,693

The shareholder loan facilities have been fully drawn down as at the reporting date.

22 Financial Instruments (continued)

2026	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$	\$
<i>Non-interest bearing</i>						
Trade payables		469,413	-	-	-	469,413
Other payables		52,969	-	-	-	52,969
Accrued liabilities		330,311	-	-	-	330,311
<i>Interest-bearing - fixed rate</i>						
Shareholder loans	11.00%	4,284,867	-	-	-	4,284,867
Lease liabilities	10.00%	485,678	485,678	272,660	-	1,244,016
<i>Interest-bearing - variable rate</i>						
TP24 CreditLine	12.70%	-	-	-	-	-
Total		5,623,238	485,678	272,660	-	6,381,576
	%	\$	\$	\$	\$	\$
<i>Non-interest bearing</i>						
Trade payables		356,032	-	-	-	356,032
Other payables		44,758	-	-	-	44,758
Accrued liabilities		393,261	-	-	-	393,261
<i>Interest-bearing - fixed rate</i>						
Shareholder loans	11.00%	1,713,984	1,000,000	-	-	2,713,984
Lease liabilities	10.00%	616,157	485,678	758,337	-	1,860,172
<i>Interest-bearing - variable rate</i>						
TP24 CreditLine	12.70%	746,266	-	-	-	746,266
Total non-derivatives		3,870,458	1,485,678	758,337	-	6,114,473

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

22 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.

23 Key Management Personnel

Compensation

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

	Consolidated	
	2026	2025
	\$	\$
Short-term employee benefits	526,073	451,877
Fees paid to directors	152,978	152,978
Post-employment benefits	77,695	61,076
Long-term benefits	9,286	5,958
Share-based payments:		
- Expensed during the year	5,728	6,726
	<u>771,760</u>	<u>678,615</u>

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. At 30 June 2026 a total of \$283,000 of Director fees had accrued but were not paid

24 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	
	2026	2025
	\$	\$
Audit services - Grant Thornton Audit Pty Ltd	122,000	144,344
Audit or review of the financial statements	<u>122,000</u>	<u>144,344</u>

	Consolidated	
	2026	2025
	\$	\$
Tax Services - Grant Thornton Australia Limited	8,338	3,308
Other services	<u>8,338</u>	<u>3,308</u>

25 Related party transactions

Parent entity

Hydrix Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the director's report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2026	2025
	\$	\$
Loans received from shareholders	1,545,000	1,250,000
Loans repaid to shareholders	(250,000)	-
Interest expenses on loans from shareholders	315,051	161,662
Interest expenses on convertible notes issued to shareholders	<u>273,151</u>	<u>306,000</u>

25 Related party transactions (continued)

Payable to related parties:

Director fees payable
Interest payable to shareholders
Salary payable to Directors

Consolidated	
2026	2025
\$	\$
211,657	116,688
1,092,764	677,900
25,000	-
1,329,421	794,588

Loans from related parties
Loans from shareholders

Consolidated	
2026	2025
\$	\$
3,795,000	2,500,000

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. Refer note 31 for events after the reporting period affecting related party transactions

26 Parent entity information

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

Statement of profit or loss and other comprehensive income

(Loss) after income tax

Total comprehensive income

Parent	
2026	2025
\$	\$
(2,049,492)	(1,773,270)
(2,049,492)	(1,773,270)

Statement of financial position

Total current assets

Total assets

Total current liabilities

Total liabilities

Equity

Issued Capital

Share based payments reserve

Accumulated losses

Total Equity

Parent	
2026	2025
\$	\$
2,893,002	170,172
3,433,330	675,119
7,902,108	6,680,963
7,911,406	6,712,069
104,280,394	102,411,434
3,536,051	126,512
(112,294,522)	(108,574,896)
(4,478,076)	(6,036,950)

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

Accumulated losses at the beginning of the financial year
Loss after income tax expense for the year
Impairment in receivable from subsidiary
Transfer from options reserve to account for expired options
Transfer from options reserve to account for options that failed to vest
Accumulated losses at the end of the financial year

2026	2025
\$	\$
(108,574,896)	(105,868,635)
(2,049,492)	(1,773,270)
(1,753,823)	(1,182,258)
58,238	246,016
25,450	3,250
(112,294,522)	(108,574,896)

26 Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no contingent liabilities in relation to debts of its subsidiaries in place at 30 June 2026. Previously, 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. This arrangement ceased during the financial year.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2026 (2025: nil).

Capital commitments - Plant and equipment

The parent entity had no capital commitments for plant and equipment as at 30 June 2026 and 30 June 2025.

Significant accounting policies

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

27 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	
		2026	2025
		%	%
Hydrix Services Pty Ltd	Australia	100%	100%
Hydrix Ventures Pty Ltd	Australia	100%	100%
Hydrix Medical Pty Ltd	Australia	100%	100%
Hydrix Defence Pty Ltd	Australia	100%	N/A
Hydrix Medical New Zealand Limited	New Zealand	100%	100%
Hydrix Medical Pte Ltd	Singapore	100%	100%
Hydrix DE LLC	United States	100%	100%

28 Earnings per share

	Consolidated	
	2026	2025
	\$	\$
Loss after income tax attributable to the owners of Hydrix Limited	(6,718,322)	(3,654,226)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	361,239,284	264,181,227
Anti-dilutive shares excluded from weighted average number of ordinary shares:		
Convertible Notes	2,300,000	3,060,000
Unlisted options and rights over ordinary shares	10,560,162	13,999,665
Listed options over ordinary shares	1,176,980,462	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	361,239,284	264,181,227
	Cents	Cents
Basic and diluted loss per share	(1.86)	(1.38)

28 Earnings per share (continued)

Accounting Policy - Earnings per Share

Basic earnings per share

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.

Diluted earnings per share

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.

29 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	
	2026	2025
	\$	\$
Expenses arising from equity-settled share-based payment transactions	41,036	47,419
Performance rights that failed to vest with non-market based vesting conditions	-	-
	41,036	47,419

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.

The following non-quoted options were in existence during the 2026 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
17-Jan-22	30-Jun-26	\$0.100	527,625	-	-	(527,625)	-
30-Sep-22	30-Jun-27	\$0.175	411,040	-	-	(40,628)	370,412
23-Nov-23	30-Jun-28	\$0.073	1,126,750	-	-	(163,750)	963,000
30-Oct-24	30-Jun-29	\$0.028	1,534,250	-	-	(162,500)	1,371,750
			3,599,665	-	-	(894,503)	2,705,162

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.

Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2026 is 2 years and 4 month (2025: 2 years 0 months).

Range of exercise price

The range of exercise prices for options outstanding at end of the year was \$0.028 - \$0.175 (2025: \$0.028 - \$0.175).

29 Share-based payments (continued)

The following performance rights were in existence during the 2026 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
20-Dec-24	1-Jul-25	\$0.00	1,400,000	-	-	-	1,400,000
21-Jan-25	1-Jul-27	\$0.00	9,000,000	-	-	(2,545,000)	6,455,000
			10,400,000	-	-	(2,545,000)	7,855,000

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 2026 is 2 Years and 7 months (2025: 3 years and 9 months).

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

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.

29 Share-based payments (continued)

Accounting Policy - Share-based payments (continued)

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.

30 Contingent liabilities

The consolidated entity had no contingent liabilities as at 30 June 2026 (2025: nil).

31 Events after the reporting period

After the reporting period, the following debt instruments had their maturity dates extended. All other terms of these instruments remain unchanged:

Debt instrument	Amount \$	Previous maturity date	New maturity date	Date of change
Shareholder loan	1,975,000	1-Oct-26	1-Oct-27	24-Sep-26

In addition, on 24 September 2026, shareholders with interest accrued of \$1,093,000 agreed to extended payment terms on the interest until 1 October 2027.

Hydrix Limited
Consolidated Entity Disclosure
30 June 2026

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 Defence Pty Ltd	Body Corporate	n/a	100%	Australia	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 2026

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 2026 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 2026

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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 2026, 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 2026 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.

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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 \$6,718,322 during the year ended 30 June 2026, and as of that date, the Consolidated Entity's current liabilities exceeded its current assets by \$8,572,101. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant 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 2026, the Consolidated Entity recognised revenue of \$9,741,433 from service contracts in accordance with AASB 15 <i>Revenue from Contracts with Customers</i>. Measuring the amount of revenue to recognise, including identifying performance obligations and determining the timing of revenue recognition, involves significant management judgement. This is a key audit matter due to the audit effort required to assess management's determination of revenue recognition.	Our procedures included: • Obtaining an understanding of the processes for and evaluating the design and implementation of controls over revenue recognition on variable and fixed price service contracts; • For a sample of contracts, assessing management's identification of performance obligations and whether revenue has been recorded in the correct period in accordance with AASB 15; • For a sample of contracts that were in progress at 30 June 2026, evaluating the reasonableness of project completion estimates by comparing prior period forecast costs and hours to actual results and assessing whether project progress and completion percentages reported at year end remained appropriate based on post year end activity, corroborated by inquiry with project managers; and • Evaluating the disclosures against the requirements of 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 2026 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); and
- 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: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.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 9 to 13 of the Directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Hydrix Limited, for the year ended 30 June 2026 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 Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance
Melbourne, 30 September 2026