

## 1 Company Information

Name of entity:	HYDRIX LIMITED
ABN:	84 060 369 048
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

## 2 Results for announcement to the market

The consolidated entity has adopted Accounting Standard AASB 2021-3 'Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021' for the half-year ended 31 December 2021. The Accounting Standard was adopted using the practical expedient and as such the Right-of-Use asset has not been remeasured.

			\$
Revenues from ordinary activities	up	1.5% to	5,169,769
(Loss) from ordinary activities after tax attributable to the owners of Hydrix Limited	down	50.2% to	(2,404,457)
(Loss) for the half-year attributable to the owners of Hydrix Limited	down	50.1% to	(2,406,651)

### Dividends

The consolidated entity does not propose to pay a dividend.

No dividend or distribution plans are in operation.

### Comments

The loss for the consolidated entity after providing for income tax amounted to \$2,406,651 (31 December 2020: \$4,825,764). The consolidated entity's results for the financial half-year reflect the challenging operating environment caused by COVID-19 and ongoing investments in the medical product distribution business and venture investment portfolio.

## 3 Net tangible assets / (liabilities)

	Reporting period Cents	Previous period Cents
Net tangible assets / (liabilities) per ordinary security (including right-of-use assets)	(0.81)	2.47

## 4 Control gained over entities

On 11 August 2021 the company incorporated a subsidiary, Hydrix Medical New Zealand Limited.

## 5 Loss of control over entities

Not applicable.

**6 Details of associates and joint venture entities**

Not applicable.

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**7 Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements have been subject to a review by the auditors and the review report is included in the Interim Financial Report.

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**8 Attachments**

*Details of attachments (if any):*

The Interim Report of Hydrix Limited for the half-year ended 31 December 2021 is attached.

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**9 Signed**



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Mr Gavin Coote  
**Executive Chairman**  
Melbourne

Date: 28 February 2022



***HYDRIX LIMITED***  
**INTERIM REPORT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**  
**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 half-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 28 February 2022. The directors have the power to amend and reissue the financial statements.

**Directors**

Mr Gavin Coote  
(Executive Chairman)

Ms Julie King  
(Non-Executive Director)

Ms Joanne Bryant  
(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

**Solicitors**

Holding Redlich  
Level 8, 555 Bourke 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](http://www.hydrix.com)

**Country of incorporation and domicile**

Australia

**Hydrix Limited**  
**Directors' Report**  
**For the half-year 31 December 2021**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Hydrix Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

**Directors**

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

**Mr Gavin Coote**

*Executive Chairman*

**Ms Julie King**

*Non-Executive Director*

**Ms Joanne Bryant**

*Non-Executive Director*

**Mr Paul Wright**

*Non-Executive Director*

**Mr Paul Lewis**

*Non-Executive Director (Appointed 28 October 2021)*

**Principal activities**

The principal activities of the consolidated entity during the year were providing product design, engineering, and regulatory services to customers in the medical industry, market development of disruptive cardiovascular product technologies and venture investment in high potential early-stage medtech clients.

The consolidated entity operates three wholly owned subsidiary entities:

Hydrix Services transforms client ideas into market leading commercialisable products primarily under fee-for-services contracts. It offers a comprehensive range of engineering and regulatory services including software, electronics, mechanical, industrial design, and general product development services. Its product development and commercialisation services range from applied research through all stages of engineering design, development, prototyping, manufacturer management, certification process management and supply for global markets.

Hydrix Medical distributes cardiac monitoring and diagnostic medical device technologies including the AngelMed Guardian and Phyzhon's PHYRARI FFR-WIRE product. These products are in the early stages of being commercialised by Hydrix under exclusive third party product distribution agreements, in in eight jurisdictions including Australia, New Zealand, five S. E. Asia countries and Japan.

The AngelMed Guardian continuously monitors a patient's heart signal 24/7 uniquely against the patient's own baseline heart signal. It is the world's only FDA-approved, implantable cardiac monitoring device and alerts patients of an impending Acute Coronary Syndrome (ACS) event, including against deadly silent heart attacks.

Phyzhon's PHYRARI FFR-WIRE product is primarily for use by interventional cardiologists during procedures which manage blockages in coronary arteries, including patients who have suffered a heart attack.

Hydrix Ventures makes investments in high potential Hydrix Services clients to generate equity capital gains on investments where it can directly leverage the entity's powerful product innovation capability. Current portfolio companies include Gyder Surgical Pty Ltd (orthopaedic surgical tool for hip replacements), Angel Medical Systems Inc (implantable heart attack alert device), Memphasys Limited (Bio-separation device), and Cyban Pty Ltd ( non-invasive brain trauma injury monitoring device). For each of these clients, Hydrix Services provided arms-length design, engineering, and regulatory services.

The consolidated entity has approximately 65 employees and its headquarters are located in Mulgrave, Victoria Australia.

### **Review of operations**

Excluding government grants, Hydrix Services delivered 41% year on year growth in revenue from external customers for the first half ending 31 December 2021. This growth is primarily attributable to existing clients recommencing projects and winning new client projects. A significant amount of the company's revenues are coming from outside Australia, including European medical device and cardiovascular technology clients. During the past 12 months, we appointed European & USA-based business development personnel and increased marketing efforts to drive awareness which is contributing to the growth.

Hydrix Services also successfully commenced a short-run production and distribution of our proprietary Mechanical Circulatory Support platform, LUDO. This technology has been very well received by the Cardiac Assist Device community and provides a differentiated proposition to help them accelerate and de-risk their product development.

Hydrix Medical continued to make good progress commercialising its two disruptive cardiac medical device technologies under its exclusive distribution agreement arrangements. Future product revenues selling cardiac technologies is expected to be a primary catalyst of growth for the consolidated entity.

Hydrix Medical made full regulatory submissions in Australia, New Zealand, Singapore, Malaysia, and Thailand for the AngelMed Guardian device. Hydrix Medical continues to complete steps in the process to prepare for clinical trial implants in Australia, while simultaneously awaiting TGA approval in Australia. One particularly important step completed was approval by a nationally accredited and independent Human Research Ethics Committee, which paves the way for clinical implants of the AngelMed Guardian under pre-TGA regulatory approval. These milestones were achieved despite Government mandated bans on elective surgery and other impacts of COVID which continue to disrupt and cause delays to clinical trials, and regulatory approval processes.

Hydrix Ventures made further early-stage investments during the first half, which included investing in follow-on capital raising rounds in Cyban Pty Ltd and also being granted 3,000,000 unlisted options in one of its clients, Memphasys Limited (ASX: MEM). Investing in high potential early stage medtech clients provides for Hydrix to capturing more of the value it helps create for clients as products are commercialised, and also promotes positive alignment in those joint product innovation outcomes.

Hydrix Ventures recognised a \$0.4 million valuation uplift in its Cyban Pty Ltd investment after a successful Series A capital raise was completed in November. Similar to Cyban, other Hydrix Venture investment companies are progressing towards significant valuation inflection milestones.

### **Review of financials**

For the six months to 31 December 2021, Hydrix Services' made sales to external customers of \$5,148,361, increasing by 41% over the prior comparable period (December 2020: \$3,652,589).

The operating loss before income tax for the consolidated entity of \$2,404,457 decreased by 50% compared to the prior comparable period (December 2020: \$4,824,022).

Cash used in operating activities to support the growth and expansion of the consolidated entity was \$3,474,012 (December 2020 \$700,661). Net cash used in operating activities by operating segment did not differ significantly from the EBITDA results reported in note 2 with the exception of the Hydrix Services business which was required to invest in working capital to support the 41% growth in product development services revenues. A reconciliation between the loss before income tax expense and the net cash used in operating activities is provided in the table contained under "non-IFRS financial measures".

Cash used in investing activities was \$225,886 (December 2020 \$323,233). The consolidated entity made one direct venture investment in a client and continues to operate one services contract under which it is entitled to earn equity in-lieu and cash fees for services rendered. These arrangements focus on high potential investment capital gains.

The net cash outflow from financing activities was \$213,437 (December 2020 net cash inflow \$8,549,339).

The consolidated entity's cash position was \$2,733,919 at 31 December 2021, compared to \$6,647,225 at 30 June 2021. The main uses of cash were to support the principal activities of the business, and the consolidated entity's strategic growth initiatives.

**Hydrix Limited**  
**Directors' Report**  
**For the half-year 31 December 2021**

**Non-IFRS financial measures**

The consolidated entity uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as "non-IFRS financial measures". Non-IFRS financial measures are intended to supplement the measures calculated in accordance with Australian Accounting Standards and are not a substitute for those measures. Underlying statutory and pro forma results and measures are intended to provide shareholders additional information to enhance their understanding of the performance of the consolidated entity.

A reconciliation between the loss before income tax expense to the net cash used in operating activities has been performed for the consolidated entity. The following table reconciles the statutory results for the period ended 31 December 2021 to the net cash used in operating activities for the consolidated entity (noting that this information has not been reviewed in accordance with Australian Auditing Standards):

	<b>Total Operations</b>
<b>Loss before income tax expense</b>	<b>(2,404,457)</b>
Depreciation and amortisation expense	451,593
Finance costs	241,335
<b>EBITDA (after non-cash expenses)</b>	<b>(1,711,529)</b>
<u>Less: non-cash expenses</u>	
Share based payment expenses	47,820
Impairment / (reversal) of receivables	(59,919)
(Gain)/Loss on financial instruments at FVTPL	(722,613)
(Gain)/Loss on contingent consideration liability	125,440
Unrealised foreign exchange (Gain)/Loss	42,231
<b>EBITDA (before non-cash expenses)</b>	<b>(2,278,570)</b>
Less: other non-cash adjustments	66,777
Add: changes in operating assets and liabilities	(1,262,219)
<b>Net cash used in operating activities</b>	<b><u>(3,474,012)</u></b>

The increase in cash used to fund operating assets and liabilities was driven by the 41% increase in product development services revenues.

**Outlook for full financial year 2022**

The long-term business prospects for the consolidated entity remain strong taking into consideration several factors, including:

- future product revenue and gross profit margins from Hydrix Medical distribution of cardiovascular products anticipated to commence during 2022;
- potential for future capital gains from investments made by Hydrix Ventures in high potential clients;
- underlying trend growth in the product development services business segment, and increased marketing awareness and global business development efforts to build the client project pipeline;
- cash on hand at 31 December 2021 of \$2,733,919 and potential exercise by investors of approximately 18,964,081 Hydrix Listed Stock Options (HYDO) at \$0.12 cents prior 31 July 2022 for a total of \$2,275,690 cash inflows; and
- Subject to shareholder approval, the consolidated entity raised \$2,828,000 through a Placement offer as announced on 28 February 2022.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.



**Hydrix Limited**  
**Directors' Report**  
**For the half-year 31 December 2021**

**Matters subsequent to the end of the half-year**

On 28 February 2022 the consolidated entity raised \$2,828,000 through a Placement offer to sophisticated and high net worth investors issuing 28,280,000 shares of new common stock, with 1 for 1 attaching Options or 28,280,000 Options. The strike price of each Option is \$0.18 per share with an expiration date of 31 March 2024. The issue of 6,000,000 shares to related parties and all 28,280,000 Options under the Placement are subject to shareholder approval, which will be sought at an extraordinary meeting in March 2022.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Rounding of amounts**

The company is of a kind referred to in *Corporations 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 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Mr Gavin Coote

**Executive Chairman**

28 February 2022

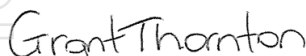
Melbourne

## 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 review of Hydrix Limited for the half year ended 31 December 2021, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



A C Pitts  
Partner – Audit & Assurance

Melbourne, 28 February 2022

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**Hydrix Limited**  
**Consolidated Statement of Profit & Loss and Other Comprehensive Income**  
**For the half-year ended 31 December 2021**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Revenue	<b>3</b>	5,163,152	5,090,482
Interest revenue		6,617	4,778
		<b>5,169,769</b>	<b>5,095,260</b>
<b>Operating expenses</b>			
Employee benefits expense		(5,323,829)	(4,551,357)
Project material expenses		(883,948)	(673,940)
Cost of sales		(7,137)	(30,236)
Depreciation and amortisation expense		(451,593)	(574,242)
Finance costs	<b>4</b>	(241,335)	(848,856)
Rental expense		113,055	21,388
Selling, advertising and distribution expenses		(79,566)	(61,268)
Research and development expenses		(21,250)	-
Other expenses	<b>4</b>	(1,245,664)	(1,201,428)
Share based payment expenses	<b>16</b>	(47,820)	(220,580)
Impairment of goodwill		-	(1,269,400)
Impairment / (reversal) of receivables		59,919	(43,907)
Gain/(Loss) on financial instruments at fair value through profit or loss	<b>4</b>	722,613	(549,968)
Gain/(Loss) on contingent consideration liability		(125,440)	(190,486)
Unrealised foreign exchange Gain/(Loss)		(42,231)	274,998
		<b>(7,574,226)</b>	<b>(9,919,282)</b>
<b>Loss before income tax expense</b>		<b>(2,404,457)</b>	<b>(4,824,022)</b>
Income tax (expense)/ benefit		-	-
<b>Loss after income tax expense</b>		<b>(2,404,457)</b>	<b>(4,824,022)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Movement in functional currency of foreign operations		(2,194)	(1,742)
<b>Total comprehensive loss for year attributable to the Owners of Hydrix Limited</b>		<b>(2,406,651)</b>	<b>(4,825,764)</b>
<b>Loss per share</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings / (loss) per share (cents per share)	<b>15</b>	(1.47)	(3.91)

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**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2021</b>	<b>30 June 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents		2,733,919	6,647,225
Trade and other receivables	<b>5</b>	893,829	574,504
Contract assets		1,098,227	1,090,544
Prepayments		350,950	178,482
Inventory		9,567	11,281
<b>Total current assets</b>		<b>5,086,492</b>	<b>8,502,036</b>
<b>Non-current assets</b>			
Financial assets at fair value through profit & loss	<b>8</b>	3,570,089	2,847,102
Plant and equipment		417,192	454,604
Right of use assets	<b>12</b>	1,845,832	2,076,561
Intangible assets	<b>6</b>	4,878,249	4,985,965
Other assets		140,914	87,602
Security deposits		424,980	424,980
<b>Total non-current assets</b>		<b>11,277,256</b>	<b>10,876,814</b>
<b>Total Assets</b>		<b>16,363,748</b>	<b>19,378,850</b>
<b>Current liabilities</b>			
Trade and other payables		1,230,961	1,529,393
Contract liabilities	<b>7</b>	1,258,392	1,601,717
Borrowings	<b>10</b>	175,070	1,000,000
Derivative liabilities	<b>11</b>	488,669	770,910
Employee benefits		898,771	902,302
Lease liabilities	<b>12</b>	664,339	637,184
Other liabilities	<b>9</b>	2,746,473	2,499,687
<b>Total current liabilities</b>		<b>7,462,675</b>	<b>8,941,193</b>
<b>Non-current liabilities</b>			
Borrowings	<b>10</b>	2,250,000	1,250,000
Employee benefits		187,394	201,863
Lease liabilities	<b>12</b>	2,651,045	3,086,770
Provisions		185,452	189,371
Other liabilities	<b>9</b>	91,089	-
<b>Total non-current liabilities</b>		<b>5,364,980</b>	<b>4,728,004</b>
<b>Total Liabilities</b>		<b>12,827,655</b>	<b>13,669,197</b>
<b>Net Assets</b>		<b>3,536,093</b>	<b>5,709,653</b>
<b>Equity</b>			
Issued capital	<b>13</b>	95,763,468	95,402,178
Reserves	<b>14</b>	1,619,986	1,772,905
Accumulated losses		(93,847,361)	(91,465,430)
<b>Total Equity</b>		<b>3,536,093</b>	<b>5,709,653</b>

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 half-year ended 31 December 2021**

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2020</b>	82,506,939	1,814,874	(82,025,843)	2,295,970
Loss after income tax expense for the half-year	-	-	(4,824,022)	(4,824,022)
Other comprehensive income, net of tax	-	(1,742)	-	(1,742)
Total comprehensive loss for the half-year	-	(1,742)	(4,824,022)	(4,825,764)
<i>Transactions with owners in their capacity as owners:</i>				
Share based payments expense	17,725	202,855	-	220,580
Exercised options / performance rights	111,523	(115,403)	5,403	1,523
Expired options / performance rights	-	(320,173)	320,173	-
Contributions of equity, net of transaction costs	12,762,866	-	-	12,762,866
<b>Balance at 31 December 2020</b>	<b>95,399,053</b>	<b>1,580,411</b>	<b>(86,524,289)</b>	<b>10,455,175</b>
<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2021</b>	95,402,178	1,772,905	(91,465,430)	5,709,653
Loss after income tax expense for the half-year	-	-	(2,404,457)	(2,404,457)
Other comprehensive income, net of tax	-	(2,194)	-	(2,194)
Total comprehensive loss for the half-year	-	(2,194)	(2,404,457)	(2,406,651)
<i>Transactions with owners in their capacity as owners:</i>				
Share based payments expense	-	47,820	-	47,820
Exercised options / performance rights	178,949	(176,019)	-	2,930
Expired options / performance rights	-	(22,526)	22,526	-
Contributions of equity, net of transaction costs	182,341	-	-	182,341
<b>Balance at 31 December 2021</b>	<b>95,763,468</b>	<b>1,619,986</b>	<b>(93,847,361)</b>	<b>3,536,093</b>

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 half-year ended 31 December 2021**

	Note	31 Dec 2021 \$	31 Dec 2020 \$
<b>Cash Flows from operating activities</b>			
Receipts from customers (including GST)		4,941,727	5,077,699
Payments to suppliers and employees (including GST)		(8,415,739)	(7,098,626)
Receipt of government grants		-	1,320,266
Net cash flow (used in) / from operating activities		<b>(3,474,012)</b>	<b>(700,661)</b>
<b>Cash Flows from investing activities</b>			
Payments for plant and equipment		(34,969)	(92,513)
Payments for intangible assets		(40,767)	(130,730)
Payments for investments		(150,150)	(99,990)
Net cash flow (used in) / from investing activities		<b>(225,886)</b>	<b>(323,233)</b>
<b>Cash Flows from financing activities</b>			
Proceeds from issue of shares		42,142	13,738,250
Share issue transaction costs		(6,871)	(1,009,345)
Proceeds from borrowings		219,088	-
Repayments of borrowings		(44,018)	(3,526,664)
Interest received		3,180	4,778
Interest and other finance costs paid		(240,965)	(633,086)
Repayments of lease liabilities		(185,993)	(24,594)
Net cash flow (used in) / from financing activities		<b>(213,437)</b>	<b>8,549,339</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3,913,335)</b>	<b>7,525,445</b>
Cash and cash equivalents at the beginning of the financial half-year		6,647,225	1,690,194
Effects of exchange rate changes on cash and cash equivalents		29	-
<b>Cash and cash equivalents at end of the financial half-year</b>		<b>2,733,919</b>	<b>9,215,639</b>

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

## 1 Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

### *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.

### **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.

### **Going concern**

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

For the half year period ended 31 December 2021, the consolidated entity incurred a net loss before tax of \$2,404,457, reported cash used in operations of \$3,474,012 and had a net current assets deficit (current assets less current liabilities) of \$2,376,183. Subsequent to balance date, Victoria (the consolidated entity's principal place of business) and Australia more broadly, continued to be significantly disrupted by COVID-19 outbreaks impacting upon near term revenue generation of product development services and commencing distribution of the consolidated entity's cardiovascular technologies.

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

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

- The consolidated entity had an available cash balance of \$2,733,919 at 31 December 2021;
- The consolidated entity, at 31 December 2021, had 18,964,081 listed \$0.12 cents HYDO options expiring 31 July 2022 which if exercised, will provide additional cash of \$2,275,690;
- Subsequent to balance date, the consolidated entity raised \$2,828,000 through a Placement offer of which \$600,000 is subject to shareholder approval, which will be sought at an extraordinary general meeting during March 2022;
- A full business profit and loss, balance sheet and cash flow forecast for the 12-month period from the date of signing of the financial statements, which supports the directors' assertion, has been prepared based on assumptions about certain economic, operating and trading performance achievement contingent on future events and actions yet to occur, and which may not necessarily occur. The underlying year to date revenue growth in the services business is leading to an improving operating position, and should a need arise, there are discretionary operating costs of the business that could be reduced. Whilst the directors believe the assumptions are best estimate assumptions based upon information available, the occurrence and timing of future events are not certain. The directors will continually monitor the operating performance against the budget and cash flow forecast; and
- The directors believe the consolidated entity would be able to raise additional capital if required to support strategic growth initiatives and working capital.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that 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.

## 2 Operating Segments

### *Identification of reportable operating segments*

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

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

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

### *Operating Segment Information*

<b>Consolidated - 31 Dec 2021</b>	<b>Hydrix Services \$</b>	<b>Hydrix Medical \$</b>	<b>Total Operations \$</b>
<b>Revenue</b>			
Sales to external customers	5,148,361	1,412	5,149,773
Other revenue	13,379	-	13,379
<b>Total Segment revenue</b>	<b>5,161,740</b>	<b>1,412</b>	<b>5,163,152</b>
<i>Unallocated revenue:</i>			
Other revenue	-	-	-
Interest revenue	-	-	6,617
<b>Total Segment Revenue</b>	<b>5,161,740</b>	<b>1,412</b>	<b>5,169,769</b>
<b>EBITDA</b>	<b>(636,080)</b>	<b>(679,277)</b>	<b>(1,315,357)</b>
<i>Unallocated EBITDA</i>			(963,213)
<b>Total EBITDA</b>			<b>(2,278,570)</b>
Finance costs	(173,280)	-	(173,280)
Depreciation and amortisation	(334,596)	(116,809)	(451,405)
Impairment / (reversal) of receivables	59,919	-	59,919
Gain/(Loss) on contingent consideration liability	-	(125,440)	(125,440)
Unrealised foreign exchange Gain/(Loss)	-	(90,259)	(90,259)
<i>Unallocated expenses:</i>			
Finance costs	-	-	(68,055)
Depreciation and amortisation	-	-	(188)
Share based payment expenses	-	-	(47,820)
Gain/(Loss) on financial instruments at fair value through profit or loss	-	-	722,613
Unrealised foreign exchange Gain/(Loss)	-	-	48,028
<b>Profit/(Loss) before income tax expense</b>	<b>(1,084,037)</b>	<b>(1,011,785)</b>	<b>(2,404,457)</b>
Income tax (expense)/ benefit	-	-	-
<b>(Loss) after income tax expense</b>	<b>(1,084,037)</b>	<b>(1,011,785)</b>	<b>(2,404,457)</b>
<b>Assets</b>			
Segment assets	5,571,359	4,465,979	10,037,338
<i>Unallocated assets:</i>			
Cash and cash equivalents	-	-	2,733,920
Other assets	-	-	3,592,490
<b>Total assets</b>	<b>5,571,359</b>	<b>4,465,979</b>	<b>16,363,748</b>
<b>Liabilities</b>			
Segment liabilities	7,000,620	2,844,996	9,845,616
<i>Unallocated liabilities:</i>			
Borrowings	-	-	2,250,000
Other liabilities	-	-	732,039
<b>Total liabilities</b>	<b>7,000,620</b>	<b>2,844,996</b>	<b>12,827,655</b>



2 Operating Segments (continued)

Consolidated - 31 Dec 2020	Hydrix Services \$	Hydrix Medical \$	Total Operations \$
<b>Revenue</b>			
Sales to external customers	3,652,589	51,873	3,704,462
Other revenue	1,258,346	31,174	1,289,520
<b>Total Segment revenue</b>	<b>4,910,935</b>	<b>83,047</b>	<b>4,993,982</b>
<i>Unallocated revenue:</i>			
Other revenue	-	-	96,500
Interest revenue	-	-	4,778
<b>Total Segment Revenue</b>	<b>4,910,935</b>	<b>83,047</b>	<b>5,095,260</b>
<b>EBITDA</b>	<b>60,643</b>	<b>(381,959)</b>	<b>(321,316)</b>
<i>Unallocated EBITDA</i>			(907,256)
<b>Total EBITDA</b>			<b>(1,228,572)</b>
Finance costs	(200,620)	-	(200,620)
Depreciation and amortisation	(567,193)	(6,736)	(573,929)
Impairment of goodwill	(1,269,400)	-	(1,269,400)
Impairment / (reversal) of receivables	(43,907)	-	(43,907)
Gain/(Loss) on contingent consideration liability	-	(190,486)	(190,486)
Unrealised foreign exchange Gain/(Loss)	-	274,998	274,998
Contract asset write offs (c/fwd from FY20)	(173,010)	-	(173,010)
<i>Unallocated expenses:</i>			
Finance costs	-	-	(648,236)
Depreciation and amortisation	-	-	(313)
Share based payment expenses	-	-	(220,580)
Gain/(Loss) on financial instruments at fair value through profit or loss	-	-	(549,967)
<b>Profit/(Loss) before income tax expense</b>	<b>(2,193,487)</b>	<b>(304,183)</b>	<b>(4,824,022)</b>
Income tax (expense)/ benefit	-	-	-
<b>(Loss) after income tax expense</b>	<b>(2,193,487)</b>	<b>(304,183)</b>	<b>(4,824,022)</b>
<b>Assets</b>			
Segment assets	7,371,489	4,533,599	11,905,088
<i>Unallocated assets:</i>			
Cash and cash equivalents	-	-	9,215,639
Other assets	-	-	3,113,258
<b>Total assets</b>	<b>7,371,489</b>	<b>4,533,599</b>	<b>24,233,985</b>
<b>Liabilities</b>			
Segment liabilities	7,058,024	2,496,713	9,554,737
<i>Unallocated liabilities:</i>			
Borrowings	-	-	2,750,000
Other liabilities	-	-	1,474,073
<b>Total liabilities</b>	<b>7,058,024</b>	<b>2,496,713</b>	<b>13,778,810</b>

### 3 Revenue

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
<b>Revenue from contracts with customers</b>		
Rendering of services	4,462,350	3,047,715
Project materials and travel recovered	604,477	534,734
Support and maintenance	81,534	70,140
Sales of AngelMed Guardian System	1,412	51,873
	<u>5,149,773</u>	<u>3,704,462</u>
<b>Other income</b>		
Government grant	-	1,367,712
Other income	13,379	18,308
	<u>13,379</u>	<u>1,386,020</u>
<b>Revenue</b>	<u><b>5,163,152</b></u>	<u><b>5,090,482</b></u>

### 4 Expenses

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
(Loss) before income tax includes the following specific expenses:		
<b>Finance costs</b>		
Interest expense on lease liabilities	174,820	197,680
Pure Asset Management facility fees	-	411,487
Interest on loans	66,515	239,689
<b>Total finance costs</b>	<u><b>241,335</b></u>	<u><b>848,856</b></u>
<b>Gain/(Loss) on financial instruments at fair value through profit or loss</b>		
Gain/(Loss) on derivatives	282,241	(777,403)
Gain/(Loss) on financial assets	440,372	227,435
	<u><b>722,613</b></u>	<u><b>(549,968)</b></u>
<b>Other expenses</b>		
Bad debts written off	-	173,010
Consultancy charges	130,290	208,063
Corporate advisory transaction costs	267,511	-
Directors' fees	120,000	95,783
Insurance	82,500	64,370
Investor relations	46,853	36,282
IT related expenses	199,763	169,735
Legal and professional charges	186,610	234,027
Listing fees and share register maintenance	50,870	78,509
Recruitment fees	16,853	7,690
Regulatory Fees	55,963	74,130
Travelling costs	4,337	1,631
Administration expenses	84,114	58,198
<b>Total other expenses</b>	<u><b>1,245,664</b></u>	<u><b>1,201,428</b></u>

5 Trade and other receivables

	Consolidated	
	31 Dec 2021	30 June 2021
<b>Current</b>	<b>\$</b>	<b>\$</b>
Trade receivables	870,196	616,044
Less: Allowance for expected credit losses	(42,728)	(102,647)
	<u>827,468</u>	<u>513,397</u>
GST receivable	38,693	57,915
Other receivables	27,668	3,192
	<u><b>893,829</b></u>	<u><b>574,504</b></u>

**Allowance for expected credit losses**

The consolidated entity has recognised a profit of \$59,919 in profit or loss in respect of the expected credit losses for the period ended 31 December 2021 (31 December 2020: loss of \$43,907).

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

	Expected credit loss rate	Carrying amount	Allowance for expected credit losses
	31 Dec 2021	31 Dec 2021	31 Dec 2021
<b>Consolidated</b>	<b>%</b>	<b>\$</b>	<b>\$</b>
Not overdue	0.3%	530,552	1,725
0 to 3 months overdue	0.9%	254,434	2,243
3 to 6 months overdue	11.1%	28,902	3,211
Over 6 months overdue	63.1%	56,308	35,549
		<u><b>870,196</b></u>	<u><b>42,728</b></u>

6 Intangible assets

		Consolidated	
		31 Dec 2021	30 June 2021
		\$	\$
Distribution Rights		4,459,426	4,459,426
Less: Accumulated amortisation		(106,177)	-
		<u>4,353,249</u>	<u>4,459,426</u>
Goodwill		1,269,400	1,269,400
Less: Impairment		(1,269,400)	(1,269,400)
		<u>-</u>	<u>-</u>
Software - at cost		111,205	111,205
Less: Accumulated amortisation		(111,205)	(109,666)
		<u>-</u>	<u>1,539</u>
Brand Name		525,000	525,000
Less: Impairment		-	-
		<u>525,000</u>	<u>525,000</u>
Customer Contracts & Relationships		536,000	536,000
Less: Accumulated amortisation		(536,000)	(536,000)
		<u>-</u>	<u>-</u>
Software - CHEF Framework		2,763,385	2,722,618
Less: Accumulated amortisation		(2,763,385)	(2,722,618)
		<u>-</u>	<u>-</u>
		<u><b>4,878,249</b></u>	<u><b>4,985,965</b></u>

**Reconciliations**

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

	Distribution Rights	Goodwill	Brand Name	Customer Contracts	Software including CHEF	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 Jul 2021	4,459,426	-	525,000	-	1,539	4,985,965
Additions	-	-	-	-	40,767	40,767
Impairment expense	-	-	-	-	-	-
Amortisation expense	(106,177)	-	-	-	(42,306)	(148,483)
Balance as at 31 Dec 2021	<u><b>4,353,249</b></u>	<u>-</u>	<u><b>525,000</b></u>	<u>-</u>	<u>-</u>	<u><b>4,878,249</b></u>

## 7 Contract liabilities

	Consolidated	
	31 Dec 2021	30 June 2021
	\$	\$
Current	<u>1,258,392</u>	<u>1,601,717</u>

### 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 \$1,258,392 as at 31 December 2021 (\$1,601,717 as at 30 June 2021) and is expected to be recognised as revenue in future periods as follows:

	31 Dec 2021	30 June 2021
	\$	\$
Consolidated		
Within 6 months	1,225,877	699,307
6 to 12 months	-	466,667
12 to 18 months	-	435,743
18 to 24 months	32,515	-
	<u>1,258,392</u>	<u>1,601,717</u>

## 8 Financial assets at fair value through profit & loss

	Consolidated	
	31 Dec 2021	30 June 2021
	\$	\$
Listed ordinary shares	47,675	33,371
Unlisted ordinary shares	3,163,531	2,565,303
Unlisted options	117,779	-
Convertible Note	241,104	248,428
	<u>3,570,089</u>	<u>2,847,102</u>

### Reconciliations

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

	Unlisted ordinary shares	Unlisted options	Listed ordinary shares	Convertible Note	Total
	\$	\$	\$	\$	\$
Opening fair value as at 1 July 2021	2,565,303	-	33,371	248,428	2,847,102
Additions (i) (ii) (iii)	150,150	81,000	-	3,437	234,587
Fair value increments/(decrements)	400,050	36,779	14,304	(10,761)	440,372
Fair value increments/(decrements) due to FX	48,028	-	-	-	48,028
Closing fair value as at 31 December 2021	<u>3,163,531</u>	<u>117,779</u>	<u>47,675</u>	<u>241,104</u>	<u>3,570,089</u>

(i) During September 2021 the consolidated entity received 3,000,000 unlisted options in Memphasys Limited (ASX: MEM) valued at \$81,000 as part of a commercial arrangement.

(ii) During November 2021 the consolidated entity acquired 2,145 shares of Series A stock in Cyban Pty Ltd for \$150,150.

(ii) During the half-year the consolidated entity recognised interest on the Convertible Note of \$3,437.

9 Other liabilities

	Consolidated	
	31 Dec 2021	30 June 2021
	\$	\$
<b>Current</b>		
Contingent consideration liability	2,715,386	2,499,687
Deferred Rent	31,087	-
	<b>2,746,473</b>	<b>2,499,687</b>
<b>Non - Current</b>		
Deferred Rent	91,089	-
	<b>91,089</b>	<b>-</b>

*Contingent consideration liability*

The contingent consideration for the Asia Pacific distribution rights of the AngelMed Guardian System is payable in three tranches upon receipt of FDA and other applicable regulatory approvals of AngelMed's next generation product.

10 Borrowings

	Consolidated	
	31 Dec 2021	30 June 2021
	\$	\$
<b>Current</b>		
Shareholder loans - Unsecured	-	1,000,000
BOQ Finance	175,070	-
	<b>175,070</b>	<b>1,000,000</b>
<b>Non-Current</b>		
Shareholder loans - Unsecured	2,250,000	1,250,000
	<b>2,250,000</b>	<b>1,250,000</b>

**Total secured liabilities including assets pledged as security**

An unsecured loan facility of \$1,250,000 with a 6% p.a. interest rate has been provided by a major shareholder. The loan is repayable on 31 January 2023 or such later date as agreed by the parties.

A separate unsecured loan facility of \$1,000,000 with a 6% p.a. interest rate has been provided by a shareholder. This loan is repayable on 31 January 2023 or such later date as agreed by the parties.

**Financing arrangements**

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

	Consolidated	
	31 Dec 2021	30 June 2021
	\$	\$
<b>Total facilities</b>		
Shareholder loans	2,250,000	2,250,000
	<b>2,250,000</b>	<b>2,250,000</b>
<b>Used at the reporting date</b>		
Shareholder loans	2,250,000	2,250,000
	<b>2,250,000</b>	<b>2,250,000</b>
<b>Unused at the reporting date</b>		
Shareholder loans	-	-
	<b>-</b>	<b>-</b>

## 11 Derivative liability

In December 2019, 8,000,000 warrant shares were issued to Pure Asset Management as interest consideration on the borrowings. The warrants have an exercise price of \$0.30 and expiry date of 17 December 2023.

The fair value of the embedded derivative liability was determined using the Black-Scholes model using the following inputs as at 31 December 2021:

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 June 2021</b>
Share price at measurement date	\$0.125	\$0.185
Expected volatility	133.42%	110.00%
Dividend yield	0.00%	0.00%
Risk-free interest rate	0.22%	0.83%
Carrying amount of liability	<u>\$488,669</u>	<u>\$770,910</u>

## 12 Leasing

The consolidated entity leases an office building. The lease liability is secured by the related underlying right-of-use asset. The maturity analysis at 31 December 2021 was as follows:

	<b>Maturity analysis</b>			
	<b>Within one year</b>	<b>One to five years</b>	<b>After five years</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>31 December 2021</b>				
Lease payments	<u>965,976</u>	<u>3,085,912</u>	<u>-</u>	<u>4,051,888</u>

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 June 2021</b>
<b>Lease liabilities</b>	<b>\$</b>	<b>\$</b>
Current	664,339	637,184
Non-current	<u>2,651,045</u>	<u>3,086,770</u>
	<u><b>3,315,384</b></u>	<u><b>3,723,954</b></u>

During the period ended 31 December 2021 the consolidated entity and its landlord agreed to the following rent concessions as a direct consequence of the COVID-19 pandemic:

- a) for the period from 28 July 2021 to 31 October 2021, 31.5% of the rent is deferred and 31.5% of the rent is waived; and
- b) for the period from 1 November 2021 to 15 January 2022, 12.0% of the rent is deferred and 12.0% of the rent is waived;

The deferred rent is payable in equal monthly instalments during the period from 1 February 2022 to 31 December 2025.

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

	<b>Property</b>
	<b>\$</b>
Right-of-use assets	2,999,477
Amortisation	(1,153,645)
	<u><b>1,845,832</b></u>

### 13 Issued capital

	Consolidated			
	31 Dec 2021	30 June 2021	31 Dec 2021	30 June 2021
	Shares	Shares	\$	\$
<b>Ordinary shares - fully paid</b>	<b>164,800,111</b>	<b>162,815,530</b>	<b>95,763,468</b>	<b>95,402,178</b>
<i>Movements in ordinary share capital</i>				
	Date	Shares	Issue price	\$
Balance	1-Jul-21	162,815,530		95,402,178
Issue of shares under option	28-Jul-21	1,184	\$0.120	142
Issue of shares under option	3-Aug-21	316,668	\$0.120	38,000
Issue of shares under option	20-Aug-21	8,917	\$0.120	1,070
Issue of shares as part of commercial arrangement	14-Sep-21	1,000,000	\$0.150	150,000
Issue of shares to employees under company's LTIP	16-Sep-21	25,000	\$0.337	8,427
Issue of shares to employees under company's LTIP	26-Nov-21	14,062	\$0.337	4,741
Issue of shares to KMP	26-Nov-21	468,750	\$0.266	124,531
Issue of shares to KMP	30-Nov-21	150,000	\$0.275	41,250
Share issue transaction costs				(6,871)
Balance	31-Dec-21	<b>164,800,111</b>		<b>95,763,468</b>

### 14 Equity - reserves

	Consolidated	
	31 Dec 2021	30 June 2021
	\$	\$
Share based payments reserve	304,089	454,814
Contingent consideration equity reserve	1,320,000	1,320,000
Foreign currency translation reserve	(4,103)	(1,909)
	<b>1,619,986</b>	<b>1,772,905</b>

#### **Contingent consideration equity reserve**

The reserve records contingent equity consideration for the acquisition of the Asia Pacific distribution rights for the AngelMed Guardian System. The contingent consideration is made up of both cash payments (refer to Note 9) and equity issues. The equity contingent consideration component meets the definition of an equity as it is expected to be settled in a fixed number of shares.

#### **Movement in reserves**

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

	Contingent consideration equity reserve	Share based payments reserve	Foreign currency translation reserve	Total Reserves
	\$	\$	\$	\$
Balance at 30 June 2021	1,320,000	454,814	(1,909)	1,772,905
Share based payments	-	47,820	-	47,820
Removing expired Performance Rights / Options	-	(22,526)	-	(22,526)
Performance rights / Options exercised	-	(176,019)	-	(176,019)
Movement in functional currency of foreign operations	-	-	(2,194)	(2,194)
Balance at 31 December 2021	<b>1,320,000</b>	<b>304,089</b>	<b>(4,103)</b>	<b>1,619,986</b>



15 Earnings per share

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
Loss after income tax attributable to the owners of Hydrix Limited	(2,404,457)	(4,824,022)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	163,810,388	123,491,013
Anti-dilutive shares excluded from weighted average number of ordinary shares:		
Options over ordinary shares	20,504,050	21,457,116
Warrant shares	8,000,000	8,000,000
Contingent equity consideration	12,000,000	12,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	163,810,388	123,491,013
	Cents	Cents
Basic and diluted loss per share	(1.47)	(3.91)

In addition to the 1,539,969 non-quoted options issued under the LTIP (refer to Note 16) the following HYDO options were in existence during the half-year:

Grant	Expiry date	Exercise price	Balance at the	Options	Options	Options	Balance at the
30-Jul-20	31-Jul-22	\$0.120	5,776,859	-	326,769	-	5,450,090
31-Jul-20	31-Jul-22	\$0.120	8,847,325	-	-	-	8,847,325
18-Sep-20	31-Jul-22	\$0.120	4,666,666	-	-	-	4,666,666
			<b>19,290,850</b>	<b>-</b>	<b>326,769</b>	<b>-</b>	<b>18,964,081</b>

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

## 16 Share-based payments

On 26th November 2021 468,750 shares were issued to key management personnel with a total fair value of \$124,531. A further issue of 150,000 shares with a total fair value of \$41,250 was made to key management personnel on 30 November 2021 as identified in the issued capital disclosure (refer to note 13).

### Recognised share-based payment expenses

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

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
Expenses arising from equity-settled share-based payment transactions	47,820	220,580

### 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 half-year:

Grant	Expiry date	Exercise price	Balance at the start of the half-year	Options granted	Options exercised	Options expired/ forfeited	Balance at the end of the half-year
9-Mar-20	30-Jun-25	\$0.290	535,315	-	-	44,516	490,799
8-Sep-20	30-Jun-25	\$0.075	654,737	-	-	97,442	557,295
2-Oct-20	30-Jun-25	\$0.075	555,937	-	39,062	25,000	491,875
			<b>1,745,989</b>	<b>-</b>	<b>39,062</b>	<b>166,958</b>	<b>1,539,969</b>

The following performance rights were in existence during the half-year:

Grant date	Vesting date	Exercise price	Balance at the start of the half-year	Performance rights granted	Performance rights exercised	Performance rights expired/ lapsed	Balance at the end of the half-year
17-Dec-19	30-Jun-21	\$0.00	250,000	-	250,000	-	-
17-Dec-19	30-Jun-21	\$0.00	150,000	-	150,000	-	-
17-Dec-20	30-Jun-21	\$0.00	250,000	-	218,750	31,250	-
17-Dec-20	30-Jun-22	\$0.00	250,000	-	-	-	250,000
			<b>900,000</b>	<b>-</b>	<b>618,750</b>	<b>31,250</b>	<b>250,000</b>

## 17 Contingent liabilities

The consolidated entity had no contingent liabilities as at 31 December 2021 (2020: nil).

## 18 Events after the reporting period

On 28 February 2022 the consolidated entity raised \$2,828,000 through a Placement offer to sophisticated and high net worth investors issuing 28,280,000 shares of new common stock, with 1 for 1 attaching Options or 28,280,000 Options. The strike price of each Option is \$0.18 per share with an expiration date of 31 March 2024. The issue of 6,000,000 shares to related parties and all 28,280,000 Options under the Placement are subject to shareholder approval, which will be sought at an extraordinary meeting in March 2022.

**Hydrix Limited**  
**Directors' Declaration**  
**31 December 2021**

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date;
- there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



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Mr Gavin Coote  
**Executive Chairman**  
28 February 2022  
Melbourne

# Independent Auditor's Review Report

## To the Members of Hydrix Limited

### Report on the review of the half-year financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of Hydrix Limited (the Company) and its subsidiaries (the Consolidated Entity), which comprises the consolidated statement of financial position as at 31 December 2021, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Hydrix Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Hydrix Limited's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a net loss before tax of \$2,404,457 and reported cash used in operations of \$3,474,012 during the half year ended 31 December 2021 and the Consolidated Entity's current liabilities exceeded its current assets by \$2,376,183 as at 31 December 2021. As stated in Note 1, 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 conclusion is not modified in respect of this matter.

### Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



A C Pitts  
Partner – Audit & Assurance

Melbourne, 28 February 2022