



## ASX Announcement

30 August 2024

### Preliminary Final Report & Market Update

Strong international sales progress. Reduced annualised operating cost base. Retaining sufficient spare billable capacity to support anticipated revenue growth.

**Hydrix Limited** ('Hydrix' or 'the **Company**') (ASX: **HYD**) today released its Appendix 4E and Preliminary Final Report for the year ending 30 June 2024 and provides the following **Market Update**.

#### FY2024 Financial Highlights (Unaudited)

- Significant progress building and converting Hydrix Services sales opportunity pipeline:
  - Revenues for the year were **\$10.6m** (-19% pcp) impacted by client funding challenges, budget constraints, delayed commencements, and completing / delivering client programs
  - **73%** revenues from Europe and the USA, demonstrates excellent progress with the strategy to grow international revenues (up from **57%** pcp) and 4-fold increase since FY2021
  - **5-unit** sales of our proprietary LUDO mechanical heart controllers to clients developing technologies to support people suffering from end stage heart failure
  - Approximately **\$40m** future revenue potential from 15 currently contracting clients
- Hydrix Medical sales opportunity pipeline **more than \$2.5m** annual recurring revenues from remote cardiac patient monitoring cloud-based software (licensed from Implicity)
- Group cashflows and capital structure:
  - **\$0.9m** cash on hand on 30 June 2024, customer receipts for the year were **\$12.3m**
  - **\$1.9m** net cash used in operating activities a **31%** improvement to the pcp (**\$2.7m** FY23)
  - Anticipated revenue growth is reliant on a small number of key sales conversions and client projects continuing / commencing on-time. Sufficient spare billable capacity has been retained to support this growth, despite recent actions to reduce annualised cash operating costs by **\$1.7m**
- The Group recorded a loss from ordinary activities after tax of **\$9.6m** which included non-cash items and non-recurring expense provisions of **\$4.2m**.



## Review of operations

**Hydrix Services** continues to make strong progress expanding its global medtech client footprint with successive year increases in international cardiac and medtech revenues. In FY24, 73% of revenues came from international clients up from 57% the prior year, and 93% from cardiac and medtech clients up from 84% the prior year. International revenues have increased more than 4x since FY21 and are the growth engine for Services.

Hydrix has a strategic capability developing Class III active implantable medical devices including cardiovascular technologies. These high-risk devices are intended to be implanted in the human body for extended periods which undergo strict regulatory controls and rigorous testing to ensure safety and effectiveness. For example, the five sales of Hydrix developed and owned LUDO units to medtech clients developing total replacement and assistive heart technologies, affirm our technical capability, experience and professionalism, and we anticipate these unit sales will lead to future fee-for-service projects.

Of FY24 revenues, 42% came from clients developing cardiovascular technologies and there are a significant number of high value opportunities in the sales pipeline. Five of the more significant revenue producing clients during FY24 delivered revenues of \$7.25m:

Region	Sector	Client product under development
USA	Cardiac	A remotely operated robot system to safely guide catheters during endovascular interventions
Europe	Cardiac	A Left Ventricular Assist Device (LVAD)
Europe	Cardiac	A Total Artificial Heart device
Europe	Medtech	A wound therapy device
Australia	Medtech	A non-invasive continuous monitor to detect brain hypoxia

**Hydrix Medical** continues to actively advance its sales opportunity pipeline to more than \$2.5m in annual recurring revenues for its remote cardiac patient monitoring cloud Software-as-a-Service (SaaS) (licensed from Implicity) in Australia, Singapore and New Zealand.

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

Management reviewed the fair value of the rights to distribute Avertix Medical's Guardian product. Taking into consideration sales during the past two years, management deemed it prudent to recognise a further \$1.3 million provision for impairment at 30 June 2024, in addition to the \$1.2 million provision recognised in the 31 December 2023 half year accounts. The fair value has been provisioned down to a Nil value. The business has successfully achieved Regulatory approvals to market and distribute the Guardian in Singapore, Malaysia and Thailand which to date has resulted in 8 sales and implants in Singapore.



Management is actively pursuing reimbursement for the device and the procedure in Singapore and is also exploring other strategic initiatives to unlock value.

**Hydrix Ventures** ended the year with a \$3.35 million asset book value, down from \$5.1 million in the prior comparative period. The book value investment in Avertix Medical was reduced by A\$1.75 million (down to A\$0.14 million) to reflect the updated valuation of Avertix Medical after its recent Series C capital raise (ASX announcement 13 August 2024).

**Hydrix Executive Chairman, Gavin Coote, commented:**

*“Winning several key and respected international medtech clients who are aiming to improve global health is extremely rewarding. Engaging Hydrix in multi-million-dollar new product developments endorses Hydrix capability and reputation, and broadens our global reach.*

*“One of Hydrix Services points of difference is its globally recognised expertise supporting client developments of implantable cardiovascular technologies. Achieving five sales of Hydrix’ developed LUDO cardiac controller technology seeds future multi-million-dollar product development opportunities.*

*“Hydrix Medical made strong progress developing a significant annual recurring revenue opportunity pipeline for its remote patient monitoring software being distributed under License (from Implicity, announced in May 2023).*

*“We continue to balance short term impacts to cash flows from maintaining sufficient capacity and capability to grow sales and meet emerging client demands.”*

Ends ----

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

**Company Enquiries:**

Gavin Coote - Executive Chairman  
[info@hydrix.com](mailto:info@hydrix.com)  
+61 3 9550 8100

**Corporate Advisory Enquiries:**

Matthew Baker – Corporate Adviser, Blue Ocean Equities  
[MatthewBaker@boeq.com.au](mailto:MatthewBaker@boeq.com.au)  
+61 418 830 064

**Media Enquires:**

Rod North - Managing Director, Bourse Communications  
[rod@boursecommunications.com.au](mailto:rod@boursecommunications.com.au)  
+61 3 9510 8309



### About Hydrix Limited

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

For personal use only