

Commercial arrangement between Hydrix and Memphasys

Hydrix Services Pty Ltd ("**Hydrix Services**"), a wholly owned subsidiary of Hydrix Limited (ASX: HYD) (**Hydrix**), advises that it has reached a commercial arrangement with its long term client Memphasys Limited (**Memphasys**), in resolution of a product design matter raised by Memphasys relating to the 'Felix' device.

The product design matter was identified in March 2021 during the validation testing phase. Since that time, the two companies have continued to collaborate in good faith to promptly rectify the design issue. Product changes have since been fully re-verified, and Memphasys is now working through the validation process. Pleasingly, recent additional clinical data collected show changes to the upgraded device improve functionality.

As long-term commercial partners, Hydrix and Memphasys have been committed to achieving a mutually beneficial outcome to resolve the product design matter, in a manner that promotes an ongoing conducive working relationship and continues to align their respective interests. Accordingly, the two companies have agreed, without admission of liability by either party, to resolve the identified design matter on the following commercial terms:

- (a) Hydrix Services has agreed to reimburse Memphasys for its direct costs incurred in rectifying the design issue, in the amount of \$500,000;
- (b) Hydrix has agreed to issue Memphasys with 1,000,000 fully paid ordinary shares in the capital of Hydrix, for nil cash consideration;
- (c) Memphasys has agreed to issue Hydrix with 3,000,000 options in the capital of Memphasys, for nil cash consideration. The options will each be exercisable into a fully paid Memphasys ordinary share, at an exercise price of \$0.10 cents, with a 2-year expiry date; and
- (d) Hydrix Services and Memphasys have provided full mutual releases to each other in respect of any matters arising under the relevant services agreement, including the identified design matter.

Hydrix believes that the cross-ownership arrangements will serve to reinforce the alignment of commercial interests between the two companies. Hydrix is confident that this arrangement provides a solid platform for our ongoing collaboration.

-ENDS

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

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About Hydrix Limited

Hydrix Limited (ASX: HYD) is a powerful product innovation company. Hydrix purpose is to enhance the health, safety, and wellbeing of one Billion lives. The company leverages its powerful product innovation capability across multiple growth platforms: **Hydrix Services** design and engineer client products which transform industries; **Hydrix Ventures** generate equity returns through investing in high potential companies; and **Hydrix Medical** bring innovative medical technologies to market.