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ASX Announcement
18 May 2026

Hydrix launches Accelerated Pro-Rata Renounceable Entitlement Offer to Strengthen Balance Sheet

- Hydrix announces a **6-for-1 accelerated pro-rata renounceable entitlement offer** at **$0.005 per Share** to eligible shareholders to raise up to approximately **$8.18m** (before costs), together with 1 free attaching Option (exercisable at $0.01, expiring 30 June 2029) for every Share issued.
- Assuming maximum subscription, **net proceeds** will be used to retire debt and operating liabilities totalling **$4.79m**; with balance to be used as working capital to support operations and drive growth and investment initiatives aligned to Hydrix's increasing focus on defence technology.
- Hydrix is also seeking to convert up to **$5.435m** of convertible note debt and Director loans into equity on the same terms as the Entitlement Offer to **further strengthen its balance sheet**.

Hydrix Limited (ASX: **HYD**) (**Company** or **Hydrix**) announces an accelerated pro-rata renounceable entitlement offer to raise up to $8.18 million (before costs) (**Entitlement Offer**) to strengthen the Company's balance sheet and support its working capital requirements.

Entitlement Offer

The Entitlement Offer is an offer to eligible shareholders of 6 new fully paid ordinary shares (**Shares**) for every 1 Share held on Wednesday 20 May 2026 at 7.00pm (AEST) (**Record Date**), at an offer price of $0.005 per new Share (**Offer Price**), together with 1 free attaching Option (exercisable at $0.01 per Option and expiring 30 June 2029) (**Attaching Option**) for every Share issued. The Company intends to apply to ASX for quotation of the Attaching Options.

The Company has appointed Peak Asset Management Pty Ltd as the Lead Manager to the Entitlement Offer. The Entitlement Offer is not underwritten.

The Offer Price of $0.005 per Share represents a discount of:

- 61.54% to the closing price of $0.013 per Share on 13 May 2026 (being the last day before the Company entered into a trading halt in connection with the Entitlement Offer); and
- 18.60% to the theoretical ex-rights price (**TERP**)[1] of $0.0061.

If the Entitlement Offer is fully subscribed, the Company will raise $8.183 million (before costs) through the issue of 1,636,613,082 Shares. The Entitlement Offer comprises an accelerated institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

The Entitlement Offer is renounceable, however there will be no ASX trading of the rights and the rights are not transferable. Any rights not taken up in either the Institutional Entitlement Offer or the Retail Entitlement Offer will be sold via a bookbuild at the completion of each component of the Entitlement Offer. If the price of the rights and underlying New Shares offered for sale in the bookbuilds clears at a price above the Offer Price, the net proceeds will be remitted to ineligible and renouncing shareholders.

[1] TERP is the theoretical ex-rights price at which the Company's Shares should trade immediately after the ex-date of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which the Company's shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the Company's closing price of $0.013 per Share on 13 May 2026 (being the last day before the Company entered into a trading halt in connection with the Entitlement Offer) and assumes that the Entitlement Offer is fully subscribed and no other Shares are issued.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which opens on Monday 18 May 2026.

Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their entitlements. Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold through an institutional shortfall bookbuild process managed by the Lead Manager on Tuesday 19 May 2026, and any proceeds in excess of the Offer Price will be paid to the relevant shareholders (net of any withholding tax and expenses).

Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date of 7.00pm (AEST) on Wednesday 20 May 2026 will be entitled to participate in the Retail Entitlement Offer at the same Offer Price as the Institutional Entitlement Offer ($0.005 per new Share). The Retail Entitlement Offer will open on Monday 25 May 2026.

Eligible retail shareholders have two options under the Retail Entitlement Offer:

- elect to take up all or part of their entitlements by the Retail Entitlement Offer closing date of 5:00pm (AEST) on Friday 5 June 2026; or
- do nothing and let their entitlements be offered for sale through the retail shortfall bookbuild process managed by the Lead Manager, with any proceeds in excess of the Offer Price paid to the relevant shareholders (net of any withholding tax and expenses).

Entitlements that would otherwise be offered to ineligible retail shareholders will be sold through a retail shortfall bookbuild between Wednesday 10 June and Monday 15 June 2026, and any proceeds in excess of the Offer Price will be paid to the relevant shareholders (net of any withholding tax and expenses).

Shareholders with a registered address outside Australia or New Zealand on the Record Date are ineligible to participate in the Retail Entitlement Offer.

Further details of the Entitlement Offer are set out in the prospectus lodged with ASIC and ASX on Monday 18 May 2026 (**Prospectus**) and which will be sent eligible retail shareholders in accordance with the indicative timetable below.

Use of funds

Assuming maximum subscription under the Entitlement Offer, the Company intends to apply the funds as follows:

Use of funds	**Amount ($ million)**
Expenses of the Offers	0.78
Retirement of debt and operating liabilities	4.79
Support delivery of current programs and general working capital, including to provide flexibility for disciplined growth and investment initiatives aligned to Hydrix's increasing focus on defence technology	2.61
Total	**8.18**

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Debt conversion offers

In parallel with the Entitlement Offer, Hydrix is seeking to convert up to $5.435m of convertible note debt and Director loans into equity on the same terms as the Entitlement Offer, to further strengthen and recapitalise the Company's balance sheet. Accordingly, the Prospectus also contains the following offers:

- **Note Conversion Offer**: an offer of up to 584,400,000 new Shares (at a conversion price equal to the Offer Price of $0.005 Share) to holders of convertible notes, in conversion of up to $2.922 million of convertible note debt, together with 1 free Attaching Option on the same terms as those under the Entitlement Offer (exercisable at $0.01 per Option and expiring 30 June 2029) for every conversion Share issued.

- **Director Loan Conversion Offer**: an offer of up to 502,500,000 new Shares to retire up to $2.513 million in loans provided to Hydrix by the Directors (at the same conversion price of $0.005 per Share), together with 1 free Attaching Option on the same terms as those under the Entitlement Offer (exercisable at $0.01 per Option and expiring 30 June 2029) for every conversion Share issued.

The conversion of debt under the Note Conversion Offer and Director Loan Conversion Offer is subject to the Company raising a minimum of $4 million under the Entitlement Offer. The issues of securities under those offers are also subject to shareholder approval, which the Company intends to seek at a general meeting around mid-July 2026 (**EGM**).

Broker offers

Under the Lead Manager mandate agreement, the Lead Manager is entitled to receive a fee of 6% of the gross proceeds raised under the Entitlement Offer, and the following equity-based success fees subject to a minimum amount of $8 million being raised under Entitlement Offer:

- 1 Option (on the same terms as the Attaching Options) for every 10.910753 new Shares (with fractional entitlements to an Option rounded down) issued under Entitlement Offer shortfall (including under the institutional and retail shortfall bookbuilds), subject to an overriding cap of 150 million Options (50% of these Options will be escrowed for 12 months from their issue date); and

- 25 million Shares (50% of these Shares will be escrowed for 12 months from their issue date).

The Prospectus contains offers to the Lead Manager for those Options and Shares. The issue of those Options and Shares is also subject to shareholder approval, which the Company intends to seek at the EGM.

Effect of offers on capital structure

The effect of the Offers on the capital structure of the Company, assuming the maximum number of new Shares and Options are issued pursuant to each of the Offers, is as follows:

	Shares	**Options**	**Performance Rights**	**Convertible Notes**
Securities on issue as at the date of this announcement	272,768,847	3,599,665	10,400,000	2,922,000
Maximum securities to be issued under Entitlement Offer	1,636,613,082	1,636,613,082	Nil	Nil
Maximum securities to be issued under Note Conversion Offer	584,400,000	584,400,000	Nil	(2,922,000)
Maximum securities to be issued under Director Loan Conversion Offer	502,500,000	502,500,000	Nil	Nil
Maximum securities to be issued under Broker Offers	25,000,000	150,000,000	Nil	Nil
Total	**3,021,281,929**	**2,877,112,747**	**10,400,000**	**0**

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Indicative timetable for Entitlement Offer

Event	Date (2026)
Trading Halt commences	Before 10.00am (AEST) Thursday 14 May
Announcement of Entitlement Offer. Prospectus lodged with ASIC and ASX. Appendix 3B lodged with ASX	Before 12.00pm (AEST) Monday 18 May
Company conducts Institutional Entitlement Offer and (if applicable) bookbuild for shortfall from Institutional Entitlement Offer	Monday 18 May 2026 to Wednesday 20 May
Announcement of Institutional Entitlement Offer results	Before 10.00am (AEST) Wednesday 20 May (before the resumption of trading following the trading halt)
Trading resumes on an ex-entitlement basis. Ex-date (date from which Shares begin trading without the right to participate in the Retail Entitlement Offer)	Before 10.00am (AEST) Wednesday 20 May
Record Date to identify Shareholders entitled to participate in the Entitlement Offer	7.00pm (AEST) on Wednesday 20 May
Prospectus and Entitlement & Acceptance Forms sent to Eligible Retail Shareholders. Announcement of despatch to Eligible Retail Shareholders	Monday 25 May
Retail Entitlement Offer opens	Monday 25 May
Securities (Shares and attaching Options) issued under the Institutional Entitlement Offer. Lodgement of Appendix 2A with ASX applying for quotation of Shares and attaching Options	Before 12.00pm (AEST) Tuesday 26 May
Last day to extend the Closing Date for Retail Entitlement Offer	Before 12.00pm (AEST) on Tuesday 2 June
Retail Entitlement Offer closes	5.00pm (AEST) on Friday 5 June
Announcement of Retail Entitlement Offer results	Wednesday 10 June
Bookbuild for any shortfall from Retail Entitlement Offer (if applicable)	Wednesday 10 June to Monday 15 June
Announcement of Retail Bookbuild results	Tuesday 16 June
Securities (Shares and attaching Options) issued under the Retail Entitlement Offer. Lodgement of Appendix 2A with ASX applying for quotation of Shares and attaching Options	Before 12.00pm (AEST) on Thursday 18 June
EGM to seek Shareholder approvals in connection with Broker Offers and Conversion Offers	Mid-July

* The above timetable is indicative only and may change. The Company reserves the right to amend any and all of the above dates without notice (including, without limitation, subject to the Listing Rules and the Corporations Act, to close one or more of the Offers early, to extend the Closing Date of one or more of the Offers, to accept late Applications (either generally or in particular cases) or to cancel one or more of the Offers before New Securities are issued by the Company).

Further information and application instructions for the Offers, as well as the risks associated with investing in the Company are detailed in the Prospectus, which you should read carefully and in its entirety. If you have any questions in respect of the Offers or the Prospectus, please contact the Company at info@hydrixltd.com. For other questions, you should consult your broker, lawyer, accountant, financial adviser, or other professional adviser.

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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) operates across mission-critical and safety-critical technology markets through three business segments: Services, providing advanced embedded systems engineering and product development across medtech and defence sectors; Ventures, investing in aligned technology companies; and Medical, focused on bringing innovative cardiovascular and connected healthcare technologies to market. www.hydrixltd.com

Hydrix Services is a wholly owned subsidiary of Hydrix Limited. www.hydrix.com.

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