



ASX Announcement

20 May 2026

Hydrix raises \$3.89M and converts debt, strengthening operating flexibility to drive Defence-tech expansion

- **Raised \$3.89M** under Institutional Entitlement Offer, including under the Institutional Shortfall Bookbuild with strong demand from new institutional and family office investors
- **Strategic inflection point:** Hydrix recently signed a **binding \$1.2M contract** with **NIOA Group** to support the development of C-UAS technologies --- an **explicit Australian Defence Force priority**
 - **NIOA** is a global munitions and energetics manufacturing company, operating across four countries plus a distribution network spanning 75 US State Department-approved countries
 - Contract provides **expansion platform** for Hydrix's **mission-critical** engineering capability
- **\$8.18M Entitlement Offer:** accelerated renounceable entitlement offer to eligible shareholders announced Monday **18 May 2026**
 - To raise up to **\$8.18M**, on the basis of **6 Shares** (at an issue price of **\$0.005** per Share) for every 1 Share held on the Record Date, together with **1 free attaching Option** for every Share issued (exercisable at **\$0.01** per Option expiring 30 June 2029)
 - If the maximum number of Options is issued under all prospectus Offers, the exercise value is **\$28.7M**
- **Primary Use of Proceeds** if maximum raised: retire and paydown **\$4.79M** in debt and operating liabilities, and **\$2.61M** working capital to support operations and drive defence tech growth
- **Debt conversion:** To date, Directors and convertible Noteholders have agreed to convert **\$5.113m** of debt into equity on the same terms as the Entitlement Offer increasing operating flexibility

Hydrix Limited (ASX: HYD) (Hydrix or the Company) is pleased to advise it has successfully completed the institutional component of its \$8.183 million pro-rata accelerated renounceable entitlement offer (**Entitlement Offer**), announced on Monday 18 May 2026.

The institutional component closed on Tuesday 19 May 2026, and raised gross proceeds of \$3.89 million at the Entitlement Offer price of \$0.005 per Share. Melbourne boutique corporate adviser, Peak Asset Management (Peak) led the Bookbuild with strong demand from new institutional and family office investors.

The Retail component of the Entitlement Offer will open on Monday 25 May 2026, under which Hydrix is seeking to raise up to \$4.3 million. Entitlements not taken up will be sold through the Retail Shortfall Bookbuild on Wednesday 10 June 2026 which will be led by Peak.

The timing of the equity capital raisings and debt conversions reflects a strategic inflection point for Hydrix following the binding contract with the NIOA Group to support the development of counter-Uncrewed Aerial Systems (C-UAS) announced on 14 May 2026. The NIOA contract expands on Hydrix's Defence technology activities to support the development of sovereign counter-drone capability and validates Hydrix's expertise in mission-critical embedded electronics, software engineering and systems integration for advanced Defence applications.



The proceeds raised under the Entitlement Offer (if the maximum is raised) will retire and paydown \$4.79m in debt and operating liabilities, pay \$0.78m in costs of the Offer, and provide \$2.61m in working capital for ongoing operations, and disciplined investment initiatives aligned to Hydrix's increasing focus on Defence technology growth initiatives.

In addition to proceeds being raised, to date we have received written commitments from Directors and external convertible noteholders to convert \$5.113m of convertible note debt and loans into equity on the same terms as the Entitlement Offer.

The Board believes the equity capital raisings and debt conversion underpins the financial flexibility to support the execution of the Company's strategy to extract higher-value, and diversified and longer duration revenue streams.

Hydrix's core capability in safety-critical systems engineering for highly regulated environments has been developed over many years. In the safety critical MedTech sector, Hydrix Services has been instrumental in the development of vital control systems that support active implantable cardiac devices, including ventricular assist devices and total artificial hearts.

In parallel, Hydrix has progressively applied similar mission-critical systems engineering capability in Defence client technology programs for ruggedised environments, including counter-UAS related engineering, electronic warfare related systems, RF surveillance platforms, signal processing, power systems and directed energy high powered laser systems. These client programs require high-reliability embedded electronics, sensing technologies, autonomous systems support, and secure systems integration.

The Company intends to leverage its existing capability to expand participation in Defence Tech programs and selectively pursue opportunities in embedded intelligence and autonomy-enabling technologies to extend its engineering reach.

The global counter-UAS market is growing at ~25% CAGR; forecast to reach USD \$20.3B by 2030

The counter-UAS market is one of the fastest-growing segments in global defence valued at USD \$6.6 billion in 2025 and forecast to reach USD \$20.3 billion by 2030 at a CAGR of ~25% (Markets and Markets, 2025).

The war conflicts in the Ukraine and the Middle East demonstrate how small uncrewed aerial systems (sUAS) are being deployed tactically and strategically in conflicted zone environments. The development of counter-drone solutions such as kinetic effector payloads that NIOA and Hydrix are developing, are essential to sovereign defence capabilities, including Australia's ADF, to deter these increasing threats posed.

Australia is responding as evidenced in its 2026 National Defence Strategy with the recently announced A\$425B Integrated Investment Program to commit up to A\$7B specifically to counter-drone capability.



Hydrix Chairman & CEO, Gavin Coote, said:

“Our core capability lies in mission-critical, safety-critical embedded systems engineering; high barrier activities. Hydrix is one of few engineering companies globally with a track record in safety-critical embedded MedTech systems. This has been demonstrated through our role in developing safety critical control systems for active implantable cardiac devices such as total artificial hearts and LVAD devices and is now validated in Defence through our counter-UAS program with NIOA.

“The capital raising and debt conversion resets the balance sheet and supports expansion into sovereign capability programs, such as Defence, while continuing to build recurring revenue streams through licensing and distribution arrangements across multiple high-value sectors.

“We are executing on a strategy that has been building over a number of years. Hydrix has progressively expanded its presence across Defence technology programs over recent years, supporting clients in mission-critical electronics, embedded systems, sensing technologies, autonomous systems, and counter-UAS related development activities.

“We have achieved industry procurement certifications and clearances, hardened cyber-and physical security assets, and developed important relationships through attendance at various Industry trade and networking events.

“We are now actively expanding the uses and applications of our mission-critical design and engineering capability homed in the high reliability and highly regulated MedTech domain — with a view to increasingly monetising that capability through Defence programs, licensing and technology participation.

“We anticipate selectively pursuing opportunities linked to embedded intelligence and autonomy-enabling technologies where they align with our capability and provide potential to enhance long-term value in defence and medical applications; both regulated, high consequence environments.

“We see this as a natural evolution of the Hydrix model — leveraging a proven engineering capability to increasingly capture a greater share of the economic outcome across multiple high value sectors.”

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) 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

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