

23 May 2025

Annual General Meeting Chairman's Address

Welcome all to Hydrocarbon Dynamic Limited's 2025 Annual General Meeting.

2024 was another difficult year with limited sales and negative cashflows.

In response to the limited demand for HCD's products over several years, the board announced in March 2024 a re-structure of the business to reduce the cost base by \$800,000 per year while continuing to support HCD's agents and distributors.

From a cost cutting point of view the financial year recorded a reduction in cash costs from \$1.66m in 2023 to \$0.87m in 2024. This represents a cut of \$790,000 or 47%. The bulk of these cost saving came from director and employee payments (\$560,000), general/administration costs (\$116,000) and professional/contractor costs (\$91,000).

On a positive note, HCD has continued to receive repeat orders in Australia and Canada from large producers demonstrating the technical and commercial validity of HCD's technology.

New orders were received for product from HCD's Dubai based distributor with minor sales occurring in the USA. Successful test work continued with several producers and products though sales yet to eventuate. Frustratingly, long standing field tests in the Gulf of Mexico and the North Sea have not been concluded and have therefore not yet been converted to sales.

As discussed in recent quarterly reports, the Company has also focused on identifying and reviewing new investment and business ideas. The opportunities being reviewed are varied and include projects in the upstream oil and gas space, energy technologies, remote power generation and several not related to the energy industry.

In reviewing such opportunities, the board's focus has been on restoring shareholder value. Some of the opportunities would require shareholder and regulatory approvals as they would represent a change of business and/or scale of business. And while the board can give no guidance on when or if a transaction might occur, it remains a major focus.

In the meantime, HCD will continue to consider options to finance the Company and existing business through joint ventures, private equity and full or partial sale of the chemical business.

Stephen Mitchell - Chair

Approved for release by the Board of Directors

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