



# HYDROMER, INC

## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended  
March 31, 2023

Concord, NC



**HYDROMER, INC**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
For the nine-month period ended March 31, 2023  
(UNAUDITED)

	<b>3Q FY23</b>	<b>% to Sales</b>	<b>3Q FY22</b>	<b>% to Sales</b>	<i>Change</i>	<i>% Change</i>
<b>Revenues</b>						
Sale of products	\$ 1,099,544	37.5%	\$ 932,694	35.2%	\$ 166,850	17.9%
Services revenue	1,223,198	41.7%	1,180,296	44.6%	42,902	3.6%
Royalty and contracts revenue	610,937	20.8%	535,017	20.2%	75,920	14.2%
<b>Total revenues</b>	<b>2,933,679</b>	<b>100.0%</b>	<b>2,648,007</b>	<b>100.0%</b>	<b>285,672</b>	<b>10.8%</b>
<b>Expenses</b>						
Cost of sales	1,597,021	54.4%	1,468,807	55.5%	128,214	8.7%
Operating expenses	1,966,927	67.0%	2,634,681	99.5%	(667,754)	-25.3%
<b>Total expenses</b>	<b>3,563,948</b>	<b>121.5%</b>	<b>4,103,488</b>	<b>155.0%</b>	<b>(539,540)</b>	<b>-13.1%</b>
<b>Operating revenue/(loss)</b>	<b>(630,269)</b>	<b>-21.5%</b>	<b>(1,455,481)</b>	<b>-55.0%</b>	<b>825,212</b>	<b>-56.7%</b>
Other income/(expense)	7,854	0.3%	30,000	1.1%	(22,146)	(22,146)
<b>Total other income/(expense)</b>	<b>7,854</b>	<b>0.3%</b>	<b>30,000</b>	<b>1.1%</b>	<b>(22,146)</b>	<b>(22,146)</b>
<b>Income/(loss) from operations before income taxes</b>	<b>(622,415)</b>	<b>-21.2%</b>	<b>(1,425,481)</b>	<b>-53.8%</b>	<b>803,066</b>	<b>-56.3%</b>
Expense/(benefit) from income taxes	43,821	1.5%	(64,147)	-2.4%	107,968	-168.3%
<b>Net income/(loss)</b>	<b>\$ (666,236)</b>	<b>-22.7%</b>	<b>\$ (1,361,334)</b>	<b>-51.4%</b>	<b>\$ 695,098</b>	<b>-51.1%</b>
Basic and diluted loss from operations	\$ (0.14)		\$ (0.29)			
Net income attributable to common shareholders	\$ (0.14)		\$ (0.29)			
Weighted average number of common shares outstanding	4,772,318		4,772,318		-	0.0%



**HYDROMER, INC**  
**INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS**

(UNAUDITED)

	31-Mar-23	30-Jun-22	Change	% Change
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	275,499	14,274	261,225	1830.1%
Trade receivables, net of \$67K and \$32K of allowance for doubtful account as of Mar 31, 2023 and June 30, 2022, respectively.	549,912	692,832	(142,920)	-20.6%
Inventory (See Note 4)	104,920	212,333	(107,413)	-50.6%
Prepaid assets	4,632	-	4,632	0.0%
<b>Total current assets</b>	<b>934,963</b>	<b>919,439</b>	15,524	1.7%
Property and equipment, net (See Note 5)	938,691	1,515,269	(576,578)	-38.1%
Intangible assets, net (See Note 6)	193,461	219,207	(25,746)	-11.7%
Accrued income tax benefit (See Note 8)	235,823	235,823	-	0.0%
Other assets	-	-	-	0.0%
<b>Total assets</b>	<b>2,302,938</b>	<b>2,889,738</b>	(586,800)	-20.3%
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities				
Accounts payable	498,652	537,514	(38,862)	-7.2%
Accrued expenses (See Note 7)	1,648,836	1,530,538	118,298	7.7%
Accrued income tax liability	-	-	-	0.0%
Current portion of deferred revenue	-	-	-	0.0%
<b>Total current liabilities</b>	<b>2,147,488</b>	<b>2,068,052</b>	79,436	3.8%
SBA CARES Act Loans (See Note 9)	809,218	809,218	-	0.0%
Economic Diaster Act Loans (See Note 9)	159,315	159,315	-	0.0%
<b>Total long term liabilities</b>	<b>968,533</b>	<b>968,533</b>	-	0.0%
<b>Total liabilities</b>	<b>3,116,021</b>	<b>3,036,585</b>	79,436	2.6%
Stockholders' Equity				
Preferred stock - "No Par-Value" 1,000,000 shares authorized   0 shares issued   0 shares outstanding as of Sep 2021 and 2020	-	-	-	0.0%
Common stock - "No Par Value" 15,000,000 shares authorized   4,783,235 shares issued   4,772,318 shares outstanding as of Sep 2021 and 2020	3,721,815	3,721,815	-	0.0%
Contributed capital	633,150	633,150	-	0.0%
Retained earnings	(5,161,908)	(4,495,672)	(666,236)	14.8%
Treasury stock - at "Cost" 10,917 common shares	(6,140)	(6,140)	-	0.0%
<b>Total stockholders' equity</b>	<b>(813,083)</b>	<b>(146,847)</b>	(666,236)	453.7%
<b>Total liabilities and stockholders' equity</b>	<b>2,302,938</b>	<b>2,889,738</b>	(586,800)	-20.3%



**HYDROMER, INC**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the nine-month period ended March 31, 2023  
(UNAUDITED)

	3Q FY23	3Q FY22	Change	% Change
<b>Cash flows from operating activities</b>				
Net income	(666,236)	(1,361,334)	695,098	-51.1%
Adjustments for non-cash transactions				
Depreciation and amortization	602,323	(13,818)	616,141	-4459.0%
Allowance for doubtful accounts	(15,000)	123,478	(138,478)	-112.1%
<i>Changes operational working capital, excluding cash and debt</i>				
Trade receivables	157,920	88,035	69,885	79.4%
Inventory	107,413	(42,933)	150,346	-350.2%
Prepaid liabilities	(4,632)	-	(4,632)	0.0%
Accounts payable and accrued liabilities	79,437	1,153,440	(1,074,003)	-93.1%
Deferred revenue	-	19,851	(19,851)	-100.0%
Accrued income tax benefit/liability	-	100,053	(100,053)	-100.0%
Net cash flow provided by/(used in) operating activities	<b>261,225</b>	<b>66,772</b>	194,453	291.2%
<b>Cash flows from investing activities</b>				
Changes in property and equipment	-	(593)	593	-100.0%
Changes in intangible assets	-	-	-	0.0%
Changes in non-current assets/liabilities	-	-	-	0.0%
Net cash provided by/(used in) investing activities	-	<b>(593)</b>	593	-100.0%
<b>Cash flows from financing activities</b>				
Changes in dividends	-	-	-	0.0%
Changes in equity	-	-	-	0.0%
Net increase/(decrease) in cash and cash equivalents	<b>261,225</b>	<b>66,179</b>	195,046	294.7%
Cash and cash equivalents at the beginning of period	14,274	28,010	(13,736)	-49.0%
Cash and cash equivalents at the end of the period	275,499	94,189	181,310	192.5%

**Hydromer, Inc & Subsidiary**  
**Notes to the Consolidated Financial Statements**

**01. ORGANIZATION AND BASIS OF PRESENTATION**

***Nature of Operations***

Hydromer®, Inc & Subsidiary (the “Company”) is an ISO 9001:2015 leading global business-to-business (B2B) surface modification and coating solutions provider offering polymer research & development, and manufacturing services capabilities for a wide variety of applications. The Company is a U.S. public corporation domiciled in Concord, NC. Its customers are located across North and South America, Europe, the Middle East and Asia-Pacific.

The Company was established in 1980 and originally incorporated in New Jersey. The Company and its wholly owned subsidiary Biosearch Medical Products, Inc (“BMPI”) originally developed, manufactured, and marketed biomedical devices for enteral feeding applications. More recently BMPI serves as the Company’s surface modification coatings subsidiary for B2B medical device customers.

For over four decades, the Company has developed value-added solutions to serve businesses in domestic and international markets, in a wide range of industries.

Currently, the Company manages two distinct business segments: *Medical* and *Industrial*.

(i.) *Medical* Segment: The Company’s medical coatings support numerous specialized FDA approved medical devices and medical coatings that reduce insertion and withdrawal friction and potential trauma and markedly improve the performance of medical devices used in most anatomies of the human body. The Company serves customers in the complex cardiovascular and neurovascular catheter market as well as in gastrointestinal (GI) and urological medical device markets, among many others.

(ii.) *Industrial* Segment: The Company provides high-quality, customized anti-fog, anti-frost, and condensation-control coating solutions for a variety of applications on many substrates including, polycarbonate, glass, metal, and polyurethane. The Company markets this product portfolio in a range of

markets including, agricultural, appliances, aerospace, automotive, electronics, sensors, swim and ski goggles, face visors, etc.

The Company also offers many global B2B services such as coating services, research and development services and analytical testing. With its past experiences in so many challenging and complex environments, combined with recent breakthroughs in material science, the Company is more actively marketing and deriving fees in the area of Research and Development for other companies needing advances polymeric and surface modification know how and support.

The Company has successfully developed proprietary formulations and secured many patents worldwide at separate times throughout its history including, anti-microbial, anti-fog, anti-frost, condensation-controlling, hydrophilic and thromboresistant coatings. The Company’s track record of innovation has been an integral part of over four decades of sustainable revenues from product sales and services, royalties, and support agreements.

The Company’s securities are publicly traded on the OTCIQ pink sheets markets, under the symbol: *HYDI*.

***Basis of Presentation***

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the accounts of Hydromer’s wholly owned subsidiary, BMPI. All intercompany transactions have been eliminated.

As these are interim financial statements, they should be read in conjunction with the consolidated financial statements and notes included in our Annual Report for the fiscal year ended June 30, 2022. There were no significant changes to our significant accounting policies as disclosed in “Note 1 – Summary of Accounting Policies” included in our Annual Report for the fiscal year ended June 30, 2022.

**Hydromer, Inc & Subsidiary**  
**Notes to the Consolidated Financial Statements**

**02. BUSINESS SEGMENTS AND GEOGRAPHIC AREAS**

The Company's operating segments reflect its business structure, and the way financial information is regularly reviewed by the Company. Business segments are reported consistently with the amounts reflected in the consolidated financial statements.

The Company evaluates business segments by revenues, total expenses, and earnings before income taxes. The Company's assets are typically not reviewed by the business segment. The accounting policies of these segments are described in the Summary of Significant Accounting Policies. Corporate overhead is formed primarily of salaries and benefits of senior management, support services (accounting, legal, IT, human resources, purchasing), and other shared services (building maintenance and warehousing), and are reflected separately from the results of the business segments.

The Company's financial statements and results from operations are broken down into the Medical and Industrial business segments.

Medical segment: This business segment includes transactions derived from the following coatings: hydrophilic, anti-microbial, thrombo-resistant, one-step, cell growth, drug delivery, and primers. It includes transactions corresponding to the manufacturing and sale of products and services, including contract coating, research and development and analytical testing, royalties derived from those contracts; research and development efforts aimed at this technology and product line; and any other transactions within this product category.

The Company's line of products accounted for within the medical segment include Hydromer® hydrophilic medical device coatings, Hydromer® thromboresistant coatings, Hydromer® one-step coatings, Hydromer® cell-growth enhancing coatings, and Hydromer® primers.

Industrial segment: This business segment incorporates the Company's anti-fog, anti-frost, and condensation-control products. It includes transactions incorporating the manufacturing and sale of products and services, including contract

coating, analytical testing, and technology transfer. The segment also includes any royalties derived from those contracts (i.e., sales, services, support); research and development efforts targeted toward this technology and product line and any other transactions within this product category.

The Company's current line of products within the industrial segment includes Hydromer's Luxere™ anti-fog and condensation control coatings, Glacial™ anti-frost coating, Brillianz™ UV stable anti-fog and condensation control coating.

The Company's revenue is derived both internationally and domestically. The international portion of operations is focused in Europe and Asia and typically represents approximately 20% to 25% of total revenue.

**03. CONCENTRATION OF CREDIT & BUSINESS RISK**

The Company is exposed to additional credit and business risks due to its concentration of activity with certain parties. For example, at times throughout the year, the Company may maintain certain bank accounts more than FDIC insured limits.

The Company provides customers credit in the normal business course. Periodic credit evaluations of customers are performed, and allowances for doubtful accounts are based on factors surrounding the credit risk of those specific customers, historical trends, and other information. Credit risk was concentrated in two customers whose outstanding receivable balances accounted for 8% and 3%, respectively of total accounts receivable for the period ended March 31, 2023.

**Hydromer, Inc & Subsidiary**  
**Notes to the Consolidated Financial Statements**

**04. INVENTORY**

The inventory used in the Company's manufacturing process consists of:

'000 USD

	<u>Mar-23</u>	<u>Jun-22</u>
Raw materials	\$ 24	\$ 30
Work-in-progress	39	93
Finished goods	42	89
<b>Total inventory</b>	<b>\$ 105</b>	<b>\$ 212</b>

**05. PROPERTY AND EQUIPMENT**

The Company's property and equipment consist of the following assets:

'000 USD

	<u>Mar-23</u>	<u>Jun-22</u>
Machinery and equipment	\$ 2,062	\$ 2,062
Furniture and fixtures	284	284
Computer equipment	342	342
Leasehold improvements	1,975	1,975
<b>Total PP&amp;E, gross</b>	<b>4,663</b>	<b>4,663</b>
Total accum. deprec.	(3,724)	(3,148)
<b>Total PP&amp;E, net</b>	<b>\$ 939</b>	<b>\$ 1,515</b>

Total depreciation expense for the nine-month periods ended March 31, 2023, and 2022 was \$576K and \$589K respectively. Depreciation expense resulted in nearly the entire change in the value of net Property and Equipment since June 30, 2022.

**06. INTANGIBLE ASSETS**

The total net book value of the Company's intangible assets was \$193K and \$219K as of March 31, 2023, and June 30, 2022, respectively, as follows:

'000 USD

	<u>Mar-23</u>	<u>Jun-22</u>
Patents	\$793	\$793
Trademarks	43	43
<b>Total intangible assets</b>	<b>836</b>	<b>836</b>

Accumulated amortization	<u>(643)</u>	<u>(617)</u>
<b>Total intangible assets, net</b>	<b>\$193</b>	<b>\$219</b>

Amortization expense was \$26K and \$53K for the nine-month periods ended March 31, 2023, and 2022, respectively.

**07. OTHER CURRENT LIABILITIES**

Other Current Liabilities primarily includes deferred compensation, accrued payroll and benefit costs, accrued commissions, income taxes payable and other general expenses for which invoices have not been received. In addition, certain officers (COO/CFO) had provided several non-interest-bearing loans as needed and are included in this balance. As of March 31, 2023, and June 30, 2022, total other current liabilities were \$1.6M and \$1.5M, respectively.

**08. INCOME TAXES**

As of March 31, 2023 and June 30, 2022, the Company's income tax provision (benefit) was comprised of the following:

'000 USD

	<u>Federal</u>	<u>State</u>	<u>Total</u>
<i>Mar, 31, 2023</i>			
Current	\$ 127	\$ 34	\$ 161
Deferred	-	-	-
<b>Total</b>	<b>\$ 127</b>	<b>\$ 34</b>	<b>\$ 161</b>
<i>June 30, 2022</i>			
Current	\$ 199	\$ 37	\$ 236
Deferred	-	-	-
<b>Total</b>	<b>\$ 199</b>	<b>\$ 37</b>	<b>\$ 236</b>

The Company has not yet filed its corporate tax returns for the calendar years 2021 and 2022.

**09 LONG-TERM DEBT**

As of March 31, 2023, and June 30, 2022, the Company's long-term debt totaled \$969K as of both periods, respectively.

**Hydromer, Inc & Subsidiary**  
**Notes to the Consolidated Financial Statements**

	<u>Mar-23</u>	<u>Jun-22</u>
CARES Act Loan #1	\$ 350	\$ 350
CARES Act Loan #2	469	469
Economic Disaster Loan	150	150
<b>Total Long-Term Debt</b>	<b>\$ 969</b>	<b>\$ 969</b>

The Company obtained three separate loans through the Small Business Administration ("SBA") under the Coronavirus (COVID-19) Aid Relief and Economic Security ("CARES") Act and the Economic Disaster Loans - COVID-19 Relief Act. The loans were disbursed through fiscal year 2022 with no further amounts available. These proceeds of the loans were used in accordance with the Acts, and therefore are all eligible for forgiveness in accordance with those Acts. In April 2023, the Company obtained full forgiveness by the SBA of all principal and interest of both CARES Act loans totaling \$819K.

#### 10. STOCK OPTIONS AND AWARDS

On February 22, 2022, the board of directors approved an option plan that granted each director 2K fully vested options for each meeting attended, awarded at the annual meeting at the five-day market price average. There have been no stock option issuances since inception of the Plan as Directors waived their options earned in lieu of cash payments, of which no cash payments were made in fiscal periods 2023 and 2022.

At the 2020 Annual Shareholders Meeting, the Company shareholders ratified, via proxy voting, the The Board of Directors approved the Stock Option Plan of 400K common share options for issuances towards employment recruitment and incentives. In October 2020, the Board of Directors authorized 250K common share options for issuances to eight active employees at the strike price of \$0.87, which was the fair market value (FMV) of the common stock on the past 10 days average of January 1, 2021 (Grant date). The vesting period is three-periods in equal annual increments, starting on January 1, 2021. As of December 31, 2022, there were no common stock options outstanding.

#### 11. RETIREMENT PLAN

The Company sponsors a qualified 401K plan

covering substantially all full-time employees under which eligible employees can defer a portion of their annual compensation. The Company determines annually, the amount of matching contributions. There were no Company matching contributions made to the plan during the six-month periods ended December 31, 2022, or 2021.

#### 12. SUBSEQUENT EVENTS

As disclosed in Note 10, in April 2023, the Company obtained full forgiveness by the SBA of all principal and interest of both CARES Act loans totaling \$819K.

The Company evaluated the events and transactions after its March 31, 2023, balance sheet date and, in accordance with FASB ASC 855-10-50, *Subsequent Events*, determined there were no other significant events to report.

# Hydromer, Inc & Subsidiary

## Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management Discussion and Analysis should be read in connection with the Company's Annual Report as of June 30, 2022. In particular, the reader should refer to Section 1 - Changes in Accounting Standards and Section 2 - Risk Factors.

Since June 30, 2022, there have been no changes in the Significant Accounting Policies, nor have any additional material Risk Factors been identified.

Income Statement discussions are for comparable nine-month periods ended March 31, 2023, and 2022, respectively. Balance Sheet discussions are as of March 31, 2023, and June 30, 2022, the date of our most recent Annual Report.

### MANAGEMENT NOTES ON THE FINANCIAL STATEMENTS

#### 01. RECENT EVENTS AND TRENDS

During the third quarter ended March 31, 2023, the Company launched new prospecting efforts aimed at building opportunity pipeline and eventual growth in revenue. Significant outreach was made in contacting many past prospects and former customers. Additionally, new relationships were built with vital distributors in Asia. These efforts yielded new R&D project wins expected to advance to the FDA's Good Manufacturing Practices (GMP) production level in coming months. During the quarter ended March 31, 2023, Hydromer launched a coating services agreement with a cardiovascular company in which the Company is coating a Jacket Tube for a medical device incubator focused on addressing the unmet needs of the structural heart.

Certain global regulatory changes have also generated opportunities for the Company, including new Chinese regulations regarding the importation of solutions containing large percentage of certain solvents. Accordingly, a medical conglomerate for feeding catheters has entered into an R&D agreement with the Company to modify the Company's coating to fit within the revised regulations. This project progressed in the quarter and the Company made progress on alternative formulations. Additional revenue is anticipated to be realized from this effort in the fourth quarter.

The Company believes it has growth opportunities emerging from existing customers who now have matured their products and are closer to commercial selling and expanded use. For example, a company that designs and sells leading edge GI Endoscopy devices will soon transition from R&D to the FDA's Good Manufacturing Practices (GMP) production level.

On the industrial side two new R&D projects were launched. An American power tool manufacturer chose the Company to add a high performing anti-fog coating for one of its safety glass product lines. Secondly, an Industrial Design firm chose the Company to coat a full face mask with an anti-fog coating. This is a high-end product that could yield additional revenue in 2024. Early results on both projects are quite promising.

In January of 2023, Michael Torti joined the Company to assume the role as the new VP - Sales and Marketing. Mr. Torti initiated new Sales Outreach opportunities and plans to launch a digitally based, B2B prospecting campaign in Q4 to increase the Company's opportunity pipeline. Additionally, planned for Q4, is the pursuit of a new marketing partner to produce a new and highly optimized website.

On April 06, 2023 the Board of Directors removed Peter von Dyck as the Company's Chief Executive Officer. This was part of a larger corporate leadership restructuring to better the Company's economic and financial position in the coming years.

On April 25, 2023 the Board of Directors elected Michael E. Torti to the position of Chief Executive Officer.

In April 2023, the Company obtained full forgiveness by the SBA of all principal and interest of both CARES Act loans totaling \$819K as disclosed in Note 9 of the Interim Financial Statements.

#### 02. REVENUES (GROSS SALES)

The Company derives revenues from the manufacturing and sale of products, contract coating, Research and Development services and other services such as analytical testing and technology transfer support. Revenue also includes royalties, and sales and support agreements.

**Hydromer, Inc. & Subsidiary**  
**Management's Discussion and Analysis of Financial Condition and Results of Operations**

During the nine-month periods ended March 31, 2023, and 2022, the Company reported total gross revenues of \$2.934M and \$2.648M respectively, resulting in an increase of \$286K (10.8%).

	Q3 23	Q3 22
Product sales	\$1,100	\$933
Services income	1,223	1,180
Royalties	611	535
<b>Total revenues</b>	<b>\$ 2,934</b>	<b>\$ 2,648</b>

'000 USD

Revenues increased in Q3 2023 by approximately \$286K, due to primarily to (i) higher coating volumes from medical customers that had been adversely impacted by the COVID-19 pandemic and (ii) product sales to industrial customers. New customers and contracts contributed to the revenue growth, as well as general organic growth from existing customers.

In the nine-month periods ended March 31, 2023, and 2022, respectively, total revenue by geographical location was categorized as follows:

	<u>FY23</u>	<u>FY22</u>
Domestic	76%	79%
Foreign	24%	21%

### 03. PERSONNEL COSTS

Personnel costs include all compensation costs incurred in connection with all the applicable personnel of the Company, including all salary, commission, payroll taxes, and benefits.

During the nine-month periods ended March 31, 2023, and 2022, total employee costs were \$1.4M and \$1.9M, respectively, resulting in a decrease of \$489K (26%), attributed to the incorporating leaner operations and implementation of executive personnel's salary deferral/reduction measures.

### 04. FACILITIES AND OPERATIONS

Facilities and operations comprise all costs incurred to keep and manage the Company's manufacturing and administrative facilities, including rent, utilities, and repairs & maintenance, among others, and are reported within operating expenses. Total facilities and operations expenses incurred during the nine-month periods ended March 31, 2023, and 2022, were \$318K and \$350K, respectively, representing a decrease of \$32K (9%) resulting from the continuation of cost reduction measures implemented in 2022.

### 05. GENERAL EXPENSES AND OVERALL EXPENSE MANAGEMENT

The Company's general and administrative expenses during three-months ended March 31, 2023, and 2022, were \$221K and \$254K, respectively, representing a decrease of \$33K (13%). This is attributed to continued cost reduction measures implemented in 2022.

Management will continue to critically examine all operating expenses, including personnel, and all other overhead expenses to continue to improve operating and net margins.

### 06. WORKING CAPITAL

Inventory as of March 31, 2023, decreased \$107K since June 30, 2022, primarily due to the timing of sales/shipments and a continued easing in the supply chain pressures allowing for more predictability.

Accounts Receivable as of March 31, 2023, decreased \$143K since June 30, 2022 due to an increased focus on collection of certain royalty payments and other trade sales receivables.

Accounts payable as of March 31, 2023, decreased by \$39K since June 30, 2022, due to the timing of payments to suppliers and supplier mix and is not related to any material changes in payment terms.

### 07. SHAREHOLDERS EQUITY

**Hydromer, Inc. & Subsidiary**  
**Management's Discussion and Analysis of Financial Condition and Results of Operations**

Total Stockholders' Equity as of March 31, 2023, was (\$813K), with the only change from June 30, 2022, being the net loss of (\$666K) for the nine-month period ended March 31, 2023.

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