

Hydrix Limited

Hydrix brings technologies to life which enhance people's health, safety and well-being

Capital Raising Presentation
4 November 2019

ASX Release



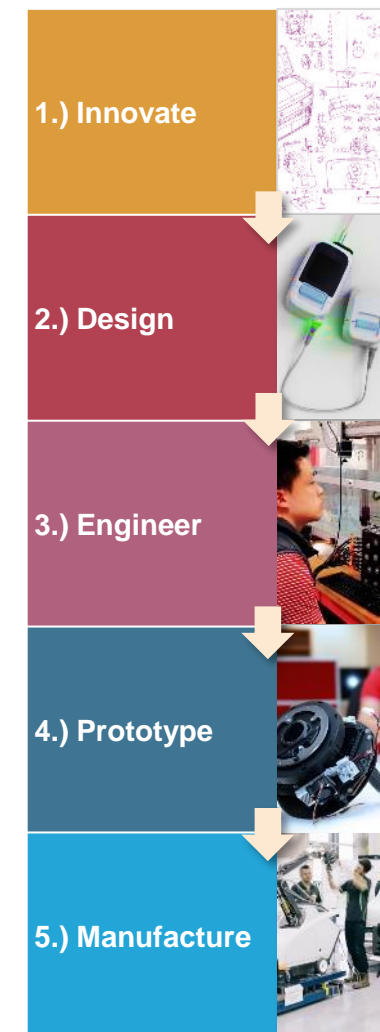
Investment Highlights – Continued Growth & Value Creation

- Growing global demand for Hydrix's engineering, regulatory & design services – built over a 15+ year track record
 - Recognised sector expertise in: Medical Technology, Consumer & Industrial and Defense & Aerospace
 - Trusted relationships with major global companies including Cochlear, Siemens and Chemring Group
- FY19 revenue of \$14.2m, up 149% yoy (FY18: \$5.7m), with \$30m+ pipeline of potential revenue from current projects
 - Recently secured services contract of up to \$3.0m over the next 12-18 months with AngelMed
 - Forecasting FY20 cash operating profit¹ and continued growth in revenue of 15%+
- Expanding 'Buy, Build & Invest' strategy to leverage the services business to generate long term, annuity revenue streams through ownership of product and/or technology (IP)
 - Recently acquired AngelMed distribution rights within eight countries in APAC (~\$15m+ revenue in 2022)

Placement & SPP

- Completed A\$2.5m Placement at \$0.029 per share via the issue of 86 million fully paid ordinary shares
- Share Purchase Plan (SPP) at the Placement price will be offered to eligible shareholders, capped at A\$1.0m
- The Placement and SPP along with the \$5.0m debt facility from PURE Asset Management, provides Hydrix a clear pathway to continue to grow the services business along with implement its Buy, Build, Invest strategy, whilst repaying shareholder loans and minimising shareholder dilution

¹ Cash operating profit is Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and Share-based payments for a full year and may vary on a quarterly basis.



Hydrix – a corporate snapshot

Major Shareholders ¹	Shares (m)	%
John W King Nominees & Associates	166.8	24.9%
Flet Superannuation Pty Ltd	31.9	4.8%
Kurrawonga Pty Ltd	19.4	2.9%
BNP Paribas Nominees (Acorn Capital)	15.0	2.2%
Goetzke Super Company	14.6	2.2%
Directors & CEO	23.4	3.5%
Top 20	332m	50%

Board & Senior Management	
Gavin Coote (GAICD)	Executive Chairman
Joanne Bryant	Non-Executive Director
Julie King (GAICD)	Non-Executive Director
Paul Wright (FAICD)	Non-Executive Director
Peter Lewis AM	Chief Executive Officer

1. Issued share capital as at 30 October 2019

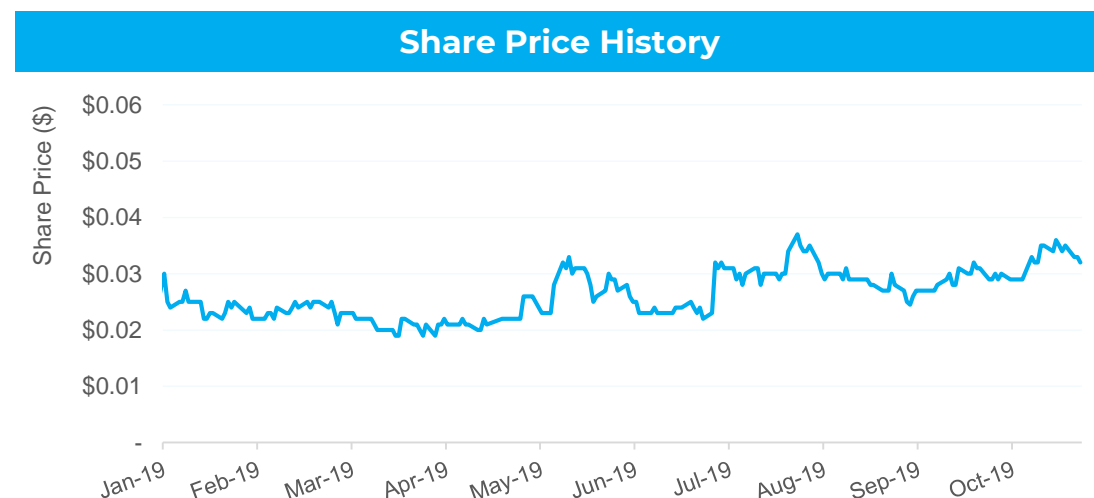
2. As at 30 October 2019

3. Assumes 86 million Placement shares issued (A\$2.5m), excludes any shares issued as part of SPP

4. Assumes Tranche 1 drawdown of \$4.0m and the repayment of \$3.0m of shareholder loans

Note: The Company proposes to undertake a 10:1 share consolidation following the AGM

Capital Structure (post transaction)	
Ticker	HYD
Share Price ²	\$0.032
Shares on Issue (m) ³	755.3
Options and Performance Rights (m)	36.3
Pure Asset Mgmt Warrants (m) ⁴	80.0
Market Capitalisation (diluted) (A\$m)	\$27.9m
Net Debt / (Cash) ^{3,4} (A\$m)	A\$2.3m



Hydrix unique value proposition is developing technologies that solve complex problems

Our core areas of expertise are within large addressable, global, high growth sectors

Medical Technology

- Cardiology
- Neurostimulation
- IVF
- Orthopedics
- Exoskeleton



Defence & Aerospace

- Simulation & training technology
- Information, surveillance and reconnaissance
- Specialised staff augmentation



Consumer & Industrial

- Utility meters
- Rail
- Mining



Selection of our Clients



Universal Biosensors



Cochlear®

SIEMENS

nanosonics
Infection Prevention. For Life.



LBT INNOVATIONS

MICRO-X

Chemring
Group

AngelMed
At the Heart of Prevention

Funding Package - Overview



Completed Placement & Debt Facility with a Share Purchase Plan to be offered to eligible shareholders

Placement (A\$2.5m)	<ul style="list-style-type: none">Completed A\$2.5m Placement to sophisticated and professional investors via the issue of 86 million fully paid ordinary shares ('Placement')The Placement was within the Company's existing placement capacity under ASX Listing Rules 7.1Offer price of A\$0.029 per share, represented a:<ul style="list-style-type: none">9.4% discount to the last close price of \$0.03213.5% discount to the 5-day VWAP of \$0.03416.7% discount to the 10-day VWAP of \$0.035Henslow was sole Lead Manager to the Placement
Share Purchase Plan	<ul style="list-style-type: none">Up to A\$1.0m Share Purchase Plan (SPP) allowing eligible shareholders (as at the record date) the opportunity to purchase new shares up to a maximum of A\$30,000 at the Placement offer price (\$0.029 per share)An SPP offer booklet containing further details will be sent to eligible shareholders in due courseThe SPP is capped and A\$1.0m and is not underwritten
Debt Facility (A\$5.0m)	<ul style="list-style-type: none">A\$5.0m debt facility entered into with PURE Asset Management (announced 16 September 2019)4-year maturity at 10.0% p.a. interest rate100 million warrants (assuming A\$5.0m is drawn) with 4-year expiry, to be issued at an exercise price the lower of:<ul style="list-style-type: none">A\$0.05; andTERP of any future capital raise requiring shareholder approval to increase shares on issue in Hydrix by greater than 15%, after 30 June 2020.First ranking general security interest over the assets of Hydrix

Funding Package - driving profitable growth

- Funding package strengthens the Company's balance sheet and allows the Company to execute on its growth strategy, repay existing shareholder loans (on equal or better terms) whilst minimising dilution to existing shareholders
 - Hydrix completed a Placement to sophisticated and professional investors at \$0.029 per share, and is now undertaking a SPP at Placement price to eligible shareholders
 - Directors subscribed for A\$100,000 in Placement
 - Hydrix has entered into an agreement for a A\$5.0m debt facility from PURE Asset Management, subject to approval at the AGM
 - The funding package provides Hydrix with a stronger balance sheet moving forward, allowing the Company to tender for and subsequently enter into larger contracts as well as giving a base to pursue its Buy, Build, Invest strategy
 - Furthermore, the Company is able to repay A\$3.0m of existing shareholder loans, via a structure that provides minimal dilution to existing shareholders
 - John W King shareholder loan extended until 31 December 2020
- Proposed 10:1 share consolidation at the AGM

Indicative Timetable

Trading Halt (pre-market open)	Thursday 31 October 2019
Final Bids Due	12 noon, Friday 1 November 2019
Record Date for SPP (5pm AEDT)	Friday 1 November 2019
Announcement and Resume Trading	Monday 4 November 2019
Settlement of Placement	Thursday 7 November 2019
Allotment and Quotation of Securities under the Institutional Placement	Friday 8 November 2019
SPP Offer Opens	Friday 8 November 2019
SPP Closing Date	Friday 22 November 2019
SPP Allotment	Thursday 27 November 2019
Commencement of Trading of New Shares on ASX	Friday 28 November 2019

Note: Times and dates above are based on AEDT (Melbourne, Australia).
The above timetable is indicative only and may change without notice.

Global Experts in three large and growing sectors

1. Medical Technology

Micro-X

The key development partner in the first carbon nanotube mobile x-ray platform.

Unique ultra-lightweight, mobile x-ray imaging systems for medical applications.

Guided client from 'concept' to 'commercialisation'.



Rex Bionics

'First of its kind' exoskeleton technology used in the rehabilitation of stroke patients.



2. Consumer & Industrials

IoT Water Management

Hydrix selected after global capabilities search to develop an IoT enabled digital water management technology that will transform markets, improve consumer billing and maintenance services, and drive water saving behaviours.



Iota OneBox

Hydrix created a connected technology that revolutionises sewer system management from a desktop or remote device.



3. Defence & Aerospace

Thomas Global Systems

Hydrix partnered with Thomas Global Systems to assist in the design and testing for a new digital "Attitude Display" to replace aging CRT display on the global Saab 340 commercial fleet.

This project required compliance with complex Defence development standards DO-178B and MIL-STD-1839 guidelines.



Chemring Group







Hydrix developed an electro magnetic pulse electronics disabling system ('jamming')

Portable, ruggedized, low power, low noise, natural cooling, lightweight pack.



All milestones were exceeded during FY19



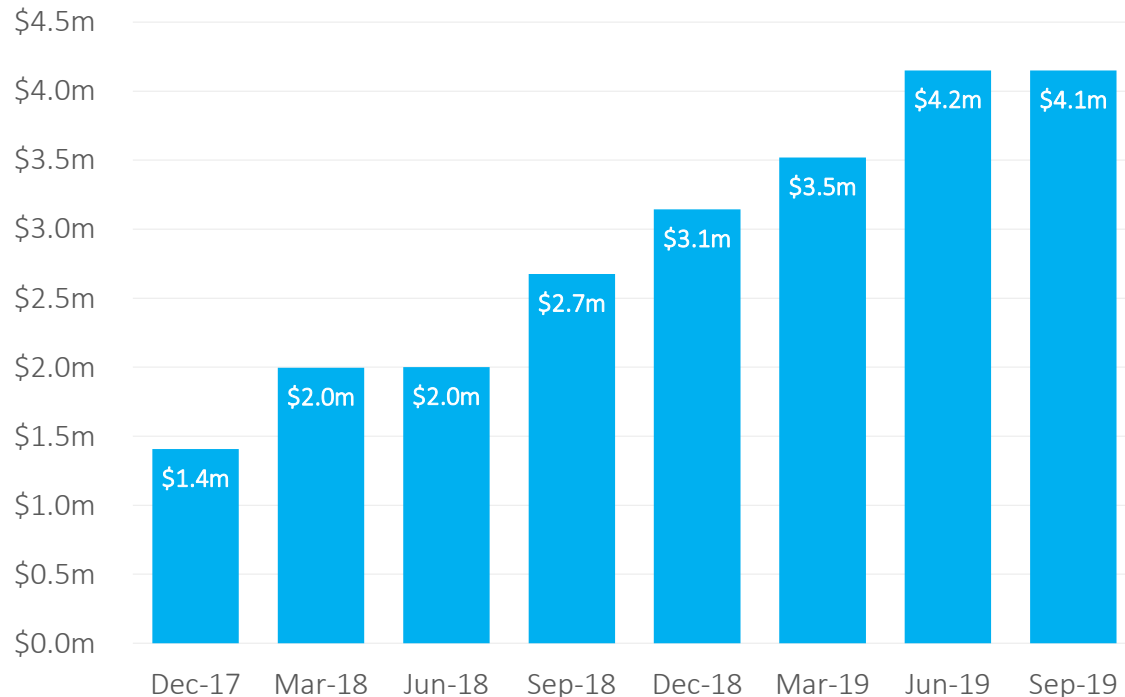
	Milestones - FY19	Achievements	
	Minimum 15% revenue growth over prior half year period	Exceeded →	Exceeded each half year growth target by over two times Full year revenue growth of 149% (FY19: \$14.23m, FY18: \$5.7m)
	15% increase in engineering services capacity	Exceeded →	25% headcount increase supported growth, attracted talent
	Solidify global leadership in cardiac assistance control devices	Exceeded →	Several cardiac projects in various phases
	Secure six new significant and high-dollar value projects	Exceeded →	Large contracts included orthopaedic surgical tool, ventricular assist device controller, IoT connected smart meter, cardiac-monitoring device, defence training technology, exoskeleton robotics
	Target break-even in 4Q19	Exceeded →	Delivered 4Q19 maiden quarterly cash operating profit of \$0.43m
	Identify our next acquisition or equity investment opportunity	Exceeded →	Acquired strategic equity positions in Gyder Surgical P/L, Memphisys (ASX:MEM)

Continuing to drive growth through new and existing revenue streams

Financial Progress

- 149% FY19 revenue growth (FY19: \$14.23m, FY18: \$5.7m)
- Delivered 4Q19 maiden quarterly cash operating profit of \$0.43m¹

Quarterly Revenue (\$m)



FY20 Milestones

- Revenue growth to exceed 15%+ over FY19
- Deliver a full year cash operating profit¹
- Implement one 'Buy, Build, Invest' strategy

FY20 Progress – Pipeline / Contracts

\$30m+

pipeline of potential revenue from current contracted projects, of a total aggregate \$50m+ weighted revenue pipeline

AngelMed Contract

In July 19, secured up to \$3.0m services contract with AngelMed, US cardiac device company



¹ Cash operating profit is Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and Share-based payments for a full year and may vary on a quarterly basis.

Meaningful progress implementing Buy, Build & Invest strategy

Accessing valuable early stage tech and leveraging design, engineering and commercialisation capabilities



Capital Gains

Value driven from equity investment



Monetize IP

Through product sales, licensing & royalty fees



Take Ownership of IP

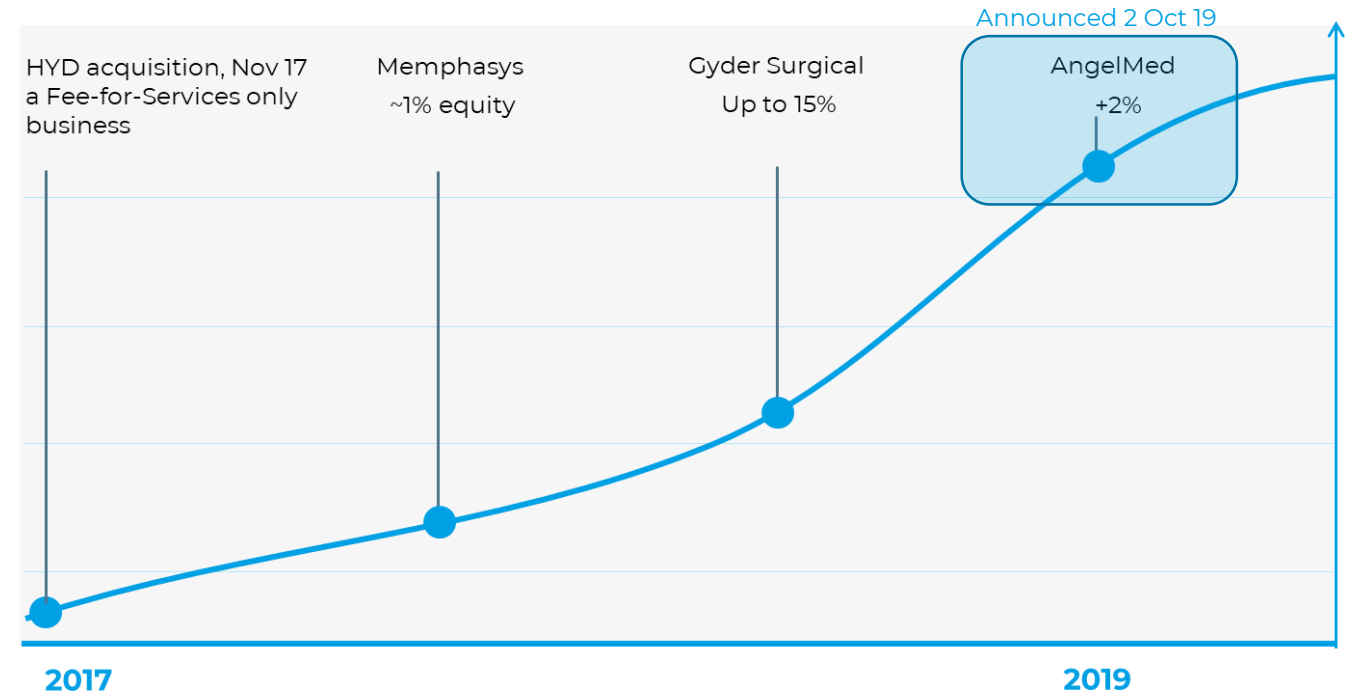
Through sweat equity or acquisition



Engineering Services

Current HYD project engineering work

Buy, Build, & **Invest** strategy progress since acquiring Hydrix



Example:

A 1%-10% equity position in clients who have subsequently listed would have created substantial additional value via capital gains:

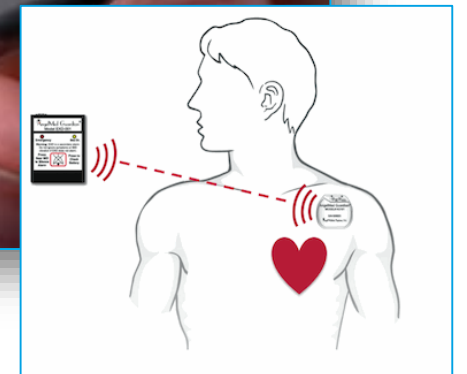
Sample ASX listed clients recent market cap range:

Micro X	MX1	\$50-\$60M
Memphasys	MEM	\$30-\$35M
Nanosonics	NAN	\$1-\$2B

Angel Medical Systems (AngelMed) – Guardian® device



- **Guardian®** is the world's first FDA (PMA) approved implantable cardiac monitor and patient alerting system
- Guardian® uses AI machine learning based algorithms to accurately detect changes to the heart-beat indicative of a potential heart attack or acute coronary syndrome (ACS)
- Target patients are those presenting with an ACS condition and are at risk of a future heart attack
- Cumulative investment of ~ US\$175m to fund through to clinical trials which resulted in **FDA approval being granted in April 2018**
- 58 issued patents on all aspects of AI based cardiac monitoring and patient alerting
- Global market size is estimated to be a multi-billion dollar opportunity (2025 pacemaker market ~US\$10B)



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A blue-tinted photograph of a modern office building with large glass windows. In the foreground, a large white sign displays the Hydrix logo and tagline. A smaller sign on the building also shows the logo and address.

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improving a billion lives

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