

Entitlement Offer – Letter to Ineligible Shareholders

Hydrix Limited (ASX: **HYD**) (**Hydrix** or **Company**) today announced a non-renounceable pro-rata entitlement offer of new fully paid ordinary shares in Hydrix (**Shares**), which entitles eligible shareholders to subscribe for 1 new Share for every 3 Shares held on the record date of 7.00pm (AEST) on Thursday, 9 July 2020, at an issue price of 7.5 cents per Share (**Entitlement Offer**).

Attached is a letter despatched by Hydrix today to all shareholders of the Company who are not eligible to participate in the Entitlement Offer.

-ENDS-

Authorisation: This announcement has been authorised by the Board of Hydrix Limited.

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About Hydrix Limited

Hydrix Limited (ASX: HYD) is a powerful product innovation company. We leverage our product innovation capability across multiple growth platforms. These platforms include Hydrix Services design and engineering to create products which transform markets; Hydrix Ventures to pick winning investments in high potential innovative products; and Hydrix Medical to create new product revenue streams bringing cardiovascular technologies to market.



6 July 2020

Dear Shareholder,

**Hydrix Limited - Pro-rata non-renounceable Entitlement Offer
Notification to Ineligible Shareholders**

On 6 July 2020, Hydrix Limited (**Hydrix** or the **Company**) announced that it is undertaking a non-renounceable pro-rata entitlement offer of new fully paid ordinary shares (**Shares**) to raise approximately \$2 million (before costs), under which eligible shareholders are entitled to subscribe for 1 new Share for every 3 Shares held on the record date of 7.00pm (AEST) on Thursday, 9 July 2020 (**Record Date**), at an issue price of 7.5 cents per Share (**Entitlement Offer**).

For every 3 new Shares validly subscribed for under the Entitlement Offer, eligible shareholders will also receive 1 free option to acquire a Share, exercisable at 12 cents on or before 31 July 2022 (**Entitlement Option**).

On 6 July 2020, Hydrix also announced that it has received binding commitments from sophisticated investors to subscribe for 13.3 million new Shares, at the same issue price under the Entitlement Offer of 7.5 cents per Share (**Placement**). For every 3 new Shares subscribed for under the Placement, investors will receive 1 free option to acquire a Share, on the same terms as the Entitlement Options issued under the Entitlement Offer.

Completion of the Placement is subject to shareholder approval under ASX Listing Rule 7.1, which the Company intends to seek at a general meeting to be convened shortly. The Company will raise approximately \$1 million (before costs) under the Placement.

This letter is not an offer to issue new Shares to you, nor an invitation for you to apply for new Shares. This letter is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for new Shares under the Entitlement Offer.

You are not required to do anything in response to this letter, but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.

What is the Entitlement Offer?

The Entitlement Offer is being made by the Company in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Act**). The Company lodged a prospectus for the Entitlement Offer (**Prospectus**) with ASIC and ASX on Monday, 6 July 2020.

The Entitlement Offer is fully underwritten by Henslow Pty Ltd.

The Entitlement Offer involves an offer to Eligible Shareholders of an entitlement to subscribe for 1 new Share for every 3 Shares held by eligible shareholders on the Record Date (7.00pm (AEST) on Thursday, 9 July 2020) at an issue price of \$0.075 per new Share (**Entitlement**). The Prospectus sets out further details in respect of the Entitlement Offer.



Who is eligible?

Eligible Shareholders are those persons who:

- (a) are registered as a holder of Shares as at the Record Date of 7.00pm (AEST) on 9 July 2020; and
- (b) have a registered address in Australia or New Zealand.

Shareholders who are not Eligible Shareholders are "Ineligible Shareholders" and are consequently unable to participate in the Entitlement Offer.

Why am I not eligible to participate in the Entitlement Offer?

The restrictions upon eligibility are due to a number of factors, including the small number of shareholders in some countries, the number and value of existing shares they hold and the cost of complying with applicable regulations in those countries.

Having given consideration to these factors, Hydrix has determined that, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act it would be unreasonable to make the Entitlement Offer to shareholders resident in countries outside of Australia and New Zealand.

Unfortunately, according to our records you do not satisfy the criteria for an Eligible Shareholder. In compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Act, this notice is to inform you that under the terms of the Entitlement Offer, you are not entitled to participate in the Entitlement Offer and as such, you will not be offered any new Shares or Entitlements under the Entitlement Offer. You will not be sent a copy of the Prospectus.

The Entitlement Offer is non-renounceable. A number of new Shares equal to the number that you would otherwise be entitled to subscribe for under the Entitlement Offer will be subscribed for by the Underwriters and sub-underwriters at the issue price of 7.5 cents. As a result, no amount will be payable by you and you will not otherwise receive any value for Entitlements in respect of any new Shares that would have been offered to you if you were an Eligible Shareholder.

For further information about the Entitlement Offer, please call the Company's share registry, Boardroom Pty Limited, on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

A copy of the Prospectus may be viewed on the ASX website at www.asx.com.au, or alternatively at the Company's website at www.hydrix.com.

On behalf of the Board, I thank you for your continued support of the Company

Yours sincerely

A handwritten signature in blue ink, appearing to read "Gavin Coote", is positioned above the printed name and title.

Gavin Coote
Executive Chairman