

### Entitlement Offer – Letter to Eligible 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 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 Eligible 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**).

The Entitlement Offer is fully underwritten by Henslow Pty Ltd (the **Underwriter**). Under the terms of the Underwriting Agreement, the Company has agreed to issue the following options, on the same terms as the Entitlement Options (**Underwriter Options**):

- (a) up to 8,846,918 Underwriter Options to sub-underwriters of the Entitlement Offer (who are not related parties of the Company), on the basis of one Underwriter Option for every 3 Shares sub-underwritten; and
- (b) 3 million Options to the Underwriter.

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.

**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.

If you are an Eligible Shareholder, you will be able 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 \$0.075 per new Share (**Entitlement**).

The new Shares issued pursuant to the Entitlement Offer will rank equally with existing fully paid ordinary shares in the Company. Fractional entitlements will be rounded up to the nearest whole number of shares. The Company intends to make an application to ASX for quotation of the new Shares and Entitlement Options offered under the Entitlement Offer.



## Who is eligible?

Eligible Shareholders are those persons who:

- (c) are registered as a holder of Shares as at the Record Date of 7.00pm (AEST) on 9 July 2020; and
- (d) 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.

## Key dates for Eligible Shareholders

The Company expects the Entitlement Offer to be conducted in accordance with the indicative timetable below. The Company reserves the right to amend the timetable, in consultation with the Underwriter, and subject to the ASX Listing Rules.

Event	Date (2020)
Company announces Entitlement Offer under Listing Rule 3.10.3	Monday, 6 July
Lodgement of Prospectus with ASIC	Monday, 6 July
Lodgement of Prospectus and Appendix 3B with ASX	Monday, 6 July
Notice to Optionholders and Shareholders	Monday, 6 July
“Ex” Date (date from which Shares commence trading with the entitlement to participate in the Entitlement Offer)	Wednesday, 8 July
Record Date (date for determining Shareholder entitlements to participate in the Entitlement Offer)	7.00pm (AEST) on Thursday, 9 July
Prospectus and personalised Application Forms sent to Eligible Shareholders and Company announces that dispatch has been completed	Monday, 13 July
Opening Date of Entitlement Offer	Monday, 13 July
Last date to extend Closing Date	Monday, 20 July
Closing Date	5.00pm (AEST) on Thursday, 23 July
Shares are quoted on a deferred settlement basis	Friday, 24 July
Announcement of results of Entitlement Offer	Monday, 27 July
Issue of New Securities under Entitlement Offer, and lodgement of Appendix 2A applying for quotation of the New Securities	Thursday, 30 July

## Prospectus

This letter is not an offer document, but rather an advance notice of some key terms and conditions of the Entitlement Offer. Full details of the Entitlement Offer are set out in the Prospectus, a copy of which may be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au), or alternatively at the Company’s website at [www.hydrix.com](http://www.hydrix.com).

Eligible Shareholders will receive a copy of the Prospectus and must complete the Application Form accompanying the Prospectus to take up their Entitlements. You should read all of the Prospectus carefully and in its entirety before deciding whether to participate in the Entitlement Offer.



## Action required by Eligible Shareholders

Your Entitlement may have value and it is important you determine whether to (in whole or in part) take up or do nothing in respect of your Entitlement. If you take up your Entitlement, you can also apply for additional new Shares.

### *Take up an Entitlement:*

If you wish to take up all or part of your Entitlement, you will need to complete and return the personalised Application Form together with the requisite application monies, or alternatively pay your application monies using BPAY®, in each case by following the instructions set out on the personalised Application Form. Applications and application monies must be received by the Company's share registry by the Closing Date of **5.00pm (AEST) on Thursday, 23 July 2020**.

### *Apply for additional New Shares:*

If you take up your Entitlement in full, you can also apply for additional new Shares (subject to any scale back as determined by Hydrix in conjunction with the Underwriter). Further information on applying for additional new Shares is provided for in the Prospectus and Application Form.

### *Do nothing:*

If you take no action you will not be allocated new Shares, your Entitlement will lapse and those new Shares for which you would have otherwise been entitled under the Entitlement Offer may be acquired by the Underwriter or sub-underwriters.

Your Entitlement to participate in the Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any amounts in respect of the Entitlements that they do not take up, and will have a reduced (i.e. diluted) percentage shareholding in the Company after completion of the Entitlement Offer. All shareholders, including those Eligible Shareholders who participate in the Entitlement Offer, will have their percentage holding in the Company reduced by the Placement.

## Effect of Offers on Hydrix's Capital Structure

The effect of the Entitlement Offer, Underwriter Offer and Placement (together the **Offers**) on the Company's capital structure is set out below, on the basis that the Placement (which is subject to shareholder approval) completes:

Particulars	Shares	Options	Performance Rights	Warrants
On issue prior to Offers	79,622,263	3,910,127	800,000	1
To be issued under Entitlement Offer	26,540,754	8,846,918	0	0
To be issued under Underwriter Offer	0	11,846,918	0	0
To be issued under Placement Offer	13,333,334	4,444,445	0	0
<b>TOTAL</b>	<b>119,496,351</b>	<b>29,048,408</b>	<b>800,000</b>	<b>1</b>

For further information about the Entitlement Offer, please contact the Company Secretary on [Alyn.Tai@hydrix.com](mailto:Alyn.Tai@hydrix.com), or call the Company's share registry, Boardroom Pty Limited, on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.



You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board, I thank you for your continued support of the Company, and look forward to your participation in the Entitlement Offer.

Yours sincerely

**Gavin Coote**  
Executive Chairman