

Hydrix Limited  
ACN 060 369 048



# Prospectus for the issue of options

Prospectus for the offer of up to 28,280,000 Options (each exercisable at \$0.18 and expiring on 31 March 2024) to those Placement Applicants who subscribed for Shares under the Placement, on the basis of 1 free attaching Option for every 1 Placement Share subscribed (**Attaching Options**) (the **Offer**).

The Offer closes at 5:00pm (AEST) on Wednesday, 13 April 2022 (unless extended).

Valid Application Forms must be received by that time.

No application monies are payable for the grant of Options.

**Not for release to US wire services or distribution in the United States**

## IMPORTANT NOTICE

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth). This Prospectus does not, itself, contain all the information that is generally required to be set out in a document of this type, but refers to other documents, the information of which is deemed to be incorporated into this Prospectus. This Prospectus and any such incorporated documents should be read in their entirety before deciding whether to apply for Attaching Options. If you have any queries about any part of the Prospectus, please contact your professional adviser without delay. The Attaching Options offered by this Prospectus should be considered speculative.

Legal adviser  
Holding Redlich



Joint Lead Managers  
Bell Potter Securities Limited Baker Young Limited



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## Important Information

### This Prospectus

This Prospectus is issued by Hydrix Limited ACN 060 369 048 (**Hydrix** or the **Company**) in relation to the offer of up to 28,280,000 Attaching Options (each exercisable at \$0.18 and expiring on 31 March 2024) to those Placement Applicants who subscribed for Shares under the Placement, on the basis of 1 free Attaching Option for every 1 Placement Share subscribed. The Offer is only available to those Placement Applicants who subscribed for Shares under the Placement.

**The Attaching Options offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.**

This Prospectus is dated 7 April 2022 and was lodged with ASIC on that date. Neither ASIC nor ASX nor any of their respective officers or employees takes any responsibility for the content of this Prospectus. The fact that ASX has admitted the Company to the official list of ASX is not to be taken in any way as an indication of the merits of the Company, the Options or Shares.

The expiry date of this Prospectus is 7 May 2023, being 13 months after the date of this Prospectus. No securities (other than Shares to be issued on exercise of the Attaching Options) will be issued on the basis of this Prospectus later than the expiry date.

### Obtaining Prospectus and Application Form

This Prospectus will generally be made available in electronic form at [www.asx.com.au](http://www.asx.com.au) and will be posted on the Company's website at [www.hydrix.com](http://www.hydrix.com).

A copy of this Prospectus is available for inspection at the Company's registered office 30-32 Compark Circuit, Mulgrave, Victoria, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 6.3).

Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company. The Offer contemplated by this Prospectus is only available in electronic form to persons receiving an electronic version of this Prospectus within Australia.

Applications for Attaching Options will only be accepted on an Application Form attached to or provided by the Company with a copy of this Prospectus either in paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

### Offering restrictions

This Prospectus and an Application Form do not constitute an offer in any place or country in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Attaching Options in any jurisdiction other than Australia and New Zealand.

The distribution of this Prospectus and an Application Form (including an electronic copy) in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this Prospectus does not, and is not intended to, constitute an offer of securities in the United States or any other jurisdiction where, or to any person to whom, it would be unlawful to make such an offer.

The Attaching Options and the underlying Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Attaching Options and the underlying Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

### Transaction Specific Prospectus

This Prospectus is a transaction-specific prospectus for an issue of Attaching Options to acquire continuously quoted securities (as defined in the Corporations Act). It has been prepared in accordance with section 713 of the Corporations Act. As such it does not contain the same level of disclosure a prospectus prepared in accordance with section 710 of the Corporations Act.

This Prospectus is therefore intended to be read in conjunction with the information publicly available in relation to the Company which has been notified to ASX. In providing information in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations

Act and certain matters may reasonably be expected to be known to investors and professional advisors with whom potential investors may consult.

### **No exposure period**

The Offer is made pursuant to *ASIC Corporations (Exposure Period) Instrument 2016/74* which exempts the Company from complying with section 727(3) of the Corporations Act to the extent that that section prohibits the Company from issuing Attaching Options in the seven calendar day period after the date of lodgement of this Prospectus with ASIC.

### **On-sale of underlying Shares**

This Prospectus has been prepared in respect of the offer of the Attaching Options such that the relief provided under *ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80* with respect to the on-sale provisions of section 707 of the Corporations Act is available. Pursuant to such relief, as the Attaching Options are issued with disclosure under this Prospectus, any Shares issued upon the exercise of the Attaching Options can be on-sold within 12 months of their issue (even if the Shares were issued without disclosure or lodgement of a cleansing notice). This is because the Attaching Options are issued with disclosure and the exercise of the Option does not involve any further offer.

### **Pro-forma financial information**

The Prospectus contains pro forma financial information showing the proposed application of the proceeds of the Options Issue. The pro forma financial information provided is for illustrative purposes only and should not be relied upon as it is not represented as being indicative of the Company's future financial condition and/or performance.

### **Non-IFRS financial measures**

Certain financial data included in, or incorporated by reference into, the Prospectus are non-IFRS financial information under ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) or non-GAAP financial measures under Regulation G issued by the US Securities and Exchange Commission. These non-IFRS/non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although the Company believes any non-IFRS/non-

GAAP financial measures included in this Prospectus provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS/non-GAAP financial measures included in this Prospectus.

### **No representations**

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied upon as having been authorised by the Company, its Directors or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

Except as required by law and then only to the extent so required, none of the Company, its Directors or associates warrants or guarantees the future performance of the Company, the Attaching Options or any Shares issued on exercise of the Attaching Options or any return on investment made pursuant to this Prospectus.

### **Forward-looking statements**

This Prospectus contains certain "forward- looking statements". Forward-looking statements can generally be identified by the use of forward-looking words such as 'may', 'could', 'believe', 'estimate', 'expect', 'intend', 'anticipate', 'project', 'foresee', 'likely', 'should', 'target', 'plan', 'consider', 'aim', 'will', 'predict', 'outlook', 'guidance' and other similar words or expressions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of the Company, the outcome and effects of the Offer and the use of proceeds.

To the extent that certain statements contained in this Prospectus may constitute "forward-looking statements" or statements about "future matters", the information reflects only the Company's intent, belief or expectations (and no other person's intent, belief or expectations) as at the date of this Prospectus.

Any forward- looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward- looking statements involve known and unknown risks,

uncertainties and other factors that may cause the Company's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements.

Investors should consider the forward-looking statements contained in this Prospectus in light of those disclosures and not place reliance on such statements. Any forward-looking statements, opinions and estimates in this Prospectus are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Neither the Company nor its related bodies corporate or affiliates nor its Directors, officers, partners employees and agents give any warranty, representation, assurance or guarantee that the occurrence of the events expressed or implied in any of the forward-looking statements in this Prospectus will actually occur or not occur (as the case may be). In addition, past performance should not be relied upon as (and is not) an indication or guarantee of future performance.

Except as required by law or regulation (including the ASX Listing Rules), the Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

### **Warning**

This document is important and should be read in its entirety before deciding to participate in the Offer. This document does not take into account the investment objectives, financial or taxation, or particular needs of any Applicant.

Before making any investment in the Company, each Applicant should consider whether such an investment

is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances.

Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 3.

### **Definitions and interpretation**

Some capitalised words and expressions used in this Prospectus have defined meanings. The Glossary in Section 8 defines these words and expressions.

The definitions specific to the Attaching Options in the Option Terms are not contained in the Glossary but are extracted with the Option Terms which are contained in Section 4.1. If there is any inconsistency in definitions between the Glossary and the Option Terms, the definitions in the Option Terms prevail.

All references to currency are to Australian dollars and all references to time are to the time in Melbourne, Victoria, Australia, unless otherwise indicated.

Diagrams used in this Prospectus are illustrative only. They may not necessarily be shown to scale. The diagrams are based on information which is current as at the date shown.

### **Company's website**

Any references to documents included on the Company's website are provided for convenience only and none of the documents or other information on the website is incorporated by reference as content of this Prospectus.

### **Enquiries**

If you are a Placement Applicant and have any questions in relation to the Offer, please contact the Company at [info@hydrix.com](mailto:info@hydrix.com).

## Key Details and Important Dates

### Key details of Attaching Options

<b>Expected ASX code for Attaching Options</b>	"HYDOA"
<b>Issue Price per Attaching Option</b>	Nil. No monies are payable for the issue of the Attaching Options.
<b>Exercise Price per Attaching Option</b>	\$0.18
<b>Expiry Date</b>	5.00pm (AEDT) on 31 March 2024
<b>Maximum number of Attaching Options to be issued under Prospectus</b>	28,280,000
<b>Maximum funds to be raised assuming all 28,280,000 Attaching Options are issued and exercised</b>	\$5,090,400

### Indicative timetable of important dates<sup>1</sup>

<b>Lodgement of Prospectus with ASIC and ASX</b>	Thursday, 7 April 2022
<b>Lodgement of Appendix 3B (Announcement of Proposed Issue of Securities) with ASX and application to ASX for quotation of Attaching Options</b>	Thursday, 7 April 2022
<b>Offer Opening Date</b>	9.00am (AEST) on Thursday, 7 April 2022
<b>Offer Closing Date (last date for lodgement of Application Form)</b>	5.00pm (AEST) on Wednesday, 13 April 2022
<b>Extraordinary General Meeting to seek shareholder approval for issue of Attaching Options</b>	3.00pm (AEST) on Thursday, 14 April 2022
<b>Issue Date of Attaching Options</b>	Thursday, 14 April 2022
<b>Lodgement of Appendix 2A (Application for Quotation of Securities) with ASX</b>	Thursday, 14 April 2022
<b>Dispatch of holding statements for Attaching Options</b>	Tuesday, 19 April 2022
<b>Expected date of Official Quotation of the Attaching Options<sup>2</sup></b>	Wednesday, 20 April 2022

<sup>1</sup> The key dates for the Offer are indicative only and may change without notice. The Company reserves the right to vary the dates set out above, including by extending the Closing Date of the Offer, accepting late Applications or withdrawing the Offer at any time before the Attaching Options are issued, subject to the Corporations Act and other applicable law.

<sup>2</sup> Assuming the Appendix 2A is lodged after midday (AEST) on Thursday 14 April 2022, the expected date for quotation of the Attaching Options will be two business days after Thursday 14 April 2022.

## Corporate Directory

<b>Directors</b>	<p>Mr Gavin Coote (Executive Chairman)</p> <p>Mr Paul Lewis, MBE, FAICD (Non-Executive Director)</p> <p>Ms Joanne Bryant (Non-Executive Director)</p> <p>Ms Julie King (Non-Executive Director)</p> <p>Mr Paul Wright (Non-Executive Director)</p>
<b>Company Secretary</b>	Ms Alyn Tai
<b>Company Details</b>	<p><b>Registered Office and Principal Place of Business Address</b></p> <p>30-32 Compark Circuit Mulgrave VIC 3170</p> <p><b>Telephone</b></p> <p>+61 3 9550 8100</p> <p><b>Website</b></p> <p><a href="http://www.hydrix.com">www.hydrix.com</a></p> <p><b>Email</b></p> <p><a href="mailto:info@hydrix.com">info@hydrix.com</a></p>
<b>Securities Exchange Listing</b>	<p>Australian Securities Exchange</p> <p>ASX Code: <b>HYD</b></p>
<b>Solicitors</b>	<p><b>Holding Redlich</b></p> <p>Level 8, 555 Bourke Street Melbourne VIC 3000</p>
<b>Joint Lead Managers to the Offer</b>	<p><b>Bell Potter Securities Limited</b></p> <p>Level 29, 101 Collins Street Melbourne VIC 3000</p> <p><b>Baker Young Limited</b></p> <p>L6, 121 King William Street Adelaide SA 5000</p>
<b>Share Registry*</b>	<p>Boardroom Pty Limited</p> <p>Level 12, 225 George Street Sydney NSW 2000</p> <p><b>Telephone:</b> (02) 9290 9600</p>
<b>Auditors*</b>	<p>Grant Thornton Audit Pty Ltd</p> <p>Collins Square, Tower 5, 727 Collins Street Melbourne VIC 3008</p>

*\*These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.*



## Overview

The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to deal in or exercise any Attaching Options that are issued to you, you should read this Prospectus carefully and in its entirety and obtain professional advice which takes into account your particular investment objectives, financial situation and needs from a professional adviser who is licensed by ASIC to give such advice.

Question	Response	Reference
<b>Overview of Offer</b>		
<b>What is the Offer?</b>	The Offer is an offer of up to 28,280,000 options to Placement Applicants who subscribed for Shares under the Placement, on the basis of 1 free option (each an Attaching Option) for every 1 Placement Share subscribed.	Section 1.2
<b>What are the Attaching Options?</b>	The Attaching Options are options to acquire Shares in the Company, exercisable at \$0.18 per Attaching Option, on or before 31 March 2024. Each Attaching Option will, upon exercise, entitle its holder to subscribe for, and be issued with, one Share. A copy of the Option Terms is set out in Section 4.1 of this Prospectus.	Section 4.1
<b>What is the issue price payable per Attaching Option?</b>	Nil. No monies are payable for the grant of the Attaching Options. The Attaching Options are being issued as free attaching options to the Placement Shares.	Section 1.1
<b>How many new Attaching Options will be issued under the Placement?</b>	Subject to Shareholder approval, 28,280,000 Attaching Options will be issued, to the Placement Applicants, on the basis of 1 Attaching Option for every 1 Placement Share subscribed.	Section 1.1
<b>Is the Company required to seek Shareholder approval to issue the Attaching Options?</b>	Yes. The issue of Attaching Options offered under this Prospectus is subject to Shareholder approval under Listing Rule 7.1 or 10.11 (as applicable), which the Company intends to seek at a general meeting to be held on 14 April 2022. Further details of the approvals being sought are set out in the Company's Notice of Extraordinary General Meeting, lodged with ASX on 16 March 2022.	Section 1.3 Notice of EGM dated 16 March 2022
<b>How much will be raised from the Attaching Options?</b>	The Company has raised \$2.82 million through the issue of Shares under the Placement. No additional proceeds will be raised through the issue of the Attaching Options, as they are being issued for nil cash consideration. However, the Company may raise up to an additional \$5.09 million, assuming all 28,280,000 Attaching Options are issued and exercised.	Section 1.5

Question	Response	Reference
<b>What will the proceeds be used for?</b>	Any proceeds raised by the Company through the exercise of Attaching Options will be applied towards the Company's general working capital requirements.	Section 1.5
<b>Will the Attaching Options be listed on the ASX?</b>	The Company intends that the Attaching Options will be quoted on ASX and will apply to ASX for quotation within seven days of this Prospectus.	Section 1.6
<b>When will the issue of the Attaching Options occur?</b>	Issue of the Attaching Options is subject to Shareholder approval under Listing Rule 7.1 or 10.11 (as applicable), which the Company intends to seek at a general meeting to be convened on Thursday, 14 April 2022. The issue of Attaching Options is intended to occur as soon as practicable after Shareholder approval is obtained, on Thursday 14 April 2022.	Section 1.10 and Indicative Timetable
<b>Who is the Offer being made to?</b>	The Offer is only being made to Placement Applicants who subscribed for Shares under the Placement.	Section 1.1
<b>I am a Placement Applicant. How do I apply?</b>	<p>Applications can be made by Placement Applicants by completing the Application Form in paper form in accordance with the instructions set out on that form. Application Forms will be personalised and will set out the maximum Option entitlement for each Placement Applicant.</p> <p>Completed Application Forms must be received by no later than 5.00pm (AEST) on the Closing Date of Wednesday, 13 April 2022. Applicants are encouraged to submit their Application Form as early as possible. No monies are payable on submitting an Application Form.</p> <p>Any Placement Applicant who submits an Application Form will be taken to have made the representations and warranties set out in Section 5.2.</p>	Section 5
<b>Is brokerage, commission or stamp duty payable?</b>	No brokerage, commission or stamp duty is payable by an Applicant on an Application.	
<b>Effect of Offer</b>		
<b>What is the effect of the Offer on the financial position of the Company?</b>	No cash will be raised by the Company on issue of the Attaching Options. However, proceeds will be raised by the Company as and when the Attaching Options are exercised. If all 28,280,000 Attaching Options offered under this Prospectus are issued and exercised by the Expiry Date, the cash reserves of the Company would increase by approximately \$5.09 million.	Section 2.6

Question	Response	Reference																									
What is the effect of the Offer on the capital structure of the Company?	<p>The capital structure of the Company as at the date of this Prospectus, and assuming completion of the Offer (and the issue of Placement Shares to the Related Parties) is set out below:</p> <table><tr><th>Particulars</th><th>Shares</th><th>Options</th><th>Performance Rights</th><th>Warrants</th></tr><tr><td>On issue at the date of this Prospectus</td><td>191,363,060</td><td>22,275,660</td><td>5,500,000</td><td>1</td></tr><tr><td>To be issued under Offer</td><td>-</td><td>28,280,000</td><td>-</td><td>-</td></tr><tr><td>Placement Shares to be issued to Related Parties after EGM</td><td>6,000,000</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Total on issue following completion of the Offer and EGM</td><td>197,363,060</td><td>50,555,660</td><td>5,500,000</td><td>1</td></tr></table>	Particulars	Shares	Options	Performance Rights	Warrants	On issue at the date of this Prospectus	191,363,060	22,275,660	5,500,000	1	To be issued under Offer	-	28,280,000	-	-	Placement Shares to be issued to Related Parties after EGM	6,000,000	-	-	-	Total on issue following completion of the Offer and EGM	197,363,060	50,555,660	5,500,000	1	Section 2.4
Particulars	Shares	Options	Performance Rights	Warrants																							
On issue at the date of this Prospectus	191,363,060	22,275,660	5,500,000	1																							
To be issued under Offer	-	28,280,000	-	-																							
Placement Shares to be issued to Related Parties after EGM	6,000,000	-	-	-																							
Total on issue following completion of the Offer and EGM	197,363,060	50,555,660	5,500,000	1																							
Key risks associated with dealing in and exercising Attaching Options																											
Quotation	If the Company's application for the Attaching Options to be quoted on ASX is granted, the trading price of the Options may be affected by the ongoing performance, financial position and solvency of the Company.	Section 3.2(a)																									
Liquidity of the Options	There is no guarantee the Attaching Options will trade on ASX or that there will be a liquid market for the Attaching Options. If Attaching Options are exercised, there is no guarantee that Shares issued on exercise of those Attaching Options will trade above the exercise price paid for those Shares.	Section 3.2(b)																									
Market price and liquidity of Shares	Any volatility in the market price of the Shares may cause volatility in the price of the Attaching Options and may affect a holder's ability to sell or trade their Attaching Options at all, or at an acceptable price. In addition, holders who exercise their Attaching Options may be unable to sell their underlying Shares at an acceptable price, or at all, if the market for Shares is illiquid.	Section 3.2(e)																									
Option Terms subject to changes in law	The Option Terms are governed by the laws of Victoria. Should any of those laws change over time, the legal requirements to which the Company may be subject could differ materially from current requirements.	Section 3.2(f)																									
Further issues of securities and dilution	The Option Terms do not restrict the Company from issuing further Shares or other securities. Additional offerings of securities in the future may have a negative impact on the price of Shares already on issue and of the Attaching Options.	Section 3.2(h)																									

Question	Response	Reference
<b>Change in the Australian tax system</b>	Any future change in Australian tax law may affect the taxation treatment of the holding, disposal and exercise of Attaching Options and the market price of the Attaching Options.	Section 3.2(j)
<b>Shareholder limits</b>	Various laws may restrict the number of Shares that any person may hold. Attaching Option holders should take care to ensure that their holding of the Attaching Options (and any Shares that they could hold upon exercise of those Attaching Options) do not breach any applicable restrictions on ownership.	Section 3.2(k)

### Key risks associated with Company

<b>What are the key risks of an investment in the Company?</b>	<p>There are a number of key specific risks for an investment in the Company, including with respect to the following:</p> <ul style="list-style-type: none"> <li>▪ Ability to win and retain key customers;</li> <li>▪ Distribution of AngelMed Guardian® System;</li> <li>▪ Regulated industries;</li> <li>▪ Competition;</li> <li>▪ Reliance on key personnel;</li> <li>▪ Reliance on systems;</li> <li>▪ Intellectual property rights;</li> <li>▪ International growth risks;</li> <li>▪ Venture risks; and</li> <li>▪ Debt and covenants.</li> </ul> <p>There are also a number of general risks associated with an investment in the Company, such as:</p> <ul style="list-style-type: none"> <li>▪ Economic risks;</li> <li>▪ Market conditions;</li> <li>▪ COVID-19 pandemic;</li> <li>▪ Liquidity risk;</li> <li>▪ Force majeure;</li> <li>▪ Taxation and government regulations;</li> <li>▪ Litigation risk; and</li> <li>▪ Insurance risk.</li> </ul>	Section 3.3
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### Further information

<b>How can further information be obtained?</b>	<p>If, after you read this Prospectus, you have any questions regarding the Attaching Options or the Application Form, please contact your financial adviser or other professional adviser.</p> <p>For further information on the Offer, please contact the Company via email on <a href="mailto:info@hydrix.com">info@hydrix.com</a>.</p>	Section 6.15
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## 1. Details of the Offer

### 1.1 Background to the Offer

As announced to the ASX on 28 February 2022, the Company has undertaken a placement of 28,280,000 Placement Shares (at an issue price of \$0.10 per Share) to sophisticated investors, together with 1 free Attaching Option for every 1 Placement Share issued (each exercisable at \$0.18 and expiring on 31 March 2024) to raise \$2.82 million (before costs) (**Placement**).

The Placement consists of two tranches:

- (a) **Tranche 1:** the Company issued 22,280,000 Shares to non-related party Placement Applicants on 7 March 2022, utilising its placement capacities under Listing Rules 7.1 and 7.1A.
- (b) **Tranche 2:** subject to Shareholder approval being obtained (refer to Section 1.3), the Company proposes to issue the following securities under Tranche 2 of the Placement:
  - (i) 6,000,000 Placement Shares to related parties of the Company, being Directors Gavin Coote, Joanne Bryant, Paul Lewis and Paul Wright, and substantial shareholder John W King Nominees Pty Ltd (the **Related Parties**); and
  - (ii) 28,280,000 Attaching Options to all the Placement Applicants (comprising 6,000,000 Attaching Options to the Related Parties, and 22,280,000 to the non-related party Placement Applicants).

Based on the number of Placement Shares issued to the Tranche 1 Placement Applicants on 7 March 2022 (and assuming Shareholder approval is received for the issue of 6,000,000 Placement Shares to the Related Parties), the maximum number of Attaching Options that will be issued pursuant to the Offer (on a 1-for-1 basis) is 28,280,000.

### 1.2 Offer under this Prospectus

This Prospectus relates to the Offer of up to 28,280,000 Attaching Options to subscribers under the Placement.

The Offer of Attaching Options is made with disclosure under this Prospectus, primarily in order to remove any secondary sale restrictions that may apply to the Attaching Options, and to ensure that Shares issued upon the exercise of the Attaching Options can be on-sold within 12 months of their issue (even if the Shares are issued without disclosure or lodgement of a cleansing notice).

The Placement Shares issued by the Company on 7 March 2022 were issued without disclosure to sophisticated investors. A cleansing notice in accordance with s708A(5)(e) of the Corporations Act was lodged with ASX in relation to this issue on 7 March 2022.

The 6,000,000 Placement Shares proposed to be issued to the Related Parties following Shareholder approval, will also be issued without disclosure. The Company intends to lodge a cleansing notice in relation to that issue in accordance with s708A(5)(e) of the Corporations Act.

Accordingly, this Prospectus provides disclosure only in relation to the Offer of Attaching Options under the Placement.

### 1.3 Summary of Shareholder approval requirements

The Company is convening a general meeting on Thursday, 14 April 2022 (**EGM** or **Extraordinary General Meeting**) to seek approval for, amongst other things:

- (a) for the purposes of Listing Rule 7.1 and for all other purposes, the issue and allotment of up to 22,280,000 Attaching Options to the non-related party Placement Applicants, and the issue of allotment of Shares on the exercise of those Attaching Options in accordance with the Option Terms; and
- (b) for the purposes of Listing Rule 10.11, and for all other purposes, the issue and allotment of up to 6,000,000 Attaching Options to the Placement Applicants which are Related Parties<sup>3</sup>, and the issue of allotment of Shares on the exercise of those Attaching Options in accordance with the Option Terms.

Further details of the approvals being sought are set out in the Company's Notice of Extraordinary General Meeting, lodged with ASX on 16 March 2022.

#### **1.4 Rights attaching to Attaching Options**

The Attaching Options offered under this Prospectus will be issued on the terms and conditions set out in Section 4.1.

All Shares issued on exercise of the Attaching Options will rank equally with the Shares on issue as at the date of this Prospectus. The rights attaching to the Shares are set out in Section 4.2.

#### **1.5 Use of proceeds**

No funds will be raised as a result of the issue of the Attaching Options as they are being issued for nil consideration.

However, proceeds will be raised by the Company as and when the Attaching Options are exercised. If all 28,280,000 Attaching Options offered under this Prospectus are issued and exercised by their expiry date, the Company will raise approximately \$5.09 million. Any proceeds raised by the Company through the exercise of Attaching Options will be applied towards the Company's general working capital requirements.

#### **1.6 ASX quotation of the Attaching Options**

The Company will apply to ASX for Official Quotation of the Attaching Options offered pursuant to this Prospectus within seven days after the date of this Prospectus.

If an application for quotation of the Attaching Options is not made within seven days after the date of this Prospectus, or ASX does not grant permission for official quotation of the Attaching Options within three months after the date of this Prospectus, the Company will not issue those Attaching Options under this Prospectus.

#### **1.7 Applications**

All Eligible Applicants will be sent a copy of this Prospectus, together with an Offer Application Form. Applications under the Offer must be made using the Offer Application Form.

Eligible Applicants may apply for their allocated number of Attaching Options, as notified to the Eligible Applicant by the Lead Managers or the Company.

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<sup>3</sup> These are the options which attach to the 6,000,000 Placement Shares subscribed for by the Related Parties under the Placement. The issuance of the 6,000,000 Placement Shares (and 6,000,000 Attaching Options) will be subject to Shareholder approval under Listing Rule 10.11, which the Company will be seeking at the EGM.

Completed Application Forms for the Offer must be returned in accordance with the instructions on the Offer Application Form, and received by the Company by no later than 5.00pm AEST on the Closing Date, or such other date that the Directors advise.

### **1.8 Underwriting**

The Offer is not underwritten.

### **1.9 Opening and closing dates**

The Company will accept Application Forms for the Offer from the date it dispatches the Prospectus until 5.00pm (AEST) on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

### **1.10 Issue Date and Dispatch**

The issue of the Attaching Options is subject to Shareholder approval (refer to Section 1.3) under Listing Rules 7.1 and 10.11 (as applicable), which the Company intends to seek at the Extraordinary General Meeting on 14 April 2022.

Subject to Shareholder approval being obtained, the issue of the Attaching Options is expected to occur on Thursday, 14 April 2022, in accordance with the Indicative Timetable. Security holding statements are expected to be dispatched on Tuesday, 19 April 2022.

It is the responsibility of Applicants to determine their allocation prior to trading in the Attaching Options. Applicants who sell Attaching Options before they receive their holding statements will do so at their own risk.

### **1.11 Minimum subscription**

Completion of the Offer is not subject to meeting any minimum level of subscription.

### **1.12 CHESS and Issuer Sponsorship**

The Company participates in the Clearing House Electronic Sub-Register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Placement Applicants will not receive a certificate but will receive a statement of their holding of Attaching Options.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will specify the number of Attaching Options issued under this Prospectus, and provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Attaching Options.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by the Company's Share Registry and will contain the number of Attaching Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to holders at the end of any calendar month during which the balance of their holding changes. Holders may request a statement at any other time; however, a charge may be made for additional statements.

### **1.13 Residents outside Australia**

This Prospectus, and any accompanying Application Form, do not, and are not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Securities under the Offer.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### **1.14 Notice to nominees and custodians**

Nominees and custodians that hold Securities should note that the Offer is available only to Eligible Applicants. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

### **1.15 Risks**

An investment in Securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are certain specific risks associated with an investment in the Company which are detailed in Section 3.

### **1.16 Taxation implications**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Attaching Options under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Attaching Options under this Prospectus.

### **1.17 Privacy**

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's holding of Securities in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

### **1.18 Major activities and financial information**

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2021 can be found in the Company's 2021 annual financial report



lodged with ASX on 31 August 2021, and for the half-year ended 31 December 2021, the half-yearly report lodged with on ASX on 28 February 2022.

The Company's continuous disclosure notices (i.e. ASX announcements) since 31 August 2021 are listed in Section 6.3(c). Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offer.

## 2. Purpose and effect of Offer

### 2.1 Purpose of the Offer

The primary purpose of this Prospectus is:

- (a) To facilitate the offer to Placement Applicants who participated in the Placement of one (1) Attaching Option for every one (1) Placement Share subscribed for under the Placement; and
- (b) To allow the Attaching Options to be on-sold without disclosure, and to ensure that the Shares that are issued on exercise of the Options may be on-sold without disclosure in accordance with *ASIC Corporations (Sale Offer That Do Not Need Disclosure) Instrument 2016/80*.

### 2.2 Effect of the Offer

The main effect of the Offer will be that the Company will have up to 28,280,000 new Options on issue.

No funds will be raised as a result of the issue of the Attaching Options as they are being issued for nil consideration, as free attaching options to Shares subscribed for under the Placement.

As announced to the ASX on 28 February 2022, the Company raised \$2.82 million under the Placement pursuant to which the Attaching Options are being offered, and will use (or has used) the funds for the following:

- (a) Market development and expansion of its cardiac devices portfolio;
- (b) Expansion of global business development and marketing of product design and engineering services;
- (c) Venture investments in high potential early stage medtech device clients;
- (d) Group working capital in support of strategic objectives; and
- (e) Pay for the costs of the Placement.

Additional funds will be raised by the Company as and when the Attaching Options are exercised. If all 28,280,000 Attaching Options offered under this Prospectus are issued and exercised by their expiry date, the Company will raise \$5,090,400. Any proceeds raised by the Company through the exercise of Attaching Options will be applied towards the Company's general working capital requirements.

## 2.3 Current capital structure of Hydrix

As at the date of this Prospectus, the Company has on issue 191,363,060 Shares, as well as the following securities:

### (a) Options

Options	Number
Unlisted Options exercisable at \$0.29 on or before 30 June 2025 <sup>4</sup>	466,626
Unlisted Options exercisable at \$0.075 on or before 30 June 2025 <sup>5</sup>	1,001,627
Unlisted Options exercisable at \$0.10 on or before 30 June 2026 <sup>6</sup>	899,275
Unlisted Options exercisable at \$0.30 on or before 7 March 2025 <sup>7</sup>	1,000,000
Listed Options exercisable at \$0.12 on or before 31 July 2022	18,908,132
<b>Total</b>	<b>22,275,660</b>

### (b) Performance Rights

Each Performance Right entitles its holder to be issued one Share for nil consideration, upon satisfaction of certain prescribed vesting conditions, which are linked to performance and continuing service. The Performance Rights currently on issue in the Company are as follows:

Tranche	Terms	Number
1	Vest after the performance period between 1 July 2020 and 30 June 2022, subject to satisfaction of prescribed vesting conditions.	250,000
2	Vest on various dates during the performance period between 1 July 2021 and 30 June 2024, subject to satisfaction of prescribed vesting conditions.	5,250,000
<b>Total</b>		<b>5,550,000</b>

### (c) Warrants

The Company currently has one Warrant on issue to a previous lender, which is exercisable into 8,000,000 Shares during the 48 month period commencing 17 December 2019, upon payment of the exercise price per Share. The exercise price must be calculated in accordance with a prescribed formula agreed between the previous lender and the

<sup>4</sup> Options issued to employees under the Company's Long Term Incentive Plan. The Options vest on various dates subject to the performance of certain prescribed performance hurdles.

<sup>5</sup> Options issued to employees under the Company's Long Term Incentive Plan. The Options vest on various dates subject to the performance of certain prescribed performance hurdles.

<sup>6</sup> Options issued to employees under the Company's Long Term Incentive Plan. The Options vest on various dates subject to the performance of certain prescribed performance hurdles.

<sup>7</sup> These options are held by nominees of the Joint Lead Managers, and were issued as part of fees paid to the Joint Lead Managers for their services under the Placement.

Company, as further detailed in the Company's Notice of 2020 Annual General Meeting lodged with ASX on 12 November 2020.

## 2.4 Effect of Offer on Hydrix's capital structure

Assuming that the maximum number of Attaching Options (28,280,000) is issued under the Offer, the capital structure of the Company will be as follows:

Particulars	Shares	Options	Performance Rights	Warrants
On issue at the date of this Prospectus	191,363,060 <sup>8</sup>	22,275,660	5,500,000	1
To be issued under Offer	-	28,280,000	-	-
To be issued to Related Parties after EGM	6,000,000 <sup>9</sup>	-	-	-
<b>Total on issue following completion of the Offer and EGM</b>	<b>197,363,060</b>	<b>50,555,660</b>	<b>5,500,000</b>	<b>1</b>

## 2.5 Effect of Offer on Shareholder dilution

Only Placement Applicants will be eligible to apply for Attaching Options under the Offer. Any Shareholder who did not participate in the Placement will not be eligible to participate in the Offer, and will accordingly be diluted if the Attaching Options are exercised.

## 2.6 Pro forma consolidated statement of financial position

The unaudited pro forma statement of financial position reflects the reported results of Hydrix and its controlled entities as shown in the financial statements for the half year to 31 December 2021, adjusted to reflect various pro forma adjustments detailed below, including the completion of the Offer and the exercise of all Attaching Options (assuming the full amount of 28,280,000 Attaching Options are issued).

The unaudited pro forma statement of financial position is intended to be illustrative only and it neither reflects the actual position of the Company as at the date of this Prospectus nor the conclusion of the Offer. Unless specified in the notes below no account has been made in the pro forma tables for the impact of trading since 31 December 2021.

References to "pro forma" information are non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information). Non-IFRS financial information has not been subject to audit or review.

<sup>8</sup> This figure includes the 22,280,000 Placement Shares issued on 7 March 2022, but does not include the 6,000,000 Placement Shares to be issued to the Related Parties, which will be issued following the Extraordinary General Meeting, subject to receipt of Shareholder approval.

<sup>9</sup> Assuming shareholder approval is received at the EGM for the issue of 6,000,000 Placement Shares to the Related Parties, those Shares will be issued at the same time as the Attaching Options are issued. However, the issue of the 6,000,000 Placement Shares does not form part of the Offer the subject of this Prospectus.

Amounts in AUD\$'Ms	Statutory historical reviewed 31 Dec 2021 (1)	Impact of capital raising placement (2)	Pro Forma (\$2.828M raised)	Impact of options being exercised (3)	Pro Forma 31 Dec 2021 (post exercise of options)
<b>Current assets</b>					
Cash and cash equivalents	2.734	2.672	5.406	5.040	10.447
Trade and other receivables	0.894	-	0.894	-	0.894
Contract assets	1.098	-	1.098	-	1.098
Prepayments	0.351	-	0.351	-	0.351
Inventory	0.010	-	0.010	-	0.010
<b>Total current assets</b>	<b>5.086</b>	<b>2.672</b>	<b>7.759</b>	<b>5.040</b>	<b>12.799</b>
<b>Non-current assets</b>					
Financial assets at fair value through profit & loss	3.570	-	3.570	-	3.570
Plant and equipment	0.417	-	0.417	-	0.417
Right of use assets	1.846	-	1.846	-	1.846
Intangible assets	4.878	-	4.878	-	4.878
Other assets	0.141	-	0.141	-	0.141
Security deposits	0.425	-	0.425	-	0.425
<b>Total non-current assets</b>	<b>11.277</b>	<b>-</b>	<b>11.277</b>	<b>-</b>	<b>11.277</b>
<b>Total assets</b>	<b>16.364</b>	<b>2.672</b>	<b>19.036</b>	<b>5.040</b>	<b>24.076</b>
<b>Current liabilities</b>					
Trade and other payables	1.231	-	1.231	-	1.231
Contract liabilities	1.258	-	1.258	-	1.258
Borrowings	0.175	-	0.175	-	0.175
Derivative liabilities	0.489	-	0.489	-	0.489
Employee benefits	0.899	-	0.899	-	0.899
Lease liabilities	0.664	-	0.664	-	0.664
Other liabilities	2.746	-	2.746	-	2.746
<b>Total current liabilities</b>	<b>7.463</b>	<b>-</b>	<b>7.463</b>	<b>-</b>	<b>7.463</b>
<b>Non-current liabilities</b>					
Borrowings	2.250	-	2.250	-	2.250
Employee benefits	0.187	-	0.187	-	0.187
Lease liabilities	2.651	-	2.651	-	2.651
Provisions	0.185	-	0.185	-	0.185
Other liabilities	0.091	-	0.091	-	0.091
<b>Total non-current liabilities</b>	<b>5.365</b>	<b>-</b>	<b>5.365</b>	<b>-</b>	<b>5.365</b>
<b>Total liabilities</b>	<b>12.828</b>	<b>-</b>	<b>12.828</b>	<b>-</b>	<b>12.828</b>
<b>Net assets</b>	<b>3.536</b>	<b>2.672</b>	<b>6.208</b>	<b>5.040</b>	<b>11.249</b>
<b>Equity</b>					
Issued capital	95.763	2.620	98.384	5.040	103.424
Reserves	1.620	0.052	1.672	-	1.672
Accumulated losses	(93.847)	-	(93.847)	-	(93.847)
<b>Total equity</b>	<b>3.536</b>	<b>2.672</b>	<b>6.208</b>	<b>5.040</b>	<b>11.249</b>

**Notes to the pro forma consolidated statement of financial position**

- (1) As reported in the financial statements for the half year to 31 December 2021.
- (2) Reflects the gross aggregate funds of \$2.8 million raised under the Placement (including funds to be raised from the issue of 6,000,000 Placement Shares to the Related Parties, which remains subject to Shareholder approval at the EGM), less transaction costs in relation to the Placement and EGM (but excluding transaction costs associated with the Offer of Attaching Options under this Prospectus).
- (3) Reflects the gross aggregate funds of \$5.09 million which will be raised, assuming that the maximum of 28,280,000 Attaching Options are issued and exercised at \$0.18 each prior to their expiry date, less transaction costs in relation to the Offer of Attaching Options under this Prospectus.

### **3. Risk factors**

#### **3.1 Introduction**

By dealing in or exercising the Attaching Options, investors will be exposed to a number of risks which can be broadly classified as risks associated with the Attaching Options and with the Company's business, which may affect recovery in respect of the Attaching Options and Shares.

This Section describes the potential risks associated with the Company's business and the risks associated with the Attaching Options and with the Shares. It does not list every risk associated with the Attaching Options or with the Shares now or in the future. Shareholders will already be exposed to many of the risks associated with the Company's business through their shareholding in the Company. Some risks can be mitigated by appropriate commercial action, but many risks described in this Section of the Prospectus are partially or completely outside the control of the Company and its Directors.

The selection of risks is based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the date of this Prospectus. There is no guarantee or assurance the importance of different risks will not change or other risks will not emerge. Additional risks and uncertainties the Company is unaware of, or it currently considers to be immaterial, may also become important factors that adversely affect the Company's operating and financial performance.

Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees any specific objectives of the Company will be achieved or any particular performance of the Company, the Attaching Options or the Shares will be achieved.

Before dealing in or exercising the Attaching Options, investors must be satisfied that they have a sufficient understanding of the risks noted in this Section and have fully considered whether dealing in or exercising the Attaching Options is right for them, having regard to their own investment objectives, financial circumstances and taxation position. Investors should read this Prospectus in full and seek professional advice before dealing in or exercising the Attaching Options.

#### **3.2 Risks associated with dealing in and exercising Options Dilution**

##### **(a) Quotation**

If the Company's application for the Attaching Options to be quoted on ASX is granted, the trading price of the Attaching Options may be affected by the ongoing performance, financial position and solvency of the Company and its subsidiaries.

**(b) Liquidity of the Options**

There is no guarantee the Attaching Options will trade on ASX or that there will be a liquid market for the Attaching Options. If Attaching Options are exercised, there is no guarantee that Shares issued on exercise of those Attaching Options will trade above the Exercise Price paid for those Shares.

**(c) Dilution**

If the Attaching Options are exercised, the Company will issue Shares to the Attaching Option holders as set out in this Prospectus. In the event that some or all of the Attaching Options are exercised into Shares, existing Shareholders will have their holding in the Company diluted by the relevant number of Shares issued by the Company.

It is not possible to predict what the value of the Company's Shares will be following completion of the Offer, or at the time the Options are exercised, and the Directors do not make any representation to such matters. The last trading price of Shares on ASX prior to the date of this Prospectus is not a reliable indicator as to the potential trading price of Shares after completion of the Offer.

**(d) Control**

In the event that some or all of the Attaching Options are exercised into Shares, there is a risk that voting power may be consolidated among fewer Shareholders (being those who exercised the Attaching Options), and the interests of these Shareholders may not align with other Shareholders' interests.

**(e) Market price and liquidity of Shares**

The market price of the Shares may be volatile. The volatility of the market price of the Shares may cause volatility in the price of the Attaching Options and affect investors' ability to sell their Attaching Options at all, or at an acceptable price.

Additionally, the issue of the Attaching Options may result in downward pressure on the market price of Shares. In addition, any Shares held by Attaching Option holders following the exercise of those Attaching Options will have the same rights as other existing Shares, which are different from the rights attached to the Attaching Options. The market price of the Shares may fluctuate over time as a result of a number of factors.

At the time Shares are issued to Attaching Option holders, the market price of the Shares will likely vary from the Exercise Price of the Attaching Options.

Where the Attaching Options are exercised, there may be no liquid market for Shares at that time, or the market may be less liquid than that for comparable securities issued by other entities at that time. As a consequence, Attaching Option holders who wish to sell the Shares they may receive on exercising their Attaching Options may be unable to do so at an acceptable price, or at all, if the market for Shares is illiquid.

In addition, there is no guarantee that Shares will remain continuously quoted on ASX. Trading of ASX listed securities may be suspended in certain circumstances.

(f) **Options subject to changes of law**

The Option Terms are governed by the laws of Victoria. No assurance can be given as to the impact of any possible judicial decision or change to Victorian law or administrative practice after the date of issue of the Attaching Options. Should any of those laws change over time, the legal requirements to which the Company may be subject could differ materially from current requirements.

(g) **Future dividends and franking**

Any future determination as to the payout of dividends will be at the discretion of the Directors and will depend on the availability of distributable earnings, operating results and the financial position of the Company, its future capital requirements and other relevant factors. No assurance in relation to the future payment or franking of dividends can be given by the Company.

Additionally, as set out in the Option Terms, Attaching Options do not carry any dividend entitlement until they are exercised and the Attaching Option holder becomes the registered holder of Shares.

Payments of any dividends to Shareholders in respect of the Shares is at the discretion of the Directors. If any Attaching Options are exercised after the record date for a dividend, Attaching Option holders will not have any entitlement to that dividend. Directors may only declare or determine a dividend if there are funds legally available to pay dividends.

No assurances can be given in relation to the payment of future dividends, or the potential for the Company to issue them as franked dividends. Future determinations as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon the availability of profits, the operating results and financial condition of the Company, future capital requirements, covenants in relation to financial agreements, general business and financial conditions and other factors considered relevant by the Directors. No assurances can be given in relation to the level of franking of future dividends. Franking capacity will depend upon the amount of Australian tax paid in the future, the existing balance of franking credits and other factors.

(h) **Further issues of securities and dilution**

The Option Terms do not restrict the Company from issuing further Shares or other securities. If the Company undertakes additional offerings of securities in the future, the increase in the number of issued Shares or securities convertible or exercisable into Shares and the potential for the sale of such securities may have an adverse impact on the price of Shares already on issue and of the Attaching Options. In addition, as a result of the issue of Shares, the voting power and proportionate economic interest of the Company's existing Shareholders (and, indirectly, Attaching Option holders) will be diluted. The Option Terms may not adequately protect Attaching Option holders in the event the Company undertakes additional offerings of securities in the future.

An Attaching Option carries no right to participate in new issues of securities without exercising the Option.

(i) **Inflation rate risk**

An increase in the inflation rate may negatively impact the profitability of the Company or the market value of the Shares or Attaching Options including as a result of the increase in the Company's expenses.

(j) **Change in the Australian tax system**

Any future change in Australian tax law may affect the taxation treatment of the holding, disposal and exercise of Attaching Options and the market price of the Attaching Options.

(k) **Shareholder limits**

Various laws, including Chapter 6 of the Corporations Act and the *Foreign Acquisition and Takeovers Act 1975 (Cth)* may restrict the number of Shares that any person may hold.

Mergers, acquisitions and divestments of Australian public companies listed on ASX (such as the Company) are regulated by detailed and comprehensive legislation and the rules and regulations of ASX.

Attaching Option holders should take care to ensure that their holding of the Attaching Options (and any Shares that will be issued on exercise of those Attaching Options) do not breach any applicable restrictions on ownership.

Where, on exercising Attaching Options, the issue of any Shares to any particular Attaching Option holder (either directly or indirectly) is prevented by law, the Company may be unable accept the exercise of those Attaching Options.

(l) **Amendment to Option Terms**

The Option Terms may only be amended if Shareholders approve the amendment at a general meeting. Subject to the ASX Listing Rules, no amendment can be made to the Option Terms which will reduce the Exercise Price, extend the Exercise Period or increase the number of Shares received on exercising the Attaching Options.

### 3.3 Risks associated with the Company and the industry in which it operates

(a) **Ability to win and retain key customers**

The Company's business is dependent on the securing of contracts to provide product design and engineering services to customers in the medical, mining, industrial, defence and other sectors, and selling medical products under distribution agreements. The Company has no control over the timing of these opportunities or in respect of the awarding of such contracts or customer demands for its products. The performance of services contracts may incur additional, unexpected costs or be subject to delays and changes to budgeted scope and deliverables, which may require the Company to revise its timetable or delay the successful development of the business.

If the Company fails to maintain or secure future services contracts, revenue could be adversely affected. There is also a risk that contracts it believes it may be able to enter into will not be able to be successfully negotiated or existing contracts may be terminated at short notice or not extended or replaced.

(b) **Distribution of Guardian System**

Hydrix owns the exclusive rights to distribute Angel Medical Systems, Inc. (**AngelMed**) Guardian® System in eight Asia Pacific countries. Hydrix's initial distribution focus is to



accelerate revenue in key markets with early access regulatory schemes which allow for commercial implants of the Guardian® System.

There is a risk that Hydrix's planned timeframes for meeting certain obligations under the distribution agreement of the Guardian® System may be delayed due to COVID-19 restrictions, regulatory and legal requirements (including of HSA, TGA and FDA), and any amendment to existing legislation or regulations in relevant countries. A loss or delay of anticipated revenue under the distribution agreement could have a material adverse impact on the Company's financial performance.

(c) **Regulated industries**

Hydrix is a product design and engineering company, and partners with customers in industry sectors including medical, mining, industrial and defence, to help them design, develop and commercialise transformative technologies.

Hydrix's business model includes the distribution of medical device products in Australia and Asia Pacific, either directly or through sub-distributors.

The industries in which Hydrix, its key customers and sub-distributors operate, particularly the medical device technology industry, are highly regulated in Australia, Asia Pacific, the United States, and other countries in which the Company may conduct business operations.

Whilst Hydrix benefits from operating in these regulated industries which have high barriers to entry, there is a risk that customer projects and/ or medical product sales may be delayed or terminated due to regulatory and legal requirements, and any amendment to existing legislation or regulations in relevant countries. A loss or delay of a number of Hydrix's major services projects or product sales could have a material adverse impact on the Company's financial performance.

(d) **Competition**

Hydrix is not unique in developing and marketing many of its products and services. There is a risk that the Company's products and services may not, in the future, be able to compete with competitors' products and services on cost or technical grounds and therefore contracts may not be awarded to it. There is a risk that the cost of competing products and services may fall or that the Company's services may become too expensive to allow the Company to compete effectively. A loss of a number of Hydrix's major customers could have a material adverse impact on the Company's financial performance.

(e) **Reliance on Key Personnel**

Hydrix currently employs a number of qualified key personnel, who are integral to the Company's operations. Hydrix's future depends on its ability to continue retaining, motivating and attracting suitably qualified personnel. The loss of key personnel, or the inability to access and retain the services of qualified staff, could adversely affect Hydrix and its activities. Hydrix has, to the extent practicable and legally possible, established contractual mechanisms through employment and consultancy contracts to limit the ability of key personnel to join a competitor, or compete directly with Hydrix. Despite these measures, there is no guarantee that Hydrix will be able to attract and retain suitably qualified personnel.

(f) **Reliance on Systems**

The successful operation of Hydrix's business is dependent on various technologies including the internet and dedicated servers. Any significant disruption to these systems could have a materially detrimental effect on Hydrix's business.

**(g) Intellectual Property Rights**

The Company's core business is to create value through technology, and one of the Company's significant assets is its intellectual property rights in products and services, which it has developed. The Company relies on a combination of intellectual property laws, confidentiality procedures and contractual provisions to protect these assets. The laws of some foreign jurisdictions may provide less protection than the laws of Australia for the Company's proprietary rights. Unauthorised use of the Company's intellectual property could have a materially adverse effect on the Company and there can be no assurance that the Company's legal remedies would adequately compensate it for the damage to its business caused by such use.

The Company is not aware that any of its products infringe upon the proprietary rights of third parties in any material respect. There can be no assurance, however, that third parties will not claim infringement by the Company with respect to current or future products or services. Any such claim, with or without merit, could result in substantial costs and diversion of management resources and a successful claim could effectively block the Company's ability to market its products and services which would have a material adverse effect on the financial and operating results of the Company.

**(h) Risks in international growth**

Hydrix's current business model includes offering design and engineering services to clients outside Australia, and also the distribution of medical device products in Australia and Asia Pacific, either directly or through sub-distributors. Hydrix may also expand its distribution model to include other international markets in the future.

Pursuit of growth opportunities internationally may require significant investment for an extended period before returns, if any, are realised, and there can be no assurance that the Company's expansion plans would be successful.

The Company's prospects in this regard could be adversely affected by factors such as delays in the opening of foreign markets, the exchange rate, a preference for the use of local suppliers, current or future legislation or regulatory or technical standards which discriminate against overseas suppliers.

In addition, Australian laws and policies affecting foreign trade, investment and taxation, as well as laws and regulations in other jurisdictions in which the Company operates, could also adversely affect the Company's Australian and international operations and growth.

**(i) Venture risks**

Hydrix leverages its product innovation capability to make selective investments in some customers by way of direct cash investment and/or accepting equity in-kind for services rendered by Hydrix. These investments are generally made in early stage pre-revenue companies, which have products under development that are intended to be sold or provided in highly regulated industries, including medical and healthcare industries. The long-term viability of these investments is subject to financial and product commercialisation risks, including commercial technology feasibility being achieved, regulatory approval being gained, competitive market forces and customers entering into

commercial arrangements. There is a risk that these venture investments will not deliver a positive economic return for Hydrix.

(j) **Debt**

The Company is party to two shareholder loan agreements. Should a number of the risks outlined in this Section 3 eventuate, the Company may experience difficulty in making the repayments under those agreements as and when they fall due.

A failure to comply with any of these repayment terms may require the Company to seek amendments, or alternative borrowing arrangements. There is no assurance that the lenders would consent to such an amendment or waiver in the event of non-compliance, or that such consent would not be conditional upon the receipt of a cash payment, revised pay-out terms, increased interest rates, or that the lenders would not exercise rights that would be available to them, including among other things, calling an event of default and demanding immediate payment of outstanding borrowings. If such a demand was made and appropriate forbearance or refinance arrangements could not be reached, the Company may not have sufficient available funds to meet that demand.

### 3.4 General risks

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Financial performance of the Company may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

(a) **Economic risks**

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates, access to debt and capital markets, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters, and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions may have an adverse impact on the Company's business or financial condition. No guarantee can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(b) **Market conditions**

An investment in the Company's Securities has the general risks associated with any investment in the share market. Returns from an investment in Shares will depend on general stock market conditions as well as the performance of the Company. The market price of the Company's Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. The trading price of the Company's Shares may be subject to fluctuations in response to factors such as actual or anticipated variations in the Company's operating results, announcements of new contracts by the Company or its competitors, announcements by the Company or its competitors of significant acquisitions, technological developments, capital commitments, additions or departures of key personnel and other events or factors, many of which are beyond the Company's control.

Further, general share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as: general economic outlook; interest rates and inflation

rates; currency fluctuations; changes in investor sentiment; the demand for, and supply of, capital; and terrorism or other hostilities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Liquidity Risk**

The market for the Company's Shares may be illiquid. As a consequence, investors may be unable to readily exit or realise their investment.

(d) **Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, pandemics, epidemics or quarantine restrictions.

(e) **Taxation and government regulations**

Changes in taxation and government legislation in a range of areas (for example, the Corporations Act, accounting standards, and taxation law) can have a significant influence on the outlook for companies and the returns to investors. The recoupment of taxation losses accrued by the Company from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in the jurisdictions in which the Company operates. There is no guarantee that the Company will satisfy all of these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cash flows of the Company.

(f) **Litigation risk**

The Company is not currently engaged in any litigation. However, the Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, personal injury claims, employee claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of the Company.

(g) **Insurance risk**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

#### 4. Rights and liabilities attaching to securities

The following sets out the terms and conditions of the Attaching Options to be issued under this Prospectus and a summary of the more significant rights and liabilities attaching to the Shares to be issued on exercise of the Attaching Options.

##### 4.1 Option Terms

The material terms and conditions of the Attaching Options are as follows:

(a) **Entitlement**

Each Attaching Option entitles the holder to subscribe for one Share in the Company upon exercise of the Attaching Option.

(b) **Exercise Price**

The amount payable upon exercise of each Attaching Option will be \$0.18 (**Exercise Price**).

(c) **Expiry Date**

Each Attaching Option will expire at 5.00pm (AEDT) on 31 March 2024 (**Expiry Date**). Any Attaching Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Attaching Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Attaching Options may be exercised during the Exercise Period by notice in writing to the Company in the manner acceptable to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Attaching Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Attaching Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 10 Business Days after the Exercise Date:

- (i) the Company will issue the number of Shares required under these terms and conditions in respect of the number of Attaching Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if the Company is admitted to the Official List of ASX at the time, apply for Official Quotation of Shares issued pursuant to the exercise of the Attaching Options.

(h) **Shares issued on exercise**

Shares issued on exercise of the Attaching Options rank equally with the then issued shares of the Company.

(i) **Participation in new issues**

There are no participation rights or entitlements inherent in the Attaching Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Attaching Options without exercising the Options.

(j) **Change in exercise price**

An Attaching Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Attaching Option can be exercised.

(k) **Reconstruction**

In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the option holder shall be changed to the extent necessary to comply with the Listing Rules applying at the time.

(l) **Quotation and transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws, and it is intended that application will be made to ASX for Official Quotation of the Options.

## 4.2 Terms and conditions of the Shares

A summary of the rights attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

At the date of this Prospectus, all Shares on issue in the Company are of the same class and rank equally in all respects. The New Shares issued pursuant to this Prospectus will rank equally with existing Shares on issue.

<b>Voting at a general meeting</b>	At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.
<b>Meetings of members</b>	Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and Listing Rules.
<b>Dividends</b>	The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment

<b>Transfer of shares</b>	Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Operating Rules, by a written instrument of transfer that complies with the Constitution or by any other method permitted by the Corporations Act, Listing Rules or ASX Settlement Operating Rules. The Board may refuse to register a transfer of Shares where the transfer is not in registrable form, the Company has a lien over any of the Shares transferred, and where otherwise permitted to do so under the Corporations Act, Listing Rules or ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required by the Corporations Act, Listing Rules or ASX Settlement Operating Rules.
<b>Issue of further shares</b>	Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Company may issue, or grant options in respect of further Shares on such terms and conditions as the Board resolves.
<b>Winding up</b>	If the Company is wound up, then subject to any rights or restrictions attached to a class of Shares, any surplus must be divided among the Company' members in proportion to the number of Shares held by them. The amount unpaid on Shares held by a member is to be deducted from the amount that would otherwise be distributed to that member.
<b>Unmarketable parcels</b>	Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.
<b>Share buy backs</b>	Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules, the Company may buy back Shares in itself on terms and at times determined by the Board.
<b>Variation of class rights</b>	At present, the Company's only class of shares on issue is ordinary Shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled: <ul style="list-style-type: none"> <li>• With the consent in writing of the holders of 75% of the issued shares included in that class; or</li> <li>• By a special resolution passed at a separate meeting of the holders of those shares.</li> </ul>

## **5. Action required in relation to the Offer**

### **5.1 Applications**

Applications for the Offer can only be made by Eligible Applicants, being those Placement Applicants who participated in the Company's Placement.

All Eligible Applicants will be sent a copy of this Prospectus, together with an Offer Application Form. Applications under the Offer must be made using the Offer Application Form.

Eligible Applicants may apply for their allocated number of Attaching Options, as notified to the Eligible Applicant by the Lead Managers or the Company.

Completed Application Forms for the Offer must be returned in accordance with the instructions on the Offer Application Form, and received by the Company by no later than 5.00pm AEST on the Closing Date, or such other date that the Directors advise.

### **5.2 Effect of Application**

The Company will send this Prospectus, together with the Application Form, to all Eligible Applicants.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Attaching Options accepted by the Company. The Application Form does not need to be signed to be a binding application for Attaching Options.

If the Application Form is not completed correctly it may still be treated as valid. The Board's decision as to whether to treat the Application Form as valid and how to construe, amend or complete the Application Form, is final.

By completing and returning your Application Form, you will be deemed to have:

- (a) represented and warranted that you are an Eligible Applicant for the Offer;
- (b) represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus;
- (c) agreed to be bound by the terms of the Offer;
- (d) declared that all details and statements in the Application Form are complete and accurate;
- (e) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (f) authorised the Company and its respective officers or agents, to do anything on your behalf necessary for the Attaching Options to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (g) acknowledged that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that the Attaching Options are suitable for you given your investment objectives, financial situation or particular needs;



- (h) acknowledged the statement of risks in Section 3 and that an investment in the Company is subject to risk;
- (i) authorised the Company to place your name on the Company's Option register in respect of the Attaching Options issued to you under the relevant Offer, and agreed to be bound by the Company's constitution in respect of those Attaching Options; and
- (j) acknowledged that the Attaching Options offered under this Prospectus have not, and will not be, registered under the securities laws in any jurisdictions outside Australia.

## 6. Additional Information

### 6.1 Company is a disclosing entity

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus” issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 6.3 below).

### 6.2 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Securities under this Prospectus.

### 6.3 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC.

The Company will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (a) the annual financial report of the Company for the 12 month period ended 30 June 2021 (being the last financial year for which an annual financial report has been lodged with ASIC in relation to the Company before the issue of this Prospectus) which was lodged with the ASX on 31 August 2021;
- (b) the half-yearly report for the 6 months ended 31 December 2021, which was lodged with the ASX on 28 February 2022; and
- (c) the following continuous disclosure notices given by the Company to notify the ASX of information relating to the Company during the period from 31 August 2022 (being the date of lodgement of the 2021 annual financial report with ASX) to the date of this Prospectus:

Date lodged	Title of ASX Announcement
07/04/2022	Notification of cessation of securities - HYD
06/04/2022	Notification of cessation of securities - HYD
06/04/2022	Notification of cessation of securities - HYD
04/04/2022	Notification regarding unquoted securities - HYD
31/03/2022	Becoming a substantial holder
16/03/2022	Notice of Extraordinary General Meeting/Proxy Form
15/03/2022	Cleansing Notice
15/03/2022	Application for quotation of securities - HYD
07/03/2022	Cleansing Notice
07/03/2022	Notification regarding unquoted securities - HYD
07/03/2022	Application for quotation of securities - HYD
07/03/2022	Application for quotation of securities - HYD
04/03/2022	Release of shares from voluntary escrow
04/03/2022	Proposed issue of securities - HYD
04/03/2022	Proposed issue of securities - HYD
28/02/2022	Half Year Trading Update
28/02/2022	Appendix 4D and Half-Yearly Report
28/02/2022	Proposed issue of securities - HYD
28/02/2022	Investor Presentation
28/02/2022	Hydrix completes A\$2.82M placement
24/02/2022	Trading halt
31/01/2022	Application for quotation of securities - HYD
31/01/2022	Appendix 4C
31/01/2022	Quarterly Activities Report
17/01/2022	Change of Director's Interest Notice
13/01/2022	Notification regarding unquoted securities - HYD
11/01/2022	Notification of cessation of securities - HYD
11/01/2022	Notification of cessation of securities - HYD
02/12/2021	Appendix 3Y x2
30/11/2021	Application for quotation of securities - HYD
26/11/2021	Application for quotation of securities - HYD
26/11/2021	Application for quotation of securities - HYD
25/11/2021	Amended Constitution
24/11/2021	2021 AGM - Results of Meeting
24/11/2021	2021 AGM - Executive Chairman's Presentation
29/10/2021	Investor Presentation
29/10/2021	Quarterly Activities Report and Appendix 4C
28/10/2021	Initial Director's Interest Notice
26/10/2021	Jobkeeper Payments Notice
26/10/2021	Hydrix Appoints Mr Paul Lewis MBE FAICD to the Board
26/10/2021	Notice of Annual General Meeting/Proxy Form
26/10/2021	Letter to Shareholders - Annual General Meeting
26/10/2021	Appendix 4G and Corporate Governance Statement
26/10/2021	2021 Annual Report to shareholders
21/10/2021	Notification of cessation of securities - HYD
19/10/2021	Ceasing to be a substantial holder
15/10/2021	Change in substantial holding
11/10/2021	Notification of cessation of securities - HYD
11/10/2021	Notification of cessation of securities - HYD

29/09/2021	Annual General Meeting and Director Nomination Closing Date
16/09/2021	Application for quotation of securities - HYD
14/09/2021	Cleansing Notice
14/09/2021	Appendix 2A
14/09/2021	Hydrix On Track for Cardiac Product Sales in H1 CY22
01/09/2021	MEM: Reaches settlement agreement with Hydrix
31/08/2021	FY2021 Letter from Executive Chairman

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company:

- (d) this Prospectus;
- (e) the Constitution; and
- (f) the consents referred to in Section 6.12.

#### 6.4 Material Contracts

The Company has not entered into any material contracts other than those previously disclosed to the market.

#### 6.5 Information excluded from continuous disclosure notices

Other than as disclosed in this Prospectus, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

#### 6.6 Market price of Shares

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.14 per Share on 18 January 2022

Lowest: \$0.090 per Share on 8 March 2022

The latest available market sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.093 per Share on 6 April 2022.

#### 6.7 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

#### 6.8 Litigation

The Directors are not aware of any legal proceedings which have been threatened or actually commenced against the Company.

#### 6.9 Interests of Directors

- (a) Information disclosed in this Prospectus

Other than as set out in this Prospectus, no Director holds or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (iii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director:

- (iv) as an inducement to become, or to qualify as, a Director; or
- (v) for services provided in connection with the formation or promotion of the Company, or the Offer.

**(b) Security holdings**

The relevant interests of each of the Directors in Securities as at the date of this Prospectus is set out below:

Director	Shares	Options <sup>10</sup>	Performance Rights <sup>11</sup>
Gavin Coote	2,910,633	182,657	5,500,000
Joanne Bryant	1,515,051	126,256	Nil
Julie King	17,639,345	666,667	Nil
Paul Lewis	7,916,666	2,222,222	Nil
Paul Wright	1,101,782	158,066	Nil

**(c) Remuneration**

The Constitution provides that the Non-Executive Directors may be paid out of the funds of the Company, an amount of approved fees which:

- (i) does not:
  - (A) in any year exceed in aggregate the amount last fixed by ordinary resolution (being \$500,000); or
  - (B) consist of a commission on or percentage of profits or operating revenue; and
- (ii) is allocated among them:
  - (A) on an equal basis having regard to the proportion of the relevant year for which each Director held office; or
  - (B) as otherwise decided by the Board; and
- (iii) is provided in the manner the Board decides, which may include the provision of non-cash benefits.

<sup>10</sup> All Options held by Directors are listed Options, each exercisable at \$0.12, on or before 31 July 2022.

<sup>11</sup> Refer to Section 2.3(b) for further details in respect of the terms of the Performance Rights.

If the Board decides to include non-cash benefits in the approved fees of a Director, the Board must also decide the manner in which the value of those benefits is to be calculated.

If a Director, at the request of the Board and for the purposes of the Company, performs extra services or makes special exertions (including going or living away from the Director's usual residential address), the Company may pay that Director a fixed sum set by the Board for doing so. Remuneration under this rule may be either in addition to or in substitution for any remuneration to which that Director is already entitled.

A Director may also be reimbursed for out of pocket expenses incurred by the Director in attending meetings, on the business of the Company or in carrying out duties as a Director.

Directors received the following remuneration for the last two financial years ended 30 June 2021 and 30 June 2020:

**Table of benefits and payments for the financial year ended 30 June 2021**

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments	Total
	Salary	Fees	Super-annuation	Long Service Leave	Equity-settled shares	
	\$	\$	\$	\$	\$	\$
<b>Directors<sup>1</sup></b>						
Mr Gavin Coote <sup>2,3</sup>	367,260	-	26,815	5,014	130,680	529,769
Ms Julie King <sup>3</sup>	-	41,268	4,332	-	-	45,600
Ms Joanne Bryant <sup>3</sup>	-	41,268	4,332	-	-	45,600
Mr Paul Wright <sup>3</sup>	42,627	-	3,956	-	26,838	45,600
						73,421
<b>Total</b>	409,887	82,536	39,435	5,014	157,518	694,390

<sup>1</sup> Mr Paul Lewis MBE FAICD was appointed to the Board on 28 October 2021 and therefore was not a Director during the FY21 period. Mr Lewis receives fees of \$48,000 per annum, consistent with the fees for all Non-Executive Directors of the Company.

<sup>2</sup> Short-term salary benefits payable to Mr Coote include \$60,000 for work performed in his role as Director.

<sup>3</sup> Between 1 July 2020 and 30 September 2020, the fixed remuneration paid to all directors was reduced by 20%

**Table of benefits and payments for the financial year ended 30 June 2020**

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments	Total
	Salary	Fees	Super-annuation	Long Service Leave	Equity-settled shares	
	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Mr Gavin Coote <sup>1,2,4,5</sup>	192,260	100,900	12,565	2,486	92,769	400,980
Ms Julie King <sup>5</sup>	-	41,268	4,332	-	-	45,600
Ms Joanne Bryant <sup>5</sup>	-	41,268	4,332	-	-	45,600

Mr Paul Wright <sup>1,3,5</sup>	42,627	45,000	3,956	-	55,662	147,245
<b>Total</b>	<b>234,887</b>	<b>228,436</b>	<b>25,185</b>	<b>2,486</b>	<b>148,431</b>	<b>639,425</b>

<sup>1</sup> Non-salary short-term benefits relate to professional fees payable to Mr Gavin Coote and Mr Paul Wright for consultancy and advisory work performed by them outside the scope of their roles as director; the fees are at arm's length rates agreed by the Board.

<sup>2</sup> Mr Gavin Coote was appointed as Executive Chairman effective 1 January 2020

<sup>3</sup> Non-salary short-term benefits payable to Mr Wright are non-monetary and were settled by way of issuing 155,172 shares

<sup>4</sup> Short-term salary benefits payable to Mr Coote include \$60,000 for work performed in his role as Director

<sup>5</sup> Between 1 April 2020 and 30 June 2020, the fixed remuneration paid to all KMP was reduced by 20%.

## 6.10 Substantial Shareholders

Based on information known to the Company as at the date of this Prospectus, those persons which together with their associates have a voting power in 5% or more of the Shares on issue are set out below:

Substantial holder	Number of Shares	% of Share capital
John W King Nominees Pty Ltd and associates	18,930,263	9.88%
Patagorang Pty Ltd	10,452,380	5.45%

## 6.11 Interests of other persons

Except as disclosed in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or sale or a financial services licensee named in the prospectus as a financial services licensee involved in the issue or sale,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with the formation or promotion of the Company, or the Offer.

(a) **Payments to Holding Redlich**

Holding Redlich acted as Australian legal adviser to the Company in connection with the Offer.

The Company estimates that it will pay fees of approximately \$28,000 (plus GST) for Holding Redlich's services in relation to the Offer under this Prospectus. Further amounts may be paid to Holding Redlich in accordance with its usual time-based charges, including in relation to the Extraordinary General Meeting and Placement.

During the 24 months preceding lodgement of this Prospectus with ASIC, Holding Redlich has been paid fees totalling \$506,579 (excluding GST and disbursements) for the provision of legal and corporate secretarial services to the Company.

(b) **Payments to the Joint Lead Managers**

During the 24 months preceding lodgement of this Prospectus with ASIC:

- (i) Bell Potter Securities has been paid fees totalling \$524,840 (excluding GST) for the provision of capital raising services to the Company (including fees associated with the Placement); and
- (ii) Baker Young has been paid fees totalling \$74,986.67 (excluding GST) for the provision of capital raising services to the Company (including fees associated with the Placement).

Further amounts may be paid to Bell Potter Securities and Baker Young in accordance with agreed rates, including in relation to the Placement.

The Company also issued a total of 1,000,000 unlisted Options to the Joint Lead Managers on 7 March 2022, with an exercise price of \$0.30 and an expiry date of 7 March 2025, as part consideration for the services provided in connection with the Placement. Further details relating to the terms of these Options can be found on the Company's website: <https://www.hydrix.com/terms-of-options>.

## 6.12 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Securities under this Prospectus), the Directors, and any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.



The below parties have consented to being named in the Prospectus and to the distribution of the Prospectus:

- (a) Holding Redlich has given its written consent to being named as the Solicitors to the Company in this Prospectus; and
- (b) Bell Potter Securities and Baker Young have given their written consent to being named as the Joint Lead Managers to the Company in this Prospectus.

None of the above parties have authorised or caused the issue of the Prospectus or the making of the Offer. No party has withdrawn its consent prior to lodgement of this Prospectus with ASIC.

### 6.13 Estimated costs and expenses of the Offer

All expenses in relation to the Offer are being borne by the Company. The estimated costs and expenses (excluding GST) payable by the Company specifically in relation to the Offer of Attaching Options under this Prospectus, is set out below. The amounts below exclude GST, and exclude other costs and expenses relating to the Placement and Extraordinary General Meeting (such as Placement fees paid to the Lead Managers, and printing and mailing expenses associated with the Extraordinary General Meeting).

<b>Fees/Expenses</b>	<b>\$</b>
ASIC lodgement fee	\$3,206
ASX quotation fee for Attaching Options	\$14,654
Legal expenses	\$28,000
Other miscellaneous costs (including Share Registry fees)	\$5,000
<b>Total</b>	<b>\$50,860</b>

### 6.14 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by an Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

### 6.15 Enquiries

For general Shareholder enquiries or enquires regarding this Prospectus or the Offer, please contact the Company on [info@hydrix.com](mailto:info@hydrix.com).

For enquiries concerning your shareholding in the Company, please contact the Share Registry, Boardroom Pty Limited, on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

## 7. Directors' Authorisation


This Prospectus is dated 7 April 2022 and is issued by Hydrix Limited.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of Hydrix Limited has consented to the lodgement of this Prospectus in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of Hydrix Limited



**Gavin Coote**  
Executive Chairman  
7 April 2022

## 8. Glossary

**AEST** means Australian Eastern Standard Time.

**Applicant** means a person who submits an Application.

**Application** means a valid application for Attaching Options pursuant to the Offer, through submission of an Application Form.

**Application Form** means an application form accompanying this Prospectus in respect of either the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the securities exchange operated by ASX Limited (as the context requires).

**Attaching Option** means the Options the subject of this Prospectus, each exercisable at \$0.18 and expiring on 31 March 2024, to be issued as free attaching Options to subscribers of Placement Shares under the Placement, on the basis of one free Attaching Option for every one Placement Share subscribed.

**Baker Young** means Baker Young Limited (ABN 92 006 690 320).

**Bell Potter Securities** means Bell Potter Securities Limited (ABN 25 006 390 772)

**Board** means the board of Directors of the Company.

**Business Day** means any day which is defined to be a Business Day pursuant to Listing Rule 19.12 of the Listing Rules.

**CHESS** means Clearing House Electronic Sub-register System of ASX Settlement Pty Ltd (ACN 008 504 532).

**Closing Date** means the closing date of the Offer being 5.00pm (AEST) on Wednesday, 13 April 2022 (unless extended).

**Company** or **Hydrix** means Hydrix Limited (ACN 060 369 048).

**Constitution** means the Company's Constitution as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company.

**Dollars, \$ and cents** are references to Australian currency.

**Eligible Applicant** means a Placement Applicant, who is eligible to receive one Attaching Option for every one Placement Share subscribed for under the Placement.

**Extraordinary General Meeting** or **EGM** means the extraordinary general meeting of the Company to be held on 14 April 2022, as further detailed in the Notice of Meeting lodged with ASX on 16 March 2022.

**GST** means goods and service tax levied in Australia pursuant to *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Indicative Timetable** means the indicative timetable (as varied from time to time) of the Offer under this Prospectus as outlined on page 1 of this Prospectus.

**Issuer Sponsored** means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

**Joint Lead Managers** means Bell Potter Securities and Baker Young.

**Listing Rules** means the official listing rules of ASX and any other rules of ASX which are applicable while any Securities are admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**Offer** means the Offer of Attaching Options made under this Prospectus.

**Official List** means the official list of ASX.

**Official Quotation** means quotation of Securities on the Official List.

**Option** means an option to acquire a Share in the capital of the Company.

**Placement** means the capital raising placement announced by the Company to the ASX on 28 February 2022, to raise \$2.82 million through the issue of \$28,280,000 Placement Shares and 28,280,000 Attaching Options to sophisticated investors.

**Placement Applicant** means an applicant who participated in the Placement.

**Placement Shares** means the Shares issued under the Placement, at an issue price of \$0.10 per Share.

**Prospectus** means this prospectus dated 7 April 2022.

**Section** means a section of this Prospectus.

**Securities** means any securities including Shares or Options issued or granted by the Company.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.

**Share Registry** means Boardroom Pty Limited.