

## Hydrix records strong revenue growth and a return to profitability for the core Services business

### 30 September 2022 Quarter Activity Report & Appendix 4C

**Hydrix Limited** (ASX: HYD) (**Hydrix** or the **Company**) today released its Appendix 4C for the 30 September 2022 quarter and provides the following Business Update.

#### Group Financial Highlights for the September Quarter (unaudited) (refer to Appendix 4C)

- **23% increase** in customer revenues to **\$3.32m** versus PCP (\$2.71m)
- **122% improvement** in core Services business EBITDA to **\$0.15m** versus PCP (loss \$0.70m)
- **82% increase** in customer receipts to **\$4.41m** versus PCP (\$2.42m)
- **74% improvement** in net cash used in Group operating activities of **\$0.59m** versus PCP (\$2.29m)
- Pro forma quarter-end cash on hand **\$4.28m<sup>1</sup>**

#### Group Activity Highlights

- **Hydrix Services signed a \$1.3m contract** to develop Cyban's first-generation product (Hydrix Ventures holds a **5.55%** ownership) in addition to other contract signings in the quarter
- **The Guardian received approval from Singapore's** regulatory body, the Health Sciences Authority (HSA), for Hydrix to market and distribute The Guardian in Singapore
- **The Guardian moves closer to an implant in Australia** after the Company's national cardiology partner commenced screening for suitable patients to implant **The Guardian** under special access scheme arrangements at an approved private hospital, and pending the outcome of Australia's Therapeutic Goods Administration (TGA) regulatory review process
- **Business development in the USA expanded** with Mr Peter Lewis relocating to **Boston** as EVP business development; *USA Services revenues were less than 10% of FY22 revenues*
- **Company raised \$3.37m** via a 1-for-2 Entitlement Offer at 6 cents (can raise up to \$6.00m), closing a \$2.07m Institutional offer in September and a \$1.30m Retail offer in October; and
- Launched the **Hydrix Investor Hub** (today), an interactive platform to share Hydrix news and engage with investors. Sign-up [here](#).

**Group Priorities for the Next 12 Months**

- Continue core Services business year-on-year revenue growth of **+20%** by increased international sales, marketing, and business development activities
- Continue core Services business profitability growth for FY23 by improving gross profit margins and billable utilisation
- Continue market development of The Guardian to be sales-ready pending Therapeutic Goods Administration (TGA) and Thai FDA regulatory approvals to market and distribute the device
- Continue to actively evaluate suitable cardiovascular technologies for distribution; and
- Support our venture investee companies reach significant milestones, including capital raises, regulatory approvals, and product development.

**Hydrix Executive Chairman Gavin Coote commented:**

"I am very pleased that the core Services business returned a profit this quarter. The team has done a terrific job implementing changes during COVID to make us a better and more robust business which is reflected in this significant performance improvement. We are well-placed to continue global sales growth, and profitability is within reach this year.

"The application made in July 2021 to the TGA to approve marketing and distribution of The Guardian remains under their review. In the interim, a national cardiology partner commenced screening for suitable patients to implant under a permitted special access scheme, similar to a process we undertook with a cardiologist in Singapore where 8 sales/implants were completed prior to the Singapore Regulators approval being granted this quarter. We are optimistic about the prospects of The Guardian, *the world's first and only real-time heart attack warning device*.

"I presented Hydrix recently to a large audience at the 11<sup>th</sup> Annual Australian Microcap Investment Conference in Melbourne. I continue to be deeply touched by the many people who relate their stories about a loved one who had a heart attack and how they recalled having no symptoms or no recognisable symptoms at the time. These comments resonate with what the FDA stated when it handed down its regulatory approval, *"The Guardian device fills an unmet medical need by providing a more effective diagnosis of a life-threatening condition when compared to patient symptoms alone."*

"Hydrix Venture portfolio companies are maturing and anticipate reaching major inflection points over the next 12 months. When discussing the outlook with the CEOs and Chairman of these venture companies, I am confident these are very well-led businesses. I am pleased given the market potential of these world-first products, that Hydrix is an investor and their preferred product development partner.

"I thank all existing investors and welcome new shareholders who supported the \$3.4 million capital raised to date under the Entitlement offer; a strong result considering the volatile and challenging time for markets and investors. We have a stronger balance sheet to capitalise on the considerable opportunities we have created."

**Payments to related parties**

During the quarter, Hydrix made aggregate payments of \$173,000 to related parties and their associates. These payments comprise of full-time salary payments to the Executive Chairman, payments of directors' fees, and payments of interest on loans borrowed from E.L.G Nominees Pty Ltd (an entity controlled by Director Joanne Bryant) and John W King Nominees Pty Ltd (an entity associated with Director Julie King).

**-ENDS-**

Click [here](#) for the investor presentation at the recent Australian Microcap Investment Conference.

Click [here](#) for the Hydrix 2022 Annual Report.

Click [here](#) to sign-up for Hydrix Investor Hub, an interactive platform to share Hydrix news and engage with investors.

**Authorisation:** This announcement has been authorised for release by the Board of Hydrix.

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**About Hydrix Limited**

Hydrix Limited (ASX: HYD) is a powerful product innovation company. Hydrix's purpose is to enhance the health, safety, and well-being of a billion lives. The company leverages its powerful product innovation capability across three complementary commercial business segments. These segments are Hydrix Services: design and engineer products that transform markets; Hydrix Ventures: invest in high potential medtech clients; and Hydrix Medical: distribute disruptive cardiovascular products.

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<sup>1</sup> Includes \$1.29 million raised after 30 September 2022 by Hydrix under the Retail component of the 1-for-2 Entitlement Offer at 6 cents announced on 15 September 2022, click [here](#).

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Hydrix Limited

**ABN**

84 060 369 048

**Quarter ended ("current quarter")**

30 September 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,414	4,414
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(392)	(392)
(c) advertising and marketing	(39)	(39)
(d) leased assets	(241)	(241)
(e) staff costs	(3,331)	(3,331)
(f) administration and corporate costs	(961)	(961)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(38)	(38)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(585)</b>	<b>(585)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(18)	(18)
(d) investments	(10)	(10)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(28)</b>	<b>(28)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,824	1,824
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1	1
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(119)	(119)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(44)	(44)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,662</b>	<b>1,662</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,940	1,940
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(585)	(585)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(28)	(28)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,662	1,662
4.5	Effect of movement in exchange rates on cash held	-	
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,989</b>	<b>2,989</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,989	1,940
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,989</b>	<b>1,940</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	173
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>																																								
7.1	Loan facilities	2,000	2,000																																								
7.2	Credit standby arrangements	-	-																																								
7.3	Other (please specify)	-	-																																								
7.4	<b>Total financing facilities</b>	<b>2,000</b>	<b>2,000</b>																																								
7.5	<b>Unused financing facilities available at quarter end</b>		-																																								
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.																																										
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Lender</th> <th style="width: 15%;">Loan Amount</th> <th style="width: 15%;">Interest rate (p.a)</th> <th style="width: 15%;">Maturity date</th> <th style="width: 25%;">Security</th> </tr> </thead> <tbody> <tr> <td>E.L.G. Nominees Pty Ltd*</td> <td style="text-align: right;">\$ 250,000</td> <td style="text-align: center;">8%</td> <td style="text-align: center;">31/01/2023</td> <td>Unsecured</td> </tr> <tr> <td>E.L.G. Nominees Pty Ltd</td> <td style="text-align: right;">\$ 150,000</td> <td style="text-align: center;">8%</td> <td style="text-align: center;">31/07/2023</td> <td>Unsecured</td> </tr> <tr> <td>E.L.G. Nominees Pty Ltd</td> <td style="text-align: right;">\$ 150,000</td> <td style="text-align: center;">8%</td> <td style="text-align: center;">31/08/2023</td> <td>Unsecured</td> </tr> <tr> <td>E.L.G. Nominees Pty Ltd</td> <td style="text-align: right;">\$ 150,000</td> <td style="text-align: center;">8%</td> <td style="text-align: center;">30/09/2023</td> <td>Unsecured</td> </tr> <tr> <td>E.L.G. Nominees Pty Ltd</td> <td style="text-align: right;">\$ 150,000</td> <td style="text-align: center;">8%</td> <td style="text-align: center;">31/10/2023</td> <td>Unsecured</td> </tr> <tr> <td>E.L.G. Nominees Pty Ltd</td> <td style="text-align: right;">\$ 150,000</td> <td style="text-align: center;">8%</td> <td style="text-align: center;">30/11/2023</td> <td>Unsecured</td> </tr> <tr> <td>John W King Nominees Pty Ltd**</td> <td style="text-align: right;">\$ 1,000,000</td> <td style="text-align: center;">8%</td> <td style="text-align: center;">31/07/2023</td> <td>Unsecured</td> </tr> </tbody> </table>			Lender	Loan Amount	Interest rate (p.a)	Maturity date	Security	E.L.G. Nominees Pty Ltd*	\$ 250,000	8%	31/01/2023	Unsecured	E.L.G. Nominees Pty Ltd	\$ 150,000	8%	31/07/2023	Unsecured	E.L.G. Nominees Pty Ltd	\$ 150,000	8%	31/08/2023	Unsecured	E.L.G. Nominees Pty Ltd	\$ 150,000	8%	30/09/2023	Unsecured	E.L.G. Nominees Pty Ltd	\$ 150,000	8%	31/10/2023	Unsecured	E.L.G. Nominees Pty Ltd	\$ 150,000	8%	30/11/2023	Unsecured	John W King Nominees Pty Ltd**	\$ 1,000,000	8%	31/07/2023	Unsecured
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	<i>*E.L.G. Nominees Pty Ltd is a company associated with Joanne Bryant, a Non-Executive Director of the Company.</i> <i>**John W King Nominees Pty Ltd is a company associated with John King, a related party of the Company.</i>																																										

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(585)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,989
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,989
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>5.11</b>
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 October 2022

Authorised by the Board of Hydrix Limited.

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g., Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.