

## 31 March 2021 Quarter Activities Report & Appendix 4C <sup>(1)</sup>

### 3Q21 Highlights:

- Hydrix Services March quarter sales conversions were greater than 1H21
- Services sales pipeline was significantly increased supporting future growth
- Reported revenues were \$2.4 million
- Hydrix Medical appoints senior cardiac sales & operations executive
- Cash operating loss was \$0.67 million on core business <sup>(2)</sup>
- Group cash on hand position remains very strong at \$7.8 million

**Hydrix Limited** ('Hydrix' or 'the Company') (ASX: HYD) today released its **Appendix 4C** for the three months ended 31 March 2021(3Q21).

### Hydrix Executive Chairman Gavin Coote commented:

*"Hydrix Services trading conditions coming out of the last calendar year remained fluid and challenging, however, stronger sales quarters will translate to revenue growth and profitability in the 1HFY22.*

*Hydrix Medical continued to make strong progress and is getting closer to reaching some key milestones.*

*Hydrix Venture portfolio companies are making very good progress and we anticipate valuation uplift in their carrying values this calendar year."*

### Group Management Discussion and Analysis on the Quarter:

#### Hydrix Services

Hydrix Services sales conversions for the March quarter were larger than the first half of 2021; a *leading indicator business growth is returning*.

The revenue pipeline also increased in the quarter to well in excess of \$50 million and includes a good spread of new and existing Australian and overseas clients, and project size and sector focus. The business appointed an experienced US-based business development executive in early January to expand the business reach, and to support our Melbourne-based business development team which is restricted from international travel.

COVID-19 disruptions year to date, have delayed and slowed sales conversions, project starts and projects progressing to larger revenue stages as quickly as expected. Short term revenue and earnings are also impacted by two large projects utilising significant resources with delayed revenue or fees tied to equity, both of which will complete within the next few months.

#### Hydrix Medical

Hydrix Medical continues to make good milestone progress and will be the key driver of significant revenue and earnings growth beginning the second half of FY22 and beyond.

We continue to progress steps to pave the way for sponsored early regulatory access implants of the AngelMed Guardian in Australia. This remains a key business milestone objective for the June quarter.

AngelMed USA submitted 12-months of successful battery testing to the FDA in late February. AngelMed continues with patient implants under its FDA approved IDE scheme. It continues to expand its USA sales and field engineering footprint in anticipation of significant growth on the back of an approval by the FDA for upgraded battery device commercial sales.

Hydrix Medical's support and supply of seven Singapore AngelMed Guardian patient implants since August has helped those people go about their daily lives with less stress and anxiety, and more actively engaged in work, exercise, and physical activities. These successful implants are building awareness and local market confidence. Continuous patient monitoring provided by the device supports a higher standard of a physician's cardiac patient oversight and quality of life, paving the way for future growth.

In regard to distribution of Phyzhon Health's cardiac catheter guidewire, all program requirements are in place to begin first-in-human trials at a Melbourne-based hospital. This trial will start once we have devices from Phyzhon, which are expected to arrive in the June quarter. Phyzhon's supply has been delayed by COVID-19 disruptions to product manufacturing and assembly in the USA.

Phyzhon is also finalising preparations for an independent regulatory body to complete a CE Mark approval, which has also been delayed due to USA COVID-19 restrictions.

To support the acceleration of local market development, senior cardiac medtech executive Ms. Vickie Edwards, was in April, appointed to the role of Director Sales & Operations. Vickie brings 20+ years of interventional cardiac product sales, marketing, regulatory and distribution expertise. Her appointment further strengthens and adds to the organisational leadership of General Manager Mr. Paul Kelly and Singapore-based Regional Country Manager Ms Ai Wee Ng.

For further Hydrix Medical milestone updates from the quarter, please see 31 March 2021 [Hydrix Medical Business Update](#) lodged with the ASX.

### **Hydrix Ventures**

Subsequent to quarter end, Hydrix Ventures participated in a small capital raise for Cyban Limited which was priced at a 15% uplift to the Seed round completed last year. Recent clinical studies using prototype devices developed by Hydrix Services, support the high potential for the device to non-invasively monitor ICU patients suffering from traumatic brain injuries.

### **Group Cash & Update Outlook for 2HFY22**

Looking forward, increased Services sales activity can be expected to translate into significant revenue growth and improving profitability in the June and September quarters compared to the March and December quarters. Growth is unlikely to be fast enough to offset cessation of the JobKeeper support in March for the core business to achieve breakeven cash operating profit in the second half.

The Company paid down \$0.5 million of shareholder loans in the quarter to further deleverage the balance sheet. Hydrix finished the quarter with \$7.8 million cash on hand which is sufficient to support the growth of the Group's current stated business initiatives beyond 30 June 2022.

*(1) All numbers are unaudited*

*(2) Cash operating profit (or loss) is Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and Share-based payments for a full year, before costs associated with the Company's Buy, Build, Invest strategy and other non-recurring costs.*

**-ENDS-**

**Authorisation:** This announcement is authorised for release by the Board of Directors of Hydrix Limited.

**Contact Details:** For more information, please contact:

**Company Enquiries:**

Gavin Coote

Executive Chairman

[info@hydrix.com](mailto:info@hydrix.com)

+61 3 9550 8100

**Media Enquires:**

Rod North

Managing Director, Bourse Communications

[rod@boursecommunications.com.au](mailto:rod@boursecommunications.com.au)

+61 3 9510 8309

**About Hydrix Limited**

Hydrix Limited (ASX: HYD) is a powerful product innovation company. Hydrix purpose is to enhance the health, safety, and wellbeing of 1 billion lives. The company leverages its powerful product innovation capability across multiple growth platforms. These platforms include **Hydrix Services** design and engineering to create products which transform markets; **Hydrix Ventures** to pick winning investments in high potential innovative products; and **Hydrix Medical** to create new product revenue streams bringing cardiovascular technologies to market which improve patient mobility and quality of life.

## 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")**

31 March 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,781	6,867
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(230)	(1,074)
(c) advertising and marketing	(29)	(84)
(d) leased assets	-	-
(e) staff costs	(2,178)	(7,208)
(f) administration and corporate costs	(478)	(1,962)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	5
1.5 Interest and other costs of finance paid	(92)	(525)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	385	1,715
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(841)</b>	<b>(2,266)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(90)	(110)
(d) investments	-	(100)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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>(90)</b>	<b>(210)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	12,943
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	32	730
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(17)	(1,087)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(500)	(4,000)
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>(485)</b>	<b>8,586</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	9,216	1,690
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(841)	(2,266)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(90)	(210)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(485)	8,586
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>7,800</b>	<b>7,800</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	7,800	9,216
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>7,800</b>	<b>9,216</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

173

-

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

The amount at 6.1 includes full-time salary payments to the Executive Chairman, payments of directors' fees, and payments of interest on funds borrowed from E.L.G Nominees Pty Ltd and John W King Nominees Pty Ltd.

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	2,250	2,250
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	<b>2,250</b>	<b>2,250</b>

**7.5 Unused financing facilities available at quarter end**

-

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.

<b>Lender</b>	<b>Loan Amount</b>	<b>Interest rate (p.a)</b>	<b>Maturity date</b>	<b>Security</b>
E.L.G. Nominees Pty Ltd*	\$ 1,000,000	6%	17/03/2022	Unsecured
John W King Nominees Pty Ltd**	\$ 1,250,000	6%	31/12/2022	Unsecured

\*E.L.G. Nominees Pty Ltd is a company associated with Joanne Bryant, a Non-Executive Director of the Company.

\*\*John W King Nominees Pty Ltd is a company associated with John King, a related party of the Company.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(841)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	7,800
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	7,800
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>9</b>

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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: N/A

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: N/A

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: N/A

## 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: 29 April 2021

This report has been authorised for release to the market 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 – eg 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.