

**Record quarterly revenue in 3Q19 of \$3.5 million, up 12% on 2Q19, up 76% on 3Q18**

During the third quarter ended 31 March 2019, Hydrix Limited ('Hydrix' or 'the Company') achieved:

- Record revenue of \$3.5 million representing an 12% increase compared to 2Q19 and an 76% increase in revenue compared to 3Q18
- Reduced cash outflows from operating activities by \$1 million compared to 2Q19, with operating cash outflows reduced to \$0.2 million for the quarter
- A sixth successive quarter of revenue growth
- Aggregate total potential contract value of over \$21 million
- Pipeline of qualified opportunities in excess of \$40 million
- Strong growth in new medical device regulatory consulting initiative

Hydrix's Chief Executive Officer, Peter Lewis, said: "We are delighted with the continued strong growth in revenue achieved during the quarter and in particular the growth from international marketing of our medical and consumer businesses."

"We won a diverse range of new projects in hearing impairment, critical site protection and mining technology innovation, as well as secured contracts for follow on stages of work on several current projects. We continue to grow our team of experienced engineers and designers to support this growth and to add additional capability to provide further expansion of services and facilitate entry into new markets," he said.

The Company's recently launched medical device regulatory consulting initiative gained traction over the quarter. A number of new projects were secured – with total aggregate potential value of more than \$1.5 million - with local medical companies to advise them on issues including changes to international regulatory regimes. The Company is confident that its strength in medical device product development, combined with our regulatory consulting services offering, ensures it is well placed to continue to deliver strong growth in its medical device business.

During the quarter, the Company also launched new Hydrix branding which better aligns with our strategic initiatives and provides a modern and cohesive brand image for use across our global markets.

With continued revenue growth and disciplined cash management, the Company continues to target improved cashflow for the next quarter and the Board remains confident that the Company has sufficient funding in place to deliver its current organic growth plans.

Driven by our vision and a clear growth strategy, we continue to identify and review potential acquisitions and investment opportunities under our Buy, Build and Invest strategy.

The Company's previously stated 2H19 milestones aspirations, which it is on target to meet or exceed, include:

Milestone	Status
Minimum 15% revenue growth compared to 1H19	☑ On track
Solidify global leadership position engineering cardiac assistance control devices	☑ On track
Secure three significant and high-dollar value projects	☑ On track
Targeting break-even in 4Q19	☑ On track
Identify our next acquisition or equity investment opportunity	☑ On track

**-ENDS**

For more information, contact [info@hydrix.com](mailto:info@hydrix.com)

#### **About Hydrix Limited**

*Hydrix (ASX: HYD) is a product design and engineering company, specializing in complex, regulated and safety-critical projects. We partner with clients to help design, develop and commercialize transformative technologies in MedTech, consumer and industrial products and safety critical applications.*

## Appendix 4C

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

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Hydrix Limited

**ABN**

84 060 369 048

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

31 March 2019

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	3,765	8,997
1.2	Payments for		
	(a) research and development	(25)	(325)
	(b) product manufacturing and operating costs	(335)	(998)
	(c) advertising and marketing	(16)	(16)
	(d) leased assets	-	-
	(e) staff costs	(2,857)	(8,695)
	(f) administration and corporate costs	(736)	(2,531)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	14
1.5	Interest and other costs of finance paid	(11)	(70)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	309
1.8	Other (provide details if material)		
	- Prepaid deposits refunded	-	25
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(215)</b>	<b>(3,290)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(8)	(37)
	(b) businesses (see item 10)	-	-

	(c) investments	(3)	(3)
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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>(11)</b>	<b>(40)</b>
<b>3. Cash flows from financing activities</b>			
3.1	Proceeds from issues of shares	-	2,773
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(40)	(274)
3.5	Proceeds from borrowings	1,400	1,925
3.6	Repayment of borrowings	(400)	(400)
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>960</b>	<b>4,024</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>			
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>734</b>	<b>694</b>
4.1	Cash and cash equivalents at beginning of quarter/year to date	121	160
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(215)	(3,290)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	(40)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	960	4,024

4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>854</b>	<b>854</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	854	121
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>854</b>	<b>121</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

**Current quarter  
\$A'000**

41

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- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

**Current quarter  
\$A'000**

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- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	3,000	2,903
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	1,000	1,000
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

In addition to the \$0.854 million cash on hand as at 31 March 2019, the Company has various facilities and funds for general working capital purposes totalling \$0.097 million available, bringing total funds available for general working capital purposes to \$0.951 million.

The Company has the following facilities in place:

1. \$1.00 million unsecured overdraft facility provided by a Director to meet short term working capital needs. Interest rate is 10% on funds borrowed.
2. Existing shareholder loan facilities in the aggregate of \$3.00 million of which \$0.097 million was available at 31 March 2019 for working capital purposes. As previously reported, there are two shareholder loan facilities:
  - a) An unsecured \$1.00 million loan facility provided by a major shareholder with a maturity date of 31 December 2019 and paying interest at 10% per annum; and
  - b) A secured loan facility of \$2.00 million provided to the Company by a separate shareholder. The loan is secured by the assets of the Hydrix Services subsidiary (ACN 621 448 299), and is guaranteed by Hydrix Limited. Of this facility, \$1.00 million was used to fund the Company's acquisition of the business assets of Hydrix announced on 13 November 2017. Funds remaining under this facility of \$0.097 million at 31 March 2019 are available for working capital purposes. The loan has a maturity date of 31 December 2019 and pays interest at 11% per annum.
3. In addition, under the Company's August 2018 Private Placement, shareholders are entitled to exercise an option to purchase shares at a strike price of \$0.08 on the basis of one option for every two shares. If 100% of the options are exercised, a further 31.25 million shares would be issued, raising \$2.5 million in capital for the Company.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs	(333)
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	(2,899)
9.6	Administration and corporate costs	(983)
9.7	Other (provide details if material)	-
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>(4,215)</b>

The estimated cash outflows set out above combine both Hydrix Limited and its controlled entity Hydrix Services Pty Ltd.

The estimated cash inflows for the next quarter from income generated by the combined businesses and not reflected in the above estimated cash outflows is \$4.0 million.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

### 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.

Sign here:

  
 .....  
 (Director)

Date: 23 April 2019

Print name: Gavin Coote

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.