ASX Announcement **27/02/2020**

Appendix 4D and Half Year Report for the six months ended 31 December 2019

Hydrix Limited (‘**Hydrix’** or ‘the **Company’**) (ASX: **HYD**) today released its Appendix 4D and Half Year Report for the six months ended 31 December 2019 (**1H20**) and a business update for the second half 2020 (**2H20**) and beyond.

Review of financial performance and outlook

Hydrix is pleased to report that the six months ending 31 December 2019 represented another successful period for the Company and the result supports the Company’s target of delivering revenue growth in excess of 15% as well as a cash operating profit (1) in FY20.

As announced in the Appendix 4C, the key highlights were:

- Operating revenues grew by 43.6% to $8.19m vs. previous corresponding period (pcp);
- Cash operating loss reduced by 84.3% to $0.33m vs. pcp;
- Receipts from customers increased by 81.6% to $9.50m vs. pcp; and
- Entered into an agreement to distribute the world first FDA approved implantable heart attack alert system.

Hydrix reaffirms its key milestone targets for the FY20 financial year, being:

- Revenue growth to exceed 15% year on year, (revenue in excess of $15.3m)
- Deliver a full year cash operating profit (1);
- Implement one ‘buy, build, invest’ initiative.

The Company continues to make good progress during the second half. The core design and services division, ‘Hydrix Services’ is performing in line with expectations under the new leadership structure that was introduced in December 2019. There has been a disciplined focus on costs across the business with savings achieved in the part of the business that is focused on the defence sector, where there have been some client-initiated delays to some projects.

With a healthy pipeline of potential revenue from both contracted and potential projects that is currently approximately $50 million, the Company anticipates continued revenue growth from Hydrix Services in FY21 and beyond.

Future developments and prospects – AngelMed Guardian System

In October 2019, Hydrix entered into an agreement to distribute Angel Medical’s ‘Guardian System’; the world’s first FDA-approved implantable heart attack alert system, in eight Asia Pacific countries. The Company is progressing towards a final unconditional agreement and will keep shareholders informed of developments.

As previously indicated, Hydrix initial focus is in Singapore, and it has been progressing regulatory approval with a leading cardiologist to begin implants via a GN26 Health Sciences Authority (HSA) ‘special access’ program, ahead of seeking full regulatory approval. The first GN26 application was successfully approved and progress is well advanced for a cardiologist to begin first commercial implants under this scheme in March 2020.

However, due to the emergence of the Coronavirus outbreak, including in Singapore which is a major Asia region travel hub and one of the countries most impacted outside of mainland China, the planned implants for March 2020 have been temporarily postponed. In the meantime, Hydrix will continue to focus on progressing plans for other relevant jurisdictions where there are early access schemes. Hydrix will keep shareholders informed of developments.

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In further developments, the FDA granted Angel Medical Systems, Inc., approval under an Investigational Device Exemption (IDE) program to begin commercial implants of the new upgraded battery-based Guardian System device. Under the IDE, approximately 260 USA patients from across 25 hospitals involved in the clinical trials upon which the FDA approved the device in 2018 are eligible for implant. Angel Medical anticipates these commercial implants will begin in the first half of this calendar year. This upgraded battery-based Guardian System is the device which Hydrix will distribute under early access schemes, including under the approved GN26 application in Singapore.

Gavin Coote, Executive Chairman of Hydrix commented:

We are pleased to report another strong half of growth and business performance. The management team remain very focused on continuing to deliver strong growth in revenues while improving operating profit.

The first half performance supports the Company's expectations for the full year and the current pipeline of revenue of approximately $50 million underpins a positive outlook for FY21 and beyond.

The impact of the Coronavirus, which has resulted in the postponement of the planned initial implants in Singapore is of course disappointing. Management will continue to closely monitor circumstances and will re-activate the plans for implants as soon as possible. In the meantime, we are progressing plans for early access schemes in other regions while simultaneously working towards full regulatory approval.

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

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About Hydrix Limited

*Hydrix (**ASX: HYD**) is a world class product design and engineering company, specializing in complex, regulated and safety-critical projects. We partner with clients to create market leading technologies in medtech, mining, industrial and safety critical applications.*