

31 December 2021 Quarter Activity Report & Appendix 4C

Hydrix Limited ('**Hydrix**' or 'the **Company**') (ASX: **HYD**) today released its Appendix 4C for the three months ended 31 December 2021 (**2Q21**)

2QFY22 & First Half Highlights & Achievements¹

- Group revenues for the quarter of \$2.5m
- Product development services revenues for the first half were \$5.2m, +41% YoY
- Group net cash used in operating activities of \$1.64m (*refer to Appendix 4C*)
- Pro forma cash of \$5.00m including \$2.73m cash on hand and \$2.27m ASX listed HYDO \$0.12c options expiring 31 July 2022
- 133% valuation uplift on Cyban Limited venture investment
- Mr Paul Lewis MBE appointed as Non-Executive Director
- Five regulatory applications lodged in Australia & S.E. Asia for the AngelMed Guardian
- Cardiovascular Product Manager appointed to support commercialisation of the Guardian
- Four International Good Design Awards validating Hydrix is at the leading edge of product development innovation

Outlook and Potential News Flow for CY22

- Continued organic revenue growth in the product development Services business
- Clinical implants of The Guardian in Australia under special access scheme
- Australian TGA regulatory approval of The Guardian paving the way for first commercial sales
- Commencement of first in human trials of Phyzhon cardiac catheter guidewire
- Further Ventures portfolio valuation uplifts

Hydrix Executive Chairman, Gavin Coote, provided the following business comments:

Hydrix made significant progress across all Group business segments demonstrating we are well underway to becoming a global medtech company.

Pleasingly, double-digit, year-on-year revenue growth in product development services is improving bottom line results. The outlook for continued growth is supported by a healthy sales pipeline.

Significant milestones by four early-stage medical device clients suggests investment valuation prospects could collectively exceed Hydrix current market capitalisation, validating our proprietary deal flow and selection criteria.

The medical products business submitted five regulatory applications for the AngelMed Guardian, the world's only implantable heart attack alert device, and is actively engaging stakeholders to advance commercialisation in CY2022.

Group Financial Highlights & Outlook

- The Company finished the half with \$2.7m cash on hand. It has 18,964,081 listed \$0.12 HYDO options expiring 31 July 2022, which if exercised, will provide \$2.27m in cash receipts
- Revenues from external customers during the half were \$5.2m, an increase of 41% compared to the comparative prior year period
- Cyban Limited completed a successful capital raise at a significant step-up to previous rounds generating a 133% unrealised book return on our original investment
- The Company's revenue outlook remains positive with the first half trend anticipated to continue in the second half, further improving the bottom line

Hydrix Medical Business Progress

The medical business is making significant progress and completed the following in the first half:

- Independent Human Research Ethics Committee (HREC) approval of The Guardian for a national cardiology group, paves the way to commence clinical trial implants ahead of receiving Australian TGA approval. Patient identification and recruitment is underway
- We submitted Regulatory applications for The Guardian in Australia, New Zealand, Singapore, Malaysia, and Thailand, with pending applications to be submitted for Hong Kong and Indonesia. We anticipate approvals commencing this calendar year with commercial sales and implants to commence thereafter
- We recruited a Cardiology Product Manager with deep industry experience in electrophysiology and pacing to support & accelerate commercialisation of The Guardian as regulatory approvals are received
- We continued strategic sales and marketing efforts to build awareness for early market adoption for The Guardian and Phyzhon products, including attendance at regional cardiology events which have also culminated in three additional GN27 registrations in Singapore
- The COVID-19 pandemic is driving a surge in demand for telehealth capabilities to help diagnose and treat remote patients. Telehealth can help extend treatment to rural locations, scale treatment in dense cities and protect vulnerable patients and front-line healthcare workers
- We continue to evaluate opportunities to acquire or invest in high growth cardiology products and services that would be accretive to revenue and earnings.

Government mandated bans on elective surgery, and other impacts of COVID, continue to disrupt and cause delays to supply chains, healthcare resourcing, clinical trials, regulatory approval processes and product commercialisation timeframes.

Hydrix Services Business Progress

Our product development business delivered very strong revenue growth on the back of existing clients recommencing projects and winning new client projects. The pipeline remains healthy, and more revenue is coming from outside Australia as we add business development personnel overseas and increase marketing efforts to drive awareness in other geographic regions. Highlights for the half include:

- Revenues for the half grew +41% over the prior comparative period

- Growth is coming from several significant EU based medical and cardiovascular clients. Pleasingly, this validates we are at the forefront developing critical technology for clients who are building total artificial hearts and other assistive heart devices. It also demonstrates that our stepped-up business development and marketing efforts in Europe are producing positive outcomes
- We successfully commenced short-run production and distribution of our proprietary Mechanical Circulatory Support platform, LUDO. This technology has been very well received by the Cardiac Assist Device community, and provides a differentiated proposition to help them accelerate and de-risk their product development
- We anticipate the healthy pipeline and existing client base will support the revenue growth trend into the 2H and beyond, continuing to improve bottom line results.

Hydrix Ventures Business Progress

Hydrix venture investment companies are all progressing towards significant valuation inflection points this year. Their business outlook suggests strong valuation returns for Hydrix over the next few years.

Highlights for the half include:

- Participated in Cyban Series A capital raise, which was completed at greater than 2x-times uplift on our original investment
- Memphis announced their maiden commercial sale of the Felix platform for IVF use. In addition, they announced a clinical trial of the Felix System with Monash IVF that will support regulatory applications
- Significant progress towards the completion of major milestones in Product Development and Verification of the GYDER® Hip Navigation System, an intra-operative surgical navigation tool that aims to assist surgeons position implants during total hip arthroplasty
- AngelMed USA has completed more than 20 commercial implants in the USA under a dedicated TPT reimbursement code from CMS (Medicare) since receiving **FDA approval in June 2021**. These implants affirm The Guardian is at the forefront of real-time emergency cardiac event telemedicine.

-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

+61 3 9550 8100

Media Enquires:

Rod North

Managing Director, Bourse Communications

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.