

Investor Presentation on H1 FY20 Results

Hydrix Limited (ASX: **HYD**) attaches an investor presentation in relation to its H1 FY20 Results.

-ENDS-

Authorisation: This announcement has been authorised by the Board of Hydrix Limited.

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About Hydrix Limited

Hydrix Limited (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 sectors including medical, mining, industrial and defence.

Hydrix Limited

Hydrix brings technologies to life which enhance people's health, safety and well-being

1H'20 Results Presentation
March 2020

Hydrix value proposition - *bring ground breaking technologies to life*



WHAT WE DO

'Improve Lives'

- Deliver world class product design, engineering & regulatory services to create market leading solutions which improve lives

WHY WE SUCCEED

'Talent & Know-how'

- We apply **1,000s** of years of **know-how** to: (i) de-risk product development, (ii) create market-leading solutions, and (iii) accelerate go to market strategies
- We attract & retain some of the best **talent** which creates our unique capability... we are an **80** person company with **65** highly experienced engineers, regulatory & project leaders

HOW WE CREATE VALUE

'The Business Model'

- Grow **scale** & profitability of our core product engineering services business
- Leverage this expertise into IP & product ownership to generate long-term **recurring** product revenues

Continued strong growth in 1H'20



Key Achievements – 1H'20



Operating revenue grew 43.6% to \$8.19m vs. pc¹



Cash operating loss² reduced by 84.3% to \$0.33m vs. pc



Receipts from customers increased by 81.6% to \$9.50m vs. pc



Entered into an agreement to distribute the world's first FDA approved implantable heart attack alert system



Key appointments to strengthen the leadership capability to support anticipated continued strong growth



Raised \$2.5m (before costs) via Placement & SPP + secured \$5.0m debt facility from PURE AM

1. Prior corresponding period (pc)

2. Cash operating profit is Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and Share-based payments for a full year (**excluding** 'buy, build, invest' initiatives) and may vary on a quarterly basis

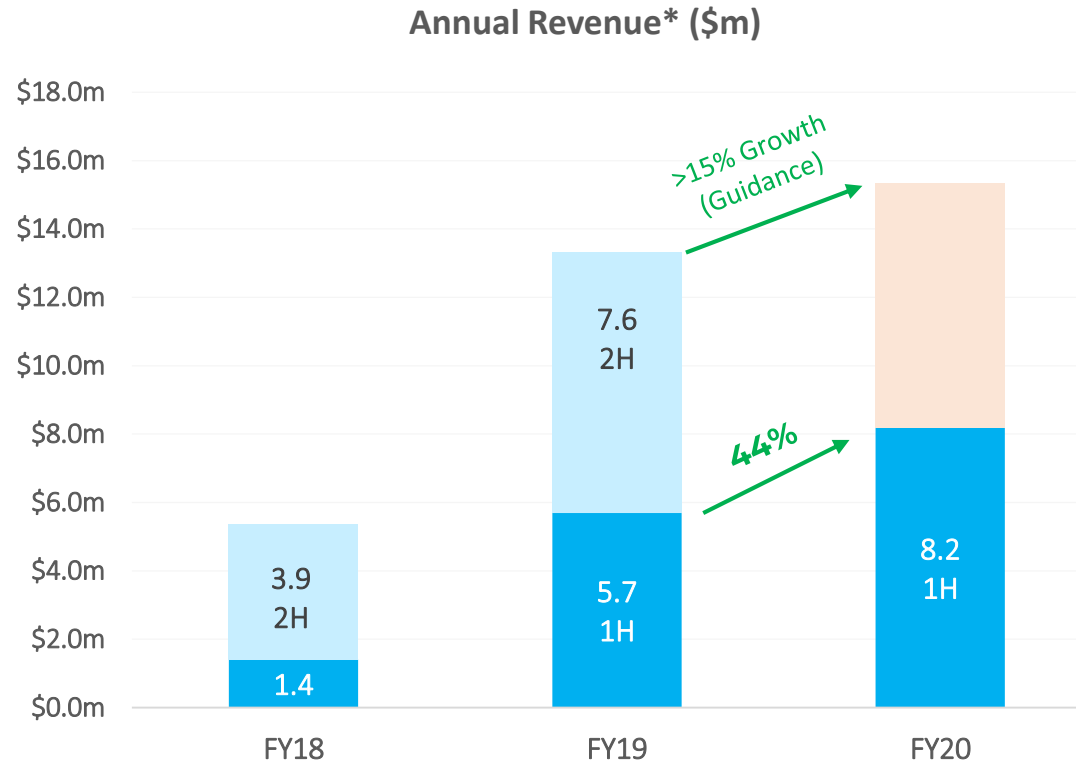
Hydrix has delivered strong revenue growth



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Well placed for continued revenue growth



Revenue Profile

- Revenues are generated through **fee-for-service** client project arrangements. IP created is owned by client
- Offer select clients **strategic pricing** - accept a portion of service payments as 'equity in-kind.' This creates IP upside via potential capital gains
- Exploring strategic initiatives which will create **recurring product** revenue streams

FY20 outlook, milestones on track

We are a successful company

Reaffirm Key Milestones for FY20	Status
Revenue growth to exceed 15% over FY19 (>\$15.3m)	On Track
Deliver a full year cash operating profit ¹	On Track
Implement one 'Buy, Build & Invest' ("BBI") strategic initiative	On Track

1. Cash operating profit is Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and Share-based payments for a full year (**excluding** 'buy, build, invest' initiatives) and may vary on a quarterly basis

Building on solid foundations

FY20 Focus – Growth & Expansion

- \$50m pipeline of potential revenue from both contracted and potential projects
- Leadership appointments announced 12 December 2019, builds organisational capacity and capability to:
 - Strengthen core Services business leadership & execution
 - Increase global business development focus to win *longer-term & larger-scale projects with larger clients*
 - Capacity to drive strategic 'BBI' growth initiatives
- BBI Initiative: AngelMed's Guardian System
 - 'Special Access' application approved in Singapore
 - Temporarily postponed due to Coronavirus impact
 - Continuing to progress plans under early access schemes in other key regions
 - Commercial implants in the US anticipated to begin H1 CY20 under Investigational Device Exemption (IDE)

Global expertise in three large and growing sectors

We create novel solutions including connected 'mobile' technologies, often breaking new boundaries in reduced product size, weight & power consumption, and increased performance in highly physical use activities

1. Medical Technology

Portable X-Ray Machine

The key development partner in the first carbon nanotube mobile x-ray platform.

Unique ultra-lightweight, mobile x-ray imaging systems for medical applications.

Guided client from 'concept' to 'commercialisation'.



Robotic Device

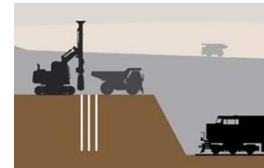
'First of its kind' exoskeleton technology used in the rehabilitation of stroke patients.



2. Consumer & Industrials

Mining

Hydrix is driving technology innovation initiatives across the industry including new mechanisms to capture more detailed blast hole data. These analytics will help improve efficiencies in the use of explosives and operator safety.



Sewer Management

Hydrix created a connected technology that revolutionises sewer system management from a desktop or remote device.



3. Defence & Aerospace

Defence Training

Hydrix is providing integration and engineering development services for the development of hardware and software elements of the airborne JTAC training system.

Hydrix is supporting algorithm development, AI and software development for the project



Mobile Jamming System

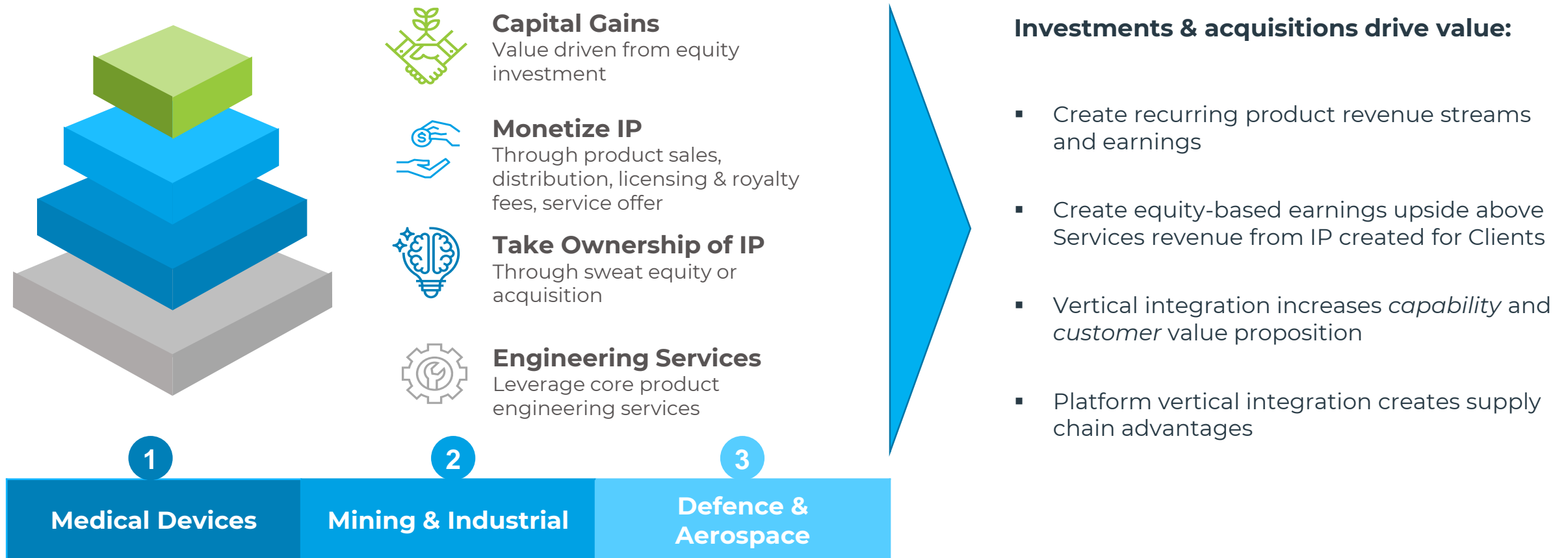
Hydrix developed an electro magnetic pulse electronics disabling system ('jamming')

Portable, ruggedized, low power, low noise, natural cooling, lightweight pack.



Purpose of Buy, Build & Invest strategy

CAPTURE more value created by Hydrix's design, engineering, regulatory and commercialisation capabilities



Example of “Buy, Build, Invest” strategy initiative -



- **Guardian®** is the world's first FDA approved **implantable heart attack alert system** using patented AI & Machine Learning algorithms
 - FDA approved 1st generation device in April 2018. Angel Medical (AngelMed) seeking FDA approval for upgraded longer-life battery (2x) for **commercial** device roll-out (USA pricing **USD\$10k+**)
 - Device monitors heart **24X7** - detects heart-beat changes indicative of a potential heart attack, angina attack and arrhythmias
 - Cardiovascular diseases affect **~14%** of the population, estimated for **31%** of all deaths worldwide, of these **85%** are due to heart attack and stroke...**45% of heart attacks are “Silent”**

Indicative Progress Milestones

Region	USA	Singapore	Australia
Milestones	<ul style="list-style-type: none">• FDA approval under IDE program to begin implants in clinical trial patients during H1 CY20.• Provides first reference for 'paid implants' helping support FULL FDA approval process (with new battery)• FDA battery approval anticipated to take up to 12 mths• Hydrix not entitled to US implant revenue	<ul style="list-style-type: none">• First implants approved under GN26 'special access' program• Leading Singaporean cardiologist committed to begin initial implants• Implants temporarily postponed due to impacts of Coronavirus• Implants ready to commence once Coronavirus impacts have reduced• Unlimited number of GN26s or implants	<ul style="list-style-type: none">• Full TGA regulatory approval process will start once FDA approves new battery• TGA approval anticipated to take approx. 9-12 months• Process underway to explore early access under Authorised Prescriber Scheme

Guardian® System – large market opportunity with existing infrastructure



			Potential Market Penetration				Initial Target Markets
Region	Population (m)	ACS Incidences p.a. ¹	Annual Sales Volume (units)		Annual Sales Value (A\$) ²		
			1.0%	5.0%	1.0%	5.0%	
Australia	25.1	77,007	770	3,850	\$5.8m	\$28.9m	
Singapore	5.7	29,500	295	1,475	\$2.2m	\$11.1m	
Japan	126.9	510,000	5,100	25,500	\$38.3m	\$191.3m	
Malaysia	32.4	84,500	845	4,225	\$6.3m	\$31.7m	
New Zealand	4.8	18,214	182	911	\$1.4m	\$6.8m	
Hong Kong	7.4	12,506	125	625	\$0.9m	\$4.7m	
202.3		731,727	7,317	36,586	\$54.9m	\$274.4m	

Guardian® market penetration can be achieved by leveraging pacemaker surgery know-how and existing infrastructure due to the following:

Efficacy / Risks

- Provides a diagnostic alert tool that is needed but not currently available (diagnostic only - no risk of adverse stimulus delivery)

Addressable market

- Larger addressable market when compared to pacemaker / ICDs (est. 2x-3x)

Technical maturity:

- Pacemaker device implant risks are well known and accepted, and pacemaker lead surgical implant procedures well-practiced

Economics:

- Pricing lower than double chamber pacemaker & ICDs + For 50%+ patients, the device cost is expected to be covered by private health insurance

1. ACS (acute coronary syndrome) split: unstable angina 57%, 23% STEMI (majority of heart attacks), 20% NSTEMI and ignores existing potential patients

2. Based on A\$7,500 device cost

Hydrix is well placed for future growth and value creation

Strategy & Vision

- Increasing global demand for advanced engineering, regulatory & design services
- Recognised sector specialties: **Medical Technology, Consumer & Industrial and Defense & Aerospace**
- ‘**Buy, Build & Invest**’ strategy leverages services business to generate long term, annuity revenue streams through ownership of product and IP

Operations

- Trusted **relationships** with major global and emerging MedTech companies
- Ability to take on large global projects with world class designers, engineers and regulatory & commercialisation experts – strong track record in **high-end Class III medical devices**
- AngelMed’s Guardian System approved in Singapore under ‘special access’ program, temporarily postponed due to Coronavirus impact, plans continue to enter Australia and Japan via ‘special access’

Financial

- 1H’ 20 revenue of **\$8.2m**, 44% growth over 1H’ 19 revenue of \$5.7m
- \$50m revenue pipeline and visibility into potential revenue from contracted projects to underpin growth
- Raised **\$7.6m** (before costs) of debt & equity capital in Q2’20 for growth capital & to repay shareholder loans
- Anticipate core business achieving full year cash operating profit in FY’20 *(before ‘buy, build, invest’ costs & investments)*

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Appendices

Hydrix – a corporate snapshot

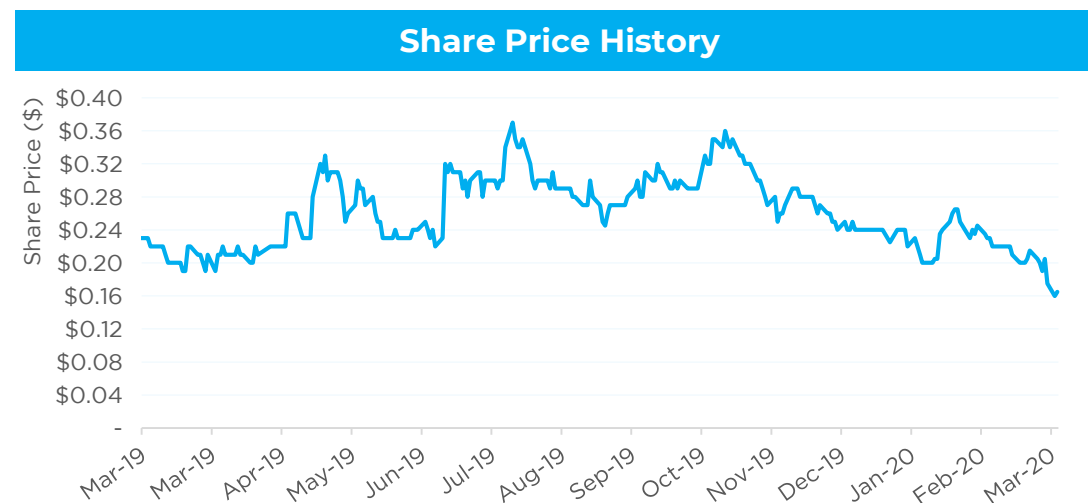
Major Shareholders ¹	Shares (m)	%
John W King Nominees & Associates	16.7	22%
BNP Paribas Nominees (Acorn Capital)	3.5	5%
Flet Superannuation Pty Ltd	2.6	3%
Kurrawonga Pty Ltd	1.9	2%
Beachridge Advisory (Gavin Coote)	1.6	2%
Top 20	36.9	48%

Board & Senior Management	
Gavin Coote (GAICD)	Executive Chairman
Joanne Bryant	Non-Executive Director
Julie King (GAICD)	Non-Executive Director
Paul Wright (FAICD)	Non-Executive Director

1. As at 3 March 2020

2. Warrant conversion price equal to \$0.50.

Capital Structure (post transaction)	
Ticker	HYD
Share Price ¹	\$0.165
Shares on Issue (m)	76.6
Options and Performance Rights (m)	3.9
Pure Asset Mgmt Warrants (m) ²	8.0
Market Capitalisation (diluted) (A\$m)	\$14.6m
Net Debt / (Cash) (A\$m)	~A\$2.6m



A photograph of a modern, multi-story office building with large glass windows and balconies. In the foreground, there is a large, light-colored sign with the Hydrix logo and tagline. A smaller sign is mounted on the building's facade. The entire image is overlaid with a semi-transparent blue filter.

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