

COVID-19 BUSINESSS UPDATE AND WITHDRAWAL OF GUIDANCE

- Responding to the uncertainties and dynamic nature of the current business environment, Hydrix has
 - Taken decisive actions to reduce operating expenses, optimise labour costs and defer non-essential expenditure; and
 - Withdrawn its FY20 guidance.
- The Company remains confident of its prospects:
 - \$2.1M cash on hand at 31 March 2020 and anticipates cash operating break-even during next six months;
 - All design and engineering programs with external clients continued during March and continues to work on converting \$20M revenue pipeline with existing clients; and is
 - Executing its long-term strategy.

Hydrix Limited ('**Hydrix**' or 'the **Company**') (ASX: HYD) today provides a business update in respect to the ongoing impact of COVID-19. Hydrix has been monitoring and responding to the impacts of COVID-19 on its business, which continue to evolve.

The Company's priority is the health and wellbeing of its staff, their families, customers and the broader communities in which Hydrix operates. To ensure their safety, the Company has undertaken precautions consistent with advice from local health authorities, including by implementing broad travel bans, social distancing measures, and providing support to staff members to enable them to work from home.

To manage business risks anticipated to arise from the impact of COVID-19, the Company has taken decisive and pre-emptive actions in reducing operating expenses, deferring non-essential expenditure, optimising labour costs, including moving all staff to a 4-day work week, and reducing any capital expenditure.

Prior to the shut-downs and other Government actions that have been undertaken to contain COVID-19, the Services business was trading in line with expectations. Due to the current global economic uncertainty, the Company anticipates some projects under existing contracts may be slowed down, and some new prospective MedTech clients may choose to defer decisions to start projects where access to healthcare facilities and funding are disrupted. As a result, there is likely to be a reduction in revenue for the Services division, in the near term.

Although Hydrix anticipates some slowing and deferral of contracts, at this point, pleasingly, no contracts have been cancelled. Furthermore, most clients, including those in mining and industrial sectors, have continued to progress contracts into new project stages. Looking forward, the Services business continues to enjoy a strong revenue pipeline, with over \$50 million of well-qualified design and engineering projects to be secured, including over \$20 million with existing clients.

Despite the performance of the business to date, given impacts from COVID-19 and continuing uncertainty as to its extent and duration, it is no longer possible to reliably forecast results for the full FY20 financial year or FY21. On this basis, the Company considers it appropriate to withdraw its previously announced FY20 guidance of revenue growth exceeding 15% and a full year 2020 cash operating profit.

As at 31 March 2020, cash on hand was \$2.1 million. With a disciplined focus on costs and cash, together with the longer-term nature of contracts and pipeline of new business, Hydrix believes it is well placed to withstand the challenging operating environment. Assuming receipt of some government wage subsidies and other actions, the Company anticipates being cash operating break even during the next six months.

Hydrix remains a resilient business and continues to support and service its customers through these difficult circumstances. Hydrix will continue to closely monitor developments and will provide further updates on the impact of COVID-19 on the Company's performance as appropriate.

The Company will provide a further trading update along with the Quarterly 4C Statement of cashflows in the second half of April 2020.

Hydrix Medical update

On 13 March 2020, Hydrix announced that it had been granted the exclusive rights by AngelMed to distribute its Guardian System, an implantable heart-attack warning device.

The distribution rights cover eight Asia Pacific countries in which over 700,000 people suffer an event (including silent heart attacks) related to Acute Coronary Syndrome each year. These patients, who could benefit from a Guardian implant, represent a large addressable market for the Guardian System, and a potentially significant market penetration opportunity for Hydrix. For context, a 1% market share in the eight Asia Pacific countries could translate into over \$50M in annual Guardian System sales revenue for Hydrix.

Hydrix's initial distribution focus is to accelerate revenue from key Asian Pacific markets with early access regulatory schemes which allow for commercial implants of the AngelMed device.

The Company's first market entry will be Singapore, where early access scheme approval has been granted, and preparatory work has been completed, such that the Company is ready to commence the first commercial implants in Singapore once all COVID-19 related restrictions have been lifted.

Hydrix is also well progressed with early access scheme approvals planning in Australia and continues to consult with key stakeholders in this regard, so as to ensure that it is well positioned to commence commercial implants in Australia once COVID-19 related restrictions are lifted.

-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.