

Hydrix completes acquisition of AngelMed Guardian® System distribution rights

Key highlights:

- **Completes acquisition of Angel Medical Systems, Inc. (AngelMed) Guardian® System distribution rights and enters into an exclusive seven-year distribution agreement**
- **Completes equity investment in AngelMed, solidifying the Hydrix and AngelMed partnership**
- **Establishes its first early access regulatory scheme for commercial implants of the Guardian System in Asia Pacific.**

Hydrix Limited (ASX: **HYD**) (**'Hydrix'** or the **'Company'**) today announced the completion of an agreement to secure the exclusive Asia Pacific distribution rights for the AngelMed Guardian System, and an equity investment in AngelMed. On 2 October 2019, Hydrix announced that it had entered into a conditional agreement to acquire, from Jasper Capital Ltd, an investor in AngelMed, the distribution rights for the world's first FDA-approved implantable heart attack alerting device, the Guardian® System, manufactured by Angel Medical Systems, Inc. (**Product**).

Executive Chairman, Gavin Coote said: "The AngelMed Guardian System is the most significant and only implantable device for early warning of heart attacks and has the potential to completely transform Hydrix. The Guardian System is the world's first FDA-approved implantable heart attack alert device".

"AngelMed is an existing customer of Hydrix, with a services contract for the provision of product design, engineering and regulatory consulting services for the next generation of Product upgrades. The Guardian System has been proven to alert patients to seek immediate medical attention due to an impending Acute Coronary Syndrome (ACS) event caused by a partial or complete blockage of blood flow and oxygen to the heart, including in the absence of patient recognisable symptoms", he said.

"Hydrix' initial distribution focus is to accelerate revenue from key Asian Pacific markets through early access regulatory schemes which allow for commercial implants of the AngelMed device. Our first market entry is Singapore. The Company established early access scheme approval through a leading cardiologist who will commence commercial implants. As announced in our half year report, the planned implants for March 2020 have been temporarily postponed due to the coronavirus," he said.

Further, he said: "The investment and exclusive distribution arrangements demonstrate a significant inflection point in the Company's implementation of its 'buy-build-invest' strategy, the purpose of which is to create recurring product revenue streams, and to capture more of the value created by Hydrix services."

About the distribution agreement with AngelMed

Hydrix is pleased to confirm Jasper Capital Ltd has novated its distribution rights for the AngelMed Guardian System to Hydrix, and Hydrix has entered into a new distribution agreement directly with AngelMed.

Under this agreement, AngelMed appointed Hydrix as exclusive distributor of the Guardian System in the following countries: Japan, Singapore, Australia, Indonesia, Hong Kong, Malaysia, New Zealand and Thailand. Hydrix has the right to appoint sub-distributors in any of these countries.

The initial term of the agreement is seven years, with an option to renew for a further two years. The distribution agreement may be terminated prior to its expiry by either party for cause. Hydrix is responsible for marketing the Product, and meeting an agreed number of Product implants and securing full Regulatory approval in a number of jurisdictions within certain time periods.

Consideration payable for Distribution Rights

Since the date of the Acquisition Agreement between Jasper and Hydrix announced on 2 October 2019, the parties agreed to vary the structure of the consideration payable under the agreement, and associated commercial milestones and timeframes. The final terms of the consideration are set out in the Appendix.

Investment in AngelMed

AngelMed is an existing customer of Hydrix, entering into a services contract with Hydrix in 2019 for the provision of product design, engineering and regulatory consulting services (**Services Agreement**).

To solidify the long-term commercial interests of both AngelMed and Hydrix, Hydrix has today subscribed for a 4.6% equity investment in AngelMed for US\$1 million. The consideration of the investment is US\$0.5 million paid in cash today to AngelMed and a further US\$0.5 million of services in-kind granted to AngelMed under the Services Agreement.

-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.

Appendix

Revised terms of Consideration payable to Jasper under Acquisition Agreement

▪ **Upfront consideration:**

- 3 million Hydrix shares are to be issued to Jasper upon completion of the Acquisition Agreement. These shares have been issued, and are subject to voluntary escrow for a period of 2 years.

▪ **Deferred consideration:**

- **Tranche 1:** 4.5 million new Hydrix shares will be issued to Jasper upon FDA approval of AngelMed's next generation Product containing the new upgraded longer-life battery.
- **Tranche 2:** 5 million new Hydrix shares and USD\$1 million will be payable upon receipt of applicable regulatory approvals required for the distribution of the Product in either Australia or Singapore, and the completion of five commercial implants of the Product that receive reimbursement in either or both of those countries. These milestones must be completed by 31 October 2021 (extendable to 31 March 2022) for the Tranche 2 consideration to be payable.
- **Tranche 3:** 2.5 million new Hydrix shares and USD\$1 million will be payable upon receipt of applicable regulatory approvals required for the distribution of the Product in Japan, Australia and a third country (one of Hong Kong, Malaysia, Indonesia or Thailand), and the completion of one commercial implant of the Product that receives reimbursement in any of those countries. These milestones must be completed by 31 March 2022 (extendable to 30 September 2022) for the Tranche 3 consideration to be payable. In addition, the Tranche 3 consideration will be payable no earlier than 31 March 2022, even where the milestones are satisfied prior to that date.
- All deferred consideration shares issued by Hydrix will be subject to voluntary escrow restrictions from their date of issue until 31 December 2022.