

Company Announcement
ASX: HPC

DATE: 2/6/2025

Q2 CY25 trading update: EBITDA improvement continues

- **April 2025 (unaudited) net sales of US\$229,000 with 66% gross margin - underpinned by strong ongoing sales of high-margin Liver Detox SKU**
- **May 2025 monthly (unaudited) net sales of over US\$260,000**
- **Significant reduction in OPEX recognised following payment of all one-off costs associated with divesture of non-US assets and redundancies last quarter**
- **April 2025 EBITDA loss (unaudited) of US\$178,000, a 131% improvement on March 2025 and best result since IPO – further unrealised cost reductions targeted**
- **April 2025 EBITDA highlights potential pathway to profitability for US operations – with sales generated from a lower cost base with reduced headcount**
- **Launch of two innovative new SKUs in gut and brain health segments in Q3 CY25 expected to drive further sales growth**
- **Cash balance of US\$2.0m as at 28 May 2025 provides balance sheet strength to execute near-term US growth strategy with a streamlined business model**

Hydration solutions company **The Hydration Pharmaceuticals Company Limited (ASX: HPC) (“Hydralyte USA” or “the Company”)** is pleased to provide the following trading update for April 2025, which marked the first month of operations following the completion of the divesture of non-US assets.

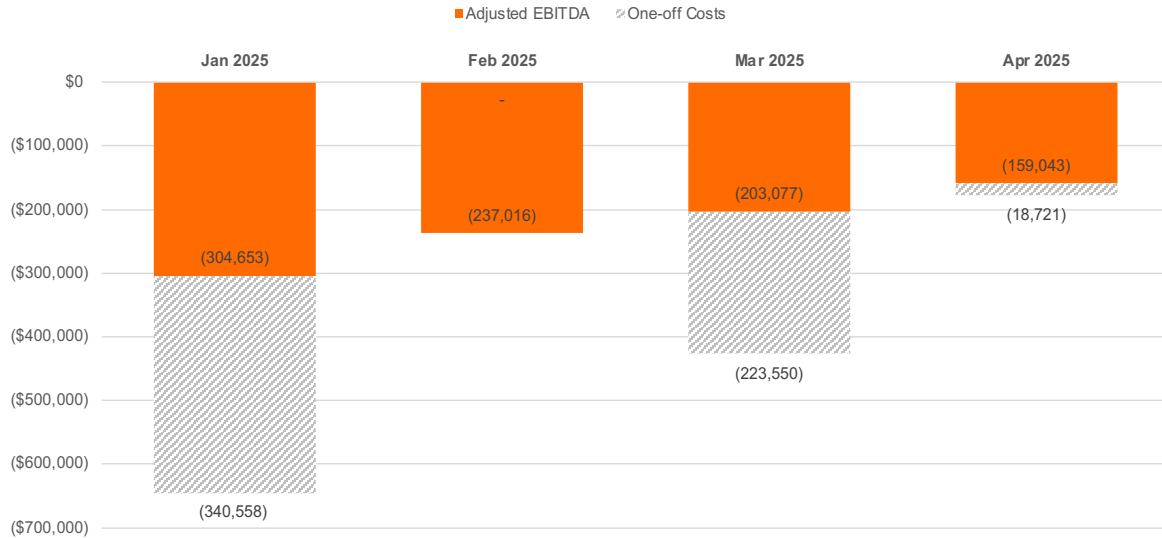
Record EBITDA month highlights potential pathway to profitability

For the month of April 2025, the Company recorded net sales of US\$229,000 with a gross margin of 66%, consolidating trend sales growth of at least US\$200,000 per month with gross margins above 60% over January to April 2025. Pleasingly, unaudited net sales for May 2025 continue to trend up and exceeded US\$260,000. This ongoing trend lays a strong foundation for the Company, prior to commencement of peak US summer trading in the coming months.

Importantly, April 2025 represented the first full month of trade following the final instalment of all one-off costs associated with the completion of the divesture of non-US assets to Prestige Consumer Healthcare Inc. In turn, the Company generated consistent monthly net sales from a streamlined business model with a reduced headcount and lower operating costs.

Concurrent to net sales, HydraLyte USA reported a material reduction in operating costs which resulted in a monthly EBITDA loss of (US\$178K) during April 2025, a 131% improvement on the previous month and the best monthly EBITDA result since IPO. While further unrealised costs reductions are being actively targeted for the coming months, the April trading result demonstrates progress towards the Company’s goal of positive EBITDA and cash flow.

HPC: EBITDA and One-off Costs (USD)

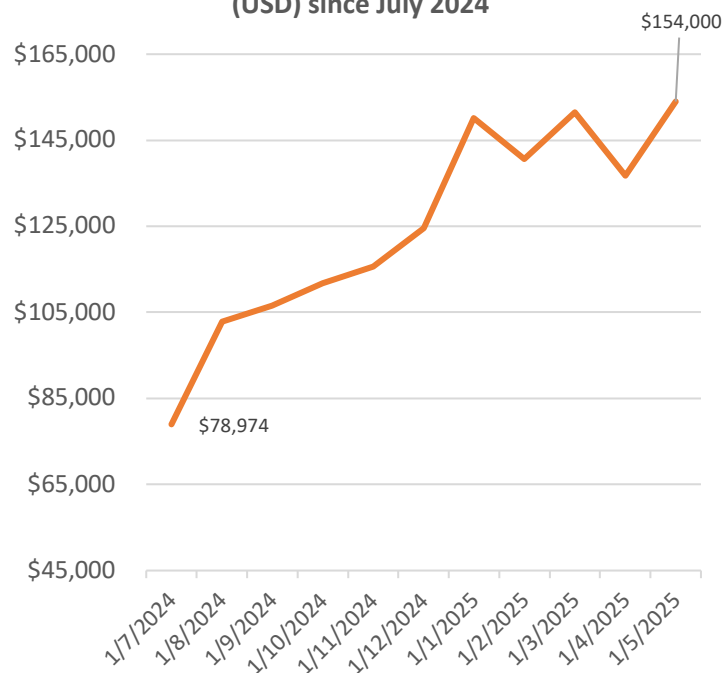


*One-off costs included employee bonuses paid relating to divesture of non-US assets in 2024, one-off team severance costs, audit costs and capital raising costs.

In addition, the Company expects to benefit from the anticipated rollout of two innovative new product launches scheduled for Q3 CY25. Targeting high-growth markets in gut and brain health, the new product launches are expected to complement the success of HydraLyte’s Liver Detox product, which is now the largest contributor to monthly sales.

HydraLyte USA maintains strong cash and cash equivalents and currently holds US\$2.0m (as at 28 May 2025), providing the Company with considerable balance sheet strength relative to the Company’s market capitalisation of ~A\$3.83m (at 30 May 2025) and its recent EBITDA trend.

HydraLyte Plus Liver Support monthly sales (USD) since July 2024



For personal use only



Management commentary:

Hydralyte USA CEO Oliver Baker said: “Our April trading result represents a strong start for the Company going forward, with the sale process for Prestige now fully completed and a targeted strategy to drive growth from high-margin SKUs with a streamlined business model and reductions in operating costs. With cash to support our growth strategy, we’re excited by what the Company has the potential to achieve in the second half of 2025.”

All amounts are in USD and unaudited unless otherwise specified.

ENDS

This announcement was authorized for release by the Board of Hydralyte USA.

For further information:

Investors/Media

Henry Jordan

Six Degrees Investor Relations

0431 271 538

henry.jordan@sdir.com.au

Forward Looking Statements:

This ASX release includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Forward-looking statements are based on:

- assumptions regarding the Company’s financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Company will operate; and
- current views, expectations, and beliefs as at the date they are expressed, and which are subject to various risks and uncertainties.

Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guaranteeing of future performance and involve known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Hydralyte USA. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.

The Company disclaims any responsibility for the accuracy or completeness of any forward-looking statement. The Company disclaims any responsibility to update or revise any forward-looking statements to reflect any change in the Company’s financial condition, status or affairs or any change in the events, conditions, or circumstances on which a statement is based, except as required by law. The projections or forecasts included in this announcement have not been audited, examined, or otherwise reviewed by the independent auditors of the Company. You must not place undue reliance on these forward-looking statements.