

Company Announcement
ASX: HPC

DATE: 15/06/2026

Capital raising, board renewal and management changes

KEY HIGHLIGHTS

- Firm commitment to raise A\$392k via placement to investor via the issue of 98 million new fully paid ordinary shares at \$0.004 per share (Offer Price)
 - Additional grant of 49 million options (on a 1 for 2 basis) at an exercise price of \$0.006 (50% premium to the Offer Price) with a 36-month term, subject to shareholder approval
 - Funds to be deployed to support sales momentum from continuing US operations and consolidation of recent growth trends via established e-commerce channels
 - Significant operational expenditure reductions to be realised from mid-June 2026 following resignation of CEO Oliver Baker, who will provide consultancy services to ensure smooth transition
 - Appointment of two Non-Executive Directors following resignation of Non-Executive Chair Adem Karafili and Non-Executive Director Joseph Constable
 - 50% reduction in Board remuneration from ~A\$243,000 to A\$120,000 per annum to underpin further cost savings
 - Strategic M&A opportunities to be explored to add scale to existing platform
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Hydration solutions company **The Hydration Pharmaceuticals Company Limited (ASX: HPC)** ("**Hydralyte USA**" or "**the Company**") advises that it has entered into a subscription agreement with George Karafotios to raise A\$392k via the issue of 98 million new, fully paid ordinary shares ("Shares") priced at the Offer Price of \$0.004 per Share ("Placement").

Funds from the Placement will be used to support Hydralyte USA's sales momentum in the US market and for working capital purposes.

Details of the Placement

Under the Placement, Hydralyte USA will raise A\$392,000 (before costs), via the issue of 98 million new Shares to Mr Karafotios (or nominee) at the Offer Price.

The Shares will be issued under the Company's available placement capacity, as follows:

- 54,919,908 Shares will be issued utilising the Company's available capacity under ASX Listing Rule 7.1; and
- 43,080,092 Shares will be issued utilising the Company's available capacity under ASX Listing Rule 7.1A.

The Offer Price of \$0.004 per Share represents a:

- nil premium to the closing price of HPC shares on 11 June 2026 (of \$0.004), being the last trading day prior to the announcement of the Placement; and
- ~3% premium to the 15-day VWAP of HPC shares up to and including 12 June 2026 (of \$0.003887).

The Placement is expected to complete on Wednesday, 17 June 2026.

The Company will also issue one option for every two Shares issued pursuant to the Placement (being 49 million options). The options will be exercisable at a price of A\$0.006 per option, with an expiry date of three years from the issue of the options. The issue of options is subject to shareholder approval. The option exercise price represents a 50% premium to the Offer Price of Shares under the Placement.

Board and management changes

The Company has appointed George Karafotias and Nick Katiforis as Non-Executive Directors, effective on 16 June 2026 (the day after completion of the Placement). Biographies for Mr Karafotias and Mr Katiforis are provided below.

The new Director appointments will strengthen HydraLyte USA's Board at an important juncture, as the Company targets a pathway to cash-flow break-even from continuing US operations, through online and traditional retail sales of high-margin SKUs and a streamlined cost base.

The Company also advises that Adem Karafili and Joseph Constable have resigned as Non-Executive Chair and Non-Executive Director respectively, effective on the appointment of Mr Karafotias and Mr Katiforis. Mr Nick Berry will assume the role of Non-Executive Chair.

The Board thanks Mr Karafili and Mr Constable for their service and wishes them well for their future endeavours.

The Company also advises that Oliver Baker has resigned as Chief Executive Officer, effective on 15 June 2026. The Board thanks Mr Baker for his significant contribution to the Company.

Mr Baker has agreed to continue his engagement with the Company on a consultancy basis as required.

To ensure consistency across operations, the Company's current e-commerce lead, Ms Emily Lease, will be appointed as General Manager, effective 15 June 2026. She will be responsible for the overall management of daily operations and commercial execution across all channels. Ms Lease will be supported by the Company's fractional CFO and Mr Baker in a consultancy capacity as required.

To underpin further cost-saving initiatives, the Board will reduce its annual Non-Executive Director fees to A\$40,000 per Director. Alongside the reduced wage costs from Mr Baker's departure, the Company expects its overall cash expenses to reduce by approximately A\$500,000 per annum following these personnel and other expense reductions.

The Board considers that alongside the investment in the business via the Placement, the combined skill-set of the new directors will help guide the growth strategy for the Company's continuing US operations, whilst providing additional scope to explore strategic opportunities to create shareholder value via M&A opportunities.

Outlook & Strategic Positioning

Looking ahead, management expects the normalisation of prior quarter sales disruptions to continue, underpinned by improved inventory levels, heading into peak US summer trading. This and the Company's announced cost savings are expected to lead to further improvement in operating cashflow performance, most notably from 3QFY26.

In parallel, the Company continues to explore various strategic opportunities, with a focus on adding scale to its existing business and strengthening the balance sheet.

Commentary:

Non-Executive Chair, Mr Nick Berry said: *"We are pleased to have secured this new funding, as well as appoint two new Non-Executive Directors. We believe this provides the Company with added financial flexibility to advance our US operations, while providing additional scope to pursue potential value accretive opportunities."*

I would like to take this opportunity to thank Adem, Joseph and Oliver for their significant contributions to the Company in recent years, while also welcoming Emily to her new role as General Manager. HydraLyte remains well placed to pursue a pathway to breakeven, while also exploring opportunities to add scale through strategic M&A opportunities."

ENDS

This announcement was authorised for release by the Board of HydraLyte USA.

For further information:

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Biography of George Karafotias

George is a specialist in restructuring, reinventing and implementing turnaround strategies for various ASX-listed companies with great success. His extensive experience includes an established track record with publicly-traded businesses, predominantly in senior executive positions. He holds a Bachelor of Commerce degree from the University of Adelaide.

Biography of Nick Katiforis

Nick is a financial services professional with over 20 years' experience across capital markets, equities, options and FX. He has been a Director of Futurity Trading, a financial services and trading firm, since 2000 and holds ASIC financial adviser accreditation. He brings extensive experience in client engagement, execution, capital markets distribution and regulatory compliance, which will add value HPC's board as it progresses its growth strategy.

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 as at the date they are expressed, and 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 no guarantee 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.

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