

Hydralyte®

ASX:HPC

Q3 2022 Investor Presentation



Low
Sugar



More
Electrolytes



Hydration
Acceleration
Formula



Doctor Approved,
Rapid Rehydration

Our purpose

To make better hydration solutions and make a difference doing it

Our ambition

To own hydration in the family home



An experienced Board, management and advisory team

DISCIPLINED GOVERNANCE AND KNOWLEDGE IN GROWING CONSUMER PRODUCTS COMPANIES



Oliver Baker

CEO

Former General Manager of Swisse Wellness USA and China. Sold \$1.7BI



George Livery

Chairman

BOD Australia (BOD.ASX) Non-Exec Director. Swisse Wellness Director of Strategy & Corporate.



Adem Karafili

Director

Formerly Managing Director and Chief Operating Officer of Swisse Wellness



Gretta Van Riel

Director

Forbes 30 under 30 E-comm royalty. \$1m E-comm sales in a day. Founder Drop Bottle, Fifth Watches, Skinny Me Tea



Margaret Hardin

Director

Former CFO and CEO of Baby super brands, Ergo Baby and Munchkin



Vanessa Dew

Advisor

Founder of Health-Aid Kombucha, top 3 national brand



Brandon Fishman

Advisor

Founder and CEO of VitaCup. Raised over \$25m to drive E-comm business.

#1 Shareholder

Dan O'Brian

Hydralyte Founder

#2 Shareholder

Radek Sali

Former Swisse Wellness CEO

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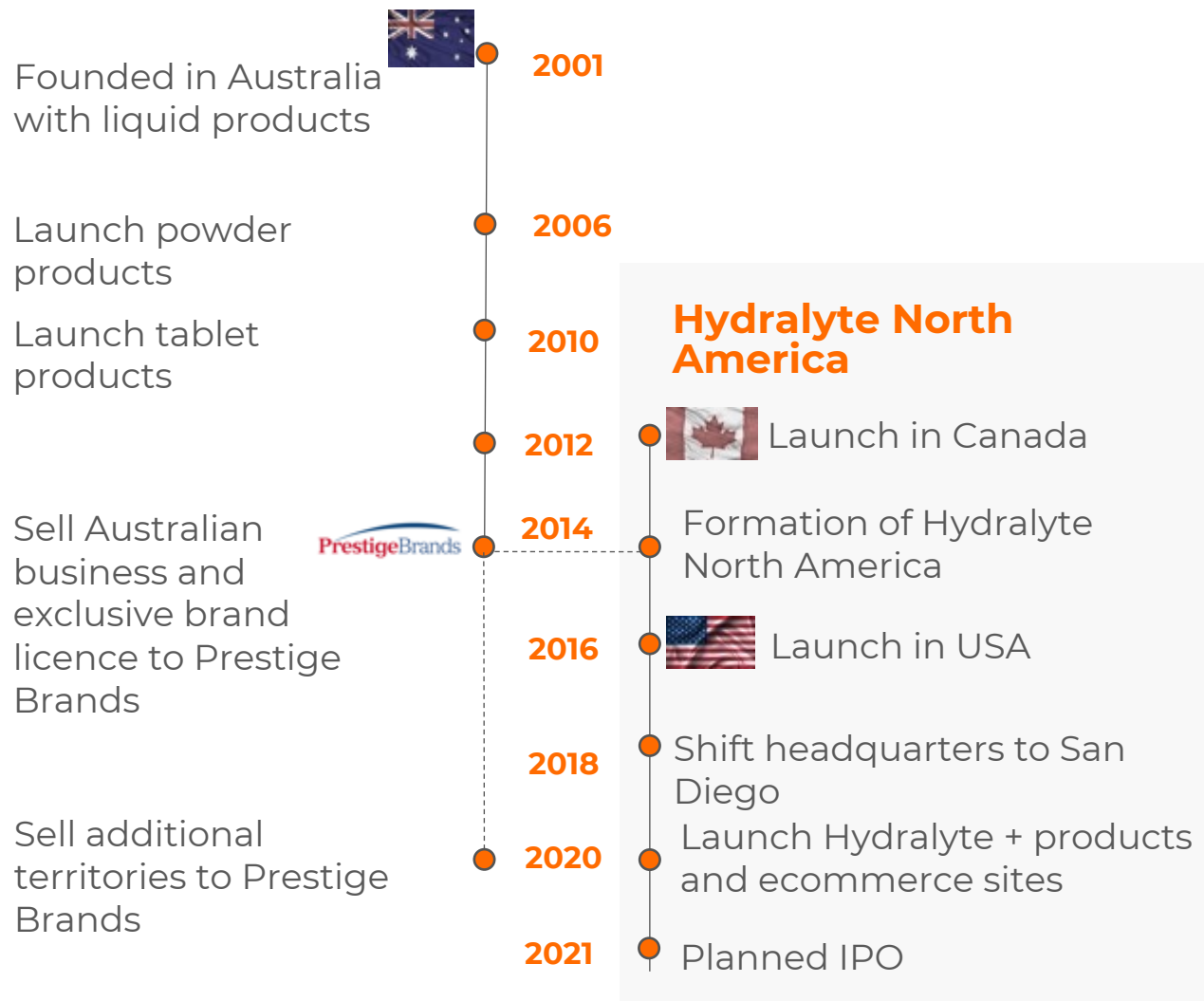
HYDRALYTE GLOBAL TERRITORIES



■ Exclusive Hydralyte North America markets

■ Hydralyte Australia owned by (Prestige Brands) exclusive

A North American focused company with Australian heritage



Core investment thesis



Established business

- Strategy at growth phase
- Established sales base in strong sales growth
- Record of Gross Margin improvement
- Product innovation has driven success
- Scalable manufacturing
- Team on board

E-commerce focus

- Aligning with consumer macro trends
- Higher margin
- Ability to test and learn, fail fast and double down
- Zero in on customer acquisition and retention

Canada strength

- #2 position in pharmacy with national distribution*
- Omni channel position making online growth cheaper
- Regulated market keeps competition out
- Reduces risk for USA worst case

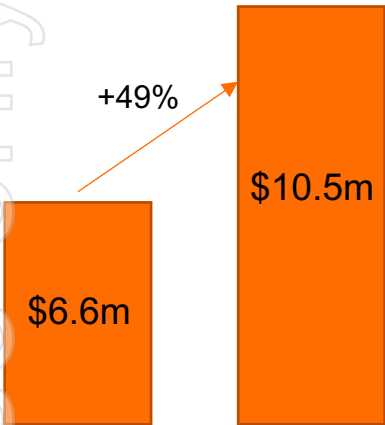
Source: *IQVIA 52 Weeks Category Data for Food Drug and Mass. Excludes Fridge Items.



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Business Summary: High growth and rapid expansion focus

RETAIL SALES EXPLODING



NEW INVESTOR AND AMBASSADOR



INVESTING IN BRAND IN E-COMM



CATEGORY LEADER IN EXPANSION



Rapid sales growth

YTD year on year growth at 49%. Hydralyte investing in Category and brand and results paying off as both Canadian and American majors deliver 40-60% growth

2022 was a breakout year

Shay Mitchell

New investor, partner, ambassador. Social superstar, Actress, Creator and Mom x2. Co-branded SKU expected to launch December 2022.

<https://www.instagram.com/shaymitchell/>

34m followers and born in Canada

2X Marketing Spend

Significant increase in brand awareness spend across influencer, Amazon, digital and in-person sampling

\$1.5 to \$3m, expansion in brand awareness

#1 Brand in Solid Dose Hydration

Canadian Category doubles in size driven by Pedialyte and Hydralyte. Hydralyte is #1 brand in tablets and powders

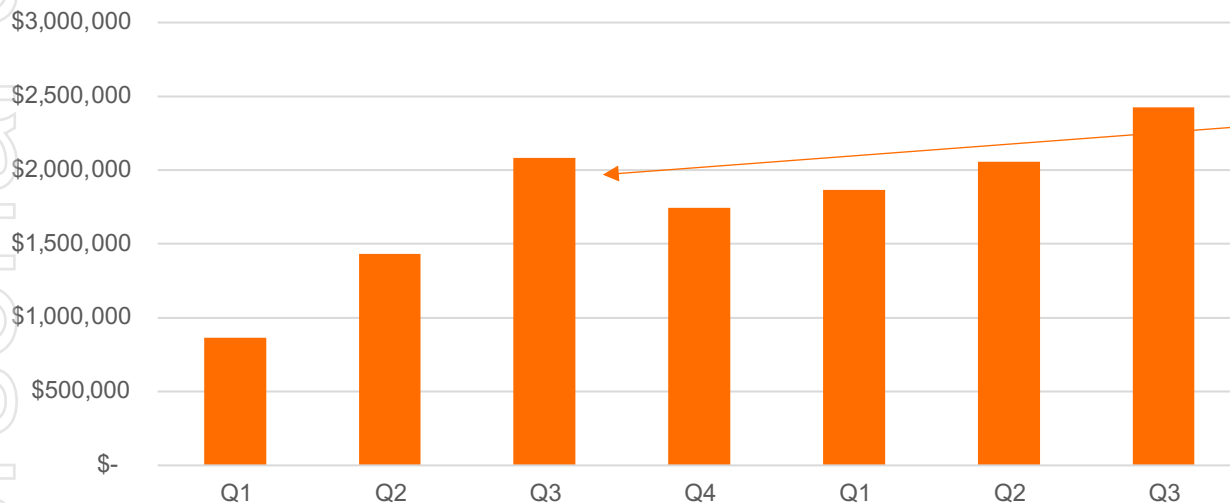
If category became 1/10 of USA, it would be ~US\$180m today



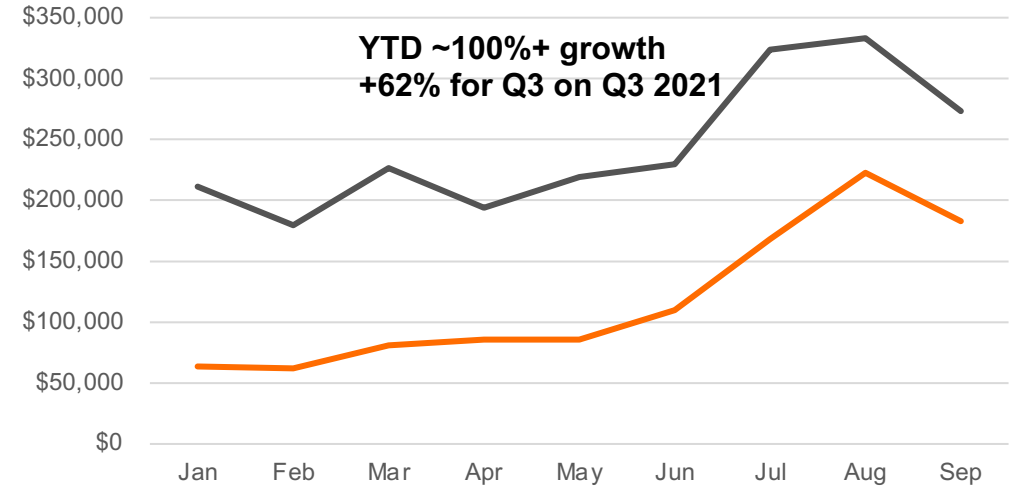
Recent sales highlights

- Another record quarter, nearing ~US\$2.5m in net sales (~A\$4m). Factory sales not telling underlining retail sales growth story which is tracking around +50%
- Exceptional quarterly growth in major account retail sales, underpinned by Amazon USA (+62%)
- Q3 2021 was impacted by severe heat wave in Canada, with the 13 weeks either side of outlier week delivering 56% and 41% growth
- Q2 Gross Margin was 59%

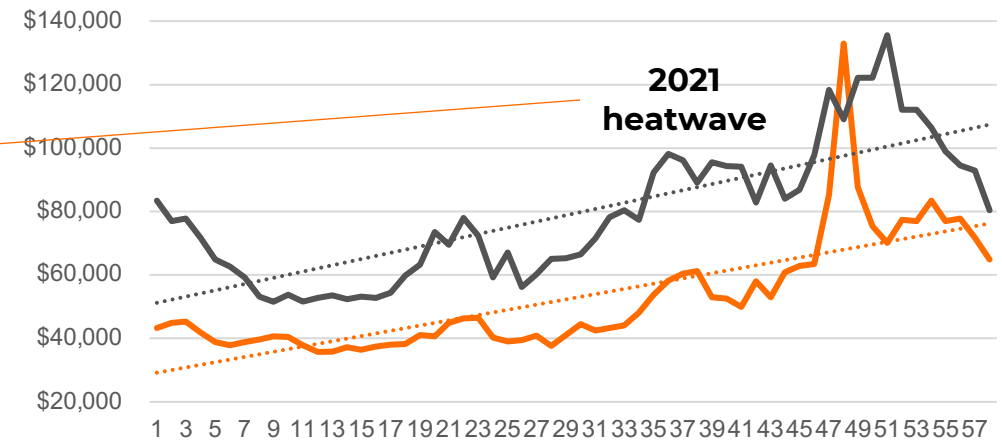
Quarterly Factory Sales



Retail Sales: Amazon USA Year on Year



Retail Sales: Shoppers Drug Mart Weekly Sales 2021 vs 2022



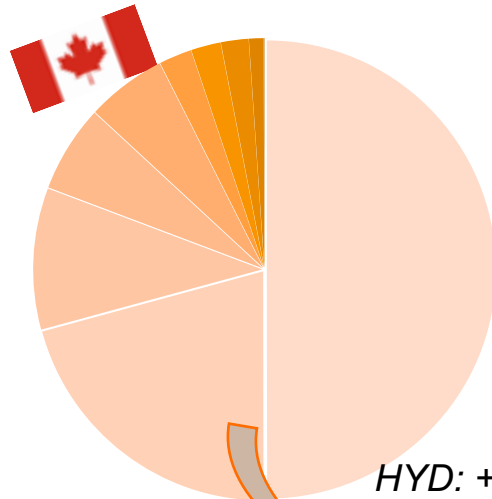
Source: 1. Hydralyte flash Q3 net Sales. 2. Amazon USA Seller Central Data. 3. Shoppers Drug Mart Retail Sales



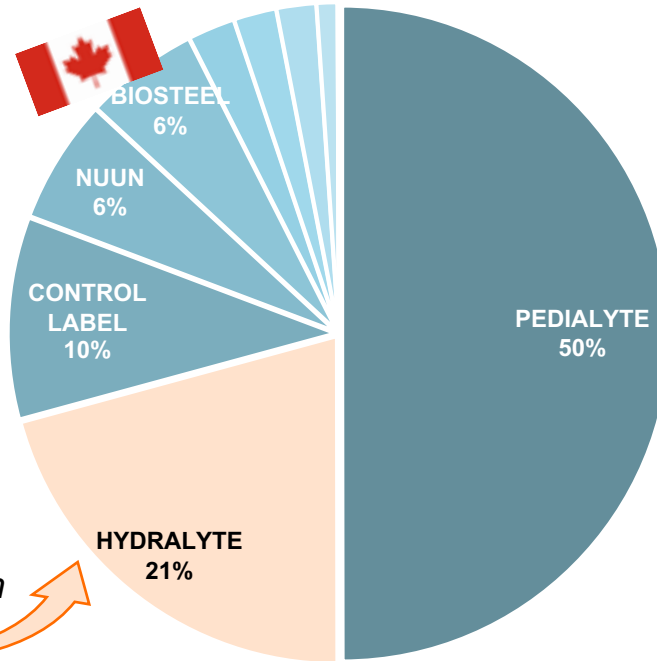
Major market opportunity

- Canadian in-store categories have doubled in size – led by Pedialyte (market leader) and Hydralyte
- Canadian market is currently undersized and will grow organically – providing a significant opportunity for Hydralyte

August 2021 market value: ~US\$16m

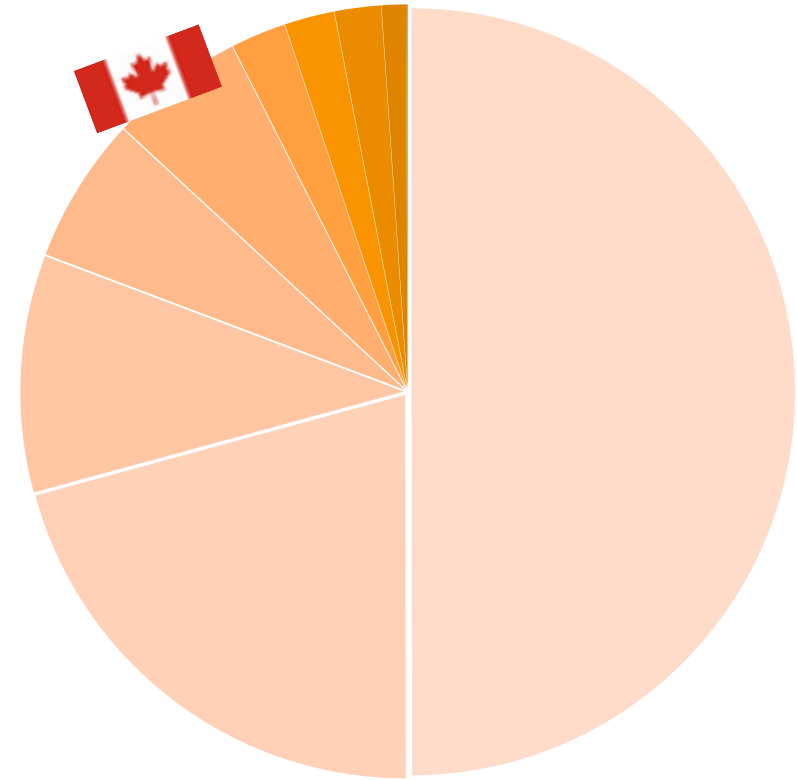


August 2022 market value: ~US\$33m



HYD: +46% Sales Growth

2025 – 2026 forecast value: ~US\$150m+



US category is valued at US\$1.5Bn – with most mature Canadian categories are 10:1

Canada sales snapshot: 2022 progress

CUSTOMER	L52 SALES (\$)	L52 SALES PY (\$)	L52 (\$) DIFF %	CYTD SALES (\$)	CTYD SALES PY (\$)	CYTD (\$) DIFF %	L01 \$SW	L04 \$SW	L12W\$SW
AMAZON	\$1,321,799	\$639,883	107%	\$1,107,163	\$597,257	85%	\$622.78	\$885.38	\$1,089.87
JEAN COUTU	\$160,998	\$73,912	118%	\$140,436	\$62,276	126%	\$ -	\$2.52	\$2.88
LAWTONS	\$18,527	\$13,203	40%	\$15,376	\$10,788	43%	\$2.39	\$2.95	\$3.84
LOBLAWS	\$814,284	\$659,064	24%	\$650,172	\$554,931	17%	\$2.81	\$2.62	\$3.12
LONDON DRUG	\$467,267	\$371,768	26%	\$357,652	\$294,194	22%	\$6.02	\$6.02	\$7.66
REKALL	\$453,375	\$315,799	44%	\$375,079	\$265,336	41%	\$1.58	\$1.73	\$2.18
SAVE ON FOODS	\$280,318	\$111,668	151%	\$233,529	\$111,668	109%	\$4.26	\$4.21	\$4.46
SHOPPERS DRUG MART	\$4,219,888	\$2,840,847	49%	\$3,478,077	\$2,334,227	49%	\$4.60	\$4.80	\$5.61
SOBEYS	\$217,763	\$164,055	33%	\$178,815	\$164,055	9%	\$5.38	\$5.70	\$7.68
WALMART	\$720,292	\$364,043	98%	\$596,323	\$298,284	100%	\$13.40	\$13.38	\$15.21
GRAND TOTAL	\$8,681,630	\$5,554,559	56%	\$7,139,742	\$4,693,015	52%	\$4.69	\$4.85	\$5.73



Images:

3 new SKUs at Shoppers Drug Mart (left)

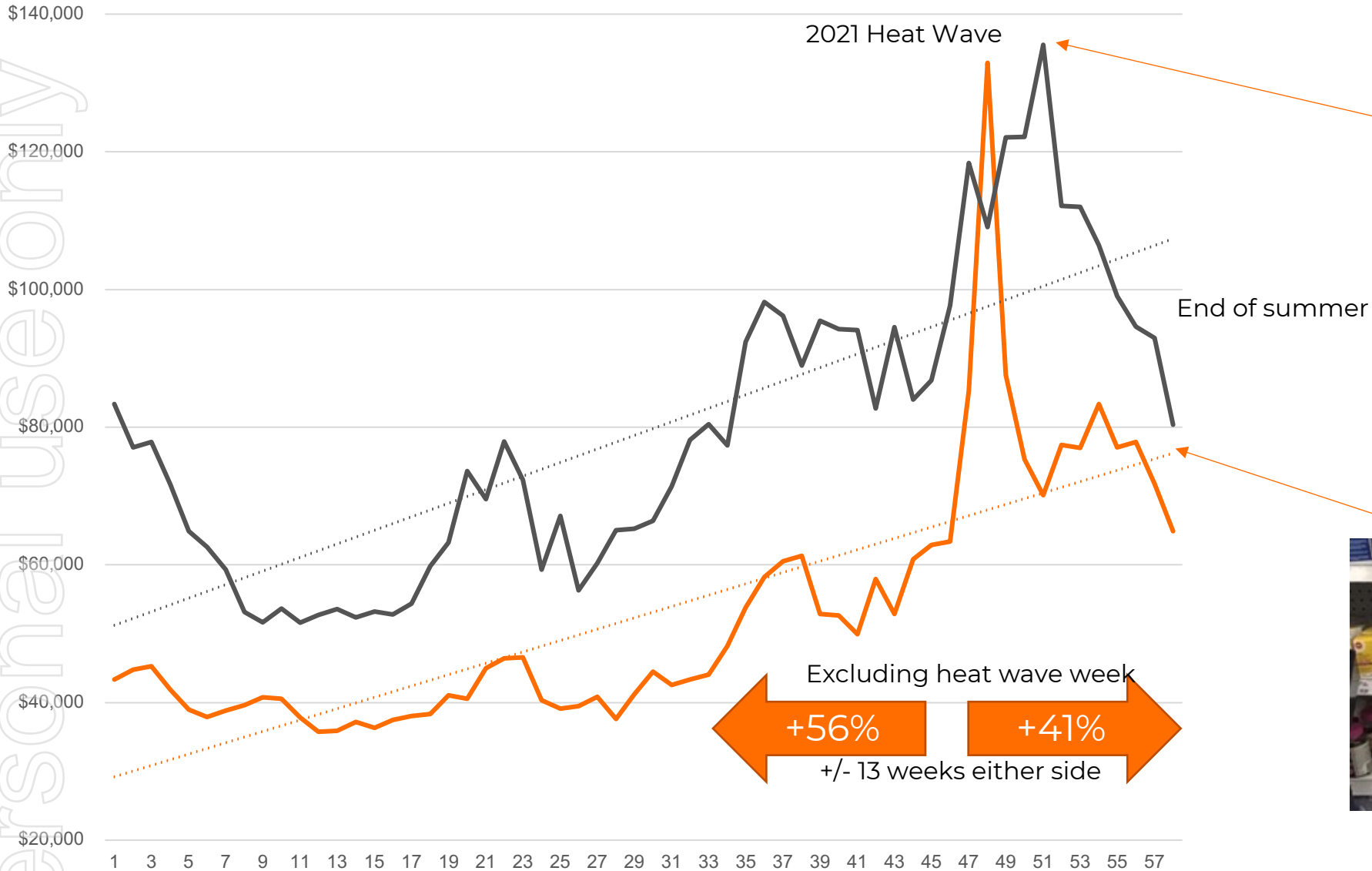
Expansion in the sports nutrition section in all major accounts (right)

Source: Hydralyte retail customer roll up, data provided by each retailer. Removed retailer.coms from list



Hydralyte is best selling across major Canadian retailers

Shoppers Drug Mart Weekly Sales 2021 (orange) vs 2022 (black)



+

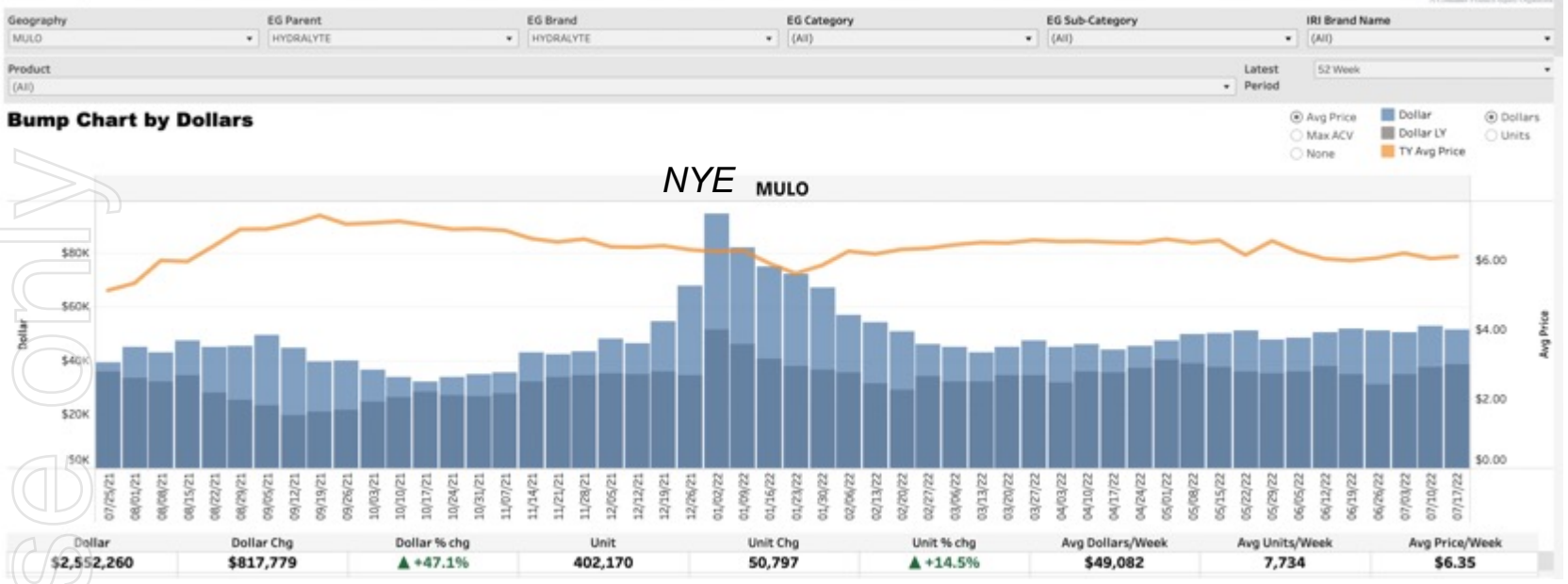


3 x new SKUs launch nationally



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USA bricks and mortar sales continue to grow pleasingly



MULO +47% to last 52 weeks



New products or items have been added with US major retail groups:



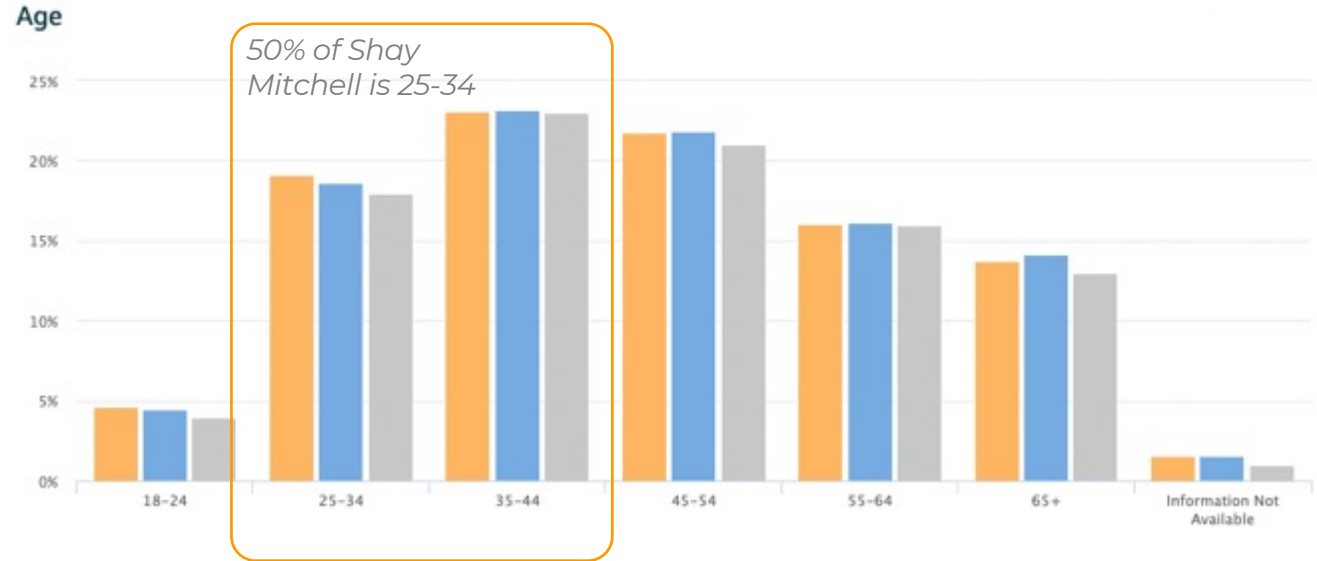
Source: IRI 52 Weeks MULO Accounts. MULO = all reporting major retailers. Excludes Amazon, Costco, HEB and some others

Re-brand to appeal to younger female audience expected to launch Q4 2022

Active, working professionals, aged 30-45 years old – focused on mothers



Our consumer aligns with Shoppers Drug Mart



Focused on hydration 'moments'



Exercise



Cold and Flu /
Immune



Travel



Hangover



Shay Mitchell (above) is a mother of two

Hydralyte

New products: Retailers ranging SKUs before samples are even available

Launched 5 July
Sold out in two weeks
Now selling ~US\$1k per day



Launched July
Lemonade tablet is the #4
in category on Amazon

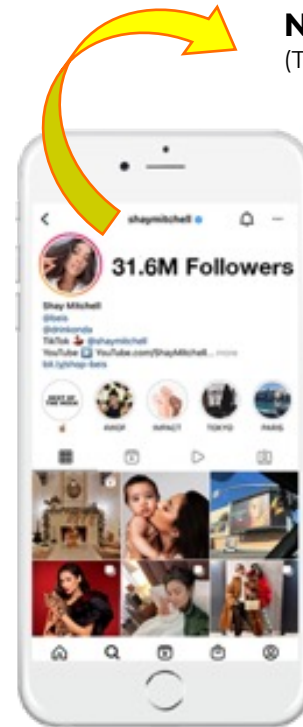
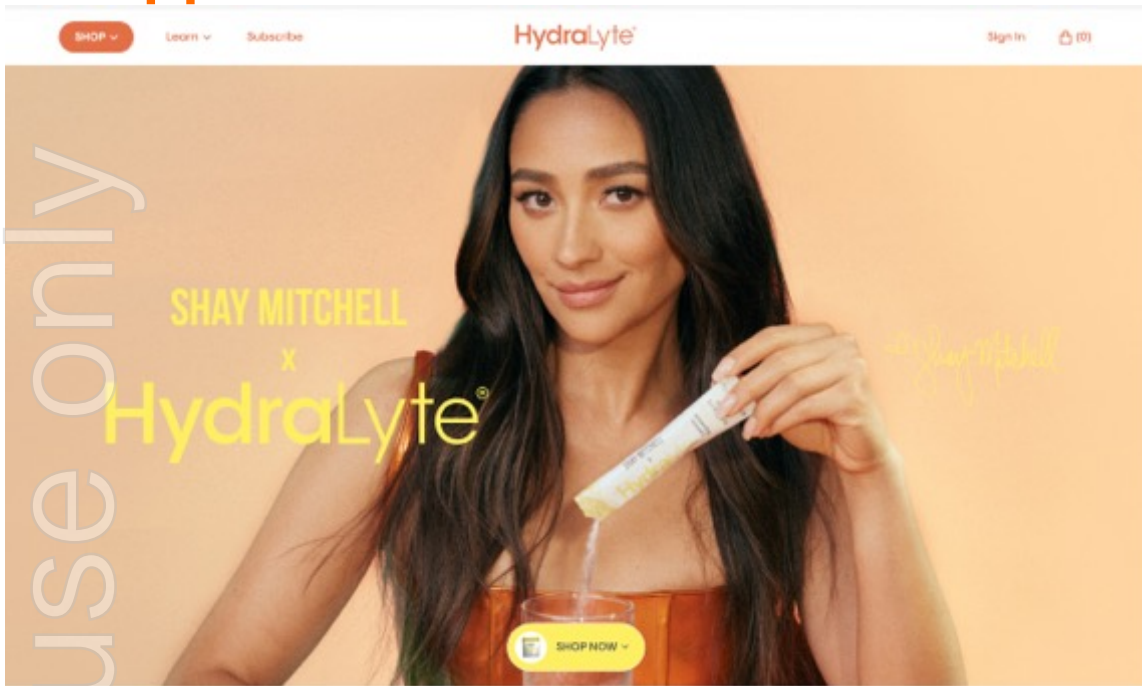


Launch expected Q4 2022
and 2023 in Canada



Note: Timings are subject to change without notice.

Shay Mitchell partnership unlocks major sales opportunities



Now ~35m followers
(Tom Brady has 13m)



Critical partnership elements:

- Social Powerhouse - built BEIS into ~US\$50m+ in sales
- Canadian and relatable. Lifestyle supports key usage occasion
- Minimum of 10 social media posts per year
- Paid a commission off co-branded sales
- 2 in-person public appearances for PR events per year – 1 in USA, 1 in Canada
- Now an owner, investor and partner

 Morning pick me up

 Hangover

 Travel

 Exercise

Note: Timings are subject to change without notice. Instagram following accurate as at October 2022.

HydraLyte

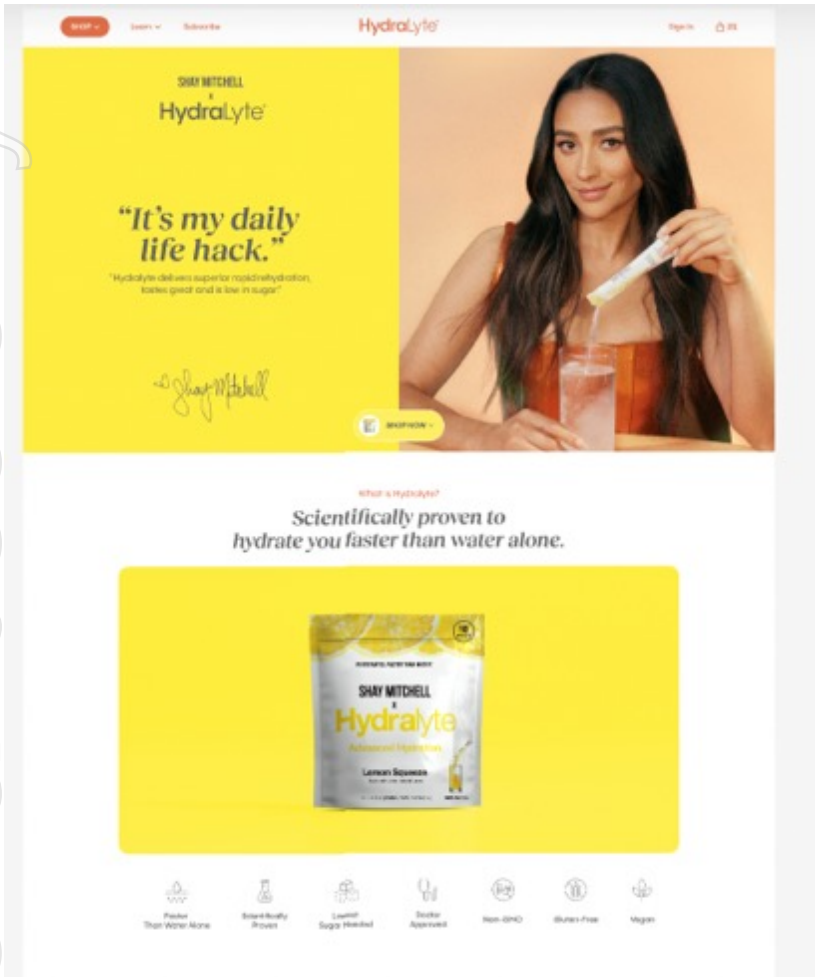
— First major appearance: Influencer Event in Mid-Summer Toronto 2022



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Marketing materials almost ready for USA SKU launch

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SHAY MITCHELL
Hydralyte

"It's my daily life hack."
"Hydralyte delivers superior rehydration, tastes great and is low in sugar."

Shay Mitchell

What is Hydralyte?
Scientifically proven to hydrate you faster than water alone.



SHAY MITCHELL
Hydralyte
Lemon Squeeze

- Rehydrates Faster Than Water
- Scientifically Proven
- Lowest Sugar Formula
- Doctor Approved
- Non-GMO
- Sugar-Free
- Vegan



SHAY MITCHELL
Hydralyte
Lemon Squeeze

Shay's Main Squeeze



Hydralyte is Shay's go-to remedy, so she sought out to create the perfect flavor that will refresh her day after day. Lemon Squeeze is tangy, tizzy and with just a dash of sweetness.

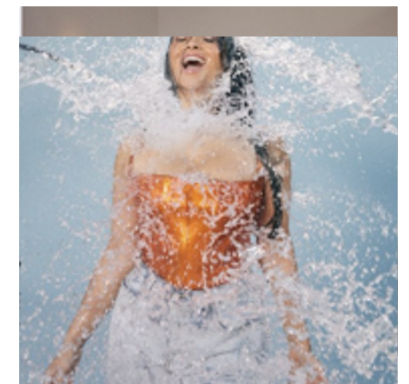
Sweet on hydration, not on sugar

To make the perfect liquid hydration drink, we created the Hydrate formula, which uses a precise amount of water, electrolytes, sodium, and a dash of sugar. Yes, sugar. A proper sugar is balanced to help electrolytes better absorption. However, unlike other hydration drinks, we use the optimal amount of sugar and not a gram more.



Other Hydration Brands: 1g of sugar

SHAY MITCHELL Hydralyte: Only 1/2g of sugar



Hydralyte

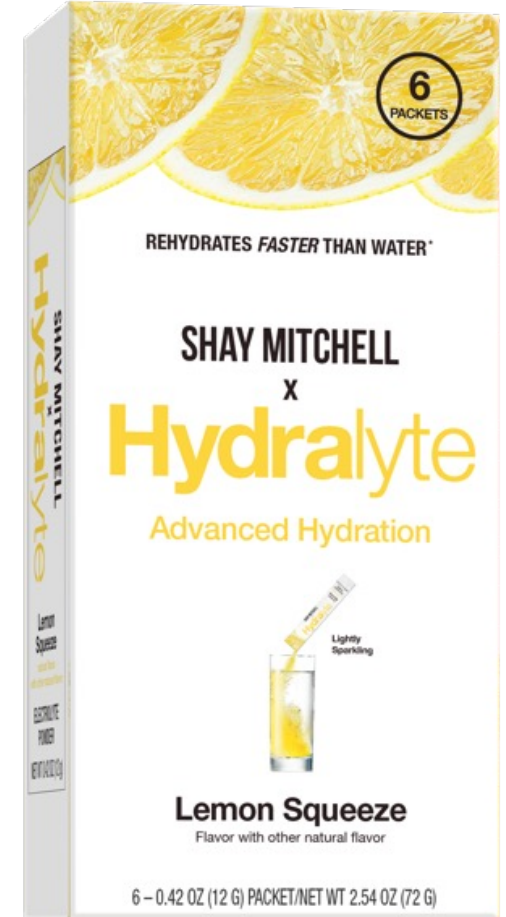
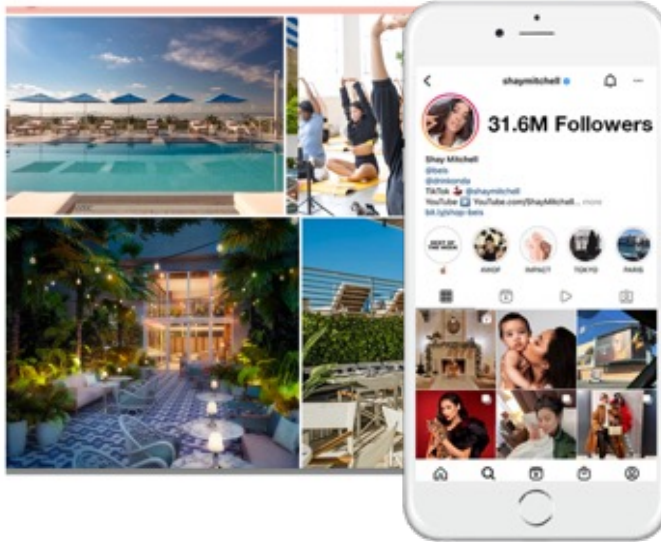
Shay's Lemon Twist launch event

- 25 of America's top influencers hosted for a two-day event including warm weather, cocktails, work outs and hydration
- Event has the potential to deliver millions of dollars in value – one post from guest can be worth up to US\$100,000

Concept

Following on from Toronto, we want an inspirational event that heavily features key hydration moments in a genuine way. What better way than a trip, what better place than Miami

- Work out
- Travel
- Warm Weather
- Alcohol



Sample Influencer Attendees



Hydralyte

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Timeline of Shay Mitchell partnership and product launch

Prep (up to Nov 30)

Sales/Results



First appearance

July



Photo shoot

October



SKU launch

Dec

Launch Event



6ct hits stores

Jan



Launch Canada

May

Canada launch event appearance



June

USA Event appearance



Lower Sale Impact

High Sales Impact

Note: Timings are subject to change without notice.



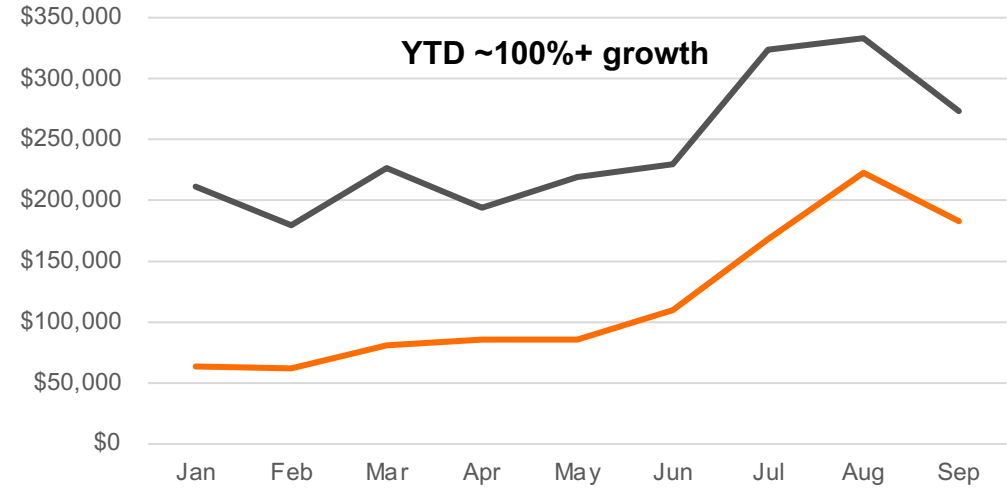
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In Summary

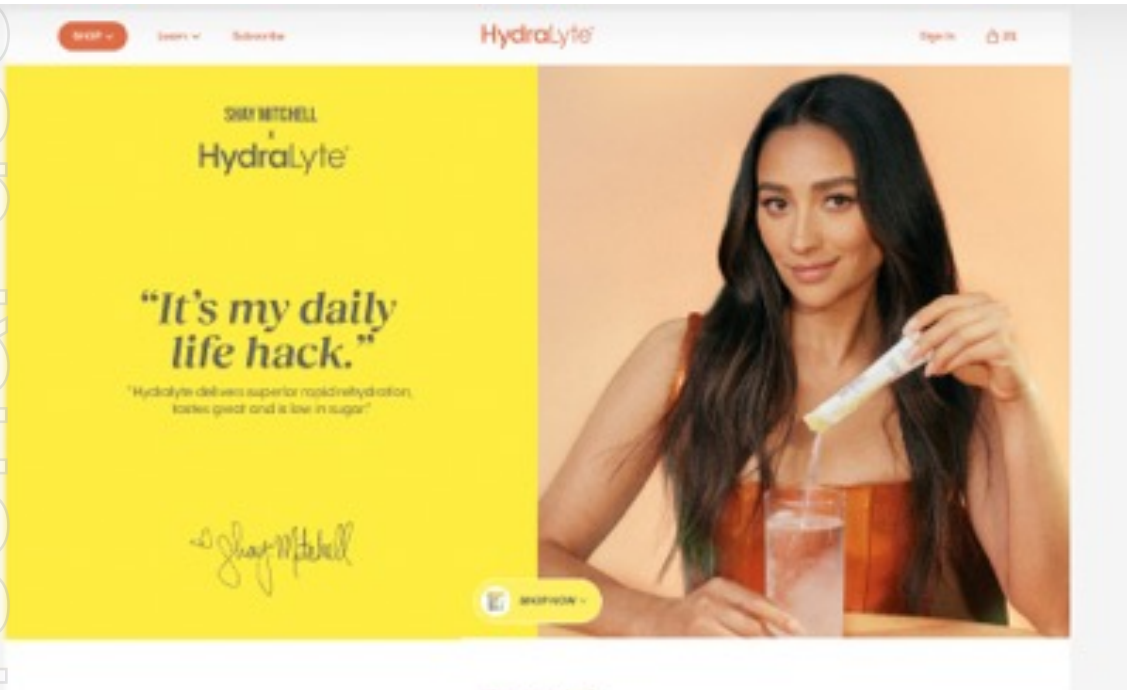
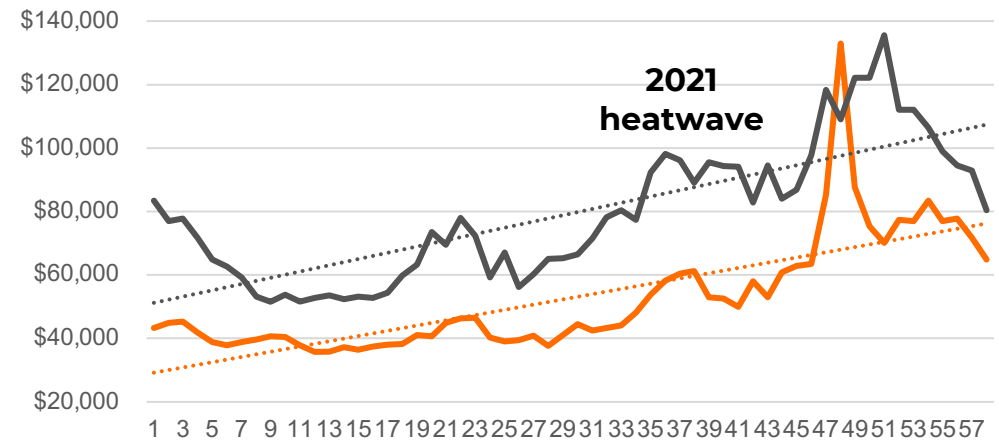
- Strength in Canada a solid base to expand from
- Sales growth remains strong
- Business has significant cash reserves to call on
- Shay Mitchell could provide unrealized upside



Retail Sales: Amazon USA Year on Year



Retail Sales: Shoppers Drug Mart Weekly Sales 2021 vs 2022



Source: 2. Amazon USA Seller Central Data. 3. Shoppers Drug Mart Retail Sales



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Thank You!

Stay Hydrated

